ASCENDANT SOLUTIONS, INC.



Auditor's Report
And Consolidated Financial Statements
December 31, 2015 and 2014

Ascendant Solutions, Inc.
December 31, 2015 and 2014

	Page
Independent Auditor's Report	**1**
Consolidated Balance Sheets as of December 31, 2015 and 2014	**3**
Consolidated Statements of Operations for the Years Ended December 31, 2015 and 2014	**4**
Consolidated Statements of Stockholders' Equity for the Years Ended December 31, 2015 and 2014	**5**
Consolidated Statements of Cash Flows for the Years Ended December 31, 2015 and 2014	**6**
Notes to Consolidated Financial Statements	**7**

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REPORT OF INDEPENDENT AUDITORS

To the Board of Directors and Stockholders of
Ascendant Solutions, Inc.

We have audited the accompanying consolidated financial statements of Ascendant Solutions, Inc. and subsidiaries which comprise the consolidated balance sheet as of December 31, 2015, and the related consolidated statements of operations, stockholders' equity, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America ("GAAP"); this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Ascendant Solutions, Inc. and subsidiaries as of December 31, 2015, and the results of their operations and their cash flows for the year then ended in conformity with GAAP.

Other Matter

The consolidated financial statements of Ascendant Solutions, Inc. as of and for the year ended December 31, 2014, were audited by other auditors whose report dated March 5, 2015, expressed an unmodified opinion on those statements.



Dallas, Texas
March 1, 2016

Ascendant Solutions, Inc.
Consolidated Balance Sheets
December 31, 2015 and 2014
(000's omitted, except par value and share amounts)

	2015	2014
ASSETS		
Current Assets		
Cash	$ 69	$ 59
Restricted cash	302	251
Trade accounts receivable, net	1,967	1,289
Other receivables	160	139
Receivable from affiliates	42	59
Inventories, net	3,547	2,356
Prepaid expenses	329	200
Total current assets	6,416	4,353
Property and equipment, net	1,406	1,015
Intangible assets, net	4,377	529
Investments carried at cost	5,107	5,107
Deferred tax asset	3,000	3,000
Total assets	**$ 20,306**	**$ 14,004**
LIABILITIES		
Current Liabilities		
Accounts payable	$ 1,959	$ 1,518
Accrued liabilities	300	358
Notes payable, current portion	1,088	451
Total current liabilities	3,347	2,327
Notes payable, long-term portion	8,418	2,760
Total liabilities	**11,765**	**5,087**
STOCKHOLDERS' EQUITY		
Stockholders' equity:		
Preferred stock, $0.0001 par value; 7,500,000 shares authorized: none issued and outstanding		
Common stock, $0.0001 par value; 50,000,000 shares authorized; 23,126,756 shares issued and 22,096,756 shares outstanding at December 31, 2015; 22,847,596 shares issued and 21,817,596 shares outstanding at December 31, 2014	2	2
Additional paid-in capital	60,079	60,015
Accumulated deficit	(51,143)	(50,703)
Treasury stock, at cost, 1,030,000 shares	(397)	(397)
Total stockholders' equity	**8,541**	**8,917**
Total liabilities and stockholders' equity	**$ 20,306**	**$ 14,004**

Ascendant Solutions, Inc.
Consolidated Statements of Operations
Years Ended December 31, 2015 and 2014
(000's omitted)

	2015	2014
Revenue	$ 40,952	$ 28,479
Cost of sales	29,654	20,026
Gross profit	11,298	8,453
Operating expenses		
Selling, general and administrative expenses	10,608	7,629
Non-cash stock compensation	20	13
Depreciation and amortization	771	262
Total operating expenses	11,399	7,904
Operating income (loss)	(101)	549
Dividend income	88	65
Other income	5	11
Interest expense	(336)	(122)
Income (loss) before provision for income tax	(344)	503
Income tax provision	(52)	(51)
Net income (loss)	$ (396)	$ 452

Ascendant Solutions, Inc.
Consolidated Statements of Stockholders' Equity
Years Ended December 31, 2015 and 2014
(000's omitted, except share amounts)

	Ascendant Shareholders						
	Class A				Treasury		
	Shares	Amount	APIC	Accum Deficit	Shares	Amount	Total
Balance at December 31, 2013	22,601,510	$ 2	$ 59,946	$ (51,099)	(1,030,000)	$ (397)	$ 8,452
Amortization of restricted stock units			6				6
Issue vested restricted stock units	30,000		7				7
Issue stock dividend	216,086		56	(56)			-
Net income				452			452
Balance at December 31, 2014	22,847,596	$ 2	$ 60,015	$ (50,703)	(1,030,000)	$ (397)	$ 8,917
Amortization of restricted stock units			6				6
Issue vested restricted stock units	60,600		14				14
Issue stock dividend	218,560		44	(44)			-
Net loss				(396)			(396)
Balance at December 31, 2015	23,126,756	$ 2	$ 60,079	$ (51,143)	(1,030,000)	$ (397)	$ 8,541

Ascendant Solutions, Inc.
Consolidated Statements of Cash Flows
Years Ended December 31, 2015 and 2014
(000's omitted)

	2015	2014
Operating Activities		
Net income (loss)	$ (396)	$ 452
Items not requiring (providing) cash		
Provision for doubtful accounts	29	10
Depreciation and amortization	771	262
Stock-based compensation	20	13
Changes in operating assets and liabilities:		
Accounts receivable	(695)	(194)
Inventories	(66)	(255)
Prepaid expenses and other assets	59	193
Accounts payable	441	(496)
Accrued liabilities	(58)	6
Net cash provided by (used in) continuing operations	105	(9)
Net cash provided by discontinued operations	-	210
Net cash provided by operating activities	105	201
Investing Activities		
Purchases of property and equipment	(526)	(281)
Cash paid in acquisitions	(1,227)	(217)
Net cash used in investing activities	(1,753)	(498)
Financing Activities		
Payments on notes payable	(29,909)	(17,387)
Proceeds from notes payable	31,618	17,558
Net cash provided by financing activities	1,709	171
Net increase (decrease) in cash	61	(126)
Cash, beginning of year	310	436
Cash, end of year	$ 371	$ 310
Supplemental Cash Flow Information		
Cash paid for income taxes	$ 44	$ 59
Cash paid for interest	$ 329	$ 122
Notes payable incurred for insurance obligations	$ 173	$ 143
Reconciliation of Cash to the Consolidated Balance Sheets		
Cash	$ 69	$ 59
Restricted cash	302	251
Total cash	$ 371	$ 310

1. Organization and Significant Accounting Policies

Description of Business

Ascendant Solutions, Inc. ("Ascendant" or the "Company") is a value oriented investment firm focused on successfully acquiring, managing, and growing community based pharmacies in the Southwest Region. Ascendant was incorporated in Delaware on August 8, 2000.

A summary of the Company's investments at December 31, 2015, is shown in the table below:

Date	Entity	Transaction Description	% Ownership
March 2004	Dougherty's Holdings, Inc. and subsidiaries ("DHI")	Acquisition of retail pharmacy	100%
September 2010	ASDS of Orange County, Inc. ("ASDS"), CRESA Partners of Orange County, L.P. ("CPOC")	Investment in tenant representation and other real estate advisory services company	100% and 8%
December 2004	Fairways Frisco, L.P.	Investment in a mixed-use real estate development	5.8%

On August 4, 2014 and September 2, 2014, DHI acquired Family Pharmacy ("Family") located in Lewisville, Texas and Northeast Compounding Pharmacy, LP (d/b/a Thrifty Health and Compounding Pharmacy ("Thrifty"), located in Humble, Texas, respectively, for a total purchase price of $758,000 of which $541,000 was financed with notes payable with the remainder paid in cash funded from the revolving line of credit (see Note 9). The excess of the purchase price over the net tangible assets of $195,000 for property, equipment, and inventory of $560,000 has been allocated to intangible assets as patient prescriptions (see Note 6). On January 5, 2015, June 29, 2015, and August 31, 2015, DHI acquired McCrory's Pharmacy located in El Paso, Texas, Medicine Shoppe Pharmacy, located in McAlester, Oklahoma, and Springtown Drug Pharmacy located in Springtown Texas, respectively, for a total purchase price of $5,640,000 of which $4,413,000 was financed with notes payable with the remainder paid in cash funded from the revolving line of credit (see Note 9). The excess of the purchase price over the net tangible assets of $1,330,000 for property, equipment, and inventory of $4,310,000 has been allocated to intangible assets as patient prescriptions (see Note 6).

Certain transactions related to business activities are more fully described in Notes 7 and 14 of these consolidated financial statements. The Company's consolidated financial statements include the operating results of each business from the date of acquisition.

Significant Accounting Policies

Basis of Presentation

The consolidated financial statements include the accounts of Ascendant and all subsidiaries for which the Company has a controlling financial interest. Ascendant uses the equity method of accounting to recognize

1. Organization and Significant Accounting Policies (Continued)

Significant Accounting Policies (Continued)

investments in and income from entities where Ascendant has significant influence, but not a controlling interest. Other investments where Ascendant does not have significant influence are accounted for using the cost method of accounting. All intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Concentration of Credit Risk

The Company's credit risk relates primarily to its trade accounts receivables and its receivables from affiliates, along with cash deposits maintained at financial institutions in excess of federally insured limits on interest bearing accounts. Management performs continuing evaluations of debtors' financial condition and maintains an allowance for uncollectible accounts as determined necessary.

Accounts Receivable

Receivables recorded in the financial statements represent valid claims against debtors for services rendered or other charges arising on or before the balance sheet date. Management makes estimates of the collectibility of accounts receivable. Specifically, management analyzes accounts receivable and historical bad debts, customer credit-worthiness, current economic trends, and changes in customer payment terms and collections trends when evaluating the adequacy of the allowance for doubtful accounts. Any change in the assumptions used in analyzing accounts receivable may result in additional allowances for doubtful accounts being recognized in the periods in which the change in assumptions occurs.

At December 31, 2015 and 2014, 100% of the trade accounts receivable is from retail pharmacy operations.

Inventories

Inventories consist of health care product finished goods held for resale, valued at the lower of cost, using the first-in, first-out method or market. The Company maintains an estimated reserve against inventory for excess, slow-moving, and obsolete inventory as well as inventory for which carrying value is in excess of its net realizable value.

Property and Equipment

Property and equipment is carried at cost. Depreciation and amortization are provided over the estimated useful lives of the assets (generally three to seven years) using the straight-line method. Leasehold improvements are amortized on a straight-line basis over the lesser of either the lease term or the estimated useful life of the asset.

1. Organization and Significant Accounting Policies (Continued)

Significant Accounting Policies (Continued)

Long-Lived Assets

The Company evaluates the recoverability of the carrying value of its long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

Intangible Assets

Intangible assets with finite lives are being amortized on the straight-line basis over seven years. Such assets are periodically evaluated as to the recoverability of their carrying values.

Cost Method Investments

Cost method investments represent investments in limited partnerships accounted for using the cost method of accounting. None of these investments are investments in publicly traded companies. The cost method is used because the Company does not have a controlling interest and does not have significant influence over the operations of the respective companies. Accordingly, the Company does not record its proportionate share of the income or losses generated by the limited partnerships in the consolidated statement of operations. The Company recognizes as income; dividends that are distributed from net accumulated earnings of the investees since the date of acquisition. The investments are recorded at carrying value and based on information obtained from the entities in which the Company owns these interests, management does not believe these to be impaired.

Revenue Recognition

Revenues generated by the retail pharmacy operations are reported at the estimated net realizable amounts expected to be received from individuals, third-party payors, institutional health care providers, and others. The Company recognizes revenue from the sale of pharmaceutical products and retail merchandise as transactions occur and product is delivered to the customer. Revenue from product sales is recognized at the point of sale and service revenue is recognized at the time services are provided.

Revenues generated from investments in real estate transactions are recognized upon the Company's receipt of their proportionate share of funds in accordance with the contract.

Sales and similar taxes collected from clients are excluded from revenues. The obligation is included in accounts payable until the taxes are remitted to the appropriate taxing authorities.

Substantially all revenues earned during the years ended December 31, 2015 and 2014, were earned from the retail pharmacy business.

1. Organization and Significant Accounting Policies (Continued)

Significant Accounting Policies (Continued)

Income Taxes

The Company accounts for income taxes in accordance with income tax accounting guidance (ASC 740, Income Taxes). The income tax accounting guidance results in two components of income tax expense: current and deferred. Current income tax expense reflects taxes to be paid or refunded for the current period by applying the provisions of the enacted tax law to the taxable income or excess of deductions over revenues. The Company determines deferred income taxes using the liability (or balance sheet) method. Under this method, the net deferred tax asset or liability is based on the tax effects of the differences between the book and tax bases of assets and liabilities, and enacted changes in tax rates and laws are recognized in the period in which they occur. Deferred income tax expense results from changes in deferred tax assets and liabilities between periods. Deferred tax assets are reduced by a valuation allowance if, based on the weight of evidence available, it is more-likely-than-not that some portion or all of a deferred tax asset will not be realized.

Tax positions are recognized if it is more-likely-than-not, based on the technical merits that the tax position will be realized or sustained upon examination. The term more-likely-than-not means a likelihood of more than 50%; the terms examined and upon examination also include resolution of the related appeals or litigation processes, if any. A tax position that meets the more-likely-than-not recognition threshold is initially and subsequently measured as the largest amount of tax benefit that has a greater than 50% likelihood of being realized upon settlement with a taxing authority that has full knowledge of all relevant information. The determination of whether or not a tax position has met the more-likely-than-not recognition threshold considers the facts, circumstances, and information available at the reporting date and is subject to management's judgment.

Interest and penalties on income tax related items are included within the income tax provision and are recorded in income tax expense. The Company did not incur any interest and penalties during the years ended December 31, 2015 and 2014.

With a few exceptions, the Company is no longer subject to U.S. federal, state and local or non-U.S. income tax examinations by tax authorities for years before 2012.

Advertising Expense

Advertising expense is comprised of media, agency, coupon, trade shows and other promotional expenses. Advertising expenses are charged to operations during the period incurred, except for expenses related to the development of a major commercial or media campaign that are charged to operations during the period in which the advertisement or campaign is first presented by the media. Advertising expenses totaled $152,000 in 2015 and $103,000 in 2014.

Treasury Stock

Common stock shares repurchased are recorded at cost. Cost of shares retired or reissued is determined using the first-in, first-out method.

1. Organization and Significant Accounting Policies (Continued)

Significant Accounting Policies (Continued)

Stock-Based Compensation

The Company recognizes compensation expense for equity awards over the requisite service period (usually the vesting period) based on their grant date fair value. See Note 11 for additional information on stock-based compensation.

2. Trade Accounts Receivable

Trade accounts receivable consist of the following at December 31:

	2015	2014
Trade accounts receivable-retail pharmacy	$ 2,000,000	$ 1,319,000
Less: Allowance for doubtful accounts	(33,000)	(30,000)
	$ 1,967,000	$ 1,289,000

3. Inventories

Inventories consist of the following at December 31:

	2015	2014
Inventories - retail pharmacy	$ 3,581,000	$ 2,380,000
Less: Inventory reserves	(34,000)	(24,000)
	$ 3,547,000	$ 2,356,000

4. Prepaid Expenses

Prepaid expenses consist of the following at December 31:

	2015	2014
Prepaid insurance	$ 204,000	$ 156,000
Other prepaid expenses	125,000	44,000
	$ 329,000	$ 200,000

5. Property and Equipment, Net

Property and equipment, net consist of the following at December 31:

	Estimated Useful Lives	2015	2014
Computer equipment and software	3 to 5 years	$ 1,389,000	$ 1,097,000
Furniture, fixtures and equipment	5 to 7 years	1,049,000	677,000
Leasehold improvements	Life of lease (generally 15 years)	1,237,000	1,158,000
		3,675,000	2,932,000
Less accumulated depreciation		(2,269,000)	(1,917,000)
		$ 1,406,000	$ 1,015,000

Depreciation expense was $309,000 and $231,000 for the years ended December 31, 2015 and 2014, respectively.

6. Intangible Assets, Net

Intangible assets, net consist of the following at December 31:

	Estimated Useful Lives	2015	2014
Patient prescriptions	7 years	$ 4,870,000	$ 560,000
Less accumulated amortization		(493,000)	(31,000)
		$ 4,377,000	$ 529,000

Amortization expense was $462,000 and $31,000 for the years ended December 31, 2015 and 2014, respectively.

7. CRESA Partners of Orange County, L.P.

Effective May 1, 2004, the Company acquired through ASDS all of the issued and outstanding stock of CPOC, pursuant to a Stock Purchase Agreement dated March 23, 2004, between the sole stockholder and Chairman of CPOC (the "Seller"), and ASDS for $6.9 million, plus closing costs. CPOC is located in Newport Beach, California, and provides performance based corporate real estate advisory services to corporate clients around the United States, such as tenant representation services to commercial and industrial users of real estate.

The acquisition of CPOC assets in 2004 were accounted for using the purchase method of accounting, and the purchase price was allocated to identifiable assets, including intangible assets, and liabilities at their fair market value at the date of acquisition.

7. CRESA Partners of Orange County, L.P. (Continued)

Pursuant to the partnership agreement, upon the payoff of the original acquisition debt by CPOC, which was paid in full on August 31, 2010, the Company's residual interest in CPOC became 10% and the principles of consolidation for financial reporting purposes were no longer satisfied. As of August 31, 2010, the Company deconsolidated the results of operations of CPOC and recognized the Company's remaining investment in CPOC at estimated fair value. The continuing investment is accounted for on the cost method of accounting as the Company does not have significant influence over CPOC. Distributions of $88,000 and $65,000 were recognized as dividend income during the years ended December 31, 2015 and 2014, respectively. Upon a liquidating event of CPOC under the terms of the partnership agreement, the Company would receive an amount up to its capital account balance as defined in the partnership agreement which totals $9,335,000 and $9,347,000 at December 31, 2015 and 2014, respectively, and share in any excess after all capital account balances are paid to all partners at its current ownership percentage of 8%.

The carrying value of the investment in CPOC is $5,107,000. The investment is accounted for under the cost method of accounting and is reviewed for impairment when evidence suggests that the Company's investment in CPOC is impaired. The investment would be written down to fair value if declines in estimated fair value of the investment were determined to be other than temporary. As of December 31, 2015, there is no evidence or indication of impairment of the investment in CPOC.

8. Accrued Liabilities

Accrued liabilities consist of the following at December 31:

	2015	2014
Accrued payroll and related costs	$ 143,000	$ 220,000
Accrued expenses - other	12,000	3,000
Accrued rent	59,000	66,000
Accrued property, federal, state and sales taxes	86,000	69,000
	$ 300,000	$ 358,000

9. Notes Payable

Notes payable consist of the following at December 31:

	2015	2014
First National Bank Southwest Credit Facility, secured by certain retail pharmacy assets		
Revolving line of credit in the principal amount of $4,750,000, interest at LIBOR plus 3.25% (3.5% at December 31, 2015) payable monthly, matures May 2016.	$4,126,000	$1,672,000
Cardinal Health Term Note, secured by certain retail pharmacy assets		
Term note in the principal amount of $1,500,000 with interest payable at prime plus 2.75% (6.25% at December 31, 2015) per annum payable in monthly installments of $17,861 plus interest, a final payment of $446,533 plus all accrued and unpaid interest due in full on February 20, 2017.	661,000	875,000
Term note in the principal amount of $1,827,850 with interest payable at prime plus 2.6% (6.1% at December 31, 2015) per annum payable in monthly installments of $15,232 plus interest, a final payment of $929,157 plus all accrued and unpaid interest due in full on July 10, 2020.	1,736,000	-
Term note in the principal amount of $1,241,350 with interest payable at prime plus 2.6% (6.1% at December 31, 2015) per annum payable in monthly installments of $10,344 plus interest, a final payment of $638,850 plus all accrued and unpaid interest due in full on January 10, 2020.	1,117,000	-
Term note in the principal amount of $744,100 with interest payable at prime plus 2.38% (5.88% at December 31, 2015) per annum payable in monthly installments of $6,200 plus interest, a final payment of $378,251 plus all accrued and unpaid interest due in full on September 10, 2020.	719,000	-
Term note in the principal amount of $305,350 with interest payable at prime plus 2.4% (5.9% at December 31, 2015) per annum payable in monthly installments of $2,545 plus interest, a final payment of $155,220 plus all accrued and unpaid interest due in full on August 10, 2019.	262,000	293,000
Term note in the principal amount of $168,350 with interest payable at prime plus 2.6% (6.1% at December 31, 2015) per annum payable in monthly installments of $2,004 plus interest, a final payment of $50,356 plus all accrued and unpaid interest due in full on September 10, 2019.	136,000	160,000
Acquisition Notes Payable , unsecured		
Notes payable to sellers of acquired pharmacies with varying monthly payments with interest at 5.5% due through September 2018.	514,000	52,000
Insurance notes payable, secured by the respective insurance policies		
Notes payable for the Company's insurance policy premiums with varying monthly payments due through September 2016. Interest rates vary up to 3.16%	173,000	131,000
Equipment notes payable, secured by the respective equipment		
Notes payable for equipment purchased with varying monthly payments due through August 2016. Interest rates vary up to 9.88%	62,000	28,000
	9,506,000	3,211,000
Less current portion	(1,088,000)	(451,000)
	$8,418,000	$2,760,000

9. Notes Payable (Continued)

Future maturities of notes payable at December 31, 2015 are as follows:

2016	$ 1,088,000
2017	5,221,000
2018	533,000
2019	1,237,000
2020	1,427,000
	$ 9,506,000

On April 2, 2013, DHI or the ("Borrowers") secured a revolving line of credit with First National Bank Southwest in the principal amount of $2,100,000 and interest at LIBOR plus 3.25%. The principal amount was increased by $500,000, $600,000 and by an additional $1,550,000, effective July 30, 2014, December 30, 2014, and June 1, 2015, respectively, in conjunction with the pharmacy acquisitions discussed in Note 1 and Note 16.

The revolving line of credit is secured by the accounts receivable, inventory, and the fixed assets of the Borrowers as well as the stock of Dougherty's Pharmacy, Inc. and includes nonfinancial and financial covenants including debt service coverage and funded debt to operating EBITDA ratios. As of December 31, 2015, the Borrowers were in compliance with these financial covenants. This revolving line of credit is scheduled to mature in May 2016; however, the Company believes this revolving line of credit will be extended with the same lender for another term of one year or greater. Accordingly, the revolving line of credit has been excluded from current liabilities in the accompanying 2015 consolidated balance sheet.

In conjunction with pharmacy acquisitions discussed in Note 1, DHI secured term notes payable to Cardinal Health, its primary vendor (see Note 13), and promissory notes to the sellers as described above.

10. Income Taxes

The provision for income taxes is reconciled with the federal statutory rate for the years ended December 31, is as follows:

	2015	2014
Provision computed at federal statutory rate	$ (117,000)	$ 174,000
State income taxes, net of federal tax effect	40,000	36,000
Other permanent differences	5,000	9,000
Change in valuation allowance	685,000	(119,000)
Change in current year estimate and other	(561,000)	(49,000)
Income tax provision	$ 52,000	$ 51,000

10. Income Taxes (Continued)

Significant components of the net deferred tax assets at December 31, are as follows:

	2015	2014
Current deferred income tax assets:		
Allowance for doubtful accounts	$ 11,000	$ 10,000
Inventory reserves	12,000	28,000
Income from Pass-through	63,000	-
UNICAP - Sec 263A	41,000	-
Accrued liabilities	20,000	23,000
Net current deferred income tax assets	147,000	61,000
Valuation allowance	(147,000)	(61,000)
	$ -	$ -

	2015	2014
Non-current deferred imcome tax assets:		
Net operating loss carryforward	$ 14,777,000	$ 14,331,000
Alternative miminum tax credit	220,000	216,000
Other	142,000	78,000
Net current deferred income tax assets	15,139,000	14,625,000
Non-current deferred imcome tax liabilities:		
Property and equipment and intangible assets	-	(85,000)
Net non-current deferred income tax assets	15,139,000	14,540,000
Valuation allowance	(12,139,000)	(11,540,000)
	$ 3,000,000	$ 3,000,000

As of December 31, 2015, the Company had approximately $220,000 of alternative minimum tax credits available to offset future federal income taxes. The credits have no expiration date. The Company also has unused operating loss carryforwards of $43,463,000, which expire between 2020 and 2032.

The realization of the deferred tax assets, including net operating loss carryforwards, is subject to the Company's ability to generate sufficient taxable income during the periods in which the temporary differences become realizable. In evaluating whether a valuation allowance is required, management considered all available positive and negative evidence, including prior operating results, the nature and reason of any losses, the forecast of future taxable income and the dates on which any deferred tax assets are expected to expire. These assumptions require a significant amount of judgment, including estimates of future taxable income. The estimates are based on management's best judgment at the time made based on current and projected circumstances and conditions. The estimate of the realizability of the net deferred tax asset is a significant estimate that is subject to change in the near term. Management's estimate of the use of net operating losses includes the estimated gain or loss resulting from the ultimate sale of the pharmacy businesses.

Management believes that the issuance of shares of common stock pursuant to the initial public offering on November 15, 1999, caused an "ownership change" for purposes of Section 382 of the Code on such date. Consequently, the Company believes that utilization of the portion of the Company's federal net operating loss carryforwards attributable to the period prior to November 16, 1999, is limited by Section 382 of the Code. If an "ownership change" is determined to have occurred at a date after November 15, 1999, additional federal net operating loss carryforwards would be limited by Section 382 of the Code.

10. Income Taxes (Continued)

In addition, an "ownership change" may occur in the future as a result of future changes in the ownership of the Company's stock, including the issuance by the Company of stock in connection with the acquisition of a business by the Company. A future "ownership change" would result in Code Section 382 limiting the Company's deduction of federal operating loss carryforwards attributable to periods before the future ownership change.

11. Stock and Share-Based Compensation

Preferred Stock

The Company has authorized preferred stock as follows:

	Number of Shares
Series A convertible preferred stock, $.0001 par value	1,111,111
Series B redeemable preferred stock, $.0001 par value	1,111,111
Series C non-voting preferred stock, $.0001 par value	3,200,000
"Blank Check" preferred stock, $.0001 par value	2,077,778
Total	7,500,000

No preferred stock was outstanding at December 31, 2015 or 2014.

Treasury Stock

In May 2008, the Board of Directors authorized the purchase of up to $500,000 of the Company's common stock. In March 2009, the Board of Directors increased the authorized purchase to $502,000. 211,248 shares were retired during the year ended December 31, 2012. No shares were retired during 2015 or 2014.

Stock Dividend

On December 14, 2015 and December 3, 2014, the Company issued a $.0001 per share dividend to stockholders of record on December 7, 2015 and December 1, 2014, respectively. Based on the number of common shares outstanding on the record date, the Company issued 218,560 and 216,086 new shares at a fair market value of $43,000 and $56,000, respectively, which was charged to accumulated deficit.

Restricted Share Unit Incentive Plan

On November 13, 2013, the Board of Directors approved and adopted the Restricted Share Unit ("RSU") Incentive Plan. Under the plan the Company can award RSUs to employees and non-employee directors and consultants pursuant to restricted stock agreements contingent upon continuous service. Under the restricted stock agreements, the restricted shares will vest annually over a four-year period and will be payable in stock, valued at the fair market value on the grant date.

As of December 31, 2015, the following shares had been issued under the 2013 RSU Plan:

Year of Issuance:	Number of Shares	Fair Value at Date of Grant	Shares Vested	Non-Vested
2013	120,000	$26,400	60,000	60,000
2014	122,100	$30,946	30,600	91,500
2015	150,000	$39,000	-	150,000
	392,100	$96,346	90,600	301,500

11. Stock and Share-Based Compensation (Continued)

During 2015 and 2014, non-cash compensation expense of $20,000 and $13,000, respectively, was recognized of which $14,000 and $6,000, respectively, represented the fair market value of 60,600 and 30,000, respectively, vested shares awarded in stock.

12. Employee Benefit Plan

The Company has an employee benefit plan which is subject to ERISA guidelines and contains a safe harbor match in which the Company matches 100% on the first 4% of eligible compensation that participant's contribute and vest 100% upon contribution. For the years ended December 31, 2015 and 2014, the Company made matching contributions totaling $129,000 and $109,000, respectively.

13. Commitments and Contingencies

Prime Vendor Agreement

On April 10, 2012, DHI entered into agreements with Cardinal Health 110, Inc. and Cardinal Health 411, Inc. ("Cardinal Health") for a three-year period pursuant to which DHI and its subsidiaries agreed to purchase substantially all of their prescription pharmaceutical drugs, generic and over-the-counter pharmaceutical products. The Prime Vendor Agreement provides for minimum annual and aggregate net purchase volumes, certain percentage participation in vendor programs, bi-monthly payment terms, pricing discounts, and volume rebates. Subsequent amendments provide for improved pricing and rebates due to increased volume; the amendment dated May 1 2015, extended the agreement for a three-year period. For the years ended December 31, 2015 and 2014, DHI purchased approximately $26,484,000 and $17,135,000 of its pharmaceutical products from Cardinal Health. All minimum commitments were made pursuant to these agreements during 2015 and 2014.

Operating Leases

The Company leases their pharmacy, corporate offices, and certain pharmacy equipment under non-cancelable operating lease agreements. Certain leases contain renewal options and provide that the Company pay taxes, insurance, maintenance and other operating expenses. Total rent expense for operating leases was approximately $984,000 and $865,000 for the years ended December 31, 2015 and 2014, respectively.

Minimum lease payments under all non-cancelable operating lease agreements for the years ended December 31, are as follows:

2016	$ 662,000
2017	563,000
2018	485,000
2019	158,000
2020	123,000
Thereafter	306,000
	$ 2,297,000

In 2015, the Company terminated a lease in accordance with the terms of that agreement and removed the related future lease payments of $817,000 that would have been previously reported in the above table.

13. Commitments and Contingencies (Continued)

Guarantee

The Company is a co-guarantor on a related party's promissory note with a bank in the amount of $2,024,800. The borrower has secured the loan with collateral. On February 13, 2013, the lender renegotiated the terms of the promissory note with the borrower which included a requirement for the Company to provide assignments of deposits totaling $200,000 during 2013, $50,000 during 2014, and $50,000 during 2015 as additional collateral. These deposits are recorded in restricted cash on the accompanying 2015 consolidated balance sheet. The Company's guarantee is in effect through maturity of the note in July 2015. As of the date of this report, the note has not been extended due to renegotiation of terms and collateral. The lender has indicated the Company could be released as co-guarantor under the revised note. Upon repayment by the borrower, the deposits will be returned to the Company. Should the Company be obligated to perform under the guarantee agreement, the Company may seek recourse from the related party in the form of additional ownership of CPOC. No liability has been recorded as of December 31, 2015 or 2014, related to this guarantee.

Legal Proceedings

The Company is occasionally involved in other claims and proceedings, which are incidental to its business. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the consolidated financial position, results of operations and cash flows of the Company.

14. Related Party Transactions

Through May 31, 2015, the Company's Chairman and one of the Company's directors were limited partners in the entity that owned and controlled the building in which the Ascendant and DHI corporate offices are located. Ascendant and DHI shared office space with the Company's Chairman in the building. Ascendant remitted monthly rent of approximately $5,200 and certain shared office costs of approximately $1,300 monthly to the entity controlled by the Company's Chairman. The Company subleased certain shared office space for approximately $2,200 per month and pays certain operating expenses of the other entities sharing its office space and that are controlled by the Company's Chairman and records receivables due from these entities. Effective June 1, 2015, in conjunction with the sale of the building, the Chairman relocated within the building under a revised lease that includes the previous space for which Ascendant and DHI now remits monthly rent of $7,000. At December 31, 2015 and 2014, the Company had receivables due from these affiliates totaling approximately $42,000 and $59,000, respectively. The receivables due from affiliates are classified in current assets based on the agreements with the affiliates for repayment.

During the years ended December 31, 2015 and 2014, the Company paid fees to its directors of $56,000 for their roles as members of the Board of Directors and its related committees. Fees paid to the Company's Chairman totaled $120,000 for management and other services provided.

See also the guarantee agreement with a partner of CPOC described in Note 13.

15. Subsequent Events

The Company has evaluated subsequent events through March 1, 2016, the date which the consolidated financial statements were available to be issued.