

REVIEWED FINANCIAL STATEMENTS

As of and for the three and nine months ended
December 31, 2015 and 2014

THE MARKETING ALLIANCE, INC.

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UHY LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REVIEW REPORT

To the Board of Directors and Shareholders
The Marketing Alliance, Inc.

Report on the Financial Statements

We have reviewed the accompanying consolidated balance sheets of The Marketing Alliance, Inc. and subsidiaries (the Company) as of December 31, 2015 and 2014, and the related consolidated statements of operations for the three and nine month periods then ended, and the related consolidated statements of shareholders' equity and cash flows for the nine months period then ended.

Management's Responsibility

The Company's management is responsible for the preparation and fair presentation of the interim financial information in accordance with accounting principles generally accepted in the United States of America; this responsibility includes the design, implementation, and maintenance of internal control sufficient to provide a reasonable basis for the preparation and fair presentation of interim financial information in accordance with accounting principles generally accepted in the United States of America.

Auditor's Responsibility

Our responsibility is to conduct our review in accordance with auditing standards generally accepted in the United States of America applicable to reviews of interim consolidated financial information. A review of interim consolidated financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the United States of America, the objective of which is the expression of an opinion regarding the consolidated financial information. Accordingly, we do not express such an opinion.

Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying interim consolidated financial information for it to be in accordance with accounting principles generally accepted in the United States of America.

UHY LLP

Albany, New York
March 26, 2016

THE MARKETING ALLIANCE, INC.
CONSOLIDATED BALANCE SHEETS
As of December 31, 2015 and 2014
Unaudited – See Independent Auditor's Review Report

	2015	2014
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	**$ 5,527,823**	$ 5,926,647
Investments	**5,589,247**	5,157,790
Accounts receivable	**8,097,718**	7,770,170
Inventory	**18,198**	18,692
Current portion of notes receivable	**380,776**	458,256
Deferred tax asset	**92,900**	-
Prepaid income taxes	**534,355**	695,976
Prepaid expenses	**529,470**	228,485
Total current assets	**20,770,487**	20,256,016
PROPERTY AND EQUIPMENT, net	**2,150,338**	1,552,716
OTHER ASSETS		
Notes receivable, net of current portion	**822,717**	631,836
Deposits and other assets	**162,018**	33,137
Goodwill	**1,326,800**	554,100
Intangible assets, net	**585,528**	209,133
Total other assets	**2,897,063**	1,428,206
	$ 25,817,888	$ 23,236,938
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	**$ 6,399,360**	$ 5,752,880
Lines of credit payable	**950,000**	1,850,000
Deferred taxes	**-**	150,800
Current portion of notes payable	**1,212,424**	600,000
Total current liabilities	**8,561,784**	8,353,680
LONG-TERM LIABILITIES		
Notes payable	**4,486,114**	1,050,000
Deferred taxes	**431,800**	266,300
Interest rate swap liability	**34,374**	7,236
Total long-term liabilities	**4,952,288**	1,323,536
Total liabilities	**13,514,072**	9,677,216
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY		
Preferred stock, no par value, 10,000,000 shares authorized, no shares issued and outstanding	**-**	-
Common stock, no par value; 50,000,000 shares authorized, 7,028,233 shares issued and outstanding	**903,023**	903,023
Retained earnings	**11,400,793**	12,656,699
Total shareholders' equity	**12,303,816**	13,559,722
	$ 25,817,888	$ 23,236,938

See notes to consolidated financial statements.

THE MARKETING ALLIANCE, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
Three and Nine Months Ended December 31, 2015 and 2014
Unaudited–See Independent Auditor's Review Report

	Three Months Ended December 31		Nine Months Ended December 31	
	2015	**2014**	**2015**	**2014**
Commission revenue	**$ 6,143,346**	$ 6,313,729	**$ 17,434,810**	$ 17,497,231
Construction revenue	**344,371**	680,517	**1,157,198**	1,596,438
Family entertainment revenue	**1,136,663**	405,334	**2,696,937**	1,091,884
Total revenues	**7,624,380**	7,399,580	**21,288,945**	20,185,553
Distributor related expenses:				
Distributor bonuses and commissions	**4,206,936**	4,766,404	**12,425,049**	12,099,867
Business processing and distributor costs	**377,385**	422,350	**1,196,795**	1,346,932
Depreciation	**2,733**	2,736	**8,198**	8,114
	4,587,054	5,191,490	**13,630,042**	13,454,913
Costs of construction:				
Direct and indirect costs of construction	**291,097**	334,359	**793,720**	796,614
Depreciation	**87,699**	84,585	**262,681**	255,109
	378,796	418,944	**1,056,401**	1,051,723
Family entertainment costs of sales:	**345,003**	39,598	**766,718**	227,319
Total costs of revenues	**5,310,853**	5,650,032	**15,453,161**	14,733,955
Net operating revenue	**2,313,527**	1,749,548	**5,835,784**	5,451,598
General and administrative expenses:				
Compensation	**698,907**	566,772	**2,207,927**	1,673,467
Administrative and other	**178,349**	156,268	**512,473**	533,301
Rent and occupancy	**343,452**	115,057	**785,772**	360,778
Professional fees	**173,086**	111,120	**448,722**	382,232
Office	**187,024**	80,710	**468,364**	231,555
Insurance	**132,562**	78,826	**324,161**	230,149
Depreciation and amortization	**147,327**	68,204	**367,071**	212,700
Technology	**119,680**	54,423	**258,665**	197,033
Payroll related	**49,242**	34,329	**133,835**	99,161
Travel and meetings	**53,080**	109,337	**125,195**	157,694
Telephone	**13,576**	13,914	**38,777**	43,326
Postage	**10,143**	10,513	**33,338**	35,637
Licenses and dues	**998**	1,570	**4,402**	12,735
Bad debt recoveries	**-**	-	**(12,500)**	**-**
Telemarketing, advertising and promotional	**1,338**	7,977	**12,286**	15,709
Total general and administrative expenses	**2,108,764**	1,409,020	**5,708,488**	4,185,477
Operating income	**204,763**	340,528	**127,296**	1,266,121
Other income (expense):				
Investment (loss) gain, net	**194,305**	(2,952)	**(449,297)**	(137,031)
Interest expense	**(53,485)**	(27,084)	**(138,923)**	(85,475)
Gain on disposal of assets	**23,537**	-	**23,537**	8,541
Interest rate swap, fair value adjustment	**(27,414)**	469	**(25,608)**	6,520
Other income	**-**	-	**20,000**	-
(Loss) income before provision for income taxes (benefit)	**341,706**	310,961	**(442,995)**	1,058,676
Provision for income taxes (benefit)	**132,747**	48,290	**(168,438)**	305,180
Net (loss) income	**$ 208,959**	$ 262,671	**$ (274,557)**	$ 753,496

See notes to consolidated financial statements.

THE MARKETING ALLIANCE, INC.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
Nine Months Ended December 31, 2015 and 2014
Unaudited – See Independent Auditor's Review Report

	Common Stock		Retained	
	Shares (a)	Amount	Earnings	Total
Balances at April 1, 2014	6,024,200	$903,023	$11,903,203	$12,806,226
Net income	-	-	753,496	753,496
Balance at December 31, 2014	6,024,200	$903,023	$12,656,699	$13,559,722
Balances at April 1, 2015	**7,028,233**	**$903,023**	**$11,675,350**	**$12,578,373**
Net (loss)	**-**	**-**	**(274,557)**	**(274,557)**
Balance at December 31, 2015	**7,028,233**	**$903,023**	**$11,400,793**	**$12,303,816**

(a) Amounts have been retrospectively adjusted for the 7 for 6 stock split effective August 21, 2015.

See notes to consolidated financial statements.

THE MARKETING ALLIANCE, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
Nine Months Ended December 31, 2015 and 2014
Unaudited – See Independent Auditor's Review Report

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss) income	**$ (274,557)**	$ 753,496
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Depreciation and amortization	**637,950**	475,923
Gain on disposal of assets	**(23,537)**	(8,541)
Realized and unrealized investment losses	**525,124**	283,172
Deferred taxes	**(136,700)**	(176,900)
Interest rate swap adjustment	**25,608**	(6,520)
Changes in operating assets and liabilities:		
Accounts receivable	**152,371**	(163,106)
Inventory	**(89)**	24,965
Prepaid expenses and other assets	**(155,270)**	689,754
Deposits and other assets	**4,941**	99,088
Accounts payable and accrued expenses	**5,372**	87,050
Net cash provided by operating activities	**761,213**	2,058,381
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	**(590,156)**	(507,619)
Proceeds from sale of property and equipment	**37,003**	49,960
Proceeds from sale of investments	**645,762**	520,324
Purchases of investments	**(1,353,734)**	(715,782)
Principal payments received on promissory notes	**156,685**	270,256
Cash paid at acquisition	**(1,295,000)**	-
Advances under promissory notes	**(160,933)**	(329,933)
Net cash used in investing activities	**(2,560,373)**	(712,794)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net repayments under lines of credit	**(2,550,000)**	(500,000)
Proceeds from long-term debt	**4,750,000**	-
Repayments on long-term debt	**(551,462)**	(450,000)
Net cash provided by (used in) financing activities	**1,648,538**	(950,000)
Change in cash and cash equivalents	**(150,622)**	395,587
Cash and cash equivalents, beginning of period	**5,678,445**	5,531,060
Cash and cash equivalents, end of period	**$ 5,527,823**	$ 5,926,647
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION		
Cash paid during the period for:		
Interest	**$ 141,158**	$ 62,335

See notes to consolidated financial statements.

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Significant Accounting Policies

Organization

The Marketing Alliance, Inc. (the Company) is a consortium of independent life insurance general agents located throughout the United States. Headquartered in St. Louis, Missouri, the Company provides the benefits of pooled production and resources, including access to carriers and services, that otherwise may not be available to the agencies.

The Company, through eight subsidiaries, provides family entertainment in Florida, Illinois, Missouri and North Carolina.

The Company, through a subsidiary, provides construction, heavy equipment and trenching services in Iowa.

Significant Accounting Policies

Basis of accounting and principles of consolidation:

The Company's policy is to prepare its financial statements on the accrual basis. The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries:

TMA Marketing, Inc. (“Marketing”)
Empire Construction and Trenching, Inc. (“Empire”)
TMA Technologies, Inc. (“Technologies”)
Felton McCrary Brokerage, Inc. (“Felton”)
TMA Play MO, Inc., TMA Play IL, Inc., TMA Play Sunrise, Inc., TMA Play Pines, Inc., TMA Play Gastonia, Inc., TMA Play Pineville, Inc., TMA Play University, Inc. and TMA Play Matthews, Inc. (“Monkey Joes”)
TMA Realty, Inc. (“Realty”)

Marketing began operations during 2004. Empire began operations in July of 2011. TMA Play Sunrise, Inc. and TMA Play Pines began operations in January 2015. TMA Play Gastonia, TMA Play Pineville, and TMA Play University Inc. began operations in September 2015. TMA Play Matthews, Inc. began operations in December 2015. TMA Play MO, Inc. and TMA Play IL, Inc. began operations in September 2012. Technologies and Felton are inactive. Realty began operations in September 2014 and owns the building housing Empire’s operations. All significant intercompany accounts and transactions have been eliminated.

Revenue recognition:

Commission income from insurance companies, including production bonuses, is recorded when earned. Deferred first year commissions (commissions associated with policy dates prior to December 31, 2015) are recorded in the period earned or in the period received when such amounts cannot reasonably be estimated. Distributor commissions and bonuses are governed by individual distribution agreements and revenue is recorded in the period that the related commission income is earned.

Empire recognizes revenue from long-term contracts on the percentage-of-completion method of accounting for fixed price construction contracts or on the cost-plus fee contract method. Under the fixed price method, revenue is determined by applying the percentage-of-completion of contracts in each year to estimated final revenue on a ratio of costs incurred to date to total estimated costs. That method is used because management considers total cost to be the best available measure of

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant Accounting Policies (Continued)

Revenue recognition: (Continued)

progress on the contracts. Because of inherent uncertainties in estimating costs, it is at least reasonably possible that the estimates used will change within the near term. Costs of construction include all direct material and labor costs and those indirect costs related to contract performance. Provisions for estimated losses on uncompleted contracts, if any, are made in the period in which such losses are determined. Revenues recognized in excess of amounts billed are included in accounts receivable and at December 31, 2015 and 2014 those amounts were not material. There were no billings in excess of revenues recognized.

Monkey Joes revenues are recognized on a cash basis, net of sales taxes.

Cash and cash equivalents:

The Company considers all highly liquid investments purchased with an initial maturity of three months or less to be cash equivalents. From time to time, the Company has on deposit with certain banks and brokerage firms, cash and cash equivalents which exceed the amount subject to Federal Deposit Insurance Corporation (FDIC) or Securities Investor Protection Corporation (SIPC) limits. The Company attempts to mitigate this risk by depositing its cash and cash equivalents with high credit quality institutions.

Inventory:

Inventory is stated at the lower of cost or market using the first-in first-out method. Inventory consists primarily of drainage tile raw materials used by Empire.

Investments:

Investments consist principally of common stocks, preferred stocks, mutual funds, fixed income securities, limited partnership interests, and notes receivable. Investments are classified as trading securities and are stated at fair value. Net realized gains and losses from the sales of investments, as well as unrealized gains and losses, are reflected in the statement of operations.

Fair value measurements:

The Company follows the accounting for fair value measurements and disclosures for financial assets and liabilities, which defines fair value, establishes a framework for measuring fair value under generally accepted accounting principles, and requires disclosures about fair value measurements. Fair value is a market-based measurement, not an entity-specific measurement, and fair value measurements are determined based on assumptions that market participants would use in pricing an asset or liability.

The accounting for fair value measurements and disclosures for financial assets and liabilities establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. The hierarchy is broken down into three general levels: Level 1 inputs are quoted prices in active markets for identical assets or liabilities; Level 2 inputs include data points

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant Accounting Policies (Continued)

Fair value measurements: (continued)

that are observable such as quoted prices for similar assets or liabilities in active markets, quoted prices for identical assets or similar assets or liabilities in markets that are not active, and inputs (other than quoted prices) such as interest rates and yield curves that are observable for the asset and liability, either directly or indirectly; Level 3 inputs are unobservable data points for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability.

Income taxes:

The Company follows guidance issued by the Financial Accounting Standards Board ("FASB") regarding accounting for uncertainty in income taxes. This guidance clarifies the accounting for income taxes by prescribing the minimum recognition threshold an income tax position is required to meet before being recognized in the financial statements and applies to all income tax positions. Each income tax position is assessed using a two-step process. A determination is first made as to whether it is more likely than not that the income tax position will be sustained, based upon technical merits, upon examination by the taxing authorities. If the income tax position is expected to meet the more likely than not criteria, the benefit recorded in the financial statements equals the largest amount that is greater than 50% likely to be realized upon its ultimate settlement.

None of the Company's federal or state income tax returns is currently under examination by the Internal Revenue Service ("IRS") or state authorities.

Deferred taxes are provided on the asset and liability method whereby deferred taxes are recognized for deductible temporary differences and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment. A tax valuation allowance is established as needed, to reduce net deferred tax assets to the amount expected to be realized.

Swap agreements:

The Company entered into interest rate swap agreements to reduce the impact of changes in interest rates on its variable rate term loans (Note 11). The swap agreements are contracts to exchange the debt obligations' variable rate interest payments for fixed rate interest payments on certain notional amounts expiring at various dates. The notional amounts of the interest rate swap agreements are used to measure amounts to be paid or received and does not represent the amount of exposure or credit loss. The differential paid or received under the interest rate swap agreements is recognized as an adjustment to interest expense. The actual market or credit exposure of this type of financial instrument is significantly less than the notional amount. The primary risk associated with the swap is the inability of the counterparty to meet the terms of the contract. The Company does not expect the counterparty to fail to meet its respective obligations. The agreements mature in March 2017, March 2018 and October 2022.

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant Accounting Policies (Continued)

Swap agreement: (continued)

FASB ASC 815, *Derivatives and Hedging*, requires the Company to recognize all derivatives as either assets or liabilities in the consolidated balance sheet and measure those instruments at fair value. It further provides criteria for derivative instruments to be designated as fair value, cash flow, or foreign currency hedges, and establishes accounting standards for reporting changes in the fair value in the consolidated balance sheet and recognizing the offsetting gains or losses as adjustments to be reported in net income or other comprehensive income as appropriate. The interest rate swap is considered a free standing derivative.

Property and equipment:

Property and equipment are stated at cost, net of accumulated depreciation. Depreciation is provided utilizing straight line and accelerated methods over estimated useful lives ranging from 5 to 40 years.

Notes receivable:

Notes receivable are stated at unpaid principal balances, less an allowance for uncollectable amounts. Interest is recognized over the term of the note, and is calculated using the simple interest method on principal amounts outstanding. Notes are considered impaired when based on current information or factors, it is probable that the Company will not collect the principal and interest payments according to the loan agreement. Notes are placed on nonaccrual status when management believes, after considering economic conditions, business conditions, and collection efforts, that the notes are impaired or collection of interest is doubtful. At December 31, 2015 and 2014, no allowance was deemed necessary.

Estimates:

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Reclassifications:

Certain items have been reclassified in the 2014 financials to conform to the current period's presentation.

Subsequent events:

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through March 26, 2016, the date the financial statements were available for issuance.

NOTE 2 – INVESTMENTS

The cost, fair value and gross unrealized gains and losses of investments by major security type are as follows:

	December 31, 2015			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Common stocks	$ 3,478,041	$ 659,653	$ 535,071	$ 3,602,623
Preferred stocks	432,019	27,280	949	458,350
Fixed income securities	328,006	28,755	-	356,761
Mutual funds	67,836	-	32,928	34,908
Limited partnerships	650,000	601,922	115,317	1,136,605
	$ 4,955,902	$ 1,317,610	$ 684,265	$ 5,589,247

	December 31, 2014			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Common stocks	$ 2,632,029	$ 662,311	$ 269,120	$ 3,025,220
Preferred stocks	427,352	20,952	449	447,855
Fixed income securities	325,157	22,315	100,000	247,472
Mutual funds	62,179	-	13,864	48,315
Limited partnership	650,000	738,928	-	1,388,928
	$ 4,096,717	$ 1,444,506	$ 383,433	$ 5,157,790

Proceeds from the sale of investments were $248,391 and $645,762 for the three and nine months ended December 31, 2015, resulting in gross realized gains of $8,029 and $75,455 and gross realized losses of $68,170 and $128,489 for the three and nine months ended December 31, 2015, respectively.

Proceeds from the sale of investments were $217,096 and $520,324 for the three and nine months ended December 31, 2014, resulting in gross realized gains of $54,451 and $116,523 and gross realized losses of $7,825 and $41,695 for the three and nine months ended December 31, 2014, respectively.

Investments are pledged as collateral pursuant to margin agreements entered into by the Company. No amounts were outstanding at December 31, 2015 and 2014 under the margin agreements.

Net investment income for the three months ended December 31, 2015 and 2014 is as follows:

	2015	2014
Interest and dividend income	$ 46,187	$ 119,843
Realized gains on investments, net	(60,141)	46,626
Unrealized gains (losses) on investments, net	222,245	(155,020)
Investment management fees	(13,986)	(14,401)
Net investment income (loss)	$ 194,305	$ (2,952)

NOTE 2 – INVESTMENTS (Continued)

Net investment income for the six months ended December 31, 2015 and 2014 is as follows:

	2015	2014
Interest and dividend income	$ 131,963	$ 201,058
Realized (losses) gains on investments, net	(53,034)	74,828
Unrealized (losses) gains on investments, net	(472,090)	(358,000)
Investment management fees	(56,136)	(54,917)
Net investment (loss)	$(449,297)	$(137,031)

In connection with notes receivable due from a private company, the Company received two warrants to purchase 300,000 shares of stock in the private company at rates ranging from $1.20 to $5.00 per share or current share price, whichever is lower, depending on when the warrants are exercised. The warrants, 150,000 each, can be exercised at any time through June 18, 2016 and May 31, 2017. The fair value of the warrants was determined to be zero at both the date of receipt and December 31, 2015.

In connection with an investment agreement dated August 2010 with a banking corporation, the Company purchased 5,000 units. A unit consists of 4 shares of common stock and 1 detachable and transferable warrant to purchase 1 share of common stock to be exercised within 3 years of the agreement. In August 2013, the warrants were exercised as detailed in the agreement and the company purchased 5,000 shares of common stock.

NOTE 3 – FAIR VALUE MEASUREMENTS

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in the methodologies used at December 31, 2015 and 2014:

Common and preferred stocks, and fixed income securities: Valued at the closing price reported on the active market on which the individual securities are traded. Securities traded on inactive markets are valued by reference to similar instruments are categorized in Level 2. Securities which are not traded on active or inactive markets and no comparable assets exist are categorized in Level 3 and are valued using internal models.

Mutual funds: Valued at the net asset value (NAV) of shares held at year end.

Limited partnership investments: There are four limited partnership investments. Three investments are valued using data as provided by the general partner of the limited partnership. These limited partnerships actively trade and invest (by establishing both "long" and "short" positions) in domestic and foreign equity securities and options, equity futures contracts and options, other private placement investments, and securities issued or guaranteed by the United States government and related instruments. The fourth investment is valued using market data for public securities as provided by the general partner of the limited partnership. The partnership actively trades and invests (by establishing "long" positions only) in domestic and foreign equity securities.

NOTE 3 – FAIR VALUE MEASUREMENTS (Continued)

(A) Securities that are listed on a national securities exchange or NASDAQ or over-the-counter market are valued at the last reported sales price on the last day of the year, or the last reported bid and asked price. Securities for which market quotations are not readily available are valued at their fair value as determined in good faith under consistently applied procedures established by the General Partner, such as pricing models, discounted cash flow methodologies or similar techniques.

Warrants: Warrants are valued using a Black-Scholes model employing estimated share values, interest rates, volatility and term and are categorized in Level 2 of the fair value hierarchy.

Interest Rate Swap: Valued at fair value derived from mid-market values. A single value for each derivative transaction is used, even if compromised by multiple legs. Value has been measured based on estimates of the amount needed to settle the agreement. Such calculations were based on changes in market conditions and/or assumptions underlying valuation models.

The following table presents the fair value hierarchy for the Company's financial assets and liabilities measured at fair value on a recurring basis as of December 31, 2015:

Investments	**Assets at Fair Value**			
	Level 1	**Level 2**	**Level 3**	**Total**
Common stocks	$ 3,141,683	$ 437,500	$ 23,440	$ 3,602,623
Preferred stock	458,350	-	-	458,350
Fixed income	256,761	-	100,000	356,761
Mutual funds	34,908	-	-	34,908
Limited partnerships	-	-	1,136,605	1,136,605
Total assets at fair value	$ 3,891,702	$ 437,500	$1,260,045	$ 5,589,247

Interest Rate Swap Liability	**Liabilities at Fair Value**			
	Level 1	**Level 2**	**Level 3**	**Total**
Interest Rate Swap	$ -	$ 34,374	$ -	$ 34,374
Total interest rate swap	$ -	$ 34,374	$ -	$ 34,374

The following table presents the fair value hierarchy for the Company's financial assets and liabilities measured at fair value on a recurring basis as of December 31, 2014:

Investments	**Assets at Fair Value**			
	Level 1	**Level 2**	**Level 3**	**Total**
Common stocks	$ 2,687,578	$ 297,000	$ 40,642	$ 3,025,220
Preferred stock	447,855	-	-	447,855
Fixed income	147,472	-	100,000	247,472
Mutual funds	48,315	-	-	48,315
Limited partnership	-	-	1,388,928	1,388,928
Total assets at fair value	$ 3,331,220	$ 297,000	$1,529,570	$ 5,157,790

Interest Rate Swap Liability	**Liabilities at Fair Value**			
	Level 1	**Level 2**	**Level 3**	**Total**
Interest Rate Swap	$ -	$ 7,236	$ -	$ 7,236
Total interest rate swap	$ -	$ 7,236	$ -	$ 7,236

NOTE 3 – FAIR VALUE MEASUREMENTS (Continued)

The following is a roll-forward of Level 3 fair value instruments for the three months ended December 31, 2015 and 2014:

	Limited Partnership Interests	Common Stocks	Fixed Income
Balance, April 1, 2015	$ 1,407,933	$ 40,642	$100,000
Unrealized losses relating to instruments still held at the reporting date	(271,328)	(17,202)	-
Purchases	-	-	-
Balance, December 31, 2015	$ 1,136,605	$ 23,440	$100,000
Balance, April 1, 2014	$ 1,369,687	$ 22,645	$100,000
Unrealized gains relating to instruments still held at the reporting date	19,241	-	-
Purchases	-	17,997	-
Balance, December 31, 2014	$ 1,388,928	$ 40,642	$100,000

Quantitative information about Level 3 Fair Value Investments:

	Fair Value at December 31, 2015	Valuation Techniques	Unobservable Input
Fixed income securities	$100,000	Discounted expected cash flows	Probability of default (50%) Discount rate 4.5%
Private equity investments	$23,440	Conversion rate of recent private transactions	Recent private transaction rate
Limited partnership investments	$1,136,605	See (A) above	See (A) above

The nature and risk of certain investments by major category at December 31, 2015 are presented as follows:

	Fair Value	Unfunded Commitments	Redemption Provisions
Limited Partnerships	$ 1,136,605	$50,000	Quarterly with 30 days notice

The Company has various processes and controls in place to ensure that fair value is reasonably estimated. The Company's investment committee, which reports to the Board of Directors, sets the valuation policies for investments and is responsible for the determination of fair value.

The investment committee, together with independent investment advisors, (1) compares price changes between periods to current market conditions, (2) compares trade prices of securities to fair value estimates, (3) compares prices from multiple pricing sources, and (4) performs ongoing due diligence to confirm that independent pricing services use market-based parameters for valuation. Valuation approaches are reviewed on an ongoing basis and revised as necessary based on changing market conditions to ensure values represent a reasonable exit price.

NOTE 4 – ACCOUNTS RECEIVABLE

Accounts receivable at December 31, 2015 and 2014 are as follows:

	2015	2014
Commissions receivable	$1,783,094	$1,866,569
Deferred first year commissions	5,899,340	5,267,878
Construction receivables	69,834	252,642
Other	345,450	383,081
	$8,097,718	$7,770,170

NOTE 5 – NOTES RECEIVABLE

Notes receivable at December 31, 2015 and 2014 are as follows:

	2015	2014
Distributor notes receivable, receivable in aggregate monthly installments of approximately $18,900 including interest at rates ranging from 2.25% to 5.50% per annum, final maturity in March 2022. The notes are generally collateralized by amounts payable pursuant to individual distribution agreements and security interests in certain assets of the distributors. Certain of the notes are personally guaranteed by principals of the distributors.	$1,203,493	$1,090,092
Less current portion	380,776	458,256
Long-term portion	$ 822,717	$ 631,836

Estimated future principal payments to be received as of December 31, 2015 are as follows:

2016	$ 380,776
2017	163,493
2018	146,441
2019	134,159
2020	300,893
Thereafter	77,731
	$1,203,493

NOTE 6 – INTANGIBLE ASSETS AND GOODWILL

Intangible assets consist of a covenant not to compete acquired in July 2011 related to the Empire acquisition, and eight covenants not to compete, eight franchise agreements, and goodwill acquired in September 2012, January 2015, September 2015 and December 2015 related to the Monkey Joe's acquisitions.

	Beginning Balance, April 1, 2015	Additions	Deletions	Ending Balance, December 31, 2015
Covenants Not To Compete	$451,808	$ 111,800	$ -	$ 563,608
Franchise Agreements	272,300	217,600	-	489,900
Amortization	(346,302)	(121,678)	-	(467,980)
	$377,806	$ 207,722	$ -	$ 585,528
Goodwill	$613,200	$ 713,600	$ -	$1,326,800

	Beginning Balance, April 1, 2014	Additions	Deletions	Ending Balance, December 31, 2014
Covenant Not To Compete	$339,708	$ -	$ -	$ 339,708
Franchise Agreements	181,000	-	-	181,000
Amortization	(239,518)	(72,057)	-	(311,575)
	$281,190	$ (72,057)	$ -	$ 209,133
Goodwill	$554,100	$ -	$ -	$ 554,100

Amortization expense for the three and nine months ended December 31, 2015, respectively, was $48,921 and $121,678. Amortization expense for the three and nine months ended December 31, 2014, respectively, was $20,552 and $72,057.

Estimated amortization for the next five years for the covenants not to compete and the franchise agreements is as follows:

2016	$197,557
2017	168,602
2018	89,496
2019	36,925
2020	36,400
Thereafter	56,548
	$585,528

NOTE 7 – PROPERTY AND EQUIPMENT

Net property and equipment is comprised of the following at December 31, 2015 and 2014:

	2015	2014
Land and building	$ 245,604	$ 245,604
Office equipment	3,073,325	1,803,306
Construction equipment	1,643,420	1,705,788
	4,962,349	3,754,698
Less accumulated depreciation	2,812,011	2,201,982
	$ 2,150,338	$ 1,552,716

Depreciation expense was $188,838 and $517,272 for the three and nine months ended December 31, 2015, respectively. Depreciation expense was $134,973 and $403,885 for the three and nine months ended December 31, 2014, respectively.

NOTE 8 – LINES OF CREDIT

The Company has four lines of credit available:

The first line of credit borrowing is under a $3,500,000 short-term bank line of credit facility. Borrowings under the line of credit bear interest at the British Banker Association LIBOR rate ('BBA LIBOR') plus 2% (2.4295% at December 31, 2015), and is collateralized by all accounts receivable, inventory and property and equipment. The credit facility contains both financial and non-financial covenants. The credit facility matures September 30, 2016. At December 31, 2015, no amount was outstanding. At December 31, 2014, $1,850,000 was outstanding.

Under a second line of credit, the Company has available a $750,000 revolving line of credit bearing interest based on changes in an Independent index which is the Highest Wall Street Journal Prime Base Lending Rate. Interest on the unpaid balance of the note will be calculated using a rate of .25 percentage points over the Index. The credit facility requires an annual 30 day clean-up period. The index at December 31, 2015 is 3.50%, resulting in a rate of 3.75%. The note is due on demand. At December 31, 2015 and 2014 no amounts were outstanding.

Under the third line of credit, the Company has available a $1,000,000 demand grid note credit facility. Borrowings under the note bear interest at prime plus one quarter percent (3.5% at December 31, 2015) and are due on demand. The credit facility is subject to an annual review by the lender. At December 31, 2015, $950,000 was outstanding. At December 31, 2014, no amount was outstanding.

Under the fourth line of credit, the Company has available a $250,000 revolving line of credit facility. Borrowings under the note bear interest at prime plus 1% (with a floor of 4.75%) (5% at December 31, 2015) and is due on demand. The credit facility requires an annual 30 day clean-up period, is subject to an annual review by the lender and requires that the Company maintain a minimum deposit account balance of $250,000 with the lender. At December 31, 2015 and 2014, no amounts were outstanding.

NOTE 9 – ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses at December 31, 2015 and 2014 are summarized as follows:

	2015	2014
Accounts payable	$ 274,616	$ 207,418
Technology benefits	342,162	220,501
Distributor commissions	1,774,599	1,935,739
Deferred first year commissions	3,283,977	2,903,940
Accrued compensation	475,961	436,398
Other	248,045	48,884
	$ 6,399,360	$ 5,752,880

Accrued technology benefits represents amounts payable pursuant to the Company's technology and marketing benefit program. The program is designed to encourage its member agencies to invest in technology and marketing by reimbursing the agencies for qualified expenditures. Agencies qualify for benefits based upon attaining annual production levels as defined in the program. Benefits payable under the program are based upon calendar year production and are payable in the calendar year subsequent to meeting production criteria.

NOTE 10 – INCOME TAXES

Income tax expense (benefit) for the three months ended December 31, 2015 and 2014 is summarized as follows:

	2015	2014
Current	$ (252,753)	$ 178,420
Deferred	385,500	(130,130)
	$ 132,747	$ 48,290

Income tax expense (benefit) for the nine months ended December 31, 2015 and 2014 is summarized as follows:

	2015	2014
Current	$ (31,738)	$ 482,080
Deferred	(136,700)	(176,900)
	$ (168,438)	$ 305,180

NOTE 10 – INCOME TAXES (Continued)

Deferred tax assets and liabilities at December 31, 2015 and 2014 were attributable to the following:

	2015	2014
Deferred Tax Assets:		
Stock appreciation compensation	$ 144,600	$ 118,900
Intangible assets	75,600	56,200
Other	9,600	3,900
Impairment on investment other than temporary	36,100	36,100
Total gross deferred tax assets	265,900	215,100
Deferred Tax Liabilities:		
Unrealized gains on investments	(97,400)	(309,700)
Property and equipment	(507,400)	(322,500)
Total gross deferred tax liabilities	(604,800)	(632,200)
Total deferred taxes	$ (338,900)	$ (417,100)
Deferred Tax Assets, Current	$ 92,900	$ -
Deferred Tax Liabilities, Current	-	(150,800)
Deferred Tax Liabilities, Long-Term	(431,800)	(266,300)
	$ (338,900)	$ (417,100)

The reconciliation of income taxes calculated at the Federal tax statutory rate to the Company's effective rate is set forth below for the nine months ended December 31, 2015 and 2014:

	2015		2014	
	$	%	$	%
Tax at federal statutory rate	$(150,000)	34%	$357,539	34%
State income taxes	(14,000)	3%	32,599	3%
True up of prior year taxes	-		(68,826)	
Other	(4,438)	1%	(16,132)	-1%
	$(168,438)	38%	$305,180	36%

NOTE 11 – LONG-TERM DEBT

Long-term debt as of December 31, 2015 and 2014 is as follows:

	2015	2014
Note payable to a bank, payable in 84 monthly principal payments ranging from $50,731 to $62,717 a month plus interest, payments commenced on November 30, 2015. The interest rate on the note is 2% plus BBA LIBOR (2.4295% at December 31, 2015). The note matures on October 31, 2022. The note is collateralized by all deposits at the bank, accounts receivable, inventory and property and equipment and contains both financial and non-financial covenants.	$4,648,538	$ -
Note payable to a bank, payable in fixed monthly principal payments of $25,000 a month plus interest, payments commenced on April 30, 2012. The interest rate on the note is 2% plus BBA LIBOR (2.4295% at December 31, 2015). The note matures on March 31, 2017. The note is collateralized by all accounts receivable, inventory and property and equipment and contains both financial and non-financial covenants.	375,000	675,000
Note payable to a bank, payable in fixed monthly principal payments of $25,000 a month plus interest, payments commenced on April 30, 2013. The interest rate on the note is 2% plus BBA LIBOR (2.4295% at December 31, 2015). The note matures on March 29, 2018. The note is collateralized by all accounts receivable, inventory and property and equipment and contains both financial and non-financial covenants.	675,000	975,000
Total	5,698,538	1,650,000
Less current portion	1,212,424	600,000
Long-term portion	$4,486,114	$1,050,000

Future principal maturities at December 31, 2015 are as follows:

Period Ending December 31,	
2016	$1,212,424
2017	1,009,466
2018	732,294
2019	680,942
2020	705,438
Thereafter	1,357,974
	$5,698,538

NOTE 12 – SHAREHOLDERS' EQUITY.

In November 2014, the Board of Directors authorized a $.21 per share cash dividend for shareholders of record on December 12, 2014. The dividend was paid on January 30, 2015.

In July 2015, the Board of Directors declared a stock split of 7 shares for every 6 shares held by the shareholders of record on August 21, 2015, payable on September 25, 2015. As a result, each shareholder received one new share of common stock for every one share of common stock held as of the record date. All share amounts outstanding prior to August 21, 2015 have been retroactively adjusted for this split.

NOTE 13 – COMMITMENTS AND CONTINGENCIES

Leases

The Company has noncancellable operating leases for office, administration, processing, and family entertainment space at its St. Louis, Omaha, Fairview Heights, Sunrise, Pembroke Pines, Gastonia, Charlotte, Pineville and Matthews locations. Additionally, the Company leases office equipment under operating leases for use in both its administrative offices and in offices of several of its brokers, pursuant to its technology and marketing benefit program.

Approximate future annual minimum lease payments required under these operating leases at December 31, 2015 are as follows:

	Office Space	Office Equipment	Total
2016	$1,236,459	$ 37,946	$1,274,405
2017	932,576	32,181	964,757
2018	943,193	16,052	959,245
2019	722,602	-	722,602
2020	566,641	-	566,641
Thereafter	1,999,138	-	1,999,138
	$6,400,609	$ 86,179	$6,486,788

Rent expense for office space approximated $305,360 and $728,760 for the three and nine months ended December 31, 2015. Rent expense for office space approximated $112,600 and $337,800 for the three and nine months ended December 31, 2014.

Rent expense for office equipment approximated $22,800 and $57,000 for the three and nine months ended December 31, 2015. Rent expense for office equipment approximated $27,200 and $79,600 for the three and nine months ended December 31, 2014. A substantial portion of the office equipment operating leases is classified as distributor related expenses in the accompanying consolidated statement of operations.

NOTE 14 – CONCENTRATIONS

During the three and nine months ended December 31, 2015, the Company derived approximately 69% of its commission income from four insurance carriers. During the three and nine months ended December 31, 2014, the Company derived approximately 70%, of its commission income from four insurance carriers.

NOTE 15 – BENEFIT PLANS

Profit Sharing Plan

The Company has a qualified profit sharing plan with 401(k) deferred compensation provisions. Substantially all employees are eligible to participate in the plan. The plan provides for both matching and discretionary contributions determined by the Board of Directors. Contributions under the plan were approximately $12,400 and $40,400 for the three and nine months ended December 31, 2015. Contributions under the plan were approximately $14,700 and $38,000 for the three and nine months ended December 31, 2014.

Stock Appreciation Plan

The Company maintains a stock appreciation plan (the "SAP") for a member of management. Units of stock are allocated under a compensation agreement at a specified price per unit. The Company recognizes the estimated compensation cost of these stock appreciation units over the vesting term.

The estimated compensation cost is based on the Black-Scholes option model and is re-measured at each financial reporting date. Stock units cliff vest at the end of a five year period. Upon vesting, the value is calculated as the difference between the current value of the stock and the specified price per unit multiplied by the number of shares and paid in cash. Under the agreement, stock appreciation units were granted on April 1, 2010, 2011, 2012, 2013 and 2014.

Additionally, the stock appreciation units, whether vested or not vested, are entitled to receive payment in an amount equal to the actual cash dividends paid on shares of common stock, as of and when such dividends are paid.

NOTE 16 – RELATED PARTY TRANSACTIONS

The Company has entered into a service agreement with an affiliate of one of its brokers/agents for bookkeeping and other administrative services provided for the benefit of the Company. Administrative service fees and rent paid to the affiliated entity approximated $125,600 and $362,500 for the three and nine months ended December 31, 2015. Administrative service fees and rent paid to the affiliated entity approximated $145,200 and $425,100 for the three and nine months ended December 31, 2014.

The Company compensates its Board of Directors for attendance at its meetings. In addition, the Company compensates its Directors for work performed on behalf of the Company outside of their duties as Board members. Such compensation, which is computed and paid at an hourly rate commensurate with experience and expertise as determined by the Board of Directors, is classified as a component of compensation and net investment income in the accompanying consolidated statement of operations.

The Company previously leased office and warehouse space in Iowa for $60,000 annually from the former owner of JDC Construction, Inc. The lease was terminated April 30, 2014. The Company purchased real property in Iowa for approximately $240,000 to be used as office and warehouse space.

NOTE 17 – BUSINESS COMBINATIONS

Monkey Joes

On January 6, 2015, the Company acquired the assets of two Monkey Joe's franchises through a series of agreements and transactions. The Company made the acquisitions in order to diversify its business. The total purchase price for the two locations combined was $462,500. One franchise is located in Sunrise, Florida and the other franchise is located in Pembroke Pines, Florida. The franchise for the Sunrise, Florida area was effective in December 2008. The franchise for the Pembroke Pines, Florida area was effective in March 2012. Both agreements are for initial terms of 10 years with the option to renew for 10 years each with the payment of the then current franchise fee.

The following table summarizes the fair value of identifiable assets acquired and liabilities assumed in the business combination, and related intangible asset as of the acquisition date:

	Amount
Equipment	$ 200,000
Franchise Agreements	91,300
Covenant Not To Compete	112,100
Goodwill	59,100
Value of Assets Acquired	$ 462,500

The covenants not to compete are being amortized over 36 months from the closing date (January 6, 2015). The franchise agreements are being amortized over their remaining lives. As of the date of acquisition the remaining life for the franchise agreements ranged from 48 to 86 months.

In connection with the asset acquisition the Company entered into two lease obligations for property that will result in total payments of approximately $2,120,000. One lease expires June, 2019. The second lease expires March, 2022.

On September 2, 2015 and December 1, 2015, the Company acquired the assets of four Monkey Joe's franchises through a series of agreements and transactions. The Company made the acquisitions in order to diversify its business. The total purchase price for the four locations combined was $1,275,000. One franchise is located in Gastonia, North Carolina, the second is located in Pineville, North Carolina, the third franchise is located in Charlotte, North Carolina and the fourth franchise is located in Matthews, North Carolina. The franchise for the Gastonia area was effective in December 2012. The franchises for the Pineville, Charlotte and Matthews areas were effective in November 2011. All agreements are for initial terms of 10 years with the option to renew for 10 years each with the payment of the then current franchise fee. In connection with the transfer of the franchise agreements, the Company was required to pay transfer fees totaling $20,000 which were capitalized as part of the cost of the franchise agreements.

NOTE 17 – BUSINESS COMBINATIONS (Continued)

The following table summarizes the preliminary estimate of fair value of identifiable assets acquired and liabilities assumed in the business combination, and related intangible assets as of the acquisition date:

	Preliminary Amount
Equipment	$ 272,000
Franchise Agreements	177,600
Covenant Not To Compete	131,800
Goodwill	713,600
Value of Assets Acquired	$ 1,295,000

As of the date of these financial statements, acquisition accounting has yet to be finalized related to this transaction.

The covenants not to compete are being amortized over 36 months from the closing date (September 2, 2015). The franchise agreements are being amortized over their remaining lives. As of the date of acquisition the remaining life for the franchise agreements ranged from 73 to 86 months.

In connection with the asset acquisition the Company entered into four lease obligations for property that will result in total payments of approximately $3,530,000. The Matthews lease expires in December 2017 and the other three leases expire in September 2025.