

AUDITED FINANCIAL STATEMENTS

Years ended March 31, 2016 and 2015

THE MARKETING ALLIANCE, INC.

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UHY LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying consolidated financial statements of The Marketing Alliance, Inc. and subsidiaries, which comprise the consolidated balance sheets as of March 31, 2016 and 2015, and the related consolidated statements of operations, shareholders' equity, and cash flows for the years then ended, and the related notes to the consolidated 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the 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 consolidated financial statements based on our audits. We conducted our audits 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 The Marketing Alliance, Inc. and subsidiaries as of March 31, 2016 and 2015, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

UHY LLP

Albany, New York
August 8, 2016

THE MARKETING ALLIANCE, INC.
CONSOLIDATED BALANCE SHEETS
March 31, 2016 and 2015

	2016	2015
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	**$ 5,535,256**	$ 5,678,445
Investments	**5,802,222**	5,406,399
Accounts receivable	**8,387,938**	8,250,089
Inventory	**44,717**	18,114
Current portion of notes receivable	**285,056**	605,352
Prepaid expenses	**430,300**	496,001
Prepaid income taxes	**565,062**	412,554
Total current assets	**21,050,551**	20,866,954
PROPERTY AND EQUIPMENT, net	**3,088,588**	1,837,916
OTHER ASSETS		
Notes receivable, net of current portion	**816,309**	593,892
Deposits and other assets	**162,474**	166,959
Goodwill	**973,900**	613,200
Intangible assets, net	**528,104**	377,806
Total other assets	**2,480,787**	1,751,857
	$ 26,619,926	$ 24,456,727
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	**$ 6,673,352**	$ 6,393,988
Lines of credit payable	**2,600,000**	3,500,000
Deferred taxes	**70,300**	220,400
Current portion of notes payable	**1,217,902**	600,000
Total current liabilities	**10,561,554**	10,714,388
LONG-TERM LIABILITIES		
Notes payable	**4,178,443**	900,000
Deferred taxes	**359,000**	255,200
Interest rate swap liability	**105,943**	8,766
Total long-term liabilities	**4,643,386**	1,163,966
Total liabilities	**15,204,940**	11,878,354
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	**10,511,963**	11,675,350
Total shareholders' equity	**11,414,986**	12,578,373
	$ 26,619,926	$ 24,456,727

See notes to consolidated financial statements.

THE MARKETING ALLIANCE, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
Years Ended March 31, 2016 and 2015

	2016	2015
Commission revenue	**$ 23,242,027**	$ 23,566,230
Family entertainment revenue	**4,121,913**	1,944,674
Construction revenue	**1,250,509**	1,728,736
Total revenues	**28,614,449**	27,239,640
Distributor related expenses:		
Distributor bonuses and commissions	**15,862,934**	15,824,905
Business processing and distributor costs	**1,493,112**	1,846,574
Depreciation	**11,085**	10,818
	17,367,131	17,682,297
Family entertainment costs of sales	**1,170,781**	519,111
Costs of construction:		
Direct and indirect costs of construction	**913,457**	913,280
Depreciation	**346,978**	342,261
	1,260,435	1,255,541
Total costs of revenues	**19,798,347**	19,456,949
Net operating revenue	**8,816,102**	7,782,691
General and administrative expenses:		
Compensation	**3,126,734**	2,468,811
Administrative and other	**698,953**	714,794
Rent and occupancy	**1,151,935**	570,261
Professional fees	**541,298**	519,973
Technology	**407,032**	280,006
Insurance	**454,223**	328,385
Travel and meetings	**2,297**	73,095
Depreciation and amortization	**558,536**	316,839
Payroll related	**201,767**	151,271
Office	**544,624**	370,960
Licenses and dues	**6,534**	14,659
Postage	**52,089**	48,482
Telephone	**51,264**	57,542
Bad debt expense (recoveries)	**(11,850)**	24,594
Telemarketing, advertising and promotional	**24,073**	24,208
Total general and administrative expenses	**7,809,509**	5,963,880
Operating income	**1,006,593**	1,818,811
Other (expense) income:		
Investment (loss), net	**(300,078)**	(104,481)
Interest expense	**(204,983)**	(115,344)
Interest rate swap, fair value adjustment	**(97,177)**	4,990
Other Income	**20,000**	-
Gain on disposal of property and equipment	**23,537**	15,478
Income before provision for income taxes	**447,892**	1,619,454
Provision for income taxes	**135,350**	582,225
Net income	**$ 312,542**	$ 1,037,229

See notes to consolidated financial statements.

THE MARKETING ALLIANCE, INC.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
Years Ended March 31, 2016 and 2015

	Common Stock		Retained	
	Shares (a)	Amount	Earnings	Total
Balances at April 1, 2014	7,028,233	$903,023	$11,903,203	$12,806,226
Dividends	-	-	(1,265,082)	(1,265,082)
Net income	-	-	1,037,229	1,037,229
Balances at March 31, 2015	7,028,233	903,023	11,675,350	12,578,373
Dividends	**-**	**-**	**(1,475,929)**	**(1,475,929)**
Net income	**-**	**-**	**312,542**	**312,542**
Balances at March 31, 2016	**7,028,233**	**$903,023**	**$10,511,963**	**$11,414,986**

(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
Years Ended March 31, 2016 and 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	**$ 312,542**	$ 1,037,229
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	**916,599**	669,918
Stock based compensation	**68,120**	(69,347)
Realized and unrealized investment gains	**394,640**	224,995
Deferred taxes	**(46,300)**	(118,400)
Interest rate swap adjustment	**97,177**	(4,990)
(Gain) loss on disposal of property and equipment	**(23,537)**	(15,478)
Changes in operating assets and liabilities:		
Accounts receivable	**(137,849)**	(643,025)
Inventory	**(26,603)**	25,543
Prepaid expenses and other assets	**(82,322)**	670,926
Accounts payable and accrued expenses	**211,244**	797,505
Net cash provided by operating activities	**1,683,711**	2,574,876
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	**(1,376,734)**	(751,161)
Cash paid for acquisition	**(1,295,000)**	(462,500)
Cash paid for franchise agreement	**(20,000)**	-
Proceeds from sale of property and equipment	**37,002**	55,971
Principal payments received on promissory notes	**309,187**	367,103
Proceeds from sale of investments	**900,979**	840,321
Purchases of investments	**(1,691,442)**	(1,226,210)
Advances under promissory notes	**(211,308)**	(535,933)
Net cash used in investing activities	**(3,347,316)**	(1,712,409)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term debt	**4,750,000**	-
Dividends paid	**(1,475,929)**	(1,265,082)
Principal payments on notes payable	**(853,655)**	(600,000)
Net (payments) advances under lines of credit	**(900,000)**	1,150,000
Net cash provided by (used in) financing activities	**1,520,416**	(715,082)
(Decrease) increase in cash and cash equivalents	**(143,189)**	147,385
Cash and cash equivalents, beginning of period	**5,678,445**	5,531,060
Cash and cash equivalents, end of year	**$ 5,535,256**	$ 5,678,445
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION		
Cash paid during the period for:		
Interest	**$ 205,075**	$ 115,344
Income taxes	**$ 215,208**	$ -

See notes to consolidated financial statements.

NOTE 1 — ORGANIZATION AND 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 nine 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:

Entity	Year operations began
TMA Marketing, Inc. (“Marketing”)	2004
Empire Construction and Trenching (“Empire”)	2011
TMA Technologies, Inc. (“Technologies”)	Inactive
Felton McCrary Brokerage, Inc. (“Felton”)	Inactive
TMA Play MO, Inc.	2012
TMA Play IL, Inc.	2012
TMA Realty, Inc. (“Realty”)	2014
TMA Play Sunrise, Inc.	2015
TMA Play Pines, Inc.	2015
TMA Play Gastonia, Inc.	2015
TMA Play Pineville, Inc.	2015
TMA Play University Inc.	2015
TMA Play Matthews, Inc.	2015
TMA Play Rivers, Inc.	2016

All significant intercompany accounts and transactions have been eliminated.

Revenue recognition:

Commission income from insurance companies, including production bonuses and deferred first year commissions, is recorded as of the effective date of coverage. Revenue for placement services is recognized when earned and realized, or the effective commencement date of the related policy. Contingent commissions are recognized when the performance threshold has been met and is not subject to reversal.

NOTE 1 — ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant Accounting Policies (Continued)

Revenue recognition: (Continued)

Empire recognizes revenue from long-term contracts primarily 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 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.

Monkey Joes revenues are generated principally through admissions and concessions sales with proceeds received in cash or via credit card at the point of sale. Revenues related to gift cards and discount tickets are recognized when redeemed, or when the likelihood of redemption becomes remote. The determination of the likelihood of redemption is based on an analysis of actual historical redemption trends.

Cash and cash equivalents:

The Company considers all highly liquid investment instruments 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 receivables. 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 statements 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

NOTE 1 — ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant Accounting Policies (Continued)

Fair value measurements: (Continued)

fair value measurements should be 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 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 agreement:

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 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 and is not designated as a hedge.

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 March 31, 2016 and 2015, no allowance was deemed necessary.

Goodwill and purchased intangible assets:

The Company's methodology for allocating the purchase price relating to purchase acquisitions is determined through established and generally accepted valuation techniques. Goodwill is measured as the excess of the cost of the acquisition over the sum of the amounts assigned to tangible and identifiable intangible assets acquired less liabilities assumed. The Company assigns assets acquired (including goodwill) and liabilities assumed as of the date of acquisition.

Goodwill and purchased intangible assets with indefinite useful lives are not amortized, but are reviewed for impairment annually during the fourth quarter of each fiscal year and whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. The process of evaluating the potential impairment of goodwill and intangible assets requires significant judgment. The Company regularly monitors current business conditions and other factors including, but not limited to, adverse industry or economic trends and lower projections of profitability that may impact future operating results.

The Company amortizes purchased intangible assets with finite lives using the straight-line method over the estimated economic lives of the assets.

The Company evaluates long-lived assets for impairment whenever events or changes in circumstances indicate the carrying value of an asset group may not be recoverable. The Company

NOTE 1 — ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant Accounting Policies (Continued)

Goodwill and purchased intangible assets: (Continued)

assesses the fair value of the assets based on the amount of the undiscounted future cash flow that the assets are expected to generate and recognizes an impairment loss when estimated undiscounted future cash flow expected to result from the use of an asset, plus net proceeds expected from disposition of the asset, if any, are less than the carrying value of the asset. When the Company identifies an impairment, it reduces the carrying value of the group of assets to comparable market values, when available and appropriate, or to its estimated fair value based on a discounted cash flow approach.

Intangible assets are generally recorded in connection with a business acquisition. The value assigned to intangible assets is usually based on estimates and judgments regarding expectations for the success and life cycle of products and technology acquired. The Company evaluates the useful lives of its intangible assets each reporting period to determine whether events and circumstances require revising the remaining period of amortization.

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 2015 financials to conform with the current year's presentation.

Subsequent events:

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through August 8, 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 recorded at fair value by major security type are as follows:

	March 31, 2016			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Common stocks	$ 3,591,483	$ 835,439	$ 485,571	$3,941,351
Preferred stocks	307,019	16,102	819	322,302
Fixed income securities	328,006	27,575	100,045	255,536
Mutual funds	68,468	-	21,622	46,846
Limited partnerships	650,000	599,750	13,563	1,236,187
Warrants	-	-	-	-
	$ 4,944,976	$ 1,478,866	$ 621,620	$ 5,802,222

	March 31, 2015			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Common stocks	$ 2,835,209	$ 721,400	$ 324,182	$3,232,427
Preferred stocks	427,353	27,324	789	453,888
Fixed income securities	227,984	130,957	100,000	258,941
Mutual funds	64,625	-	11,415	53,210
Limited partnership	650,000	757,933	-	1,407,933
Warrants	-	-	-	-
	$ 4,205,171	$ 1,637,614	$ 436,386	$ 5,406,399

Proceeds from the sale of investments were $900,979 for the year ended March 31, 2016, resulting in gross realized gains of $92,535 and realized losses of $241,294.

Proceeds from the sale of investments were $840,321 for the year ended March 31, 2015, resulting in gross realized gains of $145,068 and realized losses of $58,794.

Investments are pledged as collateral pursuant to margin agreements entered into by the Company. No amounts were outstanding at March 31, 2016 and 2015 under the margin agreements.

Net investment (loss) for 2016 and 2015 is as follows:

	2016	2015
Interest and dividend income	$ 185,146	$ 188,051
Realized (losses) gains on investments, net	(148,759)	86,274
Unrealized (losses) on investments, net	(245,881)	(311,269)
Investment management fees	(90,584)	(67,537)
Net investment (loss)	$(300,078)	$(104,481)

NOTE 2 — INVESTMENTS (Continued)

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 March 31, 2016.

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 March 31, 2016 and 2015.

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 an internal model.

Mutual funds: Valued at the daily closing price as reported by the fund.

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.

(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.

NOTE 3 — FAIR VALUE MEASUREMENTS (Continued)

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 March 31, 2016:

	Assets and Liabilities at Fair Value			
Investments	**Level 1**	**Level 2**	**Level 3**	**Total**
Common stocks	$ 3,379,261	$ 538,650	$ 23,440	$ 3,941,351
Preferred stock	322,302	-	-	322,302
Fixed income	155,536	-	100,000	255,536
Mutual Funds	46,846	-	-	46,846
Limited partnerships	-	-	1,236,187	1,236,187
Warrants	-	-	-	-
Total assets at fair value	$ 3,903,945	$ 538,650	$ 1,359,627	$ 5,802,222
Interest Rate Swap Liability				
Interest Rate Swap	$ -	$105,943	$ -	$ 105,943
Total interest rate swap liability	$ -	$105,943	$ -	$ 105,943

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 March 31, 2015:

	Assets and Liabilities at Fair Value			
Investments	**Level 1**	**Level 2**	**Level 3**	**Total**
Common stocks	$2,825,285	$366,500	$ 40,642	$3,232,427
Preferred stock	453,888	-	-	453,888
Fixed income	158,941	-	100,000	258,941
Mutual Funds	53,210	-	-	53,210
Limited partnership	-	-	1,407,933	1,407,933
Warrants	-	-	-	-
Total assets at fair value	$3,491,324	$366,500	$1,548,575	$5,406,399
Interest Rate Swap Liability				
Interest Rate Swap	$ -	$ 8,766	$ -	$ 8,766
Total interest rate swap liability	$ -	$ 8,766	$ -	$ 8,766

NOTE 3 — FAIR VALUE MEASUREMENTS (Continued)

The following is a roll-forward of Level 3 fair value instruments for the years ended March 31, 2016 and 2015:

	Limited Partnership Interests	Common Stocks	Fixed Income
Balance, April 1, 2014	$ 1,369,687	$ 22,645	$ 100,000
Unrealized gains relating to instruments still held at the reporting date	38,246	-	-
Purchases and issuances	-	17,997	-
Balance, March 31, 2015	1,407,933	40,642	100,000
Unrealized losses relating to instruments still held at the reporting date	(171,746)	(17,202)	-
Balance, March 31, 2016	$ 1,236,187	$ 23,440	$ 100,000

Quantitative information about Level 3 Fair Value Investments:

	Fair Value at March 31, 2016	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	$ 1,236,187	See (A) above	See (A) above

The nature and risk of certain investments by major category at March 31, 2016 are presented as follows:

	Fair Value	Unfunded Commitments	Redemption Provisions
Limited Partnerships	$1,236,187	$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 March 31, 2016 and 2015 are as follows:

	2016	2015
Commissions receivable	$1,308,450	$1,701,055
Deferred first year commissions	6,230,741	5,899,340
Construction receivables	136,112	59,738
Other	712,635	589,956
	$8,387,938	$8,250,089

NOTE 5 — NOTES RECEIVABLE

Notes receivable at March 31, 2016 and 2015 are as follows:

	2016	2015
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.	$1,101,365	$1,199,244
Less current portion	285,056	605,352
Long-term portion	$ 816,309	$ 593,892

Estimated future principal payments to be received as of March 31, 2016 are as follows:

2017	$ 285,056
2018	199,316
2019	138,722
2020	130,825
2021	283,298
Thereafter	64,148
	$ 1,101,365

NOTE 6 — INTANGIBLE ASSETS AND GOODWILL

Intangible assets and goodwill changes are as follows for each of the years ended March 31:

Intangible Assets	Beginning Balance, April 1, 2015	Additions	Deletions	Ending Balance, March 31, 2016
Covenants Not To Compete	$451,808	$ 119,600	$ -	$571,408
Franchise Agreements	272,300	202,700	-	475,000
Amortization	(346,302)	(172,002)	-	(518,304)
Total Intangible Assets	$377,806	$ 150,298	$ -	$528,104
Goodwill	$613,200	360,700	$ -	$973,900

Intangible Assets:	Beginning Balance, April 1, 2014	Additions	Deletions	Ending Balance, March 31, 2015
Covenants Not To Compete	$339,708	$ 112,100	$ -	$451,808
Franchise Agreements	181,000	91,300	-	272,300
Amortization	(239,518)	(106,784)	-	(346,302)
Total Intangible Assets	$281,190	$ 96,616	$ -	$377,806
Goodwill	$554,100	59,100	$ -	$613,200

Amortization expense for the years ended March 31, 2016 and 2015 was $172,002 and $106,784 respectively.

Estimated amortization for the next five years for intangibles is as follows:

2017	$ 187,429
2018	142,059
2019	70,456
2020	35,802
2021	35,801
Thereafter	56,557
	$ 528,104

NOTE 7 — PROPERTY AND EQUIPMENT

Net property and equipment is comprised of the following at March 31, 2016 and 2015:

	2016	2015
Office equipment, furniture and fixtures	$ 3,063,285	$ 2,243,158
Construction equipment	1,643,420	1,705,488
Building	216,000	216,000
Leasehold Improvements	398,739	-
Land	29,604	29,604
Construction in progress	777,877	-
	6,128,925	4,194,250
Less accumulated depreciation	3,040,337	2,356,334
	$ 3,088,588	$ 1,837,916

Depreciation expense was $386,534 and $563,133 for the years ended March 31, 2016 and 2015 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 with a bank. Borrowings under the line of credit bear interest at the British Banker Association LIBOR rate ('BBA LIBOR') plus 2% (2.437250% at March 31, 2016), 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 March 31, 2016 $1,800,000 was outstanding. At March 31, 2015, $2,500,000 was outstanding.

Under a second line of credit, the Company has available a $750,000 revolving line of credit with a bank 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 March 31, 2016 is 3.25%, resulting in a rate of 3.50%. The note is due on demand. At March 31, 2016 no amount was outstanding. At March 31, 2015, $500,000 was outstanding.

Under the third line of credit, the Company has available a $1,000,000 demand grid note credit facility with a bank. Borrowings under the note bear interest at prime plus one quarter (3.75% at March 31, 2016) and are due on demand. The credit facility is subject to an annual review by the lender. At March 31, 2016, $700,000 was outstanding. At March 31, 2015, $500,000 was outstanding.

Under the fourth line of credit, the Company has available a $250,000 revolving line of credit facility with a bank. Borrowings under the note bear interest at prime plus 1.5% (with a floor of 4.75%) (5% at March 31, 2016) 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 March 31, 2016, $100,000 was outstanding. At March 31, 2015, no amount was outstanding.

NOTE 9 — ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses at March 31, 2016 and 2015 are summarized as follows:

	2016	2015
Accounts payable	$ 992,426	$ 289,197
Technology benefits	348,441	450,000
Distributor commissions	1,296,381	1,678,873
Deferred first year commissions	3,253,318	3,283,977
Accrued compensation	562,730	494,610
Other	220,056	197,331
	$ 6,673,352	$ 6,393,988

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 plan. 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

The income tax expense (benefit) at March 31, 2016 and 2015 is summarized as follows:

	2016	2015
Current tax expense	$ 181,650	$ 700,625
Deferred tax (benefit)	(46,300)	(118,400)
	$ 135,350	$ 582,225

Deferred tax assets and liabilities at March 31, 2016 and 2015 were attributable to the following:

	2016	2015
Deferred Tax Assets:		
Stock appreciation compensation	$ 166,900	$ 142,300
Intangible assets	87,700	9,600
Other	14,800	-
Impairment on investments other than temporary	36,100	36,100
Total gross deferred tax assets	305,500	188,000
Deferred Tax Liabilities:		
Unrealized gains on investments	(208,900)	(266,100)
Property and equipment	(525,900)	(397,500)
Total gross deferred tax liabilities	(734,800)	(663,600)
Total deferred taxes	$ (429,300)	$ (475,600)
Deferred Tax Liabilities, Current	$ (70,300)	$ (220,400)
Deferred Tax Liabilities, Long-Term	(359,000)	(255,200)
	$ (429,300)	$ (475,600)

NOTE 10 — INCOME TAXES (Continued)

The reconciliation of income taxes calculated at the Federal tax statutory rate to the Company's effective rate is set forth below:

	2016		2015	
	$	%	$	%
Tax at federal statutory rate	$146,745	33%	$550,614	34%
State income taxes	13,380	3%	50,203	3%
Permanent differences	(18,358)	-4%	(20,547)	-1%
Other	(6,417)	-1%	1,955	0%
	$135,350	31%	$582,225	36%

NOTE 11 — LONG-TERM DEBT

Long-term debt as of March 31, 2016 and 2015 is as follows:

	2016	2015
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 (2.43725% at March 31, 2016). 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.	$4,496,345	$ -
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 (2.43725% at March 31, 2016). 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.	275,000	575,000
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 (2.43725% at March 31, 2016). 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.	625,000	925,000
Total	5,396,345	1,500,000
Less current portion	1,217,902	600,000
Long-term portion	$4,178,443	$ 900,000

NOTE 11 — LONG-TERM DEBT (Continued)

Future principal maturities at March 31, 2016 are as follows:

Year Ending March 31,	
2017	$ 1,217,902
2018	940,139
2019	663,171
2020	687,029
2021	711,747
Thereafter	1,176,357
	$ 5,396,345

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 December 2015, the Board of Director's authorized a $0.21 per share cash dividend for shareholders of record on December 31, 2015. The dividend was paid January 29, 2016.

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 6 shares 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, Matthews and Rivers 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 minimum lease payments required under these operating leases at March 31, 2016 are as follows:

	Facilities	Equipment	Total
2017	$ 1,365,910	$ 38,639	$ 1,404,549
2018	1,188,150	33,164	1,221,314
2019	1,072,380	11,919	1,084,299
2020	999,647	-	999,647
2021	722,831	-	722,831
Thereafter	2,943,688	-	2,943,688
	$ 8,292,605	$ 83,722	$ 8,376,327

NOTE 13 — COMMITMENTS AND CONTINGENCIES (Continued)

Leases (Continued)

Rent expense for facilities approximated $1,152,000 and $570,300 for the years ended March 31, 2016 and 2015, respectively. Rent expense for equipment approximated $94,000 and $81,000 for the years ended March 31, 2016 and 2015 respectively. A substantial portion of the equipment operating leases is classified as distributor related expenses in the accompanying consolidated statement of operations.

NOTE 14 — CONCENTRATIONS

During the year ended March 31, 2016, the Company derived approximately 68% of its commission income from four insurance carriers. During the year ended March 31, 2015, the Company derived approximately 61% of its commission income from three 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 $58,000 and $58,500 for the years ended March 31, 2016 and 2015, respectively.

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 remeasured 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. The liability under the plan was approximately $463,000 and $395,000 for the years ended March 31, 2016 and 2015, respectively.

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 $476,700 and $559,500 for the years ended March 31, 2016 and 2015, respectively.

NOTE 16 — RELATED PARTY TRANSACTIONS (Continued)

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. Lease expense related to this arrangement was $14,000 for the year ended March 31, 2015.

NOTE 17 — BUSINESS COMBINATIONS

Monkey Joes

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. The franchises are located in Gastonia, North Carolina, Pineville, North Carolina, Charlotte, North Carolina and 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.

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

	Amount
Equipment	$ 272,000
Leasehold improvements	360,000
Franchise agreements	182,700
Covenant not to compete	119,600
Goodwill	360,700
Value of Assets Acquired	$ 1,295,000

The covenants not to compete are being amortized over 36 months from the closing dates (September 2, 2015 and December 1, 2015). The franchise agreements are being amortized over their remaining lives. As of the date of acquisition the remaining lives 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 September 2017 and the other three leases expire in September 2025.

NOTE 17 — BUSINESS COMBINATIONS (Continued)

Monkey Joes (Continued)

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 tangible assets and liabilities acquired in the business combination, and related intangible assets 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 in June 2019. The second lease expires in March 2022.