

EXHIBIT E

ALLIANCE SPORTS GROUP, L.P.
BALANCE SHEET
MARCH 31, 2011

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 789,997
Trade accounts receivable, net	2,248,120
Due from factor	234,344
Inventories	2,311,265
Prepaid expenses	26,072

Total current assets	5,609,798
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PROPERTY AND EQUIPMENT, NET

192,319

OTHER ASSETS

Intangibles, net	16,667
Advances to principal owners and employees	616,986
Deposits	18,294

Total other assets	651,947
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TOTAL ASSETS

\$ 6,454,064

LIABILITIES AND PARTNERS' CAPITAL

CURRENT LIABILITIES

Accounts payable	\$ 1,099,115
Accrued expenses and other liabilities	96,930
Income taxes payable	3,672
Line of credit	1,200,000
Current maturities of notes payable	224,506

Total current liabilities	2,624,223
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NOTES PAYABLE, NET OF CURRENT PORTION

30,112

TOTAL LIABILITIES

2,654,335

PARTNERS' CAPITAL

3,799,729

TOTAL LIABILITIES AND PARTNERS' CAPITAL

\$ 6,454,064

ALLIANCE SPORTS GROUP, L.P.
STATEMENT OF PARTNERS' CAPITAL
YEAR ENDED MARCH 31, 2011

PARTNERS' CAPITAL, MARCH 31, 2010	\$ 2,501,073
Distributions	(81,043)
Net income	<u>1,379,699</u>
PARTNERS' CAPITAL, MARCH 31, 2011	<u>\$ 3,799,729</u>

The Notes to the Financial Statement are
an integral part of this statement.

See independent accountant's review report.

ALLIANCE SPORTS GROUP, L.P.
STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2011

CASH FLOWS FROM OPERATING ACTIVITIES	\$ 1,379,699
Net income	\$ 1,379,699
Adjustments to reconcile net income to net cash provided by operating activities:	
Bad debt expense	38,992
Depreciation and amortization	41,658
Change in operating assets and liabilities	
Accounts receivable	(1,833,955)
Inventories	(233,239)
Prepaid expenses	(1,453)
Other current assets	99,462
Deposits	(14,580)
Accounts payable	504,306
Accrued expenses and other liabilities	42,465
Income taxes	(3,828)
Net cash provided by operating activities	<u>19,527</u>
CASH FLOWS FROM INVESTING ACTIVITIES	(42,500)
Advances to principal owners and employees	(42,500)
Purchases of property and equipment	<u>(76,888)</u>
Net cash used in investing activities	<u>(119,388)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	(56,434)
Purchase of treasury stock	(56,434)
Distributions to partners	(24,609)
Net borrowings on line of credit	652,677
Principal payments on long-term debt	<u>(104,176)</u>
Net cash provided by financing activities	<u>467,458</u>
INCREASE IN CASH	367,597
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>422,400</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 789,997</u></u>
SUPPLEMENTAL CASH FLOW INFORMATION	\$ 47,776
Cash paid during the year for interest	<u>47,776</u>
Cash paid during the year for income taxes	<u><u>\$ 7,724</u></u>

ALLIANCE SPORTS GROUP, L.P.
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

History and Organization

Alliance Sports Group, L.P. (referred to herein as the Company), a Texas limited partnership, was formed in October 1993. The Company is engaged in distributing outdoor camping merchandise and specialty small hardware tools.

Use of Estimates in Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The most significant estimates relate to allowance for doubtful accounts, inventory valuation and depreciation of property and equipment.

Cash and Cash Equivalents

The Company maintains cash and cash equivalents with financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). At times, the balances on deposit exceed FDIC insured limits.

For purposes of the statement of cash flows, management considers all highly liquid investments with an initial maturity of less than three months to be cash equivalents.

Inventories

Inventories are stated at the lower of cost or market. Inventory cost is determined on a standard cost basis that approximates the first-in, first-out (FIFO) method. Market is determined based on the net realizable value. Appropriate consideration is given to obsolescence, excessive levels, deterioration, and other factors in evaluating net realizable value.

ALLIANCE SPORTS GROUP, L.P.
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Accounts Receivable

Accounts receivable arise from the extension of trade credit to customers and are reported at the value of shipped but unpaid sales transactions, and are presented net of an allowance for doubtful accounts. An allowance for doubtful accounts is estimated based on the Company's historical losses, the existing economic conditions, and the financial stability of its customers. Accounts receivable are delinquent based on the terms and conditions of the sales. Accounts receivable are charged against the allowance for doubtful accounts when they are determined to be uncollectible. The following is a summary of the activity in the allowance for doubtful account:

Allowance for doubtful accounts, beginning of year		\$	46,685
Accounts charged off during the year	\$ (105,884)		
Recoveries made during the year	<u>66,892</u>		
Bad debt expense for the year			(38,992)
Provisions to the allowance			<u>56,510</u>
Allowance for doubtful accounts, end of year		\$	<u><u>64,203</u></u>

Property and Equipment

Property and equipment are recorded at cost and are depreciated by the straight-line method over the estimated useful lives of the respective assets. Leasehold improvements are depreciated by the straight-line method over the shorter of useful life of the leasehold improvement or the life of the lease. The estimated useful lives of the assets are as follows:

Computer equipment	5 years
Furniture and fixtures	7 years
Machinery and equipment.....	3 to 7 years
Vehicles	3 years
Leasehold improvements.....	15 to 39 years

Improvements are capitalized, while expenditures for repairs and maintenance that do not extend the useful lives or increase the productive capacity of the assets are charged against operations as incurred.

Upon disposal of depreciable property and equipment, the appropriate accounts are reduced by the related cost and accumulated depreciation. The resulting gain or loss, if any, is reflected on the statement of operation.

ALLIANCE SPORTS GROUP, L.P.
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Long-lived Assets

Long-lived assets are reviewed for potential write-downs when impairment indicators are present. If circumstances require a long-lived asset be tested for possible impairment, the Company first compares undiscounted cash flows expected to be generated by an asset to the carrying value of the asset. If the carrying value of the long-lived asset is not recoverable on an undiscounted cash flow basis, impairment is recognized to the extent that the carrying value exceeds its fair value. Fair value is determined through various valuation techniques, including discounted cash flow models, quoted market values, and third party independent appraisals as considered necessary.

Patents and Trademarks

Intangible assets consist of patents and trademarks that were initially measured based on their fair value. The patents and trademarks are being amortized on a straight-line basis over a period of 15 years and are presented net of accumulated amortization of \$15,833. Amortization expense charged to general and administrative expenses was \$2,166 for the year ended March 31, 2011.

Revenue Recognition

The Company generally recognizes revenue when persuasive evidence of an arrangement exists, products have been shipped, the customer takes ownership and assumes risk of loss, the sales price is fixed and determinable and collection of the relevant receivable is reasonably assured. The Company permits its customers to return or exchange products. Revenue is recorded net of an estimated allowance for returns and discounts.

Advertising Expense

Advertising costs are expensed as incurred. Advertising expense totaled \$168,803 for the year ended March 31, 2011, and is included in selling expenses.

Shipping and Freight Costs

Shipping and freight costs associated with the procurement of packaging materials and merchandise inventory are included in the cost of goods sold. Shipping and freight costs associated with the shipping and handling of products sold to customers totaled \$706,658 net of freight billed to customers of \$196,705 for the year ended March 31, 2011, and is included in distribution expenses.

ALLIANCE SPORTS GROUP, L.P.
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Income Taxes

The Company is a disregarded entity for Federal income tax purposes and, accordingly, does not file a separate Federal income tax return. Income or losses are reported on the consolidated tax return of the ultimate parent, Bollinger Industries, Inc. No provision or liability for federal income taxes has been included in the accompanying financial statements. However, the Company is subject to state income taxes.

Uncertain Tax Positions

GAAP requires that the Company recognize in its financial statements the financial effects of a tax position, if that position is more likely than not of being sustained upon examination, including resolution of any appeals or litigation processes, based upon the technical merits of the position. Management is of the opinion that tax positions related to the Company's pass through status as a limited partnership would more likely than not, be sustained by examination. Accordingly, the Company has not recorded an income tax liability for uncertain tax benefits. For federal taxes, as of March 31, 2011, the Company's tax years 2007 through 2009 remain subject to examination. For state taxes, as of March 31, 2011, the Company's tax years 2006 through 2009 remain subject to examination.

The Company recognizes interest and penalties on state income taxes in general and administrative expenses. For the year ended March 31, 2011, the Company had no interest or penalties on state income taxes.

Compensated Absences

Employees of the Company are entitled to paid vacation days, sick days, and personal days off depending on job classification, length of service, and other factors. It is impractical to estimate the amount of compensation for future absences; accordingly, no liability has been recognized in the accompanying financial statements.

Fair Value of Financial Instruments Approximates Carrying Amounts

The Company's financial instruments are cash and cash equivalents, accounts receivable, due from factor, advances to principal owners and employees, accounts payable, accrued expenses, line of credit and notes payable. The recorded values of cash and cash equivalents, accounts receivable, due from factor, accounts payable and accrued expenses approximate their fair values based on their short-term nature. The recorded values of line of credit, advances to principal owners and employees, and notes payable approximate their fair values, as interest approximates market rates.

ALLIANCE SPORTS GROUP, L.P.
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Subsequent Events

The Company evaluated all events or transactions that occurred after March 31, 2011 up through May 31, 2011, the date the financial statements were available to be issued, and did not have any material recognizable subsequent events.

NOTE 2. ADVANCES TO PRINCIPAL OWNERS AND EMPLOYEES

During the year ended March 31, 2011, advances were made to principal owners and employees of \$42,500. At March 31, 2011, advances to principal owners and employees totaled \$616,986. The advances are unsecured and are expected to be repaid in annual installments on or before March 2014.

NOTE 3. FACTORING AGREEMENT

During the year the Company sold certain trade accounts receivable to a commercial financing institution, Marquette Commercial Finance, (the Factor) that assumes the full risk of collection beyond the residual amounts withheld, without recourse to the Company, in the event of loss. The factoring agreement ended on March 31, 2011. Proceeds remaining to be collected from the factor as of March 31, 2011 were \$234,344.

As part of this factoring agreement, the Company had a line of credit agreement with the Factor, which provided for advances up to \$750,000. The line expired in March 2011 and was paid in full.

NOTE 4. INVENTORIES

Inventories consist of the following as of March 31, 2011:

Packaging materials	\$ 20,630
Inventory in transit	354,037
Merchandise inventory	<u>1,936,598</u>
	<u>\$ 2,311,265</u>

ALLIANCE SPORTS GROUP, L.P.
NOTES TO FINANCIAL STATEMENTS

NOTE 5. PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of March 31, 2011:

Computer equipment	\$ 1,547,013
Furniture and fixtures	286,017
Machinery and equipment	58,282
Leasehold improvements	191,662
Vehicles	<u>38,690</u>
	2,121,664
Less accumulated depreciation	<u>1,929,345</u>
	<u>\$ 192,319</u>

Depreciation expense was \$39,492 for the year ended March 31, 2011, and is included in general and administrative expenses.

NOTE 6. OPERATING LEASE

The Company leases its office and warehouse space under a non-cancelable operating lease with a third party. The Company is also liable for certain common area maintenance expenses, property taxes, and other expenses. Total rent expense under this agreement for the year ended March 31, 2011 was \$199,200, and is included in distribution expenses. The lease expires December 31, 2011. The future minimum lease payments required under this operating lease are \$152,775 for the year ending March 31, 2011.

NOTE 7. LINE OF CREDIT

On March 31, 2011, the Company entered into a loan agreement with a Commercial Bank for a revolving line of credit of up to \$3,000,000. The agreement is governed by a borrowing base generally defined as 80% of eligible accounts receivable and 50% of eligible inventory, not to exceed 50% of outstanding borrowings under the agreement at any one time. The line expires March 31, 2013 and is collateralized by account receivables and inventories. The line of credit agreement is subject to a continuing limited guarantee by the principal owners of the Company. The line bears interest on the monthly outstanding financed balance at Prime plus 1.25% (effective interest rate was 4.50% at March 31, 2011). Outstanding borrowings on this line were \$1,200,000, as of March 31, 2011.

ALLIANCE SPORTS GROUP, L.P.
NOTES TO FINANCIAL STATEMENTS

NOTE 8. NOTES PAYABLE

Notes payable consists of the following as of March 31, 2011:

Unsecured note payable to an unrelated party; payable in monthly installments of \$9,500 including interest at 5% per annum; final payment of \$30,112 due at maturity in April 2012.	\$ 139,618
Unsecured note payable to one of the principal owners; interest accrues at 10% per annum and is payable monthly; principal balance is due March 2012.	<u>115,000</u>
	254,618
Less current maturities	<u>224,506</u>
	<u><u>\$ 30,112</u></u>

Interest paid to the principal owner totaled \$10,000 for the year ended March 31, 2011. This employee is also a minority owner of the entity that owns the Company's partnership units.

Future maturities of long-term debt are as follows:

<u>Year Ending March 31:</u>	<u>Vendor</u>	<u>Principal Owner</u>	<u>Total</u>
2012	\$ 109,506	\$ 115,000	\$ 224,506
2013	<u>30,112</u>	<u>-</u>	<u>30,112</u>
	<u><u>\$ 139,618</u></u>	<u><u>\$ 115,000</u></u>	<u><u>\$ 254,618</u></u>

NOTE 9. CONCENTRATION RISK

Purchases from one vendor accounted for 38% of total inventory purchases for the year ended March 31, 2011.

Accounts payable to one vendor represented approximately 75% of the total accounts payable balance at March 31, 2011.

ALLIANCE SPORTS GROUP, L.P.

FINANCIAL STATEMENTS

MARCH 31, 2010



WEAVER AND TIDWELL LLP
CERTIFIED PUBLIC ACCOUNTANTS
AND CONSULTANTS

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Partners
Alliance Sports Group, L.P.
Grand Prairie, Texas

We have reviewed the accompanying balance sheet of Alliance Sports Group, L.P. (the Company) as of March 31, 2010, and the related statements of operations, partners' capital, and cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of Alliance Sports Group, L.P.

A review consists principally of inquiries of Company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Weaver and Tidwell, C.C.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
May 26, 2010

ALLIANCE SPORTS GROUP, L.P.
BALANCE SHEET
MARCH 31, 2010

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$	422,400
Trade accounts receivable, net		530,077
Due from factor		157,424
Inventories		2,078,026
Prepaid expenses		24,619
Other current assets		99,462
		3,312,008
Total current assets		3,312,008

PROPERTY AND EQUIPMENT, NET

154,923

OTHER ASSETS

Intangibles, net		18,833
Advances to principal owners and employees		574,486
Deposits		3,714
		597,033
Total other assets		597,033

TOTAL ASSETS

\$ 4,063,964

LIABILITIES AND PARTNERS' CAPITAL

CURRENT LIABILITIES

Accounts payable	\$	594,809
Accrued expenses and other liabilities		54,465
Income taxes payable		7,500
Line of credit		547,323
Current maturities of long-term debt		104,176
		1,308,273
Total current liabilities		1,308,273

LONG-TERM DEBT, NET OF CURRENT MATURITIES

254,618

TOTAL LIABILITIES

1,562,891

PARTNERS' CAPITAL

2,501,073

TOTAL LIABILITIES AND PARTNERS' CAPITAL

\$ 4,063,964

ALLIANCE SPORTS GROUP, L.P.
STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2010

GROSS SALES	\$ 14,363,896
RETURNS AND ALLOWANCES	(1,005,452)
Net sales	13,358,444
COST OF GOODS SOLD	6,335,200
GROSS PROFIT	7,023,244
OPERATING EXPENSES	
Distribution	933,336
Selling	2,772,803
General and administrative	1,725,177
Total operating expenses	5,431,316
INCOME FROM OPERATIONS	1,591,928
OTHER EXPENSES	
Loss on factoring of accounts receivable	(261,097)
Other income	1,644
Fines and penalties	(42,159)
Interest expense	(60,642)
Total other expenses	(362,254)
INCOME BEFORE TAXES	1,229,674
PROVISION FOR INCOME TAXES	14,002
NET INCOME	\$ 1,215,672

See accompanying notes and accountant's report.

ALLIANCE SPORTS GROUP, L.P.
STATEMENT OF PARTNERS' CAPITAL
YEAR ENDED MARCH 31, 2010

PARTNERS' CAPITAL, BEGINNING OF YEAR	\$ 1,303,352
Distributions	(17,951)
Net income	<u>1,215,672</u>
PARTNERS' CAPITAL, END OF YEAR	<u><u>\$ 2,501,073</u></u>

ALLIANCE SPORTS GROUP, L.P.
STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2010

CASH FLOWS FROM OPERATING ACTIVITIES	\$ 1,215,672
Net income	
Adjustments to reconcile net income to net cash provided by operating activities:	
Bad debt expense	116,254
Depreciation and amortization	44,307
Change in operating assets and liabilities	
Accounts receivable and due from factor	(597,204)
Inventories	(253,597)
Prepaid expenses	332
Other current assets	19,530
Accounts payable	133,812
Accrued expenses and other liabilities	2,656
Income taxes	7,500
Net cash provided by operating activities	<u>689,262</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Advances to principal owners and employees	(85,738)
Purchases of property and equipment	(37,108)
Net cash used in investing activities	<u>(122,846)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Distributions to partners	(17,951)
Net repayment to line of credit	(35,774)
Principal payments on long-term debt	(99,127)
Net cash used in financing activities	<u>(152,852)</u>
INCREASE IN CASH	413,564
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>8,836</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 422,400</u></u>
SUPPLEMENTAL CASH FLOW INFORMATION	
Cash paid during the year for interest	<u>\$ 60,642</u>
Cash paid during the year for income taxes	<u><u>\$ 6,502</u></u>

See accompanying notes and accountant's report.

ALLIANCE SPORTS GROUP, L.P.
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

History and Organization

Alliance Sports Group, L.P. (referred to herein as the Company) was organized in the State of Texas in October 1993. The Company is engaged in distributing outdoor camping merchandise and specialty small hardware tools.

During the year ended March 31, 2010 Bollinger Industries, Inc. dissolved Bollinger Operating Corp and Bollinger Holding, Inc., the former general and limited partners of the Company. By virtue of this action, Bollinger Industries, Inc. became 100% owner of all the general partner and limited partner units.

Use of Estimates in Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The most significant estimates relate to allowance for doubtful accounts, inventory valuation, depreciation of property and equipment, income taxes payable and accrued expenses.

Cash and Cash Equivalents

The Company maintains cash and cash equivalents with financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). At times, the balances on deposit exceed FDIC insured limits.

For purposes of the statement of cash flows, management considers all highly liquid investments with an initial maturity of less than three months to be cash equivalents.

Inventories

Inventories are stated at the lower of cost or market. Inventory cost is determined on a standard cost basis that approximates the first-in, first-out (FIFO) method. Market is determined based on the net realizable value. Appropriate consideration is given to obsolescence, excessive levels, deterioration, and other factors in evaluating net realizable value.

ALLIANCE SPORTS GROUP, L.P.
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Accounts Receivable

Accounts receivable arise from the extension of trade credit to customers and are reported at the value of shipped but unpaid sales transactions, and are presented net of an allowance for doubtful accounts. An allowance for doubtful accounts is estimated based on the Company's historical losses, the existing economic conditions, and the financial stability of its customers. Accounts receivable are delinquent based on the terms and conditions of the sales. Accounts receivable are charged against the allowance for doubtful accounts when they are determined to be uncollectible. The following is a summary of the activity in the allowance for doubtful account:

Allowance for doubtful accounts, beginning of year		\$	50,789
Accounts charged off during the year	\$	(317,332)	
Recoveries made during the year		<u>201,078</u>	
Bad debt expense for the year			(116,254)
Provisions to the allowance			<u>112,150</u>
Allowance for doubtful accounts, end of year		<u>\$</u>	<u>46,685</u>

Property and Equipment

Property and equipment are recorded at cost and are presented net of accumulated depreciation. Depreciation is provided utilizing the straight-line method over the estimated useful lives of the respective assets, which range from three to seven years. Depreciation is provided using the straight-line method over the shorter of useful life of the leasehold improvement or the life of the lease.

Improvements are capitalized, while expenditures for repairs and maintenance that do not extend the useful lives or increase the productive capacity of the assets are charged against operations as incurred.

Upon disposal of depreciable property and equipment, the appropriate accounts are reduced by the related cost and accumulated depreciation. The resulting gain or loss, if any, is reflected on the statement of operation.

ALLIANCE SPORTS GROUP, L.P.
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Long-lived Assets

Unlike goodwill and indefinite-lived intangible assets, the accounting rules do not provide for an annual impairment test in determining whether fixed assets (e.g., property, plant, and equipment) and finite-lived intangible assets are impaired. Instead, they require that a triggering event occur before testing an asset for impairment. Examples of such triggering events include a significant disposal of a portion of such assets, an adverse change in the market involving the business employing the related asset, a significant decrease in the benefits realized from an acquired business, and difficulties or delays in integrating the business.

Once a triggering event has occurred, the impairment test employed is based on whether the intent is to hold the asset for continued use or to hold the asset for sale. If the intent is to hold the asset for continued use, the impairment test involves a comparison of undiscounted cash flows against the carrying value of the asset as an initial test. If the carrying value of such asset exceeds the undiscounted cash flow, the asset would be deemed to be impaired. Impairment would then be measured as the difference between the fair value of the fixed or amortizing intangible asset and the carrying value to determine the amount of the impairment. The Company generally determines fair value using the discounted cash flow method. If the intent is to hold the asset for sale and certain other criteria are met (i.e., the asset can be disposed of currently, appropriate levels of authority have approved sale, and there is an actively pursuing buyer), the impairment test is a comparison of the asset's carrying value to its fair value less costs to sell. To the extent that the carrying value is greater than the asset's fair value less costs to sell, an impairment loss is recognized for the difference. There was no triggering event for the year ended March 31, 2010, and management believes there is no impairment to fixed assets.

Patents and Trademarks

Intangible assets consist of patents and trademarks that were initially measured based on their fair value. The patents and trademarks are being amortized on a straight-line basis over a period of 15 years and are presented net of accumulated amortization of \$13,667. Amortization expense charged to general and administrative expenses was \$2,167 for the year ended March 31, 2010.

Revenue Recognition

The Company generally recognizes revenue when persuasive evidence of an arrangement exists, products have been shipped, the customer takes ownership and assumes risk of loss, the sales price is fixed and determinable and collection of the relevant receivable is reasonably assured. The Company permits its customers to return or exchange products. Revenue is recorded net of an estimated allowance for returns and discounts.

ALLIANCE SPORTS GROUP, L.P.
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Advertising Expense

Advertising costs are expensed as incurred. Advertising expense totaled \$91,082 for the year ended March 31, 2010, and is included in selling expenses.

Shipping and Freight Costs

Shipping and freight costs associated with the procurement of packaging materials and merchandise inventory are included in the cost of goods sold. Shipping and freight costs associated with the shipping and handling of products sold to customers totaled \$417,921 net of freight billed to customers of \$150,547, for the year ended March 31, 2010, and is included in distribution expenses.

Income Taxes

The Company is a disregarded entity for Federal income tax purposes and, accordingly, does not file a separate Federal income tax return. Income or losses are reported on the consolidated tax return of the ultimate parent, Bollinger Industries, Inc. No provision or liability for federal income taxes has been included in the accompanying financial statements. However, the Company is subject to state income taxes.

Uncertain Tax Positions

The Financial Accounting Standards Board has recently issued a new standard in accounting for uncertainties in income taxes, which requires that the company recognize in its financial statements the financial effects of a tax position taken or expected to be taken in a tax return. The new requirements also provide guidance on measurement, classification, interest and penalties and disclosure. The guidance provides that the cumulative effect of adoption of the standard shall be reported as an adjustment to the opening balance of Partner's Capital. The adoption of the standard did not have a material effect on its financial position or results of operations. As of March 31, 2010, the Company's tax years 2008 and 2009 remain subject to examination.

Compensated Absences

Employees of the Company are entitled to paid vacation days, sick days, and personal days off depending on job classification, length of service, and other factors. It is impractical to estimate the amount of compensation for future absences; accordingly, no liability has been recognized in the accompanying financial statements.

ALLIANCE SPORTS GROUP, L.P.
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Recent Accounting Pronouncements

In May 2009, a new accounting pronouncement was issued that establishes general standards of accounting for and disclosure of events that occur after the balance sheet date, but before financial statements are issued or available to be issued. Specifically, this standard codifies, in authoritative GAAP standards, the subsequent event guidance that was previously located in auditing standards. The pronouncement is effective for fiscal years and interim periods ended after June 15, 2009, and is applied prospectively. The Company's adoption of this standard did not have a material impact on the financial statements.

In June 2009, a new accounting pronouncement was issued to establish the codification as the single source of authoritative accounting principles in the preparation of financial statements in conformity with GAAP. Effective for interim and annual periods ending after September 15, 2009, the adoption of the Codification did not have an effect on the Company's financial statements.

In June 2009, a new accounting pronouncement was issued to revise guidance on accounting and reporting for transfers of financial assets. It is effective for the first annual report period after November 15, 2009. Accordingly, the Company will adopt the pronouncement in their fiscal year 2011 and is currently evaluating the impact on the financial statements.

In June 2009, a new accounting pronouncement was issued that changes the approach to determining the primary beneficiary of a variable interest entity (VIE) and requires companies to more frequently assess whether they must consolidate VIEs. It is effective for the first annual report period beginning after November 15, 2009. Accordingly, the Company will adopt the pronouncement in their fiscal year 2011 and is currently evaluating the impact on the financial statements.

Subsequent Events

The Company evaluated all events or transactions that occurred after March 31, 2010 up through May 26, 2010, the date the financial statements were available to be issued, and did not have any material recognizable subsequent events.

Fair Value of Financial Instruments Approximates Carrying Amounts

The Company's financial instruments are cash and cash equivalents, accounts receivable, due from factor, advances to principal owners and employees, accounts payable, accrued expenses, line of credit and notes payable. The recorded values of cash and cash equivalents, accounts receivable, due from factor, accounts payable and accrued expenses approximate their fair values based on their short-term nature. The recorded values of line of credit, advances to principal owners and employees, and notes payable approximate their fair values, as interest approximates market rates.

ALLIANCE SPORTS GROUP, L.P.
NOTES TO FINANCIAL STATEMENTS

NOTE 2. ADVANCES TO PRINCIPAL OWNERS AND EMPLOYEES

During the year ended March 31, 2010, advances were made to principal owners and employees of \$85,738. At March 31, 2010, advances to principal owners and employees totaled \$574,486, including accrued interest at the rate of 5% per annum. The advances are unsecured and are expected to be repaid in annual installments on or before March 2014.

NOTE 3. FACTORING AGREEMENT AND LINE OF CREDIT

Pursuant to a factoring agreement, the Company sells certain trade accounts receivable to a commercial financing institution, Marquette Commercial Finance, (the Factor) that assumes the full risk of collection beyond the residual amounts withheld, without recourse to the Company, in the event of loss. Upon sale, the Company derecognizes the receivable, recognizes all assets received and liabilities incurred (such as total expected fees and interest expense), and recognizes a loss on the sale in earnings. The Factor's fixed fee ranges from 1.25% to 1.50%. Interest accrues at the prevailing LIBOR rate plus 4.50% per annum but never lower than 5.50% (effective interest rate was 5.50% at March 31, 2010) on uncollected receivables sold. The Factor advances the Company 85% of the value of the receivable upon the sale; the balance of the value is paid to the Company, net of fees and interest, upon collection by the Factor. The Company can sell trade accounts receivable up to a maximum of \$4,000,000 at one time.

Due from factor consists of the following as of March 31, 2010:

Accounts receivables sold to factor	\$ 979,327
Less proceeds received from factor	<u>(821,903)</u>
Due from factor	<u><u>\$ 157,424</u></u>

Pursuant to the terms of the factoring agreement, the Company is required to maintain specified levels of working capital, tangible net worth, and other non-financial covenants, of which the Company is in compliance as of March 31, 2010. Substantially all of the Company's assets, except property and equipment, serve as collateral under the agreement.

As part of this factoring agreement, the Company has a line of credit agreement with the Factor, which provides for advances up to \$750,000. Advances are due on demand. The line expires March 2011 and is collateralized by inventories. The line of credit agreement is subject to a continuing limited guarantee by the principal owners of the Company. Interest is payable monthly at the prevailing LIBOR rate plus 4.50% per annum but never less than 5.50% (effective interest rate was 5.50% at March 31, 2010). Outstanding borrowings on this line were \$547,323, as of March 31, 2010.

ALLIANCE SPORTS GROUP, L.P.
NOTES TO FINANCIAL STATEMENTS

NOTE 4. INVENTORIES

Inventories consist of the following as of March 31, 2010:

Packaging materials	\$ 17,110
Inventory in transit	250,767
Merchandise inventory	<u>1,810,149</u>
	<u>\$ 2,078,026</u>

NOTE 5. PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of March 31, 2010:

Furniture and fixtures	\$ 1,801,730
Machinery and equipment	51,282
Leasehold improvements	188,764
Vehicles	<u>3,000</u>
	2,044,776
Less accumulated depreciation	<u>1,889,853</u>
	<u>\$ 154,923</u>

Depreciation expense was \$42,140 for the year ended March 31, 2010, and is included in general and administrative expenses.

ALLIANCE SPORTS GROUP, L.P.
NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT

Long-term debt consist of the following as of March 31, 2010:

Unsecured note payable to an unrelated party; payable in monthly installments of \$9,500 including interest at 5% per annum; final payment of \$30,112 due at maturity in April 2012.	\$ 243,794
Unsecured note payable to one of the principal owners; interest accrues at 10% per annum and is payable monthly; principal balance is due March 2012.	<u>115,000</u>
	358,794
Less current maturities	<u>104,176</u>
	<u><u>\$ 254,618</u></u>

Interest paid to the principal owner totaled \$10,000 for the year ended March 31, 2010. This employee is also a minority owner of the entity that owns the Company's partnership units.

Future maturities of long-term debt are as follows:

Year Ending March 31:	Vendor	Principal Owner	Total
2011	\$ 104,176	\$ -	\$ 104,176
2012	109,506	115,000	224,506
2013	30,112	-	30,112
	<u>\$ 243,794</u>	<u>\$ 115,000</u>	<u>\$ 358,794</u>

ALLIANCE SPORTS GROUP, L.P.
NOTES TO FINANCIAL STATEMENTS

NOTE 7. OPERATING LEASE

The Company leases its office and warehouse space under a non-cancelable operating lease with a third party. The Company is also liable for certain common area maintenance expenses, property taxes, and other expenses. Total rent expense under this agreement for the year ended March 31, 2010 was \$189,914, and is included in general and administrative expenses. The lease expires December 31, 2011. The future minimum lease payments required under the operating lease as of March 31, 2010 are as follows:

<u>Year Ending March 31:</u>	<u>Amount</u>
2011	\$ 199,200
2012	<u>152,775</u>
	<u>\$ 351,975</u>

NOTE 8. CONCENTRATION RISK

Trade receivables subject the Company to the potential for credit risk with customers. Although certain accounts receivable are sold to a Factor to reduce credit risk, the Company performs ongoing evaluations of its customers' financial condition but does not generally require collateral.

Sales to two customers accounted for approximately 22% of total sales for the year ended March 31, 2010. Purchases from two vendors accounted for 59% of total inventory purchases for the year ended March 31, 2010.

Accounts payable to two vendors represented approximately 80% of the total accounts payable balance at March 31, 2010.