

Alimco Financial Corporation
Balance Sheet
(unaudited)

	September 30, 2017	December 31, 2016
ASSETS:		
Cash	\$ 23,335,521	\$ 25,165,137
Investments:		
Investments in equity securities - available-for-sale	3,770,292	3,350,782
Investments in debt securities - available-for-sale	6,248,565	6,405,678
Investments in debt securities - held-to-maturity	2,927,753	2,869,011
Other Investments	3,232,518	-
Other assets	794,858	483,434
TOTAL ASSETS:	\$ 40,309,507	\$ 38,274,042
LIABILITIES & SHAREHOLDERS' EQUITY:		
Liabilities:		
Accrued liabilities	\$ 40,000	\$ -
Income taxes payable	-	151,460
Total Liabilities:	40,000	151,460
Shareholders' Equity:		
Common stock, 100,000,000 shares authorized, 3,226,706 and 33,047,882 outstanding as of September 30, 2017 and December 31, 2016, respectively	412,223	412,223
Additional paid-in capital	193,601,854	194,546,805
Retained earnings	(85,602,844)	(89,688,347)
Less: Treasury stock, 817,441 shares	(68,658,045)	(68,658,045)
Accumulated other comprehensive income:		
Net unrealized gains on investments	516,319	1,509,946
Total Shareholders' Equity:	40,269,507	38,122,582
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY:	\$ 40,309,507	\$ 38,274,042

The accompanying notes are an integral part of these financial statements

Alimco Financial Corporation
Statement of Operations
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
INCOME:				
Realized gain on available-for-sale securities	\$ 688,108	\$ 2,855,021	\$ 3,649,237	\$ 3,780,225
Interest and dividend income	193,896	404,772	258,049	1,246,602
Guaranty fee	137,500	-	634,332	-
Total income	<u>1,019,504</u>	<u>3,259,793</u>	<u>4,541,618</u>	<u>5,026,827</u>
OPERATING EXPENSES:				
General and administrative	140,888	70,303	404,483	196,693
Total operating expenses	<u>140,888</u>	<u>70,303</u>	<u>404,483</u>	<u>196,693</u>
Operating income	878,616	3,189,490	4,137,135	4,830,134
OTHER INCOME:				
Other income	-	4,208	61,054	4,286
Income before income taxes	<u>878,616</u>	<u>3,193,698</u>	<u>4,198,189</u>	<u>4,834,420</u>
PROVISION FOR INCOME TAXES	30,329	-	112,686	-
NET INCOME:	<u>\$ 848,287</u>	<u>\$ 3,193,698</u>	<u>\$ 4,085,503</u>	<u>\$ 4,834,420</u>

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Alimco Financial Corporation
Notes to Unaudited Financial Statements
As of September 30, 2017

Note 1: Alimco Financial Corporation's Significant Accounting Policies

Alimco Financial Corporation is a diversified, national asset manager that focuses on business financing solutions.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the period. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the period that they are determined to be necessary. These estimates include the realization of deferred tax assets and valuations associated with our short term investments, among others. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on deposit and highly liquid money market instruments with banks and financial institutions. We consider all highly liquid investments with maturity from the date of purchase of three months or less to be cash equivalents.

Investments

Management determines the appropriate categorization of investment securities at the time of purchase and re-evaluates such designation as of each balance sheet date. At September 30, 2017, all investments were reported at estimated fair market value with the related unrealized gains and losses, net of taxes, included in stockholders' equity. Realized gains and losses and declines in value of securities judged to be other than temporary, are included in other income/expense. An other than temporary impairment is triggered when (1) an entity has the intent to sell a security, (2) it is more likely than not that the entity will be required to sell the security before recovery of its amortized cost basis, or (3) the entity does not expect to recover the entire amortized cost basis of the security.

Fair value

Our estimate of fair value represents the price at which a transaction would occur between market participants at the measurement date. In situations in which there is little, if any, market activity for an asset at the measurement date, the fair value measurement objective remains the same, that is, the price that would be received by the holder of the financial asset in an orderly transaction (an exit price notion) that is not a forced liquidation or distressed sale at the measurement date. The carrying amount reported in the balance sheet for cash, other assets, and accounts payable approximates fair value because of the immediate or short-term maturity of these financial instruments.

Concentration of Risk

Financial instruments that potentially subject us to concentrations of credit risk consist principally of cash.

Cash is deposited with one major bank in the United States that exceeds federally insured limits. We actively monitor the on-going credit worthiness of the financial institution as part of our risk management policies. We have not experienced any significant losses due to this concentration, nor do we expect any significant losses in the future.