THE MARKETING ALLIANCE, INC.

REVIEWED FINANCIAL STATEMENTS

As of and for the three months ended
June 30, 2017 and 2016

THE MARKETING ALLIANCE, INC.

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UHY LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REVIEW REPORT

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

Report on the Financial Statements

We have reviewed the accompanying consolidated balance sheets of The Marketing Alliance, Inc. and subsidiaries (the Company) as of June 30, 2017 and 2016, and the related consolidated statements of operations, shareholders' equity and cash flows for the three months then ended.

Management's Responsibility

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

Auditor's Responsibility

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

Conclusion

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

UHY LLP

Albany, New York
September 18, 2017

THE MARKETING ALLIANCE, INC.
CONSOLIDATED BALANCE SHEETS
As of June 30, 2017 and 2016
Unaudited – See Independent Auditor's Review Report

	2017	2016
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	**$ 4,920,785**	$ 5,786,592
Investments	**7,984,579**	6,041,042
Accounts receivable	**7,771,408**	7,758,435
Inventory	**73,882**	130,487
Current portion of notes receivable	**292,856**	254,352
Prepaid expenses	**445,415**	300,165
Prepaid income taxes	**272,129**	589,838
Total current assets	**21,761,054**	20,860,911
PROPERTY AND EQUIPMENT, net	**2,505,844**	2,983,203
OTHER ASSETS		
Notes receivable, net of current portion	**607,592**	806,027
Deposits and other assets	**150,894**	162,474
Goodwill	**973,900**	973,900
Intangible assets, net	**299,434**	476,929
Interest rate swap asset	**6,049**	-
Total other assets	**2,037,869**	2,419,330
	$ 26,304,767	$ 26,263,444
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	**$ 6,178,751**	$ 6,040,862
Lines of credit payable	**4,180,000**	2,750,000
Current portion of notes payable	**870,812**	1,148,380
Current portion of deferred lease incentive	**39,612**	30,240
Total current liabilities	**11,269,175**	9,969,482
LONG-TERM LIABILITIES		
Notes payable	**3,074,960**	3,945,772
Deferred taxes	**756,000**	461,700
Long-term portion of deferred lease incentive	**346,375**	325,051
Interest rate swap liability	**-**	127,455
Total long-term liabilities	**4,177,335**	4,859,978
Total liabilities	**15,446,510**	14,829,460
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, 8,032,266 shares issued and outstanding	**903,023**	903,023
Retained earnings	**9,955,234**	10,530,961
Total shareholders' equity	**10,858,257**	11,433,984
	$ 26,304,767	$ 26,263,444

See notes to consolidated financial statements.

THE MARKETING ALLIANCE, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
Three Months Ended June 30, 2017 and 2016
Unaudited–See Independent Auditor's Review Report

	Three Months Ended June 30, 2017	Three Months Ended June 30, 2016
Commission and fee revenue	**$ 6,057,173**	$ 4,912,709
Family entertainment revenue	**1,130,095**	1,277,428
Construction revenue	**195,390**	136,001
Other operating income	**46,541**	42,000
Total revenues	**7,429,199**	6,368,138
Distributor related expenses:		
Distributor bonuses and commissions	**4,318,587**	3,316,060
Business processing and distributor costs	**442,270**	456,207
Depreciation	**1,994**	2,626
	4,762,851	3,774,893
Costs of construction:		
Direct and indirect costs of construction	**140,913**	78,294
Depreciation	**9,998**	84,297
	150,911	162,591
Family entertainment costs of sales	**304,788**	296,191
Total costs of revenues	**5,218,550**	4,233,675
Net operating revenue	**2,210,649**	2,134,463
General and administrative expenses:		
Compensation	**765,259**	884,330
Administrative and other	**192,918**	189,875
Rent and occupancy	**412,896**	400,473
Professional fees	**146,399**	112,467
Technology	**72,981**	68,771
Insurance	**113,772**	125,349
Travel and meetings	**104,139**	37,650
Depreciation and amortization	**180,178**	204,337
Payroll related	**58,834**	65,210
Office	**152,704**	173,860
Licenses and dues	**-**	1,478
Postage	**5,378**	10,478
Telephone	**8,699**	14,212
Telemarketing, advertising and promotional	**4,252**	3,352
Total general and administrative expenses	**2,218,409**	2,291,842
Operating loss	**(7,760)**	(157,379)
Other income (expense):		
Investment gain, net	**185,746**	275,320
Interest expense	**(67,763)**	(52,772)
Interest rate swap, fair value adjustment	**(5,123)**	(21,512)
Swap settlement expense	**(6,108)**	(14,772)
Loss on disposal of property and equipment	**(6,924)**	-
Income before provision for income taxes	**92,068**	28,885
Income tax expense	**25,170**	9,887
Net income	**$ 66,898**	$ 18,998

See notes to consolidated financial statements.

THE MARKETING ALLIANCE, INC.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
Three Months Ended June 30, 2017 and 2016
Unaudited – See Independent Auditor's Review Report

	Common Stock		Retained	
	Shares (a)	Amount	Earnings	Total
Balances at April 1, 2016	8,032,266	$903,023	$10,511,963	$11,414,986
Net income	-	-	18,998	18,998
Balance at June 30, 2016	8,032,266	$903,023	$10,530,961	$11,433,984
Balances at April 1, 2017	**8,032,266**	**$903,023**	**$ 9,888,336**	**$10,791,359**
Net income	**-**	**-**	**66,898**	**66,898**
Balance at June 30, 2017	**8,032,266**	**$903,023**	**$ 9,955,234**	**$10,858,257**

(a) Amounts have been retrospectively adjusted for the 8 for 7 stock split effective August 25, 2017.

See notes to consolidated financial statements.

THE MARKETING ALLIANCE, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
Three Months Ended June 30, 2017 and 2016
Unaudited – See Independent Auditor's Review Report

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	**$ 66,898**	$ 18,998
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	**192,170**	291,260
Stock based compensation	**8,889**	32,464
Realized and unrealized investment gains	**(154,875)**	(243,358)
Deferred taxes	**21,900**	32,400
Interest rate swap fair value adjustment	**5,123**	21,512
Loss on disposal of property and equipment	**6,924**	-
Amortization of deferred lease incentive	**(9,121)**	(7,559)
Changes in operating assets and liabilities:		
Accounts receivable	**(106,665)**	629,503
Inventory	**(4,220)**	(85,770)
Prepaid expenses and other assets	**149,992**	105,359
Accounts payable and accrued expenses	**362,431**	(664,954)
Reimbursement from landlord of leasehold incentive	**-**	362,850
Net cash provided by operating activities	**539,446**	492,705
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	**(34,840)**	(148,953)
Proceeds from sale of property and equipment	**3,100**	14,253
Principal payments received on promissory notes	**37,742**	40,986
Proceeds from sale of investments	**431,832**	131,348
Purchases of investments	**(542,217)**	(126,810)
Net cash used in investing activities	**(104,383)**	(89,176)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on notes payable	**(232,671)**	(302,193)
Net advances under lines of credit	**180,000**	150,000
Net cash used in financing activities	**(52,671)**	(152,193)
Change in cash and cash equivalents	**382,392**	251,336
Cash and cash equivalents, beginning of period	**4,538,393**	5,535,256
Cash and cash equivalents, end of period	**$ 4,920,785**	$ 5,786,592
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION		
Cash paid during the period for:		
Interest	**$ 69,136**	$ 49,531

See notes to consolidated financial statements.

NOTE 1 — ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Significant Accounting Policies

Organization

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

The Company, through nine subsidiaries, provides family entertainment in Florida, Illinois, Missouri and North Carolina under the name “Monkey Joe’s.”

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 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
TMA Technologies, Inc. (“Technologies”)	Inactive
Felton McCrary Brokerage, Inc. (“Felton”)	Inactive

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 earned as of the effective date of coverage. Contingent commissions are earned 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. Revenue under the cost-plus fee method is recognized on the basis of costs incurred during the period plus the fee earned, measured by the cost to cost method. 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 investments purchased with an initial maturity of three months or less to be cash equivalents. From time to time, the Company has on deposit with certain banks and brokerage firms, cash and cash equivalents which exceed the amount subject to Federal Deposit Insurance Corporation (FDIC) or Securities Investor Protection Corporation (SIPC) limits. The Company attempts to mitigate this risk by depositing its cash and cash equivalents with high credit quality institutions.

Inventory:

In July 2015, the FASB issued ASU No. 2015-11, Simplifying the Measurement of Inventory. The guidance requires entities to measure most inventories at the lower of cost or net realizable value. Beginning April 1, 2017, the Company adopted ASU No. 2015-11. The adoption of the guidance had no effect on the value of inventory.

Inventory consists of drainage tile raw materials used by Empire, and food, beverages, merchandise, paper products and other supplies needed for the Monkey Joes business which are valued at the lower of cost or net realizable value using the First In First Out method.

Investments:

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

NOTE 1 — ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant Accounting Policies (Continued)

Fair value measurements:

The Company follows the accounting for fair value measurements and disclosures for financial assets and liabilities, which defines fair value, establishes a framework for measuring fair value under generally accepted accounting principles, and requires disclosures about fair value measurements. Fair value is a market-based measurement, not an entity-specific measurement, and fair value measurements 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 (unadjusted) 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 are 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.

NOTE 1 — ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant Accounting Policies (Continued)

Interest rate 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 2018 and October 2022.

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 designed 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 June 30, 2017 and 2016, 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.

NOTE 1 — ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant Accounting Policies (Continued)

Goodwill and purchased intangible assets: (Continued)

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 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 2016 financials to conform to the current period's presentation.

Subsequent events:

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through September 18, 2017, the date the financial statements were available for issuance.

NOTE 1 — ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant Accounting Policies (Continued)

Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02, which modified lease accounting for both lessees and lessors to increase transparency and comparability by recognizing lease assets and lease liabilities by lessees for those leases classified as operating leases under previous accounting standards and disclosing key information about leasing arrangements. ASU 2016-02 will be effective for the Company beginning April 1, 2019, and early adoption is permitted. The Company is currently evaluating the timing of its adoption and the impact on its consolidated financial statements.

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers, which amends the existing accounting standards for revenue recognition. ASU 2014-09 is based on principles that govern the recognition of revenue at an amount an entity expects to be entitled when goods and services are transferred to customers. ASU 2014-09 will be effective for the Company beginning April 1, 2018. The Company is currently evaluating the impact on its consolidated financial statements.

In January 2016, the FASB issued ASU No. 2016-01, Recognition and Measurement of Financial Assets and Financial Liabilities, which amends the existing standards for valuing equity investments. The ASU requires equity investments to be measured at fair value with changes in fair value recognized in income. ASU No. 2016-01 will be effective for the Company beginning April 1, 2019. The Company is currently evaluating the impact on its consolidated financial statements.

NOTE 2 — INVESTMENTS

Investments are comprised of:

	2017	2016
Investments at fair value	$ 6,984,579	$ 6,041,042
Investments at cost	1,000,000	-
	$ 7,984,579	$ 6,041,042

NOTE 2 — INVESTMENTS (Continued)

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

	June 30, 2017			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Common stocks	$ 3,950,153	$ 1,457,989	$ 234,826	$ 5,173,316
Fixed income securities	200,000	-	100,000	100,000
Mutual funds	255,490	3,889	28,049	231,330
Limited partnerships	650,000	829,933	-	1,479,933
	$ 5,055,643	$ 2,291,811	$ 362,875	$ 6,984,579

	June 30, 2016			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Common stocks	$ 3,586,600	$ 925,521	$ 424,286	$ 4,087,835
Preferred stocks	307,019	18,340	489	324,870
Fixed income securities	325,121	28,434	100,000	253,555
Mutual funds	70,791	-	23,201	47,590
Limited partnership	650,000	691,714	14,522	1,327,192
	$ 4,939,531	$ 1,664,009	$ 562,498	$ 6,041,042

Proceeds from the sale of investments were $431,832 for the three months ended June 30, 2017, resulting in gross realized gains of $73,248 and gross realized losses of $17,915 for the three months ended June 30, 2017.

Proceeds from the sale of investments were $131,348 for the three months ended June 30, 2016, resulting in gross realized gains of $14,824 and gross realized losses of $15,381 for the three months ended June 30, 2016.

Investments are pledged as collateral pursuant to margin agreements entered into by the Company. No amounts were outstanding at June 30, 2017 and 2016 under the margin agreements.

Net investment gain for the three months ended June 30, 2017 and 2016 is as follows:

	2017	2016
Interest and dividend income	$ 43,071	$ 46,763
Realized gains (losses) on investments, net	55,333	(557)
Unrealized gains on investments, net	99,542	243,915
Investment management fees	(12,200)	(14,801)
Net investment income	$ 185,746	$ 275,320

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 of 150,000 each, were amended in August 2016 to change the expiration dates. The warrants can be exercised at any time through May 2022 and September 2023. The fair value of the warrants was determined to be zero at both the date of receipt and June 30, 2017.

The cost method is generally utilized for investments where it is not practicable to determine fair value, and for which equity accounting is not appropriate. However, impairment charges are recognized as needed.

Investments at cost are as follows:

	2017	2016
Common Stock	$ 1,000,000	$ -

During 2017 the company invested approximately $1,000,000 in the common stock of a private company. The Company owns under 10% of the common stock at June 30, 2017. The investment is carried at cost as it is not practicable to determine fair value.

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 June 30, 2017 and 2016:

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

Mutual funds: Valued at the 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.

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 3 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 comprised of 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 June 30, 2017:

Investments	**Assets at Fair Value**			
	Level 1	**Level 2**	**Level 3**	**Total**
Common stocks	$4,398,884	$ 733,000	$ 41,432	$5,173,316
Fixed income	-	-	100,000	100,000
Mutual funds	231,330	-	-	231,330
Limited partnerships	-	-	1,479,933	1,479,933
Total assets at fair value	$4,630,214	$ 733,000	$1,621,365	$6,984,579

Interest Rate Swap Asset	**Liabilities at Fair Value**			
	Level 1	**Level 2**	**Level 3**	**Total**
Interest Rate Swap	$ -	$ 6,049	$ -	$ 6,049
Total interest rate swap	$ -	$ 6,049	$ -	$ 6,049

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 June 30, 2016:

Investments	**Assets at Fair Value**			
	Level 1	**Level 2**	**Level 3**	**Total**
Common stocks	$3,516,745	$ 538,650	$ 32,440	$4,087,835
Preferred stock	324,870	-	-	324,870
Fixed income	153,555	-	100,000	253,555
Mutual funds	47,590	-	-	47,590
Limited partnership	-	-	1,327,192	1,327,192
Total assets at fair value	$4,042,760	$ 538,650	$1,459,632	$6,041,042

Interest Rate Swap Liability	**Liabilities at Fair Value**			
	Level 1	**Level 2**	**Level 3**	**Total**
Interest Rate Swap	$ -	$ 127,455	$ -	$ 127,455
Total interest rate swap	$ -	$ 127,455	$ -	$ 127,455

NOTE 3 — FAIR VALUE MEASUREMENTS (Continued)

The following is a roll-forward of Level 3 fair value instruments for the three months ended June 30, 2017 and 2016:

	Limited Partnership Interests	Common Stocks	Fixed Income
Balance, April 1, 2017	$ 1,440,109	$ 41,432	$ 100,000
Unrealized gain relating to instruments still held at the reporting date	39,824	-	-
Purchases	-	-	-
Balance, June 30, 2017	$ 1,479,933	$ 41,432	$ 100,000
Balance, April 1, 2016	$ 1,236,187	$ 23,440	$ 100,000
Unrealized loss relating to instruments still held at the reporting date	91,005	-	-
Purchases	-	9,000	-
Balance, June 30, 2016	$ 1,327,192	$ 32,440	$ 100,000

Quantitative information about Level 3 Fair Value Investments:

	Fair Value at June 30, 2017	Valuation Techniques	Unobservable Input
Fixed income securities	$ 100,000	Discounted expected cash flows	Probability of default (50%) Discount rate 4.5%
Private equity investments	$ 41,432	Conversion rate of recent private transaction	Recent private transaction rates
Limited partnership investments	$ 1,479,933	See (A) below	See (A) below

(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.

The nature and risk of certain investments by major category at June 30, 2017 are presented as follows:

	Fair Value	Unfunded Commitments	Redemption Provisions
Limited Partnerships	$1,479,933	$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.

NOTE 3 — FAIR VALUE MEASUREMENTS (Continued)

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 June 30, 2017 and 2016 are as follows:

	2017	2016
Commissions receivable	$ 2,009,233	$ 1,706,049
Deferred first year commissions	5,675,779	6,019,770
Construction receivables	76,595	31,338
Other	9,801	1,278
	$ 7,771,408	$ 7,758,435

NOTE 5 — NOTES RECEIVABLE

Notes receivable at June 30, 2017 and 2016 are as follows:

	2017	2016
Distributor notes receivable, receivable in aggregate monthly installments of approximately $25,100 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.	$ 900,448	$ 1,060,379
Less current portion	292,856	254,352
Long-term portion	$ 607,592	$ 806,027

The Company loans money to its distributor agencies primarily to provide them with working capital.

Estimated future principal payments to be received as of June 30, 2017 are as follows:

2018	$ 292,856
2019	148,564
2020	131,970
2021	275,565
2022	37,670
Thereafter	13,823
	$ 900,448

NOTE 6 — INTANGIBLE ASSETS AND GOODWILL

Intangible assets and goodwill changes are as follows for each of the three months ended June 30:

	Beginning Balance, April 1, 2017	Additions	Deletions	Ending Balance, June 30, 2017
Covenants Not To Compete	$446,600	$ -	$ -	$446,600
Franchise Agreements	475,000	-	-	475,000
Amortization	(578,693)	(43,473)	-	(622,166)
	$342,907	$ (43,473)	$ -	$299,434
Goodwill	$973,900	$ -	$ -	$973,900

	Beginning Balance, April 1, 2016	Additions	Deletions	Ending Balance, June 30, 2016
Covenants Not To Compete	$571,408	$ -	$ -	$571,408
Franchise Agreements	475,000	-	-	475,000
Amortization	(518,304)	(51,175)	-	(569,479)
	$528,104	$ (51,175)	$ -	$476,929
Goodwill	$973,900	$ -	$ -	$973,900

Amortization expense for the three months ended June 30, 2017 was $43,473. Amortization expense for the three months ended June 30, 2016 was $51,175.

Estimated amortization for the next five years is as follows:

2018	$123,639
2019	57,042
2020	37,468
2021	37,468
2022	25,673
Thereafter	18,144
	$299,434

NOTE 7 — PROPERTY AND EQUIPMENT

Net property and equipment is comprised of the following at June 30, 2017 and 2016:

	2017	2016
Office equipment, furniture and fixtures	$ 3,515,428	$ 3,391,078
Construction equipment	1,666,503	1,643,420
Building	216,000	216,000
Leasehold improvements	1,031,532	975,142
Land	29,604	29,604
	6,459,067	6,255,244
Less accumulated depreciation	3,953,223	3,272,041
	$ 2,505,844	$ 2,983,203

Depreciation expense was $148,697 for the three months ended June 30, 2017. Depreciation expense was $240,085 for the three months ended June 30, 2016.

NOTE 8 — LINES OF CREDIT

The Company has four lines of credit available:

The first line of credit borrowing is under a $3,500,000 short-term bank line of credit facility. Borrowings under the line of credit bear interest at the British Banker Association LIBOR rate ('BBA LIBOR') plus 2%, resulting in a rate of 3.22389% at June 30, 2017, 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, 2017. At June 30, 2017, $3,450,000 was outstanding. At June 30, 2016, $2,250,000 was outstanding.

Under a second line of credit, the Company has available a $750,000 revolving line of credit bearing interest based on changes in an Independent index which is the Highest Wall Street Journal Prime Base Lending Rate. Interest on the unpaid balance of the note will be calculated using a rate of .25 percentage points over the Index. The credit facility requires an annual 30 day clean-up period. The index at June 30, 2017 is 4.25%, resulting in a rate of 4.50%. The note is due on demand. At June 30, 2017 $730,000 was outstanding, and at June 30, 2016 $500,000 was outstanding.

Under the third line of credit, the Company has available a $1,000,000 demand grid note credit facility. Borrowings under the note bear interest at prime plus one quarter percent (4.50% at June 30, 2017) and are due on demand. The credit facility is subject to an annual review by the lender. At June 30, 2017 no amount was outstanding. At June 30, 2016 no amount was outstanding.

Under the fourth line of credit, the Company has available a $250,000 revolving line of credit facility. Borrowings under the note bear interest at prime plus 1.5% (with a floor of 4.75%) (5.75% at June 30, 2017) 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 June 30, 2017 no amount was outstanding. At June 30, 2016 no amount was outstanding.

NOTE 9 — ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses at June 30, 2017 and 2016 are summarized as follows:

	2017	2016
Accounts payable	$ 489,454	$ 441,155
Technology benefits	252,392	259,161
Distributor commissions	1,728,073	1,418,158
Deferred first year commissions	2,920,200	3,137,284
Accrued compensation	748,168	620,194
Other	40,464	164,910
	$ 6,178,751	$ 6,040,862

NOTE 10 — INCOME TAXES

Income tax expense (benefit) for the three months ended June 30, 2017 and 2016 is summarized as follows:

	2017	2016
Current	$ 3,270	$ (22,513)
Deferred	21,900	32,400
	$ 25,170	$ 9,887

Deferred tax assets and liabilities at June 30, 2017 and 2016 were attributable to the following:

	2017	2016
Deferred Tax Assets:		
Stock appreciation compensation	$ 199,700	$ 178,600
Intangible assets	109,200	96,100
Other	15,000	25,200
Impairment on investment other than temporary	36,100	36,100
Total gross deferred tax assets	360,000	336,000
Deferred Tax Liabilities:		
Unrealized gains on investments	(591,600)	(300,400)
Property and equipment	(524,400)	(497,300)
Total gross deferred tax liabilities	(1,116,000)	(797,700)
Total deferred taxes	$ (756,000)	$ (461,700)

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 for the three months ended June 30, 2017 and 2016:

	2017		2016	
	$	%	$	%
Tax at federal statutory rate	$ 31,303	34%	$ 9,195	32%
State income taxes	2,854	3%	838	3%
Dividend receive credit	(6,820)	-7%	(7,108)	-25%
True up of prior year taxes	(1,548)	-2%	6,218	22%
Other	(619)	-1%	744	3%
	$ 25,170	27%	$ 9,887	38%

NOTE 11 — LONG-TERM DEBT

Long-term debt as of June 30, 2017 and 2016 is as follows:

	2017	2016
Note payable to a bank, payable in 84 monthly principal payments ranging from $50,731 to $62,717 per month plus interest, payments commenced on November 30, 2015. The interest rate on the note is 2% plus BBA LIBOR (3.22389% at June 30, 2017). 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.	$3,720,772	$4,344,152
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 note matured on March 31, 2017. The note was collateralized by all accounts receivable, inventory and property and equipment and contained both financial and non-financial covenants.	-	200,000
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 (3.22389% at June 30, 2017). 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.	225,000	550,000
Total	3,945,772	5,094,152
Less current portion	870,812	1,148,380
Long-term portion	$3,074,960	$3,945,772

NOTE 11 — LONG-TERM DEBT (Continued)

Future principal maturities at June 30, 2017 are as follows:

Period Ending June 30,	
2018	$ 870,812
2019	669,048
2020	693,116
2021	718,056
2022	743,892
Thereafter	250,848
	$3,945,772

NOTE 12 — SHAREHOLDERS' EQUITY.

In July 2017, the Board of Directors authorized a stock split of 8 shares for every 7 shares held by the shareholders of record on August 25, 2017, payable on September 15, 2017. As a result, each shareholder will receive one new share of common stock for every 7 shares of common stock held as of the record date. All share amounts outstanding prior to August 25, 2017 will be retrospectively adjusted for this split.

NOTE 13 — COMMITMENTS AND CONTINGENCIES

Leases

The Company has noncancellable operating leases for office, administration, processing, and family entertainment space. Additionally, the Company leases office equipment under operating leases for use in both its administrative offices and in offices of several of its brokers, pursuant to its technology and marketing benefit program.

Approximate future annual minimum lease payments required under these operating leases at June 30, 2017 are as follows:

	Facilities	Office Equipment	Total
2018	$1,397,266	$ 30,778	$1,428,044
2019	1,306,522	8,944	1,315,466
2020	1,175,805	-	1,175,805
2021	1,041,574	-	1,041,574
2022	910,168	-	910,168
Thereafter	1,961,089	-	1,961,089
	$7,792,424	$ 39,721	$7,832,145

NOTE 13 — COMMITMENTS AND CONTINGENCIES (Continued)

Leases (Continued)

Rent expense for facilities approximated $377,600 for the three months ended June 30, 2017 and $371,300 for the three months ended June 30, 2016, respectively. Rent expense for office equipment approximated $14,700 for the three months ended June 30, 2017 and $11,200 for the three months ended June 30, 2016. A substantial portion of the office equipment operating leases is classified as distributor related expenses in the accompanying consolidated statement of operations.

In connection with two of its leases, the Company received $425,350 from its landlord to pay for leasehold improvements. These lease incentives are being amortized on a straight-line basis over the life of the lease as a reduction to rent expense. The leases expire in September 2022 and March 2028.

NOTE 14 — CONCENTRATIONS

During the three months ended June 30, 2017, the Company derived approximately 63% of its commission income from four insurance carriers. During the three months ended June 30, 2016, 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 $17,300 and $15,600 for the three months ended June 30, 2017 and 2016, 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 re-measured at each financial reporting date. Stock units cliff vest at the end of a five year period. Upon vesting, the value is calculated as the difference between the current value of the stock and the specified price per unit multiplied by the number of shares and paid in cash. Under the agreement, stock appreciation units were granted on April 1, 2010, 2011, 2012, 2013 and 2014. The liability under the plan was approximately $553,700 and $495,200 at June 30, 2017 and 2016, 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 $126,700 for the three months ended June 30, 2017 and $129,000 for the three months ended June 30, 2016.

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.