THE MARKETING ALLIANCE, INC.

FINANCIAL STATEMENTS

As of and for the three months ended
September 30, 2023 and 2022
(Unaudited)

THE MARKETING ALLIANCE, INC.

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THE MARKETING ALLIANCE, INC.
CONSOLIDATED BALANCE SHEETS
As of September 30,
(Unaudited)

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 1,764,444	$ 1,733,435
Equity securities	4,054,377	3,885,669
Restricted cash	613,932	536,212
Accounts receivable	7,091,640	9,452,907
Inventory	11,777	5,732
Current portion of notes receivable	120,921	133,504
Prepaid expenses	117,352	122,814
Assets related to discontinued operations	1,030	1,030
Total current assets	13,775,473	15,871,303
PROPERTY AND EQUIPMENT, net	965,129	762,804
OTHER ASSETS		
Notes receivable, net due to the allowance	565,186	580,187
Restricted cash	1,893,097	2,235,747
Operating lease right-of-use assets	250,735	368,589
Other assets related to discontinued operations	-	-
Total other assets	2,709,018	3,184,523
	$ 17,449,620	$ 19,818,630
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	5,677,761	7,174,813
Dividends payable	404,663	404,963
Line of credit payable	675,000	550,000
Current portion of notes payable	920,898	818,188
Current portion of finance lease liability	35,509	67,276
Current portion of operating lease liability	130,285	131,851
Liablities related to discontinued operations	677	677
Total current liabilities	7,844,793	9,147,768
LONG-TERM LIABILITIES		
Notes payable, net of current portion and debt issuance costs	2,831,359	3,332,579
Finance lease liability, net of current portion	123,084	153,099
Operating lease liability, net of current portion	112,907	243,558
Deferred taxes	216,000	200,000
Other liabilities related to discontinued operations	-	-
Total long-term liabilities	3,283,350	3,929,236
Total liabilities	11,128,143	13,077,004
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY		
Common stock, no par value; 50,000,000 shares authorized,		
8,081,266 shares issued and outstanding September 30, 2022		
8,081,266 shares issued and outstanding September 30, 2023	1,025,341	1,025,341
Retained earnings	5,296,136	5,716,285
Total shareholders' equity	6,321,477	6,741,626
	$ 17,449,620	$ 19,818,630

THE MARKETING ALLIANCE, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

	Three Months Ended September 30,		Six Months Ended September 30,	
	2023	**2022**	**2023**	2022
Insurance commission and fee revenue	**$ 3,915,691**	$ 4,110,728	**$ 7,814,835**	$ 8,112,812
Construction revenue	**944,139**	724,084	**1,124,941**	929,745
Other insurance revenue	**32,000**	4,430	**61,800**	179,530
Total revenues	**4,891,830**	4,839,242	**9,001,576**	9,222,087
Insurance distributor related expenses:				
Distributor bonuses and commissions	**2,598,684**	2,782,060	**5,158,737**	5,100,854
Business processing and distributor costs	**339,392**	468,534	**633,267**	925,045
Depreciation	**2,859**	3,851	**5,751**	6,809
	2,940,935	3,254,445	**5,797,755**	6,032,708
Costs of construction:				
Direct and indirect costs of construction	**461,617**	278,252	**615,160**	575,604
Depreciation	**61,482**	50,160	**118,494**	95,364
	523,099	328,412	**733,654**	670,968
Total costs of revenues	**3,464,034**	3,582,857	**6,531,409**	6,703,676
Net operating revenue	**1,427,796**	1,256,385	**2,470,167**	2,518,411
General and administrative expenses:				
Compensation	**359,009**	359,681	**758,438**	685,703
Administrative and other	**142,174**	136,843	**289,242**	293,711
Rent and occupancy	**29,611**	27,219	**60,926**	50,184
Professional fees	**96,360**	84,579	**172,686**	196,307
Technology	**44,498**	37,954	**100,071**	62,104
Insurance	**62,708**	62,828	**134,479**	139,451
Travel and meetings	**29,726**	24,388	**163,135**	115,569
Depreciation and amortization	**14,181**	14,519	**27,038**	29,027
Payroll related	**20,531**	23,444	**43,345**	36,075
Office	**29,460**	23,778	**60,127**	54,753
Telephone	**4,746**	8,421	**11,197**	16,486
Telemarketing, advertising and promotional	**-**	-	**2,500**	2,500
Total general and administrative expenses	**833,004**	803,654	**1,823,184**	1,681,870
Operating income from continuing operations	**594,792**	452,731	**646,983**	836,541
Other income (expense):				
Investment gain (loss), net	**22,949**	(33,756)	**22,949**	(704,374)
Interest expense	**(50,625)**	(48,218)	**(97,320)**	(101,102)
Other income (expense):	**100,000**	-	**100,000**	-
Income (loss) from continuing operations before provisic for income taxes	667,116	370,757	**672,612**	31,065
Income tax expense	**174,700**	240,200	**192,900**	183,000
Income (loss) from continuing operations	**492,416**	130,557	**479,712**	(151,935)
Discontinued operations:				
Income from discontinued operations, net of income taxes	**(3,605)**	68,458	**(3,605)**	82,876
Net income from discontinued operations	**(3,605)**	**68,458**	**(3,605)**	**82,876**
Net Income (Loss)	**$ 488,811**	$ 199,015	**$ 476,107**	$ (69,059)

THE MARKETING ALLIANCE, INC.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
Six Months Ended September 30, 2023 and 2022
(Unaudited)

	Common Stock		Retained	
	Shares	Amount	Earnings	Total
April 1, 2022	8,081,266	$ 1,025,341	$ 6,758,096	$ 7,783,437
Issuance of common stock	0	-	-	-
Dividends declared			(972,752)	(972,752)
Net Loss	-	-	(69,059)	(69,059)
September 30, 2022	8,081,266	$ 1,025,341	$ 5,716,285	$ 6,741,626
April 1, 2023	**8,081,266**	**$ 1,025,341**	**$ 5,628,936**	**$ 6,654,277**
Issuance of common stock			**-**	**-**
Dividends declared	**-**	**-**	**(808,907)**	**(808,907)**
Net income	**-**	**-**	**476,107**	**476,107**
September 30, 2023	**8,081,266**	**$ 1,025,341**	**$ 5,296,136**	**$ 6,321,477**

The Marketing Alliance, Inc.

CONSOLIDATED STATEMENTS OF CASH FLOWS
Six Months Ended September 30,
(Unaudited)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	**$ 476,107**	$ (69,059)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	**151,283**	131,200
Amortization of right-of-use asset	**(70,605)**	130,130
Realized and unrealized investment gains (losses)	**(22,949)**	704,374
Deferred taxes	**26,000**	-
Debt issuance costs amortization	**3,244**	3,980
Paycheck protection program forgiveness		-
Changes in operating assets and liabilities:		
Accounts receivable	**949,965**	1,465,910
Inventory	**-**	-
Prepaid expenses and other assets	**320,572**	157,323
Accounts payable and accrued expenses	**(959,304)**	(2,494,195)
Operating lease liability	**(67,075)**	127,137
Net cash provided by operating activities	**807,238**	156,800
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	**(474,232)**	(15,311)
Principal payments received on promissory notes	**10,747**	44,565
Proceeds from sale of investments	**(522,047)**	(1,154,188)
Purchases of investments	**600,000**	1,991,787
Net cash (used) provided by investing activities	**(385,532)**	866,853
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	**(808,907)**	(972,752)
Paycheck protection program forgiveness	**-**	(5,299)
Proceeds from notes payable	**426,809**	
Principal payments on finance lease	**(25,056)**	(30,241)
Principal payments on notes payable	**(418,104)**	(384,949)
Net advances under lines of credit	**75,000**	25,000
Net cash used in financing activities	**(750,258)**	(1,368,241)
Change in cash and cash equivalents, and restricted cash	**(328,552)**	(344,588)
Cash and cash equivalents, and restricted cash at beginning of period	**4,600,025**	4,849,802
Cash and cash equivalents, and restricted cash at end of period	**$ 4,271,473**	$ 4,505,214
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION		
Cash paid during the period for:		
Interest	**$ 97,320**	$ 101,102

NOTE 1 — ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization

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

The Company previously provided family entertainment under the name of name "Monkey Joe's" through six subsidiaries all of which were closed as of March 31, 2021.

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 Realty, Inc. ("Realty")	2014
TMA Play Pines, Inc.	Inactive
TMA Play Pineville, Inc.	Inactive
TMA Play Matthews, Inc.	Inactive
TMA Play Rivers, Inc.	Inactive
TMA Play University Inc.	Inactive
TMA Play Gastonia, Inc.	Inactive
TMA Play MO, Inc.	Inactive
TMA Play IL, Inc.	Inactive
TMA Play Sunrise, Inc.	Inactive
TMA Technologies, Inc. ("Technologies")	Inactive
Felton McCrary Brokerage, Inc. ("Felton")	Inactive

All significant intercompany accounts and transactions have been eliminated.

NOTE 1 — ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Organization (Continued)

Discontinued Operations:

During the third quarter of the year ended March 31, 2021, the Company decided to close all remaining Monkey Joe locations before fiscal year end. As of March 31, 2021, all locations were closed. The impacts of the COVID-19 pandemic forced the closing of all Monkey Joe's locations.

The following table summarizes the results of Monkey Joes classified as discontinued operations for the six months ended September 30, 2023 and 2022:

	2023		2022
Pretax income from discontinued operations	(3,605)		102,766
Income tax (expense) benefit	-	(A)	(19,890)
Income from discontinued operations, net of tax	$ (3,605)		$ 82,876

(A) Approximately $5,300 of non- taxable paycheck protection program loans were forgiven for the three month period ended September 30, 2022.

NOTE 1 — ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Organization (Continued)

Discontinued Operations (Continued):

The major components of assets and liabilities related to discontinued operations are summarized below as of September 30,:

	2023	2022
Current assets:		
Accounts receivable	$ 1,030	$ 6,822
Current liabilities:		
Accounts payable and accrued expenses	$ 677	$ 87,194
Current portion of operating lease liability	-	-
Current portion notes payable (A)	-	-
	$ 677	$ 87,194

(A) Various notes payable pursuant to the Paycheck Protection Program (the “PPP”) under Division A, Title I of the CARES Act, which was enacted March 27, 2020. The notes are payable to a bank, payable in 17 monthly principal and interest payments of varying amounts from $780 to $1,500 payments. All have balloon payments due at the end of 24 months from the date of the notes. The interest rate on the notes are fixed at 1.0%. The notes mature during April 2022. The notes payable are guaranteed by the Small Business Association. Under the terms of the PPP, certain amounts of the Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. The Company had all of the proceeds forgiven and repaid by the SBA during the six month period ended September 30, 2022. The remaining balances on the notes are all paid through September 30, 2022.

The major components of cash flows related to discontinued operations are summarized below for the six months ended September 30:

	2023	2022
Cash used in operating activities of discontinued operations	$ -	$ 469,353

NOTE 1 — ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued **)**

Significant Accounting Policies

Revenue recognition:

All of the Company's sources of revenue are separately presented in the consolidated statements of operations. Revenue is recognized when obligations under the terms of a contract with a customer are satisfied. Sales and other government taxes we collect concurrent with revenue-producing activities are excluded from revenue. Incidental items that are immaterial in the context of the contract are recognized as expense.

Commission and fee income from insurance carriers, including production bonuses and deferred first year commissions, is earned as of the effective date of coverage. Commission income is recognized when the policy has been placed and collection of the premium is probable. At this point all performance obligations have been satisfied. We recognize commissions on premiums directly billed by carriers as revenue when we have obtained the data necessary to reasonably determine such amounts. Historically, we have not been able to reasonably determine these types of commission revenues until we have received the cash or other specific information from the carriers.

Construction revenue from contracts with customers from long-term contracts is primarily recognized on the percentage-of-completion method of accounting for percentage-of-completion 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. These methods are 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. Change orders are not recognized in revenue until recovery is probable and collectability is probable. Revenues recognized in excess of amounts billed are included in accounts receivable. Contracts normally have only one performance obligation.

Cash, cash equivalents, and restricted cash:

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.

NOTE 1 — ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant Accounting Policies (Continued)
Cash, cash equivalents, and restricted cash (Continued)**:**

The Company attempts to mitigate this risk by depositing its cash and cash equivalents with high credit quality institutions.

Restricted cash consists of amounts held in restricted accounts as collateral for our line of credit and term note with a bank. Our restricted cash accounts are invested in money market accounts and must be a minimum deposit of 67% of all outstanding principal balance on the term note. The Company is permitted to make withdrawals of cash in excess of the required deposits from the restricted cash upon consent of the bank providing no event of default has occurred within fifteen days of June 30th and December 31st. Current portion of restricted cash represents 67% of current portion of principal payments expected to be made on the term note assuming no events of default. Restricted cash totals $2,507,029 and $2,771,959 as of September 30, 2023 and 2022, respectively.

The following table provides a summary of cash, cash equivalents, and restricted cash that constitute the total amounts shown in the consolidated statements of cash flows:

	2023	2022
Cash and cash equivalents	$ 1,764,444	$ 1,733,435
Restricted cash - current assets	613,932	536,212
Restricted cash - other assets	1,893,097	2,235,747
	$ 4,271,473	$ 4,505,394

Equity Securities:

Equity securities consist principally of common stock, fixed income securities, limited partnership interests, and stock warrants. Equity securities with readily determinable fair values are measured at fair value. Equity securities without readily determinable fair values are measured at cost minus the impairment, if any. Net realized gains and losses from the sales of investments, as well as unrealized gains and losses, are reflected in the statement of operations.

Fair value measurements:

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

NOTE 1 — ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant Accounting Policies (Continued)

Fair Value Measurements: (Continued)

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.

Accounts Receivable:

Accounts receivable are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by regularly evaluating individual customer receivables and considering a customer's financial condition, credit history, and current economic conditions. The allowance for doubtful accounts was $0 at both six months ended September 30, 2023 and 2022. Accounts receivable are written off when they are deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received.

Income taxes:

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

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

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

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 or lease term ranging from 5 to 40 years.

NOTE 1 — ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant Accounting Policies (Continued)

Leases:

The Company determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use ("ROU") assets, current portion of operating lease liability, and operating lease liability in our consolidated balance sheets. Finance leases are included in property and equipment, current portion of finance lease, and finance lease liabilities in our consolidated balance sheets.

ROU assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of our leases do not provide an implicit rate, we generally

use our incremental borrowing rate based on the estimated rate of interest over a similar term of the lease payments at commencement date. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. Our lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. Operating lease ROU assets are amortized to lease expense on a straight-line basis over the lease term.

We have lease agreements with lease and non-lease components, which are generally accounted for separately.

Notes receivable, net:

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 effective 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 September 30, 2023 and 2022 there was an allowance for doubtful amounts of $67,000.

Long-lived asset impairment:

Long-lived assets include property and equipment. Property and equipment are tested for impairment whenever events or changes in circumstances indicate that the carrying value of the assets may not be recoverable. Management uses considerable judgment to determine key assumptions, including projected revenue, and appropriate discount rates. We performed our annual asset impairment test as of September 30, 2023 and 2022.

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.

NOTE 1 — ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant Accounting Policies (Continued)

Subsequent events:

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through December 7, 2023, the date the financial statements were issued.

NOTE 2 — EQUITY SECURITIES

Equity securities are comprised of the following at September 30,:

	2023	2022
Investments at fair value	$ 3,054,377	$ 2,885,669
Common stock, recorded at cost	1,000,000	1,000,000
	$ 4,054,377	$ 3,885,669

Net investment income for the six months ended September 30, is as follows:

	2023	2022
Interest and dividend income	$ 63,763	$ 45,650
Realized gains (losses) on investments, net	(47,746)	(152,481)
Unrealized losses on investments, net	23,652	(569,125)
Investment management fees	(16,720)	(28,418)
Net investment income (loss)	$ 22,949	$ (704,374)

Equity securities are pledged as collateral pursuant to margin and loan agreements entered into by the Company. At September 30, 2023 and 2022 no amounts were outstanding under the margin and loan agreements.

NOTE 2 — EQUITY SECURITIES (Continued)

The Company follows ASU 2016-01 to account for non-marketable securities. The Company adjusts the carrying value of non-marketable equity securities to fair value upon observable transactions for identical or similar investments of the same issuer or impairment (referred to as the measurement alternative). All gains and losses on non-marketable equity securities, realized and unrealized, are recognized in other income (expense), net. No adjustment of the nonmarketable securities was required for the three months ended September 30, 2023 and 2022.

The impairment model for equity investments subject to this election is a single-step model. Under the single-step model, the Company is required to perform a qualitative assessment each reporting period to identify impairment. When a qualitative assessment indicates an impairment exists, the Company would estimate the fair value of the investment and recognize in current earnings an impairment loss equal to the difference between the fair value and the carrying amount of the equity investment. Nothing was qualitatively noted as of September 30, 2023 and 2022 that would indicate any impairment.

Equity securities without readily determinable fair value at cost less impairment and including adjustments for observable price changes are as follows:

	2023	2022
Common Stock	$ 1,000,000	$ 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 both September 30, 2023 and 2022.

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 September 30, 2023 and 2022:

Common stock 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.

Limited partnership investment: There is one limited partnership investment. The investment is valued using data as provided by the general partner. This limited partnership actively trades and invests (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.

NOTE 3 — FAIR VALUE MEASUREMENTS (Continued)

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 September 30, 2023:

	Assets at Fair Value			
	Level 1	Level 2	Level 3	Total
Common stock	$ 2,481,196	$ -	$ 63,401	$ 2,544,597
Fixed income	-	-	-	-
Limited partnership	-	-	509,780	509,780
Total assets at fair value	$ 2,481,196	$ -	$ 573,181	$ 3,054,377

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 September 30, 2022:

	Assets at Fair Value			
	Level 1	Level 2	Level 3	Total
Common stock	$ 2,346,447	$ -	$ 63,401	$2,409,848
Fixed income	-	-	-	-
Limited partnership	-	-	494,369	494,369
Total assets at fair value	$ 2,346,447	$ -	$ 557,770	$2,904,217

NOTE 3 — FAIR VALUE MEASUREMENTS (Continued)

The following is a roll-forward of Level 3 fair value instruments for the three months ended September 30, 2023 and 2022:

	Limited Partnership Interest	Common Stocks	Fixed Income
Balance, April 1, 2022	$ 514,810	$ 63,401	$ 88,877
Unrealized loss relating to instruments still held at the reporting date	(5,262)	-	-
Redemptions	-	-	(88,877)
Balance, September 30, 2022	$ 509,548	$ 63,401	$ -
Balance, April 1, 2023	$ 579,778	$ 63,401	$ -
Unrealized loss relating to instruments still held at the reporting date	(69,998)	-	-
Redemptions	-	-	-
Balance, September 30, 2023	$ 509,780	$ 63,401	$ -

Quantitative information about Level 3 Fair Value Investments:

	Fair Value at September 30, 2023	Valuation Techniques	Unobservable Input
Fixed income securities	$ -	Discounted expected cash flows	Probability of default (50%) Discount rate 4.5%
Common stocks	$ 63,401	Conversion rate of recent private transaction	Recent private transaction rates
Limited partnership investment	$ 509,780	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 quarter, or the last reported bid and asked price. Securities for which market quotations are not readily available are valued at their fair value as determined in good faith under consistently applied procedures established by the General Partner, such as pricing models, discounted cash flow methodologies or similar techniques.

NOTE 3 — FAIR VALUE MEASUREMENTS (Continued)

The nature and risk of certain investments by major category at September 30, 2023 are presented as follows:

	Fair Value	Redemption Provisions
Limited Partnership	$509,780	Quarterly with 30 days notice

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

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

NOTE 4 — ACCOUNTS RECEIVABLE

Accounts receivable at September 30, 2023 and 2022 are as follows:

	2023		2022
Commissions receivable	$ 1,305,848		$ 1,484,308
Deferred first year commissions	5,148,197		7,513,703
Employee retention credit receivables	-	**(A)**	214,089
Construction receivables	637,595		240,807
	$ 7,091,640		$ 9,452,907

(A) At March 31, the company had employee retention credits (ERC) totaling $869,711. The credits were recorded net of compensated expenses on the consolidated operations for the year ended March 31, 2022. Subsequent to March 31, 2022, the majority of these ERC credits were collected and there is a remaining balance of $214,089 at September 30, 2022.

NOTE 5 — NOTES RECEIVABLE, net

Notes receivable, net at September 30, 2023 and 2022 are as follows:

	2023	2022
Distributor notes receivable, in aggregate monthly installments of approximately $17,400 including interest at a rate of 5% per annum, final maturity in June 2027. The notes are generally collateralized by amounts payable pursuant to individual distribution agreements and security interests in certain assets of the distributors. Certain notes are personally guaranteed by principals of the distributors.	$ 618,717	$ 646,301
Note receivable of $145,000 net of imputed interest of $10,610 (at 5%), net of allowance for doubtful amounts of $67,000.	67,390	67,390
Total notes receivable	686,107	713,691
Less current portion	120,921	133,504
Long-term portion	$ 565,186	$ 580,187

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

Estimated future principal payments to be received as of September 30, 2023 are as follows:

2024	$ 120,921
2025	501,572
2026	29,976
2027	33,638
	$ 686,107

NOTE 6 — PROPERTY AND EQUIPMENT

Net property and equipment is comprised of the following at September 30,:

	2023	2022
Office equipment, furniture and fixtures	$ 1,236,799	$ 1,237,181
Construction equipment	2,218,389	1,744,156
Building	216,000	216,000
Leasehold improvements	7,579	7,579
Land	29,604	29,604
	3,708,371	3,234,520
Less accumulated depreciation	2,743,242	2,471,716
	$ 965,129	$ 762,804

Depreciation expense was $124,245 and $131,200 for the six months ended September 30, 2023, respectively.

NOTE 7 — LINE OF CREDIT

As of September 30, 2023 and 2022, the Company had one secured line of credit for $1,000,000. There was $675,000 and $550,000 outstanding at September 30, 2023 and 2022, respectively. The line of credit bears interest at the Secured Overnight Financing Rate ("SOFR") plus 2.12% with a 3% floor. As of September 30, 2023 and 2022, the interest rate was 6.94% and 3%, respectively. The line of credit is due on demand. The line of credit is collateralized by all deposits in bank, pledge agreement, accounts receivable, inventory, and property and equipment.

NOTE 8 — ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses at September 30, 2023 and 2022 are summarized as follows:

	2023	2022
Accounts payable	164,848	$ 129,609
Technology benefits	80,013	189,516
Distributor commissions	1,702,717	1,564,803
Deferred first year commissions	3,581,963	5,240,764
Accrued compensation	26,949	39,086
Other	121,271	11,035
	$ 5,677,761	$ 7,174,813

NOTE 9 — INCOME TAXES

Income tax expense for the six months ended September 30, 2023 and 2022 is summarized as follows:

	2023	2022
Current	$ 187,500	$ 175,900
Deferred	5,000	7,100
	$ 192,900	$ 183,000

Deferred tax assets and liabilities at September 30, 2023 and 2022 were attributable to the following

	2023	2022
Deferred Tax Assets:		
Intangible assets	$ 5,490	$ -
Accrued vacation	3,450	5,875
Impairment charge	-	9,080
Impairment on investment other than temporary	21,060	21,060
Total gross deferred tax assets	30,000	36,015
Deferred Tax Liabilities:		
Unrealized gains on investments	(124,300)	(100,150)
Property and equipment	(121,700)	(135,865)
Total gross deferred tax liabilities	(246,000)	(236,015)
Total net deferred tax assets (liabilities)	$ (216,000)	$ (200,000)

NOTE 9 — INCOME TAXES

The reconciliation of income taxes calculated at the Federal tax statutory rate to the Company's effective rate is set forth below for the six months ended September 30:

	2023		2022	
	$	%	$	%
Tax at federal statutory rate	$ 180,400	21%	$ 177,000	21%
State income taxes, net of federal benefit	12,000	3%	5,500	3%
Permanent differences	(2,500)	-5%	(2,500)	0%
Other	3,000	0%	3,000	0%
	$ 192,900	19%	$ 183,000	24%

NOTE 10 — LEASES

The following table presents the components of our right-of-use assets and liabilities related to leases and their classification in our consolidated balance sheet at September 30, 2023 and 2022:

Components of lease balances	September 30, 2023		September 30, 2022	
Operating Leases				
Operating lease right-of-use-asset	$	250,735	$	368,589
Current portion of operating lease liability	$	130,285	$	131,851
Operating lease liability		112,907		243,558
Total operating lease liabilities	$	243,192	$	375,409
Finance Lease				
Property and equipment, at cost	$	388,738	$	388,738
Accumulated depreciation		(207,327)		(168,452)
Property and equipment, net	$	181,411	$	220,286
Current portion of finance lease liability	$	35,509	$	67,276
Long term portion finance lease liability		123,084		153,099
Total finance lease liability	$	158,593	$	220,375

The Company determines if an arrangement is a lease at inception of the contract. Our right-of-use assets represent our right to use the underlying assets for the lease term and our lease liabilities represent our obligation to make lease payments arising from the leases. Right-of-use assets and lease liabilities are recognized at commencement date based on the present value of lease payments over the lease term. We use our estimated incremental borrowing rate, which is derived from information available at the lease commencement date, in determining the present value of lease payments. Our incremental borrowing rates are based on rates our bank would provide us on a fixed rate over the term of the lease.

Operating leases were primarily for real estate for our Monkey Joe locations. The Company has vacated all Monkey Joe locations. We are currently in the process of terminating remaining leases. Finance lease amounts are for our construction company. Our real estate lease agreements typically have initial terms of five to ten years, and our equipment lease agreements typically have initial terms of three to five years. Leases with an initial term of 12 months or less (“short-term leases”) are expensed.

Real estate leases may include one or more options to renew, with renewals that can extend the lease term usually for five years. The exercise of lease renewal options is at the Company’s sole discretion. In general, the Company does not consider renewal options to be reasonably likely to be exercised, therefore renewal options are generally not recognized as part of our right-of-use assets and lease liabilities. Certain leases also include options to purchase the leased property. The useful life of assets and leasehold improvements are limited by the expected lease term, unless there is a transfer of title or purchase option reasonably certain of exercise. The majority of the Company’s equipment leases have terms of three years.

NOTE 10 — LEASES (Continued)

Certain of our lease agreements for real estate include payments based on actual common area maintenance expenses and others include rental payments adjusted periodically for inflation. These variable lease payments are recognized in other operating expenses, net, but are not included in the right-of-use asset or liability balances. Our lease agreements do not contain any material residual value guarantees, restrictions or covenants.

We have elected the practical expedient that allows lessees to choose to not separate lease and non-lease components by class of underlying asset and are applying this expedient to all relevant asset classes. We have also elected the practical expedient package to not reassess at adoption (i) expired or existing contracts for whether they are or contain a lease, (ii) the lease classification of any existing leases or (iii) initial indirect costs for existing leases.

The following table presents the components of our lease expense and their classification in our Consolidated Statement of Operations for the three months ended September 30, 2023 and 2022:

Components of lease expense	Classification on Consolidated Statement of	2023	2022
Operating lease cost			
Operating lease expense	Rent and occupancy	$ 29,611	$ 21,288
Operating lease expense	Business processing and distributor costs	5,355	10,073
Variable lease expense	Rent and occupancy	-	5,931
		$ 34,966	$ 37,292
Operating lease expense - equipment	Office	$ 1,596	$ 2,370
Finance lease cost			
Amortization of equipment	Depreciation	$ 19,437	$ 19,437
Interest on lease liability	Interest	1,662	2,164
Total finance lease cost		$ 21,099	$ 21,601

NOTE 10 — LEASES (Continued)

The following table presents the components of our lease expense and their classification in our Consolidated Statement of Operations for the six months ended September 30, 2023 and 2022:

Components of lease expense	Classification on Consolidated Statement of	2023	2022
Operating lease cost			
Operating lease expense	Rent and occupancy	$ 60,926	$ 50,184
Operating lease expense	Business processing and distributor costs	36,670	30,220
Variable lease expense	Rent and occupancy	-	-
		$ 97,596	$ 80,404
Operating lease expense - equipment	Office	$ 3,192	$ 9,420
Finance lease cost			
Amortization of equipment	Depreciation	$ 38,874	$ 38,874
Interest on lease liability	Interest	3,227	4,496
Total finance lease cost		$ 42,101	$ 43,370

The weighted-average lease terms and discount rates for operating and finance leases are presented in the following table:

	September 30, 2023	September 30, 2022
Weighted-average remaining lease term (years)		
Operating Leases	2.78	2.83
Finance Lease	1.5	1.6
Weighted-avearge discount rate		
Operating Leases	2.66%	3.35%
Finance Lease	3.72%	3.72%

NOTE 10 — LEASES (Continued)

Cash flow and other information related to leases for the six months ended September 30, 2023 and 2022 is included in the following table:

	2023	2022
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash outflows for operating leases	$ 36,562	$ 33,731
Operating cash outflows for finance lease	3,227	4,496
Financing cash outflows for finance lease	25,056	30,241
Operating leases	195,161	195,161
Finance leases	-	-
Right-of-use assets leases terminated	-	-

Future maturities of lease liabilities at September 30, 2023 are presented in the following table:

	Operating Leases	Finance Lease
2025	$ 146,270	$ 38,678
2026	48,590	123,235
2027	47,526	-
2028	21,103	-
Total lease payments	263,489	161,913
Less: Imputed interest	20,297	3,320
Total lease obligation	243,192	158,593
Less: Current portion	130,285	35,509
Long-term lease obligation	$ 112,907	$ 123,084

NOTE 11 — LONG-TERM DEBT

Long-term debt as of September 30, 2023 and 2022 is as follows:

	2023	2022
Note payable to a bank, payable in 60 monthly principal and interest payments of $78,900, payments commenced on July 3, 2020. The interest rate on the note is fixed at 3.35%. The note matures on June 3, 2025 with a balloon payment due of $1,913,000. The note is collateralized by all deposits at the bank, pledge agreement, accounts receivable, inventory and property and equipment and contains both financial and non-financial covenants.	$ 3,339,798	$ 4,166,500
Note payable to a bank, payable in 60 monhtly principal and interest payments of $8,391, payments commenced on September 2023. The interest rate on the note is fixed at 6.70%. The note matures on August 2028. The note is collateralize by all deposits in the bank, pledge agreement, accounts receivable, inventory and property and equipment and contains both financial and non-financial convenants.	$ 420,745	
Less debt issuance costs	8,286	15,733
Less current portion	920,898	818,188
Long-term portion	$ 2,831,359	$ 3,332,579

Future principal maturities at September 30, 2023 are as follows:

2025	$ 920,898
2026	2,565,314
2027	85,456
2028	91,361
2029	89,228
	$ 3,752,257

NOTE 12 — SHAREHOLDERS' EQUITY

The Company announced on June 10, 2022, that its Board of Directors authorized a dividend of $.07 per share for shareholders of record June 30, 2022. The dividend was paid on July 12, 2022. The Company recorded dividends payable totally $556,949, which were included in the balance sheet at June 30, 2022.

The Company announced on September 13, 2022, that its Board of Directors authorized a dividend of $.05 per share for shareholders of record September 23, 2022. The dividend was paid on October 15, 2022. The Company recorded dividends payable totaling $404,963, which were included in balance sheet at September 30, 2022.

The Company announced on June 19, 2023, that its Board of Directors authorized a dividend of $.05 per share for shareholders of record June 30, 2023. The dividend was paid on July 18, 2023. The Company recorded dividends payable totally $404,243, which were included in the balance sheet at June 30, 2023.

The Company announced on September 11, 2023, that its Board of Directors authorized a dividend of $.05 per share for shareholders of record September 25, 2023. The dividend was paid on October 18, 2023. The Company recorded dividends payable totaling $404,663, which were included in balance sheet at September 30, 2023.

NOTE 13 — COMMITMENTS AND CONTINGENCIES

Legal Contingency

From time to time, the Company is involved in routine litigation that arises in the ordinary course of business. There are no pending significant legal proceedings to which the Company is a party for which management believes the ultimate outcome would have a material adverse effect on the Company's financial position.

Surety Bond

Empire, as a condition for entering into some of its construction contracts, had outstanding surety bonds of $2.2 million and $1.1 million as of September 30, 2023 and 2022, respectively. These surety bonds are collateralized by certain contracts receivable and is guaranteed by the Company.

NOTE 14 — CONCENTRATIONS

At September 30, 2023 and 2022, the Company derived approximately 75% and 79% of its accounts receivable from four and five insurance carriers, respectively. During the six months ended September 30, 2023 and 2022, the Company derived approximately 47% and 50% of its commission income from two insurance carriers, respectively.

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 $23,100 and $28,900 the six months ended September 30, 2023 and 2022, respectively.

NOTE 16 — RELATED PARTY TRANSACTIONS

The Company has entered into a service agreement with an entity owned by the stockholder of the Company for bookkeeping and other administrative services provided for the benefit of the Company. Administrative service fees and rent paid to the affiliated entity approximated $236,000 and $237,000 for the six months ended September 2023 and 2022, respectively.

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 in the accompanying consolidated statement of operations.