

TheMarketingAlliance, Inc.

111 West Port Plaza, Suite  
200, St Louis, MO, 63146

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314-275-8713

<https://www.themarketingalliance.com>  
[info@themarketingalliance.com](mailto:info@themarketingalliance.com)

## Quarterly Report

For the period ending September 30, 2024 (the "Reporting Period")

### Outstanding Shares

The number of shares outstanding of our Common Stock was:

8,210,266 as of September 30, 2024 (*Current Reporting Period Date or More Recent Date*)

8,081,266 as of March 31, 2024 (*Most Recent Completed Fiscal Year End*)

### Shell Status

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933, Rule 12b-2 of the Exchange Act of 1934 and Rule 15c2-11 of the Exchange Act of 1934):

Yes: ☐ No: ☒

Indicate by check mark whether the company's shell status has changed since the previous reporting period:

Yes: ☐ No: ☒

### Change in Control

Indicate by check mark whether a Change in Control<sup>4</sup> of the company has occurred during this reporting period:

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<sup>4</sup> "Change in Control" shall mean any events resulting in:

Yes: ☐ No: ☒

**1) Name and address(es) of the issuer and its predecessors (if any)**

In answering this item, provide the current name of the issuer and names used by predecessor entities, along with the dates of the name changes.

The Marketing Alliance, Inc.

Current State and Date of Incorporation or Registration: North Carolina

Standing in this jurisdiction: (e.g. active, default, inactive): active

Prior Incorporation Information for the issuer and any predecessors during the past five years:

None

Describe any trading suspension or halt orders issued by the SEC or FINRA concerning the issuer or its predecessors since inception:

None

List any stock split, dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months:

None

Address of the issuer's principal executive office:

111 West Port Plaza, Suite 200, St Louis, MO, 63146

Address of the issuer's principal place of business:

*X Check if principal executive office and principal place of business are the same address:*

\_\_\_\_\_

(i) Any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becoming the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company's then outstanding voting securities;

(ii) The consummation of the sale or disposition by the Company of all or substantially all of the Company's assets;

(iii) A change in the composition of the Board occurring within a two (2)-year period, as a result of which fewer than a majority of the directors are directors immediately prior to such change; or

(iv) The consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation.

Has the issuer or any of its predecessors been in bankruptcy, receivership, or any similar proceeding in the past five years?

No: ☒ Yes: ☐ If Yes, provide additional details below:

\_\_\_\_\_

## 2) Security Information

### Transfer Agent

Name: American Stock Transfer and Trust  
Phone: 718-921-8293  
Email: help@astfinancial.com  
Address: 6201 15<sup>th</sup> Avenue, Brooklyn, NY, 11219

### Publicly Quoted or Traded Securities:

*The goal of this section is to provide a clear understanding of the share information for its publicly quoted or traded equity securities. Use the fields below to provide the information, as applicable, for all outstanding classes of securities that are publicly traded/quoted.*

Trading symbol:	MAAL	
Exact title and class of securities outstanding:	Common	
CUSIP:	57061m107	
Par or stated value:	no par	
Total shares authorized:	50,000,000	as of date: September 30, 2024
Total shares outstanding:	8,210,266	as of date: September 30, 2024
Total number of shareholders of record:	115 (est)	as of date: September 30, 2024

*Please provide the above-referenced information for all other publicly quoted or traded securities of the issuer.*

\_\_\_\_\_

### Other classes of authorized or outstanding equity securities that do not have a trading symbol:

*The goal of this section is to provide a clear understanding of the share information for its other classes of authorized or outstanding equity securities (e.g., preferred shares that do not have a trading symbol). Use the fields below to provide the information, as applicable, for all other authorized or outstanding equity securities.*

Exact title and class of the security: \_\_\_\_\_  
 Par or stated value: \_\_\_\_\_  
 Total shares authorized: \_\_\_\_\_ as of date: \_\_\_\_\_  
 Total shares outstanding: \_\_\_\_\_ as of date: \_\_\_\_\_  
 Total number of shareholders of record: \_\_\_\_\_ as of date: \_\_\_\_\_

*Please provide the above-referenced information for all other classes of authorized or outstanding equity securities.*

\_\_\_\_\_

### **Security Description:**

*The goal of this section is to provide a clear understanding of the material rights and privileges of the securities issued by the company. Please provide the below information for each class of the company's equity securities, as applicable:*

1. **For common equity, describe any dividend, voting and preemption rights.**

\_\_\_\_\_

2. **For preferred stock, describe the dividend, voting, conversion, and liquidation rights as well as redemption or sinking fund provisions.**

\_\_\_\_\_

3. **Describe any other material rights of common or preferred stockholders.**

\_\_\_\_\_

4. **Describe any material modifications to rights of holders of the company's securities that have occurred over the reporting period covered by this report.**

\_\_\_\_\_

### **3) Issuance History**

*The goal of this section is to provide disclosure with respect to each event that resulted in any changes to the total shares outstanding of any class of the issuer's securities **in the past two completed fiscal years and any subsequent interim period.***

Disclosure under this item shall include, in chronological order, all offerings and issuances of securities, including debt convertible into equity securities, whether private or public, and all shares, or any other securities or options to acquire such securities, issued for services. Using the tabular format below, please describe these events.

**A. Changes to the Number of Outstanding Shares for the two most recently completed fiscal years and any subsequent period.**

Indicate by check mark whether there were any changes to the number of outstanding shares within the past two completed fiscal years:

No: Yes: X (If yes, you must complete the table below)

Shares Outstanding <u>Opening Balance:</u>			*Right-click the rows below and select "Insert" to add rows as needed.						
Date <u>7/1/24</u>	Common: <u>8,110,266</u> Preferred: _____								
Date of Transaction	Transaction type (e.g., new issuance, cancellation, shares returned to treasury)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per share) at issuance	Were the shares issued at a discount to market price at the time of issuance? (Yes/No)	Individual/ Entity Shares were issued to.  ***You must disclose the control person(s) for any entities listed.	Reason for share issuance (e.g. for cash or debt conversion) - OR- Nature of Services Provided	Restricted or Unrestricted as of this filing.	Exemption or Registration Type.
<u>8/13/24</u>	<u>New</u>	<u>20,000</u>	<u>Comm</u>	<u>1.26</u>	<u>no</u>	<u>Timothy Klusas</u>	<u>Board Service</u>	<u>Unrestricted</u>	_____
<u>8/13/24</u>	<u>New</u>	<u>20,000</u>	<u>Comm</u>	<u>1.26</u>	<u>no</u>	<u>Jack Dewald</u>	<u>Board Service</u>	<u>Unrestricted</u>	_____
<u>8/13/24</u>	<u>New</u>	<u>20,000</u>	<u>Comm</u>	<u>1.26</u>	<u>no</u>	<u>Arthur Jetter</u>	<u>Board Service</u>	<u>Unrestricted</u>	_____
<u>8/13/24</u>	<u>New</u>	<u>20,000</u>	<u>Comm</u>	<u>1.26</u>	<u>no</u>	<u>Joseph Bosnack, Jr</u>	<u>Board Service</u>	<u>Unrestricted</u>	_____
<u>8/13/24</u>	<u>New</u>	<u>20,000</u>	<u>Comm</u>	<u>1.26</u>	<u>no</u>	<u>Peter Milnes</u>	<u>Board Service</u>	<u>Unrestricted</u>	_____
Shares Outstanding on Date of This Report:									
<u>Ending Balance:</u>									
Date <u>9/30/24</u>	Common: <u>8,210,266</u> Preferred: _____								

**Example:** A company with a fiscal year end of December 31<sup>st</sup> 2023, in addressing this item for its Annual Report, would include any events that resulted in changes to any class of its outstanding shares from the period beginning on January 1, 2022 through December 31, 2023 pursuant to the tabular format above.

**\*\*\*Control persons for any entities in the table above must be disclosed in the table or in a footnote here.**

Use the space below to provide any additional details, including footnotes to the table above:

## B. Promissory and Convertible Notes

Indicate by check mark whether there are any outstanding promissory, convertible notes, convertible debentures, or any other debt instruments that may be converted into a class of the issuer's equity securities:

No: ☐ Yes: ☐ (If yes, you must complete the table below)

Date of Note Issuance	Outstanding Balance (\$)	Principal Amount at Issuance (\$)	Interest Accrued (\$)	Maturity Date	Conversion Terms (e.g. pricing mechanism for determining conversion of instrument to shares)	Name of Noteholder.  *** You must disclose the control person(s) for any entities listed.	Reason for Issuance (e.g. Loan, Services, etc.)
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____

**\*\*\*Control persons for any entities in the table above must be disclosed in the table or in a footnote here.**

Use the space below to provide any additional details, including footnotes to the table above:

## 4) Issuer's Business, Products and Services

The purpose of this section is to provide a clear description of the issuer's current operations. Ensure that these descriptions are updated on the Company's Profile on [www.OTCMarkets.com](http://www.OTCMarkets.com).

A. Summarize the issuer's business operations (If the issuer does not have current operations, state "no operations")

Headquartered in St. Louis, MO, The Marketing Alliance, Inc. (TMA) operates two business segments. TMA provides support to independent insurance brokerage agencies, with a goal of providing members value-added services on a more efficient basis than they can achieve individually. The Company also owns an earth moving and excavating business.

B. List any subsidiaries, parent company, or affiliated companies.

See above

C. Describe the issuers' principal products or services.

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 a subsidiary, provides construction, heavy equipment and trenching services in Iowa.

## **5) Issuer's Facilities**

*The goal of this section is to provide investors with a clear understanding of all assets, properties or facilities owned, used or leased by the issuer and the extent in which the facilities are utilized.*

In responding to this item, please clearly describe the assets, properties or facilities of the issuer. Describe the location of office space, data centers, principal plants, and other property of the issuer and describe the condition of the properties. Specify if the assets, properties, or facilities are owned or leased and the terms of their leases. If the issuer does not have complete ownership or control of the property, describe the limitations on the ownership.

<b>Components of lease balances</b>	<b>September 30, 2024</b>	<b>September 30, 2023</b>
<b>Operating Leases</b>		
Operating lease right-of-use-asset	\$ 115,183	\$ 250,735
Current portion of operating lease liability	\$ 76,956	\$ 130,285
Operating lease liability	35,951	112,907
Total operating lease liabilities	\$ 112,907	\$ 243,192

<b>Components of lease balances</b>	<b>September 30, 2024</b>	<b>September 30, 2023</b>
<b>Finance Lease</b>		
Property and equipment, at cost	\$ 388,738	\$ 388,738
Accumulated depreciation	(343,385)	(207,327)
Property and equipment, net	\$ 45,353	\$ 181,411
Current portion of finance lease liability	\$ 119,946	\$ 35,509
Long term portion finance lease liability	-	123,084
Total finance lease liability	\$ 119,946	\$ 158,593

<b>Components of lease expense</b>	<b>Classification on Consolidated Statement of Operations</b>	<b>2024</b>	<b>2023</b>
<b>Operating lease cost</b>			
Operating lease expense	Rent and occupancy	\$ 27,399	\$ 29,611
Operating lease expense	Business processing and distributor costs	14,580	5,355
		\$ 41,979	\$ 34,966
Operating lease expense - equipment	Office	\$ 1,905	\$ 1,596
<b>Finance lease cost</b>			
Amortization of equipment	Depreciation	\$ 19,437	\$ 19,437
Interest on lease liability	Interest	1,268	1,662
Total finance lease cost		\$ 20,705	\$ 21,099

## 6) All Officers, Directors, and Control Persons of the Company

Using the table below, please provide information, as of the period end date of this report, regarding all officers and directors of the company, or any person that performs a similar function, regardless of the number of shares they own.



In addition, list all individuals or entities controlling 5% or more of any class of the issuer's securities.

If any insiders listed are corporate shareholders or entities, provide the name and address of the person(s) beneficially owning or controlling such corporate shareholders, or the name and contact information (City, State) of an individual representing the corporation or entity. Include Company Insiders who own any outstanding units or shares of any class of any equity security of the issuer.

*The goal of this section is to provide investors with a clear understanding of the identity of all the persons or entities that are involved in managing, controlling or advising the operations, business development and disclosure of the issuer, as well as the identity of any significant or beneficial owners.*

Names of All Officers, Directors and Control Persons	Affiliation with Company (e.g. Officer Title /Director/Owner of more than 5%)	Residential Address (City / State Only)	Number of shares owned	Share type/class	Ownership Percentage of Class Outstanding	Names of control person(s) if a corporate entity
Timothy M, Klusas, CEO	<u>CEO</u>	Glen Carbon, IL	<u>Less than 5%</u>	<u>Common</u>	_____	_____
<u>Art Jetter, Secretary</u>	<u>Secretary</u>	Benbrook, TX	<u>Less than 5%</u>	<u>Common</u>	_____	_____
<u>Jack Dewald, Chairman</u>	<u>Chairman</u>	Germantown, TN	<u>Less than 5%</u>	<u>Common</u>	_____	_____

Confirm that the information in this table matches your public company profile on [www.OTCMarkets.com](http://www.OTCMarkets.com). If any updates are needed to your public company profile, log in to [www.OTCIQ.com](http://www.OTCIQ.com) to update your company profile.

## 7) Legal/Disciplinary History

A. Identify and provide a brief explanation as to whether any of the persons or entities listed above in Section 6 have, in the past 10 years:

1. Been the subject of an indictment or conviction in a criminal proceeding or plea agreement or named as a defendant in a pending criminal proceeding (excluding minor traffic violations);

None

2. Been the subject of the entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, financial- or investment-related, insurance or banking activities;

None

3. Been the subject of a finding, disciplinary order or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, a state securities regulator of a violation of federal or state securities or commodities law, or a foreign regulatory body or court, which finding or judgment has not been reversed, suspended, or vacated;

None

4. Named as a defendant or a respondent in a regulatory complaint or proceeding that could result in a "yes" answer to part 3 above; or

None

5. Been the subject of an order by a self-regulatory organization that permanently or temporarily barred, suspended, or otherwise limited such person's involvement in any type of business or securities activities.

None

6. Been the subject of a U.S Postal Service false representation order, or a temporary restraining order, or preliminary injunction with respect to conduct alleged to have violated the false representation statute that applies to U.S mail.

None

- B. Describe briefly any material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which the issuer or any of its subsidiaries is a party to or of which any of their property is the subject. Include the name of the court or agency in which the proceedings are pending, the date instituted, the principal parties thereto, a description of the factual basis alleged to underlie the proceeding and the relief sought. Include similar information as to any such proceedings known to be contemplated by governmental authorities.

None

## **8) Third Party Service Providers**

Provide the name, address, telephone number and email address of each of the following outside providers. You may add additional space as needed.

Confirm that the information in this table matches your public company profile on [www.OTCMarkets.com](http://www.OTCMarkets.com). If any updates are needed to your public company profile, update your company profile.

Securities Counsel (must include Counsel preparing Attorney Letters).

Name: LenEssig  
Firm: LewisRice

Address 1: 600WashingtonAvenue  
Address 2: St.Louis,MO,63101  
Phone: 314-444-7651  
Email: lessig@lewisrice.com

Accountant or Auditor

Name: PatrickFarrelly  
Firm: UHYLLP  
Address 1: 4 Tower Place, 7<sup>th</sup> Floor  
Address 2: Albany, NY 12203  
Phone: 518-449-3166  
Email: pfarrelly@uhy-us.com

Investor Relations

Name: Jeremy Hellman  
Firm: The Equity Group  
Address 1: 800 Third Avenue, 36<sup>th</sup> Floor  
Address 2: NY, NY 10022  
Phone: 212-836-9626  
Email: Jhellman@equityny.com

*All other means of Investor Communication:*

X (Twitter): \_\_\_\_\_  
Discord: \_\_\_\_\_  
LinkedIn: \_\_\_\_\_  
Facebook: \_\_\_\_\_  
[Other ]: \_\_\_\_\_

Other Service Providers

Provide the name of any other service provider(s) that **that assisted, advised, prepared, or provided information with respect to this disclosure statement**. This includes counsel, broker-dealer(s), advisor(s), consultant(s) or any entity/individual that provided assistance or services to the issuer during the reporting period.

Name: \_\_\_\_\_  
Firm: \_\_\_\_\_  
Nature of Services: \_\_\_\_\_  
Address 1: \_\_\_\_\_  
Address 2: \_\_\_\_\_  
Phone: \_\_\_\_\_

Email: \_\_\_\_\_

## 9) Disclosure & Financial Information

A. This Disclosure Statement was prepared by (name of individual):

Name: Jeremy Hellman  
Title: Vice President  
Relationship to Issuer: Outsourced consultant

B. The following financial statements were prepared in accordance with:

☐ IFRS  
☒ U.S. GAAP

C. The following financial statements were prepared by (name of individual):

Name: Jeremy Martin  
Title: VP - Finance  
Relationship to Issuer: Employee  
Describe the qualifications of the person or persons who prepared the financial statements:<sup>5</sup> CPA

Provide the following qualifying financial statements:

- Audit letter, if audited;
- Balance Sheet;
- Statement of Income;
- Statement of Cash Flows;
- Statement of Retained Earnings (Statement of Changes in Stockholders' Equity)
- Financial Notes

### **Financial Statement Requirements:**

- Financial statements must be published together with this disclosure statement as one document.
- Financial statements must be "machine readable". Do not publish images/scans of financial statements.
- Financial statements must be presented with comparative financials against the prior FYE or period, as applicable.

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<sup>5</sup> The financial statements requested pursuant to this item must be prepared in accordance with US GAAP or IFRS and by persons with sufficient financial skills.

- Financial statements must be prepared in accordance with U.S. GAAP or International Financial Reporting Standards (IFRS) but are not required to be audited.

## 10) Issuer Certification

*Principal Executive Officer:*

The issuer shall include certifications by the chief executive officer and chief financial officer of the issuer (or any other persons with different titles but having the same responsibilities) in each Quarterly Report or Annual Report.

The certifications shall follow the format below:

I, Timothy M. Klusas certify that:

1. I have reviewed this Disclosure Statement for The Marketing Alliance, Inc.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

12-4-2024 [Date]

Timothy M. Klusas [CEO's Signature]

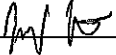
(Digital Signatures should appear as "/s/ [OFFICER NAME]")

*Principal Financial Officer:*

I, Jeremy Martin certify that:

1. I have reviewed this Disclosure Statement for The Marketing Alliance, Inc.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

12-4-2024 [Date]

 [VP - Finance's Signature]

(Digital Signatures should appear as "/s/ [OFFICER NAME]")



## FINANCIAL STATEMENTS

As of and for the six months ended  
September 30, 2024 and 2023  
(Unaudited)

**THE MARKETING ALLIANCE, INC.**  
**September 30, 2024 and 2023**

**THE MARKETING ALLIANCE, INC.**

**TABLE OF CONTENTS**

	Page
<b>Financial Statements</b>	
Consolidated Balance Sheets as of September 30, 2024 and 2023 (Unaudited)	1
Consolidated Statements of Operations for the six months ended September 30, 2024 and 2023 (Unaudited)	2
Consolidated Statements of Shareholders' Equity for six months ended September 30, 2024 and 2023 (Unaudited)	3
Consolidated Statements of Cash Flows for six months ended September 30, 2024 and 2023 (Unaudited)	4
Notes to Consolidated Financial Statements (Unaudited)	5



**THE MARKETING ALLIANCE, INC.**  
**CONSOLIDATED BALANCE SHEETS**  
**As of September 30, 2024 and 2023**  
**(UNAUDITED)**

	<u>2024</u>	<u>2023</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 1,373,965	\$ 1,764,444
Equity securities	2,768,917	4,054,377
Restricted cash	2,098,557	613,932
Accounts receivable	6,937,248	7,091,640
Current portion of notes receivable	541,860	120,921
Prepaid expenses and other current assets	172,557	130,159
Total current assets	<u>13,893,104</u>	<u>13,775,473</u>
<b>PROPERTY AND EQUIPMENT, net</b>	<u>762,452</u>	<u>965,129</u>
<b>OTHER ASSETS</b>		
Notes receivable, net due to the allowance	63,614	565,186
Restricted cash	-	1,893,097
Operating lease right-of-use assets	115,183	250,735
Total other assets	<u>178,797</u>	<u>2,709,018</u>
	<u><u>\$ 14,834,353</u></u>	<u><u>\$ 17,449,620</u></u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	4,980,015	5,537,353
Dividends payable	-	404,663
Line of credit payable	-	675,000
Current portion of notes payable	2,604,804	920,898
Current portion of finance lease liability	119,946	35,509
Current portion of operating lease liability	76,956	130,285
Liabilities related to discontinued operations	677	677
Total current liabilities	<u>7,782,398</u>	<u>7,704,385</u>
<b>LONG-TERM LIABILITIES</b>		
Notes payable, net of current portion and debt issuance costs	291,174	2,831,359
Finance lease liability, net of current portion	-	123,084
Operating lease liability, net of current portion	35,951	112,907
Deferred taxes	313,000	216,000
Other liabilities related to discontinued operations	-	-
Total long-term liabilities	<u>640,125</u>	<u>3,283,350</u>
Total liabilities	<u>8,422,523</u>	<u>10,987,735</u>
<b>COMMITMENTS AND CONTINGENCIES (NOTE 13)</b>		
<b>SHAREHOLDERS' EQUITY</b>		
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, 8,081,266 shares issued and outstanding September 30, 2023		
8,210,266 shares issued and outstanding September 30, 2024	1,173,061	1,025,341
Retained earnings	5,238,769	5,436,544
Total shareholders' equity	<u>6,411,830</u>	<u>6,461,885</u>
	<u><u>\$ 14,834,353</u></u>	<u><u>\$ 17,449,620</u></u>

*These financial statements have not been subjected to an audit or review or compilation engagement, and no assurance is provided on them.*

**THE MARKETING ALLIANCE, INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**As of September 30, 2024 and 2023**  
**(UNAUDITED)**

	Three Months Ended September 30,		Six Months Ended September 30,	
	2024	2023	2024	2023
Insurance commission and fee revenue	\$ 4,315,325	\$ 3,915,691	\$ 8,582,736	\$ 7,814,835
Construction revenue	592,270	944,139	689,722	1,124,941
Other insurance revenue	21,355	32,000	42,035	61,800
Total revenues	4,928,950	4,891,830	9,314,493	9,001,576
Insurance distributor related expenses:				
Distributor bonuses and commissions	2,852,956	2,598,684	5,874,359	5,158,737
Business processing and distributor costs	446,389	339,392	837,784	633,267
Depreciation	1,913	2,859	4,834	5,751
	3,301,258	2,940,935	6,716,977	5,797,755
Costs of construction:				
Direct and indirect costs of construction	197,034	461,617	328,465	615,160
Depreciation	62,927	61,482	125,189	118,494
	259,961	523,099	453,654	733,654
Total costs of revenues	3,561,219	3,464,034	7,170,631	6,531,409
Net operating revenue	1,367,731	1,427,796	2,143,862	2,470,167
General and administrative expenses:				
Compensation	281,832	359,009	554,961	758,438
Stock-based compensation	147,720	-	147,720	-
Administrative and other	103,169	142,174	234,197	289,242
Rent and occupancy	27,399	29,611	64,515	60,926
Professional fees	164,699	96,360	220,025	172,686
Technology	50,381	44,498	79,600	100,071
Insurance	72,299	62,708	154,508	134,479
Travel and meetings	(25,820)	29,726	27,644	163,135
Depreciation and amortization	1,917	14,181	11,485	27,038
Payroll related	17,314	20,531	37,697	43,345
Office	30,020	33,065	58,885	63,732
Telephone	6,862	4,746	10,530	11,197
Telemarketing, advertising and promotional	3,300	-	6,600	2,500
Total general and administrative expenses	881,092	836,609	1,608,367	1,826,789
Operating income from continuing operations	486,639	591,187	535,495	643,378
Other income (expense):				
Investment gain, net	61,203	(129,263)	23,983	22,949
Interest expense	(31,331)	(50,625)	(74,658)	(97,320)
Other income	-	-	4,938	-
Income from continuing operations before provision for income taxes	516,511	411,299	489,758	569,007
Income tax expense	115,000	174,700	138,100	192,900
Net Income	\$ 401,511	\$ 236,599	\$ 351,658	\$ 376,107

*These financial statements have not been subjected to an audit or review or compilation engagement, and no assurance is provided on them.*

**THE MARKETING ALLIANCE, INC.**  
**CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY**  
**Six Months Ended September 30, 2024 and 2023**  
**(UNAUDITED)**

	<u>Common Stock</u>		<u>Retained</u>	
	<u>Shares</u>	<u>Amount</u>	<u>Earnings</u>	<u>Total</u>
April 1, 2023	8,081,266	\$ 1,025,341	\$ 5,869,344	\$ 6,894,685
Dividends paid			(808,907)	(808,907)
Net Income	-	-	376,107	376,107
September 30, 2023	<u>8,081,266</u>	<u>1,025,341</u>	<u>5,436,544</u>	<u>6,461,885</u>
<b>April 1, 2024</b>	<b>8,081,266</b>	<b>\$ 1,025,341</b>	<b>\$ 5,698,138</b>	<b>\$ 6,723,479</b>
<b>Issuance of common stock</b>	<b>129,000</b>	<b>147,720</b>	<b>-</b>	<b>147,720</b>
<b>Dividends paid</b>	<b>-</b>	<b>-</b>	<b>(811,027)</b>	<b>(811,027)</b>
<b>Net income</b>	<b>-</b>	<b>-</b>	<b>351,658</b>	<b>351,658</b>
<b>September 30, 2024</b>	<u><b>8,210,266</b></u>	<u><b>1,173,061</b></u>	<u><b>5,238,769</b></u>	<u><b>6,411,830</b></u>

*These financial statements have not been subjected to an audit or review or compilation engagement, and no assurance is provided on them.*

**The Marketing Alliance, Inc.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**Six Months Ended September 30, 2024 and 2023**  
**(UNAUDITED)**

	<u>2024</u>	<u>2023</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 351,658	\$ 376,107
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	141,508	151,283
Amortization of right-of-use asset	(64,035)	(70,605)
Realized and unrealized investment gains	(23,983)	(22,949)
Deferred taxes	-	26,000
Debt issuance costs amortization	2,486	3,244
Stock-based compensation	147,720	-
Changes in operating assets and liabilities:		
Accounts receivable	555,564	949,965
Prepaid expenses and other assets	333,899	320,572
Accounts payable and accrued expenses	(1,010,654)	(959,304)
Operating lease liability	(61,380)	(67,075)
Net cash provided by operating activities	<u>372,783</u>	<u>707,238</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(74,280)	(474,232)
Principal payments received on promissory notes	6,692	10,747
Proceeds from sale of investments	113,604	600,000
Purchases of investments	(21,032)	(522,047)
Net cash provided by (used by) investing activities	<u>24,984</u>	<u>(385,532)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid	(811,027)	(808,907)
Proceeds from notes payable	-	426,809
Principal payments on finance lease	(19,428)	(25,056)
Principal payments on notes payable	(466,766)	(418,104)
Net advances under lines of credit	(675,000)	75,000
Net cash used in financing activities	<u>(1,972,221)</u>	<u>(750,258)</u>
Change in cash and cash equivalents, and restricted cash	(1,574,454)	(428,552)
Cash and cash equivalents, and restricted cash at beginning of period	5,046,976	4,600,025
Cash and cash equivalents, and restricted cash at end of period	<u>\$ 3,472,522</u>	<u>\$ 4,171,473</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION</b>		
Cash paid during the period for:		
Interest	<u>\$ 74,658</u>	<u>\$ 97,320</u>
<b>NON-CASH FINANCING ACTIVITIES</b>		
Proceeds from notes payable	<u>\$ 63,058</u>	<u>\$ -</u>

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**THE MARKETING ALLIANCE, INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**September 30, 2024 and 2023**

**NOTE 1 — ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

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

The Company, through 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:

<u>Entity</u>	<u>Year Operations Began</u>
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.

**Discontinued Operations:**

As of March 31, 2021, all Monkey Joe’s locations were closed. The impacts of the COVID-19 pandemic forced the closing of all Monkey Joe’s locations.

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**THE MARKETING ALLIANCE, INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**September 30, 2024 and 2023**

**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. 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 30<sup>th</sup> and December 31<sup>st</sup>. 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 \$2,098,557 and \$2,507,029 as of September 30, 2024 and 2023, respectively.

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**THE MARKETING ALLIANCE, INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**September 30, 2024 and 2023**

**NOTE 1 — ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Significant Accounting Policies - Continued**

**Cash, cash equivalents, and restricted cash - Continued:**

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:

	2024	2023
Cash and cash equivalents	\$ 1,373,965	\$ 1,764,444
Restricted cash - current assets	2,098,557	613,932
Restricted cash - other assets	-	1,893,097
	<u>\$ 3,472,522</u>	<u>\$ 4,271,473</u>

**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 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 credit losses based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for credit losses by regularly evaluating individual customer receivables and considering a customer's financial condition, credit history, and current economic conditions. The allowance for credits losses was \$-0- at both six months ended September 30, 2024 and 2023. Accounts receivable are written off when they are deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received.

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**THE MARKETING ALLIANCE, INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**September 30, 2024 and 2023**

**NOTE 1 — ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Significant Accounting Policies - Continued**

**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.

**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.

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**THE MARKETING ALLIANCE, INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**September 30, 2024 and 2023**

**NOTE 1 — ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Significant Accounting Policies - Continued**

**Notes receivable, net:**

Notes receivable are stated at unpaid principal balances, less an allowance for credit losses. 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, 2024 and 2023 there was an allowance for credit losses of \$11,930 and \$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. Our annual asset impairment test is conducted as of our fiscal year end.

**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.

**Subsequent events:**

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through November 20, 2024, the date the financial statements were issued.

**NOTE 2 — EQUITY SECURITIES**

Equity securities are comprised of the following at September 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Equity securities at fair value	\$ 1,768,917	\$ 3,054,377
Equity Investment, recorded at cost	<u>1,000,000</u>	<u>1,000,000</u>
	<u>\$ 2,768,917</u>	<u>\$ 4,054,377</u>

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**THE MARKETING ALLIANCE, INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**September 30, 2024 and 2023**

**NOTE 2 — EQUITY SECURITIES – CONTINUED**

Net investment income for the six months ended September 30, 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>
Interest and dividend income	\$ 51,473	\$ 63,763
Realized gains (losses) on investments, net	74,167	(47,746)
Unrealized (losses) gains on investments, net	(92,236)	23,652
Investment management fees	(9,421)	(16,720)
Net investment income	<u>\$ 23,983</u>	<u>\$ 22,949</u>

Equity securities are pledged as collateral pursuant to margin and loan agreements entered into by the Company. At September 30, 2024 and 2023 no amounts were outstanding under the margin and loan agreements.

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 six months ended September 30, 2024 and 2023.

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, 2024 and 2023 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:

	<u>2024</u>	<u>2023</u>
Equity Investment, recorded at cost	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>

The Company holds investments of \$1,000,000 in the common stock of a private company at both September 30, 2024 and 2023. The Company's investment represented less than 10% of the private Company's issues and outstanding common stock at both September 30, 2024 and 2023.

**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.

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**THE MARKETING ALLIANCE, INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**September 30, 2024 and 2023**

**NOTE 3 — FAIR VALUE MEASUREMENTS – CONTINUED**

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, 2024 and 2023:

*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.

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, 2024 and 2023:

Equity Securities	2024			
	Assets at Fair Value			
	Level 1	Level 2	Level 3	Total
Common stocks	\$ 1,173,115	\$ -	\$ 63,401	\$ 1,236,516
Limited partnership	-	-	532,401	532,401
	<u>\$ 1,173,115</u>	<u>\$ -</u>	<u>\$ 595,802</u>	<u>\$ 1,768,917</u>
Equity Securities	2023			
	Assets at Fair Value			
	Level 1	Level 2	Level 3	Total
Common stocks	\$ 2,481,196	\$ -	\$ 63,401	\$ 2,544,597
Limited partnership	-	-	509,780	509,780
	<u>\$ 2,481,196</u>	<u>\$ -</u>	<u>\$ 573,181</u>	<u>\$ 3,054,377</u>

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**THE MARKETING ALLIANCE, INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**September 30, 2024 and 2023**

**NOTE 3 — FAIR VALUE MEASUREMENTS – CONTINUED**

The following is a roll-forward of Level 3 fair value instruments for the six months ended September 30, 2024 and 2023:

	<b>Limited Partnership Interest</b>	<b>Common Stocks</b>
Balance, April 1, 2023	\$ 579,778	\$ 63,401
Unrealized loss relating to instruments still held at the reporting date	(69,998)	-
Balance, September 30, 2023	<u>\$ 509,780</u>	<u>\$ 63,401</u>
Unrealized gain relating to instruments still held at the reporting date	22,621	-
Balance, September 30, 2024	<u>\$ 532,401</u>	<u>\$ 63,401</u>

Quantitative information about Level 3 Fair Value Investments:

	<b>Fair Value at September 30, 2024</b>	<b>Fair Value at September 30, 2023</b>	<b>Valuation Techniques</b>	<b>0 Input</b>
Common stocks	\$ 63,401	\$ 63,401	Conversion rate of recent private transaction	Recent private transaction rates
Limited partnership investment	\$ 532,401	\$ 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.

The nature and risk of certain investments by major category at September 30, 2024 are presented as follows:

	<b>Fair Value</b>	<b>Redemption Provisions</b>
Limited Partnership	\$532,401	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

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**THE MARKETING ALLIANCE, INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**September 30, 2024 and 2023**

**NOTE 3 — FAIR VALUE MEASUREMENTS – CONTINUED**

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, 2024 and 2023 are as follows:

	2024	2023
Commissions receivable	\$ 1,613,226	\$ 1,305,848
Deferred first year commissions	4,652,858	5,148,197
Construction receivables	671,164	637,595
	<u>\$ 6,937,248</u>	<u>\$ 7,091,640</u>

**NOTE 5 — NOTES RECEIVABLE, NET**

Notes receivable, net at September 30, 2024 and 2023 are as follows:

	2024	2023
Distributor notes receivable, in aggregate monthly installments of approximately \$3,900 including interest at a rate of 5% per annum, final maturity in February 2026. 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.	\$ 605,474	\$ 618,717
Note receivable of \$145,000 net of imputed interest of \$10,610 (at 5%), net of allowance for credit losses of \$11,930 and \$67,000, respectively.	-	67,390
Total notes receivable	605,474	686,107
Less current portion	<u>(541,860)</u>	<u>(120,921)</u>
Long-term portion	<u>\$ 63,614</u>	<u>\$ 565,186</u>

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, 2024 are as follows:

2025	541,860
2026	<u>63,614</u>
	<u>\$ 605,474</u>

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**THE MARKETING ALLIANCE, INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**September 30, 2024 and 2023**

**NOTE 6 — PROPERTY AND EQUIPMENT**

Net property and equipment is comprised of the following at September 30, 2024 and 2023:

	2024	2023
Office equipment, furniture and fixtures	\$ 1,303,467	\$ 1,236,799
Construction equipment	2,228,050	2,218,389
Building	216,000	216,000
Leasehold improvements	7,579	7,579
Land	29,604	29,604
	3,784,700	3,708,371
Less accumulated depreciation	(3,022,248)	(2,743,242)
	<u>\$ 762,452</u>	<u>\$ 965,129</u>

Depreciation expense was \$141,508 and \$151,283 for the six months ended September 30, 2024 and 2023, respectively.

**NOTE 7 — LINE OF CREDIT**

The Company had one secured line of credit for \$1,000,000 due on demand. There was \$-0- and \$675,000 outstanding at September 30, 2024 and 2023, 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, 2024 and 2023, the interest rate was 7.18% and 6.94%, respectively. 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, 2024 and 2023 are summarized as follows:

	2024	2023
Accounts payable	\$ 7,669	\$ 164,848
Technology benefits	40,845	80,013
Distributor commissions	1,255,328	1,477,603
Deferred first year commissions	3,508,146	3,581,963
Accrued compensation	49,505	26,949
Other	118,522	205,977
	<u>\$ 4,980,015</u>	<u>\$ 5,537,353</u>

*These financial statements have not been subjected to an audit or review or compilation engagement, and no assurance is provided on them.*

**THE MARKETING ALLIANCE, INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**September 30, 2024 and 2023**

**NOTE 9 — INCOME TAXES**

Income tax expense for the six months ended September 30, 2024 and 2023 is summarized as follows:

	<u>2024</u>	<u>2023</u>
Current	\$ 133,100	\$ 187,900
Deferred	<u>5,000</u>	<u>5,000</u>
	<u>\$ 138,100</u>	<u>\$ 192,900</u>

Deferred tax assets and liabilities at September 30, 2024 and 2023 were attributable to the following

	<u>2024</u>	<u>2023</u>
Deferred Tax Assets:		
Intangible assets	\$ 3,940	\$ 5,490
Accrued vacation	3,760	3,450
Impairment on investment other than temporary	<u>21,060</u>	<u>21,060</u>
Total gross deferred tax assets	<u>28,760</u>	<u>30,000</u>
Deferred Tax Liabilities:		
Unrealized gains on investments	(204,610)	(124,300)
Property and equipment	<u>(137,150)</u>	<u>(121,700)</u>
Total gross deferred tax liabilities	<u>(341,760)</u>	<u>(246,000)</u>
Total net deferred tax liabilities	<u>\$ (313,000)</u>	<u>\$ (216,000)</u>

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, 2024 and 2023:

	<u>2024</u>		<u>2023</u>	
	<u>\$</u>	<u>%</u>	<u>\$</u>	<u>%</u>
Tax at federal statutory rate	\$ 132,900	21%	\$ 180,400	21%
State income taxes, net of federal benefit	10,200	3%	12,000	3%
Permanent differences	(5,000)	-1%	(2,500)	0%
Other	<u>-</u>	<u>0%</u>	<u>3,000</u>	<u>0%</u>
	<u>\$ 138,100</u>	<u>23%</u>	<u>\$ 192,900</u>	<u>24%</u>

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**THE MARKETING ALLIANCE, INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**September 30, 2024 and 2023**

**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, 2024 and 2023:

Components of lease balances	September 30, 2024	September 30, 2023
<b>Operating Leases</b>		
Operating lease right-of-use-asset	\$ 115,183	\$ 250,735
Current portion of operating lease liability	\$ 76,956	\$ 130,285
Operating lease liability	35,951	112,907
Total operating lease liabilities	\$ 112,907	\$ 243,192
<b>Components of lease balances</b>	<b>September 30, 2024</b>	<b>September 30, 2023</b>
<b>Finance Lease</b>		
Property and equipment, at cost	\$ 388,738	\$ 388,738
Accumulated depreciation	(343,385)	(207,327)
Property and equipment, net	\$ 45,353	\$ 181,411
Current portion of finance lease liability	\$ 119,946	\$ 35,509
Long term portion finance lease liability	-	123,084
Total finance lease liability	\$ 119,946	\$ 158,593

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.

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.

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.

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**THE MARKETING ALLIANCE, INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**September 30, 2024 and 2023**

**NOTE 10 — LEASES – CONTINUED**

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, 2024 and 2023:

<u>Components of lease expense</u>	<u>Classification on Consolidated Statement of Operations</u>	<u>2024</u>	<u>2023</u>
<b>Operating lease cost</b>			
Operating lease expense	Rent and occupancy	\$ 27,399	\$ 29,611
Operating lease expense	Business processing and distributor costs	14,580	5,355
		<u>\$ 41,979</u>	<u>\$ 34,966</u>
Operating lease expense - equipment	Office	<u>\$ 1,905</u>	<u>\$ 1,596</u>
<b>Finance lease cost</b>			
Amortization of equipment	Depreciation	\$ 19,437	\$ 19,437
Interest on lease liability	Interest	1,268	1,662
Total finance lease cost		<u>\$ 20,705</u>	<u>\$ 21,099</u>

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, 2024 and 2023:

<u>Components of lease expense</u>	<u>Classification on Consolidated Statement of Operations</u>	<u>2024</u>	<u>2023</u>
<b>Operating lease cost</b>			
Operating lease expense	Rent and occupancy	\$ 64,515	\$ 60,926
Operating lease expense	Business processing and distributor costs	28,502	36,670
		<u>\$ 93,017</u>	<u>\$ 97,596</u>
Operating lease expense - equipment	Office	<u>\$ 3,192</u>	<u>\$ 3,192</u>
<b>Finance lease cost</b>			
Amortization of equipment	Depreciation	\$ 38,874	\$ 38,874
Interest on lease liability	Interest	2,445	3,227
Total finance lease cost		<u>\$ 41,319</u>	<u>\$ 42,101</u>

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

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**THE MARKETING ALLIANCE, INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**September 30, 2024 and 2023**

	September 30, 2024	September 30, 2023
<b>Weighted-average remaining lease term (years)</b>		
Operating Leases	1.80	2.78
Finance Lease	0.5	1.5
<b>Weighted-average discount rate</b>		
Operating Leases	1.06%	2.66%
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, 2024 and 2023 is included in the following table:

	2024	2023
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash outflows for operating leases	\$ 61,380	\$ 36,562
Operating cash outflows for finance lease	2,887	3,227
Financing cash outflows for finance lease	19,428	25,056
Operating leases	-	195,161

Future maturities of lease liabilities at September 30, 2024 are presented in the following table:

	Operating Leases	Finance Lease
2025	\$ 48,590	\$ 122,406
2026	47,526	-
2027	21,103	-
2028	-	-
Total lease payments	117,219	122,406
Less: Imputed interest	4,312	2,460
Total lease obligation	112,907	119,946
Less: Current portion	76,956	119,946
Long-term lease obligation	\$ 35,951	\$ -

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**THE MARKETING ALLIANCE, INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**September 30, 2024 and 2023**

**NOTE 11 — LONG-TERM DEBT**

Long-term debt as of September 30, 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>
Note payable to a NBT 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.	\$ 2,493,724	\$ 3,339,798
Note payable to a NBT bank, payable in 60 monthly 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 collateralized by all deposits in the bank, pledge agreement, accounts receivable, inventory and property and equipment and contains both financial and non-	\$ 344,819	\$ 420,745
Note payable to Wells Fargo bank, payable in 24 monthly principal and interest payments of \$2,708, payments commenced on September 2024. The interest rate on the note is fixed at 2.90%. The note matures on August 2026. The note is collateralized by the equipment.	\$ 60,503	\$ -
Total notes payable	2,899,046	3,760,543
Less unamortized debt issuance costs	(3,068)	(8,286)
Less current portion	(2,604,804)	(920,898)
Long-term portion	<u>\$ 291,174</u>	<u>\$ 2,831,359</u>

Future principal maturities at September 30, 2024 are as follows:

2025	\$ 2,604,804
2026	114,812
2027	91,361
2028	88,069
	<u>\$ 2,899,046</u>

**NOTE 12 — SHAREHOLDERS' EQUITY**

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 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.

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**THE MARKETING ALLIANCE, INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**September 30, 2024 and 2023**

**NOTE 12 — SHAREHOLDERS' EQUITY - CONTINUED**

The Company announced on April 5, 2024, that its Board of Directors authorized a dividend of \$0.05 per share for shareholders of record April 23, 2024. The dividend, totaling \$405,513, was paid on May 1, 2024.

The Company announced on July 24, 2024, that its Board of Directors authorized a dividend of \$0.05 per share for shareholders of record August 9, 2024. The dividend, totaling \$405,513, was paid on August 16, 2024.

**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 \$1.4 million and \$2.2 million as of September 30, 2024 and 2023, respectively. These surety bonds are collateralized by certain contracts receivable and are guaranteed by the Company.

**Stock-Based Compensation**

The Company awarded restricted shares of common stock to select employees and board of directors in the amount of 129,000 shares and, when vested, entitle the holder to a specific number of shares of common stock at a price per share equal to the closing value on vesting date based on a certain vesting period. For the six-month period ended September 30, 2024, restricted shares of 112,000 were vested at a value of \$147,720 and were included in general and administrative expenses on the statement of operations.

**NOTE 14 — CONCENTRATIONS**

At September 30, 2024 and 2023, the Company derived approximately 70% and 75% of its accounts receivable from two and four insurance carriers, respectively. During the six months ended September 30, 2024 and 2023, the Company derived approximately 55% and 47% 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 \$23,900 and \$23,100 for the six months ended September 30, 2024 and 2023, 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.

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**THE MARKETING ALLIANCE, INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**September 30, 2024 and 2023**

Administrative service fees and rent paid to the affiliated entity approximated \$215,000 and \$236,000 for the six months ended September 30, 2024 and 2023, 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 and approximated \$174,700 and \$209,300 for the six months ended September 30, 2024 and 2023, respectively.