THE MARKETING ALLIANCE, INC.

FINANCIAL STATEMENTS

As of and for the three months ended
June 30, 2024 and 2023
(Unaudited)

THE MARKETING ALLIANCE, INC.

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THE MARKETING ALLIANCE, INC.
CONSOLIDATED BALANCE SHEETS
As of June 30,
(UNAUDITED)

	2024	2023
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	**$ 2,126,142**	$ 1,377,085
Equity securities	**2,703,556**	4,198,705
Restricted cash	**573,841**	554,525
Accounts receivable	**6,835,969**	7,450,218
Current portion of notes receivable	**545,211**	123,123
Prepaid expenses	**250,589**	211,569
Total current assets	**13,035,308**	13,915,225
PROPERTY AND EQUIPMENT, net	**758,935**	1,043,651
OTHER ASSETS		
Notes receivable, net due to the allowance	**63,614**	568,392
Restricted cash	**1,524,081**	2,050,737
Operating lease right-of-use assets	**143,110**	286,150
Total other assets	**1,730,805**	2,905,279
	$ 15,525,048	$ 17,864,155
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	**5,606,931**	6,193,682
Dividends payable	**-**	404,243
Line of credit payable	**-**	675,000
Current portion of notes payable	**938,068**	838,929
Current portion of finance lease liability	**26,431**	41,579
Current portion of operating lease liability	**86,213**	137,653
Liablities related to discontinued operations	**677**	677
Total current liabilities	**6,658,320**	8,291,763
LONG-TERM LIABILITIES		
Notes payable, net of current portion and debt issuance costs	**2,129,313**	2,697,906
Finance lease liability, net of current portion	**103,199**	129,629
Operating lease liability, net of current portion	**53,103**	139,315
Deferred taxes	**313,000**	216,000
Other liabilities related to discontinued operations	-	-
Total long-term liabilities	**2,598,615**	3,182,850
Total liabilities	**9,256,935**	11,474,613
COMMITMENTS AND CONTINGENCIES (NOTE 13)		
SHAREHOLDERS' EQUITY		
Preferred stock, no par value, 10,000,000 shares authorized, no shares issued and outstanding	**-**	-
Common stock, no par value; 50,000,000 shares authorized, 8,110,266 shares issued and outstanding	**1,025,341**	1,025,341
Retained earnings	**5,242,772**	5,364,201
Total shareholders' equity	**6,268,113**	6,389,542
	$ 15,525,048	$ 17,864,155

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 (UNAUDITED)

	Three Months Ended June 30,		Three Months Ended June 30,	
	2024	2023	**2024**	2023
Insurance commission and fee revenue	**$ 4,267,411**	$ 3,899,144	**$ 4,267,411**	$ 3,899,144
Construction revenue	**97,452**	180,802	**97,452**	180,802
Other insurance revenue	**20,680**	29,800	**20,680**	29,800
Total revenues	**4,385,543**	4,109,746	**4,385,543**	4,109,746
Insurance distributor related expenses:				
Distributor bonuses and commissions	**3,021,403**	2,560,053	**3,021,403**	2,560,053
Business processing and distributor costs	**391,395**	293,875	**391,395**	293,875
Depreciation	**2,921**	2,892	**2,921**	2,892
	3,415,719	2,856,820	**3,415,719**	2,856,820
Costs of construction:				
Direct and indirect costs of construction	**131,431**	153,543	**131,431**	153,543
Depreciation	**62,262**	57,012	**62,262**	57,012
	193,693	210,555	**193,693**	210,555
Total costs of revenues	**3,609,412**	3,067,375	**3,609,412**	3,067,375
Net operating revenue	**776,131**	1,042,371	**776,131**	1,042,371
General and administrative expenses:				
Compensation	**273,129**	399,429	**273,129**	399,429
Administrative and other	**131,028**	147,068	**131,028**	147,068
Rent and occupancy	**37,116**	31,315	**37,116**	31,315
Professional fees	**55,326**	76,326	**55,326**	76,326
Technology	**29,219**	55,573	**29,219**	55,573
Insurance	**82,209**	71,771	**82,209**	71,771
Travel and meetings	**53,464**	133,409	**53,464**	133,409
Depreciation and amortization	**9,568**	12,857	**9,568**	12,857
Payroll related	**20,383**	22,814	**20,383**	22,814
Office	**28,865**	30,667	**28,865**	30,667
Telephone	**3,668**	6,451	**3,668**	6,451
Telemarketing, advertising and promotional	**3,300**	2,500	**3,300**	2,500
Total general and administrative expenses	**727,275**	990,180	**727,275**	990,180
Operating income from continuing operations	**48,856**	52,191	**48,856**	52,191
Other income (expense):				
Investment gain (loss), net	**(37,220)**	152,212	**(37,220)**	152,212
Interest	**(43,327)**	(46,695)	**(43,327)**	(46,695)
Other income	**4,938**	-	**4,938**	-
Income (loss) from continuing operations before provision for income taxes	**(26,753)**	157,708	**(26,753)**	157,708
Income tax expense	**23,100**	18,200	**23,100**	18,200
Net Income (Loss)	**$ (49,853)**	$ 139,508	**$ (49,853)**	$ 139,508

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
Three Months Ended June 30, 2024 and 2023
(UNAUDITED)

	Common Stock		Retained	
	Shares	Amount	Earnings	Total
April 1, 2023	8,110,266	$ 1,025,341	$ 5,628,936	$ 6,654,277
Dividends paid			(404,243)	(404,243)
Net Income	-	-	139,508	139,508
June 30, 2023	8,110,266	1,025,341	5,364,201	6,389,542
April 1, 2024	**8,110,266**	**$ 1,025,341**	**$ 5,698,138**	**$ 6,723,479**
Issuance of common stock			**-**	**-**
Dividends paid	**-**	**-**	**(405,513)**	**(405,513)**
Net income (loss)	**-**	**-**	**(49,853)**	**(49,853)**
June 30, 2024	**8,110,266**	**1,025,341**	**5,242,772**	**6,268,113**

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The Marketing Alliance, Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS
Three Months Ended June 30,

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	**$ (49,853)**	$ 139,508
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	**74,751**	72,761
Amortization of right-of-use asset	**(36,108)**	(35,190)
Realized and unrealized investment losses	**(37,220)**	(152,212)
Deferred taxes	**-**	26,000
Debt issuance costs amortization	**1,291**	1,669
Changes in operating assets and liabilities:		
Accounts receivable	**656,843**	314,995
Prepaid expenses and other assets	**255,867**	239,162
Accounts payable and accrued expenses	**(505,232)**	(443,380)
Operating lease liability	**(34,971)**	(33,299)
Net cash provided by operating activities	**325,368**	130,014
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	**(4,006)**	(474,232)
Principal payments received on promissory notes	**3,341**	5,339
Proceeds from sale of investments	**171,170**	(237,115)
Purchases of investments	**-**	300,000
Net cash provided by (used by) investing activities	**170,505**	(406,008)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	**(405,513)**	(404,243)
Principal payments on finance lease	**(9,744)**	(12,441)
Principal payments on notes payable	**(228,528)**	-
Net advances under lines of credit	**(675,000)**	75,000
Net cash used in financing activities	**(1,318,785)**	(341,684)
Change in cash and cash equivalents, and restricted cash	**(822,912)**	(617,678)
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	**$ 4,224,064**	$ 3,982,347
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION		
Cash paid during the period for:		
Interest	**$ 43,327**	$ 46,695
Income taxes	**$ -**	$ -

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

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:

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.

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.

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 30th and December 31st of each year. 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 $2,097,922 and $2,905,262 as of June 30, 2024 and 2023, respectively.

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	$ 2,126,142	$ 1,377,085
Restricted cash - current assets	573,841	554,525
Restricted cash - other assets	1,524,081	2,050,737
	$ 4,224,064	$ 3,982,347

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 three months ended June 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.

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 tax assets 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.

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 June 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 August 27, 2024, the date the financial statements were issued.

NOTE 2 — EQUITY SECURITIES

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

	2024	2023
Equity securities at fair value	$ 1,703,556	$ 3,198,705
Equity Investment, recorded at cost	1,000,000	1,000,000
	$ 2,703,556	$ 4,198,705

Net investment income for the three months ended June 30, is as follows:

	2024	2023
Interest and dividend income	$ 30,303	$ 42,872
Realized gains on investments, net	58,343	30,664
Unrealized (losses) gains on investments, net	(121,146)	86,668
Investment management fees	(4,720)	(7,992)
Net investment (loss) income	$ (37,220)	$ 152,212

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

NOTE 2 — EQUITY SECURITIES – CONTINUED

Equity securities are pledged as collateral pursuant to margin and loan agreements entered into by the Company. At June 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 in the consolidated statements of operations. No adjustment of the nonmarketable securities was required for the three months ended June 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 June 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:

	2024	2023
Equity Investment, recorded at cost	$ 1,000,000	$ 1,000,000

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

The following is a description of the valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in the methodologies used at June 30, 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,

NOTE 3 — FAIR VALUE MEASUREMENTS – CONTINUED

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 June 30,:

	2024			
Equity Securities	**Assets at Fair Value**			
	Level 1	**Level 2**	**Level 3**	**Total**
Common stocks	$ 1,119,916	$ -	$ 63,401	$ 1,183,317
Limited partnership	-	-	520,239	520,239
	$ 1,119,916	$ -	$ 583,640	$ 1,703,556

	2023			
Equity Securities	**Assets at Fair Value**			
	Level 1	**Level 2**	**Level 3**	**Total**
Common stocks	$ 2,570,358	$ -	$ 63,401	$ 2,633,759
Limited partnership	-	-	564,946	564,946
	$ 2,570,358	$ -	$ 628,347	$ 3,198,705

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

	Limited Partnership Interest	**Common Stocks**
Balance, April 1, 2023	$ 579,778	$ 63,401
Unrealized loss relating to instruments still held at the reporting date	(14,832)	-
Balance, June 30, 2023	$ 564,946	$ 63,401
Unrealized loss relating to instruments still held at the reporting date	(44,707)	-
Balance, June 30, 2024	$ 520,239	$ 63,401

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

NOTE 3 — FAIR VALUE MEASUREMENTS – CONTINUED

Quantitative information about Level 3 Fair Value Investments:

	Fair Value at June 30, 2024	Fair Value at June 30, 2023	Valuation Techniques	0 Input
Common stocks	$ 63,401	$ 63,401	Conversion rate of recent private transaction	Recent private transaction rates
Limited partnership investment	$ 520,239	$ 564,946	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 June 30, 2024 are presented as follows:

	Fair Value	Redemption Provisions
Limited Partnership	$520,239	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 June 30, 2024 and 2023 are as follows:

	2024	2023
Commissions receivable	$ 1,639,816	$ 1,570,862
Deferred first year commissions	5,102,858	5,598,197
Construction receivables	93,295	281,159
	$ 6,835,969	$ 7,450,218

NOTE 5 — NOTES RECEIVABLE, net

Notes receivable, net at June 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.	$ 608,825	$ 624,125
Note receivable of $145,000 net of imputed interest of $10,610 (at 5%), net of allowance for credit losses of $122,460 and $67,000, respectively.	-	67,390
Total notes receivable	608,825	691,515
Less current portion	(545,211)	(123,123)
Long-term portion	$ 63,614	$ 568,392

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

Estimated future principal payments to be received as of June 30, 2024 are as follows:

2025	545,211
2026	63,614
	$ 608,825

NOTE 6 — PROPERTY AND EQUIPMENT

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

	2024	2023
Office equipment, furniture and fixtures	$ 1,299,780	$ 1,236,799
Construction equipment	2,161,462	2,218,389
Building	216,000	216,000
Leasehold improvements	7,579	7,579
Land	29,604	29,604
	3,714,425	3,708,371
Less accumulated depreciation	(2,955,490)	(2,664,720)
	$ 758,935	$ 1,043,651

Depreciation expense was $74,751 and $72,761 for the three months ended June 30, 2024 and 2023, respectively.

NOTE 7 — LINE OF CREDIT

The Company had one secured line of credit for borrowings up to $1,000,000 due on demand. There was $-0- and $675,000 outstanding at June 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 June 30, 2024 and 2023, the interest rate was 7.18% and 6.38%, 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 June 30, 2024 and 2023 are summarized as follows:

	2024	2023
Accounts payable	$ 126,677	$ 249,164
Technology benefits	73,634	140,025
Distributor commissions	1,335,988	1,698,254
Deferred first year commissions	3,913,146	3,986,963
Accrued compensation	73,483	51,341
Other	84,003	67,935
	$ 5,606,931	$ 6,193,682

NOTE 9 — INCOME TAXES

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

	2024	2023
Current	$ 18,100	$ 13,200
Deferred	5,000	5,000
	$ 23,100	$ 18,200

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

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

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

NOTE 9 — INCOME TAXES – CONTINUED

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

	2024		2023	
	$	%	$	%
Tax at federal statutory rate	$ 27,023	21%	$ 17,154	21%
State income taxes, net of federal benefit	500	3%	546	3%
Permanent differences	(9,323)	-1%	(2,500)	0%
Other	-	0%	3,000	0%
	$ 18,200	23%	$ 18,200	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 sheets at June 30, 2024 and 2023:

Components of lease balances	June 30, 2024	June 30, 2023
Operating Leases		
Operating lease right-of-use-asset	$ 143,110	$ 286,150
Current portion of operating lease liability	$ 86,213	$ 137,653
Operating lease liability	53,103	139,315
Total operating lease liabilities	$ 139,316	$ 276,968

Components of lease balances	June 30, 2024	June 30, 2023
Finance Lease		
Property and equipment, at cost	$ 388,738	$ 388,738
Accumulated depreciation	(323,948)	(246,201)
Property and equipment, net	$ 64,790	$ 142,537
Current portion of finance lease liability	$ 26,431	$ 41,579
Long term portion finance lease liability	103,199	129,629
Total finance lease liability	$ 129,630	$ 171,208

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.

NOTE 10 — LEASES – CONTINUED

Operating leases were primarily for real estate office space and equipment. Finance lease amounts are for equipment used in 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 as incurred.

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.

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 Statements of Operations for the three months ended June 30, 2024 and 2023:

Components of lease expense	Classification on Consolidated Statements of Operations	2024	2023
Operating lease cost			
Operating lease expense	Rent and occupancy	$ 37,116	$ 31,315
Operating lease expense	Business processing and distributor costs	13,922	36,670
		$ 51,038	$ 67,985
Operating lease expense - equipment	Office	$ 1,905	$ 2,370
Finance lease cost			
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

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 nine months ended December 31, 2023 and 2022:

Components of lease expense	Classification on Consolidated Statements of Operations	2024	2023
Operating lease cost			
Operating lease expense	Rent and occupancy	$ 37,116	$ 31,315
Operating lease expense	Business processing and distributor costs	13,922	36,670
		$ 51,038	$ 67,985
Operating lease expense - equipment	Office	$ 1,905	$ 2,370
Finance lease cost			
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

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

	June 30, 2024	June 30, 2023
Weighted-average remaining lease term (years)		
Operating Leases	1.83	2.43
Finance Lease	0.8	1.8
Weighted-avearge discount rate		
Operating Leases	1.74%	2.66%
Finance Lease	3.72%	3.72%

Cash flow and other information related to leases for the three months ended June 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	$ 36,108	$ 35,190
Operating cash outflows for finance lease	1,268	1,662
Financing cash outflows for finance lease	9,744	12,441
Operating leases	-	195,161

NOTE 10 — LEASES – CONTINUED

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

	Operating Leases	Finance Lease
2025	$ 66,350	$ 29,365
2026	48,590	103,671
2027	32,187	-
2028	-	-
Total lease payments	147,127	133,036
Less: Imputed interest	7,811	3,255
Total lease obligation	139,316	129,781
Less: Current portion	86,213	26,431
Long-term lease obligation	$ 53,103	$ 103,350

NOTE 11 — LONG-TERM DEBT

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

	2024	2023
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.	$ 2,707,824	$ 3,546,696
Note payable to a NBT 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-	$ 363,820	$ -
Total notes payable	3,071,644	3,546,696
Less unamortized debt issuance costs	(4,263)	(9,861)
Less current portion	(938,068)	(838,929)
Long-term portion	$ 2,129,313	$ 2,697,906

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

NOTE 11 — LONG-TERM DEBT – CONTINUED

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

2025	$ 938,068
2026	1,929,712
2027	88,359
2028	94,465
2029	21,040
	$ 3,071,644

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 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.

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 June 30, 2024 and 2023, respectively. These surety bonds are collateralized by certain contracts receivable and is guaranteed by the Company.

NOTE 14 — CONCENTRATIONS

At June 30, 2024 and 2023, the Company derived approximately 70% and 79% of its accounts receivable from two and four insurance carriers, respectively. During the three months ended June 30, 2024 and 2023, the Company derived approximately 55% 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 $13,300 and $13,700 for the three months ended June 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. Administrative service fees and rent paid to the affiliated entity approximated $99,000 and $131,000 for the three months ended June 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 $5,500 and $105,000 for the three months ended June 30, 2024 and 2023, respectively.