THE MARKETING ALLIANCE, INC.

FINANCIAL STATEMENTS

Years ended March 31, 2023 and 2022

THE MARKETING ALLIANCE, INC.

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UHY LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of The Marketing Alliance, Inc. and subsidiaries, which comprise the consolidated balance sheets as of March 31, 2023 and 2022, and the related consolidated statements of operations, shareholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Marketing Alliance, Inc. and subsidiaries as of March 31, 2023 and 2022, and the results of its consolidated operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Marketing Alliance, Inc. and subsidiaries and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Marketing Alliance, Inc. and subsidiaries' ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Marketing Alliance, Inc. and subsidiaries' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Marketing Alliance, Inc. and subsidiaries' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

UHY LLP

Albany, New York
July 20, 2023

THE MARKETING ALLIANCE, INC.
CONSOLIDATED BALANCE SHEETS
As of March 31, 2023 and 2022

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	**$ 1,994,763**	$ 1,404,655
Equity securities	**4,109,381**	5,427,642
Restricted cash	**554,525**	536,212
Accounts receivable	**7,766,243**	10,903,808
Inventory	**11,777**	5,732
Current portion of notes receivable	**125,297**	166,661
Prepaid expenses	**437,924**	280,137
Assets related to discontinued operations	**1,030**	16,039
Total current assets	**15,000,940**	18,740,886
PROPERTY AND EQUIPMENT, net	**642,180**	878,693
OTHER ASSETS		
Notes receivable, net of current portion	**571,557**	591,595
Restricted cash	**2,050,737**	2,908,935
Operating lease right-of-use assets	**321,340**	238,459
Total other assets	**2,943,634**	3,738,989
	$ 18,586,754	$ 23,358,568
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	**$ 6,907,579**	$ 9,344,358
Current portion of notes payable	**831,787**	804,318
Current portion of finance lease liability	**41,044**	66,819
Current portion of operating lease liability	**154,280**	100,702
Liabilities related to discontinued operations	**677**	470,030
Total current liabilities	**7,935,367**	10,786,227
LONG-TERM LIABILITIES		
Lines of credit payable	**600,000**	525,000
Notes payable, net of debt issuance costs	**2,908,521**	3,732,717
Finance lease liability, net of current portion	**142,602**	183,797
Operating lease liability, net of current portion	**155,987**	147,390
Deferred taxes	**190,000**	200,000
Total long-term liabilities	**3,997,110**	4,788,904
Total liabilities	**11,932,477**	15,575,131
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY		
Preferred stock, no par value, 10,000,000 shares authorized, no shares issued and outstanding	**-**	-
Common stock, no par value; 50,000,000 shares authorized, 8,081,266 and 8,032,266 shares issued and outstanding, respectively	**1,025,341**	1,025,341
Retained earnings	**5,628,936**	6,758,096
Total shareholders' equity	**6,654,277**	7,783,437
	$ 18,586,754	$ 23,358,568

See notes to consolidated financial statements.

THE MARKETING ALLIANCE, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
Years Ended March 31, 2023 and 2022

	2023	2022
Insurance commission and fee revenue	**$ 15,224,236**	$ 22,208,043
Construction revenue	**2,016,248**	1,029,555
Other insurance revenue	**699,605**	454,201
Total revenues	**17,940,089**	23,691,799
Insurance distributor related expenses:		
Distributor bonuses and commissions	**9,695,115**	15,284,209
Business processing and distributor costs	**1,863,575**	1,919,635
Depreciation	**11,834**	14,780
	11,570,524	17,218,624
Costs of construction:		
Direct and indirect costs of construction	**1,129,623**	526,365
Depreciation	**192,284**	186,179
	1,321,907	712,544
Total costs of revenues	**12,892,431**	17,931,168
Net operating revenue	**5,047,658**	5,760,631
General and administrative expenses:		
Compensation	**1,663,126**	941,970
Administrative and other	**572,582**	564,258
Rent and occupancy	**87,389**	100,437
Professional fees	**465,309**	436,895
Technology	**158,066**	148,200
Insurance	**296,506**	295,004
Travel and meetings	**251,178**	216,482
Depreciation and amortization	**47,325**	46,293
Payroll related	**112,169**	131,814
Office	**128,673**	130,517
Postage	**7,980**	10,073
Telephone	**34,638**	32,618
Telemarketing, advertising and promotional	**4,873**	2,500
Total general and administrative expenses	**3,829,814**	3,057,061
Operating income from continuing operations	**1,217,844**	2,703,570
Other income (expense):		
Investment (losses) gains, net	**(304,488)**	284,208
Paycheck protection program forgiveness	**-**	398,025
Interest expense	**(199,817)**	(206,751)
Income from continuing operations before provision for income taxes	**713,539**	3,179,052
Income tax expense	**138,609**	638,654
Income from continuing operations	**574,930**	2,540,398
Discontinued operations:		
Income from discontinued operations, net of income taxes	**78,289**	75,630
Net income from discontinued operations	**78,289**	75,630
Net Income	**$ 653,219**	$ 2,616,028

See notes to consolidated financial statements.

THE MARKETING ALLIANCE, INC.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
Years Ended March 31, 2023 and 2022

	Common Stock		Retained	
	Shares	**Amount**	**Earnings**	**Total**
April 1, 2021	8,032,266	$ 903,023	$ 6,406,082	$ 7,309,105
Issuance of common stock	49,000	122,318	-	122,318
Dividends	-	-	(2,264,014)	(2,264,014)
Net income	-	-	2,616,028	2,616,028
March 31, 2022	8,081,266	$ 1,025,341	$ 6,758,096	$ 7,783,437
Dividends	**-**	**-**	**(1,782,379)**	**(1,782,379)**
Net income	**-**	**-**	**653,219**	**653,219**
March 31, 2023	**8,081,266**	**$ 1,025,341**	**$ 5,628,936**	**$ 6,654,277**

See notes to consolidated financial statements.

THE MARKETING ALLIANCE, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended March 31, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	**$ 653,219**	$ 2,616,028
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	**251,443**	247,251
Amortization of right-of-use asset	**(82,881)**	(143,748)
Realized and unrealized investment losses (gains)	**347,653**	(338,824)
Deferred taxes	**(10,000)**	(12,100)
Debt issuance costs amortization	**7,539**	8,957
Changes in operating assets and liabilities:		
Accounts receivable	**3,137,565**	1,068,461
Inventory	**(6,045)**	(4,592)
Prepaid expenses and other assets	**(154,945)**	(33,453)
Accounts payable and accrued expenses	**(2,426,011)**	(1,553,498)
Operating lease liability	**62,175**	153,381
Net cash provided by operating activities	**1,779,712**	2,007,863
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	**(14,930)**	(113,467)
Principal payments received on promissory notes	**61,402**	140,895
Proceeds from sale of investments	**1,520,058**	6,686,466
Purchases of investments	**(1,012,367)**	(6,070,491)
Net cash provided by investing activities	**554,163**	643,403
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	**(1,782,379)**	(2,264,014)
Principal payments on finance lease	**(66,970)**	(75,914)
Principal payments on notes payable	**(809,303)**	(819,880)
Net advances under lines of credit	**75,000**	525,000
Net cash used in financing activities	**(2,583,652)**	(2,634,808)
Change in cash and cash equivalents, and restricted cash	**(249,777)**	16,458
Cash and cash equivalents, and restricted cash beginning of period	**4,849,802**	4,833,344
Cash and cash equivalents, and restricted cash end of period	**$ 4,600,025**	$ 4,849,802
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION		
Cash paid during the period for:		
Interest	**$ 199,817**	$ 203,922
NON-CASH INVESTING AND FINANCING ACTIVITIES		
Forgiveness of paycheck protection program loans	**$ 5,299**	$ 490,266
Stock issued in exchange for stock appreciation plan liability	**$ -**	$ 122,318

See notes to consolidated financial statements.

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 agents.

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

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

Significant Accounting Policies

Basis of accounting and principles of consolidation:

The Company's policy is to prepare its financial statements on the accrual basis. The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries:

Entity	Year operations began
TMA Marketing, Inc. (“Marketing”)	2004
Empire Construction and Trenching (“Empire”)	2011
TMA Realty, Inc. (“Realty”)	2014
TMA Play Pines, Inc.	Inactive
TMA Play Gastonia, Inc.	Inactive
TMA Play Pineville, Inc.	Inactive
TMA Play University Inc.	Inactive
TMA Play Matthews, Inc.	Inactive
TMA Play Rivers, 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:

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

NOTE 1 — ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant Accounting Policies (Continued)

Discontinued operations: (Continued)

The following table summarizes the results of Monkey Joes classified as discontinued operations for the years ended March 31, 2023 and 2022:

	2023	2022
Pretax income from discontinued operations	$ 78,289	$ 70,384
Income tax benefit (A)	-	5,246
Income from discontinued operations, net of tax	$ 78,289	$ 75,630

(A) Approximately $5,300 and $192,000 of non-taxable Paycheck Protection Program (the "PPP") loans were forgiven for the years ended March 31, 2023 and 2022, respectively.

The major components of assets and liabilities related to discontinued operations are summarized below as of March 31:

	2023	2022
Current assets:		
Accounts receivable	$ 1,030	$ 16,039
Current liabilities:		
Accounts payable and accrued expenses	$ 677	$ 87,194
Current portion notes payable (A)	-	10,336
Current portion of operating lease liability	-	372,500
	$ 677	$ 470,030

(A) Various notes payable pursuant to the PPP under Division A, Title I of the CARES Act, which was enacted March 27, 2020. The notes are payable to a bank, payable in 17 monthly principal and interest payments of varying amounts from $780 to $1,500 payments are expected to commence in November 2020. All have balloon payments due at the end of 24 months from the date of the notes. The interest rate on the notes are fixed at 1.0%. The notes matured during April 2022. The notes payable are guaranteed by the Small Business Association. Under the terms of the PPP, certain amounts of the Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. The Company had all of proceeds forgiven and repaid by the SBA during the year ended March 31, 2023. The remaining balances on the notes are all paid through March 31, 2023.

NOTE 1 — ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant Accounting Policies (Continued)

Discontinued operations: (Continued)

The major components of cash flows related to discontinued operations are summarized below for the years ended March 31, 2023 and 2022:

	2023	2022
Cash used in operating activities of discontinued operations	$ (484,362)	$ (130,545)
Cash provided by financing activities of discontinued operations	$ -	$ (42,423)
Non-cash: PPP forgiveness	$ 5,299	$ 92,241

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. The Company recognizes 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 primarily on a cost-to-cost measure of progress method of accounting for fixed price construction contracts or on the cost-plus fee contract method. Under the fixed price method, revenue is determined by applying the percentage-of-completion of contracts in each year to estimated final revenue on a ratio of costs incurred to date to total estimated costs. Revenue under the cost-plus fee method is recognized on the basis of costs incurred during the period plus the fee earned, measured by the cost-to-cost method. That method is used because management considers total cost to be the best available measure of progress on the contracts. Because of inherent uncertainties in estimating costs, it is at least reasonably possible that the estimates used will change within the near term. Costs of construction include all direct material and labor costs and those indirect costs related to contract performance. Provisions for estimated losses on uncompleted contracts, if any, are made in the period in which such losses are determined. 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.

NOTE 1 — ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant Accounting Policies (Continued)

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. 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 $2,605,262 and $3,445,147 as of March 31, 2023 and 2022, respectively.

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

	2023	2022
Cash and cash equivalents	$ 1,994,763	$ 1,404,655
Restricted cash - current assets	554,525	536,212
Restricted cash - other assets	2,050,737	2,908,935
	$ 4,600,025	$ 4,849,802

Equity securities:

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

NOTE 1 — ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant Accounting Policies (Continued)

Fair value measurements: (Continued)

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 for identical assets or similar assets or liabilities in markets that are not active, and inputs (other than quoted prices) such as interest rates and yield curves that are observable for the asset and liability, either directly or indirectly; Level 3 inputs are unobservable data points for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability.

Accounts receivable:

Accounts receivable are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by regularly evaluating individual customer receivables and considering a customer's financial condition, credit history, and current economic conditions. The allowance for doubtful accounts was $0 for both years ended March 31, 2023 and 2022. Accounts receivable are written off when they are deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received.

Income taxes:

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

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

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

NOTE 1 — ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant Accounting Policies (Continued)

Property and equipment:

Property and equipment are stated at cost, net of accumulated depreciation. Depreciation is provided utilizing straight line and accelerated methods over estimated useful lives ranging from 5 to 40 years.

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, net of current portion in our consolidated balance sheets. Finance leases are included in property and equipment, net, current portion of finance lease liability, and finance lease liability, net of current portion 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. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

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

Notes receivable:

Notes receivable are stated at unpaid principal balances, less an allowance for uncollectable amounts. Interest is recognized over the term of the note, and is calculated using the simple interest method on principal amounts outstanding. Notes are considered impaired when based on current information or factors, it is probable that the Company will not collect the principal and interest payments according to the loan agreement. Notes are placed on nonaccrual status when management believes, after considering economic conditions, business conditions, and collection efforts, that the notes are impaired or collection of interest is doubtful. At March 31, 2023 and 2022 there was an allowance of $67,000.

Long-lived asset impairment:

Long-lived assets include property and equipment. Property and equipment are tested for impairment whenever events or changes in circumstances indicate that the carrying value of the assets may not be recoverable. Management uses considerable judgement to determine key assumptions, including projected revenue, and appropriate discount rates. We performed our annual asset impairment test as of March 31, 2023 and 2022.

NOTE 1 — ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant Accounting Policies (Continued)

Estimates:

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Reclassifications:

Certain amounts where appropriate have been reclassified in the prior year to conform to the current year presentation.

Subsequent events:

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through July 20, 2023, the date the financial statements were available for issuance.

The Company announced on June 20, 2023, that its Board of Directors authorized a dividend of $.05 per share for shareholders of record July 6, 2023. The dividend, totaling $404,663, was paid on July 12, 2023.

NOTE 2 — EQUITY SECURITIES

Equity securities are comprised of:

	2023	2022
Equity securities at fair value	$ 3,109,381	$ 4,427,642
Common stock, recorded at cost	1,000,000	1,000,000
	$ 4,109,381	$ 5,427,642

Net investment income for 2023 and 2022 is as follows:

	2023	2022
Interest and dividend income	$ 86,875	$ 136,767
Realized (losses) gains on investments, net	(564,645)	645,995
Unrealized gains (losses) on investments, net	216,992	(307,171)
Investment management fees	(43,710)	(191,383)
Net investment (loss) income	$ (304,488)	$ 284,208

Equity securities are pledged as collateral pursuant to margin and borrowing agreements entered into by the Company. No amounts were outstanding at March 31, 2023 and 2022 under the margin agreements.

NOTE 2 — EQUITY SECURITIES (Continued)

The Company follows ASU 2016-01 to account for non-marketable securities. The Company adjusts the carrying value of non-marketable equity securities to fair value upon observable transactions for identical or similar investments of the same issuer or impairment (referred to as the measurement alternative). All gains and losses on non-marketable equity securities, realized and unrealized, are recognized in other income (expense) on the consolidated statements of operations. No adjustment of the nonmarketable securities was required for the years ended March 31, 2023 and 2022.

The impairment model for equity investments subject to this election is a single-step model. Under the single-step model, the Company is required to perform a qualitative assessment each reporting period to identify impairment. When a qualitative assessment indicates an impairment exists, the Company would estimate the fair value of the investment and recognize in current earnings an impairment loss equal to the difference between the fair value and the carrying amount of the equity investment. Nothing was qualitatively noted as of March 31, 2023 and 2022 that would indicate any impairment.

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

	2023	2022
Common Stock	$ 1,000,000	$ 1,000,000

During 2017, the Company invested approximately $1,000,000 in the common stock of a private company. The Company owns under 10% of the common stock at March 31, 2023 and 2022.

NOTE 3 — FAIR VALUE MEASUREMENTS

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in the methodologies used at March 31, 2023 and 2022:

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

Limited partnership investment: There is one limited partnership investment. The investment is valued using data as provided by the general partner. This limited partnership actively trades and invests (by establishing both "long" and "short" positions) in domestic and foreign equity securities and options, equity futures contracts and options, other private placement investments, and securities issued or guaranteed by the United States government and related instruments.

NOTE 3 — FAIR VALUE MEASUREMENTS (Continued)

The following table presents the fair value hierarchy for the Company's financial assets and liabilities measured at fair value on a recurring basis as of March 31, 2023:

Equity Securities	**Assets at Fair Value**			
	Level 1	**Level 2**	**Level 3**	**Total**
Common stocks	$2,466,202	$ -	$ 63,401	$2,529,603
Limited partnership	-	-	579,778	579,778
Total assets at fair value	$2,466,202	$ -	$ 643,179	$3,109,381

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 March 31, 2022:

Equity Securities	**Assets at Fair Value**			
	Level 1	**Level 2**	**Level 3**	**Total**
Common stocks	$3,760,554	$ -	$ 63,401	$3,823,955
Fixed income	-	-	88,877	88,877
Limited partnership	-	-	514,810	514,810
Total assets at fair value	$3,760,554	$ -	$ 667,088	$4,427,642

The following is a roll-forward of Level 3 fair value instruments for the years ended March 31, 2023 and 2022:

	Limited Partnership Interest	**Common Stocks**	**Fixed Income**
Balance, April 1, 2021	$ 341,728	$63,401	$21,130
Unrealized gain relating to instruments still held at the reporting date	173,082	-	100,000
Redemptions	-	-	(32,253)
Balance, March 31, 2022	514,810	63,401	88,877
Unrealized gain relating to instruments still held at the reporting date	64,968	-	-
Redemptions	-	-	(88,877)
Balance, March 31, 2023	$ 579,778	$63,401	$ -

NOTE 3 — FAIR VALUE MEASUREMENTS (Continued)

Quantitative information about Level 3 Fair Value Investments:

	Fair Value at March 31, 2023	**Valuation Techniques**	**Unobservable Input**
Common stocks	$ 63,401	Conversion rate of recent private transaction	Recent private transaction rates
Limited partnership investment	$579,778	See (A) below	See (A) below

(A) Securities that are listed on a national securities exchange or NASDAQ or over-the-counter market are valued at the last reported sales price on the last day of the year, or the last reported bid and asked price. Securities for which market quotations are not readily available are valued at their fair value as determined in good faith under consistently applied procedures established by the General Partner, such as pricing models, discounted cash flow methodologies or similar techniques.

The nature and risk of certain investments by major category at March 31, 2023 are presented as follows:

	Fair Value	**Redemption Provisions**
Limited Partnership	$579,778	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 March 31, 2023 and 2022 are as follows:

	2023	**2022**
Commissions receivable and insurance related	$ 1,553,680	$ 1,604,568
Deferred first year commissions	6,048,197	8,413,703
Construction receivables	164,366	15,826
Other (A)	-	869,711
	$ 7,766,243	$ 10,903,808

NOTE 4 — ACCOUNTS RECEIVABLE (Continued)

(A) At March 31, 2022, other receivables amount is related to the employee retention credits ("ERC"). The credits have been recorded net of compensation expenses on the consolidated statement of operations for the year ended March 31, 2022. All were collected at March 31, 2023.

NOTE 5 — NOTES RECEIVABLE

Notes receivable at March 31, 2023 and 2022 are as follows:

	2023	2022
Distributor notes receivable, in aggregate monthly installments of approximately $19,700 including interest at a rate of 5% per annum, final maturity in June 2027. The notes are generally collateralized by amounts payable pursuant to individual distribution agreements and security interests in certain assets of the distributors. Certain notes are personally guaranteed by principals of the distributors.	$ 629,464	$ 690,866
Note receivable of $145,000 net of imputed interest of $10,610 (at 5%), net of allowance for doubtful amounts of $67,000. Represents proceeds for selling a Monkey Joe location in December 2020.	67,390	67,390
Total notes receivable	696,854	758,256
Less current portion	125,297	166,661
Long-term portion	$ 571,557	$ 591,595

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

Estimated future principal payments to be received as of March 31, 2023 are as follows:

2024	$ 125,297
2025	507,943
2026	29,976
2027	33,638
	$ 696,854

NOTE 6 — PROPERTY AND EQUIPMENT

Net property and equipment is comprised of the following at March 31, 2023 and 2022:

	2023	2022
Office equipment, furniture and fixtures	$ 1,293,726	$ 1,235,216
Construction equipment	1,687,229	1,731,703
Building	216,000	216,000
Leasehold improvements	7,579	7,579
Land	29,604	29,604
	3,234,138	3,220,102
Less accumulated depreciation	2,591,958	2,341,409
	$ 642,180	$ 878,693

Depreciation expense was $251,443 and $247,251 for the years ended March 31, 2023 and 2022, respectively.

NOTE 7 — LINES OF CREDIT

As of March 31, 2023 and 2022, the Company had one secured line of credit for $1,000,000, the amounts outstanding were $600,000 and $525,000 as of March 31, 2023 and 2022, respectively. As of March 31, 2023 and 2022, the line of credit bears interest at Secured Overnight Financing Rate (“SOFR” plus 2.12% with a floor of 3%. As of March 31, 2023 and 2022, the interest rate was 6.38% and 3%, respectively. The line of credit is due on demand. The line of credit is collateralized by all deposits in bank, pledge agreement, accounts receivable, inventory, and property and equipment.

NOTE 8 — ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses at March 31, 2023 and 2022 are summarized as follows:

	2023	2022
Accounts payable	$ 258,412	$ 240,116
Technology benefits	180,037	162,169
Distributor commissions	1,538,755	1,731,641
Deferred first year commissions	4,391,963	6,050,764
Accrued compensation	26,668	95,545
Dividends payable	404,663	566,949
Other	107,081	497,174
	$ 6,907,579	$ 9,344,358

NOTE 9 — INCOME TAXES

Income tax expense (benefit) at March 31, 2023 and 2022 is summarized as follows:

	2023	2022
Current	$ 148,609	$ 702,254
Deferred	(10,000)	(63,600)
	$ 138,609	$ 638,654

Deferred tax assets and liabilities at March 31, 2023 and 2022 were attributable to the following:

	2023	2022
Deferred Tax Assets:		
Intangible assets	$ 5,490	$ -
Accrued vacation	3,450	5,875
Impairment charge	-	9,080
Impairment on investment other than temporary	21,060	21,060
Total gross deferred tax assets	30,000	36,015
Deferred Tax Liabilities:		
Unrealized gains on investments	(124,300)	(100,150)
Property and equipment	(95,700)	(135,865)
Total gross deferred tax liabilities	(220,000)	(236,015)
Total net deferred tax liabilities	$ (190,000)	$ (200,000)

The reconciliation of income tax (benefit) expense calculated at the Federal tax statutory rate to the Company's effective rate is set forth below:

	2023		2022	
	$	%	$	%
Tax at federal statutory rate	$ 166,284	21%	$ 653,865	21%
State income taxes, net of federal benefit	31,673	3%	96,523	3%
Permanent differences	(4,196)	-1%	(124,138)	-4%
Other	(55,152)	-8%	12,404	0%
	$ 138,609	15%	$ 638,654	20%

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 March 31, 2023 and 2022:

Components of lease balances	March 31, 2023	March 31, 2022
Operating Leases		
Operating lease right-of-use-asset	$321,340	$238,459
Current portion of operating lease liability	$154,280	$100,702
Operating lease liability, net of current portion	155,987	147,390
Total operating lease liabilities	$310,267	$248,092
Finance Lease		
Property and equipment, at cost	$388,738	$ 388,738
Accumulated depreciation	(187,890)	(149,016)
Property and equipment, net	$200,848	$ 239,722
Current portion of finance lease liability	$ 41,044	$ 66,819
Finance lease liability	142,602	183,797
Total finance lease liability	$183,646	$ 250,616

Operating leases were primarily for real estate for office space and equipment. 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 not recorded in our consolidated balance sheets.

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.

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 operating lease expense and their classification in our Consolidated Statement of Operations for the year ended March 31, 2023 and 2022:

Components of lease expense	Classification on Consolidated Statement of Operations	2023	2022
Operating lease cost			
Operating lease expense	Rent and occupancy	$ 87,389	$ 100,437
Operating lease expense	Business processing and distributor costs	48,928	62,152
Variable lease expense	Rent and occupancy	-	308
		$ 136,317	$ 162,897
Operating lease expense - equipment	Office	$ 26,393	$ 25,710
Finance lease cost			
Amortization of equipment	Depreciation	$ 77,748	$ 77,748
Interest on lease liability	Interest	8,315	11,765
Total finance lease cost		$ 86,063	$ 89,513

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

	March 31, 2023	March 31, 2022
Weighted-average remaining lease term (years)		
Operating Leases	1.56	2.83
Finance Lease	2.00	3.00
Weighted-average discount rate		
Operating Leases	2.86%	2.14%

NOTE 10 — LEASES (Continued)

Cash flow and other information related to leases is included in the following table:

	2023	2022
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash outflows for operating leases	$ 175,934	$ 188,299
Operating cash outflows for finance lease	$ 8,315	$ 11,765
Financing cash outflows for finance lease	$ 81,096	$ 75,814

Future maturities of lease liabilities at March 31, 2023 are presented in the following table:

	Operating Leases	Finance Lease
2024	$ 174,287	$ 47,135
2025	95,305	44,048
2026	58,233	103,671
2027	18,309	-
Total lease payments	346,134	194,854
Less: Imputed interest	35,867	11,208
Total lease obligation	310,267	183,646
Less: Current portion	155,280	41,044
Long-term lease obligation	$ 155,987	$ 142,602

NOTE 11 — LONG-TERM DEBT

Long-term debt as of March 31, 2023 and 2022 is as follows:

	2023	2021
Note payable to a bank, payable in 60 monthly principal and interest payments of $78,900, payments commenced on July 3, 2020. The interest rate on the note is fixed at 3.35%. The note matures on June 3, 2025 with a balloon payment due of $1,913,000. The note is collateralized by all deposits at the bank, pledge agreement, accounts receivable, inventory and property and equipment and contains both financial and non-financial covenants. The Company did not meet one financial convenant at March 31, 2023, for which the Bank issued a waiver. The Company was in compliance with all covenants at March 31, 2022.	$3,751,838	$4,556,104
Less unamortized debt issuance costs	11,530	19,069
Less current portion	831,787	804,318
Long-term portion	$2,908,521	$3,732,717

Future principal maturities at March 31, 2023 are as follows:

Period Ending March, 31	
2024	$ 831,787
2025	860,762
2026	2,059,289
	$ 3,751,838

The Company received various notes payable totaling approximately $543,000 pursuant to the PPP under Division A, Title I of the CARES Act, which was enacted March 27, 2020. The Company used the majority of the entire loan amount for qualifying payroll expenses. All notes were either forgiven or paid back by March 31, 2022. The Company must retain all such documentation in its files for six years after the date the loan is forgiven or repaid in full, and permit authorized representatives of SBA, including representatives of its Office of Inspector General, to access such files upon request.

NOTE 12 — SHAREHOLDERS' EQUITY

During April 2021, 49,000 shares of common stock were issued in connection with a stock appreciation plan (see Note 15).

The Company announced on April 9, 2021, that its Board of Directors authorized a dividend of $0.07 per share for shareholders of record April 23, 2021. The dividend was paid on May 7, 2021.

NOTE 12 — SHAREHOLDERS' EQUITY (Continued)

The Company announced on July 12, 2021, that its Board of Directors authorized a dividend of $0.07 per share for shareholders of record July 23, 2021. The dividend was paid on August 12, 2021.

The Company announced on October 21, 2021, that its Board of Directors authorized a dividend of $0.07 per share for shareholders of record November 5, 2021. The dividend was paid on December 3, 2021.

The Company announced on March 14, 2022, that its Board of Directors authorized a dividend of $0.07 per share for shareholders of record March 29, 2022. The dividend was paid on April 15, 2022.

The Company announced on June 10, 2022, that its Board of Directors authorized a dividend of $.07 per share for shareholders of record June 30, 2022. The dividend was paid on July 12, 2022.

The Company announced on September 13, 2022, that its Board of Directors authorized a dividend of $.05 per share for shareholders of record September 23, 2022. The dividend was paid on October 15, 2022.

The Company announced on December 9, 2022, that its Board of Directors authorized a dividend of $.05 per share for shareholders of record December 23, 2022. The dividend was paid on January 16, 2023.

The Company announced on March 6, 2023, that its Board of Directors authorized a dividend of $.05 per share for shareholders of record March 24, 2023. The dividend was paid on April 21, 2023. The Company recorded dividends payable totaling $404,663, which are included in balance sheet at March 31, 2023 in accounts payable and accrued expenses.

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 approximately $2.2 million and $1.1 million as of March 31, 2023 and 2022, respectively. These surety bonds are collateralized by certain contracts receivable and is guaranteed by the Company.

NOTE 14 — CONCENTRATIONS

At March 31, 2023 and 2022, the Company derived approximately 75% and 79% of its accounts receivable from four and five insurance carriers, respectively. During the years ended March 31, 2023 and 2022, the Company derived approximately 47% and 50%, of its commission and fee 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 $56,000 and $70,000 for the years ended March 31, 2023 and 2022, respectively.

Stock Appreciation Plan

The Company maintains a stock appreciation plan (the “SAP”) for a member of management. Units of stock are allocated under a compensation agreement at a specified price per unit. The Company recognizes the estimated compensation cost of these stock appreciation units over the vesting term.

Under the agreement, stock appreciation units were granted on April 1, 2010, 2011, 2012, 2013 and 2014. Stock units cliff vest at the end of a five year period. All options vested as of March 31, 2019. Upon vesting, the value is calculated as the difference between the current fair value of the Company stock and the specified price per unit multiplied by the number of shares and paid in cash. The liability under the plan was approximately $0 and $122,300 at March 31, 2023 and 2022, respectively.

Additionally, the stock appreciation units, whether vested or not vested, are entitled to receive payment in an amount equal to the actual cash dividends paid on shares of common stock, as of and when such dividends are paid.

NOTE 16 — RELATED PARTY TRANSACTIONS

The Company has entered into a service agreement with an affiliate of one of its brokers/agents for bookkeeping and other administrative services provided for the benefit of the Company. Administrative service fees and rent paid to the affiliated entity approximated $504,700 and $493,900 for the years ended March 31, 2023 and 2022, respectively.

The Company compensates its Board of Directors for attendance at its meetings. In addition, the Company compensates its Directors for work performed on behalf of the Company outside of their duties as Board members. Such compensation, which is computed and paid at an hourly rate commensurate with experience and expertise as determined by the Board of Directors, is classified as a component of compensation in the accompanying consolidated statements of operations.