MIDAMERICA ADMINISTRATIVE & RETIREMENT SOLUTIONS, LLC and SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

(With Independent Auditor's Report Thereon)

MIDAMERICA ADMINISTRATIVE & RETIREMENT SOLUTIONS, LLC and SUBSIDIARY

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Independent Auditor's Report

To the Board of Managers
MidAmerica Administrative & Retirement Solutions, LLC and Subsidiary
Lakeland, Florida:

We have audited the accompanying consolidated financial statements of MidAmerica Administrative & Retirement Solutions, LLC and Subsidiary, which comprise the consolidated balance sheets as of December 31, 2018 and 2017, and the related consolidated statements of operations, members' equity (deficit), and cash flows for the years then ended.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of MidAmerica Administrative & Retirement Solutions, LLC as of December 31, 2018 and 2017, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Disclaimer of Opinion on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The reconciliation of operating income to consolidated adjusted EBITDA, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the consolidated financial statements, and accordingly, we do not express an opinion or provide assurance on it.

Mayer Hoffman McCann P.C.

April 8, 2019
Clearwater, Florida

MIDAMERICA ADMINISTRATIVE & RETIREMENT SOLUTIONS, LLC and SUBSIDIARY

CONSOLIDATED BALANCE SHEETS

	December 31,	
	2018	**2017**
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,360,434	$ 375
Accounts receivable, net	3,950,218	4,075,369
Other current assets	335,955	308,193
Total current assets	5,646,607	4,383,937
Property and equipment, net	701,814	845,488
Goodwill, net	38,917,879	47,981,863
Intangible asset, net	2,583,333	2,738,333
Other assets	60,542	60,136
Total assets	$ 47,910,175	$ 56,009,757
LIABILITIES AND MEMBERS' EQUITY (DEFICIT)		
Current liabilities:		
Accounts payable	$ 1,285,802	$ 1,303,283
Accrued expenses and other current liabilities	1,658,292	2,103,407
Borrowings under revolving credit agreement	-	1,348,664
Long-term debt, current portion, net of deferred financing fees	461,032	623,627
Total current liabilities	3,405,126	5,378,981
Borrowings under revolving credit agreement	1,450,000	-
Long-term debt, net of current portion and deferred financing fees	50,713,970	54,437,474
Deferred interest and management fees due Alpine Investors	2,707,210	898,269
Other long-term liabilities	-	28,337
Total liabilities	58,276,306	60,743,061
Members' equity (deficit):		
Member capital – Alpine Investors	(9,733,322)	(4,523,214)
Member capital – Rollover Member	(632,809)	(210,090)
Total members' equity (deficit)	(10,366,131)	(4,733,304)
Total liabilities and members' equity (deficit)	$ 47,910,175	$ 56,009,757

See accompanying notes to consolidated financial statements.

MIDAMERICA ADMINISTRATIVE & RETIREMENT SOLUTIONS, LLC and SUBSIDIARY

CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended December 31, 2018	Year Ended December 31, 2017
Revenue	$ 22,730,899	$ 22,368,900
Cost of revenue	7,207,227	7,409,908
Gross profit	15,523,672	14,958,992
Operating expenses:		
Selling, general and administrative expenses	11,255,515	9,912,224
Depreciation and amortization	6,747,149	6,826,148
Total operating expenses	18,002,664	16,738,372
Operating loss	(2,478,992)	(1,779,380)
Other expenses:		
Interest expense, net	4,619,165	4,408,972
Loss on extinguishment of debt	230,255	-
Loss on sale	1,935,243	-
Total other expenses	6,784,663	4,408,972
Net loss	$ (9,263,655)	$ (6,188,352)

See accompanying notes to consolidated financial statements.

MIDAMERICA ADMINISTRATIVE & RETIREMENT SOLUTIONS, LLC and SUBSIDIARY

CONSOLIDATED STATEMENTS OF MEMBERS' EQUITY (DEFICIT)

	Alpine Investors Capital	Rollover Member Capital	Total Members' Equity (Deficit)
Balance, December 31, 2016	$ 1,355,720	$ 99,328	$ 1,455,048
Net loss	(5,878,934)	(309,418)	(6,188,352)
Balance, December 31, 2017	$ (4,523,214)	$ (210,090)	$ (4,733,304)
Issuance of Common units	$ 750,000	$ -	$ 750,000
Additional contributions	2,880,828	-	2,880,828
Net loss	(8,840,936)	(422,719)	(9,263,655)
Balance, December 31, 2018	$ (9,733,322)	$ (632,809)	$ (10,366,131)

See accompanying notes to consolidated financial statements.

MIDAMERICA ADMINISTRATIVE & RETIREMENT SOLUTIONS, LLC and SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31, 2018	Year Ended December 31, 2017
Cash flows from operating activities:		
Net loss	$ (9,263,655)	$ (6,188,352)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	6,747,149	6,826,148
Amortization of deferred financing costs	323,204	364,733
Loss on sale of TPA line of business	1,934,069	-
Loss on sale of property and equipment	1,174	-
Loss on extinguishment of debt	230,255	-
Changes in operating assets and liabilities:		
Accounts receivable	125,151	(708,083)
Prepaid expenses and other assets	(64,070)	(92,806)
Deferred interest and management fees	1,808,941	898,269
Accounts payable and accrued expenses	(462,596)	574,154
Net cash provided by operating activities	1,379,622	1,674,063
Cash flows from investing activities:		
Proceeds from sale of TPA line of business	1,000,000	-
Proceeds from sale of property and equipment	10,818	-
Acquisition of property and equipment	(330,552)	(310,910)
Net cash provided by (used in) investing activities	680,266	(310,910)
Cash flows from financing activities:		
Issuance of common units	750,000	-
Additional contributions from members	2,880,828	-
Net proceeds from revolving credit agreement	101,336	340,759
Payment of debt and revolving credit agreement costs	(172,111)	(192,138)
Payments toward capital lease agreement	(28,337)	(28,337)
Payments toward debt agreement	(4,231,545)	(1,483,419)
Net cash used in financing activities	(699,829)	(1,363,135)
Net increase in cash and cash equivalents	1,360,059	18
Cash and cash equivalents at beginning of year	375	357
Cash and cash equivalents at end of year	$ 1,360,434	$ 375
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 3,037,685	$ 3,239,139
Supplemental disclosure of non-cash financing activities:		
Establishment of capital lease	$ -	$ 85,011

See accompanying notes to consolidated financial statements.

1. DESCRIPTION OF BUSINESS

MidAmerica Administrative & Retirement Solutions, LLC ("MidAmerica", which may be referred to as *we*, *us* or *our*) was acquired on September 1, 2015, by MidAmerica Holding Company, LLC ("Holding") and MidAmerica Intermediate Company, LLC ("Intermediate") through the execution of a Membership Interests Purchase Agreement ("Purchase Agreement").

Holding owns a 99% interest in both Intermediate and MidAmerica, while Intermediate owns the remaining 1% of MidAmerica. The remaining 1% interest in Intermediate is owned by Alpine Investors V SBIC, LP and Alpine Investors V, LP (collectively, "Alpine"). Alpine also owns a 95.4% interest in Holding, while a former member of MidAmerica ("Rollover Member") owns the remaining 4.6%.

Concurrent with the Purchase Agreement, the initial capitalization was accomplished through the issuance of both debt and common member units.

MidAmerica is located in Lakeland, Florida, and provides employee benefit programs to plan sponsors and employees across the country by offering Internal Revenue Code Section 3121 Social Security opt-out programs to governmental employers in addition to Health Reimbursement Arrangement and Flexible Spending Account administration, Special Pay programs, and Governmental Accounting Standards Board (GASB) 45 programs.

In November 2017, MidAmerica created a subsidiary, MidAmerica Securities, LLC (MidAmerica Securities). MidAmerica is the 100% owner of and sole member of MidAmerica Securities. MidAmerica Securities was formed to serve as a broker dealer for MidAmerica's investment trading activities related to the benefits programs that we administer. MidAmerica Securities had not commenced operations as of December 31, 2018.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The consolidated financial statements contained in this report include the accounts of MidAmerica Administrative & Retirement Solutions, LLC and MidAmerica Securities, LLC. All significant intercompany transactions and balances between the parent and the subsidiary are eliminated from the consolidated financial statements. As a result of Holding's acquisition of MidAmerica, we adopted FASB Accounting Standards Update 2014-17, Business Combinations: Pushdown Accounting (ASU 2014-17). Under this standard, reported amounts in the accompanying consolidated financial statements were initially recorded at Holding's stepped-up basis.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses for the reporting period. Significant estimates include a valuation reserve for accounts receivable, accrued revenue, estimated useful lives of property and equipment, the valuation of goodwill, and the fair value of profits interest units issued. While we believe these estimates are reasonable, actual results could differ from such estimates.

Cash Equivalents

All highly liquid instruments purchased with original maturities of three months or less are considered to be cash equivalents.

Restricted Cash

As agent for various retirement plans, we have established separate trust accounts which receive benefit distributions from the trustees of the customer's plan assets, which such amounts are ultimately distributed to the plan participants. These amounts are held in a fiduciary capacity until remitted to the appropriate participant. At December 31, 2018 and 2017, restricted cash totaled approximately $15,746,606 and $15,441,344, respectively. This restricted cash along with the related offsetting liability is not included in the accompanying consolidated balance sheets as of December 31, 2018 and 2017. We are required to reimburse the trust accounts for related bank fees, which totaled $82,572 and $128,526 for the years ended December 31, 2018 and 2017, respectively. These bank fees are included in the accompanying consolidated statements of operations.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable primarily consists of trade receivables due from customers and accrued revenue. Trade receivables are recorded at the invoiced amount less an allowance for doubtful accounts. Accrued revenue is recorded at the current estimated amounts to be invoiced to customers at the next invoicing date. An allowance for doubtful accounts is maintained for estimated losses resulting from the inability of customers to make required payments. Accounting for doubtful accounts contains uncertainty because we must use judgment to assess the collectability of these accounts. When preparing these estimates, we consider a number of factors, including the aging of a customer's account, past transactions with customers, creditworthiness of specific customers, historical trends and other information. Accounts receivable reserve policies are reviewed periodically, reflecting current risks, trends and changes in industry conditions. The past due status of an account is determined based on stated payment terms. Upon determination that an account is uncollectible, we write off the receivable balance. At December 31, 2018 and 2017 there was no allowance for doubtful accounts.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and amortization. Depreciation and amortization of property and equipment is computed using the straight-line method. Leasehold improvements are amortized over the shorter of the respective lease terms or estimated useful lives. Estimated useful lives for other depreciable assets range from 3 to 7 years. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized. The cost of maintenance and repairs is charged to expense as incurred.

Goodwill and Other Intangible Assets

We adopted the Financial Accounting Standards Board (the "FASB") Accounting Standards Update 2014-02, Accounting for Goodwill, a Consensus of the Private Company Council (ASU 2014-02). This standard is an accounting alternative available only to non-public entities, allowing for the amortization of goodwill on a straight-line basis over a period of 10 years while also simplifying the required impairment analysis.

Goodwill in the amount of $62,585,000 was recognized related to the acquisition of MidAmerica, with related amortization of $6,129,915 and $6,258,500 for the years ended December 31, 2018 and 2017, respectively. In September 2018, we sold our TPA line of business. In association with this transaction we disposed of $4,208,227 of Goodwill and $1,274,158 of related Accumulated Amortization.

We also adopted FASB Accounting Standards Update 2014-18, Accounting for Identifiable Intangible Assets in a Business Combination, a Consensus of the Private Company Council (ASU 2014-18). This standard is an accounting alternative available only to non-public entities and allows for a simplified approach to the identification and valuation of intangible assets acquired in a business combination.

At December 31, 2018, our other intangible asset consists of a brand name intangible of $3,100,000 arising from the MidAmerica acquisition. This finite lived intangible asset is amortized using the straight-line method over a 20 year estimated useful life and resulted in amortization expense of $155,000 for each of the years ended December 31, 2018 and 2017.

Future amortization of the goodwill and brand name is $5,992,677 for each of the next 5 years.

Long-Lived Assets

Long-lived assets are tested for recoverability on an annual basis or when events or changes in circumstances indicate that the carrying amount of assets may not be recoverable. During the years ended December 31, 2018 and 2017, there were no such events or circumstances.

Revenue Recognition

Revenue primarily consists of commissions and administrative service fees, and is recorded when commissions are earned and the services have been performed.

Commission revenue is recognized on a gross basis along with associated commission expense related to revenue sharing agreements with outside selling agents.

Cost of Revenue

Cost of revenue represents commissions and revenue sharing payments paid to outside selling agents for selling our products and services. Under an agreement with our investment product partner, we determine all commissions that are paid to outside selling agents. Related revenue earned under this agreement is recorded on a gross basis.

Income Taxes

We are a partnership for federal and state tax purposes and not subject to corporate income taxes. Accordingly, there is no provision for income taxes.

We recognize an uncertain tax position in the consolidated financial statements only after determining that the relevant tax authority would more likely than not sustain the position following an audit. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized under audit. No tax benefit is recognized for tax positions not meeting the greater than 50% criteria. At December 31, 2018 and 2017, there were no uncertain tax positions.

We recognize interest and penalties related to unrecognized tax benefits in interest expense and income tax expense, respectively, in the consolidated statements of operations. During the years ended December 31, 2018, and 2017, we did not incur interest or penalties related to income taxes. Our income tax returns are subject to review and examination by federal and state jurisdictions. At December 31, 2018, our federal and state returns

for the years ended December 31, 2018, 2017, and 2016, and four months ended December 31, 2015, are subject to federal and state examinations.

We do not expect a change in any unrecognized tax benefits in the next 12 months.

New Accounting Standards

Revenue Recognition

During May 2014, the FASB issued a standard on revenue recognition that provides a single, comprehensive revenue recognition model for all contracts with customers. The standard is principle-based and provides a five-step model to determine the measurement of revenue and timing of when it is recognized. During 2015 and 2016, the FASB issued various updates to this standard. For privately held companies, this standard and its related amendments (collectively, the "New Revenue Standard") are effective for interim and annual reporting periods beginning after December 15, 2018. The New Revenue Standard is effective for us on January 1, 2019, and we are currently evaluating the impact on our consolidated financial statements.

Leases

During February 2016, the FASB issued a standard on accounting for leases, which requires lessees to recognize most leases on their balance sheets for the rights and obligations created by those leases. The guidance requires enhanced disclosures regarding the amount, timing and uncertainty of cash flows arising from leases. This guidance will be applied using a modified retrospective approach and is effective for interim and annual periods beginning after December 15, 2019 with early adoption permitted. We will adopt this guidance on January 1, 2020, and are currently evaluating the impact on our consolidated financial statements.

Intangibles - Goodwill and Other

During January 2017, the FASB issued guidance to simplify the subsequent measurement of goodwill by eliminating Step 2 from the goodwill impairment test. Under this updated standard, an entity should recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value, but the loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. An entity also should consider income tax effects from any tax-deductible goodwill on the carrying amount of the reporting unit when measuring the goodwill impairment loss, if any. This guidance is effective prospectively and is effective for interim and annual periods beginning after December 15, 2021 with early adoption permitted. We are currently evaluating the impact on our consolidated financial statements.

Recorded Financial Instruments

Recorded financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable, the current portion of long-term obligations, borrowings under a revolving credit agreement and debt instruments included in other long-term obligations. The fair values of cash and cash equivalents, accounts receivable, accounts payable and the current portion of long-term obligations approximated their carrying values due to the short-term nature of these instruments. The fair values of the variable rate borrowings under our revolving credit agreement and debt instruments included in long-term obligations also approximate their carrying value based upon interest rates available for similar instruments with consistent terms and remaining maturities.

Concentrations of Credit and Revenue Risk

Credit Risk

Financial instruments which potentially subject us to concentrations of credit risk consist principally of cash and cash equivalents and accounts receivable. We maintain cash and cash equivalents with two financial institutions. Deposits held with the financial institutions may exceed the amount of insurance provided by the Federal Deposit Insurance Corporation on such deposits, but may be redeemed upon demand. We perform periodic evaluations of the relative credit standing of the financial institutions. With respect to accounts receivable, we monitor the credit quality of our customers as well as maintain an allowance for doubtful accounts for estimated losses resulting from the inability of customers to make required payments.

Revenue Risk

Agreements which potentially subject us to concentrations of revenue risk consist principally of one financial service institution agreement. For the years ended December 31, 2018 and 2017, this one financial service institution accounted for 89% and 88% of our total revenue, respectively. At December 31, 2018 and 2017, this one financial service institution accounted for 65% and 71% of our total accounts receivable, respectively.

3. PROPERTY AND EQUIPMENT

Property and equipment, net, consists of:

	December 31,	
	2018	**2017**
Computers and equipment	$ 1,402,222	$ 1,093,259
Furniture and fixtures	270,802	266,094
Leasehold improvements	238,034	236,409
	1,911,058	1,595,762
Less: accumulated depreciation and amortization	(1,209,244)	(750,274)
Net property and equipment	$ 701,814	$ 845,488

Depreciation and amortization expense related to property and equipment amounted to $462,234 and $412,648 for the years ended December 31, 2018 and 2017, respectively.

4. CREDIT AGREEMENT

Effective September 1, 2015, we entered into the Revolving Credit and Term Loan Agreement with Opus Bank and Tree Line Direct Lending (collectively, "Senior Lenders"), to provide debt financing. The senior credit facility contained a term loan for $32,000,000 and a revolving line of credit of up to $3,000,000. Deferred financing fees of $911,473 were incurred related to this agreement.

During May 2017, we entered into a First Amendment to Revolving Credit and Term Loan Agreement ("First Amendment") with our Senior Lenders, which modified both restrictive financial covenants and deferred the payment of two quarterly Alpine debt interest payments and management fees. Fees for the First Amendment were $192,138.

The revolving credit agreement was collateralized by all of our common member units. Interest was payable monthly and accrued at a variable rate based on one-month LIBOR plus the applicable margin ranging from 3. 50% to 3.875% (5.35% at December 31, 2017) depending upon our leverage ratio and included a floor ranging from 3.75% to 4.125%. The revolving credit agreement had a maturity date of September 1, 2018.

Effective October 1, 2018, we entered into an Amended and Restated Revolving Credit and Term Loan Agreement ("the Restated Agreement") that superseded and replaced the original Revolving Credit and Term Loan Agreement ("the Original Agreement"). The Restated Agreement provides for a term loan facility of $26,000,000 and a revolving line of credit of $2,000,000. The proceeds of the term loan facility and the revolving line of credit were used to refinance the outstanding balance of the Original Agreement, to pay the related transaction costs, and for continuing general corporate purposes. Fees for the refinancing related to the Restated Agreement were $172,111. The company wrote off deferred financing fees of $230,255. These fees are included in Loss on extinguishment of debt in the accompanying consolidated statement of operations for the year ended December 31, 2018.

The revolving credit agreement as amended is collateralized by all of our common member units. Interest is payable monthly and accrues at a variable rate based one-month LIBOR plus the applicable margin of 6.00% (8.74% at December 31, 2018). The revolving credit agreement has a maturity date of October 1, 2023.

At December 31, 2018 and 2017, $1,450,000 and $1,348,664 was outstanding under the applicable revolving credit agreement, respectively. The revolving credit agreement, as amended, contains certain restrictive financial covenants. At December 31, 2018 and 2017, we were in compliance with all covenants.

The Restated Agreement was amended in January 2019, to increase the revolving line of credit from $2,000,000 to $2,500,000 and amend certain terms as defined in the Restated Agreement. The purpose of the increase was to allow for the funding of a $500,000 letter of credit securing the lease on our new facility (see the Operating Leases section of Note 7).

5. LONG-TERM DEBT

	December 31,	
Long-term debt consists of:	**2018**	**2017**
Term loan (Original Agreement), with Senior Lenders, variable interest rate based on 30-day LIBOR plus an applicable margin of between 5.5% and 6.25% based on senior leverage ratio; Quarterly principal payments of $85,000 through June 30, 2016; $148,750 from September 30, 2016 through June 30, 2017; $212,500 from September 30, 2017 to June 30, 2018; $318,750 on September 30, 2018. Term loan (Restated Agreement) variable interest rate based on 30-day LIBOR plus an applicable margin of between 7.00% and 7.50% based on senior leverage ratio (10.24% at December 31, 2018); quarterly principal payments of $162,500 through June 30, 2023, with a balloon payment of $22,750,000 due on October 1, 2023, less unamortized deferred financing costs of $349,088 and $579,060 at December 31, 2018 and 2017, respectively.	$ 25,488,412	$ 29,489,986

Alpine Subordinated Note Payable, interest only loan at 6% per annum. Balloon payment of $15,400,000 due on April 1, 2024 (during 2018 the due date of the balloon payment was amended from September 1, 2022 to April 1, 2024), net of unamortized deferred financing costs of $262,514 and $334,569 at December 31, 2018 and 2017, respectively. Per agreement with Alpine the intent of the amended and restated credit agreement included the deferral of interest payments due to Alpine on the Subordinated Note Payable. As of December 31, 2018, Alpine did not require repayment of the deferred interest within the following 12 months. The amount of deferred interest at December 31, 2018 and 2017, was $1,401,400 and $464,567 respectively.	$ 15,137,486	$ 15,065,431
Alpine Subordinated Note Payable, interest only loan at 6% per annum. Balloon payment of $9,404,500 due on April 1, 2024 (during 2018 the due date of the balloon payment was amended from September 1, 2022 to April 1, 2024), net of unamortized deferred financing costs of $160,896 and $204,315 at December 31, 2018 and 2017, respectively. Per agreement with Alpine the intent of the amended and restated credit agreement included the deferral of interest payments due to Alpine on the Subordinated Note Payable. As of December 31, 2018, Alpine did not require repayment of the deferred interest within the following 12 months. The amount of deferred interest at December 31, 2018 and 2017, was $855,810 and $283,702, respectively.	$ 9,243,604	$ 9,200,184
Note payable to Rollover Member, interest only loan at 6% per annum. Balloon payment of $1,305,500 due on September 1, 2022	1,305,500	1,305,500
Total long-term debt	$ 51,175,002	$ 55,061,101
Less: current portion, net of current unamortized financing fees of $188,968 at December 31, 2018 and $332,623 at December 31, 2017	(461,032)	(623,627)
Long-term debt, net of current maturities and deferred financing fees	$ 50,713,970	$ 54,437,474

Annual maturities of notes payable are as follows:

Years Ending December 31,	
2019	$ 650,000
2020	650,000
2021	650,000
2022	1,955,500
2023	23,237,500
Thereafter	24,804,500
	$51,947,500

All of the above notes payable contain various restrictive covenants. At December 31, 2018 and 2017, we were in compliance with all covenants.

6. MEMBERS' EQUITY

Allocations of Net Profits and Losses

In accordance with the Operating Agreement, our net profits and losses are allocated to the members holding units as defined, which is generally proportional to their capital accounts.

Common Units

Effective September 1, 2015, we issued 100,000 common units and incurred $531,525 of related issuance costs.

Effective May 14, 2018, we issued 6,702.4 common units to Alpine for $750,000.

Additional paid in capital

Effective September 10, 2018, Holding made an additional equity contribution of $1,000,000. Effective October 5, 2018, Holding made an additional equity contribution of $1,880,828. No additional units were issued for these equity contributions. As such they are being treated as additional paid in capital.

Profits Interest Units

During November 2015, we issued for consideration of future services, 9,413 Profits Interest Units pursuant to a Unit Award Notice and Award Agreement ("Award Agreement"). In accordance with this Award Agreement, 3,268.40 or 34.7% of these units vested on the grant date, 3,006.93 or 31.9% of these units vest ratably over a forty-five month period beginning December 1, 2015, and the remaining 3,137.67 or 33.4% of these units vest based on our performance, specifically, investor rate of return as defined in the Award Agreement.

During 2016, we issued for consideration of future services, 3,882.43 Profits Interest Units pursuant to various Award Agreements. In accordance with the Award Agreements, vesting commenced on the grant date with the units vesting either ratably or under a cliff schedule at certain dates over a forty-eight month period. Unvested Profits Interest Units are forfeited upon the termination of employment.

During 2018, we issued for consideration of future services, 6,859.41 Profits Interest Units pursuant to various Award Agreements. In accordance with the Award Agreements, 585.06 or 8.5% of these units vested on the grant date, 5,030.85 or 73.4% of these units vest ratably over a forty-three month period, and the remaining

1,243.5 or 18.1% of these units vest based on our performance, specifically, investor rate of return as defined in the Award Agreement. Unvested Profits Interest Units are forfeited upon the termination of employment.

Holders of Profits Interest Units are entitled to participate in amounts distributable to members pursuant to the Operating Agreement, which contains various threshold or hurdle amounts, and provides Profits Interest Unit holders participation rights in distributions in excess of those amounts.

The fair value of the Profits Interest Units is estimated at the grant date. For the years ended December 31, 2018 and 2017, total related compensation cost was not material to the consolidated financial statements.

Voting Rights

Members owning Common Units and Profits Interest Units are entitled to one vote per unit owned on any matter voted by Members.

Priority of Distributions

Non-Liquidation Priorities: Distributions of available cash are made as follows: (i) payment in full to the holders of Subordinated Alpine Notes Payable and the Seller Note; (ii) to the Members in proportion to their respective unreturned capital balances, as defined; and (iii) to the Members in proportion to their percentage interests.

Priorities Upon Liquidation: Distributions of net cash proceeds resulting from liquidation are made as follows: (i) payment of the expenses of liquidation and the debts and liabilities of the Company, excluding debts and liabilities owed to the Members; (ii) debts and liabilities owed to the Members through the date of liquidation; (iii) to the setting up of any reserves that the Board of Managers determines necessary for contingent liabilities; (iv) to and among the Members under the terms noted above for Non-Liquidation Priorities up to the threshold or hurdle amount; and (v) the aggregate amount of available cash to be distributed to the holders of Common Units and Profits Interest Units pro rata in accordance with their respective shares. This last aggregate distribution contains various threshold or hurdle amounts which must be met before the Profits Interest Unit holders are entitled to their pro rata distributions.

7. COMMITMENTS AND CONTINGENCIES

Operating Leases

We are obligated under various non-cancelable operating lease agreements for real property and equipment used in our operations with varying terms through 2029. We are committed to pay a portion of the actual operating expenses under certain of these lease agreements. These operating expenses are not included in the table below. Two of these arrangements have escalating rent payment provisions. We recognize rent expense under such arrangements on a straight-line basis over the lease terms.

In December 2018, we entered into an agreement with LIBP Investors to lease 14,500 sq. ft. of office space in Lakeland, FL, replacing our current Lakeland, FL office lease. The term of the new lease is 123 months and commences in April 2019. The lease requires MidAmerica to provide either a cash security deposit or letter of credit to the lessor in the amount of $500,000. We fulfilled this requirement by securing a $500,000 letter of credit in January 2019. The payment obligations due on this lease within the next five years are included on the schedule below. This lease includes an allowance of up to $623,000 from which all architectural, engineering and construction management fees shall be paid, and which will be applied to the cost of tenant improvements.

At December 31, 2018, future minimum payments under non-cancelable operating leases over each of the next five years are as follows:

2019	$ 284,026
2020	392,582
2021	362,581
2022	267,491
2023	270,135
	$1,576,815

Rental expense for the years ended December 31, 2018 and 2017 was $378,875 and $381,511, respectively.

Litigation, Claims and Assessments

The company is involved in various lawsuits, claims, and administrative proceedings arising in the normal course of business. Management is of the opinion that any liability or loss associated with such matters, either individually or in the aggregate, will not have a material adverse effect on the company's consolidated financial statements, operations, or liquidity. We vigorously defend all matters in which we are named defendants. For insurable losses, we maintain insurance to protect against adverse judgments, claims or assessments that may affect us, and believe such levels of insurance are adequate.

Employment Agreements

We have entered into employment agreements with members of our executive management. These agreements contain provisions related to base salary, bonus compensation, severance, fringe benefits and non-compete clauses, among other items.

8. SALE OF TPA LINE OF BUSINESS

On September 10, 2018, we agreed to sell our TPA line of business to TSA Consulting. The assets sold to TSA Consulting were fee-based administrative, compliance, and common remitting services to clients with respect to their 403(b) or 457(a) voluntary employee deduction/employer contribution plans. The purchase included 100% of our clients currently contracted in these programs, as well as the non-exclusive right to use our plan documents and adoption agreements for these programs.

The purchase price for this sale, as amended by the First Amendment to the Asset Purchase Agreement, shall be not less than $1,000,000 nor more than $1,400,000. The minimum purchase price of $1,000,000 was paid to us in September 2018. The remainder of the purchase price is contingent upon meeting certain performance criteria as of future measurement dates (March 31, 2019 and May 31, 2019). On April 5, 2019, we received a payment of $300,000 from TSA Consulting based on meeting certain performance criteria as of the March 31, 2019 measurement date. As of the issue date of the financial statements we are not able to determine the results of the May 31, 2019 measurement date and the related final contingent payment.

Associated with this transaction, we disposed of $4,208,227 of Goodwill and $1,274,158 of related accumulated amortization. The sale transaction resulted in a net loss of $1,934,069, which was recognized in Loss on sale on the accompanying Consolidated Statement of Operations for the period ended December 31, 2018.

9. RELATED PARTY TRANSACTIONS

Management Fees

In accordance with our Operating Agreement, management fees of $300,000 per year were incurred and due to Alpine for the years ended December 31, 2018 and 2017. Per agreement with Alpine, payment of these management fees is currently being deferred. The balance of deferred management fees was $450,000 and $150,000 at December 31, 2018 and 2017, respectively.

Interest Expense

In accordance with the Subordinated Note Payable agreement with Alpine Investors V SBIC, we incurred $936,833 of interest expense per year for the years ended December 31, 2018 and 2017, respectively. Per agreement with Alpine, payment of the interest expense on this note is currently being deferred. The balance of the deferred interest was $1,401,400 and $464,567 at December 31, 2018 and 2017, respectively.

In accordance with the Subordinated Note Payable agreement with Alpine Investors V, we incurred $572,107 of interest expense per year for the years ended December 31, 2018 and 2017, respectively. Per agreement with Alpine, payment of the interest expense on this note is currently being deferred. The balance of the deferred interest was $855,810 and $283,702 at December 31, 2018 and 2017, respectively.

10. EMPLOYEE BENEFIT PLAN

We have a profit sharing retirement plan ("Plan") for MidAmerica employees that is qualified under Section 401(k) of the Internal Revenue Code. The Plan allows employees that have met certain service requirements to contribute a fixed amount or fixed percentage of eligible compensation subject to Internal Revenue Code maximum limitations. We may elect to make discretionary matching and profit sharing contributions. During the years ended December 31, 2018 and 2017, we made matching and profit sharing contributions of $130,183 and $106,819, respectively.

11. SUBSEQUENT EVENTS

Subsequent events have been evaluated for recognition and disclosure through April 8, 2019, which is the date our consolidated financial statements were available to be issued. There were not material subsequent events during this period.

Reconciliation of Operating Income to Consolidated Adjusted EBITDA (Unaudited)

	Year Ended December 31, 2018	Year Ended December 31, 2017
Operating Income (Loss)	($ 2,478,992)	($ 1,779,380)
Loss on asset disposal	(1,174)	-
Depreciation and Amortization	6,747,149	6,826,148
EBITDA	4,266,983	5,046,768
Allowable adjustments per Credit Agreement		
Annual Alpine management consulting fee	300,000	300,000
Other approved adjustments	580,600	163,000
Consolidated Adjusted EBITDA[1]	$ 5,147,583	$ 5,509,768

[1] Calculated consistent with the definition contained in the Restated Agreement