

**SINGER FINANCIAL CORP.
UNAUDITED, INTERNALLY PREPARED
FINANCIAL STATEMENTS*
FOR YEARS ENDING
December 31, 2015 and 2014**

* These financial statements were internally prepared by Singer Financial Corp. They are unaudited. They were adopted by Singer Financial in total from unissued draft compilations for the years ending December 31, 2015 and 2014 which were prepared by the Company's former accountants Weisermazars (currently known as Mazars USA LLP).

Singer Financial Corp.
Unaudited Balance Sheet*
For the period ending December 31, 2015 and 2014

Assets	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Cash	\$ 460,436.00	\$ 885,917.00
Secured loans receivable:		
Loan portfolio	\$ 2,415,418.00	\$ 3,231,678.00
Stockholder	\$ 1,232,324.00	\$ 1,636,861.00
Affiliates	\$ 539,077.00	\$ 539,077.00
Accrued interest receivable	\$ 15,173.00	\$ 31,900.00
Due from affiliates	\$ 1,027,218.00	\$ 1,022,071.00
Due from stockholder	\$ 1,955,171.00	\$ 1,644,945.00
Prepaid expenses	\$ 10,575.00	\$ 9,075.00
Property and equipment, net	\$ 1,025,630.00	\$ 722,935.00
Financing costs, net	\$ 19,844.00	\$ 26,635.00
Total Assets	\$ 8,700,866.00	\$ 9,751,094.00
Liabilities and Stockholder Equity		
Liabilities		
Notes payable, bank	\$ 969,208.00	\$ 1,015,030.00
Notes payable, other	\$ 3,878,839.00	\$ 3,997,460.00
Subordinated investment certificates	\$ 2,066,810.00	\$ 2,584,837.00
Total Liabilities	\$ 6,914,857.00	\$ 7,597,327.00
Commitments and contingencies		
Stockholder's equity		
Common Stock, no par value; authorized 10,000 shares issued and outstanding 2,000 shares	\$ 600,000.00	\$ 600,000.00
Retained earnings	\$ 1,186,009.00	\$ 1,553,767.00
Total stockholder's equity	\$ 1,786,009.00	\$ 2,153,767.00
Total liabilities and stockholder's equity	\$ 8,700,866.00	\$ 9,751,094.00

*Adopted in total by Singer Financial Corp. from unissued draft compliance Balance Sheets prepared by its former accountants Weisermazars (currently known as Mazars USA LLP)

Singer Financial Corp.
Unaudited Statement of Operations*
Years Ended December 31, 2015 and 2014

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Income		
Interest		
Interest Income	\$ 562,623.00	\$ 700,514.00
Interest Expense	<u>\$ 454,149.00</u>	<u>\$ 530,825.00</u>
Net interest income	\$ 108,474.00	\$ 169,689.00
Brokerage and other fees	<u>\$ 81,465.00</u>	<u>\$ 240,956.00</u>
	\$ 189,939.00	\$ 410,465.00
Operating expenses		
General and administrative	\$ 482,841.00	\$ 493,414.00
Depreciation and amortization	<u>\$ 41,104.00</u>	<u>\$ 34,901.00</u>
	\$ 523,945.00	\$ 528,315.00
Gain on sale of property	<u>\$ -</u>	<u>\$ 176,771.00</u>
(Loss) income from operations	<u>\$ (334,006.00)</u>	<u>\$ 59,101.00</u>
Other expense		
bank interest expense	\$ (48,752.00)	\$ (55,998.00)
Rental Income	<u>\$ 15,000.00</u>	<u>\$ 15,000.00</u>
	\$ (33,752.00)	\$ (40,998.00)
Net (loss) income	<u><u>\$ (367,758.00)</u></u>	<u><u>\$ 18,103.00</u></u>

* Adopted in total by Singer Financial Corp. from unissued draft compilation Statement of Operations prepared by its former accountants Weisermazars (currently known as Mazars USA LLP)

Singer Financial Corp.
Statement of Stockholder Equity*
Years Ended December 31, 2015 and 2014

	<u>Common Stock</u>		<u>Retained Earnings</u>	<u>Total</u>
	<u>Number of Shares</u>	<u>Amount</u>		
Balance, January 1, 2014	2000	\$ 600,000.00	\$ 1,535,664.00	\$ 2,135,664.00
Net Income			<u>\$ 18,103.00</u>	<u>\$ 18,103.00</u>
Balance, December 31, 2014	2000	\$ 600,000.00	\$ 153,767.00	\$ 2,153,767.00
Net loss			<u>\$ (367,758.00)</u>	<u>\$ (367,758.00)</u>
Balance, December 31, 2015	<u>2000</u>	<u>\$ 600,000.00</u>	<u>\$ 1,186,009.00</u>	<u>\$ 1,786,009.00</u>

*Adopted in total by Singer Financial Corp. from unissued draft compilation Statement of Stockholder Equity prepared by its former accountants Weisermazars (currently known as Mazars USA LLP)

Singer Financial Corp.
Unaudited Statement of Cash Flows*
As of Year End December 31, 2015

* adopted in total by Singer Financial Corp. from unissued draft Statement of Cash flows prepared by its former accountants Weisermazars (currently known as Mazars USA LLP)

	<u>Decmeber 31, 2015</u>	<u>Decemebr 31, 2014</u>
Cash flows from operating activities		
Net (loss) income	\$ (367,758.00)	\$ 18,103.00
Adjustments to reconcile net (loss) to net cash provided by (used) in operateing activities:		
Amortization of loan origination fees	\$ (71,631.00)	\$ (44,809.00)
Depreciation of property and equipment	\$ 34,313.00	\$ 28,110.00
Gain on sale of property	\$ -	\$ (176,771.00)
Amortization of financing costs	\$ 6,791.00	\$ 6,791.00
Increase in accrued interest on stockholder and realted party loans	\$ -	\$ (58,792.00)
Increase in accrued interest on notes payable	\$ 108,289.00	\$ 60,787.00
Increase in accrued interest on subordinated investment certificates	\$ 74,562.00	\$ 355,176.00
Increase (decrease) in cash attributable to changes in operating assets and liabilities:		
Accrued interest receivable	\$ 6,885.00	\$ -
Prepaid Expenses	\$ (1,500.00)	\$ 14,220.00
Net cash (used) provided by operating activities	<u>\$ (210,049.00)</u>	<u>\$ 202,815.00</u>
Cash Flows from Investing activities		
Loans originated	\$ (700,284.00)	\$ (1,026,126.00)
Loan fees received	\$ 30,000.00	\$ 71,050.00
Loan payments received	\$ 1,000,170.00	\$ 916,272.00
Advances from (to) stockholder	\$ (382,781.00)	\$ (623,546.00)
Advances to affiliates	\$ (5,147.00)	\$ (30,000.00)
Proceeds from sale of property	\$ -	\$ 495,810.00
Purchas of proeprty and equipment	\$ (42,069.00)	\$ (78,112.00)
Net cash used in investing activities	<u>\$ (100,111.00)</u>	<u>\$ (274,652.00)</u>
Cash flows from financing activities		
Principal payment on notes payable, bank	\$ (45,822.00)	\$ 28,727.00
Proceeds from notes payable	\$ 314,700.00	\$ 370,000.00
Principal and interest payments on notes payable, other	\$ (9,110.00)	\$ -
Principal and interest payments on subordinated investment certificates	\$ (375,089.00)	\$ (760,580.00)
Net cash used in financing activities	<u>\$ (115,321.00)</u>	<u>\$ (361,853.00)</u>
Net decrease in cash	\$ (425,481.00)	\$ (433,689.00)
Cash		
Beginning	\$ 885,917.00	\$ 1,319,606.00
Ending	<u>\$ 460,436.00</u>	<u>\$ 885,917.00</u>
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	\$ 493,269.00	\$ 531,616.00

Supplemntal disclosure of noncash investing and financing activities

During the year end Decmeber 31, 2015, loans receivable plus accrued interest receivable totaling \$101,906 were transferred to an affilaite of the Company

During the years ended December 31, 2015 and 2014, the Company transferred loans receivables plus accrued interest totaling \$294,939 and \$315,002 to fixed assets upon foreclsoure of the realted proeprties

Matured Subordinated investemnt certificates, with principal and accrued interest toatling \$217,500 and \$2,897,854, were recalsified as notes payable during the years ended Decemeber 31, 2015 and 2014 respectively