MAHON PAUL A
Form 4
September 07, 2012

FORM 4

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL	
OMB Number:	3235-0287
Expires:	January 31, 2005
Estimated average burden hours per response...	0.5

(Print or Type Responses)

1. Name and Address of Reporting Person *
MAHON PAUL A

(Last) (First) (Middle)

C/O UNITED THERAPEUTICS CORPORATION, 1040 SPRING STREET

(Street)

SILVER SPRING, MD 20910

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
UNITED THERAPEUTICS Corp [UTHR]

3. Date of Earliest Transaction (Month/Day/Year)
09/06/2012

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

_____ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
EVP & General Counsel

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock (1) (2)	09/06/2012	09/06/2012	M		4,501	A	$ 25.315 (3)	38,101	D	
Common Stock (1) (2)	09/06/2012	09/06/2012	S		4,501	D	$ 55.69	33,600	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

number.

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8 D S (
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares	
Share Tracking Award (1) (2)	$ 25.315 (3)	09/06/2012	09/06/2012	M			4,501	09/15/2009	09/15/2018	Common Stock	4,501	

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
MAHON PAUL A C/O UNITED THERAPEUTICS CORPORATION 1040 SPRING STREET SILVER SPRING, MD 20910			EVP & General Counsel	

Signatures

/s/ John S. Hess, Jr. under Power of Attorney	09/07/2012
**Signature of Reporting Person	Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- **(1)** Exercise of a cash-settled share tracking award.
- **(2)** This exercise of share tracking awards was pursuant to a Rule 10b5-1 trading plan entered into by the reporting person.
- **(3)** Exercise price and number of shares/awards has been adjusted to reflect the issuer's two-for-one stock split on September 22, 2009.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
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Beaver-Visitec International

8/21/2023 L+5.00% 4,975,000 4,928,997 4,975,000 6.26%

PT Network

11/30/2021 L+6.50% 4,990,972 3,883,735 3,883,735 4.89%

Hotel, gaming & leisure

VIP Cinema

3/31/2023 L+6.00% 5,000,000 4,975,275 5,059,500 6.37%

Industrial products

LTI Holdings, Inc.

4/17/2022 L+4.25% 1,974,874 1,780,886 1,974,874 2.49%

MWI Holdings

6/29/2020 L+5.50% 4,962,500 4,921,442 5,006,170 6.30%

Sigma Electric

8/31/2021 L+7.50% 5,000,000 4,886,637 4,886,637 6.15%

Terra Millennium

11/23/2022 L+6.25% 6,956,250 6,889,423 6,956,250 8.76%

Media, Marketing & Entertainment

Contextmedia

12/31/2021 L+6.50% 1,975,000 1,787,489 1,975,000 2.49%

Imagine! Print Solutions

3/30/2022 L+6.00% 3,565,489 3,526,760 3,610,057 4.55%

New Media Holdings II LLC

6/4/2020 L+6.25% 6,901,894 6,886,200 6,867,385 8.65%

Northstar Travel

6/7/2022	L+6.25%	4,090,625	4,036,655	4,070,172	5.13%

Tweddle Group

10/24/2022	L+6.00%	2,506,731	2,459,763	2,525,531	3.18%

See accompanying notes to consolidated financial statements

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I-45 SLF LLC

Consolidated Schedule of Investments

March 31, 2017

(Continued)

Description	Maturity Date	Current Interest Rate[1]	Principal Amount	Cost	Fair Value	Percentage of Members Equity
Paper & forest products						
Digital Room	5/28/2023	L+10.00%	$ 4,000,000	$ 3,924,128	$ 3,924,128	4.94%
Retail						
Turning Point Brands	12/31/2021	L+6.00%	5,000,000	4,950,846	4,950,846	6.23%
Software & IT Services						
Digital River	2/12/2021	L+6.50%	7,015,452	6,988,236	7,050,529	8.88%
InfoGroup Inc. - 1st Lien	5/28/2018	L+5.50%	3,000,000	2,970,000	2,970,000	3.74%
InfoGroup Inc. - 1st Lien	5/28/2018	L+5.00%	5,913,550	5,813,451	5,907,637	7.44%
Technology Products & Components						
Array Technologies	6/22/2021	L+7.25%	4,625,000	4,542,126	4,613,438	5.81%
ATX Networks Corp.	6/12/2021	L+6.00%	4,924,812	4,877,594	4,875,564	6.14%
Telecommunications						
American Teleconferencing - 1st Lien	12/8/2021	L+6.50%	5,711,302	5,243,685	5,700,450	7.18%
American Teleconferencing - 2nd Lien	6/6/2022	L+9.50%	1,708,571	1,643,620	1,674,400	2.11%
Polycom	9/27/2023	L+6.50%	6,445,833	6,445,833	6,547,678	8.24%
Transportation & Logistics						
US Joiner	4/16/2020	L+6.00%	4,791,601	4,737,062	4,767,643	6.00%
Utilities						
Pike Corp.	8/30/2024	L+8.00%	1,000,000	990,000	1,017,500	1.28%
Total Investments - (cost $197,494,528)				$ 197,494,528	$ 200,242,690	252.13%

(1) The majority of investments bear interest at a rate that may be determined by reference to London Interbank Offered Rate (LIBOR or L) which reset daily, monthly, quarterly, or semiannually. For each investment, the Company has provided the spread over LIBOR in effect at March 31, 2017. Certain investments are subject to a LIBOR interest rate floor.

See accompanying notes to consolidated financial statements

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I-45 SLF LLC

Consolidated Statements of Operations

	Year ended March 31, 2018	Year ended March 31, 2017	Period from September 3, 2015 (date of incorporation) to March 31, 2016
Investment income			
Interest	$ 16,732,879	$ 12,293,686	$ 2,368,470
Fees and other income	332,752	247,870	32,401
Total investment income	17,065,631	12,541,556	2,400,871
Expenses			
Interest expense	5,202,715	3,164,136	309,949
Amortization of facility fee	487,503	374,659	65,323
Administrative agent fee	418,229	318,150	69,792
Administrative fee	150,362	120,543	35,106
Unused facility fee	145,997	185,897	95,264
Organizational expense			80,853
Professional fees and other	208,225	236,372	32,295
Total expenses	6,613,031	4,399,757	688,582
Net investment income	10,452,600	8,141,799	1,712,289
Realized and unrealized gain (loss) on investments			
Net realized gain on investments	1,660,104	1,653,143	41,926
Net change in unrealized appreciation (depreciation) on investments	(614,866)	3,369,673	(621,510)
Net gain (loss) on investments	1,045,238	5,022,816	(579,584)
Net increase in members equity resulting from operations	$ 11,497,838	$ 13,164,615	$ 1,132,705

See accompanying notes to consolidated financial statements

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I-45 SLF LLC

Consolidated Statements of Changes in Members Equity

	Year ended March 31, 2018	Year ended March 31, 2017	Period from September 3, 2015 (date of incorporation) to March 31, 2016
Members equity beginning balance	$ 79,417,700	$ 45,357,231	$
Contributions	5,000,000	30,000,000	46,000,000
Distributions	(11,869,457)	(9,104,146)	(1,775,474)
	72,548,243	66,253,085	44,224,526
Net increase in members equity resulting from operations:			
Net investment income	10,452,600	8,141,799	1,712,289
Net realized gain on investments	1,660,104	1,653,143	41,926
Net change in unrealized appreciation (depreciation) on investments	(614,866)	3,369,673	(621,510)
Net increase in members equity resulting from operations	11,497,838	13,164,615	1,132,705
Members equity ending balance	$ 84,046,081	$ 79,417,700	$ 45,357,231

See accompanying notes to consolidated financial statements

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I-45 SLF LLC

Consolidated Statements of Cash Flows

	Year ended March 31, 2018	Year ended March 31, 2017	Period from September 3, 2015 (date of incorporation) to March 31, 2016
Cash flows from operating activities			
Net increase in members equity resulting from operations	$ 11,497,838	$ 13,164,615	$ 1,132,705
Adjustments to reconcile net increase in members equity resulting from operations to net cash used in operating activities:			
Net realized gain on investments	(1,660,104)	(1,653,143)	(41,926)
Net change in unrealized (appreciation) depreciation on investments	614,866	(3,369,673)	621,510
Amortization of premiums and discounts on investments	(710,236)	(1,084,012)	(84,867)
Amortization of deferred financing costs	487,503	374,659	65,323
Purchases of investments	(135,400,139)	(161,951,431)	(101,973,261)
Proceeds from sales / paydowns of investments	116,591,458	67,029,872	2,264,241
Changes in operating assets and liabilities:			
Due from broker	1,402,513	(1,732,500)	
Interest receivable	(338,769)	(37,939)	(436,392)
Payable for securities purchased	(8,582,182)	3,754,809	8,040,191
Interest payable	41,883	30,987	29,205
Accrued expenses and other liabilities	28,330	58,842	39,040
Net cash used in operating activities	(16,027,039)	(85,414,914)	(90,344,231)
Cash flows from financing activities			
Borrowings under credit facility	34,000,000	74,000,000	48,000,000
Repayments of credit facility	(13,000,000)		
Deferred financing costs paid	(939,006)	(974,024)	(1,125,000)
Capital contributions	5,000,000	30,000,000	46,000,000
Distributions	(11,809,424)	(7,699,178)	(350,000)
Net cash provided by financing activities	13,251,570	95,326,798	92,525,000
Net change in cash and cash equivalents	(2,775,469)	9,911,884	2,180,769
Cash and cash equivalents, beginning of period	12,092,653	2,180,769	
Cash and cash equivalents, end of period	$ 9,317,184	$ 12,092,653	$ 2,180,769

Supplemental disclosure of cash flow information						
Cash paid during the period for interest	$	5,705,952	$	3,133,149	$	280,744
Supplemental disclosure of noncash financing activities						
Distributions payable	$	2,890,475	$	2,830,442	$	1,425,474

See accompanying notes to consolidated financial statements

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I-45 SLF LLC

Notes to Consolidated Financial Statements

1. ORGANIZATION AND BASIS OF PRESENTATION

ORGANIZATION

I-45 SLF LLC (the Company) was organized as a Delaware limited liability company on September 3, 2015 by the filing of a certificate of formation (the Certificate) with the Office of the Secretary of State of the State of Delaware under and pursuant to the Delaware Limited Liability Company Act (the Act). The Company is a joint venture between Main Street Capital Corporation and Capital Southwest Corporation. Capital Southwest Corporation owns 80.0% of the Company and has a profits interest of 75.6%, while Main Street Capital Corporation owns 20.0% and has a profits interest of 24.4%. The initial equity capital commitment to I-45 SLF totaled $85 million, consisting of $68 million from Capital Southwest Corporation and $17 million from Main Street Capital Corporation, of which, $81 million, or 95.3%, in total was funded as of March 31, 2018 and $76 million, or 89.4% was funded as of March 31, 2017.

On September 18, 2015, the Company s wholly-owned and consolidated subsidiary, I-45 SPV LLC (the SPV) was organized as a Delaware limited liability company by the filing of a certificate of formation with the Office of the Secretary of State of the State of Delaware. The Company is the sole equity member of the SPV. All intercompany balances and transactions have been eliminated in consolidation.

The registered agent and office of the Company required by the Act to be maintained in the State of Delaware is The Corporation Trust Company, 1209 Orange Street, Wilmington, New Castle County, Delaware 19801. The principal office of the Company shall be located at such place within or without the State of Delaware, and the Company shall maintain such records, as the Members shall determine from time to time.

BASIS OF PRESENTATION

The accounting and reporting policies of the Company conform with U.S. generally accepted accounting principles (U.S. GAAP) as detailed in the Financial Accounting Standards Board s (FASB) Accounting Standards Codification (ASC). The Company is an investment company and follows the accounting and reporting guidance in FASB Topic 946 *Financial Services Investment Companies* (ASC Topic 946). Financial statements prepared on a U.S. GAAP basis require management to make estimates and assumptions that affect the amounts and disclosures reported in the financial statements and accompanying notes. Such estimates and assumptions could change in the future as more information becomes known, which could impact the amounts reported and disclosed herein.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

INVESTMENTS

Investment transactions are accounted for on a trade-date basis. Premiums and discounts are amortized over the lives of the respective debt securities using the effective interest method. Investments that are held by the Company are stated at fair value in accordance with ASC Topic 820 *Fair Value Measurements and Disclosures* (ASC Topic 820).

Realized gains or losses are measured by the difference between the net proceeds from the sale or redemption of an investment and the cost basis of the investment, without regard to unrealized appreciation or depreciation previously

recognized, and includes investments written-off during the year net of recoveries and realized gains or losses from in-kind redemptions. Net change in unrealized appreciation or depreciation reflects the net change in the fair value of the investment portfolio and the reclassification of any prior period unrealized appreciation or depreciation on exited investments and financial instruments to realized gains or losses.

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I-45 SLF LLC

Notes to Consolidated Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

CASH AND CASH EQUIVALENTS

Cash and cash equivalents, which consist of cash and highly liquid investments with an original maturity of three months or less at the date of purchase, are carried at cost, which approximates fair value.

In the normal course of business, the Company maintains its cash and cash equivalents balances in financial institutions, which at times may exceed federally insured limits. The Company is subject to credit risk to the extent any financial institution with which it conducts business is unable to fulfill contractual obligations on its behalf. Management monitors the financial condition of such financial institutions and does not anticipate any losses from these counterparties.

DEFERRED FINANCING COSTS

Deferred financing costs include commitment fees and other costs related to the Company s credit facility (the Credit Facility , as discussed further in Note 4). These costs have been capitalized and are amortized into interest expense over the term of the individual instrument.

INTEREST INCOME

Interest income is recorded as earned on the accrual basis and includes amortization of premiums or accretion of discounts. In accordance with the Company s valuation policy, accrued interest receivables are evaluated periodically for collectability. When the Company does not expect the debtor to be able to service all of its debt or other obligations, the Company will generally establish a reserve against interest income receivable, thereby placing the loan or debt security on non-accrual status, and cease to recognize interest income on that loan or debt security until the borrower has demonstrated the ability and intent to pay contractual amounts due. If a loan or debt security s status significantly improves regarding the ability to service debt or other obligations, it will be restored to accrual basis. As of March 31, 2018 and 2017, the Company did not have any investments on non-accrual status.

EXPENSES

Unless otherwise voluntarily or contractually assumed by the Board of Managers or another party, the Company bears all expenses incurred in its business including, but not limited to, the following: all costs and expenses related to investment transactions and positions for the Company, legal fees, accounting, auditing and tax preparation fees, recordkeeping and custodial fees, costs of computing the Company s members equity, research expenses, costs of registration expenses, all costs with respect to communications with members, and other types of expenses as may be approved from time to time.

INCOME TAXES

The Company is organized and operates as a limited liability company and is not subject to income taxes as a separate entity. Such taxes are the responsibility of the individual members. Accordingly, no provision for income taxes has been made in the Company s financial statements. Investments in foreign securities may result in foreign taxes being withheld by the issuer of such securities.

For the current open tax year and for all major jurisdictions, management of the Company has evaluated the tax positions taken or expected to be taken in the course of preparing the Company s tax returns to determine

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I-45 SLF LLC

Notes to Consolidated Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

whether the tax positions will more-likely-than-not be sustained by the Company upon challenge by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold and that would result in a tax benefit or expense to the Company would be recorded as a tax benefit or expense in the current year. For the years ended March 31, 2018 and 2017, and the period from September 3, 2015 (date of incorporation) to March 31, 2016, the Company determined that it did not have any uncertain tax positions. Generally, the Company is subject to income tax examinations by major taxing authorities during the three years prior to the periods covered by these financial statements.

RECENTLY ISSUED OR ADOPTED ACCOUNTING STANDARDS

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606). ASU 2014-09 supersedes the revenue recognition requirements under ASC Topic 605, Revenue Recognition, and most industry-specific guidance throughout the Industry Topics of the ASC. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. Under the new guidance, an entity is required to perform the following five steps: (1) identify the contract(s) with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenue when (or as) the entity satisfies a performance obligation. The new guidance will significantly enhance comparability of revenue recognition practices across entities, industries, jurisdictions and capital markets. Additionally, the guidance requires improved disclosures as to the nature, amount, timing and uncertainty of revenue that is recognized. In May 2016, the FASB issued ASU No. 2016-12, Revenue from Contracts with Customers (Topic 606) Narrow-Scope Improvements and Practical Expedients. This ASU clarified guidance on assessing collectability, presenting sales tax, measuring noncash consideration, and certain transition matters. The FASB decided to defer the effective date of the new revenue standard for public entities under U.S. GAAP for one year. The new guidance will be effective for the annual reporting period beginning after December 15, 2018, and interim periods within annual reporting periods beginning after December 15, 2019. Early adoption was permitted for annual reporting periods beginning after December 15, 2016. The Company completed its assessment in evaluating the potential impact on its consolidated financial statements and determined that its financial contracts are excluded from the scope of ASU 2014-09. As a result of the scope exception for financial contracts, the Company s management has determined the adoption of ASU 2014-09 will have no impact on the recognition timing and classification of revenues and expenses, pretax income or on the consolidated financial statement disclosures.

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230),* which is intended to reduce the existing diversity in practice in how certain cash receipts and cash payments are presented and classified in the statement of cash flows. The guidance is effective for annual periods beginning after December 15, 2018, and interim periods therein. Early application is permitted. The adoption of this new accounting standard is not expected to have an impact on the Company s consolidated financial statements.

3. FAIR VALUE MEASUREMENTS

ASC Topic 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability (i.e., the exit price) in an orderly transaction between market participants at the measurement date under current market conditions. The fair value of the Company s investments is determined as of the close of business at the end of each reporting period (Valuation Date) in conformity with the guidance on fair value measurements and disclosures under U.S. GAAP.

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I-45 SLF LLC

Notes to Consolidated Financial Statements

3. FAIR VALUE MEASUREMENTS, continued

The inputs used to determine the fair value of the Company s investments are summarized in the three broad levels listed below:

Level 1- unadjusted quoted prices in active markets for identical investments

Level 2- investments with other significant observable inputs (including quoted prices for similar securities, interest rates, prepayments speeds, credit risk, etc.)

Level 3- investments with significant unobservable inputs (including the Company s own assumptions in determining the fair value of investments)

The Company establishes valuation processes and procedures to ensure the valuation methodologies for investments categorized within Level 3 of the fair value hierarchy are fair, consistent, and verifiable. The Company designates the Board of Managers to oversee the entire valuation process of Level 3 investments. The Board of Managers is responsible for developing the Company s valuation processes and procedures, conducting periodic reviews of the valuation policies, and evaluating the overall fairness and consistent application of the valuation policies. Additionally, the Board of Managers is generally responsible for reviewing and approving the valuation determinations and any information provided by U.S. Bancorp Fund Services, LLC (the Administrator), as well as determining the levels of the fair value hierarchy in which the investments fall.

The Board of Managers meets on a quarterly basis, or more frequently as needed, to determine the valuations of Level 3 investments. Valuations determined by the Board of Managers are required to be supported by market data, third-party pricing sources, industry accepted pricing models, counterparty prices, or other methods the Board of Managers deems to be appropriate, including the use of internal proprietary pricing models. The Company, along with the Board of Managers, periodically reviews the valuations of Level 3 investments, and if necessary, recalibrates its valuation procedures.

Investments currently held by the Company are generally valued as follows:

Securities that are listed on a recognized exchange are valued at their last available public sales price. Securities that are listed on more than one national securities exchange are valued at the last quoted sales price on the primary exchange on which the security is listed. If a security was not traded on the primary exchange on the valuation date, such security is valued at the last quoted sales price on the next most active market, if the Board of Managers determines the price to be representative of fair value. Investments that are not listed on an exchange but are traded over-the-counter are generally valued using independent pricing services. These pricing services may use the broker

quotes or models that consider such factors as issue type, coupon rate, maturity, rating, prepayment speed, yield, or prices of comparable quality, when pricing securities.

In the case of investments not priced by independent pricing services, the Board of Managers will endeavor to obtain market maker quotes. For both long and short positions, the average of all bid and asked quotations is generally used.

The fair value determination of the Company s investments consists of a combination of observable inputs in non-active markets and unobservable inputs. The observable inputs are not always sufficient to determine the fair value of these investments. As a result, all investments currently held by the Company are categorized as Level 3 under ASC 820.

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I-45 SLF LLC

Notes to Consolidated Financial Statements

3. FAIR VALUE MEASUREMENTS, continued

The following table summarizes the valuation techniques and significant unobservable inputs used for the Company s investments that are categorized within Level 3 of the fair value hierarchy as of March 31, 2018 and 2017:

Type of Investment	Fair Value at March 31, 2018	Valuation Technique	Unobservable Input	Range	Weighted Average
Corporate bank loans	$ 182,716,013	Income Approach	Broker Quotes	92.0 - 103.0	100.0
	23,029,609	Income Approach	Discount Rate	7.4% - 8.6%	7.8%
	10,795,285	Market Approach	Cost	98.0 - 100.0	98.8
	4,265,938	Market Approach	Exit Value	100.0	100.0
Total	$ 220,806,845				

Type of Investment	Fair Value at March 31, 2017	Valuation Technique	Unobservable Input	Range	Weighted Average
Corporate bank loans	$ 161,497,019	Income Approach	Broker Quotes	93.0 - 101.8	99.8
	8,359,451	Income Approach	Discount Rate	6.06% - 10.5%	7.1%
	30,386,220	Market Approach	Cost	97.7 - 99.5	98.5
Total	$ 200,242,690				

The Board of Managers will evaluate the valuation hierarchy and make changes when necessary. The Company discloses transfers between levels based on valuations at the end of the reporting period. There were no transfers between levels for the years ended March 31, 2018 and 2017. The inputs or methodology used for valuing investments are not necessarily an indication of the risk associated with investing in those investments.

The following is a summary categorization, as of March 31, 2018, of the Company s investments based on the level of inputs utilized in determining the value of such investments:

	LEVEL 1	LEVEL 2	LEVEL 3	Total
Investments (at fair value)				
Corporate bank loans	$	$	$ 220,806,845	$ 220,806,845

Total investments			220,806,845	220,806,845
Cash equivalents - money market fund	3,087,598			3,087,598
	$ 3,087,598	$	$ 220,806,845	$ 223,894,443

The following is a summary categorization, as of March 31, 2017, of the Company s investments based on the level of inputs utilized in determining the value of such investments:

	LEVEL 1	LEVEL 2	LEVEL 3	Total
Investments (at fair value)				
Corporate bank loans	$	$	$ 200,242,690	$ 200,242,690
Total investments			200,242,690	200,242,690
Cash equivalents - money market fund	8,861,173			8,861,173
	$ 8,861,173	$	$ 200,242,690	$ 209,103,863

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I-45 SLF LLC

Notes to Consolidated Financial Statements

3. FAIR VALUE MEASUREMENTS, continued

The following table represents additional information about Level 3 assets measured at fair value. Both observable and unobservable inputs may be used to determine the fair value of positions that the Company has classified within the Level 3 category. As a result, the unrealized gains and losses for assets within the Level 3 category may include changes in fair value that were attributable to both observable and unobservable inputs. Changes in Level 3 assets measured at fair value for the years ended March 31, 2018 and 2017 were as follows:

	LEVEL 3					
	Beginning Balance March 31, 2017	Purchases[(a)]	Settlements	Change in Unrealized Appreciation[(b)]	Realized Gains (Losses)[(c)]	Ending Balance March 31, 2018
Investments (at fair value)						
Corporate bank loans	$ 200,242,690	$ 135,480,991	$ (115,962,074)	$ (614,866)	$ 1,660,104	$ 220,806,845
Total	$ 200,242,690	$ 135,480,991	$ (115,962,074)	$ (614,866)	$ 1,660,104	$ 220,806,845

	LEVEL 3					
	Beginning Balance March 31, 2016	Purchases[(a)]	Settlements	Change in Unrealized Appreciation[(b)]	Realized Gains (Losses)[(c)]	Ending Balance March 31, 2017
Investments (at fair value)						
Corporate bank loans	$ 99,214,303	$ 162,546,451	$ (66,540,880)	$ 3,369,673	$ 1,653,143	$ 200,242,690
Total	$ 99,214,303	$ 162,546,451	$ (66,540,880)	$ 3,369,673	$ 1,653,143	$ 200,242,690

(a) Includes purchases of new investments, as well as discount accretion on investments.
(b)

The change in unrealized appreciation is reflected in the net change in unrealized appreciation on investments in the Consolidated Statements of Operations.

(c) Realized gains (losses) are included in the net realized gain on investments in the Consolidated Statements of Operations.

The total net unrealized gains (excluding reversals) included in earnings related to assets still held at the report date for the years ended March 31, 2018 and 2017 were approximately $0.6 million and $3.4 million, respectively.

4. CREDIT FACILITY

The Company closed on a $75.0 million 5-year senior secured credit facility with Deutsche Bank AG (the Credit Facility) in the period ended March 31, 2016. This facility included an accordion feature which allows the Company to achieve leverage of up to 2x debt-to-equity. During the year ended March 31, 2017, the Company increased credit facility commitments outstanding by an additional $90.0 million by adding three additional lenders to the syndicate, bringing total debt commitments to $165.0 million. In July 2017, the Credit Facility was amended to extend the maturity to July 2022. The Company maintains the Credit Facility to provide additional liquidity to support its investment and operational activities.

I-45 SLF LLC

Notes to Consolidated Financial Statements

4. CREDIT FACILITY, continued

Prior to the amendment to the Credit Facility, borrowings under the Credit Facility bore interest on a per annum basis at a rate equal to the applicable LIBOR rate plus 2.50%. Subsequent to the amendment, borrowings bear interest on a per annum basis at a rate equal to LIBOR plus 2.40%. The Company pays an Admin Fee of 0.25% per annum and unused fees of 0.50% per annum on the unused lender commitments under the Credit Facility. The Credit Facility is secured by a first lien on the assets of the Company. The Credit Facility contains certain affirmative and negative covenants, including but not limited to maintenance of a borrowing base. The Credit Facility is provided on a revolving basis through its final maturity date in July 2022.

At March 31, 2018 and 2017, the Company had $143.0 million and $122.0 million, respectively, in borrowings outstanding under the Credit Facility. The Company recognized interest expense related to the Credit Facility, including unused commitment fees and amortization of deferred loan costs, of approximately $5.3 million and $3.4 million, respectively, for the years ended March 31, 2018 and 2017. The weighted average interest rate on the Credit Facility was 3.92% and 3.44%, respectively, for the years ended March 31, 2018 and 2017. Average borrowings for the years ended March 31, 2018 and 2017 were $132.5 million and $91.7 million, respectively.

5. ALLOCATION OF PROFITS AND LOSSES

For each fiscal year, profits or net losses of the Company are allocated among and credited to or debited against the capital accounts of the members as of the last day of each fiscal year in accordance the Limited Liability Company Agreement (the LLC Agreement). Net profits or net losses are allocated after giving effect for any initial or additional applications for interests or any repurchases of interests. Net investment income, realized gains and losses, and unrealized gains or losses are allocated to the members pro rata in accordance with their profit percentages, as defined in the LLC Agreement. Net profits or net losses are measured as the net change in the value of the members equity in the Company, including any change in unrealized appreciation or depreciation of investments and income, net of expenses, and realized gains or losses during a fiscal year.

Each quarter a cash distribution may be made to the members, which is generally equivalent to estimated taxable income less non-cash revenue (such as original issue discount amortization or PIK interest). The estimated taxable income distributions are generally made up of taxable net investment income (excluding non-cash revenue) and realized gains and losses. Estimated taxable income and distributions made to the members therefore may be materially different than GAAP net investment income. The distribution policy is subject to change by the Board of Managers based on business and market conditions at any time.

6. DUE FROM BROKERS

The Company conducts business with brokers for its investment activities. The clearing and depository operations for the investment activities are performed pursuant to agreements with the brokers. The Company is subject to credit risk to the extent any broker with whom the Company conducts business is unable to deliver cash balances or securities, or

clear security transactions on the Company s behalf. The Company monitors the financial condition of the brokers with which the Company conducts business and believes the likelihood of loss under the aforementioned circumstances is remote. At March 31, 2018 and 2017, the balance in due from brokers is cash of approximately $0.3 million and $1.7 million, respectively.

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I-45 SLF LLC

Notes to Consolidated Financial Statements

7. ADMINISTRATION AGREEMENT

In consideration for administrative, accounting, and recordkeeping services, the Company pays the Administrator a quarterly administration fee. This fee is calculated based on the quarter end invested assets. For the year ended March 31, 2018, the Company had incurred $150,362 in administration fees, of which $37,465 were payable at the end of the year. For the year ended March 31, 2017, the Company had incurred $120,543 in administration fees, of which $35,101 were payable at the end of the year. For the period ended March 31, 2016, the Company had incurred $35,106 in administration fees, of which $19,068 were payable at the end of the year.

The Administrator is affiliated with a broker, U.S. Bank, through which the Company transacts operations. At March 31, 2018, cash and cash equivalents in the amount of $9.3 million are held with U.S. Bank. At March 31, 2017, cash and cash equivalents in the amount of $12.1 million are held by U.S. Bank.

8. COMMITMENTS AND CONTINGENCIES

The Company entered into various trades during the periods ended March 31, 2018 and 2017. As of March 31, 2018 and 2017, there were outstanding trades in the amount of approximately $3.2 million and $11.8 million, respectively, that remained unsettled. This is shown as payable for securities purchased on the Consolidated Statements of Assets, Liabilities and Members Equity.

In the normal course of business, the Company is a party to financial instruments with off-balance sheet risk, consisting primarily of unused commitments to extend financing to the Company s portfolio companies. Since commitments may expire without being drawn upon, the total commitment amount does not necessarily represent future cash requirements. The following table lists the outstanding commitments as of March 31, 2018 and 2017:

Portfolio Company	Investment Type	March 31, 2018	March 31, 2017
		(amounts in thousands)	
Ansira Holdings, Inc.	Delayed Draw Term Loan	$ 255	$ 573
PT Network, LLC	Delayed Draw Term Loan	2,053	1,061
Solaray, LLC	Delayed Draw Term Loan	912	813
TGP Holdings III LLC	Delayed Draw Term Loan	271	
Total unused commitments to extend financing		$ 3,491	$ 2,447

The Company may, from time to time, be involved in litigation arising out of its operations in the normal course of business or otherwise. Furthermore, third parties may try to seek to impose liability on the Company in connection with the activities of its portfolio companies. The Company has no currently pending material legal proceedings to which it is are party or to which any of its assets is subject.

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I-45 SLF LLC

Notes to Consolidated Financial Statements

9. FINANCIAL HIGHLIGHTS

Financial highlights are as follows:

	Year ended March 31, 2018	Year ended March 31, 2017	Period from September 3, 2015 (date of incorporation) to March 31, 2016
Net investment income to average members equity[1]	12.40%	12.17%	14.79%
Expenses to average members equity[1]	(7.85)%	(6.58)%	(5.55)%
Internal Rate of Return, end of year[2]	15.04%	15.13%	(1.32)%

(1) Ratios are calculated by dividing the indicated amount by average members equity measured as the end of each quarter during the period. For the period from September 3, 2015 (date of incorporation) to March 31, 2016, the ratios are annualized.

(2) The internal rate of return since inception (IRR) of the members is computed based on the actual dates of cash inflows, outflows and the ending net assets at the end of the year of the members equity account as of each measurement date. The IRR includes actual cash payments and does not include distributions declared but not yet paid.

Financial highlights are calculated for the members class taken as a whole. An individual member s return and ratios may vary. Financial highlights disclosed may not be indicative of future performance of the Company.

10. SUBSEQUENT EVENTS

Management has evaluated the need for additional disclosures and/or adjustments resulting from subsequent events through May 17, 2018, the date the consolidated financial statements were available to be issued.

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REPORT OF INDEPENDENT AUDITORS

To the Board of Directors and Stockholders of

Media Recovery, Inc., dba SpotSee Holdings

We have audited the accompanying consolidated financial statements of Media Recovery, Inc., dba SpotSee Holdings (the Company) which comprise the consolidated balance sheets as of September 30, 2017 and 2016, and the related consolidated statements of operations and comprehensive income (loss), stockholders equity, and cash flows for the years ended September 30, 2017, 2016, and 2015, and the related notes to the financial statements.

Management s Responsibility for the 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 (GAAP); this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor s judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

Austin Dallas Fort Worth Houston

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Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of September 30, 2017 and 2016, and the results of their operations and their cash flows for the years ended September 30, 2017, 2016, and 2015 in conformity with GAAP.

Dallas, Texas

December 7, 2017

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MEDIA RECOVERY, INC.

dba SPOTSEE HOLDINGS

CONSOLIDATED BALANCE SHEETS

	September 30, 2017	September 30, 2016
Assets		
Current assets:		
Cash and cash equivalents	$ 1,787,490	$ 4,125,854
Accounts receivable - trade, net of allowance for doubtful accounts of $24,980 in 2017 and $28,298 in 2016	4,500,902	2,786,063
Accounts receivable, other	227,598	141,542
Inventories, net of allowance of $200,731 in 2017 and $193,627 in 2016	2,682,719	3,144,056
Prepaid expenses and other	153,787	126,502
Total current assets	9,352,496	10,324,017
Property and equipment, net	4,671,439	4,076,658
Other assets	45,753	43,202
Intangible asset, net	691,592	
Goodwill	19,403,349	19,403,349
Total assets	$ 34,164,629	$ 33,847,226
Liabilities and Stockholders Equity		
Current liabilities:		
Accounts payable	$ 1,359,509	$ 934,674
Accrued liabilities	1,452,301	1,017,384
Income taxes payable	613,195	513,492
Total current liabilities	3,425,005	2,465,550
Long-term liabilities:		
Non-current deferred income taxes	2,520,144	2,094,755
Long-term accrued liabilities	70,798	97,334
Total liabilities	6,015,947	4,657,639
Commitments and contingencies		
Mandatorily redeemable preferred stock, $0.001 par value, $1 liquidating preference, 10,000,000 shares authorized, 5,850,000 shares issued and 800,000 shares outstanding	800,000	800,000
Stockholders equity:		
Common stock, $0.001 par value, 20,000,000 shares authorized, 5,539,002 shares issued and 4,102,002 shares outstanding	5,539	5,539
Treasury common stock, 1,437,000 shares in 2017 and 2016, at cost	(13,712,275)	(13,712,275)

Additional paid-in capital	6,057,411	5,908,389
Other comprehensive income	7,063	966
Retained earnings	34,990,944	36,186,968
Total stockholders equity	27,348,682	28,389,587
Total liabilities and stockholders equity	$ 34,164,629	$ 33,847,226

See accompanying notes to consolidated financial statements.

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MEDIA RECOVERY, INC.

dba SPOTSEE HOLDINGS

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

	Year Ended September 30,		
	2017	**2016**	**2015**
Net sales	$ 20,988,000	$ 20,423,432	$ 21,125,532
Cost of sales	9,522,146	9,811,630	11,228,220
Gross profit	11,465,854	10,611,802	9,897,312
General and administrative expenses	8,083,782	7,883,368	9,392,459
(Gain) loss on disposal of property and equipment	(838)		315,182
Income from continuing operations	3,382,910	2,728,434	189,671
Interest expense			(11,351)
Other income (expense)	(3,937)	17,530	419,818
Income from continuing operations before income taxes	3,378,973	2,745,964	598,138
Income tax expense	1,608,783	1,344,602	527,123
Income from continuing operations	1,770,190	1,401,362	71,015
Discontinued operations			
Loss on sale of discontinued operations, net of tax benefit			(119,310)
Loss from discontinued operations			(119,310)
Net income (loss)	$ 1,770,190	$ 1,401,362	$ (48,295)
Other comprehensive income (loss)			
Gain (loss) on cumulative translation adjustment	6,097	(1,104)	2,070
Comprehensive income (loss)	$ 1,776,287	$ 1,400,258	$ (46,225)

See accompanying notes to consolidated financial statements.

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MEDIA RECOVERY, INC.

dba SPOTSEE HOLDINGS

CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY

Years Ended September 30, 2017, 2016 and 2015

	Common Stock	Treasury Stock	Additional Paid-in Capital	Retained Earnings	Other Comprehensive Income (Loss)	Total
Balance at September 30, 2014	$ 5,539	$ (13,712,275)	$ 5,795,457	$ 38,149,911	$	$ 30,238,632
Cumulative translation adjustment					2,070	2,070
Net loss				(48,295)		(48,295)
Balance at September 30, 2015	5,539	(13,712,275)	5,795,457	38,101,616	2,070	30,192,407
Cumulative translation adjustment					(1,104)	(1,104)
Stock compensation expense			112,932			112,932
Dividends				(3,316,010)		(3,316,010)
Net income				1,401,362		1,401,362
Balance at September 30, 2016	5,539	(13,712,275)	5,908,389	36,186,968	966	28,389,587
Cumulative translation adjustment					6,097	6,097
Stock compensation expense			149,022			149,022
Dividends				(2,966,214)		(2,966,214)
Net income				1,770,190		1,770,190
Balance at September 30, 2017	$ 5,539	$ (13,712,275)	$ 6,057,411	$ 34,990,944	$ 7,063	$ 27,348,682

See accompanying notes to consolidated financial statements.

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MEDIA RECOVERY, INC.

dba SPOTSEE HOLDINGS

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended September 30,		
	2017	**2016**	**2015**
Operating Activities			
Net income (loss)	$ 1,770,190	$ 1,401,362	$ (48,295)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation	590,182	621,080	559,094
Amortization	91,342		
Deferred income taxes	425,389	465,192	1,048,056
Reserve for inventory obsolescence	7,104		619,000
Stock based compensation (forfeiture)	149,022	112,932	(441,258)
(Gain) loss on sales or disposals of property and equipment	(838)		315,182
Changes in operating assets and liabilities:			
Accounts receivable, trade	(1,640,236)	(100,546)	759,302
Accounts receivable, other	(86,056)	1,529,541	5,192,990
Inventories	454,233	(658,717)	600,594
Prepaid expenses and other	(26,874)	(52,115)	262,583
Prepaid income taxes and income taxes payable	99,703	1,391,747	(44,180)
Other assets	(2,551)	12,250	58,031
Accounts payable	359,335	155,655	(176,946)
Accrued liabilities	381,792	(621,316)	(1,410,550)
Net cash provided by operating activities	2,571,737	4,257,065	7,293,603
Investing Activities			
Purchase of intangible asset	(765,859)		
Proceeds from sales of property and equipment	40,126		
Purchases of property and equipment	(1,224,251)	(455,238)	(978,089)
Net cash used in investing activities	(1,949,984)	(455,238)	(978,089)
Financing Activities			
Payment of dividends	(2,966,214)	(3,316,010)	
Payments on line of credit			(2,754,794)
Net cash used in financing activities	(2,966,214)	(3,316,010)	(2,754,794)
Effect of exchange rate changes on cash	6,097	(1,104)	2,070
Net (decrease) increase in cash and cash equivalents	(2,338,364)	484,713	3,562,790
Cash and cash equivalents at beginning of year	4,125,854	3,641,141	78,351
Cash and cash equivalents at end of year	$ 1,787,490	$ 4,125,854	$ 3,641,141

Supplemental Disclosure of Cash Flow Information			
Cash paid during the year for interest	$	$	$ 28,042
Cash paid during the year for income taxes	$ 483,773	$ 133,080	$ 293,181

See accompanying notes to consolidated financial statements.

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MEDIA RECOVERY, INC.

dba SPOTSEE HOLDINGS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As of September 30, 2017 and 2016

and for the Years ended September 30, 2017, 2016 and 2015

A. Nature of Business

Media Recovery, Inc., dba SpotSee Holdings, (the Company) is a manufacturing and distribution company that manufactures shipping and handling monitors and recorders, which measure impact, temperature, and tilt of products during shipment and equipment monitors, used primarily to measure impact and other safety factors. The Company has two manufacturing facilities located in Graham, Texas and Chihuahua, Mexico. A sales and distribution office is located in Loenen, Netherlands and a sales office is located in Shanghai, China. The Company s corporate offices are located in Dallas, Texas.

B. Summary of Significant Accounting Policies

A summary of the Company s significant accounting policies consistently applied in the preparation of the accompanying consolidated financial statements follows:

Basis of Accounting

The accounts are maintained and the consolidated financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries ShockWatch, Inc. dba SpotSee; MRI DPC; DataSpan, Inc.; Shocklog Holdings Limited; ShockWatch Europe, B.V.; Mexico SW Production, S.A. DE C.V.; ShockWatch, Inc. Shanghai Representative Office; ShockLog, Ltd; and Diffrenet Ltd. All significant intercompany accounts and transactions have been eliminated in consolidation. MRI DPC and DataSpan were sold during 2014 and are classified as discontinued operations in the accompanying consolidated financial statements, see Note M.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts in the consolidated financial statements and accompanying notes. Actual results could differ from these estimates and assumptions.

Foreign Currency Translation

All assets and liabilities in the balance sheet of foreign subsidiaries whose functional currency is other than the U.S. dollar are translated at year-end exchange rates. All revenues and expenses in the statement of operations, of these

foreign subsidiaries, are translated at average exchange rates for the year. Translation gains and losses are not included in determining net income but are shown in other comprehensive income on the consolidated balance sheets. Foreign currency transaction gains and losses are included in determining net income.

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MEDIA RECOVERY, INC.

dba SPOTSEE HOLDINGS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

B. Summary of Significant Accounting Policies continued

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. At September 30, 2017 and 2016, the Company had no such investments. The Company maintains deposits primarily in two financial institutions, which may at times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (FDIC). The Company has not experienced any losses related to amounts in excess of FDIC limits.

Accounts Receivable

Accounts receivable are stated at amounts management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Changes in the valuation allowance have not been material to the consolidated financial statements. Concentrations of credit risk with respect to trade receivables are limited due to the large number of customers comprising the Company s customer base, and their dispersion across many different industries and geographies. One customer s accounts receivable balance consisted of approximately 12% and 10% of the accounts receivable balance as of September 30, 2017 and 2016, respectively.

Inventories

Inventories are stated at the lower of cost or market value. Cost is principally determined by the weighted-average cost method, which approximates the first-in, first-out method. Inventories include factory overhead that is applied on the basis of labor costs and manufacturing expenses incurred, less allowances for obsolete items. The Company determines that items are slow moving or obsolete based on whether they have been sold or used in production between 180 and 365 days, or greater than 365 days, respectively, during the fiscal year. Such items are then specifically reviewed for obsolescence based on other criteria which include the frequency that these items are purchased, manufactured, and sold. The amount of the inventory reserve for each year presented is disclosed in Note D.

Property and Equipment

Property and equipment is stated at cost less accumulated depreciation. Depreciation is provided on the straight-line method over the assets estimated service lives. For major renewals and betterments that extend the useful lives are capitalized. Expenditures for maintenance and repairs are charged to expense in the period in which they are incurred, and betterments are capitalized. The cost of assets sold or abandoned and the related accumulated depreciation are eliminated from the accounts and any gains or losses are reflected in the accompanying consolidated statements of

operations and comprehensive loss of the respective period. The estimated useful lives for buildings and improvements range from 10 to 25 years, are 5 years for software, and for machinery and equipment range from 3 to 7 years.

Intangible Asset

In January 2017 the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2017-01. ASU 2017-01 changes the definition of a business when determining whether a transaction is a business

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MEDIA RECOVERY, INC.

dba SPOTSEE HOLDINGS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

B. Summary of Significant Accounting Policies continued

combination or an asset acquisition. The Company early adopted this guidance for the year ended September 30, 2017. In March 2017 the Company completed an acquisition of Diffrenet Limited, which was considered an asset acquisition under ASU 2017-01 as substantially all of the fair value of the gross assets acquired was concentrated in a single identifiable asset. The asset acquisition resulted in the recognition of an intangible asset comprised of purchased software (see Note K) which is being amortized over a period of five years.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist principally of trade accounts receivable. The Company continually evaluates its customers financial condition and generally does not require collateral. Concentrations of credit risk with respect to trade accounts receivable are generally limited due to the large number of entities comprising the Company s customer base. Additionally, credit losses have historically been within management s expectations.

Revenue Recognition

The Company recognizes revenue on product sales upon the passage of title, which generally occurs upon shipment, or the rendering of services, and when collectability is deemed probable.

Presentation of Sales Tax

The states in which the Company operates and the counties within those states impose a sales tax on all of the Company s sales to nonexempt customers. The Company collects that sales tax from customers and remits the entire amount to the applicable state. The Company s accounting policy is to exclude the tax collected and remitted to the states from revenue and cost of sales.

Shipping and Handling Costs

Shipping and handling costs are included in cost of sales on the consolidated statements of operations and comprehensive income.

Advertising

The Company expenses advertising costs as incurred. Total advertising costs for the years ended September 30, 2017, 2016, and 2015, were approximately $154,000, $100, and $400, respectively.

Stock Awards

The Company may, with the approval of its Board of Directors, grant stock awards for a fixed number of shares to employees with an exercise price equal to the fair value of the shares at the date of grant. The Company uses the Black-Scholes option valuation model for use in estimating the fair value of stock awards.

Reclassification

Certain prior year amounts have been reclassified to conform to the current year presentation. These reclassifications had no effect on previously reported results of operations.

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MEDIA RECOVERY, INC.

dba SPOTSEE HOLDINGS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

B. Summary of Significant Accounting Policies continued

Goodwill

The Company records goodwill when consideration paid in an acquisition exceeds the fair value of the assets acquired. Goodwill is not amortized, but rather is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may not be recoverable. The Company conducted their annual impairment test of goodwill as of September 30, 2017 and 2016. They have elected to first assess the qualitative factors to determine whether it is more likely than not that the fair value of the single reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the two-step goodwill impairment under GAAP.

If the Company determines that it is more likely than not that its fair value is less than its carrying amount, then the two-step goodwill impairment test is performed. The first step, identifying a potential impairment, compares the fair value of the reporting unit with its carrying amount. If the carrying amount exceeds its fair value, the second step would need to be performed; otherwise, no further step is required. The second step, measuring the impairment loss, compares the implied fair value of the goodwill with the carrying amount of the goodwill. Any excess of the goodwill carrying amount over the applied fair value is recognized as an impairment loss, and the carrying value of goodwill is written down to fair value. No impairment of goodwill was required for the years ended September 30, 2017, 2016, and 2015.

Long-lived Assets

The Company evaluates its long-lived assets including goodwill, property and equipment, and intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of these assets is measured by comparison of their carrying amounts to future undiscounted cash flows that the assets are expected to generate. If long-lived assets are considered to be impaired, the impairment to be recognized equals the amount by which the carrying value of the asset exceeds its fair market value and is recorded in the period the determination was made. Based upon management s assessment, there was no impairment of long-lived assets during the years ended September 30, 2017, 2016, or 2015.

Income Taxes

Deferred income taxes are determined using the asset and liability method of accounting for income taxes. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred income taxes are measured using enacted tax rates expected to apply to taxable income in years in which such temporary differences are expected to be recovered or settled. The effect on deferred income taxes of a change in tax rates is recognized in the consolidated statement of operations of the period that includes the enactment date. In addition, a valuation allowance is established to reduce any deferred tax asset for which it is determined that it is more likely than

not that some portion of the deferred tax asset will not be realized.

The Company and its subsidiaries file income tax returns in the U.S. federal jurisdiction, various states, and foreign jurisdictions. The Company has not taken a tax position that, if challenged, would have a material effect on the financial statements or the effective tax rate for the year ended September 30, 2017, or during the prior three years. The Company and its subsidiaries are currently subject to a three-year statute of limitations by major tax jurisdictions.

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MEDIA RECOVERY, INC.

dba SPOTSEE HOLDINGS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

B. Summary of Significant Accounting Policies continued

The Company did not incur any penalties or interest related to its federal tax returns during the years ended September 30, 2017, 2016, or 2015.

Fair Value of Financial Instruments

The Company calculates the fair value of its assets and liabilities which qualify as financial instruments and includes this additional information in the notes to consolidated financial statements when the fair value is different than the carrying value of those financial instruments. The estimated fair value of accounts receivable (trade and other), accounts payable, and accrued liabilities approximate the carrying amounts due to the relatively short maturity of these instruments. The carrying value of the line of credit also approximates fair value since the instrument bears market rates of interest. None of these instruments are held for trading purposes.

C. Fair Value Measurements

GAAP defines fair value, establishes a framework for measuring fair value, and expands disclosures about assets and liabilities measured at fair value. GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and establishes a three-tier hierarchy that is used to identify assets and liabilities measured at fair value. The hierarchy focuses on the inputs used to measure fair value and requires that the lowest level input be used. The three levels defined are as follows:

Level 1 observable inputs that are based upon quoted market prices for identical assets or liabilities within active markets.

Level 2 observable inputs other than Level 1 that are based upon quoted market prices for similar assets or liabilities, based upon quoted prices within inactive markets, or inputs other than quoted market prices that are observable through market data for substantially the full term of the asset or liability.

Level 3 inputs that are unobservable for the particular asset or liability due to little or no market activity and are significant to the fair value of the asset or liability. These inputs reflect assumptions that market participants would use when valuing the particular asset or liability.

The Company holds no instruments which have fair value measured at Level 1 or Level 2. The Company s goodwill was valued using Level 3 inputs of the fair value hierarchy contained in Accounting Standards Codification (ASC) 820-10, in accordance with policies disclosed in Note B, and are reflected in the accompanying consolidated balance

sheets at fair value.

The following table summarizes the fair value of the Company s Level 3 financial assets and liabilities as of September 30, 2017 and 2016:

	September 30,	
	2017	**2016**
Assets:		
Goodwill	$ 19,403,349	$ 19,403,349

There were no changes to fair value for the Company s Goodwill using Level 3 inputs during the fiscal years ended September 30, 2017, 2016, and 2015.

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MEDIA RECOVERY, INC.

dba SPOTSEE HOLDINGS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

D. Inventories

Inventories consist of the following as of September 30:

	2017	2016
Raw materials	$ 771,676	$ 974,374
Work-in-progress	441,508	331,612
Finished goods	1,670,266	2,031,697
Allowance for obsolescence	(200,731)	(193,627)
	$ 2,682,719	$ 3,144,056

E. Property and Equipment

Property and equipment consisted of the following at September 30:

	2017	2016
Land	$ 63,332	$ 63,332
Buildings & improvements	2,865,116	2,865,116
Machinery & equipment	7,507,757	6,803,184
Projects in progress	667,480	204,508
	11,103,685	9,936,140
Less: accumulated depreciation	(6,432,246)	(5,859,482)
	$ 4,671,439	$ 4,076,658

F. Mandatorily Redeemable Preferred Stock

In fiscal year 1998 the Company issued 5,850,000 shares of Series A preferred stock which are convertible into shares of voting common stock at the option of the holder at any time at the initial conversion price of $1.00 per share, resulting in an initial conversion rate of one fully paid and non-assessable share of voting common stock for each share of Series A preferred stock, subject to adjustment. During the year ended September 30, 2006, 5,050,000 preferred shares were converted to common shares. No preferred shares were converted to common shares during the years ended September 30, 2017, 2016, and 2015. Dividends are paid to holders of preferred stock concurrently with dividends paid to holders of common stock and such dividends do not accumulate.

In addition, at any time on or after December 31, 2004, holders of preferred stock representing in the aggregate at least 10% of the then outstanding shares of Series A preferred stock may require the Company to redeem such stock for $1.00 per share. The Company has classified the Series A Preferred Stock as temporary equity in accordance with ASC Topic No. 480, *Distinguishing Liabilities from Equity*, which states that certain mandatorily redeemable financial instruments should be classified as temporary equity.

The Series A preferred stock has a $0.01 par value and a $1 liquidation preference. The Series A preferred stock could be redeemed through a cash payment if requested by the stockholders. Holders of preferred stock are not allowed to vote on matters submitted to a vote of the stockholders of the Company. However, certain corporate matters including dividend payments, issuances of certain stock awards, disposal of shares of capital stock, and a merger of the Company, require the consent of the holders of at least 85% of the then outstanding

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MEDIA RECOVERY, INC.

dba SPOTSEE HOLDINGS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

F. Mandatorily Redeemable Preferred Stock continued

shares of Series A preferred stock. The Company has reserved 800,000 shares of common stock for the potential conversion of preferred stock. When the Company did not meet the definition of a public business entity it was eligible for certain nonpublic company exceptions under Accounting Standards Codification 480, *Distinguishing Liabilities from Equity*, and classified these redeemable preferred shares as equity.

G. Stockholders Equity

Stock Awards

During October of 2010 the Company canceled all 160,260 phantom stock awards previously outstanding and granted 215,260 new phantom stock awards to key management employees. The 2010 phantom stock awards vested at the expiration of a 63 month period (December 31, 2014). The awards were not exercisable until the end of the period (December 31, 2014), and were to be automatically exercised by the Company between February 1, 2015 and February 28, 2015, entitling the employees to a cash payment at an amount equal to the excess of the value of a share of the Company s stock (as determined by the Board of Directors of a corporation that is the major stockholder of the Company) over the phantom award exercise price of $2.46 per share.

The Company recorded compensation expense for valuing its phantom stock awards based on the Company s assessment of its enterprise value at each fiscal year end. In assessing such value, the Company considered its financial condition and operating results; the long-term potential of its business; the market for and recent sales prices of the Company s securities, if any; and the values of similar securities issued by companies in similar businesses. Two of the key management employees left the Company and forfeited 65,000 of the 2010 phantom stock awards.

During 2015 all remaining phantom stock awards were forfeited or expired. For the years ended September 30, 2017, 2016, and 2015, the Company recorded approximately $0, $0, and ($441,000), respectively, in compensation expense (benefit) associated with the issuance or forfeitures of phantom stock awards. As of September 30, 2017 and 2016, there was no phantom stock award liability.

Stock Option Grants

During 2017 and 2016, certain officers of the Company were granted options to purchase common shares of the Company.

Option transactions for the years ended September 30, 2017 and 2016, are as follows:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)
Balance at October 1, 2015		$	
Granted	350,744	$ 5.22	
Balance at September 30, 2016	350,744	$ 5.22	8.76
Granted	105,244	$ 5.70	
Balance at September 30, 2017	455,988	$ 5.33	7.89
Exercisable at September 30, 2017	140,298	$ 5.70	8.38

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MEDIA RECOVERY, INC.

dba SPOTSEE HOLDINGS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

G. Stockholders Equity continued

As of September 30, 2017, the range of exercise prices for outstanding options was $5.15 to $7.83.

All stock-based compensation must be recognized as an expense in the consolidated financial statements and such cost should be measured at the fair value of the award. The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options, which have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions including the expected stock price volatility. The expected life of awards granted represents the period of time that they are expected to be outstanding. The Company determined the initial expected life based on a simplified method, giving consideration to the contractual terms, vesting schedules, and pre-vesting and post-vesting forfeitures.

The fair value of options granted for the year ended September 30, 2017 and 2016, was estimated to be $195,625 and $550,262, respectively, at the date of grant using a Black-Scholes option-pricing model using the following weighted average assumptions at the date of grant:

	2017	**2016**
Risk-free interest rate	1.78%	1.63%
Expected option life	6.5 years	6.5 years
Expected stock volatility	17.34%	23.61%
Expected dividend yields	0.66%	

The expected stock volatility was calculated by averaging the historical volatility of a comparable public entity. As of September 30, 2017, all options were outstanding.

During the years ended September 30, 2017 and 2016, respectively, the Company recorded $149,022 and $112,932 of stock-based compensation related to the awards, which is included in general and administrative expense in the accompanying consolidated statements of operations and comprehensive income (loss). Total unamortized stock-based compensation expense at September 30, 2017, was $483,932 and will be expensed ratably through 2022. There was no stock-based compensation expense for the year ended September 30, 2015.

H. Line of Credit

The Company maintained a financing arrangement with a bank. The line of credit required compliance with certain financial covenants and was secured by substantially all of the assets of the Company. Outstanding amounts bore interest at the prime or LIBOR rate plus an applicable margin (2.25% at September 30, 2017). The Company had no debt outstanding as of September 30, 2017 and 2016. There was approximately $2,755,000 outstanding under this line of credit at September 30, 2014, which was paid off in 2015. The line of credit matured in 2017 but was extended until March 19, 2018.

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MEDIA RECOVERY, INC.

dba SPOTSEE HOLDINGS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

I. Income Taxes

Significant components of the provision for income taxes are as follows:

	2017	2016	2015
Current	$ 1,183,394	$ 879,410	$ (582,396)
Deferred	425,389	465,192	1,048,056
Less: income tax expense from discontinued operations			61,463
Total income tax expense from continuing operations	$ 1,608,783	$ 1,344,602	$ 527,123

The difference between income tax expense and tax expense computed by applying the federal statutory income tax rate to income before taxes is due primarily to the effect of nondeductible goodwill impairment, applicable state income taxes, foreign tax credits, and nondeductible meals and entertainment expense.

Deferred tax assets and liabilities for the years ended September 30, consisted of the following:

	2017	2016
Deferred tax assets (liabilities):		
Allowance for doubtful accounts	$ 9,492	$ 10,753
Inventory reserves	76,278	73,578
Other accruals	241,287	191,356
Deferred compensation	760	760
Charitable contributions		1,959
State NOL	110,458	109,093
Foreign tax credit	1,088,913	899,034
Depreciation	(616,102)	(497,122)
Goodwill	(1,025,287)	(1,025,287)
Unrepatriated foreign earnings	(1,317,030)	(959,845)
Valuation allowance for deferred tax assets	(1,088,913)	(899,034)
Net deferred tax liability	$ (2,520,144)	$ (2,094,755)

J. Employee Benefit Plan

The Company has a 401(k) deferred compensation plan for all eligible employees. Active participants may contribute up to 90% of their annual compensation, subject to annual limit established by the government. The Company matches 50% of the employees contributions up to 6% of the employees salaries. Effective November 30, 2015, the Plan merged into the Capital Southwest Management Corporation Employee Savings Plan. For the years ended September 30, 2017, 2016, and 2015, the Company recognized approximately $145,000, $111,000, and $128,000, respectively, of expense related to this Plan.

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MEDIA RECOVERY, INC.

dba SPOTSEE HOLDINGS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

K. Asset Acquisition

On March 10, 2017, the Company acquired the assets and liabilities of Diffrenet Limited (Diffrenet), a company incorporated in England and Wales, for a purchase price of $765,859. The following table summarizes the assets acquired and liabilities assumed in the asset acquisition:

Accounts receivable	$ 74,603
Other assets	411
Intangible asset, acquired software	782,934
Accounts payable and accrued liabilities	(92,089)
Net purchase price	$ 765,859

The acquired intangible asset is being amortized over five years. Expected future amortization expense at September 30, 2017, is as follows:

2018	$ 156,587
2019	156,587
2020	156,587
2021	156,587
2022	65,244
Total amortization	$ 691,592

As part of the acquisition, the Company is contingently liable for earn-out consideration. The earn-out consideration is based on certain annual, cumulative earnings targets of the Diffrenet subsidiary. The Company s maximum exposure for this consideration is $1,473,969, from the date of acquisition through January 1, 2021.

L. Commitments and Contingencies

Operating Leases

The Company leases operating facilities and equipment under non-cancelable operating leases. Lease agreements expire at various dates through 2022. Associated rent expense for the years ended September 30, 2017, 2016, and 2015, was approximately $150,000, $128,000, and $148,000, respectively. As a result of escalating lease payments, the Company has recorded deferred rent of approximately $97,000 and $124,000 as of September 30, 2017 and 2016,

respectively, included in accrued liabilities and long-term accrued liabilities in the accompanying consolidated balance sheets.

Future minimum payments under non-cancelable operating leases with initial terms of one year or more consisted of the following at September 30, 2017:

2018	$ 164,000
2019	164,000
2020	156,000
2021	104,000
2022	4,000
Total minimum lease payments	$ 592,000

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MEDIA RECOVERY, INC.

dba SPOTSEE HOLDINGS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

L. Commitments and Contingencies continued

Litigation

The Company is subject to legal proceedings and claims that arise in the ordinary course of operations. As of September 30, 2017 and 2016, the Company has no known material legal contingencies.

M. Discontinued Operations

On October 14, 2013, the Company sold substantially all the assets of MRI DPC, Inc. for a purchase price of approximately $6.3 million, which included a working capital price adjustment of approximately $207,000.

On September 30, 2014, the Company sold substantially all the assets of DataSpan, Inc. for a purchase price of approximately $8.7 million, which included a working capital price adjustment of approximately $2.3 million. The Company incurred a net loss of $119,310 on the sale of the entity for 2015. No gain or loss was recorded for discontinued operations for the years ended September 30, 2017 or 2016.

The operations of both entities net of applicable income taxes, are presented as discontinued operations and comprehensive income for the years ended September 30, 2017, 2016, and 2015, in the accompanying consolidated statements of operations and comprehensive income (loss). Interest expense was not allocated to the reporting unit and, therefore, all of the Company s interest expense is included in continuing operations.

	2017	2016	2015
Income from discontinued operations	$	$	$
Loss on sale of discontinued operations			(180,773)
Income tax benefit			61,463
Net loss from discontinued operations	$	$	$ (119,310)
Net sales from discontinued operations	$	$	$

N. Subsequent Events

Management has evaluated and considered disclosure of subsequent events up to and including December 7, 2017, which is the date the consolidated financial statements were available for issuance.

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Independent Auditor s Report

To the Board of Directors and Stockholders of

TitanLiner, Inc.

Fort Worth, Texas

We have audited the accompanying financial statements of TitanLiner, Inc. (a Nevada corporation), which comprise the balance sheets as of December 31, 2017 and 2016, and the related statements of operations, changes in stockholders equity and cash flows for each of the years in the three-year period ended December 31, 2017, and the related notes to the financial statements.

Management s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor s judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of TitanLiner, Inc. as of December 31, 2017 and 2016, and the results of its operations and its cash flows for the each of the years in the three-year period ended December 31, 2017 in accordance with accounting principles generally accepted in the United States of America.

/s/ WEAVER AND TIDWELL, L.L.P.

Fort Worth, Texas

May 31, 2018

AN INDEPENDENT MEMBER OF	WEAVER AND TIDWELL, L.L.P.	2821 WEST SEVENTH STREET, SUITE 700, FORT WORTH,
BAKER TILLY INTERNATIONAL	CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS	TX 76107
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TitanLiner, Inc.

Balance Sheets

December 31, 2017 and 2016

	2017	2016
ASSETS		
CURRENT ASSETS		
Cash	$ 1,382,463	$ 999,415
Accounts receivable (net of allowance of $67,402 and $33,133, respectively)	5,397,404	3,037,643
Inventory	835,638	483,618
Prepaid expenses	117,832	31,331
Income tax receivable		413,785
Deferred income tax asset	47,669	32,173
Total current assets	7,781,006	4,997,965
PROPERTY AND EQUIPMENT, net	3,191,639	1,938,310
OTHER ASSETS		
Intangible assets, net	60,111	69,292
Deposits	39,816	39,601
Total other assets	99,927	108,893
TOTAL ASSETS	$ 11,072,572	$ 7,045,168
LIABILITIES AND STOCKHOLDERS EQUITY		
CURRENT LIABILITIES		
Accounts payable	$ 819,063	$ 481,670
Accrued liabilities	954,053	352,666
Income tax payable	348,516	
Capital lease obligation, current portion	131,937	137,369
Long-term debt, current portion	26,787	27,358
Total current liabilities	2,280,356	999,063
LONG-TERM LIABILITIES		
Line of credit	1,064,114	1,064,114
Capital lease obligation, net of current portion	26,424	19,265
Long-term debt, net of current portion	33,595	62,412
Deferred income tax liability	374,024	240,582
Total long-term liabilities	1,498,157	1,386,373
STOCKHOLDERS EQUITY		
	371	371

Series A preferred stock, $0.001 stated par value, 370,664 shares authorized, issued, and outstanding at December 31, 2017 and 2016, respectively		
Series B preferred stock, $0.001 stated par value, 1,299,173 shares authorized, issued, and outstanding at December 31, 2017 and 2016, respectively	1,299	1,299
Common stock, $0.001 stated par value, 5,000,000 shares authorized, 1,000,000 issued, and 765,031 and 749,300 outstanding at December 31, 2017 and 2016, respectively	1,000	1,000
Additional paid-in capital	8,297,502	8,258,241
Retained earnings	3,158,065	562,999
	11,458,237	8,823,910
Treasury stock	(4,164,178)	(4,164,178)
Total stockholders equity	7,294,059	4,659,732
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	$ 11,072,572	$ 7,045,168

The Notes to Financial Statements are an integral part of these statements.

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TitanLiner, Inc.

Statements of Operations

Years Ended December 31, 2017, 2016, and 2015

	2017	2016	2015
SALES, net	$ 15,471,273	$ 8,023,883	$ 13,374,467
COST OF SALES	7,761,967	5,594,808	8,425,226
Gross profit	7,709,306	2,429,075	4,949,241
SELLING, GENERAL AND ADMINISTRATIVE			
Selling expenses	879,120	755,302	905,699
General and administrative	3,093,263	2,690,156	3,046,816
Total selling, general and administrative	3,972,383	3,445,458	3,952,515
Operating income (loss)	3,736,923	(1,016,383)	996,726
OTHER INCOME (EXPENSE)			
Miscellaneous income	5,667	72,837	27,993
Gain (loss) on disposal of assets	13,644	(189,792)	(49,746)
Interest expense	(56,167)	(519,457)	(623,553)
Total other income (expense)	(36,856)	(636,412)	(645,306)
INCOME (LOSS) BEFORE INCOME TAXES	3,700,067	(1,652,795)	351,420
INCOME TAX PROVISION (BENEFIT)	1,105,001	(569,742)	319,065
NET INCOME (LOSS)	$ 2,595,066	$ (1,083,053)	$ 32,355

The Notes to Financial Statements are an integral part of these statements.

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TitanLiner, Inc.

Statements of Changes in Stockholders Equity

Years Ended December 31, 2017, 2016, and 2015

	Preferred Stock				CommonAdditional			Treasury			
	Series A Stock	Series A Par Value	Series B Stock	Series B Par Value	Common Stock	Stock Par Value	Paid-in Capital	Treasury Stock	Stock Amount	Retained Earnings	To
NCE, y 1,	237,164	$ 237		$	717,837	$ 1,000	$ 5,225,717	282,163	$ (4,164,178)	$ 1,613,697	2,67
ased nsation							57,585				5
e of rants					11,831			(11,831)			
e of A ed stock s	122,239	122					1,100				
ome										32,355	3
NCE, ber 31,	359,403	359			729,668	1,000	5,284,402	270,332	(4,164,178)	1,646,052	2,76
ased nsation							63,693				6
e of rants					19,632			(19,632)			
e of A ed stock s	11,261	12					101				
sion of B ed stock			1,299,173	1,299			2,910,045				2,91
s										(1,083,053)	(1,08
NCE, ber 31,	370,664	371	1,299,173	1,299	749,300	1,000	8,258,241	250,700	(4,164,178)	562,999	4,65
ased nsation							39,261				3
e of rants					15,731			(15,731)			

ome										2,595,066	2,59
NCE, per 31,	370,664	$ 371	1,299,173	$ 1,299	765,031	$ 1,000	$ 8,297,502	234,969	$ (4,164,178)	$ 3,158,065	$ 7,29

The Notes to Financial Statements are an integral part of these statements.

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TitanLiner, Inc.

Statements of Cash Flows

Years Ended December 31, 2017, 2016, and 2015

	2017	2016	2015
CASH FLOW FROM OPERATING ACTIVITIES			
Net income (loss)	$ 2,595,066	$ (1,083,053)	$ 32,355
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities			
Provision for bad debt expense	67,402	33,133	
Depreciation and amortization expense	814,873	835,955	1,301,888
Interest on warrants		206,494	208,737
(Gain) loss on sale of assets	(13,644)	189,792	49,746
Non-cash stock-based compensation	39,261	63,693	57,585
Deferred tax	117,946	(191,261)	279,129
Changes in operating assets and liabilities			
Accounts receivable	(2,427,163)	(150,133)	1,073,583
Inventory	(352,020)	365,392	(52,532)
Prepaid expenses	(86,501)	59,929	6,673
Income tax receivable	413,785	(28,037)	(385,748)
Intangible assets			(2,696)
Deposits	(215)	5,037	(25,651)
Accounts payable	337,393	(24,422)	(344,574)
Accrued liabilities	601,387	91,094	(2,630,060)
Income tax payable	348,516		
Deferred revenue		(6,500)	(393,483)
Net cash provided by (used in) operating activities	2,456,086	367,113	(825,048)
CASH FLOW FROM INVESTING ACTIVITIES			
Purchases of property and equipment	(1,983,188)	(202,096)	(760,400)
Proceeds from sale of property and equipment	18,644	1,004,266	22,886
Net cash provided by (used in) investing activities	(1,964,544)	802,170	(737,514)
CASH FLOW FROM FINANCING ACTIVITIES			
Exercise of preferred stock warrants		113	1,222
Net payments on line of credit		(617,591)	(200,000)
Payments on capital lease obligation	(79,106)	(182,754)	(176,507)
Payments on long-term debt principal	(29,388)	(254,013)	(66,324)
Net cash used in financing activities	(108,494)	(1,054,245)	(441,609)
Change in cash	383,048	115,038	(2,004,171)
CASH, beginning of year	999,415	884,377	2,888,548

CASH, end of year	$ 1,382,463	$ 999,415	$ 884,377
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION			
Cash paid during the year for interest	$ 56,230	$ 311,514	$ 683,171
Cash paid for income taxes	$ 500,000	$	$
NON CASH INVESTING AND FINANCING ACTIVITIES			
Equipment purchased with financing	$ 80,833	$	$ 277,051
Conversion of notes payable to Series B preferred stock	$	$ 2,911,344	$

The Notes to Financial Statements are an integral part of these statements.

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TitanLiner, Inc.

Notes to Financial Statements

Note 1. Organization and Nature of Operations

TitanLiner, Inc. (the Company) is a Nevada corporation which was originally organized as a Texas limited liability company (LLC) on April 15, 2010. The Company converted from a LLC to a Texas corporation on June 29, 2012. On November 2, 2012, the Company converted from a Texas corporation to a Nevada corporation.

Additionally, in the conversion, the Company entered into an investment agreement (the Agreement) with Capital Southwest Corporation (CSC), K. Rick Turner Revocable Trust, Turner Family Partnership, MK Holdings, LP, Josh Hopkins, Tim Manning, Brannon Nash and Coy Taylor (collectively the Investors). The Company sold and the Investors acquired the Company s senior subordinated secured promissory notes in the aggregate principal of $3,000,000, 237,164 shares of Series A Convertible Preferred Stock for $3,500,000 and warrants to acquire an aggregate of 133,500 shares of Series A Convertible Preferred Stock. In December 2016, the Company and the Investors agreed to convert the outstanding notes payable totaling $2,911,344 net of the debt discount of $88,656 into 1,299,173 shares of Series B Convertible Preferred Stock.

The Company was organized to acquire and operate containment systems and related activities. The Company derives its revenue from building rigid secondary containment systems and renting portable containment systems in the oil and gas industry and providing coating services.

Note 2. Summary of Significant Accounting Policies

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Company considers all highly liquid instruments with an original maturity of three months or less to be cash equivalents.

Trade Receivables and Allowance for Doubtful Accounts

Accounts receivable are stated at the amounts management expects to collect from outstanding balances. The carrying amount of accounts receivable is reduced by an allowance for uncollectible accounts that reflects management s best estimate of the amount that will not be collected. Management individually reviews all receivable balances and, based on an assessment of current creditworthiness, past experience, historical losses, and management s evaluation of other pertinent factors, estimates the portion, if any, of the balance that will not be collected.

Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance, based on its assessment.

Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance and a credit to the respective receivable account.

Inventory

Inventory consists of tank bases, containment systems, and various chemical agents. Inventory is stated at the lower of cost or net realizable value. Cost is determined using the average cost method.

Prepaid Expenses

Prepaid expenses include the prepaid portion of insurance policies and building leases.

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TitanLiner, Inc.

Notes to Financial Statements

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation of property and equipment is provided using the straight-line method for financial reporting purposes at rates based on the following estimated useful lives:

Office equipment and furniture	5 years
Equipment	2 5 years
Autos, trucks and trailers	3 5 years
Building	40 years
Leasehold improvements	40 years
Rental equipment	2 years

Replacements, betterments, and additions to property and equipment are capitalized at cost. Expenditures for repairs and maintenance are expensed as incurred. The cost of assets disposed of and the related accumulated depreciation are eliminated from the accounts in the year of disposal. Gains or losses resulting from property disposals are credited or charged to operations.

Other Assets

Intangible assets include costs incurred for a patent for portable containment systems for hazardous or other materials and computer software.

Amortization expense was $9,181 for each of the years ended December 31, 2017, 2016, and 2015 respectively. Estimated amortization expense for each of the next 5 years and thereafter are as follows:

Years ending December 31,	
2018	$ 9,181
2019	9,181
2020	9,181
2021	9,181
2022	9,181
Thereafter	14,206
	$ 60,111

The Company applies Financial Accounting Standards Board (FASB) Accounting Standard Codification (ASC) Topic 350, *Intangibles Goodwill and Other* (ASC Topic 350) which establishes a framework for capitalizing internally developed intangibles. ASC Topic 350 states an internally generated intangible (i.e. patent or trademark) may be

capitalized if the following three conditions are satisfied; 1) the costs relate to an intangible asset that can be specifically identified; 2) the identifiable intangible has a determinable life, and 3) the intangible is not one that is inherent in a going concern (internally generated goodwill). The Company deems the patent mentioned above meets all three of these criteria.

Intangible assets are amortized over their estimated useful lives. Amortizable intangible assets are reviewed at least annually to determine whether events or circumstances warrant a revision to the remaining period of amortization.

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Fair Values of Financial Instruments and Fair Value Measurements

The Company applies Financial Accounting Standards Board (FASB) Accounting Standard Codification (ASC) Topic 820, *Fair Value Measurements and Disclosure* (ASC Topic 820), which establishes a framework for measuring fair value under U.S. generally accepted accounting principles and enhances disclosures about the fair value of financial instruments.

Financial instruments of the Company consist of cash, trade accounts receivable, and trade accounts payable. The carrying value of these financial instruments approximates their fair value due to the short maturity of these instruments.

Revenue Recognition

The Company s products and services are sold based upon purchase orders or field tickets with their customers. The Company recognizes revenue once the following four criteria are met: (i) persuasive evidence of an arrangement exists, (ii) delivery of the product has occurred or services have been rendered, (iii) the price of the product or service is fixed or determinable and (iv) collectability is reasonably assured. The Company also recognizes revenue as services are performed in accordance with the related field tickets.

Sales of products and services are recognized upon completion of a containment system at the customer site, upon completion of a coating service, or upon completion of a portable rental term.

Income Taxes

The Company was converted to a C-corporation on June 29, 2012. Items of income and loss attributable to a C-corporation are taxed at the corporate level. The Company is subject to federal income tax.

The deferred taxes represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. An asset and liability approach is used in accounting for income taxes. Deferred tax assets and deferred tax liabilities are classified as current or non-current based on the classification of the related asset or liability for financial reporting or according to the expected reversal date of temporary differences not related to an asset or liability for financial reporting. In addition, a valuation allowance is used, if necessary, to reduce deferred tax assets by the amount of any tax benefits that are not expected to be realized in the future based on available evidence.

The Company implemented the accounting guidance for uncertainty in income taxes using the provisions of ASC Topic 740. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the position will be sustained upon examination by the tax authorities. Such tax positions initially and subsequently need to be measured as the largest amount of tax benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the tax authority assuming full knowledge of the position and relevant facts. The Company believes that it has appropriate support for the income tax positions taken and to be taken on its tax returns, and that its accruals for tax liabilities are adequate for all open tax years based on an

assessment of many factors including experience and interpretations of tax laws applied to the facts of each matter. As of December 31, 2017, the Company s tax years 2014 and thereafter remain subject to examination for federal tax purposes and tax years 2013 and thereafter remain subject to examination for state tax purposes.

The Company s policy is to record any interest or penalties related to uncertain tax positions as a component of the related federal or state income tax expense.

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Notes to Financial Statements

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Economic Concentrations

The Company s revenue is derived from customers involved in the oil and gas industry. Future operations could be affected by changes in economic or other conditions in the geographical areas in which they operate or by changes in the demand for such services.

Concentrations of Credit Risk

In the normal course of business, the Company maintains cash balances in excess of federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash or cash equivalents.

The Company s customer base consists primarily of oil and natural gas producers. This concentration of customers may impact the Company s overall credit risk, either positively or negatively, in that these entities may be similarly affected by changes in economic or other conditions. Collateral is not required for credit extended to the Company s customers in the form of accounts receivable. The Company believes the individual customer credit risk is generally mitigated by the size, reputation and nature of its customers.

In the normal course of business, the Company grants credit to its customers based on credit evaluations of their financial condition and generally requires no collateral or other security. Major customers are defined as those individually comprising more than 10% of the Company s accounts receivable. At December 31, 2017 and 2016, the Company had three major customers representing 38% and 56% of accounts receivable, respectively.

Major customers are defined as those individually comprising more than 10% of the Company s sales. For the year ended December 31, 2017, the Company had two major customers representing 27% of the Company s sales. For the year ended December 31, 2016, the Company had one major customer representing 35% of the Company s sales. For the year ended December 31, 2015, the Company had three major customers representing 43% of the Company s sales.

Advertising

Advertising costs are expensed as incurred. Advertising costs for the years ended December 31, 2017, 2016, and 2015 were $72,202, $45,748, and $65,745, respectively.

Recent Accounting Pronouncements

In November 2015, the FASB issued ASU 2015-17, Income Taxes , which requires all deferred tax assets and liabilities to be classified as non-current on the balance sheet instead of separating deferred taxes into current and non-current amounts. The guidance is effective for annual and interim periods beginning after December 15, 2017, and may be adopted on either a prospective or retrospective basis.

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In February 2016, the FASB issued ASU 2016-02, Leases , a comprehensive new standard that amends various aspects of existing accounting guidance for leases, including the recognition of a right of use asset and a lease liability for leases with a duration greater than one year. The guidance is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. Early adoption is permitted. The Company has not completed a review of the new guidance; however, the Company anticipates that upon adoption of the standard the Company will recognize additional assets and corresponding liabilities related to leases on the Company s balance sheet.

In May 2014, the FASB issued ASU No. 2014-09, which amends ASC Topic 606, Revenue from Contracts with Customers . The amendments in this ASU are intended to provide a more robust framework for addressing revenue issues, improve comparability of revenue recognition practices and improve disclosure requirements. The amendments in this accounting standard update are effective for interim and annual reporting periods beginning after December 15, 2017 and December 15, 2018 for public and private entities, respectively. This ASU can be adopted either retrospectively or as a cumulative effect adjustment as of the date of adoption. The Company has not completed a review of the new guidance and its impact on operations.

Subsequent Events

Management has evaluated all events or transactions that occurred after December 31, 2017 through May 31, 2018, the date the financial statements were available to be issued. During this period, the Company had no material recognizable subsequent events.

Note 3. Property and Equipment

Property and equipment consisted of the following at December 31:

	2017	2016
Office equipment and furniture	$ 29,008	$ 86,029
Equipment	641,893	643,785
Autos, trucks and trailers	1,906,715	1,726,938
Building	1,299,510	1,244,830
Leasehold improvements	49,535	49,535
Land	97,151	97,151
Rental equipment	3,058,360	1,489,582
	7,082,172	5,337,850
Accumulated depreciation	(3,890,533)	(3,399,540)
Total property and equipment, net	$ 3,191,639	$ 1,938,310

Depreciation expense for the years ended December 31, 2017, 2016, and 2015 was $805,692, $826,774, and $1,292,707 respectively.

Note 4. Line of Credit

The loan agreement with Comerica Bank was amended in December 2016 to require that the Company pay the principal sum of $3,000,000, or the amount outstanding under the agreement, together with interest thereon at the daily LIBOR rate plus the applicable margin, due January 1, 2019. Eligible accounts consist solely of trade accounts created in the ordinary course of business, upon which the Company s right to receive advances or repayments is absolute and not contingent upon the fulfillment of any condition.

At December 31, 2017 and 2016, the outstanding balance was $1,064,114, respectively.

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Notes to Financial Statements

Note 5. Long-Term Debt

Long-term debt consisted of the following at December 31,:

	2017	2016
Term notes payable to a financing company, payable in monthly installments totaling $2,664 including interest at 5.95% through January 6, 2020; secured by equipment.	$ 60,382	$ 89,770
Total long-term debt	60,382	89,770
Current portion	(26,787)	(27,358)
Long-term debt, net of current portion	$ 33,595	$ 62,412

As of December 31, 2017, maturities of long-term debt are as follows:

2018	$ 26,787
2019	30,933
2020	2,662
	$ 60,382

Note 6. Income Taxes

Deferred income tax assets and liabilities for the Company are computed annually for temporary differences between financial statement and tax bases of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the periods in which the differences are expected to be realized. Income tax expenses are the taxes payable or refundable for the period plus or minus the change during the period in deferred tax assets and liabilities.

The income tax provision differs from that computed by applying statutory rates to income before income tax expense (refund) primarily because of property basis adjustments required by tax regulations.

On December 22, 2017, legislation was signed into law which enacts significant changes to U.S. tax and related laws, including certain key U.S. federal income tax provisions applicable to oilfield service and manufacturing companies such as the Company. These include, but are not limited to, the following: a reduction in the maximum U.S. corporate tax rate to 21% beginning in 2018 from 35% in 2017, allows for the immediate expensing of certain property placed in

service after September 27, 2017, elimination of certain manufacturing deductions after 2017 and limitations on the deductibility of Interest expense after 2017. U.S. state or other regulatory bodies have not announced potential changes to existing laws and regulations which may result from the new U.S. tax and related laws. U.S. GAAP requires that the impact of tax legislation be recognized in the period in which the law was enacted. As a result, the Company recorded a tax benefit of $190,288 due to a remeasurement of deferred tax assets and liabilities at December 31, 2017 at the U.S. corporate tax rate of 21%.

The income tax provision for the years ended December 31, 2017, 2016, and 2015 consists of the following:

	2017	**2016**	**2015**
Federal			
Current	$ 739,052	$ (384,548)	$ 32,169
Deferred	59,581	6,052	279,130

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	2017	2016	2015
State			
Current	$ 278,664	$ (172,372)	$ 7,766
Deferred	27,704	(18,874)	
Income tax provision (benefit)	$ 1,105,001	$ (569,742)	$ 319,065

The estimated provision for income tax differs from the amount calculated by applying the statutory federal income tax rates to income before taxes due to expenses which are not deductible for federal income tax, as follows:

	2017	2016	2015
Taxes at statutory rates	$ 1,258,023	$ (561,950)	$ 51,991
State taxes at various rates	68,919	(14,880)	97,766
Other	(221,941)	7,088	169,308
Income tax provision (benefit)	$ 1,105,001	$ (569,742)	$ 319,065

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities at December 31, 2017 and 2016 are presented below:

	2017	2016
Deferred income tax asset:		
Stock compensation	$ 23,182	$ 22,393
Bad debts	18,810	13,949
Inventory		(12,958)
Accrued vacation	5,677	8,789
Total deferred income tax asset	$ 47,669	$ 32,173
Deferred income tax liability:		
Property and equipment, principally due to depreciation	$ 374,024	$ 253,590
Net operating loss carryforward		(13,008)
Total deferred income tax liability	$ 374,024	$ 240,582

Note 7. Leases

Capital Lease

The Company leases autos and equipment with lease terms through 2020. The assets and liabilities under capital leases are recorded at the lower of the present value of the minimum lease payments or the fair value of the assets. The assets are depreciated over the shorter of their related lease terms or their estimated productive lives. Depreciation of assets under capital leases is included in depreciation expense.

Following is a summary of property held under capital leases at December 31, 2017 and 2016:

	2017	2016
Autos	$ 454,926	$ 482,948
Accumulated depreciation	(350,581)	(310,450)
Total	$ 104,345	$ 172,498

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Notes to Financial Statements

Minimum future lease payments under capital leases as of December 31, 2017 for each of the next three years are:

Year Ending December 31,	
2018	$ 134,051
2019	28,585
2020	2,383
Total minimum lease payments	165,019
Amount representing interest	(6,658)
Present value of net minimum lease payments	158,361
Current portion	(131,937)
Present value of net minimum lease payments, net of current portion	$ 26,424

Operating Leases

The Company leases warehouse and office space under non-cancelable agreements classified as operating leases, expiring at various dates through 2022. Rental expense for the year was $567,019, $551,197, and $634,727 for 2017, 2016, and 2015 respectively. Minimum annual rental commitments under non-cancelable agreements are as follows at December 31, 2017:

Year Ending December 31,	
2018	$ 439,702
2019	333,248
2020	219,000
2021	78,000
2022	45,500
Total minimum lease payments	$ 1,115,450

Note 8. Stockholders Equity

The Company has three classes of stock which includes Series A preferred stock, Series B preferred stock, and common stock. The Company is authorized to issue an aggregate of 6,669,837 shares having a par value of $0.001 per share, of which 5,000,000 shares shall be common stock, 370,664 shares shall be Series A Convertible Preferred Stock , and 1,299,173 shares shall be Series B Convertible Preferred Stock .

Preferred Stock

Series A Convertible Preferred Stock and Series B Convertible Preferred Stock holders may vote on any matters and are entitled to cast votes equal to the number of shares each respective class can convert into Common Stock. The holders may convert their shares at any time into Common Stock. In the event of liquidation, the holders of Series B shares shall be paid preferential amounts before payments are made to the holders of Series A shares.

Series A Convertible Preferred Stock are valued at the Series A Liquidation Preference on the date of such conversion. The Series A Liquidation Preference is equal to the original issue price plus all accrued and unpaid dividends thereon to the date fixed for liquidation. As of December 31, 2017 and 2016, there were no accrued and unpaid dividends.

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TitanLiner, Inc.

Notes to Financial Statements

Series B Convertible Preferred Stock are valued at the Series B Liquidation Preference on the date of such conversion. The Series B Liquidation Preference is equal to the original issue price plus the PIK Amount (PIK) defined as equal to 6% per annum of the original issue price wherein interest from the date of issuance shall accrue cumulatively and be compounded annually. As of December 31, 2017 and 2016, the balance related to PIK was $164,957 and 0, respectively.

As of December 31, 2017 and 2016, all Series A shares and Series B shares totaling 1,669,837, respectively, were issued and held by the investor group consisting of Capital Southwest Corporation, K. Rick Turner Revocable Trust, Turner Family Partnership, and MK Holdings, LP.

Warrants

At December 31, 2017 and 2016, the Company had outstanding warrants to purchase zero shares of Series A Convertible Preferred Stock with an exercise price of $0.01 per share, respectively. The warrants became exercisable in 2012 and will expire on December 31, 2022. No warrants were exercised during 2017. 11,261 warrants were exercised in December 2016.

Common Stock

Common Stock has all the rights, privileges, preferences and obligations provided for in the Agreement, which are generally consistent with an ordinary equity ownership interest. At December 31, 2017 and 2016, 1,000,000 shares of Common Stock had been issued, 765,031 and 749,300 of which were still outstanding at December 31, 2017 and 2016, respectively.

Treasury Stock

Treasury stock is shown at cost and at December 31, 2017 and 2016, consisted of 234,969 and 250,700 shares of common stock respectively.

Stock Appreciation Rights

During 2017 and 2016, the Company granted 9,000 and 6,000 equity equivalent awards, respectively, in the form of Stock Appreciation Rights (SARs) to key members of management that vest evenly over four years from the date of the grant. The SARs have no rights with payment contingent on a change of control. The Company determined the fair value of the SARs to be $0 as of the date of the grant.

Note 9. Commitments and Contingencies

In the normal course of business, the Company is involved in disputes and/or claims made by it against others or made by others against it. Management believes that the ultimate outcome of any dispute will not have a material adverse effect on its financial position, results of operations or on cash flows.

The Company is in an industry subject to increasingly demanding environmental standards imposed by federal, state and local environmental laws and regulations. Management believes it is in substantial compliance with applicable environmental laws and regulations.

Note 10. Employee Benefit Plan

The Company has a safe harbor 401(k) plan through Fidelity Investments covering all employees who have worked for the Company for more than 90 days as defined in the plan. The plan provides for employer matching up to 4% of each eligible employee s contributions. The Company contributed $73,896, $57,525, and $52,684 to the plan for the years ended December 31, 2017, 2016, and 2015, respectively.

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100,000 Shares

Common Stock

PROSPECTUS SUPPLEMENT

October 2, 2018