MONEY MANAGEMENT INTERNATIONAL, INC.
AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE

YEAR ENDED DECEMBER 31, 2016

AND INDEPENDENT AUDITOR'S REPORT

Money Management
INTERNATIONAL

Improving lives through financial education.

MELTON & MELTON, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Money Management International, Inc. and Subsidiaries

We have audited the accompanying consolidated financial statements of Money Management International, Inc. and Subsidiaries (the "Company"), which comprise the consolidated statement of financial position as of December 31, 2016, and the related consolidated statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the consolidated 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

6002 Rogerdale, Ste. 200 Houston, Texas 77072 Tel 281-759-1120 Fax 281-759-5500

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 December 31, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Melton + Melton, L.L.P.

Houston, Texas
March 24, 2017

MONEY MANAGEMENT INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
December 31, 2016

ASSETS

Current Assets:		
Cash and cash equivalents (Note 1)		$ 1,484,472
Restricted cash (Note 1)		15,724
Investments (Notes 1, 4, and 5)		15,988,322
Accounts receivable, net (Notes 1 and 2)		3,263,124
Current maturities of note receivable (Note 3)		89,036
Prepaid expenses		1,176,820
Cash held for customers (Notes 1 and 9)		15,388,847
Total current assets		37,406,345
Property and Equipment, net (Notes 1 and 6)		7,199,357
Other Assets:		
Restricted investments (Notes 1, 4, and 5)	$ 241,197	
Note receivable, net of current maturities (Note 3)	267,110	
Intangible assets, net (Notes 1 and 7)	2,139,695	
Value of insurance	7,813,567	
Goodwill (Note 1)	196,602	
Deposits and other	325,374	10,983,545
		$ 55,589,247

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accounts payable		$ 711,706
Accrued expenses (Note 8)		1,732,654
Funds held for customers (Notes 1 and 9)		15,388,847
Unearned income		205,449
Total current liabilities		18,038,656
Long-Term Liabilities:		
Accrued lease expense, net of current maturities (Note 1)		796,588
Commitments and Contingencies (Note 12)		
Net Assets: (Notes 1 and 10)		
Unrestricted	$ 36,543,212	
Temporarily restricted	210,791	36,754,003
		$ 55,589,247

(See Notes to Consolidated Financial Statements)

MONEY MANAGEMENT INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF ACTIVITIES
AND CHANGES IN NET ASSETS
For the Year Ended December 31, 2016

Changes in Unrestricted Net Assets:	
Revenues and gains: (Note 1)	
Debt management program fees and contributions, net of direct expenses of $2,124,991	$ 28,038,123
Housing counseling services, net of direct expenses of $259,493	9,455,012
Bankruptcy counseling and education income, net of direct expenses of $3,218	354,988
Grants and other contributions (Note 14)	1,154,193
Agency support income, net of direct expenses of $185,475	491,695
Other income, net of direct expenses of $64,844	890,678
Investment income (Note 4)	1,112,770
Student services	336,741
Representative payee	606,479
	42,440,679
Net assets released from restrictions (Note 1)	149,907
Total revenues and gains	42,590,586
Expenses and losses: (Note 1)	
Salaries and employee benefits	28,264,243
Occupancy and utilities	4,161,106
Public awareness, advertising, and marketing (Note 1)	3,188,427
Payroll taxes	1,940,396
Telecommunications	1,174,910
Training, meetings, and travel	730,961
Professional fees	509,412
Equipment rental and maintenance	1,357,526
Postage and delivery	545,490
Insurance, licenses, and taxes	561,769
Bank charges	408,532
Office supplies	176,216
Data processing, fulfillment, and printing	213,892
Dues and subscriptions	130,367
Loss on retirement of property and equipment	232,611

(See Notes to Consolidated Financial Statements)

MONEY MANAGEMENT INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF ACTIVITIES
AND CHANGES IN NET ASSETS (CONTINUED)
For the Year Ended December 31, 2016

Other expenses	$ 63,333
Total expenses and losses before depreciation and amortization	43,659,191
Depreciation and amortization (Notes 1, 6, and 7)	3,642,243
Total expenses and losses	47,301,434
Decrease in unrestricted net assets	(4,710,848)
Changes in Temporarily Restricted Net Assets:	
Revenues and gains: (Note 1)	
Grants and other contributions	47,810
Net assets released from restrictions (Note 1)	(149,907)
Decrease in temporarily restricted net assets	(102,097)
Change in net assets	(4,812,945)
Net Assets, beginning of year	41,566,948
Net Assets, end of year	**$ 36,754,003**

(See Notes to Consolidated Financial Statements)

MONEY MANAGEMENT INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2016

Cash Flows from Operating Activities:	
Change in net assets	$ (4,812,945)
Adjustments:	
Depreciation and amortization	3,642,243
Accrued lease amortization	(309,580)
Loss on retirement of property and equipment	232,611
Realized and unrealized gain on investments	(651,587)
Discount income on note receivable	(10,964)
Increase in value of insurance	(505,402)
Contribution revenue from business acquisition (Note 14)	(935,721)
Cash provided by (used for) the change in:	
Restricted cash	9,061
Accounts receivable	837,495
Prepaid expenses, deposits, and other assets	101,943
Accounts payable and accrued expenses	103,193
Unearned income	(11,345)
Total adjustments	2,501,947
Net cash used in operating activities	(2,310,998)
Cash Flows from Investing Activities:	
Sale of investments	6,769,334
Purchase of investments	(412,051)
Cash received in business acquisition (Note 14)	318,413
Payments received on note receivable	100,000
Proceeds from sale of property and equipment	584,164
Purchase of property and equipment	(1,377,654)
Purchase of intangible assets (Note 7)	(3,137,877)
Net cash provided by investing activities	2,844,329
Cash Flows from Financing Activities:	
Payments on note payable received in business acquisition (Note 14)	(8,203)
Net cash used in financing activities	(8,203)
Net increase in cash and cash equivalents	525,128
Cash and Cash Equivalents, beginning of year (Note 1)	959,344
Cash and Cash Equivalents, end of year (Note 1)	**$ 1,484,472**
Noncash Investing Activities:	
Note payable received in business acquisition and retired in sale of property and equipment	**$ 1,344,613**

(See Notes to Consolidated Financial Statements)

MONEY MANAGEMENT INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Money Management International, Inc. ("MMI") is a nonprofit Texas corporation recognized as tax-exempt under Section 501(c)(3) of the Internal Revenue Code (the "Code").

MMI is the sole member of two reorganized corporations, Consumer Credit Counseling Service of Southern New England, Inc. ("CCCS-SNE") (a nonprofit Massachusetts corporation) and Mapping Your Future, Inc. ("MYF") (a nonprofit South Dakota corporation), both of which are recognized as tax-exempt under Code Section 501(c)(3). CCCS-SNE and MYF provide an array of counseling and educational services in support of MMI's efforts described below.

Money Management International Financial Education Foundation (the "Foundation") is controlled by MMI and is a nonprofit Texas corporation recognized as tax-exempt under Code Section 501(c)(3). The Foundation is organized to support MMI's educational purposes and activities and to educate the general public on sound personal financial skills and money management principles.

MMI, with the assistance of CCCS-SNE, MYF, and the Foundation, is primarily involved in providing financial education, counseling, and materials to consumers regarding money management, budgeting, and debt management. MMI offers free educational resources regarding general money management, budgeting, and debt management. These programs are funded by debt management program fees, contributions, and grants from individuals, corporations, foundations, and federal agencies, and are sponsored in cooperation with employers, schools, associations, social service agencies, the legal community, area media, and club groups.

Money Management International Housing, LLC ("MMI - Housing") is a wholly owned subsidiary of MMI and is organized as a Delaware limited liability company. MMI - Housing's sole asset is its investment in MMI - Seminole Ridge Investment, LLC ("MMI - Seminole Ridge").

MMI - Seminole Ridge is a wholly owned subsidiary of MMI - Housing and is organized as a Delaware limited liability company.

MMI has the following programs:

Budget and Debt Counseling and Education - MMI is primarily involved in providing personal counseling and education to consumers regarding money management, budgeting, and debt management. It provides face-to-face services to consumers in Alabama, Alaska, Arizona, Arkansas, California, Colorado, Connecticut, Florida, Georgia, Idaho, Illinois, Indiana, Louisiana, Maine, Maryland, Massachusetts (primarily with CCCS-SNE assistance), Mississippi, New Hampshire, New Jersey, New Mexico, New York, Nevada, North Carolina, Oklahoma, Oregon, Pennsylvania, Rhode Island, Tennessee, Texas, Utah, Virginia, Washington, Washington, D.C., West Virginia, and Wisconsin. The national community is served by telephone, fax, mail, and the Internet. Counseling is offered in English and Spanish.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Debt Management Program Education and Support - Consumers receiving counseling may, depending upon the jurisdiction, enroll in a debt repayment program called a Debt Management Plan ("DMP") administered by MMI. In Massachusetts, CCCS-SNE assists MMI in providing DMPs. The DMP allows consumers to receive ongoing education and support and pay off their debts within a budget, with the cooperation of their creditors. Fees may be charged of consumers in accordance with applicable federal and state law.

Consumer Credit Education Programs and Community Outreach - MMI and CCCS-SNE offer additional information to consumers and the general public, such as consumer credit educational publications. MMI and CCCS-SNE also sponsor education programs designed to make the community aware of the importance of financial literacy and the proper use of credit. Workshops related to finances are provided for adults and children. MMI and CCCS-SNE also develop programs that could be used in public schools as part of a financial education curriculum.

Agency Support Services - MMI offers products and services to other Code Section 501(c)(3) credit counseling agencies, including software fulfillment and administrative support for counseling operations.

Bankruptcy Counseling and Education - MMI is approved by the Executive Office for United States Trustees ("EOUST") and the Administrative Office of the United States Courts ("AOUSC") to be a provider of prefiling counseling and predischarge education classes in accordance with the Bankruptcy Abuse Prevention and Consumer Protection Act ("BAPCPA"), which took effect on October 17, 2005.

Housing Counseling - MMI is an approved housing counseling agency by the United States Department of Housing and Urban Development ("HUD"). MMI provides various types of housing counseling assistance. For these activities, to varying degrees, MMI receives funding from HUD, participates directly and indirectly in the National Foreclosure Mitigation Counseling Program ("NFMC") that is funded by Congress and administered by NeighborWorks America ("NeighborWorks"), and receives funding from mortgage servicers through the Homeownership Preservation Foundation ("HPF") for completed housing foreclosure prevention counseling services. MMI also receives funding indirectly from Fannie Mae through HPF for customer care housing services for the Making Home Affordable Refinance Program. In addition, MMI provides reverse mortgage counseling. For this activity, MMI receives funding from HUD and borrowers as allowed under federal regulations and guidance. CCCS-SNE assists MMI in these efforts when providing housing counseling services in Massachusetts.

Representative Payee Program - MMI offers a representative payee service to consumers that are no longer capable of managing their income and benefits on their own.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Student Services - MMI offers the following to consumers seeking assistance with student loan debt: a thorough evaluation of their financial situation, including a personalized budget plan; an audit of their current loans, identifying all of their lenders, servicers, loan amounts, and terms; an analysis of all available options, including specialized repayment plans, deferment, forbearance, consolidation, forgiveness programs, and more; and exploring options for rehabilitating student loans that have gone into default.

Principles of Consolidation

The consolidated financial statements include the accounts of MMI, CCCS-SNE, MYF, the Foundation, MMI - Housing, and MMI - Seminole Ridge (together, the "Company"). All intercompany accounts and transactions have been eliminated in consolidation.

Basis of Accounting and Financial Statement Format

The consolidated financial statements of the Company are prepared using the accrual method of accounting.

In accordance with accounting principles generally accepted in the United States of America ("US GAAP"), net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Company and changes therein are classified and reported as follows:

- **Unrestricted net assets** - net assets that are not subject to donor-imposed stipulations.
- **Temporarily restricted net assets** - net assets that are subject to donor-imposed stipulations that require the passage of time or the occurrence of a specific event. Contributions that are restricted by the donor and investment earnings on restricted investments are reported as increases in unrestricted net assets if the donor or legal restriction expires in the fiscal year in which the contribution or restriction is received. Otherwise, when a donor or legal restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities and changes in net assets as net assets released from restrictions.
- **Permanently restricted net assets** - net assets required to be maintained in perpetuity, with only the income used for operating activities, due to donor-imposed stipulations. There were no permanently restricted net assets at December 31, 2016.

Revenue Recognition

Revenues from DMP fees, housing counseling services, bankruptcy counseling and education, agency support services, student services, and representative payee services are recognized as the related services are performed and the amounts realized can be reasonably determined.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue from grants and other contributions are recognized when the conditions for the grants and contributions have been met and the amounts realized can be reasonably determined.

Cash and Cash Equivalents

The Company considers cash and cash equivalents to include all demand and time deposits and all highly liquid debt instruments with original maturities of three months or less. The Company places its temporary cash investments with financial institutions it believes have high credit quality. At times, such investments may be in excess of the federally insured limit.

Restricted Cash

Restricted cash consists primarily of amounts restricted for anticipated future medical claims and for other specific uses by legal limitations.

Investments

The Company accounts for investments in accordance with the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958, *Not-for-Profit Entities*. Investments are reported at fair value, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. See Note 5 for discussion of fair value measurements. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded as earned on the accrual basis. Dividends are recorded on the ex-dividend date. The realized and unrealized gain or loss on investments is included in investment income or loss in the consolidated statement of activities and changes in net assets.

Restricted Investments

Restricted investments include investments restricted for specific uses by donors or legal limitations.

Accounts Receivable

Accounts receivable consist primarily of unpaid housing counseling fees, DMP-related contributions, which represent the estimated realizable value of creditor contributions, and other receivables. An allowance for doubtful accounts is provided based on an analysis of expected collection rates determined from historical activity. Receivable balances are charged off against the allowance for doubtful accounts when they are considered uncollectible by management.

Cash Held for Customers

Cash held for customers represents the cash collected from customers to be disbursed to their creditors. Accordingly, a related liability, funds held for customers, is presented in the consolidated statement of financial position.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment are stated at cost. The Company has no donated property and equipment to be valued. Improvements or betterments of a permanent nature are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. The cost of assets retired or otherwise disposed of and the related accumulated depreciation are eliminated from the accounts in the year of disposal. Gains or losses resulting from property and equipment disposals are credited or charged to operations currently.

Depreciation and amortization are provided for using the straight-line method over the estimated service lives of the respective classes of assets. The estimated service lives are as follows:

Computers, software, and office equipment	2 - 10 years
Leasehold improvements	4 - 10 years
Furniture and fixtures	5 - 10 years
Vehicles	5 years

Construction in progress represents costs incurred on property and equipment that has not been completed or placed in service as of the end of the year.

Intangible Assets

Intangible assets consist of servicing rights on certain DMP portfolios acquired from third-parties and are recorded at cost. Amortization is recorded using the straight-line and declining balance methods over each portfolio's estimated service life ranging from two to five years. With the declining balance method, amortization expense is reduced at approximately the same rate as revenue generated by the asset is expected to decline over time.

Goodwill

Goodwill represents the future economic benefits arising from other assets acquired in a business acquisition that are not individually identified and separately recognized. Goodwill is assigned to specific reporting units and is reviewed for possible impairment at least annually. The Company first assesses qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount, including goodwill. In such an event, the Company assesses goodwill for possible impairment. The Company recognized no impairment of goodwill in 2016.

Self-Funded Health Insurance

The Company is self-insured for its health insurance costs. Management reviews the health insurance accrual, on an ongoing basis, to minimize the effect of changes in insurance costs and accrual assumptions. The health insurance accrual is based on a third-party-provided estimate of claims and fees incurred but not reported, based on claims paid and incurred during the previous two-year period.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accrued Lease Expense

Accrued lease expense represents the difference between the total required rental payments of operating lease agreements and the monthly rental rate calculated on a straight-line basis over the term of the lease. As monthly payments are made, the accrued lease expense is adjusted accordingly. Current maturities of the accrued lease expense are included in accrued expenses in the consolidated statement of financial position.

Public Awareness, Advertising, and Marketing Costs

Public awareness, advertising, and marketing costs are charged to operations in the period in which the advertisement is placed. Public awareness, advertising, and marketing costs amounted to approximately $3.2 million for 2016.

Accounting Estimates

The preparation of consolidated financial statements in conformity with US GAAP 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. Management believes that these estimates and assumptions provide a reasonable basis for the fair presentation of the consolidated financial statements.

Significant estimates include the fair value of investments, as determined by financial institutions. Fair value estimates have inherent uncertainties and are exposed to various risks such as significant world events, interest rate, credit, and overall market volatility risks. Future changes in these risk factors may affect the significant fair value estimates materially in the near term.

Income Taxes

As an organization described in Code Section 501(c)(3), the Company is exempt from federal income taxes on its related income pursuant to Code Section 501(a). It is also exempt from various state income taxes under similar state statutes. MMI - Housing and MMI - Seminole Ridge are disregarded entities for federal tax purposes. The Company had no taxable unrelated business income in 2016. Accordingly, no provision for income taxes has been recorded.

Management has evaluated the Company's tax positions and concluded that the Company had taken no uncertain tax positions that require adjustment to the consolidated financial statements. With few exceptions, the Company is no longer subject to U.S. federal or state income tax examinations by tax authorities for years before 2013. The Company records tax-related interest and penalties in expenses and losses in the consolidated statement of activities and changes in net assets. There were no tax-related interest or penalties in 2016.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers* (Topic 606). ASU 2014-09 supersedes the revenue recognition requirements in Topic 605, *Revenue Recognition*, and most industry-specific guidance throughout the Industry Topics of the ASC. ASU 2014-09, as further amended by ASU 2015-14, is effective for annual reporting periods beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019.

In January 2016, the FASB issued ASU 2016-01, *Financial Instruments - Overall* (Subtopic 825-10) – *Recognition and Measurement of Financial Assets and Financial Liabilities*. ASU 2016-01 makes the following changes to existing US GAAP for entities that are not public business entities:

- Simplifies the impairment assessment of equity investments without readily determinable fair values by requiring a qualitative assessment to determine impairment.
- Requires separate presentation of financial assets and financial liabilities by measurement category and form of financial assets (that is, securities or loans and receivables) on the consolidated statement of financial position or the accompanying notes to the consolidated financial statements.

ASU 2016-01 is effective for annual reporting periods beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019.

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). For lessees under ASU 2016-02, lease assets and lease liabilities arising from both finance leases (formerly capital leases) and operating leases should be recognized in the consolidated statement of financial position.

For operating leases, a lessee is required to do the following:

1. Recognize a right-of-use asset and a lease liability, initially measured at the present value of the lease payments, in the consolidated statement of financial position.
2. Recognize a single lease cost, calculated so that the cost of the lease is allocated over the lease term on a generally straight-line basis.
3. Classify all cash payments within operating activities in the consolidated statement of cash flows.

For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. If a lessee makes this election, it should recognize lease expense for such leases generally on a straight-line basis over the lease term. The accounting applied by a lessor is largely unchanged from that applied under previous US GAAP. ASU 2016-02 is effective for annual reporting periods beginning after December 15, 2019, and interim periods within annual periods beginning after December 15, 2020.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities* (Topic 958). ASU 2016-14 changes the presentation of the financial statements and adds disclosure requirements for substantially all not-for-profit entities. ASU 2016-14 is effective for annual reporting periods beginning after December 15, 2017 and for interim periods beginning after December 15, 2018 with early adoption permitted.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows: Restricted Cash* (Topic 230). ASU 2016-18 applies to all entities that have restricted cash or restricted cash equivalents and are required to present a statement of cash flows under Topic 230. The amendments require that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. ASU 2016-18 is effective for annual reporting periods beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019 with early adoption permitted.

Management is currently evaluating the impact these ASUs will have on the Company's consolidated financial statements.

NOTE 2 - ACCOUNTS RECEIVABLE

Accounts receivable at December 31, 2016 consist of the following:

Housing counseling	$2,810,281
DMP-related contributions, net of allowance for doubtful accounts of $44,697	163,090
Student services	66,976
Workshop fees and educational materials, net of allowance for doubtful accounts of $2,100	52,800
Other	169,977
	$3,263,124

NOTE 3 - NOTE RECEIVABLE

The Company has a $500,000 unsecured, noninterest-bearing note receivable, discounted at 4%. Payments of $100,000 are due annually. The note matures in December 2020 and is guaranteed by the third-party borrower's parent company.

NOTE 3 - NOTE RECEIVABLE (CONTINUED)

At December 31, 2016, future principal payments under the note receivable are as follows:

For the Year Ending December 31:	
2017	$100,000
2018	100,000
2019	100,000
2020	100,000
Total future principal payments	400,000
Less: Unamortized discount	43,854
Net present value of future principal payments	356,146
Less: Current maturities	89,036
	$267,110

NOTE 4 - INVESTMENTS

Investments and investment income consist of the following as of and for the year ended December 31, 2016:

Investments:	
Equity securities	$ 4,959,303
Mutual funds	5,905,994
Exchange-traded funds	3,185,416
Corporate bonds	203,310
Government securities	37,106
Money market and other	190,535
Market-linked investments	1,747,855
	$16,229,519
General purpose investments	$15,988,322
Restricted investments	241,197
	$16,229,519
Investment income:	
Dividends, interest, and other	$ 461,183
Realized and unrealized gain on investments, net	651,587
	$ 1,112,770
Unrestricted	$ 1,112,770

NOTE 5 - FAIR VALUE MEASUREMENTS

ASC 820, *Fair Value Measurements and Disclosures*, clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value, and requires additional disclosure about the use of fair value measurements in an effort to make the measurement of fair value more consistent and comparable.

Various inputs are used in determining the fair value of certain Company assets. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. In addition, ASC 820 establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The three levels of the fair value hierarchy, including the types of the Company's assets that fall under each category and the valuation methodologies used to measure fair value, are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Mutual funds - Valued at net asset value (NAV) of shares held at year-end. NAV is based on the value of the underlying assets owned by the fund, minus its liabilities, and then divided by the number of shares outstanding. The NAV is a quoted price in an active market.

Exchange-traded funds - Securities traded on a national securities exchange are traded at the last reported sales price on the date of valuation. Other securities traded in the over-the-counter (OTC) market and listed securities for which no sale was reported on that date are stated at the last quoted bid price.

Corporate bonds and government and equity securities - Valued at the closing market price on the New York Stock Exchange or an active secondary market.

Money market and other - Comprised of funds invested in money market funds, certificates of deposit, and savings accounts at various financial institutions. Funds invested in savings accounts and certificates of deposit are valued based on the value of deposited funds and net investment earnings less withdrawals and fees. The money market funds invest primarily in domestic commercial paper and other cash management instruments, such as repurchase agreements and master notes, U.S. government and corporate obligations, and other securities of foreign issuers. The money market funds seek to maintain a stable NAV of $1.

Level 2 - Inputs to the valuation methodology are other than quoted market prices in active markets that are observable, either directly or indirectly, such as quoted prices for similar assets; quoted prices that are in inactive markets; inputs other than quoted prices that are observable for the assets; and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

NOTE 5 - FAIR VALUE MEASUREMENTS (CONTINUED)

Market-linked investments - Valued at the original offering price multiplied by a ratio of the closing level of the underlying asset to the start value at the pricing date.

Level 3 - Inputs to the valuation methodology are unobservable inputs (i.e., projections, estimates, interpretations, etc.) that are supported by little or no market activity and that are significant to the fair value of the assets.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Company believes its valuation methods are appropriate, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. The inputs and methodologies used for valuing the Company's assets are not an indication of the risk associated with those assets. There have been no changes in the methodologies used at December 31, 2016.

The following table sets forth by level, within the fair value hierarchy, the Company's assets at fair value on a recurring basis as of December 31, 2016:

Description	Level 1	Level 2	Level 3	Total
Equity securities:				
Healthcare	$ 670,641			$ 670,641
Financial/banking	384,096			384,096
Industrial goods	774,712			774,712
Technology	1,459,582			1,459,582
Basic materials	651,351			651,351
Services	597,824			597,824
Consumer goods	386,459			386,459
Other	34,638			34,638
	4,959,303			4,959,303
Mutual funds:				
Mid-cap	581,977			581,977
Large-cap	1,305,425			1,305,425
Small-cap	669,633			669,633
International	718,049			718,049
Bank loans	1,335,714			1,335,714
Bonds	1,295,196			1,295,196
	5,905,994			5,905,994

NOTE 5 - FAIR VALUE MEASUREMENTS (CONTINUED)

Description	Level 1	Level 2	Level 3	Total
Exchange-traded funds:				
Services	$ 1,078,530			$ 1,078,530
Basic materials	448,615			448,615
Technology	615,325			615,325
Health	146,836			146,836
Consumer goods	463,660			463,660
Financial	211,250			211,250
Industrial goods	221,200			221,200
	3,185,416			3,185,416
Corporate bonds	203,310			203,310
Government securities	37,106			37,106
Money market and other	190,535			190,535
Market-linked investments		$1,747,855		1,747,855
Total investments	$14,481,664	$1,747,855		$16,229,519

NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2016:

Computers, software, and office equipment	$30,637,543
Leasehold improvements	1,368,380
Furniture and fixtures	1,859,256
Vehicles	167,398
Construction in progress	404,604
	34,437,181
Less: Accumulated depreciation and amortization	27,237,824
	$ 7,199,357

Depreciation and amortization expense for the year ended December 31, 2016 was approximately $2,644,000.

NOTE 7 - INTANGIBLE ASSETS

Intangible assets consist of the following at December 31, 2016:

Servicing rights on certain DMP portfolios	$ 3,137,877
Less: Accumulated amortization	998,182
	$ 2,139,695

Estimated future, annual amortization expense at December 31, 2016 is as follows:

For the Year Ending December 31:	
2017	$ 1,082,645
2018	576,572
2019	269,687
2020	210,791
	$ 2,139,695

Amortization expense for the year ended December 31, 2016 was approximately $998,000.

NOTE 8 - ACCRUED EXPENSES

Accrued expenses consist of the following at December 31, 2016:

Payroll and payroll taxes	$ 514,035
Self-funded health insurance	312,001
Funds held as agent	47,717
Accrued lease expense, current portion	359,603
401(k) employer contribution	7,933
Other	491,365
	$1,732,654

NOTE 9 - FUNDS HELD FOR CUSTOMERS

Activities in the funds held for customers consist of the following for the year ended December 31, 2016:

Customer receipts	$ 355,975,323
Customer disbursements:	
Representative payee	(13,556,765)
Creditor	(309,678,933)
	(323,235,698)

NOTE 9 - FUNDS HELD FOR CUSTOMERS (CONTINUED)

Cash transferred to unrestricted assets:	
DMP contributions retained	$ (6,834,336)
Administrative fees retained	(21,350,194)
	(28,184,530)
Excess receipts over disbursements	4,555,095
Balance, beginning of year	10,833,752
Balance, end of year	$ 15,388,847

NOTE 10 - TEMPORARY RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets at December 31, 2016 consist of the following:

Grants	$116,964
Promises to give	17,332
Charitable remainder trust	76,495
	$210,791

The Company is the trustee and the beneficiary of the charitable remainder trust. Until the death of the donor, all earnings from the trust are paid directly to the donor. Upon the death of the donor, the Company will receive 100% of the trust's assets to be used for operations of the Company. At that time, the trust's assets will be reclassified to unrestricted net assets.

NOTE 11 - BENEFIT PLANS

The Company has a 401(k) retirement plan that covers all eligible employees of the Company. Employees are eligible to participate in elective contributions to the plan upon the first day of the payroll period that contains the date that the employee completed thirty days of employment. Upon the completion of 1,000 hours and one year of service, employees become eligible to participate in the employer matching contributions to the plan. Employees may elect to contribute elective contributions limited to the dollar limit set by law. Employer matching contributions are 50% of employee elective contributions, up to 6% of employees' eligible annual compensation. The Company may also make secondary discretionary matching and profit sharing contributions to the plan. Total employer contributions in 2016 were approximately $427,000.

The Company has a Deferred Compensation Plan (the "Plan") for certain key employees. Participants enter the Plan upon the completion of a deferred compensation agreement between the Company and the participant. Contributions to the Plan are subject to the limits set by federal law. There were no contributions to the Plan in 2016.

NOTE 12 - COMMITMENTS AND CONTINGENCIES

Operating Leases

The Company has several month-to-month, year-to-year, and noncancelable leases for office space, which are classified as operating leases. The terms of the noncancelable operating leases expire between 2017 and 2021. Rental expense under the operating leases amounted to approximately $2,853,000 for the year ended December 31, 2016.

Minimum required future rental payments under the noncancelable operating leases as of December 31, 2016 are as follows:

For the Year Ending December 31:	
2017	$2,258,130
2018	1,822,418
2019	1,200,048
2020	1,151,842
2021	589,326
	$7,021,764

The above minimum required future rental payments are not reduced by future noncancelable sublease payments. The Company subleases a portion of their office spaces in Phoenix, Arizona and Houston, Texas under noncancelable operating leases. The leases expire in 2018 and 2021, respectively. Rental revenue under these leases amounted to approximately $529,000 for the year ended December 31, 2016. Minimum required future sublease payments under these subleases as of December 31, 2016 amount to approximately $1,659,000.

Legal Actions

The Company is involved in various legal matters arising in the normal course of business. The Company does not believe that the ultimate resolution of these matters will have a significant effect on its consolidated financial position.

NOTE 12 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

Officer's Employment Agreement

The Company has an employment agreement with its president that provides, in addition to customary compensation for continuing services, certain compensation payments upon termination of employment. Termination of employment includes the following events defined in the agreement: death, disability, termination for cause, termination without cause (which includes the Company electing not to renew the agreement on substantially similar terms), resignation for good reason, and resignation without good reason. If termination is for cause (which results in material economic harm to the Company) or resignation without good reason, the Company has no further obligation to the employee beyond the payment of all base salary amounts earned and accrued through the date of termination. Otherwise, the amount of compensation due by the Company is dependent on the reason for termination. Each of the compensation amounts are defined in the agreement. Each April, the agreement is automatically extended for an additional one-year period unless canceled by either party.

The Company believes that a liability for employment termination compensation does not arise under this agreement until and unless a qualifying termination event, as discussed above, has occurred. Until and unless such an event occurs, the liability is not subject to reasonable estimation. Accordingly, the Company has recognized no liability in the accompanying consolidated statement of financial position for any employment termination obligation under this agreement as of December 31, 2016.

NOTE 13 - FUNCTIONAL CLASSIFICATION OF REVENUES AND EXPENSES

Revenues and expenses by functional classification for the year ended December 31, 2016 are summarized below. Program revenues and expenses are subdivided into eight major program areas that are more fully described in Note 1.

Total Revenues and Support (Unrestricted and Temporarily Restricted):

Program:	
Debt management program education and support	$28,038,123
Consumer credit education programs and community outreach	338,758
Agency support services	491,695
Bankruptcy counseling and education	354,988
Housing counseling	9,455,012
Representative payee program	606,479
Student services	336,741
General and administrative	1,664,690
Fundraising	1,202,003
	42,488,489

NOTE 13 - FUNCTIONAL CLASSIFICATION OF REVENUES AND EXPENSES (CONTINUED)

Total Expenses:

Program:	
Budget and debt counseling and education	$12,505,830
Debt management program education and support	8,793,384
Consumer credit education programs and community outreach	629,699
Agency support services	1,066,053
Bankruptcy counseling and education	801,093
Housing counseling	5,016,362
Representative payee program	681,163
Student services	691,764
General and administrative	16,424,600
Fundraising	691,486
	47,301,434
Change in net assets	$ (4,812,945)

NOTE 14 - BUSINESS ACQUISITION

In 2016, the Company acquired all of the net assets of Consumer Credit Counseling Service of Ventura County ("CCCS-VC"). The acquisition was made to expand and complement the Company's existing educational service offerings. The Company paid no consideration for the net assets acquired. CCCS-VC was merged into the Company on the effective date of the acquisition and ceased to exist as a separate legal entity.

The fair value of the net assets acquired in the above business combination consists of the following:

Cash	$ 318,413
Cash held for customers	6,562
Accounts receivable	40,331
Prepaid expenses	4,844
Property and equipment	2,045,269
Other assets	2,215
Accounts payable and accrued expenses	(122,535)
Funds held for customers	(6,562)
Note payable	(1,352,816)
Net assets acquired	$ 935,721

The amount of net assets acquired above is reported as contribution revenue and is included in grants and other contributions in the consolidated statement of activities and changes in net assets.

NOTE 15 - SUBSEQUENT EVENTS

The Company and Consumer Credit Counseling Service of Greater Atlanta, Inc. merged on March 16, 2017. The Company is the surviving entity.

The Company has evaluated subsequent events through March 24, 2017, the date the consolidated financial statements were available to be issued.