Feltl and Company, Inc.

Minneapolis, Minnesota

Balance Sheets
December 31, 2014 and 2013

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Independent Auditor's Report

Board of Directors
Feltl and Company, Inc.
Minneapolis, Minnesota

We have audited the accompanying balance sheets of Feltl and Company, Inc. (the Company) as of December 31, 2014 and 2013, and the related notes to the balance sheets (the financial statement). This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Feltl and Company, Inc. as of December 31, 2014 and 2013, in accordance with accounting principles generally accepted in the United States of America.

Wipfli LLP

Wipfli LLP
St. Paul, Minnesota
February 26, 2015

Feltl and Company, Inc.

Balance Sheets

December 31, 2014 and 2013

Assets	2014	2013
Cash and cash equivalents	$ 3,784,736	$ 4,359,643
Broker loans receivable	4,049,557	3,850,483
Securities owned, at market	2,965,276	3,659,982
Receivables from brokers, dealers and others	417,455	437,537
Fixed assets, net	364,620	487,082
Prepaid expenses and other assets	106,014	114,153
TOTAL ASSETS	$ 11,687,658	$ 12,908,880
Liabilities and Stockholders' Equity		
Liabilities:		
Accrued employee compensation and benefits	$ 1,012,835	$ 579,692
Amount due to clearing firm, secured by securities owned	150,323	$ 233,246
Accounts payable	447,429	$ 87,136
Securities sold, not yet purchased, at market	5,400	$ 27,709
Accrued expenses and other liabilities	747,632	969,544
Total liabilities	2,363,619	1,897,327
Stockholders' equity:		
Common stock - Par value $1.00 per share		
Authorized - 1,000 shares		
Issued and outstanding - 528 shares	528	528
Additional paid-in capital	2,363,177	2,363,177
Retained earnings	6,960,334	8,647,848
Total stockholder's equity	9,324,039	11,011,553
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 11,687,658	$ 12,908,880

See accompanying notes to financial statements.

Feltl and Company, Inc.

Notes to Balance Sheets

Note 1 Summary of Significant Accounting Policies

Principal Business Activities

Feltl and Company, Inc. (the "Company") is registered as a broker-dealer in securities with the Financial Industry Regulatory Authority (FINRA) and the Securities and Exchange Commission (SEC). The Company engages in the business of acting as a dealer, market maker, investment banker, and providing brokerage services with respect to equity and other securities. The Company does not carry securities accounts for customers or perform custodial functions relating to customer securities and, accordingly, is exempt from SEC Rule 15c3-3. All securities transactions are cleared through a clearing broker on a fully disclosed basis. The Company is required to maintain a minimum balance of $100,000 in cash and securities accounts with the clearing broker to collateralize certain transactions.

Use of Estimates in Preparation of Balance Sheets

The preparation of the accompanying balance sheets in conformity with accounting principles generally accepted in the United States requires management to make certain estimates and assumptions that directly affect the results of reported assets, liabilities, and stockholders' equity. Actual results may differ from these estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits and certificates of deposit. The Company considers all highly liquid investments with original maturities of less than three months to be cash and cash equivalents.

Note 1 Summary of Significant Accounting Policies (Continued)

Securities Owned

Securities transactions and related revenues and expenses are recorded on a trade date basis. Securities owned are stated at market value with related changes in unrealized gains or losses reflected in the Company's trading profit. Securities owned include U.S. equity securities, certificates of deposit, and debt securities. Market value is generally based on listed market prices. If listed market prices are not available, fair value is determined based on other relevant factors, including broker or dealer price quotations. All securities owned are pledged to the clearing broker on terms that permit the clearing broker to sell or repledge the securities to others subject to certain limitations.

Revenue Recognition

The Company recognizes commission revenues and related expenses on trade date. Revenues and related expenses from the sale of private placements and other corporate finance transactions are recognized on closing date. A portion of the Company's commission revenues has been allocated from firm trading profit in the form of sales credits allocated from the Company's traders to the Company's brokers.

The Company's Retail Registered Representatives ("RRRs") are independent contractors. As independent contractors, employment taxes and benefits are the responsibility of the RRRs. Generally, RRRs are paid 50% to 60% of their adjusted gross commissions, based upon their monthly gross commissions. Adjusted gross commissions represent gross commissions, less direct clearing costs, employee trades, and an amount for other heavily discounted trades.

The Company's Institutional Registered Representatives are considered employees, receive a lower percentage of gross commissions than a RRR, and are reimbursed by the Company for their direct expenses.

Note 1 Summary of Significant Accounting Policies (Continued)

Income Taxes

The Company has elected to be taxed under the provisions of Subchapter S of the Internal Revenue Code and comparable state regulations. Under these provisions, the Company generally does not pay federal or state corporate income taxes on its taxable income. Instead, the stockholders report on their personal income tax returns their proportionate share of the Company's taxable income and tax credits. The Company regularly assesses the outcome of uncertain tax positions, if any, and would accrue for any potential tax liabilities, if applicable.

Income tax returns for the years ended 2013, 2012, and 2011 have not been examined by the applicable federal and state tax authorities. The Company has not yet filed its income tax returns for the year ended December 31, 2014.

Fixed Assets

Depreciation on furniture and equipment is provided using the double declining balance method over the estimated useful lives of the assets, ranging from three years to seven years. Leasehold improvements are depreciated on the straight-line method over the term of the lease, or the estimated useful lives of the assets, whichever is shorter.

Broker Loans Receivable

Included in brokers loans receivable are forgivable loans made to investment executives and other revenue-producing brokers, typically in connection with recruitment. Such forgivable loans are amortized as compensation expense over the life of the note, generally two to nine years, using the straight line method. Management assesses the likelihood of whether or not any loan would be repaid if a broker leaves the firm, and an allowance for the uncollectible portion is made if deemed necessary.

Subsequent Events

Subsequent events have been evaluated through February 26, 2015, which is the date the balance sheets were available to be issued.

Note 2 Receivables from Brokers, Dealers and Others

Included in the receivables from brokers, dealers, and others are unsettled inventory trades. The Company's principal source of short-term financing is provided by the clearing broker from which it can borrow on an uncommitted basis against its inventory positions, subject to collateral maintenance requirements.

The Company conducts business with brokers and dealers who are members of the major securities exchanges. The Company monitors the credit standing of such brokers and dealers and the market value of collateral and requests additional collateral as deemed appropriate.

Note 3 Financial Instruments With Off-Balance-Sheet Risk

In the ordinary course of business, the Company's securities activities involve execution, settlement, and financing of various securities transactions as principal and agent. These activities may expose the Company to credit and market risks in the event customers, other brokers and dealers, banks, depositories, or clearing organizations are unable to fulfill contractual obligations. Such risks may be increased by volatile trading markets. The Company clears all transactions for its customers on a fully disclosed basis with a clearing firm that carries all customer accounts and maintains related records. Nonetheless, the Company is liable to the clearing firm for the transactions of its customers. These activities may expose the Company to off-balance-sheet risk in the event that a counterparty is unable to fulfill its contractual obligations and the Company has to purchase or sell the financial instrument underlying the contract at a loss. The Company maintains all of its securities owned at a clearing firm, and these securities owned collateralize amounts due to the clearing firm.

The Company has sold securities that it does not currently own and will, therefore, be obligated to purchase such securities at a future date. The Company has recorded these obligations in the balance sheets at December 31, 2014, at fair values of the related securities, and will incur a loss if the fair value of the securities increases subsequent to December 31, 2014.

Note 4 Concentration of Credit Risk

In the normal course of business, the Company maintains its cash in demand deposit and certificates of deposit accounts at various financial institutions. At times, balances in these accounts may exceed the Federal Deposit Insurance Corporation's insured limits of $250,000. At December 31, 2014 and 2013, the Company exceeded the insured limits by approximately $574,000 and $841,000, respectively.

Note 5 Fixed Assets

Fixed assets consist of the following:

	2014	2013
Leasehold improvements	$ 725,040	$ 725,040
Office equipment, furniture and fixtures	371,627	370,343
Computer equipment and software	234,608	199,844
Total	1,331,275	1,295,227
Accumulated depreciation	(966,655)	(808,145)
Net fixed assets	$ 364,620	$ 487,082

Note 6 Leases

The Company leases office space and various items of equipment under noncancelable operating leases generally ranging from one to seven years with certain renewal options.

Note 6 Leases (Continued)

Future minimum payments, by year and in the aggregate, under the noncancelable operating leases with initial or remaining terms in excess of one year consisted of the following at December 31, 2014:

2015	$ 447,583
2016	434,708
2017	289,921
2018	143,183
2019	121,796
Total	$ 1,437,191

Note 7 Retirement Plan

The Company sponsors a 401(k) profit sharing plan covering substantially all employees. Employees are allowed to make voluntary contributions to the plan. The Company may make discretionary contributions to the plan at the discretion of the Board of Directors.

Note 8 Regulatory Requirements

The Company is subject to the net capital requirements of FINRA and the Uniform Net Capital requirements of the SEC under Rule 15c3-1, which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital shall not exceed 15 to 1. FINRA and the SEC requirements also provide that equity capital may not be withdrawn or cash dividends paid if aggregate indebtedness to net capital exceeds 10 to 1. At December 31, 2014, the Company had regulatory net capital of $4,853,406 which was $4,603,406 in excess of its required net capital of $250,000. The Company's aggregate indebtedness to net capital ratio was 0.45 to 1.0.

Note 9 Commitments and Contingencies

The Company may be involved from time to time in various claims and legal proceedings of a nature considered normal to its business dealings. While any proceeding or litigation has an element of uncertainty, management of the Company believes that as of December 31, 2014, the outcome of any pending

Note 9 Commitments and Contingencies (Continued)

or threatened litigation will not have a material impact on the Company's financial condition or results of operations. At December 31, 2013, based on review of a regulator's requests for information, subsequent responses to the regulator, and discussions with the Company's legal counsel, management believed that although it could not estimate a range of loss or fine related to two inquiries, they anticipated that the resolution of these issues would result in a loss that could be material to the Company's financial position and results of operations. During 2014 these inquiries were resolved for $1,238,678, including $13,678 restitution and $1,225,000 regulatory assessments.

The Company extends margin credit to its customers through its clearing broker. In the event of a customer no-pay or default margin account, the Company is responsible for covering the shortage. All shortages may be paid through liquidation of customer securities held. At December 31, 2014 and 2013, there were no customer margin credit lines that were in default.

The Company engages in underwriting activities and enters into firm commitments with certain customers for initial public offerings. Once an initial public offering starts trading on the open market, the Company is liable for funding all shares under the firm commitment. As of December 31, 2014 and 2013, there were no outstanding firm commitments with customers.

Note 10 Fair Value Measurements

Following is a description of the valuation methodology used for assets measured at fair value on a recurring basis, as well as the classification of the assets within the fair value hierarchy.

Securities owned - Securities owned may be classified as Level 1, Level 2, or Level 3 measurements within the fair value hierarchy. Level 1 securities include equity securities traded on a national exchange. The fair value measurement of a Level 1 security is based on the quoted price of the security. Level 2 securities include U.S. government and agency securities, obligations of states and political subdivisions, corporate debt securities, certificates of deposit, and mortgage-related securities. The fair value measurement of a Level 2 security is obtained from an independent pricing service and is based on recent sales of similar securities and other observable market data. Level 3 securities include trust preferred securities that are not traded in a market. The fair value measurement of a Level 3 security is based on a discounted cash flow model that incorporates

Note 10 Fair Value Measurements (Continued)

assumptions market participants would use to measure the fair value of the security.

Information regarding the fair value of assets measured at fair value on a recurring basis as of December 31 follows:

		Recurring Fair Value Measurements Using		
	Assets Measured at Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
2014				
Securities owned:				
Certificates of deposit	$2,252,760	$ -	$ 2,252,760	$ -
Equity securities	301,683	301,683	-	-
Debt securities	410,833	-	410,833	-
Assets - Securities owned	$2,965,276	$ 301,683	$ 2,663,593	$ -
2013				
Securities owned:				
Certificates of deposit	$2,499,798	$ -	$ 2,499,798	$ -
Equity securities	701,491	701,491	-	-
Debt securities	458,693	-	458,693	-
Assets - Securities owned	$3,659,982	$ 701,491	$ 2,958,491	$ -

Note 11 Related-Party Transactions

In 2013, the Company commenced earning a management fee from a related party, Feltl Advisors, LLC. Fees are earned in exchange for providing office space and back office support.