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June 30, 2016

This brochure provides information about the qualifications and business practices of First Associated Investment Advisors, Inc. If you have questions about the contents of this brochure, please contact us at 218-722-8248 or 877-722-8248 (toll-free). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

Additional information about First Associated Investment Advisors, Inc. is also available on the SEC's website at www.adviserinfo.sec.gov.

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MATERIAL CHANGES

Annual audited balance sheet and financial statements dated June 21, 2016 have been updated and prepared in accordance with generally accepted accounting principles and are attached as part of this document.

ADVISORY BUSINESS

First Associated Investment Advisors, Inc. (FAIA) is a Minnesota Corporation co-founded by Curtis A. Teberg on April 22, 1988. He has been the sole owner of the firm since 1995.

Services

FAIA provides investment advisory services to separate account clients and to The Teberg Fund (Fund), a publicly-traded mutual fund.

Services to Separate Accounts

FAIA provides investment advisory and market timing services regarding mutual funds and variable annuity products to its separate account clients. These clients include individuals, corporations, trusts, pension funds, non-profit groups and other entities. Under the terms of its advisory agreements with these clients, FAIA designs and manages individual portfolios based on the client's investment objectives, investment time horizon and risk profile. The client's investment portfolio will be comprised exclusively of mutual fund accounts and variable annuity products.

FAIA's market timing service attempts to realize gains during a rising market by allocating assets in separate client accounts to funds it believes have the potential for growth based on its research. It also attempts to preserve capital during a declining market by allocating assets in separate client accounts to money market or cash funds.

FAIA provides exclusively non-discretionary investment advisory services to these separate account clients and has no authority to determine, without obtaining specific client consent, which securities will be bought or sold, the amount of such securities, the broker-dealer to be used to execute the client's transaction, or the commission rates to be paid.

The assets of separate account clients managed on a non-discretionary basis are valued annually at the end of our March 31 fiscal year. As of March 31, 2016, FAIA had no separate account clients and these assets were valued at \$0.00.

Services to The Teberg Fund

FAIA provides discretionary investment advisory services to The Teberg Fund, a publicly-traded mutual fund founded by FAIA owner and president, Curtis A. Teberg, on April 1, 2002.

FAIA determines which securities, and in what amounts, to buy and sell for The Teberg Fund's portfolio. FAIA manages the portfolio in accordance with guidelines set forth in the Fund's prospectus and statement of additional information. These guidelines cover such topics as the primary investment objectives, primary investment strategies and the types and percentages of securities that will make up the portfolio.

The assets of the Fund, managed on a discretionary basis, were \$30,916,118.34 as of its fiscal year end on March 31, 2016.

FEES AND COMPENSATION

Separate Account Fees and Compensation

Advisory Fees

FAIA's advisory fees for non-discretionary investment advisory services to separate account clients are based upon a percentage of assets under management. Advisory fees are billed directly to the client unless the client has provided other instructions. Fees for services rendered are billed and payable annually in advance and are based on the asset market value on the first business day of the contract period. The following fee schedule is not negotiable.

<u>Value of Assets</u>	<u>Annual Fee</u>
0 - \$500,000	2.00%
Over \$500,000	1.50%

Advisory agreements may be terminated by either FAIA or the client on 30-day prior written notice. In the event of termination, the client will be refunded pro-rata for any advisory fees charged but not rendered by FAIA prior to the termination. For example, if a client paid a fee in January and terminated the contract in June, he or she would be refunded the equivalent of six months' fees. In the event of termination by a client, the first \$200.00 of FAIA's investment advisory fee will not be refunded. Fees will be refunded in full if termination is requested within five (5) business days of the agreement date.

Other Fees

Certain employees of FAIA are registered representatives of Polar Investment Counsel, Inc., a registered broker-dealer, and in such capacity may, at the request of clients, implement the investment advice provided by FAIA and execute transactions in securities for clients' accounts. As such, the registered representative will receive usual and customary brokerage commissions or fees in connection with the transactions. The registered representative will also receive usual and customary advisory fees from the mutual funds owned by FAIA's clients which reduce the net asset value of the funds' shares. Therefore, clients pay two levels of advisory fees for the management of their assets, one to FAIA and one indirectly to the managers of the funds held in their portfolios. Similarly, certain personnel of FAIA are licensed insurance agents and, with respect to insurance policies or other products that may be recommended by FAIA, will receive usual and customary insurance commissions as an insurance agent. Clients receiving non-discretionary investment advisory services are free to obtain brokerage, investment or insurance services from any professional source.

In addition to the investment advisory fees charged by FAIA, clients will incur other fees imposed by third parties including mutual fund fees and expenses, clearing, custody and transaction charges paid to broker-dealers, service fees and IRA and qualified retirement plan fees. Other parties, including persons affiliated with FAIA, may receive a portion of these fees. A client could invest directly in a mutual fund without FAIA's services; however in that event the client would not receive the value of FAIA's services, which includes assistance in evaluating purchases and sales. Clients should carefully evaluate the options most appropriate for their financial condition and objectives before making a decision.

These additional fees may potentially create a conflict of interest because employees of FAIA may have an incentive to recommend mutual funds or annuities based on compensation received rather than on the needs and objectives of a client. To address this potential conflict, clients receive a prospectus for each mutual fund or annuity prior to purchase which fully discloses the sales charge and fees of the investment. Sales charges and fees for each share class are discussed with the client and they are given the opportunity to help decide which share class is best for them. FAIA makes a good faith effort to recommend no-load funds and

take advantage of fee-waiver programs when available. FAIA also attempts to recommend investment products based on objectives, historical performance and the greatest potential for growth, and believes this may ultimately benefit the client more than making recommendations solely on the basis of fees.

FAIA has no authority to determine, without obtaining specific client consent, the broker-dealer to be used for the purchase of investment products and to execute the client's transaction or the commission rates to be paid. Therefore, clients may elect to avoid this potential conflict by purchasing investment products from another broker-dealer not associated with FAIA.

FAIA's advisory fees are not reduced to offset the commissions or markups that clients might pay.

The Teberg Fund Fees and Compensation

For its services provided to The Teberg Fund, FAIA receives a management fee equal to 1.25% of the daily market value of the Fund. Effective December 13, 2013, FAIA contractually agreed to waive 0.31% of its management fee at least through July 31, 2016.

Some mutual funds in The Teberg Fund portfolio may generate Rule 12b-1 fees that are paid to employees of FAIA by their associated broker-dealer. FAIA has contractually agreed to return these fees to The Teberg Fund to reduce its management fee. All fees and expenses paid by The Teberg Fund shareholders are outlined in detail in the Fund's prospectus and statement of additional information.

FAIA clients may own The Teberg Fund in addition to other mutual funds under management. Their assets in The Teberg Fund are not included in their managed separate accounts, and they do not pay an FAIA advisory fee in addition to the management fee charged to all shareholders.

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Neither FAIA nor any supervised person accepts performance-based fees, defined as fees based on capital gains or appreciation of client assets under management. Therefore, there is no "side-by-side" management of accounts charged performance-based fees and accounts charged another type of fee. The differences in the fees charged to separate account clients and The Teberg Fund are described in the above section.

TYPES OF CLIENTS

FAIA separate account clients may include individuals, corporations, trusts, pension funds, non-profit groups and other entities. The Teberg Fund is also a client.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Separate Accounts

Analysis and Investment Strategies

FAIA researches mutual funds and annuity investment options to develop the accounts of its clients. This research includes a thorough study of each product's investment objectives, management style, risks and long-term performance during positive and negative market periods. FAIA performs comparisons of similar

investment products to determine which ones may have the greatest potential of advancing its clients' investment objectives.

FAIA subscribes to numerous mutual fund analytical and research services which provide analysis of current market conditions and forecast future market performance based on economic indicators and historical market patterns to help determine how to position client portfolios.

If the outlook is positive, FAIA may allocate client assets to benefit from a potentially rising market. If the outlook is negative, FAIA may allocate client assets to money market or cash funds with the goal of preserving capital. This is FAIA's market timing strategy as described in the above section entitled SERVICES.

Risks

Investing in securities involves risk, and FAIA's analysis of mutual funds and variable annuities on behalf of clients does not eliminate the risk that they may lose principal.

There is also risk that FAIA's research will not accurately forecast market performance and that its management of client portfolios will prevent clients from participating in a rising market or fail to help protect them in a falling market.

Attempts to time the market may result in more frequent transactions and create additional costs and tax consequences for clients.

The Teberg Fund

The Teberg Fund's methods of analysis, investment strategies and risks are outlined in detail in the Fund's prospectus and statement of additional information available from FAIA; from Gemini Fund Services, LLC (administrator of the Fund) by calling 866-209-1964; or by visiting the Fund's website at www.tebergfund.com.

DISCIPLINARY INFORMATION

Neither FAIA nor its employees have been involved in the following legal or disciplinary events:

- A criminal or civil action in a domestic, foreign or military court of competent jurisdiction;
- An administrative proceeding before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority; or
- A self-regulatory proceeding.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Curtis A. Teberg, FAIA owner and president, and Ann T. Hockman, Chief Compliance Officer, are registered representatives of Polar Investment Counsel, Inc., a registered broker-dealer. This relationship and the compensation it generates are explained in detail in the preceding FEES AND COMPENSATION SECTION, sub-heading Other Fees on page 5.

This relationship is not believed to create a material conflict of interest for separate account clients because FAIA has no authority to determine, without obtaining specific client consent, the broker-dealer to be used for the purchase of investment products and to execute the client's transaction or the commissions rates to be paid. Clients may elect to purchase investment products from another broker-dealer not associated with FAIA to avoid any potential conflict.

FAIA serves as the investment advisor to The Teberg Fund, which is a related person. FAIA may promote The Teberg Fund to its clients. Clients may choose to invest in the Fund, in a separate account consisting of other securities that will be managed by FAIA, or in both the Fund and a separate account, depending on their objectives. FAIA has no authority to determine which option(s) clients choose. Assets in The Teberg Fund owned by separate account clients are not included with their other assets under FAIA advisory agreement. Clients who own The Teberg Fund only and not other funds in separately managed accounts do not have advisory agreements with FAIA.

Curtis A. Teberg is an insurance agent licensed in the states of Minnesota and Wisconsin. With respect to insurance policies or other products that may be recommended by FAIA for clients' accounts, Mr. Teberg will receive usual and customary insurance commissions as an insurance agent. Clients are not required to purchase insurance products from Mr. Teberg as a condition to receiving investment advice from FAIA.

CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Code of Ethics

FAIA has adopted a Code of Ethics pursuant to SEC rule 204A-1 which requires, under certain circumstances, preclearance of certain personal securities transactions, imposes blackout periods for the personal trading of certain securities, requires annual and quarterly reporting of personal securities holdings, and imposes limitations on personal trading of certain types of securities. Consistent with the Code of Ethics, FAIA and persons affiliated with FAIA may purchase or sell mutual fund shares that are recommended to clients without restriction. FAIA will provide a copy of its Code of Ethics to any client or prospective client upon request.

Participation or Interest in Client Transactions

FAIA may promote and make recommendations to FAIA clients regarding The Teberg Fund, a publicly-traded mutual fund it receives compensation from for providing investment advisory services. FAIA president, Curtis A. Teberg, is the founder of the Fund and serves as Portfolio Manager. FAIA's relationship with The Teberg Fund and the fees it receives for its services are described in detail in the Fund's prospectus.

FAIA considers clients' investment objectives, investment time horizon and risk profile when designing investment portfolios of mutual fund accounts and variable annuity contracts for its clients and has no authority to determine, without obtaining specific client consent, which securities will be bought and sold.

Personal Trading

Employees of FAIA may invest the same securities recommended to clients, including The Teberg Fund, and may make investments at about the same time as FAIA clients. FAIA believes this practice does not necessarily create a conflict of interest because client accounts are comprised exclusively of mutual funds and variable annuity contracts not subject to front-running and other issues associated with shares of individual stocks.

BROKERAGE PRACTICES

Separate account clients have the option of making transactions through the broker-dealer firm associated with FAIA representatives so they may service their accounts. FAIA has no authority to determine the broker-dealer to be used for the purchase of investment products without the client's specific consent.

FAIA does not receive research and soft dollar benefits or client referrals from securities transactions made for separate account clients or for The Teberg Fund. Soft dollar benefits are defined as research or other

products and services that may be received by directing clients to make transactions through a certain broker-dealer firm.

REVIEW OF ACCOUNTS

FAIA reviews The Teberg Fund's portfolio on a continuous basis. For separate account clients, FAIA periodically (at least annually) reviews the client's investment objectives, supervises the management of the client's portfolio and assesses the appropriateness of each asset in connection with the portfolio's investment objective and the general economic environment. Client accounts are reviewed by FAIA's president.

FAIA furnishes detailed written reports to its separate account clients at least annually which typically include total return, cost and market value of all managed assets. Periodic meetings with clients may also be arranged in order to review the portfolio and set investment strategy, and as a means to keep FAIA informed of clients' current needs and objectives.

CLIENT REFERRALS AND OTHER COMPENSATION

Neither FAIA nor any related person compensates anyone not under direct supervision for client referrals. It does not receive any form of economic benefit from non-clients for providing investment advice or other advisory services to FAIA clients.

CUSTODY

FAIA does not have custody of separate client account assets or assets of The Teberg Fund. Separate account clients receive statements directly from the mutual fund and variable annuity companies which maintain custody of their accounts. Shareholders of The Teberg Fund receive statements directly from its administrator, Gemini Fund Services, LLC. Statements are generated quarterly and generally any time there is activity in client or shareholder accounts.

Clients should compare any written reports of account values provided by FAIA at annual meetings with the most recent statements received directly from the custodian of their assets.

INVESTMENT DISCRETION

FAIA does not accept discretionary authority to manage separate client accounts. It does have discretionary authority to manage assets of The Teberg Fund in accordance with the prospectus and statement of additional information.

VOTING CLIENT SECURITIES

FAIA does not vote separate account client securities but does vote on behalf of The Teberg Fund. Separate account clients will receive proxies or other communications directly from the custodians of their funds. Clients may contact FAIA with questions about proxies they receive.

These practices are outlined in detail in FAIA's Proxy Voting Policies and Procedures which will be provided to clients upon request.

BROCHURE AVAILABILITY

Clients will receive a summary of any material changes to this and subsequent brochures within 120 days of the close of FAIA's fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will also provide clients with a new brochure as necessary based on changes or new information, at any time, without charge.

Currently, this brochure may be requested by contacting FAIA at 218-722-8248 or 877-722-8248 (toll free).

Additional information about FAIA is also available via the SEC's website www.adviserinfo.sec.gov. The SEC's website also provides information about any persons affiliated with FAIA who are registered, or are required to be registered, as investment advisor representatives of FAIA.

FIRST ASSOCIATED INVESTMENT ADVISORS, INC.
FINANCIAL STATEMENTS
YEARS ENDED MARCH 31, 2016 AND 2015

 **Licari,**
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FIRST ASSOCIATED INVESTMENT ADVISORS, INC.

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June 21, 2016

Independent Auditor's Report

To The Stockholder
First Associated Investment Advisors, Inc.
Duluth, Minnesota

We have audited the accompanying financial statements of First Associated Investment Advisors, Inc. (a Minnesota corporation), which comprise the balance sheets as of March 31, 2016 and 2015, and the related statements of income and retained earnings and cash flows for the years then ended, 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 audit to obtain reasonable assurance about whether the financial statements are free of 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 First Associated Investment Advisors, Inc. as of March 31, 2016 and 2015, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Lucan, Larsen + Co LTD

FIRST ASSOCIATED INVESTMENT ADVISORS, INC.

BALANCE SHEETS

MARCH 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
<u>Assets</u>		
<u>Current Assets:</u>		
Cash	\$ 9,284	\$ 1,075
Accounts receivable	<u>26,795</u>	<u>29,426</u>
Total Current Assets	<u>36,079</u>	<u>30,501</u>
<u>Equipment and Leasehold Improvements:</u>		
Leasehold improvements	55,051	55,051
Equipment	122,675	120,083
Vehicles	<u>134,265</u>	<u>134,265</u>
	311,991	309,399
Less accumulated depreciation	<u>275,672</u>	<u>265,289</u>
	<u>36,319</u>	<u>44,110</u>
<u>Long-Term Assets:</u>		
Deferred taxes	28,576	26,660
Investment - Teberg Fund, at market value	<u>11,819</u>	<u>13,382</u>
Total Long-Term Assets	<u>40,395</u>	<u>40,042</u>
 Total Assets	 <u>\$ 112,793</u>	 <u>\$ 114,653</u>

	<u>2016</u>	<u>2015</u>
<u>Liabilities and Stockholder's Equity</u>		
<u>Current Liabilities:</u>		
Current maturities of long-term debt	\$ 2,571	\$ 8,436
Accounts payable	2,342	3,595
<u>Accrued liabilities:</u>		
Payroll taxes	191	197
Property taxes	<u>9,082</u>	<u>6,785</u>
Total Current Liabilities	<u>14,186</u>	<u>19,013</u>
<u>Long-term Liabilities:</u>		
Long-term debt	<u>203,895</u>	<u>189,847</u>
	<u>203,895</u>	<u>189,847</u>
<u>Stockholder's Equity:</u>		
Capital stock, authorized 1,000,000 shares, stated value \$1, issued and outstanding 1,000 shares	1,000	1,000
Retained earnings (deficit)	(108,662)	(98,551)
Accumulated other comprehensive income	<u>2,374</u>	<u>3,344</u>
Total Stockholder's Equity (Deficit)	<u>(105,288)</u>	<u>(94,207)</u>
Total Liabilities and Stockholder's Equity	<u>\$ 112,793</u>	<u>\$ 114,653</u>

See accompanying notes and independent
accountant's audit report.

FIRST ASSOCIATED INVESTMENT ADVISORS, INC.
STATEMENTS OF INCOME AND CHANGES IN STOCKHOLDER'S EQUITY
YEARS ENDED MARCH 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Fee income	\$ 294,672	\$ 320,923
Twelve B1 fee income	<u>79,584</u>	<u>72,965</u>
	<u>374,256</u>	<u>393,888</u>
<u>Operating and Administrative Expenses:</u>		
Wages and commissions	176,247	201,406
Payroll taxes	13,678	16,153
Pension	<u>6,571</u>	<u>6,430</u>
Total Compensation	<u>196,496</u>	<u>223,989</u>
Accounting and professional	19,788	3,692
Administrative fee	10,579	8,872
Depreciation	10,383	18,091
Dues and subscriptions	8,167	6,531
Insurance	7,451	7,869
License	7,698	6,321
Miscellaneous	(928)	3,164
Online research	41	273
Promotion	1,980	3,430
Property taxes	9,031	6,733
Quotes	2,322	3,248
Repairs - equipment	112	382
- building	4,415	2,344
Supplies and postage	11,849	10,320
Travel	7,542	7,392
Twelve B1 expenses	70,553	69,707
Utilities and phone	<u>12,223</u>	<u>12,694</u>
	<u>183,206</u>	<u>171,063</u>
Total Operating and Administrative Expenses	<u>379,702</u>	<u>395,052</u>
Operating (loss)	(5,446)	(1,164)
Interest and miscellaneous income	1,208	730
Interest expense	<u>(5,987)</u>	<u>(6,324)</u>
(Loss) before income taxes	(10,225)	(6,758)
Provision for income taxes (refunds)	<u>(1,916)</u>	<u>651</u>

FIRST ASSOCIATED INVESTMENT ADVISORS, INC.
STATEMENTS OF INCOME AND CHANGES IN STOCKHOLDER'S EQUITY (CONTINUED)
YEARS ENDED MARCH 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
NET (LOSS)	\$ (8,309)	\$ (7,409)
<u>Other Comprehensive Income:</u>		
Unrealized gain (loss) on securities	<u>(2,772)</u>	<u>677</u>
Comprehensive income (loss)	(11,081)	(6,732)
Common stock	1,000	1,000
Balance, beginning of year, retained earnings (deficit)	(98,551)	(88,475)
Accumulated other comprehensive income	<u>3,344</u>	<u>-</u>
Balance, end of year, stockholder equity (deficit)	<u>\$ (105,288)</u>	<u>\$ (94,207)</u>

See accompanying notes and independent
accountant's audit report.

FIRST ASSOCIATED INVESTMENT ADVISORS, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED MARCH 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
<u>Cash Flows From Operating Activities:</u>		
Net (loss)	\$ (8,309)	\$ (7,409)
<u>Adjustment to reconcile net (loss)</u> <u>to net cash provided by operating</u> <u>activities:</u>		
Depreciation	10,383	18,091
Provision for deferred taxes	(1,916)	651
<u>(Increase) decrease in working capital:</u>		
Accounts receivable	2,631	941
Investments	-	(1,407)
Accounts payable	(1,253)	(2,771)
Accrued payroll taxes	(6)	(1,669)
Accrued income taxes	-	(79)
Accrued property taxes	<u>2,296</u>	<u>(75)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>3,826</u>	<u>6,273</u>
<u>Cash Flows From Investing Activities:</u>		
Expenditures for property and equipment	(2,591)	(2,749)
Purchase of securities	<u>(1,209)</u>	<u>677</u>
NET CASH (USED) BY INVESTING ACTIVITIES	<u>(3,800)</u>	<u>(2,072)</u>
<u>Cash Flows From Financing Activities:</u>		
Proceeds in due to officer	18,000	-
Repayments in due to officer	(1,365)	(4,896)
Repayments of long-term debt	<u>(8,452)</u>	<u>(9,337)</u>
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	<u>8,183</u>	<u>(14,233)</u>
NET INCREASE (DECREASE) IN CASH	8,209	(10,032)
Cash and cash equivalents, beginning of year	<u>1,075</u>	<u>11,107</u>
Cash and cash equivalents, end of year	<u>\$ 9,284</u>	<u>\$ 1,075</u>
<u>Supplemental Information:</u>		
Income taxes paid	<u>\$ -</u>	<u>\$ -</u>
Interest paid	<u>\$ 5,987</u>	<u>\$ 6,324</u>

FIRST ASSOCIATED INVESTMENT ADVISORS, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2016 AND 2015

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF ACCOUNTING POLICIES

Organization

The Firm was organized May 12, 1988, and incorporated June 20, 1988. The Firm is a registered investment advisory company with the Securities and Exchange Commission, State of Minnesota and other states in which the Firm conducts business.

Revenue Recognition

Revenue is recognized when it is earned. Expenses are recognized when incurred.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of temporary cash investments and accounts receivable.

Equipment and Leasehold Improvements

Equipment and leasehold improvements are carried at cost. Depreciation of equipment and leasehold improvements is provided using the straight-line method for financial purposes at rates based on the following estimated useful lives:

	<u>Years</u>
Equipment	5-7
Leasehold improvements	10-20

Expenditures for major renewals and betterments that extend the useful lives of equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

FIRST ASSOCIATED INVESTMENT ADVISORS, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2016 AND 2015

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF ACCOUNTING POLICIES
(CONTINUED)

Income Taxes

The provision for income taxes consists of the following:

	<u>2016</u>	<u>2015</u>
Currently payable	\$ -	\$ -
Deferred tax (refund)	<u>(1,916)</u>	<u>651</u>
Total provision	<u>\$ (1,916)</u>	<u>\$ 651</u>

Deferred income tax assets and liabilities as stated on the balance sheet are as follows:

Nature of Temporary Differences	<u>2016</u>		<u>2015</u>	
	Deferred Tax Long-term <u>Asset (Liab.)</u>	Deferred Tax Current <u>Asset (Liab.)</u>	Deferred Tax Long-term <u>Asset (Liab.)</u>	Deferred Tax Current <u>Asset (Liab.)</u>
Depreciation	\$ 3,070	\$ -	\$ 1,204	\$ -
Contribution carryover	1,583	-	1,488	-
Net operating loss	<u>23,923</u>	<u>-</u>	<u>23,968</u>	<u>-</u>
	<u>\$ 28,576</u>	<u>\$ -</u>	<u>\$ 26,660</u>	<u>\$ -</u>

The Company has a net operating loss carryforward in the amount of \$64,376. If not used, this net operating loss carryforward will expire March 31, 2033.

FIRST ASSOCIATED INVESTMENT ADVISORS, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2016 AND 2015

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF ACCOUNTING POLICIES
(CONTINUED)

Income Taxes (Continued)

The Company files income tax returns in the U.S. Federal jurisdiction and State of Minnesota jurisdiction. The Company is no longer subject to U.S. Federal and State income tax examinations by tax authorities for years before March 31, 2012.

The Company follows the provisions of uncertain tax positions as addressed in FASB Accounting Standards. The Company recognized no increase in the liability for unrecognized tax benefits. The Company has no tax position at March 31, 2016, for which the ultimate deductibility is highly certain but for which there is uncertainty about the timing of such deductibility. The Company recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. No such interest or penalties were recognized during the periods presented. The Company had no accruals for interest and penalties at March 31, 2016 and March 31, 2015, respectively.

Management's Estimates and Assumptions

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash

The Company considers all highly liquid investments which are readily convertible to cash to be cash equivalents.

Advertising

The Company expenses advertising costs as they are incurred.

FIRST ASSOCIATED INVESTMENT ADVISORS, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2016 AND 2015

NOTE 2 - LONG-TERM DEBT

Long-term debt consists of the following:

	<u>2016</u>	<u>2015</u>
Note payable, stockholder, interest 3%, due April 1, 2017, unsecured.	\$ 203,895	\$ 187,259
Note payable, Harris Bank, interest 3.99%, payments \$521 per month, due August 9, 2016, secured by vehicle.	2,571	8,592
Note payable, Subaru Motors, interest 2.9%, payments \$307 per month, due November 30, 2015, secured by vehicle	<u>-</u> 206,466	<u>2,432</u> 198,283
Less current maturities	<u>2,571</u>	<u>8,436</u>
	<u>\$ 203,895</u>	<u>\$ 189,847</u>

Principal payments on the above debt will be as follows:

<u>March 31,</u>	
2017	\$ 2,571
2018	<u>203,895</u>
	<u>\$ 206,466</u>

NOTE 3 - LEASES/RELATED PARTY TRANSACTIONS

The Company leases office space in Duluth, Minnesota, from its stockholder, Curtis A. Teberg, for \$5,907 a month plus maintenance, insurance and taxes. Rent increased to \$6,007 a month starting January 1, 2013. Total rent expense was \$0 and \$0 for the fiscal years ended March 31, 2016 and 2015, respectively. The stockholder waived rent payments to allow the Company to operate with the reduced income from The Teberg Fund.

The Company has an investment in the Teberg Fund which the owner is the financial advisor of. At March 31, 2016 and 2015, the investment had a fair market value of \$11,819 and \$13,382 and a cost of \$11,247 and \$10,039, respectively.

FIRST ASSOCIATED INVESTMENT ADVISORS, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2016 AND 2015

NOTE 4 - DEFINED CONTRIBUTION PLANS

On January 1, 1997, the Company adopted a Simplified Employee Pension Plan (SEP) and a Salary Reduction Simplified Employee Pension Plan (SARSEP) on a calendar year basis. All employees who are 21 years of age or older and have obtained three years of service are eligible. Eligible employees can make elective contributions from 1.5% - 15% of compensation for the SARSEP.

On January 1, 2005, the Company discontinued participation in the SARSEP and adopted a 401K Plan on a calendar year basis. All employees who are 20 1/2 years of age or older and have obtained one year of service are eligible. Eligible employees can make elective contributions up to 25% of compensation. The Company will make a matching contribution equal to 100% of the first 4% and up to the first 25% of deferral. The Company has the option of making an additional employer match. The employer's match at March 31, 2016 and 2015, was \$6,571 and \$6,430, respectively.

NOTE 5 - RECLASSIFICATION

Certain March 31, 2015, accounts have been reclassified to the presentation used for March 31, 2016.

NOTE 6 - SUBSEQUENT EVENTS

Management has evaluated events through June 21, 2016, the date on which the financial statements were available to be issued.