

DELTA ADVISORY GROUP, INC.
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

DELTA ADVISORY GROUP, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of Delta Advisory Group, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Delta Advisory Group, Inc. (a Florida corporation), which comprise the statement of financial condition as of December 31, 2016, and the related statements of operations, changes in partners' equity, and cash flows for the year 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 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 financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Delta Advisory Group, Inc. as of December 31, 2016, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink, appearing to read "K & Associates". The signature is fluid and cursive, with a large initial "K" and a stylized "A".

Winter Park, Florida
January 23, 2017

DELTA ADVISORY GROUP, INC.
STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2016

ASSETS

Cash	\$ 31,350
Prepaid expenses	<u>151</u>
TOTAL ASSETS	<u><u>\$ 31,501</u></u>

LIABILITIES AND STOCKHOLDER'S EQUITY

LIABILITIES

Unearned management fees	<u>4,216</u>
Total liabilities	4,216

STOCKHOLDER'S EQUITY

Common stock, \$1 par value, 1,000 shares authorized, issued and outstanding	1,000
Additional paid-in capital	34,000
Retained deficit	<u>(7,715)</u>
	<u>27,285</u>

TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	<u><u>\$ 31,501</u></u>
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See notes to financial statements.

DELTA ADVISORY GROUP, INC.
STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2016

Revenues:

Commissions and management fees	\$ 382,492
Interest income	<u>4</u>

TOTAL REVENUES	<u>382,496</u>
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Expenses:

Overhead and labor allocation	247,250
Consulting fees	127,956
Professional fees	3,500
Registration fees	<u>3,515</u>

TOTAL EXPENSES	<u>382,221</u>
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NET INCOME	<u><u>\$ 275</u></u>
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See notes to financial statements.

DELTA ADVISORY GROUP, INC.

STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY

YEAR ENDED DECEMBER 31, 2016

	Common Stock	Additional Paid-In Capital	Retained Earnings (Deficit)	Total
Balance at January 1, 2016	\$ 1,000	\$ 34,000	\$ (7,990)	\$ 27,010
Net income	-	-	275	275
Balance at December 31, 2016	<u>\$ 1,000</u>	<u>\$ 34,000</u>	<u>\$ (7,715)</u>	<u>\$ 27,285</u>

See notes to financial statements.

DELTA ADVISORY GROUP, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2016

Cash flows from operating activities:	
Net income	\$ 275
Adjustments to reconcile net income to net cash used by operating activities:	
(Increase) decrease in operating assets:	
Prepaid expenses	35
Increase (decrease) in operating liabilities:	
Unearned management fees	(852)
Net cash used by operating activities	(542)
Net decrease in cash	(542)
Cash and cash equivalents at beginning of year	31,892
Cash and cash equivalents at end of year	<u>\$ 31,350</u>

Supplemental disclosures of cash flow information:

- | | |
|--|------|
| (1) Cash paid during the year for: | |
| Interest | \$ - |
| Income taxes | \$ - |
| (2) There were no non-cash investing and financing
activities for the year ended December 31, 2016. | |

See notes to financial statements.

DELTA ADVISORY GROUP, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE A - NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of operations:

Delta Advisory Group, Inc. (the Company) is a Florida corporation. The Company is an investment advisor registered with the Securities and Exchange Commission and provides money management services to individuals, trusts, corporations and other legal entities in various states.

On December 2, 2009, the Company's Articles of Incorporation were amended to change its name from Delta Advisory Services, Inc. to Delta Advisory Group, Inc.

Basis of accounting:

The Company uses the accrual basis of accounting in accordance with generally accepted accounting principles.

Cash equivalents:

For purposes of reporting cash flow, cash and cash equivalents include money market accounts and any highly liquid debt instruments purchased with a maturity of three months or less.

Fair Value of Financial Instruments:

Professional standards require disclosure of an estimate of fair value of certain financial instruments. The Company's significant financial instruments are cash and other short-term assets and liabilities. For these financial instruments, carrying values approximate fair value due to the short term nature of these instruments.

Unearned management fees:

The Company receives asset management fees in advance on a quarterly and semiannual basis with 30-day and 90-day cancellation provisions. Management fees are deferred and recognized when they become non-refundable. Management fees received but not recognized as revenue are recorded as unearned.

Use of estimates:

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

Income taxes:

The Company accounts for income taxes using the liability method under which deferred tax assets and liabilities are determined based upon the differences between financial statement carrying amounts and the tax bases of existing assets and liabilities. These temporary differences are measured at prevailing enacted tax rates that will be in effect when the differences are settled or realized. The Company has no deferred tax assets or liabilities as of December 31, 2016.

DELTA ADVISORY GROUP, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE A - NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Income taxes, continued:

The Company has a net operating loss carryover for 2016. Due to this, it has no income tax expense or liability for the year ended December 31, 2016.

The Company accounts for uncertain tax positions, if any, in accordance with ASC Section 740. In accordance with these professional standards, the Company recognized tax positions only to the extent that management believes it is "more likely than not" that its tax positions will be sustained upon IRS examination. Management believes that it has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements for the year ended December 31, 2016.

The Company believes that its income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse affect on the Company's financial condition, results of operations or cash flows. Accordingly, the Company has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at December 31, 2016.

The Company is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax period in progress. The Company believes it is no longer subject to income tax examinations for fiscal years ending prior to December 31, 2013.

The Company's policy is to classify income tax related interest and penalties in interest expense and other expenses, respectively.

Date of management evaluation:

Management has evaluated subsequent events through January 23, 2017, the date on which the financial statements were available to be issued.

NOTE B - RELATED PARTY TRANSACTIONS

The Company shares office space and labor with an affiliated corporation. The Company is charged the cost of its direct use of space, labor and other office expenses, plus up to an additional 50%. The Company's allocated share of overhead expenses and charges is \$247,250 for the year ended December 31, 2016.