Form 5500

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Annual Return/Report of Employee Benefit Plan

This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6057(b) and 6058(a) of the Internal Revenue Code (the Code).

▶ **Complete all entries in accordance with the instructions to the Form 5500.**

OMB Nos. 1210-0110
1210-0089

2019

This Form is Open to Public Inspection

Part I Annual Report Identification Information

For calendar plan year 2019 or fiscal plan year beginning 01/01/2019 and ending 12/31/2019

A This return/report is for:
- [ ] a multiemployer plan
- [ ] a multiple-employer plan (Filers checking this box must attach a list of participating employer information in accordance with the form instructions.)
- [X] a single-employer plan
- [ ] a DFE (specify) ____

B This return/report is:
- [ ] the first return/report
- [ ] the final return/report
- [ ] an amended return/report
- [ ] a short plan year return/report (less than 12 months)

C If the plan is a collectively-bargained plan, check here. . . . . ▶ [ ]

D Check box if filing under:
- [X] Form 5558
- [ ] automatic extension
- [ ] the DFVC program
- [ ] special extension (enter description)

Part II Basic Plan Information—enter all requested information

1a Name of plan
LADAS & PARRY LLP 401(K) SAVINGS PLAN

1b Three-digit plan number (PN) ▶ 002

1c Effective date of plan 01/01/1989

2a Plan sponsor's name (employer, if for a single-employer plan)
Mailing address (include room, apt., suite no. and street, or P.O. Box)
City or town, state or province, country, and ZIP or foreign postal code (if foreign, see instructions)
LADAS & PARRY LLP

1040 AVENUE OF AMERICAS
NEW YORK, NY 10018

2b Employer Identification Number (EIN)
13-0945670

2c Plan Sponsor's telephone number
212-708-1892

2d Business code (see instructions)
541110

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	10/15/2020	SONIA FOY
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE	Filed with authorized/valid electronic signature.	10/15/2020	SONIA FOY
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

3a Plan administrator's name and address ☐ Same as Plan Sponsor

LADAS & PARRY LLP

1040 AVENUE OF AMERICAS
NEW YORK, NY 10018

3b Administrator's EIN
13-0945670

3c Administrator's telephone number
212-708-1892

4 If the name and/or EIN of the plan sponsor or the plan name has changed since the last return/report filed for this plan, enter the plan sponsor's name, EIN, the plan name and the plan number from the last return/report:
a Sponsor's name
c Plan Name

4b EIN

4d PN

5 Total number of participants at the beginning of the plan year	**5**	207
6 Number of participants as of the end of the plan year unless otherwise stated (welfare plans complete only lines **6a(1), 6a(2), 6b, 6c,** and **6d**).		
a(1) Total number of active participants at the beginning of the plan year	**6a(1)**	159
a(2) Total number of active participants at the end of the plan year	**6a(2)**	134
b Retired or separated participants receiving benefits	**6b**	0
c Other retired or separated participants entitled to future benefits	**6c**	57
d Subtotal. Add lines **6a(2)**, **6b**, and **6c**	**6d**	191
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.	**6e**	0
f Total. Add lines **6d** and **6e**.	**6f**	191
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	**6g**	165
h Number of participants who terminated employment during the plan year with accrued benefits that were less than 100% vested	**6h**	1
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	**7**	

8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions:

3D 2E 2J 2F 2G 2K 2T 2S

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:

9a Plan funding arrangement (check all that apply)		**9b** Plan benefit arrangement (check all that apply)	
(1)	X Insurance	**(1)**	X Insurance
(2)	☐ Code section 412(e)(3) insurance contracts	**(2)**	☐ Code section 412(e)(3) insurance contracts
(3)	X Trust	**(3)**	X Trust
(4)	☐ General assets of the sponsor	**(4)**	☐ General assets of the sponsor

10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules

- **(1)** X **R** (Retirement Plan Information)
- **(2)** ☐ **MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
- **(3)** ☐ **SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

b General Schedules

- **(1)** X **H** (Financial Information)
- **(2)** ☐ **I** (Financial Information – Small Plan)
- **(3)** X 1 **A** (Insurance Information)
- **(4)** X **C** (Service Provider Information)
- **(5)** X **D** (DFE/Participating Plan Information)
- **(6)** ☐ **G** (Financial Transaction Schedules)

Part III Form M-1 Compliance Information (to be completed by welfare benefit plans)

11a If the plan provides welfare benefits, was the plan subject to the Form M-1 filing requirements during the plan year? (See instructions and 29 CFR 2520.101-2.) ..... ☐ Yes ☐ No

If "Yes" is checked, complete lines 11b and 11c.

11b Is the plan currently in compliance with the Form M-1 filing requirements? (See instructions and 29 CFR 2520.101-2.) ..... ☐ Yes ☐ No

11c Enter the Receipt Confirmation Code for the 2019 Form M-1 annual report. If the plan was not required to file the 2019 Form M-1 annual report, enter the Receipt Confirmation Code for the most recent Form M-1 that was required to be filed under the Form M-1 filing requirements. (Failure to enter a valid Receipt Confirmation Code will subject the Form 5500 filing to rejection as incomplete.)

Receipt Confirmation Code_____

SCHEDULE A (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Insurance Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).

▶ **File as an attachment to Form 5500.**

▶ Insurance companies are required to provide the information pursuant to ERISA section 103(a)(2).

OMB No. 1210-0110

2019

This Form is Open to Public Inspection

For calendar plan year 2019 or fiscal plan year beginning 01/01/2019 and ending 12/31/2019

A Name of plan
LADAS & PARRY LLP 401(K) SAVINGS PLAN

B Three-digit plan number (PN) ▶ 002

C Plan sponsor's name as shown on line 2a of Form 5500
LADAS & PARRY LLP

D Employer Identification Number (EIN)
13-0945670

Part I **Information Concerning Insurance Contract Coverage, Fees, and Commissions** Provide information for each contract on a separate Schedule A. Individual contracts grouped as a unit in Parts II and III can be reported on a single Schedule A.

1 Coverage Information:

(a) Name of insurance carrier
PRUDENTIAL RETIREMENT INSURANCE AND ANNUITY COMPANY

(b) EIN	(c) NAIC code	(d) Contract or identification number	(e) Approximate number of persons covered at end of policy or contract year	Policy or contract year	
				(f) From	(g) To
06-1050034	93629	036956	191	01/01/2019	12/31/2019

2 Insurance fee and commission information. Enter the total fees and total commissions paid. List in line 3 the agents, brokers, and other persons in descending order of the amount paid.

(a) Total amount of commissions paid	(b) Total amount of fees paid
0	23785

3 Persons receiving commissions and fees. (Complete as many entries as needed to report all persons).

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

MORGAN STANLEY INSURANCE SERVICES P
PLAZA 2, 7TH FLOOR
HARBORSIDE FIN CTR
JERSEY CITY, NJ 07311-0000

(b) Amount of sales and base commissions paid	Fees and other commissions paid		
	(c) Amount	(d) Purpose	(e) Organization code
	23785	SERVICES TO INSURER OR PLAN	4

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		
	(c) Amount	(d) Purpose	(e) Organization code

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		**(e)** Organization code
	(c) Amount	**(d)** Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		**(e)** Organization code
	(c) Amount	**(d)** Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		**(e)** Organization code
	(c) Amount	**(d)** Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		**(e)** Organization code
	(c) Amount	**(d)** Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		**(e)** Organization code
	(c) Amount	**(d)** Purpose	

Part II Investment and Annuity Contract Information

Where individual contracts are provided, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

4	Current value of plan's interest under this contract in the general account at year end	4	6213265
5	Current value of plan's interest under this contract in separate accounts at year end	5	6301010

6 Contracts With Allocated Funds:

a State the basis of premium rates ▶

b	Premiums paid to carrier	6b	
c	Premiums due but unpaid at the end of the year	6c	
d	If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, enter amount. Specify nature of costs ▶	6d	

e Type of contract: (1) ☐ individual policies (2) ☐ group deferred annuity (3) ☐ other (specify) ▶

f If contract purchased, in whole or in part, to distribute benefits from a terminating plan, check here ▶ ☐

7 Contracts With Unallocated Funds (Do not include portions of these contracts maintained in separate accounts)

a Type of contract: (1) ☐ deposit administration (2) ☐ immediate participation guarantee (3) ☐ guaranteed investment (4) ☒ other ▶ GUARANTEED GENERAL ACCOUNT CONTRACT

b	Balance at the end of the previous year			7b	5898425
c	Additions: (1) Contributions deposited during the year	7c(1)	208581		
	(2) Dividends and credits	7c(2)			
	(3) Interest credited during the year	7c(3)	124439		
	(4) Transferred from separate account	7c(4)	43272		
	(5) Other (specify below)	7c(5)	371470		
	▶ LOAN REPAYMENTS TRANSFERS IN				
	(6) Total additions			7c(6)	747762
d	Total of balance and additions (add lines **7b** and **7c(6)**)			7d	6646187
e	Deductions:				
	(1) Disbursed from fund to pay benefits or purchase annuities during year	7e(1)	390118		
	(2) Administration charge made by carrier	7e(2)	410		
	(3) Transferred to separate account	7e(3)	149		
	(4) Other (specify below)	7e(4)	42245		
	▶ FORF. DR.,TRANSFERS OUT LOAN INITIATIONS MISC. OUT				
	(5) Total deductions			7e(5)	432922
f	Balance at the end of the current year (subtract line **7e(5)** from line **7d**)			7f	6213265

Part III Welfare Benefit Contract Information

If more than one contract covers the same group of employees of the same employer(s) or members of the same employee organizations(s), the information may be combined for reporting purposes if such contracts are experience-rated as a unit. Where contracts cover individual employees, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

8 Benefit and contract type (check all applicable boxes)

a ☐ Health (other than dental or vision) **b** ☐ Dental **c** ☐ Vision **d** ☐ Life insurance

e ☐ Temporary disability (accident and sickness) **f** ☐ Long-term disability **g** ☐ Supplemental unemployment **h** ☐ Prescription drug

i ☐ Stop loss (large deductible) **j** ☐ HMO contract **k** ☐ PPO contract **l** ☐ Indemnity contract

m ☐ Other (specify) ▶

9 Experience-rated contracts:				
a Premiums: (1) Amount received	**9a(1)**			
(2) Increase (decrease) in amount due but unpaid	**9a(2)**			
(3) Increase (decrease) in unearned premium reserve	**9a(3)**			
(4) Earned (**(1)** + **(2)** - **(3)**)			**9a(4)**	
b Benefit charges (1) Claims paid	**9b(1)**			
(2) Increase (decrease) in claim reserves	**9b(2)**			
(3) Incurred claims (add **(1)** and **(2)**)			**9b(3)**	
(4) Claims charged			**9b(4)**	
c Remainder of premium: (1) Retention charges (on an accrual basis) --				
(A) Commissions	**9c(1)(A)**			
(B) Administrative service or other fees	**9c(1)(B)**			
(C) Other specific acquisition costs	**9c(1)(C)**			
(D) Other expenses	**9c(1)(D)**			
(E) Taxes	**9c(1)(E)**			
(F) Charges for risks or other contingencies	**9c(1)(F)**			
(G) Other retention charges	**9c(1)(G)**			
(H) Total retention			**9c(1)(H)**	
(2) Dividends or retroactive rate refunds. (These amounts were ☐ paid in cash, or ☐ credited.)			**9c(2)**	
d Status of policyholder reserves at end of year: (1) Amount held to provide benefits after retirement			**9d(1)**	
(2) Claim reserves			**9d(2)**	
(3) Other reserves			**9d(3)**	
e Dividends or retroactive rate refunds due. (Do not include amount entered in line **9c(2)**.)			**9e**	
10 Nonexperience-rated contracts:				
a Total premiums or subscription charges paid to carrier			**10a**	
b If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, other than reported in Part I, line 2 above, report amount			**10b**	

Specify nature of costs.

Part IV Provision of Information

11 Did the insurance company fail to provide any information necessary to complete Schedule A? ☐ Yes ☒ No

12 If the answer to line 11 is "Yes," specify the information not provided. ▶

SCHEDULE C (Form 5500)	Service Provider Information	OMB No. 1210-0110
Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ **File as an attachment to Form 5500.**	**2019** **This Form is Open to Public Inspection.**

For calendar plan year 2019 or fiscal plan year beginning 01/01/2019 and ending 12/31/2019

A Name of plan
LADAS & PARRY LLP 401(K) SAVINGS PLAN

B Three-digit plan number (PN) ▶ 002

C Plan sponsor's name as shown on line 2a of Form 5500
LADAS & PARRY LLP

D Employer Identification Number (EIN)
13-0945670

Part I Service Provider Information (see instructions)

You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, $5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions).. . . . . [X] Yes [ ] No

b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

PRUDENTIAL RETIREMENT INSURANCE AND

06-1050034

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

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(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, $5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

PRUDENTIAL RETIREMENT INSURANCE AND

06-1050034

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
13 15 37 50 64	NONE	4541	Yes [X] No [ ]	Yes [X] No [ ]	0	Yes [X] No [ ]

(a) Enter name and EIN or address (see instructions)

MORGAN STANLEY SMITH BARNEY

13-2655998

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
33 71	NONE	0	Yes [X] No [ ]	Yes [ ] No [X]	23300	Yes [ ] No [X]

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes [ ] No [ ]	Yes [ ] No [ ]		Yes [ ] No [ ]

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, $5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	**(c)** Relationship to employer, employee organization, or person known to be a party-in-interest	**(d)** Enter direct compensation paid by the plan. If none, enter -0-.	**(e)** Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	**(f)** Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	**(g)** Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	**(h)** Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	**(c)** Relationship to employer, employee organization, or person known to be a party-in-interest	**(d)** Enter direct compensation paid by the plan. If none, enter -0-.	**(e)** Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	**(f)** Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	**(g)** Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	**(h)** Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	**(c)** Relationship to employer, employee organization, or person known to be a party-in-interest	**(d)** Enter direct compensation paid by the plan. If none, enter -0-.	**(e)** Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	**(f)** Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	**(g)** Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	**(h)** Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3. If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received $1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
PRUDENTIAL RETIREMENT INSURANCE AND	15 64	0

(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
PRUDENTIAL RETIREMENT INSURANCE AND 06-1050034	20.000 BPS AND $0.00 PER PARTICIPANT INVESTED IN THE FUND FROM 1/1/2019 TO 12/31/2019 GUARANTEED INCOME FUND

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
THE PRUDENTIAL INSURANCE COMPANY OF	15 60 64	0

(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
PRUDENTIAL INVESTMENTS, LLC 22-3468527	22.000 BPS AND $0.00 PER PARTICIPANT INVESTED IN THE FUND FROM 1/1/2019 TO 12/31/2019 PGIM TOTAL RETURN BD A

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation

(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

Part III Termination Information on Accountants and Enrolled Actuaries (see instructions)

(complete as many entries as needed)

a Name:	**b** EIN:
c Position:	
d Address:	**e** Telephone:

Explanation:

a Name:	**b** EIN:
c Position:	
d Address:	**e** Telephone:

Explanation:

a Name:	**b** EIN:
c Position:	
d Address:	**e** Telephone:

Explanation:

a Name:	**b** EIN:
c Position:	
d Address:	**e** Telephone:

Explanation:

a Name:	**b** EIN:
c Position:	
d Address:	**e** Telephone:

Explanation:

SCHEDULE D (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

DFE/Participating Plan Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

2019

This Form is Open to Public Inspection.

For calendar plan year 2019 or fiscal plan year beginning 01/01/2019 and ending 12/31/2019

A Name of plan
LADAS & PARRY LLP 401(K) SAVINGS PLAN

B Three-digit plan number (PN) ▶ 002

C Plan or DFE sponsor's name as shown on line 2a of Form 5500
LADAS & PARRY LLP

D Employer Identification Number (EIN)
13-0945670

Part I **Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs)**
(Complete as many entries as needed to report all interests in DFEs)

a Name of MTIA, CCT, PSA, or 103-12 IE: JANUS BALANCED STRATEGY

b Name of sponsor of entity listed in (a): PRUDENTIAL RETIREMENT INS.

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
06-1050034-180	P	1196363

a Name of MTIA, CCT, PSA, or 103-12 IE: LCG/JP MORGAN INV MGMT

b Name of sponsor of entity listed in (a): PRUDENTIAL RETIREMENT INS.

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
06-1050034-141	P	3510627

a Name of MTIA, CCT, PSA, or 103-12 IE: MCG/ARTISAN PARTNER

b Name of sponsor of entity listed in (a): PRUDENTIAL RETIREMENT INS.

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
06-1050034-185	P	1279093

a Name of MTIA, CCT, PSA, or 103-12 IE: PRU DAY ONE IFX TRGT BAL

b Name of sponsor of entity listed in (a): PRUDENTIAL RETIREMENT INS.

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
06-1050034-697	P	145563

a Name of MTIA, CCT, PSA, or 103-12 IE: SA/OFII GLOBAL STRATEGY

b Name of sponsor of entity listed in (a): PRUDENTIAL RETIREMENT INS.

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
06-1050034-308	P	169364

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

Part II Information on Participating Plans (to be completed by DFEs)

(Complete as many entries as needed to report all participating plans)

a Plan name	
b Name of plan sponsor	**c** EIN-PN

a Plan name	
b Name of plan sponsor	**c** EIN-PN

a Plan name	
b Name of plan sponsor	**c** EIN-PN

a Plan name	
b Name of plan sponsor	**c** EIN-PN

a Plan name	
b Name of plan sponsor	**c** EIN-PN

a Plan name	
b Name of plan sponsor	**c** EIN-PN

a Plan name	
b Name of plan sponsor	**c** EIN-PN

a Plan name	
b Name of plan sponsor	**c** EIN-PN

a Plan name	
b Name of plan sponsor	**c** EIN-PN

a Plan name	
b Name of plan sponsor	**c** EIN-PN

a Plan name	
b Name of plan sponsor	**c** EIN-PN

a Plan name	
b Name of plan sponsor	**c** EIN-PN

a Plan name	
b Name of plan sponsor	**c** EIN-PN

SCHEDULE H (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Financial Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

2019

This Form is Open to Public Inspection

For calendar plan year 2019 or fiscal plan year beginning 01/01/2019 and ending 12/31/2019

A Name of plan
LADAS & PARRY LLP 401(K) SAVINGS PLAN

B Three-digit plan number (PN) ▶ 002

C Plan sponsor's name as shown on line 2a of Form 5500
LADAS & PARRY LLP

D Employer Identification Number (EIN)
13-0945670

Part I Asset and Liability Statement

1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)	7359	18441
(2) Participant contributions	1b(2)	24086	22295
(3) Other	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)		
(2) U.S. Government securities	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)	318160	281861
(9) Value of interest in common/collective trusts	1c(9)		
(10) Value of interest in pooled separate accounts	1c(10)	4746811	6301010
(11) Value of interest in master trust investment accounts	1c(11)		
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds)	1c(13)	10136250	12390668
(14) Value of funds held in insurance company general account (unallocated contracts)	1c(14)	5898425	6213265
(15) Other	1c(15)		

			(a) Beginning of Year	(b) End of Year
1d	Employer-related investments:			
	(1) Employer securities	1d(1)		
	(2) Employer real property	1d(2)		
e	Buildings and other property used in plan operation	1e		
f	Total assets (add all amounts in lines 1a through 1e)	1f	21131091	25227540
	Liabilities			
g	Benefit claims payable	1g		
h	Operating payables	1h		
i	Acquisition indebtedness	1i		
j	Other liabilities	1j	0	0
k	Total liabilities (add all amounts in lines 1g through1j)	1k	0	0
	Net Assets			
l	Net assets (subtract line 1k from line 1f)	1l	21131091	25227540

Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

	Income		(a) Amount	(b) Total
a	**Contributions:**			
	(1) Received or receivable in cash from: **(A)** Employers	2a(1)(A)	18441	
	(B) Participants	2a(1)(B)	711511	
	(C) Others (including rollovers)	2a(1)(C)	1097	
	(2) Noncash contributions	2a(2)		
	(3) Total contributions. Add lines **2a(1)(A), (B), (C),** and line **2a(2)**	2a(3)		731049
b	**Earnings on investments:**			
	(1) Interest:			
	(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)		
	(B) U.S. Government securities	2b(1)(B)		
	(C) Corporate debt instruments	2b(1)(C)		
	(D) Loans (other than to participants)	2b(1)(D)		
	(E) Participant loans	2b(1)(E)	18415	
	(F) Other	2b(1)(F)	124439	
	(G) Total interest. Add lines **2b(1)(A)** through **(F)**	2b(1)(G)		142854
	(2) Dividends: **(A)** Preferred stock	2b(2)(A)		
	(B) Common stock	2b(2)(B)		
	(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	238176	
	(D) Total dividends. Add lines **2b(2)(A)**, **(B)**, and **(C)**	2b(2)(D)		238176
	(3) Rents	2b(3)		
	(4) Net gain (loss) on sale of assets: **(A)** Aggregate proceeds	2b(4)(A)		
	(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
	(C) Subtract line **2b(4)(B)** from line **2b(4)(A)** and enter result	2b(4)(C)		0
	(5) Unrealized appreciation (depreciation) of assets: **(A)** Real estate	2b(5)(A)		
	(B) Other	2b(5)(B)		
	(C) Total unrealized appreciation of assets. Add lines **2b(5)(A)** and **(B)**	2b(5)(C)		0

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		1614507
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds)	2b(10)		2370151
c Other income	2c		
d Total income. Add all **income** amounts in column (b) and enter total	2d		5096737
Expenses			
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	995623	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines **2e(1)** through **(3)**	2e(4)		995623
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions)	2g		
h Interest expense	2h		
i Administrative expenses: (1) Professional fees	2i(1)		
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)	4665	
(5) Total administrative expenses. Add lines **2i(1)** through **(4)**	2i(5)		4665
j Total expenses. Add all **expense** amounts in column (b) and enter total	2j		1000288
Net Income and Reconciliation			
k Net income (loss). Subtract line **2j** from line **2d**	2k		4096449
l Transfers of assets:			
(1) To this plan	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) [ ] Unmodified **(2)** [ ] Qualified **(3)** [X] Disclaimer **(4)** [ ] Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? [X] Yes [ ] No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: GETTY MARCUS CPA, P.C. **(2)** EIN: 13-3418879

d The opinion of an independent qualified public accountant is **not attached** because:

(1) [ ] This form is filed for a CCT, PSA, or MTIA. **(2)** [ ] It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l.

During the plan year:

		Yes	No	Amount
a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.)	4a	X		39262
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.)	4b		X	

			Yes	No	Amount
c	Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)	4c		X	
d	Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)	4d		X	
e	Was this plan covered by a fidelity bond?	4e	X		4000000
f	Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?	4f		X	
g	Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?	4g		X	
h	Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?	4h		X	
i	Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	4i	X		
j	Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.)	4j		X	
k	Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?	4k		X	
l	Has the plan failed to provide any benefit when due under the plan?	4l		X	
m	If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)	4m		X	
n	If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.	4n			

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year? ☐ Yes ☒ No
If "Yes," enter the amount of any plan assets that reverted to the employer this year _____.

5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	**5b(2)** EIN(s)	**5b(3)** PN(s)

5c If the plan is a defined benefit plan, is it covered under the PBGC insurance program (See ERISA section 4021.)? ..... ☐ Yes ☐ No ☐ Not determined
If "Yes" is checked, enter the My PAA confirmation number from the PBGC premium filing for this plan year_____. (See instructions.)

SCHEDULE R (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Retirement Plan Information

This schedule is required to be filed under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

2019

This Form is Open to Public Inspection.

For calendar plan year 2019 or fiscal plan year beginning 01/01/2019 and ending 12/31/2019

A Name of plan
LADAS & PARRY LLP 401(K) SAVINGS PLAN

B Three-digit plan number (PN) ▶ 002

C Plan sponsor's name as shown on line 2a of Form 5500
LADAS & PARRY LLP

D Employer Identification Number (EIN)
13-0945670

Part I Distributions

All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions **1** 0

2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits):

EIN(s): 22-1211670

Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.

3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year **3**

Part II Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part.)

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

If the plan is a defined benefit plan, go to line 8.

5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. **Date:** Month _____ Day _____ Year _____

If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.

6 **a** Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived) **6a**

b Enter the amount contributed by the employer to the plan for this plan year **6b**

c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount) **6c**

If you completed line 6c, skip lines 8 and 9.

7 Will the minimum funding amount reported on line 6c be met by the funding deadline? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

Part III Amendments

9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box. ..... ☐ **Increase** ☐ **Decrease** ☐ **Both** ☐ **No**

Part IV ESOPs (see instructions). If this is not a plan described under section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.

10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan? ..... ☐ **Yes** ☐ **No**

11 **a** Does the ESOP hold any preferred stock? ..... ☐ **Yes** ☐ **No**

b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.) ..... ☐ **Yes** ☐ **No**

12 Does the ESOP hold any stock that is not readily tradable on an established securities market? ..... ☐ **Yes** ☐ **No**

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

14 Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year	**14a**	
b The plan year immediately preceding the current plan year	**14b**	
c The second preceding plan year	**14c**	

15 Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year	**15a**	
b The corresponding number for the second preceding plan year	**15b**	

16 Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year	**16a**	
b If line 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	**16b**	

17 If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

18 If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment ☐

19 If the total number of participants is 1,000 or more, complete lines (a) through (c)

a Enter the percentage of plan assets held as:
Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%

b Provide the average duration of the combined investment-grade and high-yield debt:
☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

c What duration measure was used to calculate line 19(b)?
☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify):

20 **PBGC missed contribution reporting requirements.** If this is a multiemployer plan or a single-employer plan that is not covered by PBGC, skip line 20.

a Is the amount of unpaid minimum required contributions for all years from Schedule SB (Form 5500) line 40 greater than zero? ☐ Yes ☐ No

b If line 20a is "Yes," has PBGC been notified as required by ERISA sections 4043(c)(5) and/or 303(k)(4)? Check the applicable box:

☐ Yes.

☐ No. Reporting was waived under 29 CFR 4043.25(c)(2) because contributions equal to or exceeding the unpaid minimum required contribution were made by the 30th day after the due date.

☐ No. The 30-day period referenced in 29 CFR 4043.25(c)(2) has not yet ended, and the sponsor intends to make a contribution equal to or exceeding the unpaid minimum required contribution by the 30th day after the due date.

☐ No. Other. Provide explanation_____

LADAS & PARRY LLP AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2019 AND 2018

Ladas & Parry LLP and Subsidiaries

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Years Ended December 31, 2019 and 2018

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Independent Auditor's Report

To the Partners
Ladas & Parry LLP
New York, New York

We have audited the accompanying consolidated financial statements of Ladas & Parry LLP (a Limited Liability Partnership) and Subsidiaries which comprise the consolidated balance sheets as of December 31, 2019 and 2018, and the related consolidated statements of income, comprehensive income, changes in partners' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and the 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 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 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 qualified audit opinion.

Basis for Qualified Opinion

As more fully described in Note 8 to the consolidated financial statements, the Partnership has recognized the amount of rental payments when due to its landlords. In our opinion, rent payments should be recognized on a straight-line basis over the lease term in order to conform to accounting principles generally accepted in the United States of America. The effects of that departure on the consolidated financial statements are disclosed in Note 8 to the consolidated financial statements.

We did not audit the financial statements of the London office for 2019 and 2018. Any adjustments, if any, that might have been necessary had we audited the financial statements of the London office could not be determined. The financial statements for the London office reflects total assets of $2,140,484 and $2,135,233 as of December 31, 2019 and 2018, respectively and total revenues of $670,203 and $952,130 for the years then ended, respectively. Total assets includes intercompany receivables, with other offices, of $2,002,224 and $1,884,839 as of December 31, 2019 and 2018, respectively, which were eliminated in consolidation.

Opinion

In our opinion, except for the effect of recognizing rent payments on a straight-line basis over the lease terms and except for the possible effects that might have been determined to be necessary had we audited the financial statements of the London office for 2019 and 2018, both as discussed in the Basis for Qualified Opinion paragraphs, the consolidated financial statements referred to above in the first paragraph present fairly, in all material respects, the consolidated financial position of Ladas & Parry LLP and Subsidiaries as of December 31, 2019 and 2018, and the consolidated 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.

Gettry Marcus CPA, P.C.

Gettry Marcus CPA, P.C.
Woodbury, New York
August 10, 2020

Ladas & Parry LLP and Subsidiaries
Consolidated Balance Sheets
December 31, 2019 and 2018

	2019	2018
Assets		
Current assets		
Cash and cash equivalents	$ 10,602,498	$ 2,663,934
Restricted cash	1,754,701	-
Accounts receivable, net	13,372,601	15,702,680
Prepaid expenses and other current assets	497,056	781,186
Total current assets	26,226,856	19,147,800
Property and equipment, net	1,422,450	1,519,620
Investment in Corsearch Holdings L.P.	4,000,000	-
Investments - restricted	187,596	151,674
Other assets		
Goodwill	117,800	147,250
Deferred leasing cost, net of accumulated amortization	9,164	10,443
Total other assets	126,964	157,693
Total assets	$ 31,963,866	$ 20,976,787
Liabilities and Partners' Equity		
Current liabilities		
Bank line of credit	$ 450,000	$ 100,000
Accounts payable and accrued expenses	17,994,859	17,865,072
Deferred gain on sale of subsidiaries	1,750,000	-
Total current liabilities	20,194,859	17,965,072
Long-term liabilities		
Other liabilities	135,708	129,999
Deferred lease incentives, net	1,110,598	693,281
Total liabilities	21,441,165	18,788,352
Partners' equity		
Equity before accumulated other comprehensive income	10,470,813	2,166,760
Accumulated other comprehensive income	51,888	21,675
Total partners' equity	10,522,701	2,188,435
Total liabilities and partners' equity	$ 31,963,866	$ 20,976,787

See notes to consolidated financial statements.

Ladas & Parry LLP and Subsidiary
Consolidated Statements of Income
Years Ended December 31, 2019 and 2018

	2019		2018	
	Amount	% to Gross Income	Amount	% to Gross Income
Gross income	$ 31,817,672	100.0	$ 41,321,991	100.0
Disbursements	13,414,378	42.2	16,291,868	39.4
Gross profit from services	18,403,294	57.8	25,030,123	60.6
General and administrative expenses	19,732,516	62.0	23,305,853	56.4
Professional income (loss)	(1,329,222)	(4.2)	1,724,270	4.2
Other income, net	14,086,491	44.3	40,413	0.1
Net income before retired partners expense	12,757,269	40.1	1,764,683	4.3
Retired partners expense	1,075,000	3.3	-	-
Net income	$ 11,682,269	36.7	$ 1,764,683	4.3

See notes to consolidated financial statements.

Ladas & Parry LLP and Subsidiary
Consolidated Statements of Comprehensive Income
Years Ended December 31, 2019 and 2018

	2019	2018
Net income	$ 11,682,269	$ 1,764,683
Other comprehensive income (loss):		
Unrealized holding gain (loss) on investments - restricted	30,213	(20,093)
Comprehensive income	$ 11,712,482	$ 1,744,590

See notes to consolidated financial statements.

Ladas & Parry LLP and Subsidiary
Consolidated Statements of Changes in Partners' Equity
Years Ended December 31, 2019 and 2018

	2019	2018
Partners' equity before accumulated other comprehensive income, beginning of year	$ 2,166,760	$ 2,640,530
Capital withdrawals, net	(125,280)	(153,999)
Net income	11,682,269	1,764,683
	13,723,749	4,251,214
Less drawings:		
Prior year's income	91,165	410,936
Current year's income	3,161,771	1,673,518
	3,252,936	2,084,454
Partners' equity, end of year		
Equity before accumulated other comprehensive income	10,470,813	2,166,760
Accumulated other comprehensive income:		
Net unrealized holding gain on investments - restricted	51,888	21,675
Total partners' equity, end of year	$ 10,522,701	$ 2,188,435

See notes to consolidated financial statements.

Ladas & Parry LLP and Subsidiary
Consolidated Statements of Cash Flows
Years Ended December 31, 2019 and 2018

	2019	2018
Cash flows from operating activities		
Net income	$ 11,682,269	$ 1,764,683
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Depreciation and amortization	265,733	366,990
Amortization of deferred lease incentives	(145,782)	(93,734)
Increase in partners' capital for interest	13,805	20,164
Allowance for doubtful accounts	(73,557)	(46,648)
Gain on sale of subsidiaries	(13,837,644)	-
Deferred gain on sale of subsidiaries	(1,750,000)	-
Unrealized gain (loss) on securities	30,213	(20,093)
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	1,622,899	425,275
Prepaid expenses and other current assets	565,480	(102,051)
Increase in:		
Accounts payable and accrued expenses	1,331,820	764,978
Other liabilities	5,709	4,742
Total adjustments	(11,971,324)	1,319,623
Net cash provided (used) by operating activities	(289,055)	3,084,306
Cash flows from investing activities		
Proceeds from sale of subsidiaries	13,188,370	-
Purchase of property and equipment	(128,107)	(198,495)
Purchases of investments, restricted, net	(35,922)	15,351
Net cash provided (used) by investing activities	13,024,341	(183,144)
Cash flows from financing activities		
Proceeds from bank line of credit	350,000	100,000
Payments on leasing line of credit	-	(174,956)
Partners' drawings from income	(3,252,936)	(2,084,454)
Partners' capital withdrawals, net	(139,085)	(174,163)
Net cash used by financing activities	(3,042,021)	(2,333,573)
Net increase in cash, cash equivalents and restricted cash	9,693,265	567,589
Cash, cash equivalents and restricted cash - Beginning of year	2,663,934	2,096,345
Cash, cash equivalents and restricted cash - End of year	$ 12,357,199	$ 2,663,934

See notes to consolidated financial statements.

Ladas & Parry LLP and Subsidiary
Consolidated Statements of Cash Flows
Years Ended December 31, 2019 and 2018

	2019	2018
Supplemental disclosures of cash flow information:		
Cash paid during the year for:		
Interest	$ 28,527	$ 20,173
Income taxes	$ 182,124	$ 46,439
Supplemental disclosures of non-cash activities:		
Investment in Corsearch Holdings L.P.	$ 4,000,000	$ -
Property and equipment acquired through deferred leasing costs	$ 563,099	$ -
Reconciliation of cash, cash equivalents and restricted cash		
Cash and cash equivalents	$ 10,602,498	$ 2,663,934
Restricted cash	1,754,701	-
	$ 12,357,199	$ 2,663,934

The accompanying footnotes discuss the requirements of the restricted cash.

See notes to consolidated financial statements.

Note 1 – Summary of Significant Accounting Policies

Organization and Nature of Business
Ladas & Parry LLP ("Ladas") was organized and commenced operations in 1912 as a New York general partnership. During 2003, Ladas was converted from a general partnership to a limited liability partnership. Ladas is a law firm specializing in the practice of intellectual property law primarily in the creation, protection, enforcement, licensing and acquisition of trademarks and patents throughout the world. Ladas maintains offices in New York City, Chicago, Los Angeles, Alexandria (Virginia) and London.

Ladas Domains, LLC ("Ladas Domains") was organized in 2005 as a Delaware limited liability company which was wholly-owned by the Partnership, and provided domain name services and assists clients in managing online brands. Principium Strategies, LLC ("Principium") was organized in 2017 as a Delaware limited liability company which is wholly-owned by the Partnership, and provided trademark watch services to its clients. Prior to 2017, these services were provided by Ladas. Ladas Domains Pty. Ltd., an Australian private company ("Ladas Australia"), was organized in 2007, is wholly-owned by Ladas Domains, and is essentially an inactive entity. Ladas Domains, Principium, and Ladas Australia, are collectively referred to as the "Subsidiaries." In March 2019, the Partnership sold all of its membership interests in Ladas Domains and Ladas Australia, and substantially all of the assets of Principium (Note 12).

Principles of Consolidation
The consolidated financial statements include the accounts of Ladas and the Subsidiaries (collectively, the "Partnership"). All significant intercompany balances and transactions have been eliminated in consolidation.

Cash and Cash Equivalents
The Partnership considers highly liquid instruments readily convertible to known amounts of cash with original maturities of three months or less measured from their acquisition date to be cash and cash equivalents.

Accounts Receivable
Accounts receivable are recorded at net realizable value consisting of the carrying amount less the allowance for uncollectible accounts. The Partnership's work-in-progress, which is included in accounts receivable, is written-off as uncollectible when they remain unbilled for more than two years.

Accounts are considered past due once the unpaid balance is 120 days or more outstanding, unless payment terms are extended by contract. When an account balance is past due and attempts have been made to collect the receivable through legal or other means, the amount is considered uncollectible and is written off against the allowance balance.

Investments - Restricted
The Partnership's investments in marketable securities (Note 3), held in an Irrevocable Grantor Trust (Note 8), are classified as available-for-sale and carried at fair value. Unrealized holding gains and losses are included as a component of partners' equity until realized. The cost of the securities sold is determined using the specific identification method.

Note 1 – Summary of Significant Accounting Policies (continued)

Equity Securities Without Readily Determinable Fair Values
The Partnership records its investment in equity securities of a nonpublic entity without readily determinable fair values at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer and totaled $4,000,000 at December 31, 2019. The Partnership acquired these equity securities as part of the Sale of Subsidiaries (Note 12). The Partnership reviews its equity securities without readily determinable fair values on a regular basis to determine if the investment is impaired. For purposes of this assessment, the Partnership considers the investee's cash position, earnings and revenue outlook, liquidity and management ownership, among other factors, in its review. If management's assessment indicates that an impairment exists, the Partnership estimates the fair value of the equity investment and recognizes in current earnings an impairment loss that is equal to the difference between the fair value of the equity investment and its carrying amount. Management determined that there was no impairment in the Partnership's investment in equity securities at December 31, 2019 through the date of this report.

Property and Equipment and Depreciation Methods
Property and equipment are recorded at cost. Major additions and improvements are capitalized while replacements, maintenance and repairs which do not improve or extend the lives of the respective assets are expensed as incurred. Depreciation is computed using straight-line and accelerated methods over the estimated useful lives, which range from 5 to 7 years, of the assets. Leasehold improvements are amortized over the lesser of the term of the related lease or the estimated useful lives, which approximates a range of 10 to 15 years, of the assets.

Deferred Lease Incentives
Lease incentives are recorded as deferred lease incentives and are amortized as a reduction to rent expense over the term of the respective leases.

Goodwill
Goodwill represents the excess of cost over fair value of net assets acquired through acquisitions. In accordance with Accounting Standards, the Partnership amortizes goodwill on a straight-line basis over 10 years. Goodwill is tested for impairment at the entity level only when an event occurs or circumstances change that indicate that the fair value of the entity may be less than its carrying amount. Amortization expense was $29,450 for both of the years ended December 31, 2019 and 2018.

The following is a summary of goodwill at December 31:

	2019	2018
Gross carrying amount	$ 294,500	$ 294,500
Less: accumulated amortization	176,700	147,250
	$ 117,800	$ 147,250

Note 1 – Summary of Significant Accounting Policies (continued)

A summary of estimated amortization expenses for the four years subsequent to 2019 is as follows:

Years Ending December 31,	Amortization expense
2020	$ 29,450
2021	29,450
2022	29,450
2023	29,450

Impairment of Long-Lived Assets
The Partnership evaluates whether events and circumstances have occurred that indicate the remaining estimated useful lives of long-lived assets may warrant revision or that the remaining balance of an asset may not be recoverable. The measurement of possible impairment is based on the ability to recover the book value of an asset from expected future operating cash flows on an undiscounted basis. Impairment losses, if any, would be determined based on fair value, using the present value of the cash flows with discount rates that reflect the inherent risk of the underlying business. No impairment was required to be recognized for the years ended December 31, 2019 and 2018.

Income Taxes
The Partnership's taxable income is reportable on the tax returns of the individual partners for federal and state income tax purposes. Therefore, the consolidated financial statements reflect only the provision for the New York City Unincorporated Business Tax ("UBT") of $180,000 and $40,000 for the years ended December 31, 2019 and 2018, respectively, which is included in general and administrative expenses (other taxes).

The Financial Accounting Standards Board ("FASB") has issued guidance regarding how uncertain tax positions should be recognized, measured, presented and disclosed in the consolidated financial statements. The guidance requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Partnership's tax returns to determine whether the tax positions are more-likely-than-not of being sustained upon examination by the applicable tax authority, based on the technical merits of the tax position, and then recognizing the tax benefit that is more-likely-than-not to be realized. Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax expense in the current reporting period. Management has analyzed the tax positions taken by the Partnership, and has concluded that as of December 31, 2019, no uncertain positions are taken or are expected to be taken that would require recognition of a liability (or asset) or disclosure in the consolidated financial statements.

The Partnership's policy is to record interest expense and penalties pertaining to income taxes in general and administrative expenses. For the years ended December 31, 2019 and 2018, there were no interest and penalties expenses required to be recorded and no accrued interest and penalties.

Note 1 – Summary of Significant Accounting Policies (continued)

Use of Estimates
The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. 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. Accordingly, actual results could differ from those estimates. The significant estimates comprise the allowance for doubtful accounts and estimated lives on property and equipment.

Revenue Recognition and Deferred Revenue
Revenues are recognized at the time the services are rendered. Services are billed primarily at unit rates, plus hard and soft disbursements. Soft disbursements (consisting primarily of copying, postage and courier charges) and hard disbursements (consisting primarily of foreign agent costs) are included in cost of revenues and the reimbursements of these expenses are included in gross income.

Deferred revenue consist primarily of cash, from the Sale of Subsidiaries (Note 12) transaction, that is held in an escrow account subject to any settlement of a contingent consideration liability as described in the sales agreement.

Comprehensive Income
Comprehensive income consists of net income and other gains and losses affecting partners' equity that, under U.S. GAAP, are excluded from net income. For the Partnership, such items consist primarily of unrealized gains and losses on investments – restricted.

Fair Value Measurements
Accounting standards refined the definition of fair value, established a framework and hierarchy for measuring fair value.

The Partnership's financial instruments include cash and cash equivalents, accounts receivable, accounts payable, bank line of credit, and long-term liabilities. The recorded value of the cash and cash equivalents, accounts receivable, accounts payable, and bank line of credit approximates their fair values based on their short term nature. The recorded value of long-term liabilities approximates its fair value, as interest rates approximate market rates.

Fair value measurements are segregated into those that are recurring and nonrecurring. Recurring fair value measurements of assets and liabilities are those that are required or permitted in the statement of financial position at the end of each reporting period related to assets such as trading securities, securities available for sale, and private and venture-capital equity investments.

Nonrecurring fair value measurements of assets and liabilities are required or permitted in the statement of financial position in particular circumstances such as when the Partnership measures long-lived assets and goodwill for impairment, or assets and liabilities of a business combination recorded at fair value at the acquisition date.

Note 1 – Summary of Significant Accounting Policies (continued)

The standards established a three-level hierarchy that prioritizes the inputs to valuation techniques used to measure fair value of investments. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The levels of the hierarchy and those investments included in each are as follows:

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

Level 2 - Inputs to the valuation methodology include

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the assets or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability'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. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Fair values are based on quoted market prices when available (Level 1). When market prices are not available, fair value is generally estimated using current market inputs for similar financial instruments with comparable terms and credit quality, commonly referred to as matrix pricing (Level 2). In instances where there is little or no market activity for the same or similar instruments, estimates of fair value are made using methods, models and assumptions that management believes are relevant to the particular asset or liability. This may include discounted cash flow analysis or other income based approaches (Level 3). These valuation techniques involve some level of management estimation and judgment. Where appropriate, adjustments are included to reflect the risk inherent in a particular methodology, model or input used and are reflective of the assumptions that market participants would use in valuing assets or liabilities.

Following is a description of the valuation techniques used for recurring fair value measurements of assets.

Equity securities: Valued at the closing price reported on the active market on which the individual securities are traded.

Cash and money market funds: Valued at the quoted net asset value of shares held.

There have been no changes in the methodologies used at December 31, 2019 and 2018.

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 Partnership believes its valuation methods are appropriate and consistent with other market participants, 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.

Note 1 – Summary of Significant Accounting Policies (continued)

Concentrations of Credit Risk
Financial instruments that potentially subject the Partnership to concentrations of credit risk consist primarily of cash and cash equivalents and accounts receivable.

The Partnership maintains cash balances at several banks in the New York, Chicago, Los Angeles, and Alexandria metropolitan areas. Cash accounts at banks are insured by the Federal Deposit Insurance Corporation ("FDIC") subject to certain limits. At times, such cash balances (including segregated assets belonging to others) may be in excess of the FDIC insured limits. The Partnership has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on its cash.

The Partnership also maintains cash in accounts with various financial institutions located in many countries throughout the world. The Partnership has not experienced any losses from credit risk in such accounts.

Concentrations of credit risk with respect to accounts receivable are limited due to the large number of clients comprising the Partnership's client base, and their dispersion across many different geographical regions. The Partnership routinely assesses the financial strength of their clients and, as a consequence, believes that their accounts receivable credit risk exposure is limited. Generally, the Partnership does not require collateral or other security to support client receivables. The allowance for doubtful accounts is based on management's evaluation of outstanding accounts receivable at the end of the year.

Foreign Currency Adjustments
The financial position and operating results of the foreign offices are included using the local currencies of the countries in which the Partnership operates as the functional currency. Local currency assets and liabilities are translated at the rates of exchange on the balance sheet date, and local currency revenues and expenses are translated at average rates of exchange during the year. The amount of the cumulative translation adjustment is immaterial to the consolidated financial statements and therefore has not been reflected as a separate line item in partners' equity.

Subsequent Events
The Partnership has evaluated subsequent events and transactions for potential recognition or disclosure in the consolidated financial statements through August 10, 2020, the date the consolidated financial statements were available to be issued.

Accounting Standard Updates ("ASU")
The Partnership has reviewed recently issued ASU's by FASB and based on that review, has determined that those standards, with the exceptions below, will not have a significant effect on the Partnership's consolidated financial statements.

FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606). This ASU replaces all current U.S. GAAP guidance on this topic and eliminates industry-specific guidance. The topic, which was amended several times since, contains a core principle, that is, to recognize revenues when promised goods or services are transferred to customers in an amount that reflect the consideration to which an entity is expected to be entitled for those goods or services. The ASU defines a five-step process to achieve this core principle and, in so doing, more judgement and estimates may be required within the revenue recognition process than was previously required. This process includes identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction

Note 1 – Summary of Significant Accounting Policies (continued)

to each performance obligation. The ASU was to be effective for annual periods beginning after December 15, 2018 (for private companies), but such effective date was recently postponed by FASB to annual periods commencing after December 15, 2019. Companies can use either one of these methods (a) retrospective to each prior reporting period presented with the option to elect certain practical expedients as defined within the ASU, or, (b) retrospective with the cumulative effect of initially applying the ASU recognized at the date of initial application and providing certain additional disclosures as defined in the ASU. The Company has not determined what impact the adoption of this ASU will have, if any, on its consolidated financial statements.

In February 2016, FASB issued ASU No. 2016-02, Leases (Topic 842), which has been amended serval times since. This ASU, as amended, replaces all current U.S. GAAP guidance on this topic in the following manner:

- A lessee would account for both finance leases and operating leases by recognizing a right-of-use asset and a lease liability on the balance sheet, with an exception for leases that commence at or near the end of the underlying asset's economic life. Finance leases will recognize amortization of the right-of-use asset separately from interest on the lease liability, and operating leases will recognize the lease expense on a straight line basis. Additionally, the ASU only allows for the capitalization of only those costs, as initial direct costs, that are incurred due to the successful execution of a lease.

- Allows for an optional transition method to adopt this ASU for comparative financial statement presentations. Under this transition method, an entity initially applies the new lease standard at the adoption date and recognizes a cumulative-effect adjustment to the opening balance of retained earnings (deficit) in the year of adoption. Consequently, an entity's reporting for the comparative year presented in the financial statements in which it adopts the new lease standard, will continue to be in accordance with current U.S. GAAP (Topic 840, Leases) although it will not be consistently applied to both years.

- The ASU, as amended, is effective for fiscal years beginning after December 15, 2021.

The Partnership is evaluating the potential impact the adoption of this ASU, as amended, will have on its consolidated financial statements.

During 2016, FASB issued ASU 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash. This ASU requires companies to include amounts generally described as restricted cash and restricted cash equivalents when reconciling beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The ASU is effective for years beginning after December 15, 2018, to be applied retrospectively. The Partnership adopted this ASU, effective January 1, 2018. Accordingly, restricted cash is now presented with cash and cash equivalents on the accompanying consolidated statements of cash flows. However, the adoption of this ASU had no effect on the consolidated statement of cash flows for the year ended December 31, 2018 since the restricted cash on the consolidated balance sheet originated in 2019.

Note 2 – Accounts Receivable

Accounts receivable consist of the following as of December 31:

	2019	2018
Accounts receivable	$ 13,910,601	$ 16,314,237
Less: allowance for doubtful accounts	538,000	611,557
	$ 13,372,601	$ 15,702,680

Note 3 – Investments – Restricted

The following table sets forth by level, within the fair value hierarchy, the Partnership's investments at fair value as of December 31, 2019 and 2018:

	Recurring Fair Value Measurements as of December 31, 2019			
Available for sale securities:	Level 1	Level 2	Level 3	Total
Equities	$ 166,472	$ -	$ -	$ 166,472
Cash and money market fund	21,124	-	-	21,124
Total recurring fair value measurements	$ 187,596	$ -	$ -	$ 187,596

	Recurring Fair Value Measurements as of December 31, 2018			
Available for sale securities:	Level 1	Level 2	Level 3	Total
Equities	$ 131,681	$ -	$ -	$ 131,681
Cash and money market fund	19,993	-	-	19,993
Total recurring fair value measurements	$ 151,674	$ -	$ -	$ 151,674

Available for sale securities consist of the following as of December 31, 2019:

	Amortized Costs	Gains in Accumulated Other Comprehensive Income	Losses in Accumulated Other Comprehensive Income	Fair Value
Equities	$ 114,584	$ 60,238	$ (8,350)	$ 166,472
Cash and money market fund	21,124	-	-	21,124
	$ 135,708	$ 60,238	$ (8,350)	$ 187,596

Note 3 – Investments – Restricted (continued)

Available for sale securities consist of the following as of December 31, 2018:

	Amortized Costs	Gains in Accumulated Other Comprehensive Income	Losses in Accumulated Other Comprehensive Income	Fair Value
Equities	$ 110,006	$ 32,325	$ (10,650)	$ 131,681
Cash and money market fund	19,993	-	-	19,993
	$ 129,999	$ 32,325	$ (10,650)	$ 151,674

The net unrealized holding gain increased by $30,213 and decreased by $20,093 for the years ended December 31, 2019 and 2018, respectively. The net unrealized holding gains on available-for-sale securities for the years ended December 31, 2019 and 2018 have been included in accumulated other comprehensive income.

Note 4 – Property and Equipment

Property and equipment consist of the following as of December 31:

	2019	2018
Furniture and fixtures	$ 625,823	$ 625,823
Office equipment	1,753,404	1,742,919
Computer software costs	3,776,466	4,783,173
Leasehold improvements	3,257,138	2,679,177
	9,412,831	9,831,092
Less: accumulated depreciation and amortization	7,990,381	8,311,472
	$ 1,422,450	$ 1,519,620

Depreciation and amortization expense was $235,004 and $336,261 for the years ended December 31, 2019 and 2018, respectively.

Note 5 – Bank Debt

The Partnership has a credit facility agreement with City National Bank, (the "Bank") consisting of a $1,000,000 line of credit, and two letters of credit, totaling $814,000. The Partnership had a $500,000 leasing line of credit which was repaid in full during 2018 and is no longer available.

Terms of the line of credit require the Partnership to make monthly interest payments against the outstanding principal balance at the greater of an annual rate of 4.75% or the bank's prime rate. Outstanding borrowings on the line of credit were $450,000 and $100,000 as of December 31, 2019 and 2018, respectively, and it matures on September 30, 2020. There are two letters of credit in the amount of $627,000 and $187,000. These letters of credit are in lieu of a cash security deposit for the Partnership's New York City and Los Angeles offices, respectively (Note 8).

Note 5 – Bank Debt (continued)

The credit facility is collateralized by substantially all of the assets of the Partnership and requires the Partnership to maintain certain covenants as defined. Additionally, the credit facility has been guaranteed by certain partners.

Note 6 – Related Party Transactions

Ladas owns 100% of the outstanding stock of a United Kingdom corporation, Ladas & Parry London Limited, formerly Langner Parry Limited ("London Limited"). The investment, which is insignificant, is carried at cost. There is no material effect on the consolidated financial statements from not consolidating London Limited.

Partnership transactions for the years ended December 31, 2019 and 2018 and balances as of December 31, 2019 and 2018 with London Limited are summarized as follows:

	2019	2018
Due from London Limited included in accounts receivable	$ 1,525,770	$ 1,468,737
Less: Due to London Limited included in accounts payable	480,413	436,686
	$ 1,045,357	$ 1,032,051
Fees billed to London Limited	$ 10,901	$ 1,787
Service charges by London Limited	$ 685,342	$ 640,304

Note 7 – Employee Benefit Plan

Profit Sharing Plan
The Partnership has a profit sharing plan ("the Plan"), in accordance with Section 401(k) of the Internal Revenue Code, that covers eligible partners and employees. Contributions to the Plan are made at the discretion of the Partnership. The Partnership's contribution to the Plan for the year ended December 31, 2019 was $18,265, none of which was allocated from the Plan's forfeitures. The Partnership's contribution to the Plan for the year ended December 31, 2018 was $18,538, of which the Partnership paid $6,968 and the remaining payment was allocated from the Plan's forfeitures. The Partnership's contributions to the Plan are included in general and administrative expenses (fringe benefits).

Note 8 – Commitments and Contingencies

Lease Obligations
The Partnership leases office space in New York City, Chicago, Los Angeles, and Alexandria under non-cancellable operating leases that expire at various dates through 2031. During 2019, the Partnership amended its Chicago and Alexandria leases to reduce the size of each office and rent expense. The Chicago lease was extended through September 2031 with approximately 30% less occupied space. The Partnership originally amended its Alexandria lease to reduce its office space, effective December 2019, however, in October 2019, a right of early termination was exercised by the Partnership and accepted by the landlord, effectively terminating the lease in June 2020. In April 2019, the Partnership entered into a new lease for its Los Angeles office with approximately 20% less square footage than the previous lease. Certain leases contain escalation clauses for operating costs and real estate taxes. Several of the leases contain renewal options which allow certain leases to be extended up to ten years.

Note 8 – Commitments and Contingencies (continued)

The total future minimum annual lease payments, exclusive of escalations for taxes and other operating expenses, are approximately as follows:

Years Ending December 31,	
2020	$ 1,922,000
2021	1,868,000
2022	1,902,000
2023	1,936,000
2024	1,972,000
Thereafter	5,684,000
	$ 15,284,000

The Partnership received lease incentives in which its landlords agreed to pay for tenant improvements as follows:

Chicago (2005)	$ 971,306
Los Angeles (2019)	$ 563,099
New York City (2011)	$ 1,400,000

Activity in the deferred lease incentives balance, net of accumulated amortization, was as follows for the years ended December 31:

	2019	2018
Net balance, beginning of year	$ 693,281	$ 787,015
Additions	563,099	-
Amortization	(145,782)	(93,734)
Net balance, end of year	$ 1,110,598	$ 693,281

Rent and building expenses was $2,104,677 and $2,706,182 for the years ended December 31, 2019 and 2018, respectively.

The Partnership is required under U.S. GAAP to recognize rent payments on a straight-line basis over the lease term. The Partnership has chosen instead to account for its rent expense when due to its landlords. If the provisions were followed, net income would be decreased by $57,952 and increased by $230,152 for the years ended December 31, 2019 and 2018, respectively, and other liabilities would be increased for a deferred rent obligation and partners' equity would be decreased by $1,426,722 and $1,368,770 as of December 31, 2019 and 2018, respectively.

Letters of Credit
The Partnership issued letters of credit in the amounts of $627,000 and $187,000 in lieu of a cash security deposit for its offices in New York City and Los Angeles, respectively (Note 5). The letters of credit shall be deemed automatically extended for one year periods from the present or any future expiration date unless the Bank notifies the Partnership.

Note 8 – Commitments and Contingencies (continued)

Retirement Benefits for Partners
The Partnership has agreements with certain retired partners for certain obligations based on varying percentages of income. The expense was $1,075,000 and $-0- for the years ended December 31, 2019 and 2018, respectively. These agreements provide for cancellation of obligations and payments under certain circumstances. The Partnership agreement provides for similar obligations to the current partners upon their retirement.

The agreements also provide for an Irrevocable Grantor Trust ("Trust") to which contributions may be made by the Partnership, not to exceed $200,000 per year, subject to the Partnership attaining a minimum amount of income as prescribed in the agreements, to partially fund certain of the obligations to partners who retire on or after January 1, 1996. Contributions to the Trust are made on the basis of a partner's retirement or resignation. There were no contributions for the years ended December 31, 2019 and 2018. The obligation is classified as other liabilities. The Trust assets, classified as investments – restricted in the accompanying consolidated balance sheets, are restricted to pay the benefits as defined under the Trust. In accordance with the Trust agreement, the Trust's assets are subject to claims of the Partnership's general creditors.

The Partnership has an agreement with one retired partner to pay back his capital account in monthly installments totaling approximately $35,000 through December 31, 2020.

Note 9 – Segregated Assets Belonging to Clients

Cash totaling approximately $90,000 and $55,000 as of December 31, 2019 and 2018, respectively, was held by the Partnership for certain clients. These assets and the related liabilities are not included in the consolidated balance sheets.

Note 10 – Interest Expense

Interest expense (included in general and administrative expenses) consists primarily of interest on partners' capital balances and was $28,527 and $20,173 for the years ended December 31, 2019 and 2018, respectively.

Note 11 – Services to Foreign Clients

Services provided to clients outside of the United States approximated 41% and 40% of gross income for the years ended December 31, 2019 and 2018, respectively.

Note 12 – Sale of Subsidiaries

In March 2019, the Partnership sold all of its membership interests in Ladas Domains and Ladas Australia, and substantially all of the assets of Principium to an unrelated party ("Buyer") for a purchase price of $17,500,000 pursuant to an Asset Purchase Agreement ("APA"). The Partnership received cash at closing of $11,575,000, reduced by closing costs of $215,529, and an interest in 2,000 Class A2 Units in stock of Corsearch Holdings LP, valued at $4,000,000, in exchange for certain assets as defined in the APA. The balance of the purchase price was deposited to separate escrow accounts in amount of $1,750,000 and $175,000. At December 31, 2019, the escrow balance of $1,750,000 plus interest of $4,701 was held and recorded as restricted cash, subject to the settlement of any contingent consideration claims. As such, the full restricted escrow balance of $1,750,000 was excluded from the gain on sale of subsidiaries and recorded as deferred revenue for the year ended December 31, 2019. During 2019, $96,101 of

Note 12 – Sale of Subsidiaries (continued)

the original $175,000 escrow balance account was used for additional transaction costs with the remaining cash balance of $78,899 received by the Partnership. In June 2020 the restrictions on the escrow balance of $1,750,000 were released. The Partnership has not made a final determination regarding a distribution of the Corsearch Investment of $4,000,000 held at December 31, 2019.

Below is a summary of the financial highlights of the continuing operations and held for sale as of and for the years ended December 31, 2019 and 2018.

	December 31, 2019	December 31, 2018	
	Continuing Operations	Continuing Operations	Held for Sale
Assets:			
Current assets	$ 26,226,856	$ 15,172,000	$ 3,975,000
All other assets	5,737,010	1,247,000	582,000
Total assets	$ 31,963,866	$ 16,419,000	$ 4,557,000
Liabilities:			
Current liabilities	$ 20,194,859	$ 14,038,000	$ 3,927,000
All other liabilities	1,246,306	823,000	-
Total liabilities	$ 21,441,165	$ 14,861,000	$ 3,927,000
Operations:			
Gross income	$ 30,281,104	$ 34,261,000	$ 7,061,000
Disbursements	13,067,334	14,777,000	1,515,000
Gross profit	17,213,770	19,484,000	5,546,000
General and administrative expenses	(19,093,668)	(19,954,000)	(3,352,000)
Other income	247,082	40,000	-
Net income (loss) before retired partners expense	(1,632,816)	(430,000)	2,194,000
Retired partners expense	1,075,000	-	-
Net income (loss)	$ (2,707,816)	$ (430,000)	$ 2,194,000

Note 13 – Risks and Uncertainties

The Partnership is subject to claims and proceedings covering matters that arise in the ordinary course of business activities. Management believes that any liability that may ultimately result from the resolution of these matters will not have a material adverse effect on the financial condition or results of operations of the Partnership.

The coronavirus pandemic ("COVID-19") has adversely impacted the United States and many other parts of the world. Accordingly, the Partnership could experience disruptions and delays in communications with clients and providing service. Further, the Partnership could be subject to reduced demand for services. Currently, the Partnership has not been materially impacted and has not experienced a reduction in revenues in 2020 (through the date of these consolidated financial statements). Moreover, there could be a larger significant adverse impact on the Partnership's performance as it is impossible to predict the effect the coronavirus will have on longer-term global industrial output and resultant potential changes in demand. In response to the COVID-19 outbreak, the Partnership has implemented various short-term cost reductions and cash flow improvement actions. Given this uncertainty, the Partnership is not able to estimate the potential effects of COVID-19 for near or long-term purposes.

Note 13 – Risks and Uncertainties (continued)

On April 21, 2020, the Partnership entered into a loan agreement ("Loan") with City National Bank under the Paycheck Protection Program ("PPP"), which is part of the CARES Act, enacted on March 27, 2020, and administered by the United States Small Business Administration ("SBA"). Under this program, the Partnership received proceeds of $2,232,405, from the PPP Loan on April 21, 2020. The original terms to the PPP Loan include a 1.00% interest rate per annum and a maturity date of April 21, 2022. The Loan is unsecured and is subject to the terms and conditions applicable to loans administered by the SBA under the PPP. Certain of these Lender terms include account setoff rights as well as acceleration clauses due to (i) a cross-default with other Lender debt, and (ii) a material adverse change in the Partnership's financial condition. As per the original promissory note, which remains the binding document between the bank and the Partnership, the Loan will accrue interest for the first six months following the loan date (and defer payment of the interest) and, thereafter, will convert to eighteen self-amortizing monthly payments of $125,633 comprising principal and interest. The first payment of this loan is due November 21, 2020. However, with the extension of the deferral period by the SBA, these terms may be amended. The Partnership intends to use proceeds from the PPP Loan primarily for payroll costs, rent and utilities (the "qualifying expenses"). All or certain amounts of the PPP Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. The Partnership intends to meet the forgiveness requirements of the PPP Loan but there is a performance risk by the Partnership, as well as these and other parties, that this forgiveness may partially or fully not occur.

LADAS & PARRY LLP AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2019 AND 2018

Ladas & Parry LLP and Subsidiaries

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Independent Auditor's Report

To the Partners
Ladas & Parry LLP
New York, New York

We have audited the accompanying consolidated financial statements of Ladas & Parry LLP (a Limited Liability Partnership) and Subsidiaries which comprise the consolidated balance sheets as of December 31, 2019 and 2018, and the related consolidated statements of income, comprehensive income, changes in partners' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and the 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 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 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 qualified audit opinion.

Basis for Qualified Opinion

As more fully described in Note 8 to the consolidated financial statements, the Partnership has recognized the amount of rental payments when due to its landlords. In our opinion, rent payments should be recognized on a straight-line basis over the lease term in order to conform to accounting principles generally accepted in the United States of America. The effects of that departure on the consolidated financial statements are disclosed in Note 8 to the consolidated financial statements.

We did not audit the financial statements of the London office for 2019 and 2018. Any adjustments, if any, that might have been necessary had we audited the financial statements of the London office could not be determined. The financial statements for the London office reflects total assets of $2,140,484 and $2,135,233 as of December 31, 2019 and 2018, respectively and total revenues of $670,203 and $952,130 for the years then ended, respectively. Total assets includes intercompany receivables, with other offices, of $2,002,224 and $1,884,839 as of December 31, 2019 and 2018, respectively, which were eliminated in consolidation.

Opinion

In our opinion, except for the effect of recognizing rent payments on a straight-line basis over the lease terms and except for the possible effects that might have been determined to be necessary had we audited the financial statements of the London office for 2019 and 2018, both as discussed in the Basis for Qualified Opinion paragraphs, the consolidated financial statements referred to above in the first paragraph present fairly, in all material respects, the consolidated financial position of Ladas & Parry LLP and Subsidiaries as of December 31, 2019 and 2018, and the consolidated 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.

Gettry Marcus CPA, P.C.

Gettry Marcus CPA, P.C.
Woodbury, New York
August 10, 2020

Ladas & Parry LLP and Subsidiaries
Consolidated Balance Sheets
December 31, 2019 and 2018

	2019	2018
Assets		
Current assets		
Cash and cash equivalents	$ 10,602,498	$ 2,663,934
Restricted cash	1,754,701	-
Accounts receivable, net	13,372,601	15,702,680
Prepaid expenses and other current assets	497,056	781,186
Total current assets	26,226,856	19,147,800
Property and equipment, net	1,422,450	1,519,620
Investment in Corsearch Holdings L.P.	4,000,000	-
Investments - restricted	187,596	151,674
Other assets		
Goodwill	117,800	147,250
Deferred leasing cost, net of accumulated amortization	9,164	10,443
Total other assets	126,964	157,693
Total assets	$ 31,963,866	$ 20,976,787
Liabilities and Partners' Equity		
Current liabilities		
Bank line of credit	$ 450,000	$ 100,000
Accounts payable and accrued expenses	17,994,859	17,865,072
Deferred gain on sale of subsidiaries	1,750,000	-
Total current liabilities	20,194,859	17,965,072
Long-term liabilities		
Other liabilities	135,708	129,999
Deferred lease incentives, net	1,110,598	693,281
Total liabilities	21,441,165	18,788,352
Partners' equity		
Equity before accumulated other comprehensive income	10,470,813	2,166,760
Accumulated other comprehensive income	51,888	21,675
Total partners' equity	10,522,701	2,188,435
Total liabilities and partners' equity	$ 31,963,866	$ 20,976,787

See notes to consolidated financial statements.

Ladas & Parry LLP and Subsidiary
Consolidated Statements of Income
Years Ended December 31, 2019 and 2018

	2019		2018	
	Amount	% to Gross Income	Amount	% to Gross Income
Gross income	$ 31,817,672	100.0	$ 41,321,991	100.0
Disbursements	13,414,378	42.2	16,291,868	39.4
Gross profit from services	18,403,294	57.8	25,030,123	60.6
General and administrative expenses	19,732,516	62.0	23,305,853	56.4
Professional income (loss)	(1,329,222)	(4.2)	1,724,270	4.2
Other income, net	14,086,491	44.3	40,413	0.1
Net income before retired partners expense	12,757,269	40.1	1,764,683	4.3
Retired partners expense	1,075,000	3.3	-	-
Net income	$ 11,682,269	36.7	$ 1,764,683	4.3

See notes to consolidated financial statements.

Ladas & Parry LLP and Subsidiary
Consolidated Statements of Comprehensive Income
Years Ended December 31, 2019 and 2018

	2019	2018
Net income	$ 11,682,269	$ 1,764,683
Other comprehensive income (loss):		
Unrealized holding gain (loss) on investments - restricted	30,213	(20,093)
Comprehensive income	$ 11,712,482	$ 1,744,590

See notes to consolidated financial statements.

Ladas & Parry LLP and Subsidiary
Consolidated Statements of Changes in Partners' Equity
Years Ended December 31, 2019 and 2018

	2019	2018
Partners' equity before accumulated other comprehensive income, beginning of year	$ 2,166,760	$ 2,640,530
Capital withdrawals, net	(125,280)	(153,999)
Net income	11,682,269	1,764,683
	13,723,749	4,251,214
Less drawings:		
Prior year's income	91,165	410,936
Current year's income	3,161,771	1,673,518
	3,252,936	2,084,454
Partners' equity, end of year		
Equity before accumulated other comprehensive income	10,470,813	2,166,760
Accumulated other comprehensive income:		
Net unrealized holding gain on investments - restricted	51,888	21,675
Total partners' equity, end of year	$ 10,522,701	$ 2,188,435

See notes to consolidated financial statements.

Ladas & Parry LLP and Subsidiary
Consolidated Statements of Cash Flows
Years Ended December 31, 2019 and 2018

	2019	2018
Cash flows from operating activities		
Net income	$ 11,682,269	$ 1,764,683
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Depreciation and amortization	265,733	366,990
Amortization of deferred lease incentives	(145,782)	(93,734)
Increase in partners' capital for interest	13,805	20,164
Allowance for doubtful accounts	(73,557)	(46,648)
Gain on sale of subsidiaries	(13,837,644)	-
Deferred gain on sale of subsidiaries	(1,750,000)	-
Unrealized gain (loss) on securities	30,213	(20,093)
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	1,622,899	425,275
Prepaid expenses and other current assets	565,480	(102,051)
Increase in:		
Accounts payable and accrued expenses	1,331,820	764,978
Other liabilities	5,709	4,742
Total adjustments	(11,971,324)	1,319,623
Net cash provided (used) by operating activities	(289,055)	3,084,306
Cash flows from investing activities		
Proceeds from sale of subsidiaries	13,188,370	-
Purchase of property and equipment	(128,107)	(198,495)
Purchases of investments, restricted, net	(35,922)	15,351
Net cash provided (used) by investing activities	13,024,341	(183,144)
Cash flows from financing activities		
Proceeds from bank line of credit	350,000	100,000
Payments on leasing line of credit	-	(174,956)
Partners' drawings from income	(3,252,936)	(2,084,454)
Partners' capital withdrawals, net	(139,085)	(174,163)
Net cash used by financing activities	(3,042,021)	(2,333,573)
Net increase in cash, cash equivalents and restricted cash	9,693,265	567,589
Cash, cash equivalents and restricted cash - Beginning of year	2,663,934	2,096,345
Cash, cash equivalents and restricted cash - End of year	$ 12,357,199	$ 2,663,934

See notes to consolidated financial statements.

Ladas & Parry LLP and Subsidiary
Consolidated Statements of Cash Flows
Years Ended December 31, 2019 and 2018

	2019	2018
Supplemental disclosures of cash flow information:		
Cash paid during the year for:		
Interest	$ 28,527	$ 20,173
Income taxes	$ 182,124	$ 46,439
Supplemental disclosures of non-cash activities:		
Investment in Corsearch Holdings L.P.	$ 4,000,000	$ -
Property and equipment acquired through deferred leasing costs	$ 563,099	$ -
Reconciliation of cash, cash equivalents and restricted cash		
Cash and cash equivalents	$ 10,602,498	$ 2,663,934
Restricted cash	1,754,701	-
	$ 12,357,199	$ 2,663,934

The accompanying footnotes discuss the requirements of the restricted cash.

See notes to consolidated financial statements.

Note 1 – Summary of Significant Accounting Policies

Organization and Nature of Business
Ladas & Parry LLP ("Ladas") was organized and commenced operations in 1912 as a New York general partnership. During 2003, Ladas was converted from a general partnership to a limited liability partnership. Ladas is a law firm specializing in the practice of intellectual property law primarily in the creation, protection, enforcement, licensing and acquisition of trademarks and patents throughout the world. Ladas maintains offices in New York City, Chicago, Los Angeles, Alexandria (Virginia) and London.

Ladas Domains, LLC ("Ladas Domains") was organized in 2005 as a Delaware limited liability company which was wholly-owned by the Partnership, and provided domain name services and assists clients in managing online brands. Principium Strategies, LLC ("Principium") was organized in 2017 as a Delaware limited liability company which is wholly-owned by the Partnership, and provided trademark watch services to its clients. Prior to 2017, these services were provided by Ladas. Ladas Domains Pty. Ltd., an Australian private company ("Ladas Australia"), was organized in 2007, is wholly-owned by Ladas Domains, and is essentially an inactive entity. Ladas Domains, Principium, and Ladas Australia, are collectively referred to as the "Subsidiaries." In March 2019, the Partnership sold all of its membership interests in Ladas Domains and Ladas Australia, and substantially all of the assets of Principium (Note 12).

Principles of Consolidation
The consolidated financial statements include the accounts of Ladas and the Subsidiaries (collectively, the "Partnership"). All significant intercompany balances and transactions have been eliminated in consolidation.

Cash and Cash Equivalents
The Partnership considers highly liquid instruments readily convertible to known amounts of cash with original maturities of three months or less measured from their acquisition date to be cash and cash equivalents.

Accounts Receivable
Accounts receivable are recorded at net realizable value consisting of the carrying amount less the allowance for uncollectible accounts. The Partnership's work-in-progress, which is included in accounts receivable, is written-off as uncollectible when they remain unbilled for more than two years.

Accounts are considered past due once the unpaid balance is 120 days or more outstanding, unless payment terms are extended by contract. When an account balance is past due and attempts have been made to collect the receivable through legal or other means, the amount is considered uncollectible and is written off against the allowance balance.

Investments - Restricted
The Partnership's investments in marketable securities (Note 3), held in an Irrevocable Grantor Trust (Note 8), are classified as available-for-sale and carried at fair value. Unrealized holding gains and losses are included as a component of partners' equity until realized. The cost of the securities sold is determined using the specific identification method.

Note 1 – Summary of Significant Accounting Policies (continued)

Equity Securities Without Readily Determinable Fair Values
The Partnership records its investment in equity securities of a nonpublic entity without readily determinable fair values at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer and totaled $4,000,000 at December 31, 2019. The Partnership acquired these equity securities as part of the Sale of Subsidiaries (Note 12). The Partnership reviews its equity securities without readily determinable fair values on a regular basis to determine if the investment is impaired. For purposes of this assessment, the Partnership considers the investee's cash position, earnings and revenue outlook, liquidity and management ownership, among other factors, in its review. If management's assessment indicates that an impairment exists, the Partnership estimates the fair value of the equity investment and recognizes in current earnings an impairment loss that is equal to the difference between the fair value of the equity investment and its carrying amount. Management determined that there was no impairment in the Partnership's investment in equity securities at December 31, 2019 through the date of this report.

Property and Equipment and Depreciation Methods
Property and equipment are recorded at cost. Major additions and improvements are capitalized while replacements, maintenance and repairs which do not improve or extend the lives of the respective assets are expensed as incurred. Depreciation is computed using straight-line and accelerated methods over the estimated useful lives, which range from 5 to 7 years, of the assets. Leasehold improvements are amortized over the lesser of the term of the related lease or the estimated useful lives, which approximates a range of 10 to 15 years, of the assets.

Deferred Lease Incentives
Lease incentives are recorded as deferred lease incentives and are amortized as a reduction to rent expense over the term of the respective leases.

Goodwill
Goodwill represents the excess of cost over fair value of net assets acquired through acquisitions. In accordance with Accounting Standards, the Partnership amortizes goodwill on a straight-line basis over 10 years. Goodwill is tested for impairment at the entity level only when an event occurs or circumstances change that indicate that the fair value of the entity may be less than its carrying amount. Amortization expense was $29,450 for both of the years ended December 31, 2019 and 2018.

The following is a summary of goodwill at December 31:

	2019	2018
Gross carrying amount	$ 294,500	$ 294,500
Less: accumulated amortization	176,700	147,250
	$ 117,800	$ 147,250

Note 1 – Summary of Significant Accounting Policies (continued)

A summary of estimated amortization expenses for the four years subsequent to 2019 is as follows:

Years Ending December 31,	Amortization expense
2020	$ 29,450
2021	29,450
2022	29,450
2023	29,450

Impairment of Long-Lived Assets
The Partnership evaluates whether events and circumstances have occurred that indicate the remaining estimated useful lives of long-lived assets may warrant revision or that the remaining balance of an asset may not be recoverable. The measurement of possible impairment is based on the ability to recover the book value of an asset from expected future operating cash flows on an undiscounted basis. Impairment losses, if any, would be determined based on fair value, using the present value of the cash flows with discount rates that reflect the inherent risk of the underlying business. No impairment was required to be recognized for the years ended December 31, 2019 and 2018.

Income Taxes
The Partnership's taxable income is reportable on the tax returns of the individual partners for federal and state income tax purposes. Therefore, the consolidated financial statements reflect only the provision for the New York City Unincorporated Business Tax ("UBT") of $180,000 and $40,000 for the years ended December 31, 2019 and 2018, respectively, which is included in general and administrative expenses (other taxes).

The Financial Accounting Standards Board ("FASB") has issued guidance regarding how uncertain tax positions should be recognized, measured, presented and disclosed in the consolidated financial statements. The guidance requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Partnership's tax returns to determine whether the tax positions are more-likely-than-not of being sustained upon examination by the applicable tax authority, based on the technical merits of the tax position, and then recognizing the tax benefit that is more-likely-than-not to be realized. Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax expense in the current reporting period. Management has analyzed the tax positions taken by the Partnership, and has concluded that as of December 31, 2019, no uncertain positions are taken or are expected to be taken that would require recognition of a liability (or asset) or disclosure in the consolidated financial statements.

The Partnership's policy is to record interest expense and penalties pertaining to income taxes in general and administrative expenses. For the years ended December 31, 2019 and 2018, there were no interest and penalties expenses required to be recorded and no accrued interest and penalties.

Note 1 – Summary of Significant Accounting Policies (continued)

Use of Estimates
The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. 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. Accordingly, actual results could differ from those estimates. The significant estimates comprise the allowance for doubtful accounts and estimated lives on property and equipment.

Revenue Recognition and Deferred Revenue
Revenues are recognized at the time the services are rendered. Services are billed primarily at unit rates, plus hard and soft disbursements. Soft disbursements (consisting primarily of copying, postage and courier charges) and hard disbursements (consisting primarily of foreign agent costs) are included in cost of revenues and the reimbursements of these expenses are included in gross income.

Deferred revenue consist primarily of cash, from the Sale of Subsidiaries (Note 12) transaction, that is held in an escrow account subject to any settlement of a contingent consideration liability as described in the sales agreement.

Comprehensive Income
Comprehensive income consists of net income and other gains and losses affecting partners' equity that, under U.S. GAAP, are excluded from net income. For the Partnership, such items consist primarily of unrealized gains and losses on investments – restricted.

Fair Value Measurements
Accounting standards refined the definition of fair value, established a framework and hierarchy for measuring fair value.

The Partnership's financial instruments include cash and cash equivalents, accounts receivable, accounts payable, bank line of credit, and long-term liabilities. The recorded value of the cash and cash equivalents, accounts receivable, accounts payable, and bank line of credit approximates their fair values based on their short term nature. The recorded value of long-term liabilities approximates its fair value, as interest rates approximate market rates.

Fair value measurements are segregated into those that are recurring and nonrecurring. Recurring fair value measurements of assets and liabilities are those that are required or permitted in the statement of financial position at the end of each reporting period related to assets such as trading securities, securities available for sale, and private and venture-capital equity investments.

Nonrecurring fair value measurements of assets and liabilities are required or permitted in the statement of financial position in particular circumstances such as when the Partnership measures long-lived assets and goodwill for impairment, or assets and liabilities of a business combination recorded at fair value at the acquisition date.

Note 1 – Summary of Significant Accounting Policies (continued)

The standards established a three-level hierarchy that prioritizes the inputs to valuation techniques used to measure fair value of investments. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The levels of the hierarchy and those investments included in each are as follows:

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

Level 2 - Inputs to the valuation methodology include

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the assets or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability'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. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Fair values are based on quoted market prices when available (Level 1). When market prices are not available, fair value is generally estimated using current market inputs for similar financial instruments with comparable terms and credit quality, commonly referred to as matrix pricing (Level 2). In instances where there is little or no market activity for the same or similar instruments, estimates of fair value are made using methods, models and assumptions that management believes are relevant to the particular asset or liability. This may include discounted cash flow analysis or other income based approaches (Level 3). These valuation techniques involve some level of management estimation and judgment. Where appropriate, adjustments are included to reflect the risk inherent in a particular methodology, model or input used and are reflective of the assumptions that market participants would use in valuing assets or liabilities.

Following is a description of the valuation techniques used for recurring fair value measurements of assets.

Equity securities: Valued at the closing price reported on the active market on which the individual securities are traded.

Cash and money market funds: Valued at the quoted net asset value of shares held.

There have been no changes in the methodologies used at December 31, 2019 and 2018.

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 Partnership believes its valuation methods are appropriate and consistent with other market participants, 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.

Note 1 – Summary of Significant Accounting Policies (continued)

Concentrations of Credit Risk
Financial instruments that potentially subject the Partnership to concentrations of credit risk consist primarily of cash and cash equivalents and accounts receivable.

The Partnership maintains cash balances at several banks in the New York, Chicago, Los Angeles, and Alexandria metropolitan areas. Cash accounts at banks are insured by the Federal Deposit Insurance Corporation ("FDIC") subject to certain limits. At times, such cash balances (including segregated assets belonging to others) may be in excess of the FDIC insured limits. The Partnership has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on its cash.

The Partnership also maintains cash in accounts with various financial institutions located in many countries throughout the world. The Partnership has not experienced any losses from credit risk in such accounts.

Concentrations of credit risk with respect to accounts receivable are limited due to the large number of clients comprising the Partnership's client base, and their dispersion across many different geographical regions. The Partnership routinely assesses the financial strength of their clients and, as a consequence, believes that their accounts receivable credit risk exposure is limited. Generally, the Partnership does not require collateral or other security to support client receivables. The allowance for doubtful accounts is based on management's evaluation of outstanding accounts receivable at the end of the year.

Foreign Currency Adjustments
The financial position and operating results of the foreign offices are included using the local currencies of the countries in which the Partnership operates as the functional currency. Local currency assets and liabilities are translated at the rates of exchange on the balance sheet date, and local currency revenues and expenses are translated at average rates of exchange during the year. The amount of the cumulative translation adjustment is immaterial to the consolidated financial statements and therefore has not been reflected as a separate line item in partners' equity.

Subsequent Events
The Partnership has evaluated subsequent events and transactions for potential recognition or disclosure in the consolidated financial statements through August 10, 2020, the date the consolidated financial statements were available to be issued.

Accounting Standard Updates ("ASU")
The Partnership has reviewed recently issued ASU's by FASB and based on that review, has determined that those standards, with the exceptions below, will not have a significant effect on the Partnership's consolidated financial statements.

FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606). This ASU replaces all current U.S. GAAP guidance on this topic and eliminates industry-specific guidance. The topic, which was amended several times since, contains a core principle, that is, to recognize revenues when promised goods or services are transferred to customers in an amount that reflect the consideration to which an entity is expected to be entitled for those goods or services. The ASU defines a five-step process to achieve this core principle and, in so doing, more judgement and estimates may be required within the revenue recognition process than was previously required. This process includes identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction

Note 1 – Summary of Significant Accounting Policies (continued)

to each performance obligation. The ASU was to be effective for annual periods beginning after December 15, 2018 (for private companies), but such effective date was recently postponed by FASB to annual periods commencing after December 15, 2019. Companies can use either one of these methods (a) retrospective to each prior reporting period presented with the option to elect certain practical expedients as defined within the ASU, or, (b) retrospective with the cumulative effect of initially applying the ASU recognized at the date of initial application and providing certain additional disclosures as defined in the ASU. The Company has not determined what impact the adoption of this ASU will have, if any, on its consolidated financial statements.

In February 2016, FASB issued ASU No. 2016-02, Leases (Topic 842), which has been amended serval times since. This ASU, as amended, replaces all current U.S. GAAP guidance on this topic in the following manner:

- A lessee would account for both finance leases and operating leases by recognizing a right-of-use asset and a lease liability on the balance sheet, with an exception for leases that commence at or near the end of the underlying asset's economic life. Finance leases will recognize amortization of the right-of-use asset separately from interest on the lease liability, and operating leases will recognize the lease expense on a straight line basis. Additionally, the ASU only allows for the capitalization of only those costs, as initial direct costs, that are incurred due to the successful execution of a lease.

- Allows for an optional transition method to adopt this ASU for comparative financial statement presentations. Under this transition method, an entity initially applies the new lease standard at the adoption date and recognizes a cumulative-effect adjustment to the opening balance of retained earnings (deficit) in the year of adoption. Consequently, an entity's reporting for the comparative year presented in the financial statements in which it adopts the new lease standard, will continue to be in accordance with current U.S. GAAP (Topic 840, Leases) although it will not be consistently applied to both years.

- The ASU, as amended, is effective for fiscal years beginning after December 15, 2021.

The Partnership is evaluating the potential impact the adoption of this ASU, as amended, will have on its consolidated financial statements.

During 2016, FASB issued ASU 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash. This ASU requires companies to include amounts generally described as restricted cash and restricted cash equivalents when reconciling beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The ASU is effective for years beginning after December 15, 2018, to be applied retrospectively. The Partnership adopted this ASU, effective January 1, 2018. Accordingly, restricted cash is now presented with cash and cash equivalents on the accompanying consolidated statements of cash flows. However, the adoption of this ASU had no effect on the consolidated statement of cash flows for the year ended December 31, 2018 since the restricted cash on the consolidated balance sheet originated in 2019.

Note 2 – Accounts Receivable

Accounts receivable consist of the following as of December 31:

	2019	2018
Accounts receivable	$ 13,910,601	$ 16,314,237
Less: allowance for doubtful accounts	538,000	611,557
	$ 13,372,601	$ 15,702,680

Note 3 – Investments – Restricted

The following table sets forth by level, within the fair value hierarchy, the Partnership's investments at fair value as of December 31, 2019 and 2018:

	Recurring Fair Value Measurements as of December 31, 2019			
Available for sale securities:	Level 1	Level 2	Level 3	Total
Equities	$ 166,472	$ -	$ -	$ 166,472
Cash and money market fund	21,124	-	-	21,124
Total recurring fair value measurements	$ 187,596	$ -	$ -	$ 187,596

	Recurring Fair Value Measurements as of December 31, 2018			
Available for sale securities:	Level 1	Level 2	Level 3	Total
Equities	$ 131,681	$ -	$ -	$ 131,681
Cash and money market fund	19,993	-	-	19,993
Total recurring fair value measurements	$ 151,674	$ -	$ -	$ 151,674

Available for sale securities consist of the following as of December 31, 2019:

	Amortized Costs	Gains in Accumulated Other Comprehensive Income	Losses in Accumulated Other Comprehensive Income	Fair Value
Equities	$ 114,584	$ 60,238	$ (8,350)	$ 166,472
Cash and money market fund	21,124	-	-	21,124
	$ 135,708	$ 60,238	$ (8,350)	$ 187,596

Note 3 – Investments – Restricted (continued)

Available for sale securities consist of the following as of December 31, 2018:

	Amortized Costs	Gains in Accumulated Other Comprehensive Income	Losses in Accumulated Other Comprehensive Income	Fair Value
Equities	$ 110,006	$ 32,325	$ (10,650)	$ 131,681
Cash and money market fund	19,993	-	-	19,993
	$ 129,999	$ 32,325	$ (10,650)	$ 151,674

The net unrealized holding gain increased by $30,213 and decreased by $20,093 for the years ended December 31, 2019 and 2018, respectively. The net unrealized holding gains on available-for-sale securities for the years ended December 31, 2019 and 2018 have been included in accumulated other comprehensive income.

Note 4 – Property and Equipment

Property and equipment consist of the following as of December 31:

	2019	2018
Furniture and fixtures	$ 625,823	$ 625,823
Office equipment	1,753,404	1,742,919
Computer software costs	3,776,466	4,783,173
Leasehold improvements	3,257,138	2,679,177
	9,412,831	9,831,092
Less: accumulated depreciation and amortization	7,990,381	8,311,472
	$ 1,422,450	$ 1,519,620

Depreciation and amortization expense was $235,004 and $336,261 for the years ended December 31, 2019 and 2018, respectively.

Note 5 – Bank Debt

The Partnership has a credit facility agreement with City National Bank, (the "Bank") consisting of a $1,000,000 line of credit, and two letters of credit, totaling $814,000. The Partnership had a $500,000 leasing line of credit which was repaid in full during 2018 and is no longer available.

Terms of the line of credit require the Partnership to make monthly interest payments against the outstanding principal balance at the greater of an annual rate of 4.75% or the bank's prime rate. Outstanding borrowings on the line of credit were $450,000 and $100,000 as of December 31, 2019 and 2018, respectively, and it matures on September 30, 2020. There are two letters of credit in the amount of $627,000 and $187,000. These letters of credit are in lieu of a cash security deposit for the Partnership's New York City and Los Angeles offices, respectively (Note 8).

Note 5 – Bank Debt (continued)

The credit facility is collateralized by substantially all of the assets of the Partnership and requires the Partnership to maintain certain covenants as defined. Additionally, the credit facility has been guaranteed by certain partners.

Note 6 – Related Party Transactions

Ladas owns 100% of the outstanding stock of a United Kingdom corporation, Ladas & Parry London Limited, formerly Langner Parry Limited ("London Limited"). The investment, which is insignificant, is carried at cost. There is no material effect on the consolidated financial statements from not consolidating London Limited.

Partnership transactions for the years ended December 31, 2019 and 2018 and balances as of December 31, 2019 and 2018 with London Limited are summarized as follows:

	2019	2018
Due from London Limited included in accounts receivable	$ 1,525,770	$ 1,468,737
Less: Due to London Limited included in accounts payable	480,413	436,686
	$ 1,045,357	$ 1,032,051
Fees billed to London Limited	$ 10,901	$ 1,787
Service charges by London Limited	$ 685,342	$ 640,304

Note 7 – Employee Benefit Plan

Profit Sharing Plan
The Partnership has a profit sharing plan ("the Plan"), in accordance with Section 401(k) of the Internal Revenue Code, that covers eligible partners and employees. Contributions to the Plan are made at the discretion of the Partnership. The Partnership's contribution to the Plan for the year ended December 31, 2019 was $18,265, none of which was allocated from the Plan's forfeitures. The Partnership's contribution to the Plan for the year ended December 31, 2018 was $18,538, of which the Partnership paid $6,968 and the remaining payment was allocated from the Plan's forfeitures. The Partnership's contributions to the Plan are included in general and administrative expenses (fringe benefits).

Note 8 – Commitments and Contingencies

Lease Obligations
The Partnership leases office space in New York City, Chicago, Los Angeles, and Alexandria under non-cancellable operating leases that expire at various dates through 2031. During 2019, the Partnership amended its Chicago and Alexandria leases to reduce the size of each office and rent expense. The Chicago lease was extended through September 2031 with approximately 30% less occupied space. The Partnership originally amended its Alexandria lease to reduce its office space, effective December 2019, however, in October 2019, a right of early termination was exercised by the Partnership and accepted by the landlord, effectively terminating the lease in June 2020. In April 2019, the Partnership entered into a new lease for its Los Angeles office with approximately 20% less square footage than the previous lease. Certain leases contain escalation clauses for operating costs and real estate taxes. Several of the leases contain renewal options which allow certain leases to be extended up to ten years.

Note 8 – Commitments and Contingencies (continued)

The total future minimum annual lease payments, exclusive of escalations for taxes and other operating expenses, are approximately as follows:

Years Ending December 31,	
2020	$ 1,922,000
2021	1,868,000
2022	1,902,000
2023	1,936,000
2024	1,972,000
Thereafter	5,684,000
	$ 15,284,000

The Partnership received lease incentives in which its landlords agreed to pay for tenant improvements as follows:

Chicago (2005)	$ 971,306
Los Angeles (2019)	$ 563,099
New York City (2011)	$ 1,400,000

Activity in the deferred lease incentives balance, net of accumulated amortization, was as follows for the years ended December 31:

	2019	2018
Net balance, beginning of year	$ 693,281	$ 787,015
Additions	563,099	-
Amortization	(145,782)	(93,734)
Net balance, end of year	$ 1,110,598	$ 693,281

Rent and building expenses was $2,104,677 and $2,706,182 for the years ended December 31, 2019 and 2018, respectively.

The Partnership is required under U.S. GAAP to recognize rent payments on a straight-line basis over the lease term. The Partnership has chosen instead to account for its rent expense when due to its landlords. If the provisions were followed, net income would be decreased by $57,952 and increased by $230,152 for the years ended December 31, 2019 and 2018, respectively, and other liabilities would be increased for a deferred rent obligation and partners' equity would be decreased by $1,426,722 and $1,368,770 as of December 31, 2019 and 2018, respectively.

Letters of Credit
The Partnership issued letters of credit in the amounts of $627,000 and $187,000 in lieu of a cash security deposit for its offices in New York City and Los Angeles, respectively (Note 5). The letters of credit shall be deemed automatically extended for one year periods from the present or any future expiration date unless the Bank notifies the Partnership.

Note 8 – Commitments and Contingencies (continued)

Retirement Benefits for Partners
The Partnership has agreements with certain retired partners for certain obligations based on varying percentages of income. The expense was $1,075,000 and $-0- for the years ended December 31, 2019 and 2018, respectively. These agreements provide for cancellation of obligations and payments under certain circumstances. The Partnership agreement provides for similar obligations to the current partners upon their retirement.

The agreements also provide for an Irrevocable Grantor Trust ("Trust") to which contributions may be made by the Partnership, not to exceed $200,000 per year, subject to the Partnership attaining a minimum amount of income as prescribed in the agreements, to partially fund certain of the obligations to partners who retire on or after January 1, 1996. Contributions to the Trust are made on the basis of a partner's retirement or resignation. There were no contributions for the years ended December 31, 2019 and 2018. The obligation is classified as other liabilities. The Trust assets, classified as investments – restricted in the accompanying consolidated balance sheets, are restricted to pay the benefits as defined under the Trust. In accordance with the Trust agreement, the Trust's assets are subject to claims of the Partnership's general creditors.

The Partnership has an agreement with one retired partner to pay back his capital account in monthly installments totaling approximately $35,000 through December 31, 2020.

Note 9 – Segregated Assets Belonging to Clients

Cash totaling approximately $90,000 and $55,000 as of December 31, 2019 and 2018, respectively, was held by the Partnership for certain clients. These assets and the related liabilities are not included in the consolidated balance sheets.

Note 10 – Interest Expense

Interest expense (included in general and administrative expenses) consists primarily of interest on partners' capital balances and was $28,527 and $20,173 for the years ended December 31, 2019 and 2018, respectively.

Note 11 – Services to Foreign Clients

Services provided to clients outside of the United States approximated 41% and 40% of gross income for the years ended December 31, 2019 and 2018, respectively.

Note 12 – Sale of Subsidiaries

In March 2019, the Partnership sold all of its membership interests in Ladas Domains and Ladas Australia, and substantially all of the assets of Principium to an unrelated party ("Buyer") for a purchase price of $17,500,000 pursuant to an Asset Purchase Agreement ("APA"). The Partnership received cash at closing of $11,575,000, reduced by closing costs of $215,529, and an interest in 2,000 Class A2 Units in stock of Corsearch Holdings LP, valued at $4,000,000, in exchange for certain assets as defined in the APA. The balance of the purchase price was deposited to separate escrow accounts in amount of $1,750,000 and $175,000. At December 31, 2019, the escrow balance of $1,750,000 plus interest of $4,701 was held and recorded as restricted cash, subject to the settlement of any contingent consideration claims. As such, the full restricted escrow balance of $1,750,000 was excluded from the gain on sale of subsidiaries and recorded as deferred revenue for the year ended December 31, 2019. During 2019, $96,101 of

Note 12 – Sale of Subsidiaries (continued)

the original $175,000 escrow balance account was used for additional transaction costs with the remaining cash balance of $78,899 received by the Partnership. In June 2020 the restrictions on the escrow balance of $1,750,000 were released. The Partnership has not made a final determination regarding a distribution of the Corsearch Investment of $4,000,000 held at December 31, 2019.

Below is a summary of the financial highlights of the continuing operations and held for sale as of and for the years ended December 31, 2019 and 2018.

	December 31, 2019	December 31, 2018	
	Continuing Operations	Continuing Operations	Held for Sale
Assets:			
Current assets	$ 26,226,856	$ 15,172,000	$ 3,975,000
All other assets	5,737,010	1,247,000	582,000
Total assets	$ 31,963,866	$ 16,419,000	$ 4,557,000
Liabilities:			
Current liabilities	$ 20,194,859	$ 14,038,000	$ 3,927,000
All other liabilities	1,246,306	823,000	-
Total liabilities	$ 21,441,165	$ 14,861,000	$ 3,927,000
Operations:			
Gross income	$ 30,281,104	$ 34,261,000	$ 7,061,000
Disbursements	13,067,334	14,777,000	1,515,000
Gross profit	17,213,770	19,484,000	5,546,000
General and administrative expenses	(19,093,668)	(19,954,000)	(3,352,000)
Other income	247,082	40,000	-
Net income (loss) before retired partners expense	(1,632,816)	(430,000)	2,194,000
Retired partners expense	1,075,000	-	-
Net income (loss)	$ (2,707,816)	$ (430,000)	$ 2,194,000

Note 13 – Risks and Uncertainties

The Partnership is subject to claims and proceedings covering matters that arise in the ordinary course of business activities. Management believes that any liability that may ultimately result from the resolution of these matters will not have a material adverse effect on the financial condition or results of operations of the Partnership.

The coronavirus pandemic ("COVID-19") has adversely impacted the United States and many other parts of the world. Accordingly, the Partnership could experience disruptions and delays in communications with clients and providing service. Further, the Partnership could be subject to reduced demand for services. Currently, the Partnership has not been materially impacted and has not experienced a reduction in revenues in 2020 (through the date of these consolidated financial statements). Moreover, there could be a larger significant adverse impact on the Partnership's performance as it is impossible to predict the effect the coronavirus will have on longer-term global industrial output and resultant potential changes in demand. In response to the COVID-19 outbreak, the Partnership has implemented various short-term cost reductions and cash flow improvement actions. Given this uncertainty, the Partnership is not able to estimate the potential effects of COVID-19 for near or long-term purposes.

Note 13 – Risks and Uncertainties (continued)

On April 21, 2020, the Partnership entered into a loan agreement ("Loan") with City National Bank under the Paycheck Protection Program ("PPP"), which is part of the CARES Act, enacted on March 27, 2020, and administered by the United States Small Business Administration ("SBA"). Under this program, the Partnership received proceeds of $2,232,405, from the PPP Loan on April 21, 2020. The original terms to the PPP Loan include a 1.00% interest rate per annum and a maturity date of April 21, 2022. The Loan is unsecured and is subject to the terms and conditions applicable to loans administered by the SBA under the PPP. Certain of these Lender terms include account setoff rights as well as acceleration clauses due to (i) a cross-default with other Lender debt, and (ii) a material adverse change in the Partnership's financial condition. As per the original promissory note, which remains the binding document between the bank and the Partnership, the Loan will accrue interest for the first six months following the loan date (and defer payment of the interest) and, thereafter, will convert to eighteen self-amortizing monthly payments of $125,633 comprising principal and interest. The first payment of this loan is due November 21, 2020. However, with the extension of the deferral period by the SBA, these terms may be amended. The Partnership intends to use proceeds from the PPP Loan primarily for payroll costs, rent and utilities (the "qualifying expenses"). All or certain amounts of the PPP Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. The Partnership intends to meet the forgiveness requirements of the PPP Loan but there is a performance risk by the Partnership, as well as these and other parties, that this forgiveness may partially or fully not occur.

LADAS & PARRY LLP AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2019 AND 2018

Ladas & Parry LLP and Subsidiaries

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Independent Auditor's Report

To the Partners
Ladas & Parry LLP
New York, New York

We have audited the accompanying consolidated financial statements of Ladas & Parry LLP (a Limited Liability Partnership) and Subsidiaries which comprise the consolidated balance sheets as of December 31, 2019 and 2018, and the related consolidated statements of income, comprehensive income, changes in partners' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and the 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 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 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 qualified audit opinion.

Basis for Qualified Opinion

As more fully described in Note 8 to the consolidated financial statements, the Partnership has recognized the amount of rental payments when due to its landlords. In our opinion, rent payments should be recognized on a straight-line basis over the lease term in order to conform to accounting principles generally accepted in the United States of America. The effects of that departure on the consolidated financial statements are disclosed in Note 8 to the consolidated financial statements.

We did not audit the financial statements of the London office for 2019 and 2018. Any adjustments, if any, that might have been necessary had we audited the financial statements of the London office could not be determined. The financial statements for the London office reflects total assets of $2,140,484 and $2,135,233 as of December 31, 2019 and 2018, respectively and total revenues of $670,203 and $952,130 for the years then ended, respectively. Total assets includes intercompany receivables, with other offices, of $2,002,224 and $1,884,839 as of December 31, 2019 and 2018, respectively, which were eliminated in consolidation.

Opinion

In our opinion, except for the effect of recognizing rent payments on a straight-line basis over the lease terms and except for the possible effects that might have been determined to be necessary had we audited the financial statements of the London office for 2019 and 2018, both as discussed in the Basis for Qualified Opinion paragraphs, the consolidated financial statements referred to above in the first paragraph present fairly, in all material respects, the consolidated financial position of Ladas & Parry LLP and Subsidiaries as of December 31, 2019 and 2018, and the consolidated 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.

Gettry Marcus CPA, P.C.

Gettry Marcus CPA, P.C.
Woodbury, New York
August 10, 2020

Ladas & Parry LLP and Subsidiaries
Consolidated Balance Sheets
December 31, 2019 and 2018

	2019	2018
Assets		
Current assets		
Cash and cash equivalents	$ 10,602,498	$ 2,663,934
Restricted cash	1,754,701	-
Accounts receivable, net	13,372,601	15,702,680
Prepaid expenses and other current assets	497,056	781,186
Total current assets	26,226,856	19,147,800
Property and equipment, net	1,422,450	1,519,620
Investment in Corsearch Holdings L.P.	4,000,000	-
Investments - restricted	187,596	151,674
Other assets		
Goodwill	117,800	147,250
Deferred leasing cost, net of accumulated amortization	9,164	10,443
Total other assets	126,964	157,693
Total assets	$ 31,963,866	$ 20,976,787
Liabilities and Partners' Equity		
Current liabilities		
Bank line of credit	$ 450,000	$ 100,000
Accounts payable and accrued expenses	17,994,859	17,865,072
Deferred gain on sale of subsidiaries	1,750,000	-
Total current liabilities	20,194,859	17,965,072
Long-term liabilities		
Other liabilities	135,708	129,999
Deferred lease incentives, net	1,110,598	693,281
Total liabilities	21,441,165	18,788,352
Partners' equity		
Equity before accumulated other comprehensive income	10,470,813	2,166,760
Accumulated other comprehensive income	51,888	21,675
Total partners' equity	10,522,701	2,188,435
Total liabilities and partners' equity	$ 31,963,866	$ 20,976,787

See notes to consolidated financial statements.

Ladas & Parry LLP and Subsidiary
Consolidated Statements of Income
Years Ended December 31, 2019 and 2018

	2019		2018	
	Amount	% to Gross Income	Amount	% to Gross Income
Gross income	$ 31,817,672	100.0	$ 41,321,991	100.0
Disbursements	13,414,378	42.2	16,291,868	39.4
Gross profit from services	18,403,294	57.8	25,030,123	60.6
General and administrative expenses	19,732,516	62.0	23,305,853	56.4
Professional income (loss)	(1,329,222)	(4.2)	1,724,270	4.2
Other income, net	14,086,491	44.3	40,413	0.1
Net income before retired partners expense	12,757,269	40.1	1,764,683	4.3
Retired partners expense	1,075,000	3.3	-	-
Net income	$ 11,682,269	36.7	$ 1,764,683	4.3

See notes to consolidated financial statements.

Ladas & Parry LLP and Subsidiary
Consolidated Statements of Comprehensive Income
Years Ended December 31, 2019 and 2018

	2019	2018
Net income	$ 11,682,269	$ 1,764,683
Other comprehensive income (loss):		
Unrealized holding gain (loss) on investments - restricted	30,213	(20,093)
Comprehensive income	$ 11,712,482	$ 1,744,590

See notes to consolidated financial statements.

Ladas & Parry LLP and Subsidiary
Consolidated Statements of Changes in Partners' Equity
Years Ended December 31, 2019 and 2018

	2019	2018
Partners' equity before accumulated other comprehensive income, beginning of year	$ 2,166,760	$ 2,640,530
Capital withdrawals, net	(125,280)	(153,999)
Net income	11,682,269	1,764,683
	13,723,749	4,251,214
Less drawings:		
Prior year's income	91,165	410,936
Current year's income	3,161,771	1,673,518
	3,252,936	2,084,454
Partners' equity, end of year		
Equity before accumulated other comprehensive income	10,470,813	2,166,760
Accumulated other comprehensive income:		
Net unrealized holding gain on investments - restricted	51,888	21,675
Total partners' equity, end of year	$ 10,522,701	$ 2,188,435

See notes to consolidated financial statements.

Ladas & Parry LLP and Subsidiary
Consolidated Statements of Cash Flows
Years Ended December 31, 2019 and 2018

	2019	2018
Cash flows from operating activities		
Net income	$ 11,682,269	$ 1,764,683
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Depreciation and amortization	265,733	366,990
Amortization of deferred lease incentives	(145,782)	(93,734)
Increase in partners' capital for interest	13,805	20,164
Allowance for doubtful accounts	(73,557)	(46,648)
Gain on sale of subsidiaries	(13,837,644)	-
Deferred gain on sale of subsidiaries	(1,750,000)	-
Unrealized gain (loss) on securities	30,213	(20,093)
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	1,622,899	425,275
Prepaid expenses and other current assets	565,480	(102,051)
Increase in:		
Accounts payable and accrued expenses	1,331,820	764,978
Other liabilities	5,709	4,742
Total adjustments	(11,971,324)	1,319,623
Net cash provided (used) by operating activities	(289,055)	3,084,306
Cash flows from investing activities		
Proceeds from sale of subsidiaries	13,188,370	-
Purchase of property and equipment	(128,107)	(198,495)
Purchases of investments, restricted, net	(35,922)	15,351
Net cash provided (used) by investing activities	13,024,341	(183,144)
Cash flows from financing activities		
Proceeds from bank line of credit	350,000	100,000
Payments on leasing line of credit	-	(174,956)
Partners' drawings from income	(3,252,936)	(2,084,454)
Partners' capital withdrawals, net	(139,085)	(174,163)
Net cash used by financing activities	(3,042,021)	(2,333,573)
Net increase in cash, cash equivalents and restricted cash	9,693,265	567,589
Cash, cash equivalents and restricted cash - Beginning of year	2,663,934	2,096,345
Cash, cash equivalents and restricted cash - End of year	$ 12,357,199	$ 2,663,934

See notes to consolidated financial statements.

Ladas & Parry LLP and Subsidiary
Consolidated Statements of Cash Flows
Years Ended December 31, 2019 and 2018

	2019	2018
Supplemental disclosures of cash flow information:		
Cash paid during the year for:		
Interest	$ 28,527	$ 20,173
Income taxes	$ 182,124	$ 46,439
Supplemental disclosures of non-cash activities:		
Investment in Corsearch Holdings L.P.	$ 4,000,000	$ -
Property and equipment acquired through deferred leasing costs	$ 563,099	$ -
Reconciliation of cash, cash equivalents and restricted cash		
Cash and cash equivalents	$ 10,602,498	$ 2,663,934
Restricted cash	1,754,701	-
	$ 12,357,199	$ 2,663,934

The accompanying footnotes discuss the requirements of the restricted cash.

See notes to consolidated financial statements.

Note 1 – Summary of Significant Accounting Policies

Organization and Nature of Business
Ladas & Parry LLP ("Ladas") was organized and commenced operations in 1912 as a New York general partnership. During 2003, Ladas was converted from a general partnership to a limited liability partnership. Ladas is a law firm specializing in the practice of intellectual property law primarily in the creation, protection, enforcement, licensing and acquisition of trademarks and patents throughout the world. Ladas maintains offices in New York City, Chicago, Los Angeles, Alexandria (Virginia) and London.

Ladas Domains, LLC ("Ladas Domains") was organized in 2005 as a Delaware limited liability company which was wholly-owned by the Partnership, and provided domain name services and assists clients in managing online brands. Principium Strategies, LLC ("Principium") was organized in 2017 as a Delaware limited liability company which is wholly-owned by the Partnership, and provided trademark watch services to its clients. Prior to 2017, these services were provided by Ladas. Ladas Domains Pty. Ltd., an Australian private company ("Ladas Australia"), was organized in 2007, is wholly-owned by Ladas Domains, and is essentially an inactive entity. Ladas Domains, Principium, and Ladas Australia, are collectively referred to as the "Subsidiaries." In March 2019, the Partnership sold all of its membership interests in Ladas Domains and Ladas Australia, and substantially all of the assets of Principium (Note 12).

Principles of Consolidation
The consolidated financial statements include the accounts of Ladas and the Subsidiaries (collectively, the "Partnership"). All significant intercompany balances and transactions have been eliminated in consolidation.

Cash and Cash Equivalents
The Partnership considers highly liquid instruments readily convertible to known amounts of cash with original maturities of three months or less measured from their acquisition date to be cash and cash equivalents.

Accounts Receivable
Accounts receivable are recorded at net realizable value consisting of the carrying amount less the allowance for uncollectible accounts. The Partnership's work-in-progress, which is included in accounts receivable, is written-off as uncollectible when they remain unbilled for more than two years.

Accounts are considered past due once the unpaid balance is 120 days or more outstanding, unless payment terms are extended by contract. When an account balance is past due and attempts have been made to collect the receivable through legal or other means, the amount is considered uncollectible and is written off against the allowance balance.

Investments - Restricted
The Partnership's investments in marketable securities (Note 3), held in an Irrevocable Grantor Trust (Note 8), are classified as available-for-sale and carried at fair value. Unrealized holding gains and losses are included as a component of partners' equity until realized. The cost of the securities sold is determined using the specific identification method.

Note 1 – Summary of Significant Accounting Policies (continued)

Equity Securities Without Readily Determinable Fair Values
The Partnership records its investment in equity securities of a nonpublic entity without readily determinable fair values at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer and totaled $4,000,000 at December 31, 2019. The Partnership acquired these equity securities as part of the Sale of Subsidiaries (Note 12). The Partnership reviews its equity securities without readily determinable fair values on a regular basis to determine if the investment is impaired. For purposes of this assessment, the Partnership considers the investee's cash position, earnings and revenue outlook, liquidity and management ownership, among other factors, in its review. If management's assessment indicates that an impairment exists, the Partnership estimates the fair value of the equity investment and recognizes in current earnings an impairment loss that is equal to the difference between the fair value of the equity investment and its carrying amount. Management determined that there was no impairment in the Partnership's investment in equity securities at December 31, 2019 through the date of this report.

Property and Equipment and Depreciation Methods
Property and equipment are recorded at cost. Major additions and improvements are capitalized while replacements, maintenance and repairs which do not improve or extend the lives of the respective assets are expensed as incurred. Depreciation is computed using straight-line and accelerated methods over the estimated useful lives, which range from 5 to 7 years, of the assets. Leasehold improvements are amortized over the lesser of the term of the related lease or the estimated useful lives, which approximates a range of 10 to 15 years, of the assets.

Deferred Lease Incentives
Lease incentives are recorded as deferred lease incentives and are amortized as a reduction to rent expense over the term of the respective leases.

Goodwill
Goodwill represents the excess of cost over fair value of net assets acquired through acquisitions. In accordance with Accounting Standards, the Partnership amortizes goodwill on a straight-line basis over 10 years. Goodwill is tested for impairment at the entity level only when an event occurs or circumstances change that indicate that the fair value of the entity may be less than its carrying amount. Amortization expense was $29,450 for both of the years ended December 31, 2019 and 2018.

The following is a summary of goodwill at December 31:

	2019	2018
Gross carrying amount	$ 294,500	$ 294,500
Less: accumulated amortization	176,700	147,250
	$ 117,800	$ 147,250

Note 1 – Summary of Significant Accounting Policies (continued)

A summary of estimated amortization expenses for the four years subsequent to 2019 is as follows:

Years Ending December 31,	Amortization expense
2020	$ 29,450
2021	29,450
2022	29,450
2023	29,450

Impairment of Long-Lived Assets
The Partnership evaluates whether events and circumstances have occurred that indicate the remaining estimated useful lives of long-lived assets may warrant revision or that the remaining balance of an asset may not be recoverable. The measurement of possible impairment is based on the ability to recover the book value of an asset from expected future operating cash flows on an undiscounted basis. Impairment losses, if any, would be determined based on fair value, using the present value of the cash flows with discount rates that reflect the inherent risk of the underlying business. No impairment was required to be recognized for the years ended December 31, 2019 and 2018.

Income Taxes
The Partnership's taxable income is reportable on the tax returns of the individual partners for federal and state income tax purposes. Therefore, the consolidated financial statements reflect only the provision for the New York City Unincorporated Business Tax ("UBT") of $180,000 and $40,000 for the years ended December 31, 2019 and 2018, respectively, which is included in general and administrative expenses (other taxes).

The Financial Accounting Standards Board ("FASB") has issued guidance regarding how uncertain tax positions should be recognized, measured, presented and disclosed in the consolidated financial statements. The guidance requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Partnership's tax returns to determine whether the tax positions are more-likely-than-not of being sustained upon examination by the applicable tax authority, based on the technical merits of the tax position, and then recognizing the tax benefit that is more-likely-than-not to be realized. Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax expense in the current reporting period. Management has analyzed the tax positions taken by the Partnership, and has concluded that as of December 31, 2019, no uncertain positions are taken or are expected to be taken that would require recognition of a liability (or asset) or disclosure in the consolidated financial statements.

The Partnership's policy is to record interest expense and penalties pertaining to income taxes in general and administrative expenses. For the years ended December 31, 2019 and 2018, there were no interest and penalties expenses required to be recorded and no accrued interest and penalties.

Note 1 – Summary of Significant Accounting Policies (continued)

Use of Estimates
The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. 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. Accordingly, actual results could differ from those estimates. The significant estimates comprise the allowance for doubtful accounts and estimated lives on property and equipment.

Revenue Recognition and Deferred Revenue
Revenues are recognized at the time the services are rendered. Services are billed primarily at unit rates, plus hard and soft disbursements. Soft disbursements (consisting primarily of copying, postage and courier charges) and hard disbursements (consisting primarily of foreign agent costs) are included in cost of revenues and the reimbursements of these expenses are included in gross income.

Deferred revenue consist primarily of cash, from the Sale of Subsidiaries (Note 12) transaction, that is held in an escrow account subject to any settlement of a contingent consideration liability as described in the sales agreement.

Comprehensive Income
Comprehensive income consists of net income and other gains and losses affecting partners' equity that, under U.S. GAAP, are excluded from net income. For the Partnership, such items consist primarily of unrealized gains and losses on investments – restricted.

Fair Value Measurements
Accounting standards refined the definition of fair value, established a framework and hierarchy for measuring fair value.

The Partnership's financial instruments include cash and cash equivalents, accounts receivable, accounts payable, bank line of credit, and long-term liabilities. The recorded value of the cash and cash equivalents, accounts receivable, accounts payable, and bank line of credit approximates their fair values based on their short term nature. The recorded value of long-term liabilities approximates its fair value, as interest rates approximate market rates.

Fair value measurements are segregated into those that are recurring and nonrecurring. Recurring fair value measurements of assets and liabilities are those that are required or permitted in the statement of financial position at the end of each reporting period related to assets such as trading securities, securities available for sale, and private and venture-capital equity investments.

Nonrecurring fair value measurements of assets and liabilities are required or permitted in the statement of financial position in particular circumstances such as when the Partnership measures long-lived assets and goodwill for impairment, or assets and liabilities of a business combination recorded at fair value at the acquisition date.

Note 1 – Summary of Significant Accounting Policies (continued)

The standards established a three-level hierarchy that prioritizes the inputs to valuation techniques used to measure fair value of investments. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The levels of the hierarchy and those investments included in each are as follows:

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

Level 2 - Inputs to the valuation methodology include

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the assets or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability'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. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Fair values are based on quoted market prices when available (Level 1). When market prices are not available, fair value is generally estimated using current market inputs for similar financial instruments with comparable terms and credit quality, commonly referred to as matrix pricing (Level 2). In instances where there is little or no market activity for the same or similar instruments, estimates of fair value are made using methods, models and assumptions that management believes are relevant to the particular asset or liability. This may include discounted cash flow analysis or other income based approaches (Level 3). These valuation techniques involve some level of management estimation and judgment. Where appropriate, adjustments are included to reflect the risk inherent in a particular methodology, model or input used and are reflective of the assumptions that market participants would use in valuing assets or liabilities.

Following is a description of the valuation techniques used for recurring fair value measurements of assets.

Equity securities: Valued at the closing price reported on the active market on which the individual securities are traded.

Cash and money market funds: Valued at the quoted net asset value of shares held.

There have been no changes in the methodologies used at December 31, 2019 and 2018.

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 Partnership believes its valuation methods are appropriate and consistent with other market participants, 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.

Note 1 – Summary of Significant Accounting Policies (continued)

Concentrations of Credit Risk
Financial instruments that potentially subject the Partnership to concentrations of credit risk consist primarily of cash and cash equivalents and accounts receivable.

The Partnership maintains cash balances at several banks in the New York, Chicago, Los Angeles, and Alexandria metropolitan areas. Cash accounts at banks are insured by the Federal Deposit Insurance Corporation ("FDIC") subject to certain limits. At times, such cash balances (including segregated assets belonging to others) may be in excess of the FDIC insured limits. The Partnership has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on its cash.

The Partnership also maintains cash in accounts with various financial institutions located in many countries throughout the world. The Partnership has not experienced any losses from credit risk in such accounts.

Concentrations of credit risk with respect to accounts receivable are limited due to the large number of clients comprising the Partnership's client base, and their dispersion across many different geographical regions. The Partnership routinely assesses the financial strength of their clients and, as a consequence, believes that their accounts receivable credit risk exposure is limited. Generally, the Partnership does not require collateral or other security to support client receivables. The allowance for doubtful accounts is based on management's evaluation of outstanding accounts receivable at the end of the year.

Foreign Currency Adjustments
The financial position and operating results of the foreign offices are included using the local currencies of the countries in which the Partnership operates as the functional currency. Local currency assets and liabilities are translated at the rates of exchange on the balance sheet date, and local currency revenues and expenses are translated at average rates of exchange during the year. The amount of the cumulative translation adjustment is immaterial to the consolidated financial statements and therefore has not been reflected as a separate line item in partners' equity.

Subsequent Events
The Partnership has evaluated subsequent events and transactions for potential recognition or disclosure in the consolidated financial statements through August 10, 2020, the date the consolidated financial statements were available to be issued.

Accounting Standard Updates ("ASU")
The Partnership has reviewed recently issued ASU's by FASB and based on that review, has determined that those standards, with the exceptions below, will not have a significant effect on the Partnership's consolidated financial statements.

FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606). This ASU replaces all current U.S. GAAP guidance on this topic and eliminates industry-specific guidance. The topic, which was amended several times since, contains a core principle, that is, to recognize revenues when promised goods or services are transferred to customers in an amount that reflect the consideration to which an entity is expected to be entitled for those goods or services. The ASU defines a five-step process to achieve this core principle and, in so doing, more judgement and estimates may be required within the revenue recognition process than was previously required. This process includes identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction

Note 1 – Summary of Significant Accounting Policies (continued)

to each performance obligation. The ASU was to be effective for annual periods beginning after December 15, 2018 (for private companies), but such effective date was recently postponed by FASB to annual periods commencing after December 15, 2019. Companies can use either one of these methods (a) retrospective to each prior reporting period presented with the option to elect certain practical expedients as defined within the ASU, or, (b) retrospective with the cumulative effect of initially applying the ASU recognized at the date of initial application and providing certain additional disclosures as defined in the ASU. The Company has not determined what impact the adoption of this ASU will have, if any, on its consolidated financial statements.

In February 2016, FASB issued ASU No. 2016-02, Leases (Topic 842), which has been amended serval times since. This ASU, as amended, replaces all current U.S. GAAP guidance on this topic in the following manner:

- A lessee would account for both finance leases and operating leases by recognizing a right-of-use asset and a lease liability on the balance sheet, with an exception for leases that commence at or near the end of the underlying asset's economic life. Finance leases will recognize amortization of the right-of-use asset separately from interest on the lease liability, and operating leases will recognize the lease expense on a straight line basis. Additionally, the ASU only allows for the capitalization of only those costs, as initial direct costs, that are incurred due to the successful execution of a lease.

- Allows for an optional transition method to adopt this ASU for comparative financial statement presentations. Under this transition method, an entity initially applies the new lease standard at the adoption date and recognizes a cumulative-effect adjustment to the opening balance of retained earnings (deficit) in the year of adoption. Consequently, an entity's reporting for the comparative year presented in the financial statements in which it adopts the new lease standard, will continue to be in accordance with current U.S. GAAP (Topic 840, Leases) although it will not be consistently applied to both years.

- The ASU, as amended, is effective for fiscal years beginning after December 15, 2021.

The Partnership is evaluating the potential impact the adoption of this ASU, as amended, will have on its consolidated financial statements.

During 2016, FASB issued ASU 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash. This ASU requires companies to include amounts generally described as restricted cash and restricted cash equivalents when reconciling beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The ASU is effective for years beginning after December 15, 2018, to be applied retrospectively. The Partnership adopted this ASU, effective January 1, 2018. Accordingly, restricted cash is now presented with cash and cash equivalents on the accompanying consolidated statements of cash flows. However, the adoption of this ASU had no effect on the consolidated statement of cash flows for the year ended December 31, 2018 since the restricted cash on the consolidated balance sheet originated in 2019.

Note 2 – Accounts Receivable

Accounts receivable consist of the following as of December 31:

	2019	2018
Accounts receivable	$ 13,910,601	$ 16,314,237
Less: allowance for doubtful accounts	538,000	611,557
	$ 13,372,601	$ 15,702,680

Note 3 – Investments – Restricted

The following table sets forth by level, within the fair value hierarchy, the Partnership's investments at fair value as of December 31, 2019 and 2018:

	Recurring Fair Value Measurements as of December 31, 2019			
Available for sale securities:	Level 1	Level 2	Level 3	Total
Equities	$ 166,472	$ -	$ -	$ 166,472
Cash and money market fund	21,124	-	-	21,124
Total recurring fair value measurements	$ 187,596	$ -	$ -	$ 187,596

	Recurring Fair Value Measurements as of December 31, 2018			
Available for sale securities:	Level 1	Level 2	Level 3	Total
Equities	$ 131,681	$ -	$ -	$ 131,681
Cash and money market fund	19,993	-	-	19,993
Total recurring fair value measurements	$ 151,674	$ -	$ -	$ 151,674

Available for sale securities consist of the following as of December 31, 2019:

	Amortized Costs	Gains in Accumulated Other Comprehensive Income	Losses in Accumulated Other Comprehensive Income	Fair Value
Equities	$ 114,584	$ 60,238	$ (8,350)	$ 166,472
Cash and money market fund	21,124	-	-	21,124
	$ 135,708	$ 60,238	$ (8,350)	$ 187,596

Note 3 – Investments – Restricted (continued)

Available for sale securities consist of the following as of December 31, 2018:

	Amortized Costs	Gains in Accumulated Other Comprehensive Income	Losses in Accumulated Other Comprehensive Income	Fair Value
Equities	$ 110,006	$ 32,325	$ (10,650)	$ 131,681
Cash and money market fund	19,993	-	-	19,993
	$ 129,999	$ 32,325	$ (10,650)	$ 151,674

The net unrealized holding gain increased by $30,213 and decreased by $20,093 for the years ended December 31, 2019 and 2018, respectively. The net unrealized holding gains on available-for-sale securities for the years ended December 31, 2019 and 2018 have been included in accumulated other comprehensive income.

Note 4 – Property and Equipment

Property and equipment consist of the following as of December 31:

	2019	2018
Furniture and fixtures	$ 625,823	$ 625,823
Office equipment	1,753,404	1,742,919
Computer software costs	3,776,466	4,783,173
Leasehold improvements	3,257,138	2,679,177
	9,412,831	9,831,092
Less: accumulated depreciation and amortization	7,990,381	8,311,472
	$ 1,422,450	$ 1,519,620

Depreciation and amortization expense was $235,004 and $336,261 for the years ended December 31, 2019 and 2018, respectively.

Note 5 – Bank Debt

The Partnership has a credit facility agreement with City National Bank, (the "Bank") consisting of a $1,000,000 line of credit, and two letters of credit, totaling $814,000. The Partnership had a $500,000 leasing line of credit which was repaid in full during 2018 and is no longer available.

Terms of the line of credit require the Partnership to make monthly interest payments against the outstanding principal balance at the greater of an annual rate of 4.75% or the bank's prime rate. Outstanding borrowings on the line of credit were $450,000 and $100,000 as of December 31, 2019 and 2018, respectively, and it matures on September 30, 2020. There are two letters of credit in the amount of $627,000 and $187,000. These letters of credit are in lieu of a cash security deposit for the Partnership's New York City and Los Angeles offices, respectively (Note 8).

Note 5 – Bank Debt (continued)

The credit facility is collateralized by substantially all of the assets of the Partnership and requires the Partnership to maintain certain covenants as defined. Additionally, the credit facility has been guaranteed by certain partners.

Note 6 – Related Party Transactions

Ladas owns 100% of the outstanding stock of a United Kingdom corporation, Ladas & Parry London Limited, formerly Langner Parry Limited ("London Limited"). The investment, which is insignificant, is carried at cost. There is no material effect on the consolidated financial statements from not consolidating London Limited.

Partnership transactions for the years ended December 31, 2019 and 2018 and balances as of December 31, 2019 and 2018 with London Limited are summarized as follows:

	2019	2018
Due from London Limited included in accounts receivable	$ 1,525,770	$ 1,468,737
Less: Due to London Limited included in accounts payable	480,413	436,686
	$ 1,045,357	$ 1,032,051
Fees billed to London Limited	$ 10,901	$ 1,787
Service charges by London Limited	$ 685,342	$ 640,304

Note 7 – Employee Benefit Plan

Profit Sharing Plan
The Partnership has a profit sharing plan ("the Plan"), in accordance with Section 401(k) of the Internal Revenue Code, that covers eligible partners and employees. Contributions to the Plan are made at the discretion of the Partnership. The Partnership's contribution to the Plan for the year ended December 31, 2019 was $18,265, none of which was allocated from the Plan's forfeitures. The Partnership's contribution to the Plan for the year ended December 31, 2018 was $18,538, of which the Partnership paid $6,968 and the remaining payment was allocated from the Plan's forfeitures. The Partnership's contributions to the Plan are included in general and administrative expenses (fringe benefits).

Note 8 – Commitments and Contingencies

Lease Obligations
The Partnership leases office space in New York City, Chicago, Los Angeles, and Alexandria under non-cancellable operating leases that expire at various dates through 2031. During 2019, the Partnership amended its Chicago and Alexandria leases to reduce the size of each office and rent expense. The Chicago lease was extended through September 2031 with approximately 30% less occupied space. The Partnership originally amended its Alexandria lease to reduce its office space, effective December 2019, however, in October 2019, a right of early termination was exercised by the Partnership and accepted by the landlord, effectively terminating the lease in June 2020. In April 2019, the Partnership entered into a new lease for its Los Angeles office with approximately 20% less square footage than the previous lease. Certain leases contain escalation clauses for operating costs and real estate taxes. Several of the leases contain renewal options which allow certain leases to be extended up to ten years.

Note 8 – Commitments and Contingencies (continued)

The total future minimum annual lease payments, exclusive of escalations for taxes and other operating expenses, are approximately as follows:

Years Ending December 31,	
2020	$ 1,922,000
2021	1,868,000
2022	1,902,000
2023	1,936,000
2024	1,972,000
Thereafter	5,684,000
	$ 15,284,000

The Partnership received lease incentives in which its landlords agreed to pay for tenant improvements as follows:

Chicago (2005)	$ 971,306
Los Angeles (2019)	$ 563,099
New York City (2011)	$ 1,400,000

Activity in the deferred lease incentives balance, net of accumulated amortization, was as follows for the years ended December 31:

	2019	2018
Net balance, beginning of year	$ 693,281	$ 787,015
Additions	563,099	-
Amortization	(145,782)	(93,734)
Net balance, end of year	$ 1,110,598	$ 693,281

Rent and building expenses was $2,104,677 and $2,706,182 for the years ended December 31, 2019 and 2018, respectively.

The Partnership is required under U.S. GAAP to recognize rent payments on a straight-line basis over the lease term. The Partnership has chosen instead to account for its rent expense when due to its landlords. If the provisions were followed, net income would be decreased by $57,952 and increased by $230,152 for the years ended December 31, 2019 and 2018, respectively, and other liabilities would be increased for a deferred rent obligation and partners' equity would be decreased by $1,426,722 and $1,368,770 as of December 31, 2019 and 2018, respectively.

Letters of Credit
The Partnership issued letters of credit in the amounts of $627,000 and $187,000 in lieu of a cash security deposit for its offices in New York City and Los Angeles, respectively (Note 5). The letters of credit shall be deemed automatically extended for one year periods from the present or any future expiration date unless the Bank notifies the Partnership.

Note 8 – Commitments and Contingencies (continued)

Retirement Benefits for Partners
The Partnership has agreements with certain retired partners for certain obligations based on varying percentages of income. The expense was $1,075,000 and $-0- for the years ended December 31, 2019 and 2018, respectively. These agreements provide for cancellation of obligations and payments under certain circumstances. The Partnership agreement provides for similar obligations to the current partners upon their retirement.

The agreements also provide for an Irrevocable Grantor Trust ("Trust") to which contributions may be made by the Partnership, not to exceed $200,000 per year, subject to the Partnership attaining a minimum amount of income as prescribed in the agreements, to partially fund certain of the obligations to partners who retire on or after January 1, 1996. Contributions to the Trust are made on the basis of a partner's retirement or resignation. There were no contributions for the years ended December 31, 2019 and 2018. The obligation is classified as other liabilities. The Trust assets, classified as investments – restricted in the accompanying consolidated balance sheets, are restricted to pay the benefits as defined under the Trust. In accordance with the Trust agreement, the Trust's assets are subject to claims of the Partnership's general creditors.

The Partnership has an agreement with one retired partner to pay back his capital account in monthly installments totaling approximately $35,000 through December 31, 2020.

Note 9 – Segregated Assets Belonging to Clients

Cash totaling approximately $90,000 and $55,000 as of December 31, 2019 and 2018, respectively, was held by the Partnership for certain clients. These assets and the related liabilities are not included in the consolidated balance sheets.

Note 10 – Interest Expense

Interest expense (included in general and administrative expenses) consists primarily of interest on partners' capital balances and was $28,527 and $20,173 for the years ended December 31, 2019 and 2018, respectively.

Note 11 – Services to Foreign Clients

Services provided to clients outside of the United States approximated 41% and 40% of gross income for the years ended December 31, 2019 and 2018, respectively.

Note 12 – Sale of Subsidiaries

In March 2019, the Partnership sold all of its membership interests in Ladas Domains and Ladas Australia, and substantially all of the assets of Principium to an unrelated party ("Buyer") for a purchase price of $17,500,000 pursuant to an Asset Purchase Agreement ("APA"). The Partnership received cash at closing of $11,575,000, reduced by closing costs of $215,529, and an interest in 2,000 Class A2 Units in stock of Corsearch Holdings LP, valued at $4,000,000, in exchange for certain assets as defined in the APA. The balance of the purchase price was deposited to separate escrow accounts in amount of $1,750,000 and $175,000. At December 31, 2019, the escrow balance of $1,750,000 plus interest of $4,701 was held and recorded as restricted cash, subject to the settlement of any contingent consideration claims. As such, the full restricted escrow balance of $1,750,000 was excluded from the gain on sale of subsidiaries and recorded as deferred revenue for the year ended December 31, 2019. During 2019, $96,101 of

Note 12 – Sale of Subsidiaries (continued)

the original $175,000 escrow balance account was used for additional transaction costs with the remaining cash balance of $78,899 received by the Partnership. In June 2020 the restrictions on the escrow balance of $1,750,000 were released. The Partnership has not made a final determination regarding a distribution of the Corsearch Investment of $4,000,000 held at December 31, 2019.

Below is a summary of the financial highlights of the continuing operations and held for sale as of and for the years ended December 31, 2019 and 2018.

	December 31, 2019	December 31, 2018	
	Continuing Operations	Continuing Operations	Held for Sale
Assets:			
Current assets	$ 26,226,856	$ 15,172,000	$ 3,975,000
All other assets	5,737,010	1,247,000	582,000
Total assets	$ 31,963,866	$ 16,419,000	$ 4,557,000
Liabilities:			
Current liabilities	$ 20,194,859	$ 14,038,000	$ 3,927,000
All other liabilities	1,246,306	823,000	-
Total liabilities	$ 21,441,165	$ 14,861,000	$ 3,927,000
Operations:			
Gross income	$ 30,281,104	$ 34,261,000	$ 7,061,000
Disbursements	13,067,334	14,777,000	1,515,000
Gross profit	17,213,770	19,484,000	5,546,000
General and administrative expenses	(19,093,668)	(19,954,000)	(3,352,000)
Other income	247,082	40,000	-
Net income (loss) before retired partners expense	(1,632,816)	(430,000)	2,194,000
Retired partners expense	1,075,000	-	-
Net income (loss)	$ (2,707,816)	$ (430,000)	$ 2,194,000

Note 13 – Risks and Uncertainties

The Partnership is subject to claims and proceedings covering matters that arise in the ordinary course of business activities. Management believes that any liability that may ultimately result from the resolution of these matters will not have a material adverse effect on the financial condition or results of operations of the Partnership.

The coronavirus pandemic ("COVID-19") has adversely impacted the United States and many other parts of the world. Accordingly, the Partnership could experience disruptions and delays in communications with clients and providing service. Further, the Partnership could be subject to reduced demand for services. Currently, the Partnership has not been materially impacted and has not experienced a reduction in revenues in 2020 (through the date of these consolidated financial statements). Moreover, there could be a larger significant adverse impact on the Partnership's performance as it is impossible to predict the effect the coronavirus will have on longer-term global industrial output and resultant potential changes in demand. In response to the COVID-19 outbreak, the Partnership has implemented various short-term cost reductions and cash flow improvement actions. Given this uncertainty, the Partnership is not able to estimate the potential effects of COVID-19 for near or long-term purposes.

Note 13 – Risks and Uncertainties (continued)

On April 21, 2020, the Partnership entered into a loan agreement ("Loan") with City National Bank under the Paycheck Protection Program ("PPP"), which is part of the CARES Act, enacted on March 27, 2020, and administered by the United States Small Business Administration ("SBA"). Under this program, the Partnership received proceeds of $2,232,405, from the PPP Loan on April 21, 2020. The original terms to the PPP Loan include a 1.00% interest rate per annum and a maturity date of April 21, 2022. The Loan is unsecured and is subject to the terms and conditions applicable to loans administered by the SBA under the PPP. Certain of these Lender terms include account setoff rights as well as acceleration clauses due to (i) a cross-default with other Lender debt, and (ii) a material adverse change in the Partnership's financial condition. As per the original promissory note, which remains the binding document between the bank and the Partnership, the Loan will accrue interest for the first six months following the loan date (and defer payment of the interest) and, thereafter, will convert to eighteen self-amortizing monthly payments of $125,633 comprising principal and interest. The first payment of this loan is due November 21, 2020. However, with the extension of the deferral period by the SBA, these terms may be amended. The Partnership intends to use proceeds from the PPP Loan primarily for payroll costs, rent and utilities (the "qualifying expenses"). All or certain amounts of the PPP Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. The Partnership intends to meet the forgiveness requirements of the PPP Loan but there is a performance risk by the Partnership, as well as these and other parties, that this forgiveness may partially or fully not occur.