



GETZ & ASSOCIATES
I N C O R P O R A T E D

ANNUAL REPORT
AND PROXY STATEMENT

2016



Carlton A. Getz, President & Secretary
Martin E. Kofsky, Vice President

February 28, 2017

Fellow Shareholders,

Getz & Associates was founded based on a belief that the consistent application of a time tested value oriented investment philosophy could generate superior long-term investment results while minimizing investment risk. This fundamental belief remains our guiding principle today – a mark of consistency in a constantly shifting investment environment.

The subsequent twenty one years, a period which has encompassed significant economic uncertainty and no less than two stock market crashes and associated recessions, have clearly demonstrated the value of our investment philosophy. We've achieved a compound average annual return of 13.7% over the twenty one years since our first shares were issued based on the net asset value per share of the common stock. In comparison, the compound average annual return of the S&P 500 Index – with reinvested dividends – was 8.35% over the same period. The difference is even more remarkable considering we are rarely fully invested (thus holding cash in our investment portfolio), frequently invested in fixed income securities, and our results are after operating expenses and taxes which are not applicable to the index.

Moreover, we have achieved these results not by focusing on the popular investments of the day or attempting to time the markets but by focusing on underlying fundamental value. The majority of our best performing investments over the years have been anything but household names, including such companies as Midland Company, FPIC Insurance, Owens Illinois, American Freightways, Norfolk Southern, and Optical Cable. We've also had our share of disappointments, including at least one bankruptcy, and a handful of missed opportunities. However, our performance has nonetheless exceeded the average by a wide margin.

Obviously, our performance may not continue in the future and perhaps we tempt fate simply by referring to it at all, but it's persistency over such a long period of time is remarkable. The ability to exceed the broad market's compound average annual return by 5.35 percentage points over more than two decades defies the conventional wisdom of efficient markets. The true believers in market efficiency would dismiss our performance as a function of luck or chance, something that could be repeated by the rare monkey simply throwing darts at a newspaper. My own view is that though the markets may be efficient, they are efficient only in reflecting the often manic perceptions of market participants, encompassing everything from euphoria to depression. The often wide gap between perception and reality provides the opportunities for those who consistently apply an investment philosophy focused on fundamental value. However, under the circumstances, I'm also fine simply being considered a very lucky monkey.

The following annual report provides greater detail on the nuts and bolts of our business, including implementing an options strategy, the introduction of new investment advisory options for advisory clients, reducing recurring operating expenses, adopting a new corporate logo, and the difficult decision to discontinue our charitable contributions program. I expect these initiatives will benefit our company over the long term.

The outcome of the recent presidential election has generated an unusual amount of confusion, expectation, noise, and speculation. In times such as these it's worth remembering an observation from one of the classic investment books that has more to do with the psychology than the mechanics of investment management. Fred Schwed, Jr., opening *Where are the Customers' Yachts?*, humorously described Wall Street as a street with a river at one end, a graveyard at the other, and a kindergarten in the middle. It's an apt description which should serve to remind us that despite all the noise emanating from that hyperactive playground, very little of it ultimately matters to the thoughtful, conscientious, and independent investor.

Sincerely,

A handwritten signature in black ink, appearing to read 'Carlton A. Getz', with a stylized flourish at the end.

Carlton A. Getz, CFA
President, Getz & Associates, Incorporated

Notice to the Shareholders of
Getz & Associates, Incorporated
of the
Twenty First Annual Meeting of Shareholders
to be held at 3:00 o'clock PM on Wednesday, April 26, 2017,
at
207 Fourth Avenue
Salt Lake City, Utah 84103

Dear Shareholder,

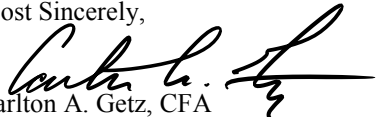
You are hereby cordially invited to attend the Annual Meeting of Shareholders of Getz & Associates, Incorporated, to be held at 207 Fourth Avenue, Salt Lake City, Utah, 84103, and to begin at 3:00 o'clock PM on Wednesday, April 26, 2017. The purpose of the meeting is to review the Corporation's performance over the past year, elect a Director to the Board of Directors of the Corporation, and to address any other business that may be properly brought before the meeting. The Corporation encourages your attendance at and participation in the meeting.

All Shareholders of record as of December 10, 2016, are eligible to cast a vote at the Annual Meeting of Shareholders. Please find enclosed a proxy card representing your power to vote in absence on the issue before the meeting, the election of a Director to the Board of Directors of the Corporation. Even if you plan to attend the meeting, please either vote, sign, date, and return your proxy card to an officer of the Corporation by hand or by mail or vote your proxy electronically via the "Annual Meeting Proxy" tab at www.getz-associates.com as soon as possible. If you plan to attend the meeting in person, remember that you have the right to change your vote at any time prior to the announcement of the voting results. A specific request will be made at the meeting before results are announced to account for any such changes.

In addition, please note that space has been provided at the bottom of your proxy card (as well as in the electronic proxy form) for you to indicate your preferred method of receiving future shareholder communications, including periodic financial reports, either electronically via the Corporation's web site, www.getz-associates.com, or in hardcopy via standard postal mail. The delivery method selected may be modified at any time in the future via written request to the Corporation.

We look forward to seeing you at the Annual Meeting of Shareholders and discussing with you the activities of the Corporation over the past year. Again, please remember to submit your proxy vote.

Most Sincerely,


Carlton A. Getz, CFA
Secretary, Getz & Associates, Incorporated

TWENTY FIRST ANNUAL MEETING OF SHAREHOLDERS PROXY STATEMENT

There is only one issue before the Shareholders of the Corporation to be voted upon at the Annual Meeting of Shareholders. The Corporation has not been notified or otherwise informed of the intention of any Shareholder to bring before the meeting an alternate proposal or any other proposal for a vote of the Shareholders, although Shareholders may do so at their discretion in the proper manner. Please remember to either vote, sign, date, and return your proxy card or submit your proxy electronically via the “Annual Meeting Proxy” tab at www.getz-associates.com.

Item 1) The Bylaws of the Corporation provide for the election of a Director at every Annual Meeting of Shareholders, to serve a term on the Board of Directors to last from the Annual Meeting at which such Director shall be elected until the election of a new Director at the Annual Meeting immediately following. The Board of Directors of the Corporation is responsible for overseeing the general operations of the Corporation, establishing corporate policy, considering resolutions for carrying out corporate business, selecting the executive staff, and performing other duties beyond the daily management of the Corporation’s affairs.

Only one individual has been nominated for the position of Director of the Corporation. Mr. Carlton A. Getz, CFA, currently serves as the President, Secretary, and Director of the Corporation, and has done so since the Corporation was founded in 1995. Mr. Getz is not compensated for any of his duties in accordance with the Bylaws of the Corporation. Additionally, Mr. Getz is a Shareholder of the Corporation and, as of December 31, 2016, held 3,500 shares of the Corporation’s issued and outstanding common stock. Mr. Getz has notified the Corporation that certain investments held by the Corporation are in public companies in which Mr. Getz also holds shares on a personal basis. Questions regarding these activities or other information may be asked at the Annual Meeting of Shareholders or directed to the Corporation.

The Board of Directors of the Corporation recommends a vote FOR item one.

**The Board of Directors
Getz & Associates, Incorporated**

PROXY STATEMENT DISCLOSURES

SHARE OWNERSHIP OF CORPORATE OFFICERS

The Corporation had two corporate officers as of December 31, 2016. The following table presents, as of that date, the number of shares of the Common Stock beneficially owned by each of the corporate officers.

<u>Name and Position</u>	<u>Shares of the Common Stock Held</u>	<u>Percent of Outstanding Shares</u>
Carlton A. Getz President, Secretary, & Director (G&A) Managing Director (Winter Harbor Advisors)	3,500	62.10%
Martin E. Kofsky Vice President	19,4896	0.35%
Total All Officers and Directors:	3,519,4896	62.45%

COMPENSATION OF CORPORATE OFFICERS

The corporate officers of the Corporation are not eligible to receive any base compensation. However, the executive officer of the Corporation's advisory unit, Winter Harbor Advisors, L.L.C., is eligible to receive compensation from the advisory unit for services rendered in that capacity.

The following table presents, for the calendar years indicated, the base compensation, bonus, other, and total compensation of the executive officer of the advisory unit:

<u>Name and Position</u>	<u>Year</u>	<u>Base Compensation¹</u>	<u>Bonus²</u>	<u>Other³</u>	<u>Total</u>
Carlton A. Getz	2016	\$39,360	\$2,500	\$10,465	\$52,325
Managing Director	2015	\$37,920	\$2,100	\$10,005	\$47,925
(Winter Harbor Advisors)	2014	\$35,760	\$3,000	\$9,690	\$45,450

¹ The Managing Director's base compensation is calculated at the beginning of the respective year based on a formula which, generally, sets base compensation at 95% of the maximum possible compensation, considering estimated investment advisory revenues and expenses, including income and other taxes, which will result in an after tax return on equity of 25% for the advisory unit.

² In the event that, at the end of a given calendar year, the advisory unit's after tax return on equity exceeds 25%, the Managing Director is eligible to receive a performance bonus equal to 50% of the net income of the advisory unit over the net income required to achieve a return on beginning equity of 25%.

³ Other compensation consists of contributions by the advisory unit to a SEP IRA retirement plan established on behalf of the indicated employee.

The advisory unit incurs certain other expenses on behalf of its employees, including professional organization dues, which are directly related to the performance of its business. These expenses are included in operating expenses and are not considered compensation. No other officer or employee received any direct or indirect compensation from the Corporation or any of its subsidiaries for any of the years presented.

**Annual Report to the Shareholders of
Getz & Associates, Incorporated
2016
207 Fourth Avenue
Salt Lake City, Utah 84103**

INTRODUCTION

The Annual Report to the Shareholders of Getz & Associates, Incorporated, is intended to provide information regarding the performance of the Corporation over the past year. The report is organized to present the Corporation's activities, results, and future expectations in a clear and concise manner. However, the future is inherently uncertain and all forward looking statements contained herein are conditioned on the understanding that factors beyond the Corporation's control, whether foreseeable or unforeseeable, may favorably or unfavorably impact the Corporation's activities, expectations, and results of operations. The forward looking statements made herein are therefore not guarantees of future outcomes but instead provide management's perspective on how future events may impact the Corporation's activities and operating results.

The first section of the report provides a written description of the Corporation's fiscal year, including a general overview of the Corporation's activities followed by information on the Corporation's investments, operations, and operating results. The second section provides the Corporation's financial statements and related notes to the financial statements to amplify the numerical information.

The Corporation always appreciates feedback. Should you have any questions concerning information in this report or about activities not fully described or addressed herein, please direct those inquiries to the Corporation. Additionally, if you would like to see additional information of a specific nature in future reports, these comments will allow the Corporation to do everything possible to fully inform the shareholders of our business and objectives.

OVERVIEW OF 2016

Fellow Shareholders,

The year was turbulent for the general markets with a significant selloff in the first quarter followed by a relatively quick rebound and then significant gains through the end of the year following the presidential election. The net result was positive overall for the markets and exceptionally positive for our own investment portfolio due to concentrations in the financial and transportation sectors. The net asset value per share of the Common Stock rose to \$81.40 as of the close of the year, an increase of 26.6% from \$64.29 at the end of the prior year.

Portfolio Management

Our investment performance during the year was driven by concentrations in the financial (Bar Harbor, Exchange Bank of Santa Rosa, and J.P. Morgan), industrial (Eaton), and transportation (CSX, Norfolk Southern, and Swift Transportation) sectors, all of which contributed meaningfully to our results and benefited from a strengthening economy and the prospect of rising interest rates. In addition, resurgent confidence in Western Digital after the company's acquisition of solid state memory manufacturer Sandisk contributed meaningfully to our overall investment performance.

We made several adjustments to our investment portfolio over the course of the year. In January, we purchased 300 shares of Exchange Bank of Santa Rosa, a small community bank serving Santa Rosa, California, and adjacent communities primarily along the U.S. Route 101 corridor north of San Francisco. The bank is somewhat unusual in that the majority of the outstanding shares are owned by the Doyle Trust, a trust established for the benefit of Santa Rosa Community College. The company is therefore relatively immune from potential acquisition bids which tends to depress its stock value since this eliminates any

potential acquisition premium. However, at the time of our purchase, the shares were unusually undervalued on an absolute basis, trading at roughly 80% of book value and a price/earnings ratio of less than ten. The valuation potential of the shares based solely on dividend growth made the shares a compelling opportunity. The prospect of higher future interest rates combined with the low initial valuation helped propel the company's share price higher late in the year.

We simultaneously added 50 shares to our existing position in Bar Harbor Bankshares, Inc., a community bank serving communities primarily located along the central and northern coast of Maine. Bar Harbor subsequently announced an agreement to acquire Lake Sunapee Bank Group, Inc., which would expand the company's branch network into New Hampshire and Vermont. Interestingly, we'd previously researched Lake Sunapee but never established a position in the company for a number of reasons, including the company's relative underperformance on standard bank metrics. The acquisition may be beneficial from a cost and earnings standpoint but also has the potential to dilute Bar Harbor's superior existing banking business in Maine. In light of the substantial increase in the valuation of the company in the last quarter of the year, we are reviewing our position in the company.

In May, we executed our first options transaction, selling put options covering 10,000 shares of the Mosaic Company, one of the world's largest producers of potash for agricultural fertilizers, for proceeds of nearly \$8,500. The options have a strike price of \$12.50 per share and expire on January 19, 2018. In addition, we entered orders to establish two other option positions during the course of the year but were unable to do so at prices which we considered acceptable under the specific circumstances.

The introduction of options into the investment portfolio is new to the Corporation and warrants some discussion. A call option represents the right to purchase a share of stock in a specific company at a predetermined price (the "strike price") by a predetermined date (the "expiration date"). The corollary is a put option which represents the right to sell a share of stock in a specific company at the strike price by the expiration date. The purchase of a call allows the purchaser to purchase the underlying share while the sale of a call requires the seller to sell the underlying share. Conversely, the purchase of a put option provides the buyer the right to sell while the sale of a put option requires the seller to buy.

Our transaction is characterized as a short sale of options since it involves the sale of newly created options (i.e., there was not an existing option position to sell). Short selling commonly comes with negative connotations attached to the term and practice. In traditional short selling, borrowed shares are sold with the anticipation that the shares can be repurchased at a later date at a lower price, thus providing the seller a gain on the transaction. The short seller therefore has a negative view of the underlying company and expects the shares to decline in value. However, short selling has never been a component of our investment approach primarily due to the fact that the potential gain is limited while the potential loss is theoretically unlimited, resulting in a less than compelling risk/reward balance. The imbalance between risk and reward, unlimited potential losses offset by limited potential gains, doesn't make economic sense.

However, the short sale of an option is fundamentally different from traditional short selling for a number of reasons. First, the short sale of an option does not require borrowing the option. Instead, the option contract is created by the transaction. Second, the short sale of a put option reflects a fundamentally positive view of the underlying company since it effectively defines a price below which the seller does not expect the underlying shares to trade prior to the expiration of the option. Third, the short sale of a put option (i.e., the sale of the right to sell to another party) essentially reverses the risk/reward equation by instituting a limited gain (the sale price of the option if the option expires without being exercised) with a corresponding limited loss (the strike price per share less the option price) in the event the value of the underlying shares goes to zero in, for example, a bankruptcy situation. The potential gain is still almost always smaller than the potential loss, but the maximum potential loss also represents such an extreme scenario that in most cases it is an unlikely outcome. Therefore, the balance in the risk/reward equation in the short sale of a put option is dependent on an evaluation of the potential gain (assuming the option expires without being exercised) against the potential loss in a worst case outcome short of bankruptcy.

We leverage our equity research in the evaluation of the latter, i.e., in our assessment of the fundamental underlying value of the company and the risks associated with our evaluation. We commonly find situations where we believe a company is reasonably valued or is undervalued but lacking a sufficient margin of safety and therefore doesn't meet our criteria for inclusion in our investment portfolio. However, in those cases, we may still identify opportunities where it's possible to sell put options associated with the company at strike prices sufficiently below our assessment of the company's intrinsic value, including a margin of safety, at an option price that sufficiently compensates for the associated risks.

In effect, a put option is a form of insurance for the purchaser. In insurance terms (though the transaction is not in fact insurance in the traditional sense of the term), the purchaser is purchasing insurance against an event – the decline in value of a specific share of stock over a specific period of time – and establishing a valuation floor. The seller is selling the insurance and in effect promising to compensate the buyer for losses beyond the strike price. The purchaser pays the seller a premium – the option price – in order to purchase the insurance. In the event the options are not exercised before the expiration date, the seller retains the premium as a capital gain.

In our case, we effectively received a premium of \$8,500 to insure against a decline in the value of 10,000 shares of Mosaic Company common stock below the strike price of \$12.50 per share before January 19, 2018. In the event the options are not exercised (generally, that the underlying share price does not fall below the strike price before expiration), we will retain the full amount of the premium (\$8,500) as a gain. In the event the options are exercised when the underlying shares are between \$11.65 and \$12.49, we would still realize a gain (or break even) since the amount paid on exercise – the difference between the market price and the stock price – would be less than the premium of \$0.85 per share received (before considering transaction costs) on selling the option. However, in the event the options were exercised when the market price per share was below \$11.85, we would incur a loss equal to the difference between the strike price less the option sale price and the market price multiplied by the number of shares covered by the option contracts.

We view the options strategy as complementary to our existing equity research rather than a core activity. The identification of mispricing within the options market in conjunction with our equities research may yield occasional opportunities to capture additional value while assuming reasonable risk. In addition, we anticipate adopting a conservative approach to implementing our option strategy though, as always, there are inherent risks in any type of investment activity.

The final adjustments to the investment portfolio occurred in December when we sold our positions in Norfolk Southern Corporation and United Technologies Corporation. The sale of Norfolk Southern was driven by the increase in the company's valuation during the year to a level that exceeded our estimate of intrinsic value and reflected a premium over historic valuation metrics without a clear corresponding justification. In addition, we considered our investment in CSX, the other major Class I railroad operating in the Eastern United States, to be a more compelling long-term opportunity. The sale of United Technologies was based on our determination that our original investment thesis was unlikely to come to fruition. The sale of Norfolk Southern resulted in a gain of \$15,407.35, or 244.7%, and the sale of United Technologies resulted in a gain of \$1,785.26, or 8.8%, with the proceeds adding to our cash available for investment.

Investment Advisory

Winter Harbor Advisors, our investment advisory subsidiary, ended the year on a strong note as rising markets propelled assets under management to \$6,816,624. The increase in assets under management did not translate into significantly higher advisory revenues during the year due to the swoon in markets early in the year and the significant gains after the presidential election. The benefit for the coming year will also be muted due to significant modifications to our advisory fee structure which will be implemented at the beginning of 2017.

The advisory unit will introduce a broader array of investment advisory options for clients at the beginning of 2017, including equity, fixed income, and index portfolio accounts, a dedicated advisory service for non-profit institutional clients, and revised advisory fee schedules. The improved advisory fee structure and portfolio options are designed to be more competitive in the current advisory market, provide greater value to both new and existing advisory clients, and respond to shifting investment trends. The revised fee structure may marginally reduce advisory revenues in 2017, possibly offset by growth in assets under management and the addition of new client accounts. However, we believe the long term advantages will outweigh any short term impact on results of operations. In addition, the close link between advisory revenues and compensation expense should limit the overall impact on profitability.

Business Operations

We implemented a number of changes over the course of the year related to back office operations to update resources and reduce expenses. In particular, we transitioned our website registration and hosting

to new providers which will meaningfully reduce our ongoing operating expenses and allow us to support multiple websites on a single platform. In the process, the Corporation's outdated original website was removed and replaced with a new website at www.getz-associates.com which features a clean and minimalist interface and provides relevant information for the shareholders. The website is still in development and will be modified and refined during the course of the coming year.

The Corporation also made the difficult decision to discontinue its charitable contributions program that for several years allowed each shareholder to designate a charity to receive an allotment of the Corporation's annual charitable contributions based on the shareholder's stock holdings. The relatively small amounts involved, especially when divided between multiple charities, weren't having a meaningful impact for any of the designated charities and the associated recordkeeping consumed a disproportionate amount of time. Moreover, several shareholders did not participate and, as the largest individual shareholder, my own preferences drove a substantial portion of the annual charitable contributions. Nonetheless, I appreciate every shareholder's past participation in the charitable contributions program and encourage you to remain personally charitable in the years ahead.

Finally, we introduced a new corporate logo to update our corporate brand. The implementation of the new logo is unlikely to have any material impact on our business but improves the professional appearance of the Corporation as we attempt to expand our investment advisory unit.

The future is, as always, opaque. The recent presidential election sent markets reeling in the early hours only to defy conventional wisdom and not only bounce back but go on to substantial gains through the end of the year. A number of potential positive outcomes drove that optimism, including higher infrastructure spending, higher interest rates, lower corporate (and individual) tax rates, reduced regulatory burden, etc.

However, the ultimate outcomes remain uncertain. Infrastructure spending may rise, but the concept of "shovel ready" infrastructure projects is largely a myth. In most cases, the only projects that are ready to break ground have already been through design and have committed funding. The remaining projects, for which there is real infrastructure value, won't have a material impact on the economy until well after funding becomes available. Similarly, interest rates may rise, but not necessarily as quickly as expected by some since the logic for rising interest rates is partly associated with the need to contain inflation caused by rising infrastructure spending. The potential changes to corporate or individual incomes taxes are, as always, subject to the political winds, and reduced regulation, while positive, may have only a marginal overall impact.

In our view, overall market valuations are relatively high by historical measures. In addition to domestic considerations, the accompanying global risks are plentiful as well, ranging from political instability across the world to more common risks such as energy prices, global economic strength, and the financial challenges faced by individual countries, notably China, Greece, and Italy. However, there are still pockets of opportunity where valuations are reasonable and the potential for ongoing growth remains despite an uncertain, but still slowly growing, economy. Our investment philosophy will guide our portfolio decisions going forward as it has done in the past with a strong focus on value in the context of growth potential while incorporating a margin of safety that allows our assessments to be inaccurate without catastrophic results. The years ahead may be challenging, but our view remains focused on the long term potential of the companies within our investment portfolio and those we may add in the future.

Sincerely,


Carlton A. Getz, CFA
President, Getz & Associates, Incorporated

ANNUAL RESULTS AND DISCUSSION

The Corporation recorded net income (including net realized capital gains) of \$30,620.53, or \$5.43 per common share, for the year ended December 31, 2016, on operating revenues of \$78,382.33 and operating expenses of \$58,979.83. On an operating basis (excluding net realized capital gains/(losses), net income was essentially flat from the prior year.

Operating revenues during the year were derived from advisory revenues (87.3%), dividends (9.9%), and interest income (2.9%). Advisory revenues were essentially flat from the prior year due to challenging market conditions which limited growth in assets under management. Dividend income rose from the prior year primarily due to higher dividends declared by existing portfolio companies. Interest income rose from the prior year due to the addition of fixed income securities to the investment portfolio and higher average cash balances while average interest rates remained relatively flat. Interest income/(expense) not associated with investment operations rose slightly compared to the prior year due to slightly higher balances in the advisory unit's reserve account.

Operating expenses consisted largely of compensation expense (94.3%), banking fees (3.2%), general expenses (1.4%), and corporate and regulatory fees (0.7%), with the balance comprised of insurance, postage, and freight expenses. Compensation expense rose from the prior year due to increased advisory revenues and reduced advisory operating expenses (since compensation expense and advisory revenues and profitability are closely linked in any given year). Banking fees are primarily related to advisory revenues and rose slightly with the slight increase in advisory revenues as compared to the prior year. General expenses fell substantially from the prior year due to the selection of a new hosting service for the Corporation's web sites which significantly reduced ongoing expenses. Corporate and regulatory fees were essentially flat compared to the prior year.

Winter Harbor Advisors, the Corporation's advisory unit, reported operating income of \$9,774.06 on revenues of \$68,637.73 and operating expenses (exclusive of attributable corporate income taxes) of \$58,863.67, resulting in an operating margin of 14.2%. The advisory unit's revenues primarily consist of advisory fee revenues while expenses are concentrated in compensation expense (94.5%), which includes employee benefits and employment taxes, and banking and insurance expenses (3.2%). Advisory revenues rose slightly, as noted earlier, due to slightly higher assets under management while compensation expenses rose due to increased advisory revenues and operating profitability. Banking and insurance expenses were relative consistent with the prior year. General expenses declined significantly due to the selection of a new web hosting service and consolidation of hosting services, partially offset by higher expenses for advisory resources.

Assets at the end of the year were \$493,326.13, an increase of \$105,952.99, or 27.4%, from \$387,373.14 as of the end of the prior year. The majority of the Corporation's assets consist of portfolio investments (78.0%) and cash (including cash held by the advisory unit) (21.9%), with the balance essentially comprised of accounts receivable, prepaid expenses, and other assets. Assets rose from the prior year due to strong investment performance and the retention of net income. Cash increased substantially from the prior year due to net sales in the investment portfolio and retained net income from the advisory unit. The majority of this cash was held for investment by the Corporation although the advisory unit holds a significant amount of cash at any given time to support its operations, offset unearned revenue liabilities, and guarantee the surety bond issued for its regulatory licenses. The advisory unit expects to continue to maintain considerable cash balances for these purposes, cash balances which are classified as cash held for operations and which is not considered available for investment unless and until distributed to the Corporation by the advisory unit as dividends. Dividends are distributed to the Corporation by the advisory unit at least annually based on an assessment of the advisory unit's financial position and other factors, but may be distributed more frequently at the discretion of the advisory unit.

Liabilities stood at \$34,506.46 at the end of the year, an increase of \$17,559.17, or 103.6%, from \$16,947.29 at the end of the prior year. Liabilities were primarily comprised of deferred tax liabilities (73.3%) and taxes payable (26.7%). Liabilities increased from the prior year due primarily to increased taxes payable associated with capital gains realized late in the year as well as significantly higher unrealized capital gains in the investment portfolio.

Shareholder's equity was \$458,819.67 at the end of the year on December 31, 2016, an increase of \$88,393.82, or 23.9%, from \$387,373.14 at the end of the prior year, resulting in a net asset value per share of the Common Stock of \$81.40 at the end of the year. As of December 31, 2016, the Corporation had 5,636.1402 shares of the Common Stock issued and outstanding to twenty five Shareholders.

INVESTMENT STRATEGY & CORPORATE INVESTMENT HOLDINGS

Getz & Associates' core asset is its investment portfolio. The investment portfolio is managed with the objective of maximizing long-term performance for the shareholders through the consistent

application of Getz & Associates' value-oriented investment philosophy. The investment portfolio is typically comprised of common and preferred exchange traded securities and exchange traded corporate bonds, but may also consist of other securities, such as mutual funds and stock options, when such securities are determined to offer compelling investment opportunities and/or better economics (especially in the case of mutual funds) than individual securities purchases. The following section details the securities held in the Corporation's investment portfolio, including a brief description of the business of the portfolio company.

The Corporation maintains financial records, either in electronic or hardcopy format, on all companies in which it holds investments. These records include annual reports, quarterly reports, dividend payment information, proxy statements, and other documentation. Shareholders are invited to review this information at any time in order to familiarize themselves with the Corporation's investment portfolio holdings, although much of this information is also available online through each respective company's web sites as well as from the Securities and Exchange Commission. In addition, the Corporation maintains information on prospective investments which it has investigated or is currently investigating, although this information may not be as complete as for portfolio companies. For companies in which the Corporation has held investments but has sold those investments, the Corporation disposes of all financial information at the end of the year in which the investment is sold, with the exception of the most recent annual report which is held for the duration of the year following. Financial records, such as account statements, dividend payment statements, and capital gains distributions are held indefinitely.

The Corporation's portfolio holdings were as follows (as of December 31, 2016):

Abbvie, Inc. – (ABBV) – Abbvie is a biopharmaceutical company with a focus on addressing health challenges that impact broad populations rather than less common ailments affecting relatively small populations. The company was created in 2013 as a spinoff from Abbott Laboratories which continued separately as a manufacturer of medical devices and nutritional products. Abbvie's revenues are heavily dependent on the multi-indication flagship Humira product which is approaching patent expiration for certain applications. The company's future success depends on its ability to convert substances currently in its pharmacological research pipeline into viable revenue generating products which can replace declining Humira revenues.

Bar Harbor Bankshares, Inc. – (BHB) – Bar Harbor Bankshares is a community bank holding company based in Bar Harbor, Maine, primarily serving coastal Maine. The bank's primary focus is commercial lending within its market area although the bank also maintains a larger residential lending portfolio than the typical regional or community bank. In most communities, the company's primary competitors are other Maine-based financial institutions rather than regional or national banks, creating a more favorable overall operating environment. In 2016, the company agreed to acquire Lake Sunapee Bank Group, Inc., which would expand the company's branch network into New Hampshire and Vermont.

CSX Corporation – (CSX) – CSX Corporation is one of the two dominant Class I railroads operating in the eastern United States. The company's revenues are derived from a broad cross section of commodities and products, including coal, manufactured goods, chemicals, building products, automotive products, general freight, and intermodal services. CSX has faced revenue and earnings challenges (along with most other large railroads) due to declining coal use by utilities and a weak coal export market. Coal represents a large percentage of railroad revenues in addition to being on the higher margin commodities for most railroads. However, declines in coal shipments have moderated and increased shipping traffic coming into East Coast ports due to the expanded Panama Canal, as well as stronger economic growth, could boost overall transportation volumes and revenues.

Eaton PLC – (ETN) – Eaton is a global manufacturer of industrial products, primarily electrical distribution and control equipment, lighting fixtures and controls, and automotive components. The company became domiciled in Ireland through the company's acquisition of Cooper Industries, a manufacturer of lighting products and controls, in 2012. The company's products are prevalent in the cyclical automotive and construction industries and, as a result, demand for the company's products tends to be sensitive to economic conditions. A spinoff of the automotive division has periodically been the subject of market speculation although the legal requirements associated with the inversion merger would make this economically unappealing until late 2017.

Exchange Bank of Santa Rosa – (EXSR) – Exchange Bank of Santa Rosa is a community bank headquartered in Santa Rosa, California. The bank conducts a traditional banking business focused on commercial lending in its market area. The majority of the company's shares are held by a trust which benefits the Santa Rosa Community College.

J. P. Morgan Chase & Co, Inc. – (JPM) – J.P. Morgan Chase & Company is the largest bank in the United States and one of the largest banks in the world with operations in retail banking, commercial banking, private banking, investment management, investment banking, and other related fields. The bank has a reputation for relatively conservative banking practices which helped the bank weather the mortgage crisis better than most other comparable institutions.

Mosaic Company – (MOS) – Mosaic Company is a producer of potash and phosphates primarily for use in fertilizers for the agricultural industry. The price of potash and phosphates have been impacted over the last several years due to the breakdown of a prior potash cartel and increased production despite soft agricultural demand for fertilizers. The investment portfolio includes a short position in put options of the company which expire on January 19, 2018, with a strike price of \$12.50 per share.

Navient Corporation 6.00% Senior Notes – (JSM) – Navient Corporation senior notes are senior exchange traded debt issued by Navient Corporation, which manages approximately \$300 billion in federal and private student loans. In 2014, Navient was created through a spinoff from SLM Corporation (colloquially known as Sallie Mae) which retained the banking operations of the original company. In addition to originating private student loans for its own portfolio, the company services student loans originated by the U.S. government and receives fees for these services. The senior notes pay interest quarterly at an annual rate of 6.00% of the principal value, are redeemable at any time at the issuer's option at \$25.00 per senior note plus accrued and unpaid interest, and are subject to mandatory redemption upon maturity of the notes on December 15, 2043. Navient has struggled over the last several years with challenging borrowing and securitization environments and the recent loss of a federal contract to administer federal student loans but has made substantial changes to its business to reduce expenses. Additionally, the company is experiencing falling losses on private student loans and retains a substantial servicing business for legacy federally guaranteed student loans.

Swift Transportation Company – (SWFT) – Swift Transportation Company is the largest long-distance trucking company in the United States. The company operates more than 15,000 tractors consisting of both company owned tractors and tractors operated by independent contractors. In addition to standard truckload operations, the company has a refrigerated trucking operation. The company's founder and chief executive officer departed at the end of 2016 after building the company from a single truck. The departure follows extensive questions regarding the company's independence in light of loans taken against personal holdings of the company's stock taken by the founder and the lack of action on the part of the board to restrain the use of the company's shares as collateral.

Target Corporation – (TGT) – Target is one of the largest national mass merchandise retailers in the United States. The company has established a reputation for developing and partnering with well-known brands in exclusive arrangements to drive customer traffic to its stores. However, the ability of the company to continue doing so and the ability to convert the resulting customer traffic into sales in other categories will remain an important component of the company's long-term ability to compete against online merchandisers.

Walgreens Boots Alliance, Inc. – (WBA) – Walgreens Boots Alliance is one of the largest pharmacy operators in the United States and United Kingdom. The company has formed through Walgreen Company's acquisition of Boots Alliance, a major European pharmacy operator. Walgreens Boots Alliance has been aggressively pursuing additional pharmacy agreements with large health networks to expand its business. The company also recently agreed to acquire rival Rite Aid although the merger has run into challenges due to questions about another firm's ability to acquire and operate pharmacies required to be sold for anti-trust approval of the transaction.

Western Digital Corporation – (NYSE: WDC) – Western Digital is one of the largest manufacturers of hard drive and solid state storage devices. The company's products primarily serve the consumer segment, including hard drives for laptops, personal computers, and remote backup devices, although the company has been developing products aimed at the commercial segment. Western Digital acquired SanDisk during 2016, greatly expanding the company's exposure to solid state memory technologies which have been challenging traditional hard drives in certain applications.

INVESTMENT MANAGEMENT AND ADVISORY SUBSIDIARY

Winter Harbor Advisors recorded another successful year with rising revenues and client additions that brought the firm's total assets under management as of December 31, 2016, to \$6,816,624, spread across 16 client accounts. The majority of assets under management are discretionary accounts.

Winter Harbor Advisors emphasizes a consistent approach to managing client accounts tailored in individual cases to the specific circumstances and needs of the respective client. As a result, the advisory unit seeks clients who understand and are committed to the style of investing which the advisory unit pursues. Although this approach may limit growth of our client base and of assets under management, which largely drives advisory revenues, the advisory unit believes this approach is most consistent with its own objectives, in particular since it ensures that the advisory unit invests the bulk of its time in research, analysis, and education rather than with issues related to client disagreements over approach and strategy. The advisory unit believes it is critical to align its own interests with those of its clients, and doing so requires that the advisory unit specifically educate potential clients in its investment philosophy and asset management approach before considering prospective clients for an advisory relationship. As a result, the advisory unit is very selective about the clients it selects and accordingly, this may limit the advisory unit's growth in terms of clients and assets under management over future periods.

The advisory unit's clients range from clients who are just beginning the investment cycle with smaller accounts and clients who are at or towards the end of the investment cycle who are more focused on capital preservation and current income. In addition to traditional securities research and investment management, each client receives additional incidental assistance with traditional financial considerations which impact their long-term financial well being. For clients in the earlier stages of the investment cycle, this generally includes assistance and advice with respect to creating budgets and savings plans, retirement plans, college savings plans, and other related issues as they become more familiar with the financial landscape. Clients towards the end of the investment cycle require some of the same assistance and advice, but are generally focused on pension and social security planning, retirement withdrawals and the associated tax consequences, and other matters.

Winter Harbor provides its advisory services through four advisory account programs tailored to the needs of different investment styles. The traditional program, called the "Portfolio Account," provides investment management and financial advisory services for clients based on our internal investment research. In addition, the firm offers the "Fixed Income Account" which focuses on clients with portfolios consisting entirely of fixed income securities, the "Index Account" for clients who prefer to invest only through index funds, and the "Institutional Account" aimed at non-profit and institutional clients which do not need the full extent of financial advisory services which are incorporated into our individual advisory account programs. The advisory fee schedules for each account type are similarly tailored to the associated investment approach.

RETAIL STRATEGY & RETAIL HOLDINGS

The Corporation recorded no retail revenues during 2016 or in the prior year, nor does the Corporation anticipate recording any retail revenues for the coming fiscal year or any future fiscal years with the possible exception of minimal incidental sales which the Corporation does not expect to be material to the Corporation's results of operations or financial condition. However, the Corporation continues to maintain certain rights with respect to the "World Wide Stamp Company" trade name as well as the retail operation's existing infrastructure, particularly the retail unit's existing sales tax license, as the annual cost of doing so is insignificant.

Getz & Associates, Incorporated, and Subsidiaries**Consolidated Statement of Income**

	For the Quarter Ended:	March 31	June 30	September 30	December 31
		<u>2016</u>	<u>2016</u>	<u>2016</u>	<u>2016</u>
OPERATING REVENUES:					
Investment Income:					
Dividend Income:		\$1,886.50	\$1,908.00	\$1,956.50	\$1,974.00
Interest Income:		\$562.89	\$563.04	\$563.07	\$563.14
Total Investment Income:		<u>\$2,449.39</u>	<u>\$2,471.04</u>	<u>\$2,519.57</u>	<u>\$2,537.14</u>
Advisory Revenues:		\$16,803.89	\$17,069.94	\$16,816.55	\$17,714.81
Retail Revenues:		\$0.00	\$0.00	\$0.00	\$0.00
Total Operating Revenues:		<u>\$19,253.28</u>	<u>\$19,540.98</u>	<u>\$19,336.12</u>	<u>\$20,251.95</u>
OPERATING EXPENSES:					
Wages and Compensation:		\$13,114.44	\$13,072.44	\$13,072.44	\$16,374.37
Banking Fees:		\$470.36	\$0.00	\$477.89	\$956.53
Cost of Products Sold:		\$0.00	\$0.00	\$0.00	\$0.00
Corporate & Regulatory Fees:		\$284.50	\$0.00	\$0.00	\$125.00
Insurance:		\$50.00	\$50.00	\$50.00	\$50.00
Postage & Freight:		\$1.47	\$0.00	\$0.47	\$1.41
General Expenses:		\$183.97	\$152.71	\$149.19	\$342.64
Other Operating Expenses:		\$0.00	\$0.00	\$0.00	\$0.00
Total Operating Expenses:		<u>\$14,104.74</u>	<u>\$13,275.15</u>	<u>\$13,749.99</u>	<u>\$17,849.95</u>
OTHER INCOME/(EXPENSE):					
Realized Gains/(Losses):		\$0.00	\$0.00	\$0.00	\$17,192.61
Interest Income/(Expense):		\$57.44	\$57.69	\$58.58	\$58.83
Other Income/(Expense):		\$0.00	\$0.00	\$0.00	\$0.60
Total Other Income/(Expense):		<u>\$57.44</u>	<u>\$57.69</u>	<u>\$58.58</u>	<u>\$17,252.04</u>
Income Before Income Taxes:		\$5,205.98	\$6,323.52	\$5,644.71	\$19,654.04
Provision for Income Taxes:		\$712.25	\$977.94	\$834.98	\$3,682.55
Net Income:		<u>\$4,493.73</u>	<u>\$5,345.58</u>	<u>\$4,809.73</u>	<u>\$15,971.49</u>
Earnings Per Share (Basic):		<u>\$0.78</u>	<u>\$0.93</u>	<u>\$0.85</u>	<u>\$2.83</u>
Earnings Per Share (Diluted):		<u>\$0.78</u>	<u>\$0.93</u>	<u>\$0.85</u>	<u>\$2.83</u>
Shares Outstanding (Basic):		<u>5,761.1402</u>	<u>5,761.1402</u>	<u>5,636.1402</u>	<u>5,636.1402</u>
Shares Outstanding (Diluted):		<u>5,761.1402</u>	<u>5,761.1402</u>	<u>5,636.1402</u>	<u>5,636.1402</u>

Getz & Associates, Incorporated, and Subsidiaries

Consolidated Balance Sheet

	As of:	March 31	June 30	September 30	December 31
		<u>2016</u>	<u>2016</u>	<u>2016</u>	<u>2016</u>
ASSETS:					
Current Assets:					
Cash & Cash Equivalents:		\$41,439.55	\$48,615.20	\$37,011.64	\$100,144.05
Accounts Receivable:		\$6,375.00	\$23,444.94	\$23,803.31	\$7,500.00
Inventories:		\$0.00	\$0.00	\$0.00	\$0.00
Prepaid Expenses:		\$372.36	\$301.48	\$230.60	\$359.72
Other Current Assets:		\$8.80	\$1,032.06	\$8.80	\$8.80
Total Current Assets:		<u>\$48,195.71</u>	<u>\$73,393.68</u>	<u>\$61,054.35</u>	<u>\$108,012.57</u>
Investments:					
Investments at Fair Value:		<u>\$353,575.00</u>	<u>\$338,229.00</u>	<u>\$376,761.50</u>	<u>\$385,015.50</u>
Total Investments:		<u>\$353,575.00</u>	<u>\$338,229.00</u>	<u>\$376,761.50</u>	<u>\$385,015.50</u>
Other Assets:					
Intangible Assets:		\$170.21	\$170.21	\$170.21	\$152.23
Other Assets:		\$58.33	\$0.00	\$233.33	\$145.83
Total Other Assets:		<u>\$228.54</u>	<u>\$170.21</u>	<u>\$403.54</u>	<u>\$298.06</u>
Total Assets:		<u><u>\$401,999.25</u></u>	<u><u>\$411,792.89</u></u>	<u><u>\$438,219.39</u></u>	<u><u>\$493,326.13</u></u>
LIABILITIES AND SHAREHOLDERS' EQUITY:					
Current Liabilities:					
Accounts Payable:		\$0.00	\$10,572.24	\$0.00	\$0.00
Accrued Liabilities:		\$14.64	\$14.62	\$11.12	\$12.72
Unearned Revenues:		\$0.00	\$0.00	\$0.00	\$0.00
Taxes Payable:		\$3,436.83	\$3,932.03	\$5,169.96	\$9,215.33
Other Current Liabilities:		\$0.00	\$29.17	\$0.00	\$0.00
Total Current Liabilities:		<u>\$3,451.47</u>	<u>\$14,548.06</u>	<u>\$5,181.08</u>	<u>\$9,228.05</u>
Long-Term Debt (Less Current Portion):		\$0.00	\$0.00	\$0.00	\$0.00
Deferred Income Tax Liabilities:		\$15,188.32	\$14,189.54	\$20,012.17	\$25,278.41
Other Long-Term Liabilities:		\$0.00	\$0.00	\$0.00	\$0.00
Total Liabilities:		<u>\$18,639.79</u>	<u>\$28,737.60</u>	<u>\$25,193.25</u>	<u>\$34,506.46</u>
Shareholders' Equity:					
Common Stock - no par value; 30,000 shares authorized, shares issued and outstanding at end of period as indicated below		\$95,892.07	\$95,892.07	\$95,892.07	\$95,892.07
Treasury Stock (at cost):		\$0.00	\$0.00	(\$7,833.75)	(\$7,833.75)
Retained Earnings:		\$201,270.36	\$206,615.94	\$211,425.67	\$227,397.16
Accumulated Other Comprehensive Income:		\$86,197.03	\$80,547.28	\$113,542.15	\$143,364.19
Total Shareholders' Equity:		<u>\$383,359.46</u>	<u>\$383,055.29</u>	<u>\$413,026.14</u>	<u>\$458,819.67</u>
Total Liabilities and Equity:		<u><u>\$401,999.25</u></u>	<u><u>\$411,792.89</u></u>	<u><u>\$438,219.39</u></u>	<u><u>\$493,326.13</u></u>
Shareholder's Data:					
Number of Shares Issued and Outstanding:		5,761.1402	5,761.1402	5,636.1402	5,636.1402
Net Asset Value Per Share:		\$66.54	\$66.48	\$73.28	\$81.40
Net Gain (Loss) Per Share:		\$2.24	(\$0.05)	\$6.79	\$8.12
Percentage Net Change from Prior Period:		3.5%	-0.1%	10.2%	11.1%
Treasury Shares:		-	-	125	125
Number of Shareholders:		25	25	25	25

Getz & Associates, Incorporated, and Subsidiaries**Consolidated Statement of Cash Flows**

	For the Quarter Ended:	March 31	June 30	September 30	December 31
		<u>2016</u>	<u>2016</u>	<u>2016</u>	<u>2016</u>
<u>Cash Flows from Operating Activities:</u>					
Net Income:		\$4,493.73	\$5,345.58	\$4,809.73	\$15,971.49
Plus: Depreciation and Amortization:		\$0.00	\$0.00	\$0.00	\$0.00
Reconciliation to Net Cash Provided by Operating Activities:					
(Increase)/Decrease in Accounts Receivable:		(\$375.00)	(\$17,069.94)	(\$358.37)	\$16,303.31
(Increase)/Decrease in Inventories:		\$0.00	\$0.00	\$0.00	\$0.00
(Increase)/Decrease in Prepaid Expenses:		\$205.79	\$70.88	\$70.88	(\$129.12)
(Increase)/Decrease in Other Current Assets:		\$0.00	(\$1,023.26)	\$1,023.26	\$0.00
Increase/(Decrease) in Accounts Payable:		\$0.00	\$10,572.24	(\$10,572.24)	\$0.00
Increase/(Decrease) in Accrued Liabilities:		(\$250.78)	(\$0.02)	(\$3.50)	\$1.60
Increase/(Decrease) in Unearned Revenues:		\$0.00	\$0.00	\$0.00	\$0.00
Increase/(Decrease) in Taxes Payable:		\$407.13	\$495.20	\$1,237.93	\$4,045.37
Increase/(Decrease) in Other Current Liabilities:		\$0.00	\$29.17	(\$29.17)	\$0.00
Plus/(Less) Realized Loss/(Gain) on Investments:		\$0.00	\$0.00	\$0.00	(\$17,192.61)
Net Non-Cash (Income)/Expense:		\$0.00	\$0.00	\$0.00	\$0.00
Net Cash Provided by/(Used in) Operating Activities:		<u>\$4,480.87</u>	<u>(\$1,580.15)</u>	<u>(\$3,821.48)</u>	<u>\$19,000.04</u>
<u>Cash Flows from Investing Activities:</u>					
Purchase of Investments:		(\$27,350.47)	\$0.00	\$0.00	\$0.00
Proceeds from Sale or Redemption of Investments:		\$0.00	\$8,697.47	\$285.00	\$44,026.89
Purchase of Plant, Property, and Equipment, Net of Sales:		\$0.00	\$0.00	\$0.00	\$0.00
Investment in Other and Intangible Assets:		\$96.49	\$58.33	(\$233.33)	\$105.48
Net Cash Provided by/(Used in) Investing Activities:		<u>(\$27,253.98)</u>	<u>\$8,755.80</u>	<u>\$51.67</u>	<u>\$44,132.37</u>
<u>Cash Flows from Financing Activities:</u>					
Proceeds from/(Repayments of) Long-Term Debt (net):		\$0.00	\$0.00	\$0.00	\$0.00
Proceeds from Issuance of Shares of Common Stock:		\$0.00	\$0.00	(\$7,833.75)	\$0.00
Net Cash Provided by/(Used in) Financing Activities:		<u>\$0.00</u>	<u>\$0.00</u>	<u>(\$7,833.75)</u>	<u>\$0.00</u>
Net Increase/(Decrease) in Cash:		<u>(\$22,773.11)</u>	<u>\$7,175.65</u>	<u>(\$11,603.56)</u>	<u>\$63,132.41</u>
Cash at Beginning of Quarter:		<u>\$64,212.66</u>	<u>\$41,439.55</u>	<u>\$48,615.20</u>	<u>\$37,011.64</u>
Cash at End of Quarter:		<u>\$41,439.55</u>	<u>\$48,615.20</u>	<u>\$37,011.64</u>	<u>\$100,144.05</u>

Getz & Associates, Incorporated, and Subsidiaries**Consolidated Statement of Income**

	For the Year Ended:		Partial Period	
	December 10	December 10	December 31	December 31
	<u>2014</u>	<u>2015</u>	<u>2015</u>	<u>2016</u>
OPERATING REVENUES:				
Investment Income:				
Dividend Income:	\$7,571.47	\$7,713.18	\$441.00	\$7,725.00
Interest Income:	\$1,408.60	\$1,503.82	\$375.55	\$2,252.14
Total Investment Income:	<u>\$8,980.07</u>	<u>\$9,217.00</u>	<u>\$816.55</u>	<u>\$9,977.14</u>
Advisory Revenues:	\$65,826.58	\$68,364.81	\$5,451.79	\$68,405.19
Retail Revenues:	\$0.00	\$0.00	\$0.00	\$0.00
Total Operating Revenues:	<u>\$74,806.65</u>	<u>\$77,581.81</u>	<u>\$6,268.34</u>	<u>\$78,382.33</u>
OPERATING EXPENSES:				
Wages and Compensation:	\$51,087.47	\$54,177.51	\$6,977.39	\$55,633.69
Banking Fees:	\$2,246.98	\$1,900.81	\$0.00	\$1,904.78
Cost of Products Sold:	\$0.00	\$0.00	\$0.00	\$0.00
Corporate & Regulatory Fees:	\$280.88	\$127.00	\$0.00	\$409.50
Insurance:	\$200.00	\$200.00	\$0.00	\$200.00
Postage & Freight:	\$0.88	\$25.77	\$0.49	\$3.35
General Expenses:	\$839.21	\$2,077.50	\$53.28	\$828.51
Other Operating Expenses:	\$0.00	\$0.00	\$0.00	\$0.00
Total Operating Expenses:	<u>\$54,655.42</u>	<u>\$58,508.59</u>	<u>\$7,031.16</u>	<u>\$58,979.83</u>
OTHER INCOME/(EXPENSE):				
Realized Gains/(Losses):	(\$29.92)	\$37,097.59	\$0.00	\$17,192.61
Interest Income/(Expense):	\$223.64	\$227.54	\$58.01	\$232.54
Other Income/(Expense):	\$0.00	\$383.50	\$16.90	\$0.60
Total Other Income/(Expense):	<u>\$193.72</u>	<u>\$37,708.63</u>	<u>\$74.91</u>	<u>\$17,425.75</u>
Income Before Income Taxes:	\$20,344.95	\$56,781.85	(\$687.91)	\$36,828.25
Provision for Income Taxes:	\$2,903.14	\$10,023.93	(\$370.08)	\$6,207.72
Net Income:	<u>\$17,441.81</u>	<u>\$46,757.92</u>	<u>(\$317.83)</u>	<u>\$30,620.53</u>
Earnings Per Share (Basic):	<u>\$3.03</u>	<u>\$8.12</u>	<u>(\$0.06)</u>	<u>\$5.43</u>
Earnings Per Share (Diluted):	<u>\$3.03</u>	<u>\$8.12</u>	<u>(\$0.06)</u>	<u>\$5.43</u>
Shares Outstanding (Basic):	<u>5,761.1402</u>	<u>5,761.1402</u>	<u>5,761.1402</u>	<u>5,636.1402</u>
Shares Outstanding (Diluted):	<u>5,761.1402</u>	<u>5,761.1402</u>	<u>5,761.1402</u>	<u>5,636.1402</u>

Getz & Associates, Incorporated, and Subsidiaries

Consolidated Balance Sheet

	As of:	December 10	December 10	December 31	December 31
		<u>2014</u>	<u>2015</u>	<u>2015</u>	<u>2016</u>
ASSETS:					
Current Assets:					
Cash & Cash Equivalents:		\$55,177.43	\$118,567.24	\$64,212.66	\$100,144.05
Accounts Receivable:		\$4,500.00	\$6,000.00	\$6,000.00	\$7,500.00
Inventories:		\$0.00	\$0.00	\$0.00	\$0.00
Prepaid Expenses:		\$299.66	\$385.11	\$578.15	\$359.72
Other Current Assets:		\$9.99	\$8.80	\$8.80	\$8.80
Total Current Assets:		<u>\$59,987.08</u>	<u>\$124,961.15</u>	<u>\$70,799.61</u>	<u>\$108,012.57</u>
Investments:					
Investments at Fair Value:		\$364,732.50	\$280,503.50	\$316,248.50	\$385,015.50
Total Investments:		<u>\$364,732.50</u>	<u>\$280,503.50</u>	<u>\$316,248.50</u>	<u>\$385,015.50</u>
Other Assets:					
Intangible Assets:		\$215.76	\$197.18	\$179.20	\$152.23
Other Assets:		\$257.70	\$308.48	\$145.83	\$145.83
Total Other Assets:		<u>\$473.46</u>	<u>\$505.66</u>	<u>\$325.03</u>	<u>\$298.06</u>
Total Assets:		<u><u>\$425,193.04</u></u>	<u><u>\$405,970.31</u></u>	<u><u>\$387,373.14</u></u>	<u><u>\$493,326.13</u></u>

LIABILITIES AND SHAREHOLDERS' EQUITY:

Current Liabilities:

Accounts Payable:		\$4,794.06	\$6,733.18	\$0.00	\$0.00
Accrued Liabilities:		\$118.41	\$481.42	\$265.42	\$12.72
Unearned Revenues:		\$5,899.05	\$5,451.79	\$0.00	\$0.00
Taxes Payable:		\$4,110.65	\$9,753.34	\$3,029.70	\$9,215.33
Other Current Liabilities:		\$0.00	\$0.00	\$0.00	\$0.00
Total Current Liabilities:		<u>\$14,922.17</u>	<u>\$22,419.73</u>	<u>\$3,295.12</u>	<u>\$9,228.05</u>
Long-Term Debt (Less Current Portion):		\$0.00	\$0.00	\$0.00	\$0.00
Deferred Income Tax Liabilities:		\$24,585.36	\$13,526.87	\$13,652.17	\$25,278.41
Other Long-Term Liabilities:		\$0.00	\$0.00	\$0.00	\$0.00
Total Liabilities:		<u>\$39,507.53</u>	<u>\$35,946.60</u>	<u>\$16,947.29</u>	<u>\$34,506.46</u>

Shareholders' Equity:

Common Stock - no par value; 30,000 shares authorized, shares issued and outstanding at end of period as indicated below		\$95,892.07	\$95,892.07	\$95,892.07	\$95,892.07
Treasury Stock (at cost):		\$0.00	\$0.00	\$0.00	(\$7,833.75)
Retained Earnings:		\$150,336.54	\$197,094.46	\$196,776.63	\$227,397.16
Accumulated Other Comprehensive Income:		\$139,456.90	\$77,037.18	\$77,757.15	\$143,364.19
Total Shareholders' Equity:		<u>\$385,685.51</u>	<u>\$370,023.71</u>	<u>\$370,425.85</u>	<u>\$458,819.67</u>
Total Liabilities and Equity:		<u><u>\$425,193.04</u></u>	<u><u>\$405,970.31</u></u>	<u><u>\$387,373.14</u></u>	<u><u>\$493,326.13</u></u>

Shareholder's Data:

Number of Shares Issued and Outstanding:		5761.1402	5761.1402	5761.1402	5636.1402
Net Asset Value Per Share:		\$66.94	\$64.22	\$64.29	\$81.40
Net Gain (Loss) Per Share:		\$11.47	(\$2.72)	\$0.07	\$17.11
Percentage Net Change:		20.7%	-4.1%	0.1%	26.6%
Treasury Shares:		-	-	-	125
Number of Shareholders:		25	25	25	25

Getz & Associates, Incorporated, and Subsidiaries**Consolidated Statement of Cash Flows**

	For the Year Ended:	Partial Period			
		December 10 <u>2014</u>	December 10 <u>2015</u>	December 31 <u>2015</u>	December 31 <u>2016</u>
<u>Cash Flows from Operating Activities:</u>					
Net Income:		\$17,441.81	\$46,757.92	(\$317.83)	\$30,620.53
Plus: Depreciation and Amortization:		\$0.00	\$0.00	\$0.00	\$0.00
Reconciliation to Net Cash Provided by Operating Activities:					
(Increase)/Decrease in Accounts Receivable:		\$12,649.35	(\$1,500.00)	\$0.00	(\$1,500.00)
(Increase)/Decrease in Inventories:		\$0.00	\$0.00	\$0.00	\$0.00
(Increase)/Decrease in Prepaid Expenses:		(\$200.00)	(\$85.45)	(\$193.04)	\$218.43
(Increase)/Decrease in Other Current Assets:		\$0.13	\$1.19	\$0.00	\$0.00
Increase/(Decrease) in Accounts Payable:		\$3,544.06	\$1,939.12	(\$6,733.18)	\$0.00
Increase/(Decrease) in Accrued Liabilities:		\$0.80	\$363.01	(\$216.00)	(\$252.70)
Increase/(Decrease) in Unearned Revenues:		\$640.94	(\$447.26)	(\$5,451.79)	\$0.00
Increase/(Decrease) in Taxes Payable:		(\$6,066.90)	\$5,642.69	(\$6,723.64)	\$6,185.63
Increase/(Decrease) in Other Current Liabilities:		\$0.00	\$0.00	\$0.00	\$0.00
Plus/(Less) Realized Loss/(Gain) on Investments:		\$29.92	(\$37,097.59)	\$0.00	(\$17,192.61)
Net Non-Cash (Income)/Expense:		\$0.00	\$0.00	\$0.00	\$0.00
Net Cash Provided by/(Used in) Operating Activities:		<u>\$28,040.11</u>	<u>\$15,573.63</u>	<u>(\$19,635.48)</u>	<u>\$18,079.28</u>
<u>Cash Flows from Investing Activities:</u>					
Purchase of Investments:		(\$37,742.00)	(\$60,640.51)	(\$34,899.73)	(\$27,350.47)
Proceeds from Sale or Redemption of Investments:		\$7,829.92	\$108,488.89	\$0.00	\$53,009.36
Purchase of Plant, Property, and Equipment, Net of Sales:		\$0.00	\$0.00	\$0.00	\$0.00
Investment in Other and Intangible Assets:		(\$136.65)	(\$32.20)	\$180.63	\$26.97
Net Cash Provided by/(Used in) Investing Activities:		<u>(\$30,048.73)</u>	<u>\$47,816.18</u>	<u>(\$34,719.10)</u>	<u>\$25,685.86</u>
<u>Cash Flows from Financing Activities:</u>					
Proceeds from/(Repayments of) Long-Term Debt (net):		\$0.00	\$0.00	\$0.00	\$0.00
Proceeds from Issuance of Shares of Common Stock:		\$0.00	\$0.00	\$0.00	(\$7,833.75)
Net Cash Provided by/(Used in) Financing Activities:		<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>(\$7,833.75)</u>
Net Increase/(Decrease) in Cash:		<u>(\$2,008.62)</u>	<u>\$63,389.81</u>	<u>(\$54,354.58)</u>	<u>\$35,931.39</u>
Cash at Beginning of Year:		<u>\$57,186.05</u>	<u>\$55,177.43</u>	<u>\$118,567.24</u>	<u>\$64,212.66</u>
Cash at End of Year:		<u>\$55,177.43</u>	<u>\$118,567.24</u>	<u>\$64,212.66</u>	<u>\$100,144.05</u>

Getz & Associates, Incorporated, and Subsidiaries

Portfolio Analysis

(Includes unrealized gains and losses; as of December 31, 2016.)

Long Positions

<u>Shares</u>	<u>Company</u>	<u>Symbol</u>	<u>Cost</u>	<u>Current</u>	<u>Gain (Loss)</u>	<u>Cumulative Return</u>
200	Abbvie, Inc.	ABBV	\$4,891.98	\$12,524.00	\$7,632.02	156.01%
500	Bar Harbor Bankshares, Inc.	BHB	\$9,226.45	\$23,665.00	\$14,438.55	156.49%
1,000	CSX Corporation	CSX	\$26,865.09	\$35,930.00	\$9,064.91	33.74%
500	Eaton PLC	ETN	\$26,116.84	\$33,545.00	\$7,428.16	28.44%
300	Exchange Bank of Santa Rosa	EXSR	\$26,119.98	\$37,500.00	\$11,380.02	43.57%
500	JPMorgan Chase, Inc.	JPM	\$22,103.94	\$43,145.00	\$21,041.06	95.19%
1,500	Navient Corporation Senior Notes	JSM	\$24,857.71	\$33,255.00	\$8,397.29	33.78%
2,000	Swift Transportation Company	SWFT	\$27,126.59	\$48,720.00	\$21,593.41	79.60%
500	Target Corporation	TGT	\$27,628.96	\$36,115.00	\$8,486.04	30.71%
400	Walgreens Boots Alliance, Inc.	WBA	\$15,869.42	\$33,104.00	\$17,234.58	108.60%
750	Western Digital Corporation	WDC	\$13,978.41	\$50,962.50	\$36,984.09	264.58%
Totals:			\$224,785.37	\$388,465.50	\$163,680.13	72.82%

Short Positions

Notional

<u>Shares</u>	<u>Company</u>	<u>Symbol</u>	<u>Cost</u>	<u>Current</u>	<u>Gain (Loss)</u>	<u>Return</u>
10,000	Mosaic Co. \$12.50 Jan 2018 Put Options		(\$8,412.47)	(\$3,450.00)	\$4,962.47	58.99%
Totals:			(\$8,412.47)	(\$3,450.00)	\$4,962.47	58.99%

Aggregate Portfolio Totals:

\$216,372.90	\$385,015.50	\$168,642.60	77.94%
---------------------	---------------------	---------------------	---------------

Notes to the Consolidated Financial Statements

Note 1 – Description of Business

Getz & Associates, Incorporated, (hereinafter “the Corporation”) is an investment company which, directly and indirectly, operates in the portfolio management and financial and investment advisory industries. The Corporation’s portfolio management operations are limited to the management of the Corporation’s internal investment portfolio. The Corporation’s financial and investment advisory operations are conducted through Winter Harbor Advisors, L.L.C., a Utah limited liability company, which is a state registered investment advisor (RIA) and wholly-owned subsidiary of the Corporation. The Corporation was incorporated in the State of Missouri in 1995. Winter Harbor Advisors, L.L.C., was organized in Utah in 2006.

In addition, the Corporation previously conducted an online retail operation under the registered trade name “World Wide Stamp Company” primarily through an online web site. The retail operation specialized in the sale of collectible stock and bond certificates (scripophily), stamps (philately), and related supplies and materials. This retail operation has been largely dormant since 2005 although the Corporation continues to maintain a related sales tax license with the State of Missouri.

Note 2 – General Information and Summary of Significant Accounting Policies

The preparation of the Corporation’s consolidated financial statements requires the Corporation to make certain estimates and assumptions that affect amounts reported in the consolidated financial statements. Significant estimates are made with respect to the accrual of federal and state income and employment taxes, amounts related to insurance expenses, amounts related to charitable contributions, and the deductibility of certain expenses for tax purposes. Actual results could differ from these estimates and, to the extent these differences are significant, could have a material effect on the Corporation’s results of operations, financial condition, and the net asset value per share of the Corporation’s common stock.

Accounting Principles – The Corporation uses the accrual method of accounting, which recognizes income and expenses on the date the income is received or the expense is incurred. In general, the Corporation’s accounting methods closely follow the standards of U.S. GAAP (Generally Accepted Accounting Principles). However, in some respects, the Corporation’s accounting methods may differ from the standards of U.S. GAAP where the Corporation believes such alternate presentation is preferable. Nonetheless, the Corporation believes that its method of accounting is satisfactory for the Corporation’s purposes and fully and accurately reflects the accounts, activities, and financial results and position of the Corporation. Questions concerning the Corporation’s accounting methods may be directed to the Corporation.

Basis of Consolidation – The consolidated financial statements include the accounts of the Corporation and all wholly-owned and majority-owned subsidiary companies. Majority-owned subsidiary companies are those companies in which the Corporation holds either an economic interest equal to 80% of the value of the outstanding securities of the entity or in which the Corporation has direct voting control over the entity. Any material inter-company balances and transactions have been eliminated in the consolidation.

Reclassifications – Although no material reclassifications were made in 2016, substantial reclassifications occurred in 2004 relative to prior financial statements as a result of the reorganization of the Corporation’s financial statements to better reflect the presentation generally followed under U.S. GAAP.

Reporting Period Modifications – In 2015, the Corporation modified its financial reporting period so that the financial reporting period for each year would end at the end of the calendar year on December 31 instead of on December 10, which was the prior convention. The financial statements for 2015 therefore include a partial period reflecting results of operations between December 11, 2015, and December 31, 2015. The modification was made to simplify the financial reporting process and did not have any impact on the Corporation’s financial statements or results of operations.

Advisory Revenues and Expenses – Advisory revenues are recognized when earned. Advisory revenues are considered earned at the end of each month during which services are provided to the advisory client (or at the end of such other period when an advisory client ends the advisory relationship prior to the end of

Notes to the Consolidated Financial Statements

the month, at which point earned revenues are pro-rated and recognized for the portion of the month over which services were provided). Advisory revenues collected but unearned are included as a component of unearned revenues. Advisory expenses are generally charged to income when incurred, except in the case of business and employee health insurance premiums, certain internet related expenses, and professional certifications, which are credited to prepaid expenses and charged to income on a straight line basis over the effective period of the respective item.

Retail Revenues and Expenses – Retail sales revenues are recognized when the products ordered by the customer are shipped to the customer. If a single order is divided between different shipments, the Corporation will recognize the portion of the order shipped as revenue and maintain an unearned revenue balance for the remaining order due to the customer. Retail revenues collected but unearned are included as a component of unearned revenues. Retail expenses are recognized as incurred.

Investment Interest Income and Interest Income/(Expense) – The Corporation includes interest income in the consolidated financial statements in either the investment interest income category or the interest income/(expense) category. The category in which interest income is included is based on the underlying asset on which the interest income is earned. For securities investments, interest income is included in investment interest income. For cash balances, the Corporation classifies cash accounts as either held for investment or held for operations. Cash held by the Corporation itself is classified as cash held for investment, and interest earned thereon is included in investment interest income. Cash held by Winter Harbor Advisors, L.L.C., is classified as cash held for operations, and interest earned thereon is included in interest income/(expense).

Cash & Cash Equivalents – The Corporation includes all cash and similar highly liquid instruments, such as checks and money orders, either held directly by the Corporation or held by financial institutions such as banks and/or brokerage firms on behalf of the Corporation, in cash and cash equivalents.

Accounts Receivable – Accounts Receivable consists of funds owed to the Corporation, primarily by advisory clients.

Inventories – Inventories consist of goods (primarily collectible stock and bond certificates) held by the Corporation for resale to retail customers. Inventories are accounted for at the lower of original cost or estimated fair market value.

Investments – Investments reflect the marketable securities held in the Corporation's investment portfolio and are recorded on the balance sheet at fair market value. The Corporation classifies all of the marketable securities in the investment portfolio as available-for-sale. Unrealized gains and losses within the investment portfolio are recorded, net of taxes, as a component of shareholders' equity under the heading "accumulated other comprehensive income." Recognized gains and losses are recognized upon the sale of a marketable security and are reflected in the income statement on a specific identification basis.

Generally accepted accounting principles include a provision providing for the immediate recognition in the income statement of unrealized losses on investments which, under certain circumstances, are considered other-than-temporary impairments. An investment is considered impaired when its fair market value is less than the original cost basis of the respective investment (that is, when an unrealized loss is attributable to the respective investment). Generally, the Corporation does not test for possible other-than-temporary impairments within its investment portfolio due to the extended holding period over which the Corporation intends to hold investments purchased for the investment portfolio. Among other considerations, the determination of other-than-temporary impairments generally requires substantial judgment on the part of management. Regardless of the recognition of unrealized losses in the income statement, unrealized losses are reflected in the net asset value per share of the common stock due to the recording of unrealized losses (and gains) in the accumulated other comprehensive income account as a component of shareholders' equity.

Long Term Debt – Long-term debt is any liability with a term of repayment exceeding one year.

Notes to the Consolidated Financial Statements

Deferred Income Taxes – Deferred income taxes reflect an estimate of the federal income taxes the Corporation expects to pay on net unrealized gains and losses in the Corporation’s investment portfolio (upon realization of these unrealized gains and losses) and temporary differences which have arisen due to differences between the Corporation’s financial reporting and tax reporting. The Corporation does not presently have any temporary differences which have arisen due to differences between its financial reporting and tax reporting.

Shares Outstanding – Shares outstanding reflects the total number of shares of the common stock outstanding as of the date or the end of the period presented (calculated as the number of shares issued less the number of shares, if any, held in treasury). For purposes of calculating earnings per share on a basic and diluted basis, the Corporation does not adjust the number of shares outstanding to present a weighted average of shares outstanding over the period as required by GAAP. This deviation from GAAP does not generally result in a material difference in basic or diluted earnings per share.

Treasury Stock – Treasury stock (at cost) reflects the cumulative price paid by the Corporation for all shares of the common stock repurchased by the Corporation, if any, which are held in treasury rather than cancelled to reduce the number of issued shares.

Note 3 – Other Income

Other income consists of various items such as refund refusals by retail customers, service credits, bad debt expense, and reimbursements/recoveries for costs associated with returned inventory. Questions as to the specific composition of this category for any year may be directed to the Corporation.

Note 4 – Income Taxes

The Corporation pays federal and state income taxes at statutory rates offset by certain deductions and exemptions which the Corporation receives under the federal and respective state tax codes. The Corporation makes estimated federal and, when required, state income tax payments periodically throughout the year based on the Corporation’s estimate of the ultimate federal and state income tax liability for the year with any difference between total estimated tax payments and actual federal and state tax liability reconciled with the filing of the Corporation’s federal and state income tax returns.

Note 5 – Prepaid Expenses

Prepaid expenses represent the value of goods and services for which the Corporation has paid prior to receipt or performance of the goods or services. The Corporation’s prepaid expenses reflect prepaid amounts for web site hosting services, premiums for statutorily required surety bonds for the advisory subsidiary, and certain membership fees for professional organizations. The Corporation generally pays for web site hosting services on a multiple year basis and charges web site hosting expenses to income on a monthly basis. The Corporation generally pays statutory surety bond premiums annually and charges surety bond expenses to income on a monthly basis. Fees for professional organizations which benefit the Corporation are generally paid annually and charged to expense on a monthly basis.

Note 6 – Accounts Receivable

The entire balance of accounts receivable, as of December 31, 2016, was receivable from a single advisory client. The Corporation continuously monitors accounts receivable and periodically assesses the collectability of outstanding accounts receivable for potential impairment. In the event the Corporation determines that it is more likely than not that an accounts receivable balance will ultimately not be collectible, the Corporation charges the estimated uncollectible portion to expenses in the period such determination is made, reducing the reported net balance of accounts receivable.

Note 7 – Other Current Assets

Other current assets consist of assets which can be easily and quickly converted into cash or cash equivalents. Examples of other current assets held by the Corporation are postage stamps or positive balances on the Corporation’s line of credit.

Notes to the Consolidated Financial Statements

Note 8 – Intangible Assets

Intangible assets represent the notional value of assets held by the Corporation which are not physical assets and likely could not be easily sold for value. The Corporation's intangible assets consist primarily of domain name registration fees. The Corporation maintains a number of web site domain registrations which and prepaid associated registration fees for multiple year registrations. In 1999, the Corporation registered its domain name, www.getzassoc.com, which is currently registered through 2022. In 2005, the Corporation registered its subsidiary's domain name, www.winterharboradvisors.com, which is also currently registered through 2022. In 2013, the Corporation registered an alternate domain name, www.getz-associates.com, which is registered through 2023. The Corporation charges prepaid domain name registration expenses to income on an annual basis.

Note 9 – Other Assets

Other assets consist of assets held by the Corporation which are relatively illiquid. Examples of other assets are envelopes, folders, binders, corporate stock certificates, certain guarantee deposits, and other materials that would be difficult to convert into cash. Due to the nature of these assets, the Corporation has elected to assign no carrying value to these assets except where the Corporation would receive a fixed and specific cash payment upon termination of the respective guarantee.

Note 10 – Shareholders' Equity

The Corporation has 30,000 shares of common stock authorized for issuance without par value. The Corporation may, from time to time and subject to its discretion, sell additional shares of its common stock (subject to applicable federal and state securities registration exemptions) to fund future growth and/or for other general corporate purposes.

Note 11 – Treasury Stock

The Corporation repurchased 125 shares of the common stock during 2016 from an existing shareholder through a share redemption. The shares were classified as treasury stock and may be reissued by the Corporation at a future date.

Note 12 – Accumulated Other Comprehensive Income

The change in accumulated other comprehensive income is related to the unrealized gains and losses on investments within the Corporation's investment portfolio. Unrealized gains and losses are reported in accumulated other comprehensive income net of the estimated federal income taxes payable upon realization of unrealized gains and losses within the investment portfolio (taking into account estimated transaction costs associated with such realizations).

Note 13 – Accounts Payable

Accounts payable reflects amounts owed by the Corporation to suppliers for products purchased and received but not yet paid for and to employees for compensation accrued but not yet paid. The vast majority of the Corporation's retail products are purchased on a basis requiring immediate payment to the supplier. As a result, the Corporation generally does not carry account balances with product suppliers.

Note 14 – Accrued Liabilities

Accrued liabilities are short-term liabilities which carry terms of payment of less than one year. Accrued liabilities may include payments owed for services or products received (other than products for resale) but not yet paid for, short-term loans taken by the Corporation to fund immediate cash or credit needs, or temporary liabilities which may be paid at any time. Generally, accrued liabilities represent balances carried by the Corporation on one of more of the Corporation's established lines of credit.

Note 15 – Other Current Liabilities

Other current liabilities include current liabilities which are not included under any other current liability category. Current liabilities can include, but are not limited to, sales taxes collected from customers but not yet remitted to the State of Missouri.

Notes to the Consolidated Financial Statements

Note 16 – Deferred Tax Liabilities

Deferred tax liabilities consist of projected federal income taxes on capital gains for which the Corporation would be liable upon the sale of its investment portfolio and, when applicable, state sales taxes collected from customers and not yet remitted to the State of Missouri.

Note 17 – Lines of Credit

The Corporation maintains revolving lines of credit with American Express. The Corporation's revolving line of credit with American Express was established in 2003 and currently permits the Corporation to borrow up to two thousand five hundred dollars (\$2,500.00). Winter Harbor Advisors, L.L.C., the Corporation's advisory subsidiary, maintains a separate revolving line of credit with American Express which was established in 2006 and which currently permits the advisory subsidiary to borrow up to sixteen thousand dollars (\$16,000.00). The interest rate applicable to balances carried by the Corporation and/or the advisory subsidiary on any of these revolving lines of credit is based on a premium over the prime interest rate and varies by line of credit. Generally, the Corporation and its advisory subsidiary manage their revolving debt in order to minimize any interest payments. Repayment of borrowings under the Corporation's and/or the advisory subsidiary's revolving lines of credit, in the event that the Corporation and/or the advisory subsidiary default on any such payment, is guaranteed by persons related to the Corporation. As of December 31, 2016, the outstanding balance under the Corporation's revolving lines of credit (including the Corporation's subsidiary's line of credit) was \$12.72.

Note 18 – Incentive Stock Option Plan

In 1999, the Corporation's shareholders approved an incentive stock option plan (hereinafter the "Plan") which provided for the granting of incentive stock options, at the discretion of the Corporation's board of directors, to certain employees of the Corporation. Incentive stock options issued under the Plan were classified as qualified incentive stock options and were granted with an exercise price not less than the net asset value per share of the common stock (considered the fair market value per share of the common stock for the purposes of the Plan) on the date of grant of the respective incentive stock options. Incentive stock options granted under the Plan were exercisable by the recipient immediately upon grant. The Plan was not renewed and automatically expired in July of 2009.

In computing the number of shares outstanding on a diluted basis (reflecting the issuance of shares upon exercise of stock options), the Corporation uses the treasury stock method. Under this method, the Corporation assumes that all outstanding stock options with an exercise price less than or equal to the net asset value per share of the common stock at the time of the calculation are exercised (resulting in the issuance of shares of the common stock) and a number of shares of the common stock with a total net asset value equal to the proceeds from the exercise of such stock options are repurchased.

Note 19 – Related Party Transactions

The Corporation has in the past engaged in transactions and contractual relationships with related parties. Generally, these transactions and contractual relationships allowed the Corporation to borrow funds from a related party and were integral to the initial development and financing of the Corporation upon its organization in 1995. The last of these contractual relationships was terminated by the Corporation in 2001. Since that time, the Corporation has not engaged in any material transactions or contractual relationships with a related party other than as noted elsewhere herein.

In January of 2006, simultaneous with the organization of Winter Harbor Advisors, L.L.C., the Corporation entered into an agreement with Carlton A. Getz, a director and executive officer of the Corporation in addition to the Corporation's largest shareholder, to sell the rights to the name "G&A Financial, L.L.C." for cash equal to the Corporation's recorded intangible asset value of ninety dollars (\$90.00). As part of this agreement, Mr. Getz has agreed not to use the name for any business within the next ten (10) years other than for a business in which the Corporation owns the entire financial interest in such business. The transaction was completed during 2006.

The Corporation has been informed that certain executive officers of the Corporation hold personal interests (in the form of securities purchased on the open market) in one or more of the companies in which

Notes to the Consolidated Financial Statements

the Corporation holds investments. The Corporation does not believe that these cross-holdings of securities are on a scale sufficient to be material to the Corporation or to materially affect the market value of the respective securities.

Note 20 – Industry Segments

The Corporation operates in three different and distinct business segments and reviews the operations and financial results of each business segment individually. These business segments are portfolio management (in which the Corporation manages its investment portfolio on behalf of the shareholders), financial and investment advisory services (which are offered through the Corporation's wholly owned subsidiary, Winter Harbor Advisors, L.L.C., a Utah limited liability company), and online retailing (in which the Corporation sells collectible stock and bond certificates (scripophily), stamps (philately), and related supplies online under the name "World Wide Stamp Company"). The Corporation considers portfolio management its core business operation.

Note 21 – Subsidiaries

The Corporation is the sole member of Winter Harbor Advisors, L.L.C., (hereinafter, the "Advisory Subsidiary"). The Advisory Subsidiary is a separate legal entity organized as a Utah limited liability company and is wholly owned by the Corporation. The Advisory Subsidiary is registered with the Utah Division of Securities as a registered investment advisor (RIA) and conducts its operations in accordance with the regulations applicable to investment advisors promulgated by the United States Securities and Exchange Commission and the Utah Division of Securities. For federal income tax purposes, the Advisory Subsidiary is classified as a disregarded entity, which generally means that the operations of the Advisory Subsidiary are not considered separate from those of the Corporation for federal and state income tax purposes and are included on a consolidated basis with the operations of the Corporation on the Corporation's federal and state corporate income tax returns. In March of 2006, in conjunction with the organization of the Advisory Subsidiary, the Corporation made a capital contribution of twelve thousand dollars (\$12,000) to the Advisory Subsidiary in exchange for a 100% interest in the equity of the Advisory Subsidiary.

As of December 31, 2016, the Corporation recorded a net investment of \$22,000.00 in Winter Harbor Advisors. A reconciliation of the Corporation's net investment is provided below:

As of December 31:	<u>2016</u>	2015	2014
Cash and Equivalents:	<u>\$16,902.15</u>	\$18,431.54	\$32,780.09
Other Assets:	<u>\$8,015.59</u>	<u>\$6,685.33</u>	<u>\$5,034.42</u>
Total Assets:	<u>\$24,917.74</u>	\$25,116.87	\$37,814.51
Liabilities:	<u>\$12.72</u>	\$269.52	\$88.79
Taxes Payable:	<u>\$2,905.02</u>	<u>\$2,847.32</u>	<u>\$5,965.88</u>
Total Liabilities:	<u>\$2,917.74</u>	<u>\$3,116.84</u>	<u>\$6,054.67</u>
Net Investment:	<u>\$22,000.00</u>	<u>\$22,000.03</u>	<u>\$31,759.84</u>

The Corporation receives cash distributions from the Advisory Subsidiary at least annually related to income tax liabilities and dividend distributions of excess capital. The Corporation received \$7,229.69 in dividend distributions and \$2,545.00 in income tax liability adjustment payments during 2016.

Note 22 – Subsequent Events

The Corporation has no material subsequent events to report.

