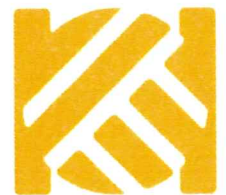


Apple Bus Holdings, Inc.

Cleveland, Missouri

**CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY
INFORMATION WITH INDEPENDENT AUDITORS' REPORT**

June 30, 2017 and 2016



**K · C O E
I S O M**

Apple Bus Holdings, Inc.

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June 30, 2017 and 2016

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Apple Bus Holdings, Inc.
Cleveland, Missouri

We have audited the accompanying consolidated financial statements of Apple Bus Holdings, Inc. and its subsidiary, Apple Bus Company (collectively, the Company), which comprise the consolidated balance sheets as of June 30, 2017 and 2016; the related consolidated statements of income, changes in stockholders' equity, and cash flows for the year ended June 30, 2017, and the period ended June 30, 2016; and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

INDEPENDENT AUDITORS' REPORT

(Continued)

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of June 30, 2017 and 2016, and the results of its operations and its cash flows for the year and period then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

KCoe Isom, LLP

November 17, 2017

Lenexa, Kansas

FINANCIAL SECTION

Apple Bus Holdings, Inc.
CONSOLIDATED BALANCE SHEETS

June 30	2017	2016
ASSETS		
Current Assets		
Cash	\$ 14,253,438	\$ 3,888,143
Accounts receivable - net	4,663,823	3,448,442
Prepaid insurance	170,644	72,961
Notes receivable - related parties	111,836	111,836
Total Current Assets	19,199,741	7,521,382
Property and Equipment		
Buses	57,179,976	34,219,445
Radio equipment	1,338,604	924,813
Service vehicles	344,955	268,534
Shop equipment	21,644	3,685
Furniture and fixtures	12,495	4,696
Leasehold improvements	154,688	139,538
Subtotals	59,052,362	35,560,711
Accumulated depreciation	(11,597,513)	(2,805,112)
Total Property and Equipment - Net	47,454,849	32,755,599
Other Assets		
Deposits	313,557	184,716
Goodwill - net	12,539,039	13,990,664
Total Other Assets	12,852,596	14,175,380
TOTAL ASSETS	\$ 79,507,186	\$ 54,452,361

The accompanying notes are an integral part of these consolidated financial statements.

Apple Bus Holdings, Inc.
CONSOLIDATED BALANCE SHEETS
(Continued)

June 30	2017	2016
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	\$ 707,596	\$ 590,452
Accrued payroll liabilities	737,232	814,669
Accrued liabilities	736,513	179,588
Income tax payable	-	18,210
Accrued insurance settlement expense	1,126,484	1,148,315
Deferred revenue	418,657	458,657
Current maturities of long-term notes payable	6,173,591	2,204,564
Total Current Liabilities	9,900,073	5,414,455
Noncurrent Liabilities		
Deferred tax liability	9,517,000	9,302,000
Notes payable - less current maturities	47,357,450	26,518,366
Total Noncurrent Liabilities	56,874,450	35,820,366
Total Liabilities	66,774,523	41,234,821
Stockholders' Equity		
Common stock - \$0.01 par value; authorized - 1,000,000 shares; outstanding - 136,111.11	136,111	136,111
Additional paid-in capital	13,475,000	13,475,000
Additional paid-in capital stock options	255,220	168,027
Retained earnings	(1,133,668)	(561,598)
Total Stockholders' Equity	12,732,663	13,217,540
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 79,507,186	\$ 54,452,361

The accompanying notes are an integral part of these consolidated financial statements.

Apple Bus Holdings, Inc.
CONSOLIDATED STATEMENTS OF INCOME

Year and Period	July 1, 2016 - June 30, 2017	February 19, 2016 - June 30, 2016
Operating Revenues		
Contract school revenue	\$ 54,889,198	\$ 15,686,881
Non-school activity trip revenue	1,573,544	633,936
Transit services revenue	3,989,583	1,294,993
Total Operating Revenues	60,452,325	17,615,810
Operating Expenses		
Advertising	32,208	5,662
Bad debts	34,838	-
Bus lease	10,998	409,987
Communication expenses	378,806	92,104
Depreciation and amortization	10,333,810	3,353,883
Driver expenses	791,918	174,567
Facility operations	1,173,654	360,017
Fuel	2,616,332	778,666
Insurance	2,974,495	654,611
Insurance settlement	927,781	541,227
Office expenses	1,146,424	287,960
Other operating costs	282,684	105,818
Professional fees	409,604	1,078,981
Salaries, payroll tax, and benefits	32,272,288	8,954,002
Travel	428,923	99,885
Vehicle maintenance	3,560,382	1,123,106
Vehicle operations	1,212,815	3,465
Total Operating Expenses	58,587,960	18,023,941
Income (Loss) From Operations	1,864,365	(408,131)
Other Income (Expense)		
Gain (Loss) on sale of equipment	(7,565)	1,956
Charitable donations	(39,088)	(6,570)
Interest expense	(2,163,720)	(577,643)
Total Other Income (Expense)	(2,210,373)	(582,257)
Net Income (Loss) Before Income Tax	(346,008)	(990,388)
Income tax (expense) benefit	(226,062)	428,790
Net Income (Loss)	\$ (572,070)	\$ (561,598)

The accompanying notes are an integral part of these consolidated financial statements.

Apple Bus Holdings, Inc.**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**

	Common Stock	Additional Paid-In Capital	Additional Paid-In Capital Stock Options	Retained Earnings	Total
Balance - February 20, 2016	136,111	\$ 13,475,000	\$ -	\$ -	\$ 13,611,111
Stock options vested	-	-	168,027	-	168,027
Net income (loss)	-	-	-	(561,598)	(561,598)
Balance - June 30, 2016	136,111	13,475,000	168,027	(561,598)	13,217,540
Stock options vested	-	-	87,193	-	87,193
Net income (loss)	-	-	-	(572,070)	(572,070)
Balance - June 30, 2017	136,111	\$ 13,475,000	\$ 255,220	\$ (1,133,668)	\$ 12,732,663

The accompanying notes are an integral part of these consolidated financial statements.

Apple Bus Holdings, Inc.**CONSOLIDATED STATEMENTS OF CASH FLOWS**

Year and Period Ended June 30	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	\$ (572,070)	\$ (561,598)
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	10,268,510	3,330,756
Amortization of debt issuance costs	65,300	23,127
Bad debt expense	34,838	-
Provision for deferred income tax (benefit)	215,000	(447,000)
Stock option compensation expense	87,193	168,027
(Gain) Loss on disposal of equipment	7,565	(1,956)
Changes in:		
Accounts receivable	(1,250,219)	3,286,346
Prepaid expenses	(97,683)	153,845
Deposits	(128,841)	(132,716)
Accounts payable	117,144	203,226
Accrued payroll liabilities	(77,437)	(448,638)
Accrued liabilities	556,925	(619,564)
Income tax payable	(18,210)	18,210
Accrued insurance settlement expense	(21,831)	(26,775)
Deferred revenue	(40,000)	30,820
Total Adjustments	9,718,254	5,537,708
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	9,146,184	4,976,110
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of property and equipment	(1,002,070)	(594,629)
Proceeds from disposal of equipment	29,200	2,500
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(972,870)	(592,129)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net payments on line of credit	-	(712,392)
Proceeds on long-term notes payable	7,429,398	-
Payments on long-term notes payable	(5,237,417)	(1,026,319)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	2,191,981	(1,738,711)
Net Increase (Decrease) in Cash	10,365,295	2,645,270
Cash - Beginning of Year and Period	3,888,143	1,242,873
Cash - End of Year and Period	\$ 14,253,438	\$ 3,888,143

The accompanying notes are an integral part of these consolidated financial statements.

Apple Bus Holdings, Inc.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Continued)

Year and Period Ended June 30	2017	2016
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid for interest	\$ 2,211,717	\$ 472,021
Cash paid for taxes	\$ 29,272	\$ -
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Property and equipment purchased through notes payable	\$ 22,550,830	\$ -

The accompanying notes are an integral part of these consolidated financial statements.

Apple Bus Holdings, Inc.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business Apple Bus Holdings, Inc., through its wholly-owned subsidiary Apple Bus Company, Inc. (collectively, the Company), is a full-service passenger transportation regional provider serving customers in several states including Missouri, Kansas, Illinois, Michigan, Louisiana, and Texas. Approximately 93% of the Company's business is centered on pupil transportation with the balance being paratransit, shuttle bus work, large event transportation management services, and non-emergency medical transportation. Services provided to customers are based upon multi-year contracts billed at a daily rate as determined in the terms of agreement. Key Company management have combined industry experience of over 40 years.

Principles of Consolidation The consolidated financial statements include the accounts of Apple Bus Company, Inc., a wholly-owned subsidiary. All significant intercompany accounts and transactions have been eliminated in the consolidation.

Cash and Cash Equivalents For purposes of the consolidated statement of cash flows, the Company considers all short-term investments with maturities of three months or less to be cash equivalents. The balances in the bank periodically exceed the Federal Deposit Insurance Corporation's insured limit.

Accounts Receivable Receivables are presented at face value, net of the allowance for doubtful accounts. The allowance for doubtful accounts is established through provisions charged against income and is maintained at a level believed adequate by management to absorb estimated bad debts based on historical experience, knowledge of customer base, and current economic conditions. Management believes that all of the accounts are receivable and has set the allowance accordingly.

June 30		2017		2016
Accounts receivable outstanding	\$	4,693,823	\$	3,478,947
Amounts for uncollectable accounts		(30,000)		(30,505)
Accounts Receivable - Net	\$	4,663,823	\$	3,448,442

Property and Equipment Property and equipment are stated at cost and depreciation is computed over the estimated useful life of the assets using straight-line methods. Long-lived assets to be held and used are tested for recoverability whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the fair value of the assets, and long-lived assets to be disposed of by sale are reported at the lower of the carrying amount or fair value, less cost to sell. Estimated useful lives generally used in computing depreciation are:

Buses and Service Vehicles	1 to 12 Years
Radio Equipment	5 Years
Other Equipment	5 to 10 Years

Apple Bus Holdings, Inc.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

Contract School Revenue Revenue from pupil transportation is typically provided under contracts with the various school districts served. Contracts typically range from 3 to 5 years and are billed monthly after services are provided. Under the contract, the Company provides both buses and personnel to transport students. The amounts billed may vary depending on changes in route pattern, route frequency, extracurricular activities, and changes in the number of buses needed. Contracts are cancellable by either party if the other fails to meet the terms of the contract.

Debt Issuance Costs Debt issuance costs are amortized on a straight-line basis over the term of the related borrowings. Amortization expense totaled \$65,300 and \$23,127 for the year and period ended June 30, 2017 and 2016, respectively. Amortization expense is expected to be \$65,300 per year over the next 4 years.

Goodwill Goodwill represents the excess cost over fair value of net assets acquired in business combinations accounted for under the acquisition method. The Company adopted the accounting alternative offered to nonpublic companies which allows goodwill to be amortized on a straight-line basis over a ten-year period. The Company evaluates goodwill for impairment upon a triggering event. Amortization expense is expected to be \$1,451,625 per year over the next 5 years.

Deferred Revenue The balance in this account consists of amounts collected during the year from customers for future transportation services to be provided in the following year.

Stock Options The Company recognizes expenses for employee services received in exchange for stock-based compensation on the grant-date fair value of the shares awarded. The determination of the estimated fair value of stock-based payment awards on the date of grant using the Black-Scholes option-pricing model is affected by stock price as well as assumptions regarding a number of complex and subjective variables. The options are valued at an exit event only as no public market exists. The Company derives the expected terms from the historical behavior of participant groupings. Expected volatilities are based on the average volatility of stock for publicly traded companies determined to be in a similar industry as there is no active market for the Company's stock. The risk-free interest rate used in the Black-Scholes option-pricing model is based on the U.S. Treasury zero-coupon issues with remaining terms similar to the expected term on the options. In addition, the Company does not anticipate paying any cash dividends in the foreseeable future; therefore, an expected dividend yield of zero is used in the Black-Scholes option-pricing model. In accordance with accounting principles generally accepted in the United States of America's stock-based compensation guidance, forfeitures are estimated at the time of grant and revised in subsequent periods if actual forfeitures differ from those estimates. Historical data by participant groupings is used to estimate option forfeitures and record stock-based compensation expense only for those awards that are expected to vest. Non-cash compensation cost is recognized on a straight-line basis over the requisite service period.

Business Combinations The Company accounts for business combinations under the principles in the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 805, Business Combinations. The principles set forth how an acquirer recognizes and measures assets acquired, liabilities assumed, and goodwill in a business combination. The cost of an acquisition is measured at the fair value of the assets given and liabilities incurred or assumed at the date of combination. Acquisition-related costs are expensed in the period incurred.

Apple Bus Holdings, Inc.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

Income Tax Income taxes are provided for the tax effects of transactions reported in the consolidated financial statements and consist of taxes currently due plus deferred taxes related primarily to differences between the basis of property and equipment, goodwill, and nondeductible expenses for financial and income tax reporting. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be deductible or taxable when the assets and liabilities are recovered or settled.

The above mentioned differences result in deferred income taxes. If it is more likely than not that some portion or all of a deferred tax asset will not be realized, a valuation allowance would be recognized. The Company recognized no valuation allowance at June 30, 2017 and 2016.

The Company recognizes any interest expense or penalties relating to its tax position in operating expenses. The Company files income tax returns in the U.S. federal jurisdiction and various state jurisdictions. The Company is subject to U.S. federal and state income tax examinations by tax authorities generally for a period of three years after the filing of the tax return.

Estimates The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. Those estimates and assumptions affect the reported revenues and expenses. Actual results could differ from those results.

Evaluation of Subsequent Events The Company has evaluated subsequent events through November 17, 2017, the date which the consolidated financial statements were available to be issued.

2. BUSINESS COMBINATION

On February 19, 2016, the Company acquired 90% of the outstanding shares of Apple Bus Company, Inc., from Apple Bus Company, Inc.'s majority stockholder. Simultaneously, the stockholder contributed 10% of the outstanding shares of Apple Bus Company, Inc., in exchange for 10% of the Company. As a result of these transactions, Apple Bus Company, Inc., became a wholly-owned subsidiary of Apple Bus Holdings, Inc. The accompanying consolidated financial statements include Apple Bus Company, Inc.'s financial results for the year and period ended June 30, 2017 and 2016.

The transaction was accounted for using the acquisition method required by FASB ASC 805, *Business Combinations*. Accordingly, goodwill has been measured as the excess of the total consideration on the acquisition date over the amounts assigned to identifiable assets acquired and liabilities assumed. Goodwill is attributed to Apple Bus Company, Inc.'s industry knowledge and existing client base.

Apple Bus Holdings, Inc.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

The following table summarizes the amounts of identifiable assets acquired and liabilities assumed:

February 19, 2016

Cash and equivalents	\$	1,242,873
Accounts receivable		6,734,789
Property and equipment		34,966,682
Other assets		734,274
Accounts payable and accruals		(4,532,242)
Deferred tax liability		(9,749,000)
Notes payable		(6,452,622)
Total Fair Value Excluding Goodwill		22,944,754
Goodwill		14,516,252
Total	\$	37,461,006

Acquisition related costs in the amount of \$814,512 were recognized in the Company's consolidated income statement for the period ended June 30, 2016.

3. ACCRUED INSURANCE SETTLEMENT EXPENSES

The Company is subject to legal proceedings and claims which arise in the ordinary course of its business. The Company has accrued insurance settlement expenses for claims that were outstanding at June 30, 2017 and 2016, which amounted to \$1,126,484 and \$1,148,315, respectively.

4. LINE OF CREDIT

The Company has a loan agreement with UMB Bank, NA, which provides for a \$6,000,000 line of credit. This line of credit is secured by all business assets of the Company. Payments on accrued interest are due monthly, with the entire unpaid outstanding balance of principal and interest due February 19, 2018. The interest rate is a floating rate equal to LIBOR plus the applicable margin (3.1%), adjusted each month, which was 4.31% and 3.55% at June 30, 2017 and 2016, respectively. As of June 30, 2017 and 2016, there was no outstanding balance on the line of credit.

Apple Bus Holdings, Inc.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

5. NOTES PAYABLE

Outstanding notes payable consist of the following:

June 30	2017	2016
Notes payable to UMB Bank, NA, payable in monthly installments at rates from 3.74% to 11%, due from February 2021 through June 2022. Notes are secured by all assets of the Company with monthly installments ranging from \$38,000 to \$230,000.*	\$ 47,858,102	\$ 23,110,001
Notes payable to Daimler Chrysler, payable in monthly installments at rates from 2.9% to 3.6%, due from June 2022 through 2023. Notes are secured by individual buses with monthly installments ranging from \$2,838 to \$122,847.**	5,911,012	5,916,302
Subtotals	53,769,114	29,026,303
Current maturities	(6,173,591)	(2,204,564)
Subtotals	47,595,523	26,821,739
Debt issuance costs	(238,073)	(303,373)
Total Notes Payable	\$ 47,357,450	\$ 26,518,366

*Due to the seasonal nature of the business for specific notes mentioned above, the Company has negotiated interest-only payments to be made from July through October each year on all term notes with UMB. The mezzanine note with UMB allows for interest only payments to be made on a monthly basis.

**The Company has negotiated no payments to be made from July through September each year.

Subsequent to year end, the Company has made payments on the UMB mezzanine note in the amount of \$3,250,000. The remaining balance on this loan is \$750,000.

Approximate maturities of all long-term obligations are as follows:

Years Ending June 30	
2018	\$ 6,173,591
2019	5,963,194
2020	6,003,411
2021	19,110,555
2022	16,358,630
Thereafter	159,733
Total	\$ 53,769,114

Apple Bus Holdings, Inc.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

6. RELATED-PARTY TRANSACTIONS

Related-party notes receivable from corporate officers totaled \$111,836 as of June 30, 2017 and 2016.

The Company pays a management fee to Great Range Capital, LLC (a stockholder), that may not exceed the greater of \$250,000 or 2% of the earnings before interest, taxes, depreciation, and amortization (EBITDA), plus any accrued but unpaid management fees. Management fees paid under this agreement were \$250,000 and \$90,972 for the year and period ended June 30, 2017 and 2016, respectively. In addition, the Company paid a one-time transaction fee of \$425,000 under this agreement during the period ended June 30, 2016.

The Company leases certain shop facilities and office space from a stockholder of the Company. Charges for these leases were \$289,025 and \$92,000 for the year and period ended June 30, 2017 and 2016, respectively. The Company is committed to total minimum lease payments to related parties as follows:

Years Ending June 30	
2018	\$ 392,791
2019	404,575
2020	416,712
2021	126,686
2022	117,436
Total	\$ 1,458,200

7. OPERATING LEASES

The Company leases bus equipment and terminal facilities. The lease expenses on third-party leases for the year and period ended June 30, 2017 and 2016, were \$491,841 and \$157,105, respectively. The Company is committed to total minimum lease payments to third parties as follows:

Years Ending June 30	
2018	\$ 350,200
2019	215,850
2020	32,250
Total	\$ 598,300

Apple Bus Holdings, Inc.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

8. RISKS AND UNCERTAINTIES

The Company's future operating results may be affected by a number of factors. The Company's operations are in part dependent on government funding of public school transportation. Significant changes in the level of government funding of public schools could have a favorable or unfavorable impact on the operating results of the Company.

9. RETIREMENT PLAN

Apple Bus Company, Inc., instituted a 401(k) retirement plan (the Plan), effective April 1, 2004. Employees are eligible to participate in the Plan on the first day of March or September immediately after attaining 21 years of age. The plan permits eligible employees to make contributions subject to Internal Revenue Service limits. The Company's contributions consist of a match of 10% of employee contributions not to exceed 1% of annual compensation. Employer contributions were \$21,291 and \$5,896 for the year and period ended June 30, 2017 and 2016, respectively.

10. INCOME TAXES

Income tax expenses and benefits were recorded as follows:

June 30	2017	2016
Current Tax Expense (Benefit)		
Federal tax expense (benefit)	\$ -	\$ 13,324
State tax expense (benefit)	11,062	4,886
Total Current Tax Expense	11,062	18,210
Deferred Income Tax Expense (Benefit)		
Relating to:		
Depreciation and amortization	2,008,000	(391,000)
Stock options	(35,000)	(67,000)
Accrued settlement expense	9,000	11,000
Net operating loss	(1,767,000)	-
Total Deferred Income Tax Expense (Benefit)	215,000	(447,000)
Total Provision for Income Tax Expense (Benefit)	\$ 226,062	\$ (428,790)

Deferred income taxes are provided for the temporary differences between the financial reporting basis and the tax basis of the Company's assets and liabilities.

Apple Bus Holdings, Inc.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

Deferred tax assets and liabilities consisted of the following components:

Year and Period Ended June 30	2017	2016
Deferred tax assets:		
Stock options	\$ 102,000	\$ 67,000
Accrued settlement expense	451,000	460,000
Net operating loss	1,767,000	-
Total Deferred Tax Asset	2,320,000	527,000
Deferred tax (liability):		
Depreciation and amortization	(11,837,000)	(9,829,000)
Net Deferred Tax Asset (Liability)	\$ (9,517,000)	\$ (9,302,000)

The Company has a net operating loss carryforward of \$4,418,569 available to offset future federal and state taxable income that will expire in 2037.

11. STOCK OPTIONS

The Company has a stock option plan that covers certain key employees and non-employees. On February 19, 2016, the Company granted options for up to a total of 15,968.4 shares of Company stock to these individuals. Options are granted with an exercise price equal to the fair market value of the Company's stock at the date of the grant. The options' exercise price was \$100, and they expire 10 years after the date of granted. Each option agreement states a vesting schedule for the particular individual, which may be based upon time and/or performance, depending upon the agreement.

Employee Stock Options

The Company granted a total of 9,505 option shares to key employees on February 19, 2016. The total calculated value of these options is \$408,715. Compensation expenses in the amount of \$40,872 and \$13,624 were recognized during the year and period ended June 30, 2017 and 2016, respectively, for the 950.50 and 316.83 shares that vested during the same year and period then ended.

Non-Employee Stock Options

The Company granted a total of 6,463.4 option shares to non-employees on February 19, 2016. The total calculated value of these options is \$277,926. Compensation expenses in the amount of \$46,321 and \$154,403 were recognized during the year and period ended June 30, 2017 and 2016, respectively, for the 1,077.23 and 3,590.78 shares that vested during the same year and period then ended.

Apple Bus Holdings, Inc.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

The following table presents the activity for all options outstanding:

	Incentive Unit Options	Weighted Average Exercise Price
Outstanding - February 20, 2016	-	\$ -
Granted	15,968.4	100
Exercised	-	-
Outstanding - June 30, 2016	15,968.4	100
Granted	-	-
Exercised	-	-
Outstanding - June 30, 2017	15,968.4	100

The fair value of each option is estimated on the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions used for the options granted on February 19, 2016:

Risk-free rate	1.49%
Average expected life	9.65 years
Dividend yield	0.00%
Volatility	32.43%
Estimated fair value of total options granted	\$43.00

SUPPLEMENTARY INFORMATION SECTION

Apple Bus Holdings, Inc.**SCHEDULES OF EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION, AND AMORTIZATION (EBITDA)****Twelve Months Ended June 30, 2017**

Net income (loss)	\$	(572,070)
Interest expense		2,163,720
Income tax expense (benefit)		226,062
Depreciation and amortization expense		10,333,810
Total EBITDA	\$	12,151,522

Twelve Months Ended June 30, 2016

Net income (loss)	\$	641,479
Interest expense		1,188,747
Income tax expense (benefit)		(428,790)
Depreciation and amortization expense		6,693,741
Total EBITDA	\$	8,095,177

Apple Bus Holdings, Inc.
SCHEDULES OF TWELVE-MONTH INCOME

Years Ended June 30	2017	2016
Operating Income		
Contract school revenue	\$ 54,889,198	\$ 43,439,697
Non-school activity trip revenue	1,573,544	1,399,243
Transit services revenue	3,989,583	3,612,674
Total Operating Income	60,452,325	48,451,614
Operating Expenses		
Advertising	32,208	25,065
Bad debts	34,838	36,230
Bus lease	10,998	1,137,671
Communication expenses	378,806	301,749
Depreciation and amortization	10,333,810	6,693,741
Driver expenses	791,918	573,565
Facility operations	1,173,654	1,119,025
Fuel	2,616,332	2,239,743
Insurance	2,974,495	1,979,592
Insurance settlement	927,781	2,014,155
Miscellaneous expenses	-	79
Office expenses	1,146,424	741,725
Other operating costs	282,683	122,925
Professional fees	409,604	1,177,414
Salaries, payroll tax, and benefits	32,272,288	24,871,844
Travel	428,923	287,735
Vehicle maintenance	3,560,382	3,171,531
Vehicle operations	1,212,815	571,795
Total Operating Expenses	58,587,959	47,065,584
Income From Operations	1,864,366	1,386,030
Other Income (Expense)		
Gain (Loss) on sale of equipment	(7,565)	32,575
Charitable donations	(39,088)	(17,169)
Interest expense	(2,163,720)	(1,188,747)
Total Other Income (Expense)	(2,210,373)	(1,173,341)
Net Income (Loss) Before Income Tax	(346,007)	212,689
Income tax (expense) benefit	(226,062)	428,790
Net Income (Loss)	\$ (572,069)	\$ 641,479

Vehicle Maintenance Module

Fleet management includes keeping track of dozens of tasks, and our Vehicle Maintenance Module helps keep you on schedule--and helps keep your riders safe and on time. With the VMM, set mileage parameters, create vehicle service requests, and add approved vendors for services. From increasing passenger safety to meeting emissions requirements, you'll notice a weight off your shoulders immediately!



Why use Trip Master's VMM?

- Stay in compliance with vehicle warranties
- Decrease time spent planning preventive maintenance
- Decrease breakdowns, accidents, and other incidents related to wear and tear
- Track ongoing maintenance expenses
- Increase MPG for greater fuel savings
- Export expense totals to reports and invoices
- Minimize corrosion from road salts, mud, and other damaging materials

...and because you help CTS give back!

When you sign up to use our VMM, we donate 10% of your monthly M&S fees to Easterseals, helping support community-based transit and other services for elderly and disabled people across the United States.



Environmental benefits

- Decrease emissions to improve outdoor air quality and meet state, county, and municipal regulations
- Catch and fix leaks that result in loss of fluids and cause runoff and water pollution
- Improve interior air quality for passengers and drivers, creating a healthier work and travel setting

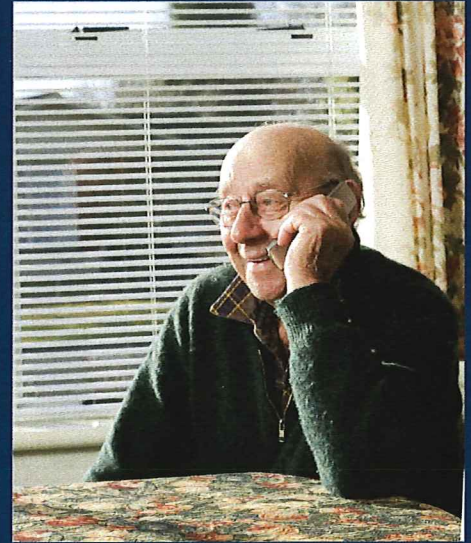
Remember: a well-maintained vehicle is a cost-effective vehicle!

Interactive Voice Response

Automatic reminder calls

No-shows cost you time and money! CTS Software's integrated system automatically contacts your passengers with a day-before call and/or an on-the-way call reminding them of their ride.

IVR gives you a customized notification options to drastically reduce wait time and no-shows, eliminate time-consuming manual calling, and improve customer satisfaction. As a bonus, our system is web-based, leaving your phone lines free!



"With CTS's IVR, we went from 13 percent no-shows to 1 percent."

—Big Bend Transit, FL

Customized settings include company name and callback number. With the IVR report tool, you see data including:

- Time calls go out
- How many attempts were made
- Call status (answered, message left, or no answer)

Day Before

The IVR system automatically notifies your passengers the day before their scheduled reservation of their scheduled pickup time, your company's name, and provides your call-back number.

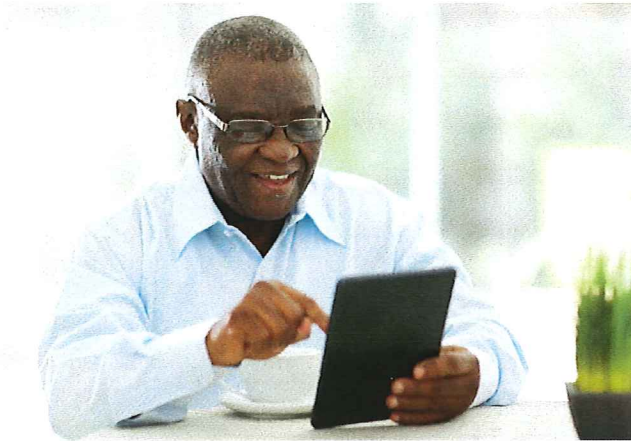
On The Way

The IVR system automatically notifies your passengers prior to your driver's arrival. The call will tell your rider that the driver will be there shortly, so they can be ready to go.

"CTS has been a huge success for us and has made life easier since we have been using Trip Master. If you need an update in the way you are currently operating and want to save time and effort, Trip Master is the way to go."

- Calhoun County Transit, NC

Trip Master's Online Rider Portal



Taking phone calls for reservations is a major time investment for your dispatchers. Cut down on phone traffic by enrolling your riders in the Trip Master Rider Portal, an online tool that allows them to easily manage ride requests from their computer or smart phone. You can also enroll Rider Delegates, people from assisted living facilities, hospitals, group homes, or similar organizations, who can make ride requests on behalf of riders.

The end result? Happier dispatchers and better customer service!

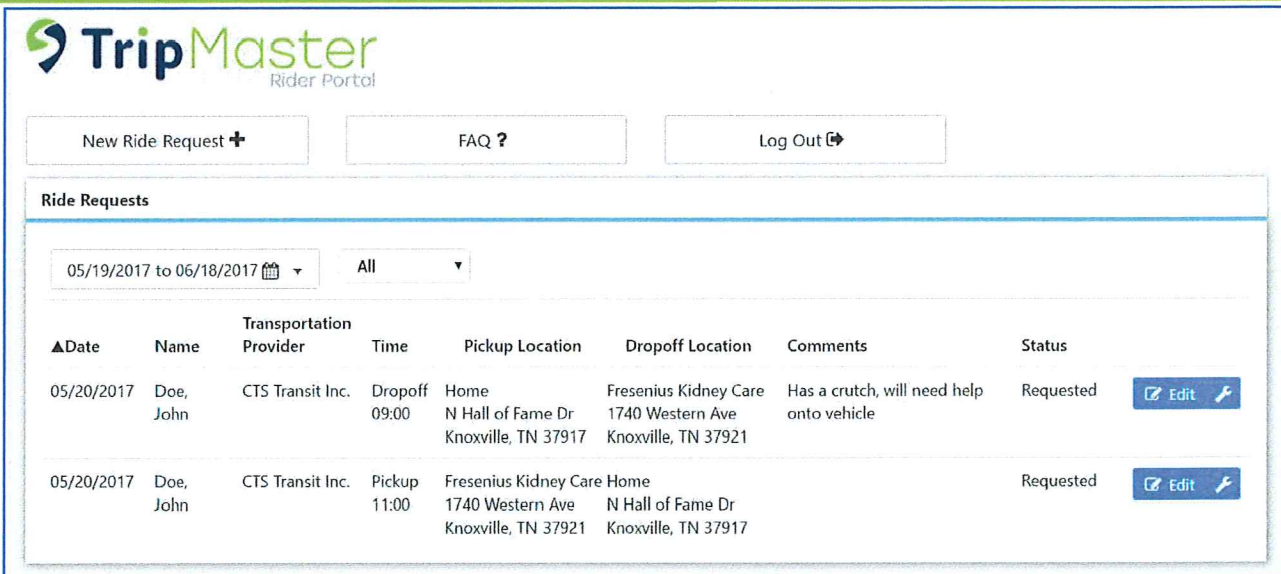
Inviting customers to the Rider Portal is easy:

- Enter an email address
- Click "Invite to Portal"

...and they're in!

For customers, using the Portal is easy:

- Accept invitation and create a password
- Use an intuitive one-page wizard to enter the date, time, and places they want to go
- Check their reservation status to see if it's pending, accepted, or rejected
- See a reason if a reservation is rejected



TripMaster Rider Portal

New Ride Request + FAQ ? Log Out ⇨

Ride Requests

05/19/2017 to 06/18/2017 📅 All ▾

▲Date	Name	Transportation Provider	Time	Pickup Location	Dropoff Location	Comments	Status
05/20/2017	Doe, John	CTS Transit Inc.	Dropoff 09:00	Home N Hall of Fame Dr Knoxville, TN 37917	Fresenius Kidney Care 1740 Western Ave Knoxville, TN 37921	Has a crutch, will need help onto vehicle	Requested Edit
05/20/2017	Doe, John	CTS Transit Inc.	Pickup 11:00	Fresenius Kidney Care 1740 Western Ave Knoxville, TN 37921	Home N Hall of Fame Dr Knoxville, TN 37917		Requested Edit

Trip Master's Passenger Ticketing Solution

Collecting cash fares is time-consuming for drivers and office staff, and a liability to transport and store on vehicles. Eliminate these issues with ParaPass from CTS Software, an optional module to complement ParaScope, our mobile application. Keep better track of fare payments in a way that's safe for your drivers and easy for your riders—they just load a pass at the office or over the phone, your driver scans it when they board, and off they go!



ParaPass allows you to:

- Save time and stress associated with onboard cash handling
- Reduce the liability of handling and transporting cash in vehicles and in the office
- Increase ontime performance by streamlining driver tasks
- Increase accountability in fare handling
- Easily accommodate passengers who prefer to prepay via credit or debit card
- Track use of passes
- Increase ridership by offering flexibility in payment methods



"CTS has been a huge success for us and has made life easier since we have been using Trip Master. If you need an update in the way you are currently operating and want to save time and effort, Trip Master is the way to go."

—Calhoun County Transit, NC