

First Mutual Insurance Company

Smithfield, North Carolina

Report on Examination

As of December 31, 2014

First Mutual Insurance Company

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REPORT ON EXAMINATION OF FINANCIAL CONDITION

Honorable Wayne Goodwin
Commissioner of Insurance
State of North Carolina
Raleigh, North Carolina

Sir:

Pursuant to your instructions and in accordance with Section (“§”) 58-2-131 of the General Statutes of North Carolina (“GS”), the North Carolina Department of Insurance (“Department”) conducted an examination of the records, business affairs and financial condition of

First Mutual Insurance Company

(hereinafter referred to as the “Company”), at its main administrative and statutory home office located at 614 East Market Street in Smithfield, North Carolina. The following report on examination is respectfully submitted.

SCOPE OF EXAMINATION

This examination covers the period from January 1, 2010 to December 31, 2014, including any material transactions and events occurring subsequent to the examination date and noted during the course of this examination. The Department’s most recent prior examination of the Company was as of December 31, 2009.

This examination was conducted in accordance with auditing standards established by the Department and procedures established by the National Association of Insurance Commissioners (“NAIC”). We examined the Company to evaluate the financial condition and identify prospective risks by obtaining information regarding its corporate governance structure, identifying and assessing inherent risks, and evaluating system controls and other procedures used to mitigate those risks. This examination also included assessing the principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation and management’s compliance with GS Chapter 58.

This examination was risk-focused and consisted of a seven-phase process used to identify and assess risk, assess the adequacy and effectiveness of strategies and controls used to mitigate risk and assist in determining the extent and nature of testing procedures to review the Company’s key activities. This process included a determination of the quality and reliability of the Company’s corporate governance structure and risk management programs, as well as, verification of specific portions of the financial statement. All accounts and activities of the Company were considered; however, the examination focused on areas of high risk and fewer tests were performed on the accounts identified as having a low risk of misstatement.

Our examination was directed specifically to the quality, value and integrity of the admitted assets and liabilities reported by the Company in its 2014 Annual Statement (“AS”), as those balances are critical to determining financial solvency.

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SUMMARY OF SIGNIFICANT FINDINGS

- a) The Company's fidelity bond coverage totaled \$100,000 at December 31, 2014, which was less than the minimum amount recommended by the NAIC. We recommend that the Company increase its fidelity bond coverage to at least \$125,000 but no greater than \$150,000 based on its current exposure. (Refer to Subsequent Events)

SUBSEQUENT EVENTS

Effective October 12, 2015, the Company increased its fidelity bond coverage to \$150,000.

COMPANY HISTORY

The Company was incorporated as a county farm mutual insurer on February 16, 1961, as Farmers County Mutual Fire Insurance Company of Johnston, Franklin, and Harnett Counties and was subject to the surplus requirements of NCGS 58-7-75(5)d.

The Company's charter was amended in June of 1969, to change its name to Farmers County Mutual Fire Insurance Company, Inc. The Company became one of several investor county mutual insurance companies in Alliance Mutual Insurance Company in 1976, which allowed the Company to write homeowners, farmowners and inland marine policies for its policyholders with Alliance Mutual Insurance Company writing perils coverage (other than fire), extended coverage and additional extended perils coverage.

On September 15, 1986, the Company's charter was amended to change its name to First Mutual Insurance Company and to extend its operating territory to include Sampson, Wake, and Wayne counties. On October 2, 1987, the Company was authorized to operate as a statewide property and casualty insurer in North Carolina. The Company became an assessable mutual insurance company effective October 19, 1997, subject to the surplus requirements of NCGS 58-7-75(5)b. The Company's charter was amended again in 1998, to permit the writing of liability coverage under the homeowners, farmowners, mobile homeowners, and church protector package policies.

The Department approved a request for the Company to assume the existing book of business of Pitt Farmers Mutual Insurance Company (PFMIC), a county farm mutual insurance company, effective January 1, 2010. The transaction included the Company assuming all of PFMIC's policies for a three-year period. In return, the Company received \$414,000 in premiums to provide coverage and a \$40,000 cash deposit to cover incurred but not reported claims related to the PFMIC policyholders at December 31, 2009. On July 1, 2010, the Company refunded the \$40,000 cash deposit for incurred but not reported claims as no subsequent claims were reported for policyholders as of December 31, 2009.

On February 28, 2011, the Company's charter was amended to re-organize from a mutual insurance company pursuant to NCGS 58-7-75(5)(b) and 58-7-75(7)(b) to a mutual insurance company pursuant to NCGS 58-7-75(8)(a).

The Company consolidated the business of Farmers Mutual Fire Insurance Company of Wilkes, Watauga, Ashe, Surry and Yadkin Counties, a county farm mutual insurance company, with its business in 2013. The Company's surplus increased by \$325,838 as a result of this merger. (Refer to Note 7)

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CORPORATE RECORDS

We reviewed the meeting minutes of the board of directors and committees for the period under examination. Based on our review, it appears that the minutes documented the Company's significant transactions and events, and that the directors approved these transactions and events.

The Company amended its by-laws in 2013 to change the annual policyholder meeting time and to lower the number of policyholders required for a quorum. This amendment was properly filed with the Department.

MANAGEMENT AND CONTROL

Board of Directors

The business of the Company is managed by its management team and subject to review by the Board of Directors ("Board"). The bylaws specify that the number of directors shall be not less than seven, but not more than nine. Directors are elected at the annual policyholders meeting and serve for a term of three years.

The following individuals were serving as directors at December 31, 2014:

<u>Name</u>	<u>Address</u>	<u>Principal Business Affiliation</u>
Bennie R. Gupton	Louisburg, NC	Retired
Graham R. Neville	Smithfield, NC	First Mutual Insurance Company
Grace E. Reaves	Smithfield, NC	First Mutual Insurance Company
Ted W. Honeycutt	Angier, NC	Honeycutt Farms
Davidson V. Neville	Smithfield, NC	Triangle Insurance & Benefits, Inc.
D. Keith Parrish	Benson, NC	Self Employed
T. Allen Dickerson	Smithfield, NC	Total Argibiz, LLC.

Committees

The Board has the authority to establish committees including, but not limited to, underwriting, investment and audit activities. The established committees and the individuals elected and serving at December 31, 2014, were as follows:

Underwriting Committee	Investment Committee	Audit Committee
Ted W. Honeycutt	Davidson V. Neville	Graham R. Neville
Bennie R. Gupton	Grace R. Reaves	Davidson V. Neville
D. Keith Parrish	Graham R. Neville	T. Allen Dickerson

Officers

The bylaws provide that the Board elect the officers of the Company. The officers of the Company consist of a president, a vice president, an executive vice president, a secretary and a treasurer. All officers shall

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hold office, subject to removal at any time by the Board, until their successors are elected and qualified. Any two offices, not inconsistent with each other, may be held by the same person.

The following individuals served as officers at December 31, 2014:

<u>Name</u>	<u>Title</u>
Bennie R. Gupton	President
Graham R. Neville	Executive Vice President and Secretary
Ted W. Honeycutt	Vice President
Grace E. Reaves	Treasurer

RELATED PARTY TRANSACTIONS

The Company's Executive Vice President and Secretary, Graham Neville, is a 50% stockholder in the insurance marketing agency, First Mutual Insurance Services, Inc. (the "Agency"). The Agency appoints agencies for the Company, compensates such agents on a commission basis, and provides office space, utilities and equipment. The Company pays for these services through a commission based on the policies written by the Company.

The Company incurred commission expenses totaling \$1,319,826 and \$1,154,237, in 2014 and 2013, respectively, under its agreement with the Agency, which represents a commission rate of 22.5% of direct written premiums. The Company reported commissions payable to the Agency totaling \$195,680 and \$160,485 at December 31, 2014 and 2013, respectively.

FIDELITY BONDS

The Company had fidelity bond coverage totaling \$100,000, which was \$25,000 below the minimum amount recommended by the NAIC. (Refer to the Summary of Significant Findings and Subsequent Events)

BENEFIT PLANS

The employees of the Company are eligible to participate in a 401(k) plan after 90 days of employment. The Company matches 100% of the first 3% contributed and then 50% of the next 2% contributed. The Company's contribution to the plan totaled \$6,572 and \$5,062 in 2014 and 2013, respectively.

TERRITORY AND PLAN OF OPERATION

At December 31, 2014, the Company was licensed in the states of North Carolina, South Carolina and Tennessee. Statutory deposits are maintained as required by insurance regulatory agencies for doing business in such jurisdictions. The Company's 2014 AS Schedule E Part 3 contains a complete description and listing, by State, of the Company's statutory deposits.

The Company currently writes homeowners, farmowners, fire, allied lines, and inland marine policies. The Company utilizes independent agents for the distribution of its product and solicitation of business. All policies are issued annually. Insured's may elect to pay on an installment basis.

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TRENDS OF THE COMPANY

The following data, obtained from annual statements filed with the Department and from the last report on examination, illustrates the trends of the Company for the five (5) year period ended December 31, 2014:

			Gross		
	Net Admitted		Premiums	Net Earned	Net
Year	Assets	Surplus	Written	Premiums	Income(Loss)
2014	\$5,614,960	\$4,277,785	\$6,272,284	\$1,124,639	\$185,365
2013	5,322,884	4,155,197	5,458,833	1,026,633	109,708
2012	5,494,082	4,369,438	4,958,923	1,090,733	195,967
2011	5,510,148	4,097,049	4,648,614	1,109,793	(139,007)
2010	5,382,168	4,157,492	5,461,953	1,201,787	331,536

ACTUARIAL OPINION

Every property and casualty insurance company doing business in this State, unless otherwise exempted by the Commissioner, shall annually submit the opinion of an appointed actuary and an actuarial opinion summary in accordance with GS § 58-10-150 and GS § 58-10-155.

The statutory reserves and related items for 2014 were reviewed and certified by the Company's Appointed Actuary, Robert W. Van Epps, FCAS, MAAA of Financial Risk Analysts, LLC. Actuarial opinions regarding the Company's reserves for loss and loss adjustment expenses were issued by an appointed actuary for all years in the examination period. The appointed actuary evaluated the data provided by the Company for reasonableness and consistency of the loss and loss adjustment expense reserves. According to the actuarial opinions, the Company's reserves on the loss and loss adjustment expense met the requirements of the insurance laws of North Carolina; were consistent with reserves computed in accordance with accepted actuarial standards and principles; and made a reasonable provision for all unpaid loss and loss expense obligations of the Company.

REINSURANCE

Reinsurance Ceded

Quota Share Coverage

The Company has a Property and Casualty Quota Share contract with SCOR Reinsurance Company, effective January 1, 2014, whereby the Company cedes 50% of the net retained liability up to \$50,000, each loss, each and every risk for property losses. The Company cedes 100% of the net retained liability up to \$50,000, each loss, for casualty losses.

The Company also has an Agricultural Property and Casualty Quota Share contract with SCOR Reinsurance Company, effective January 1, 2014, whereby the Company cedes 50% of the net retained liability, per policy, for property losses except for Identity Recovery Coverage, Home Systems Protection, and Equipment Breakdown Coverage which are 100% reinsured under a separate treaty with Hartford Steam Boiler.. The Company cedes 100% of the net retained liability of the first \$50,000 per loss occurrence for casualty losses.

In 2014 and 2013, the Company ceded premiums totaling \$2,349,000 and \$1,986,000, respectively, to SCOR under these contracts.

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Excess of Loss Coverage

The Company has an excess of loss contract with Platinum Underwriters Reinsurance, effective January 1, 2014, which is a three-layer excess of loss contract. The first layer provides \$50,000 of coverage in excess of a \$50,000 net loss limit, the second layer provides \$900,000 of coverage in excess of a \$100,000 net loss limit, and the third layer provides \$1,000,000 of coverage in excess of a \$1,000,000 net loss limit on all policies written by the Company, except, , crop hail, farmowners equipment breakdown policies, home system protection, identity recovery coverage and equipment breakdown on inland marine policies.

The Company ceded premiums totaling \$1,511,000 and \$1,381,000 in 2014 and 2013, respectively, to Platinum Underwriters under this contract.

Catastrophe Coverage

The Company has a catastrophe contract, effective January 1, 2014, which provides three layers of excess coverage for multiple lines from catastrophes. The first layer provides coverage of up to \$250,000 of the net loss in excess of \$250,000 per occurrence; the second layer covers up to \$2,000,000 in excess of \$500,000; and the third layer covers up to \$11,500,000 in excess of \$2,500,000. The Company pays deposit premiums quarterly, which are adjusted to no less than \$392,800 at the contract expiration based on a percentage of net earned premiums.

The Company also has a Property Catastrophe Reinstatement Premium Protection contract that pays the reinstatement premium of the Three Layer Property Catastrophe Excess of Loss listed above in the event that one or more of the layers coverage's are exhausted and need to be reinstated. The premium for this coverage is equal to 1.12% of net written premiums, subject to a minimum annual premium of \$20,800.

ACCOUNTS AND RECORDS

The Company's books and records are maintained at 614 East Market Street in Smithfield, North Carolina.

Independent Auditor

The books and records of the Company are audited annually by independent certified public accountants in accordance with GS § 58-10-185(a). Rives & Associates, LLP of Lexington, North Carolina, the designated independent public accountant of the Company, issued an unqualified opinion for each year subsequent to the Department's prior examination except for the year ended December 31, 2014, in which a qualified opinion was issued due to a correction of a prior period error.

Information Systems

The Company's significant information system applications are hosted at the primary data center located at the Company's headquarters in Smithfield, North Carolina. The Company's accounting information systems include three main applications utilized for processing premiums and policyholder information, claims, and for financial reporting. All of these applications were purchased from outside vendors.

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FINANCIAL STATEMENTS

The accompanying financial statement presents the Company's statutory financial position as of December 31, 2014, and statutory results of operations for the period then ended as reported by the Company to the Department in its 2014 AS and adjusted, as necessary, based on the results of our examination. The supporting exhibits present the information required to be included, in conformity with reporting practices prescribed by the GS. The financial statement and supporting schedules as of December 31, 2013, are unexamined and are presented for comparative purposes only.

First Mutual Insurance Company
Statutory Statement of Admitted Assets

	December 31,	
	2014	2013
		<i>(unexamined)</i>
<u>Admitted Assets</u>		
Bonds	\$ 300,198	331,817
Common stocks	181,138	149,371
Cash and short-term investments	3,883,824	3,537,373
Receivable for securities		121,517
Total cash and invested assets	4,365,160	4,140,078
Investment income due and accrued	8,331	7,226
Premiums and agents' balances in course of collection	920,385	862,150
Reinsurance recoverable	132,358	64,832
Net deferred tax asset	61,728	56,566
Electronic data processing equipment and software	59,171	117,003
Miscellaneous receivable		8,944
Cash surrender value of officer life insurance	67,827	66,085
Total admitted assets	\$ 5,614,960	5,322,884

See accompanying notes to the statutory financial statement

First Mutual Insurance Company
Statutory Statement of Liabilities and Surplus

	December 31,	
	2014	2013
		<i>(unexamined)</i>
<u>Liabilities</u>		
Losses	\$ 128,926	68,143
Loss adjustment expenses	8,335	8,390
Commissions payable, contingent commissions and other similar charges	195,679	(67,580)
Other expenses	13,755	27,615
Taxes, licenses and fees	21,009	38,669
Federal income tax liability	3,965	2,931
Unearned premiums	844,762	714,479
Advance premium	145,525	104,227
Ceded reinsurance premiums payable	(24,781)	211,800
Funds held by the Company under reinsurance contracts		59,013
Total liabilities	1,337,175	1,167,687
<u>Surplus</u>		
Surplus notes	25,000	25,000
Unassigned funds	4,252,785	4,130,197
Total surplus	4,277,785	4,155,197
Total liabilities and surplus	\$ 5,614,960	5,322,884

See accompanying notes to the statutory financial statement

First Mutual Insurance Company
Statutory Statement of Operations

	Year Ended December 31,	
	2014	2013
	(unexamined)	
<u>Underwriting Income</u>		
Premiums earned	\$ 1,124,639	1,026,633
Losses incurred	398,149	292,729
Loss adjustment expenses incurred	219,867	189,962
Other underwriting expenses incurred	410,165	403,668
Total underwriting deductions	\$ 1,028,181	\$ 886,359
 Net underwriting gain	 \$ 96,458	 \$ 140,274
<u>Investment Income</u>		
Net investment income earned	35,529	(4,567)
Net realized capital gains	61,933	23,290
Net investment gain	97,462	18,723
<u>Other Income</u>		
Finance and service charges not included in premiums	34,140	37,034
Miscellaneous income	250	1,225
Total other income	34,390	38,259
 Federal income tax incurred	 42,945	 87,548
 Net income	 \$ 185,365	 \$ 109,708

See accompanying notes to the statutory financial statement

First Mutual Insurance Company
Statutory Statement of Surplus

	December 31,	
	2014	2013
	<i>(unexamined)</i>	
Surplus, beginning of year	\$ 4,155,197	4,369,438
Surplus increases (decreases):		
Net income	185,365	109,708
Change in net unrealized capital gains or (losses)	19,589	(16,836)
Change in net deferred income tax	12,123	5,473
Change in non-admitted assets	3,863	37,414
Change in surplus notes		(350,000)
Prior period adjustment - correction of an error	(98,352)	
Change in surplus as regards policyholders for the year	122,588	(214,241)
Surplus, end of year	\$ 4,277,785	4,155,197

See accompanying notes to the statutory financial statement

First Mutual Insurance Company
Statutory Statement of Cash Flow

	Year ended December 31,	
	2014	2013
Cash From Operations		
		<i>(unexamined)</i>
Premiums collected net of reinsurance	\$ 1,167,938	1,062,020
Net investment income	34,479	(6,016)
Miscellaneous income	34,390	38,259
Totals	1,236,807	1,094,263
Benefit and loss related payments	404,892	301,894
Commissions, expenses paid and aggregate write-ins for deductions	663,234	559,198
Federal income taxes paid net of tax on capital gains	41,911	113,548
Totals	1,110,037	974,640
Net cash from operations	126,770	119,623
Cash From (Used by) Investments		
Proceeds from investments sold, matured or repaid	544,597	296,367
Cost of investments acquired	332,277	607,608
Net cash from (used by) investments	212,320	(311,241)
Cash From (Used by) Financing and Miscellaneous Sources		
Cash (applied to) surplus notes		(350,000)
Other cash applied	7,361	92,219
Net cash from (used by) financing and miscellaneous sources	7,361	(257,781)
Reconciliation of Cash and Short-Term Investments		
Net change in cash and short-term investments	346,451	(449,399)
Cash and short-term investments, beginning of year	3,537,373	3,986,772
Cash and short-term investments, end of year	\$ 3,883,824	\$ 3,537,373

See accompanying notes to the statutory financial statement

First Mutual Insurance Company
Notes to the Statutory Financial Statement
December 31, 2014

1. Basis of Presentation and Summary of Significant Accounting Policies

The accompanying financial statement has been prepared in conformity with the accounting practices prescribed by the GS. The more significant accounting policies followed by the Company are as follows:

Bonds: Carried at amortized cost or fair value based on their NAIC rating.

Common stocks: Carried at fair value.

Cash and short-term investments: Carried at amortized cost (which approximates fair value) and includes certificates of deposits.

Premiums: Earned over the policy period and reduced for reinsurance ceded.

Reinsurance: Premiums, commissions, expense reimbursements, and reserves are reported for on a basis consistent with the original policies issued and the terms of the reinsurance agreements. Premiums ceded are reported as a reduction of premium income. Losses and loss adjustment expenses are reported as reductions of those items. Uncollateralized amounts from unauthorized reinsurers are deducted directly from surplus through a provision for unauthorized reinsurance. Changes to the provision are credited or charged directly to surplus.

First Mutual Insurance Company
Notes to the Statutory Financial Statement
December 31, 2014

2. Analysis of Assets

The following represents an analysis of the Company's net admitted assets:

	December 31, 2014		
	Assets	Assets not Admitted	Net Admitted Assets
Bonds	\$ 300,198		300,198
Common stocks	181,138		181,138
Cash and short-term investments	3,883,824		3,883,824
Other invested assets	215,360	215,360	-
Total cash and invested assets	4,580,520	215,360	4,365,160
Investment income due and accrued	8,331		8,331
Premiums and agents' balances in course of collection	920,385		920,385
Reinsurance recoverable	132,358		132,358
Net deferred tax assets	61,728		61,728
Electronic data processing equipment and software	59,171		59,171
Cash surrender value of officer life insurance	67,827		67,827
Total admitted assets	\$ 5,830,320	215,360	5,614,960

First Mutual Insurance Company
Notes to the Statutory Financial Statement
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3. Reinsurance

The Company has excess of loss, quota share and catastrophe reinsurance contracts to minimize its exposure to losses. Reinsurance contracts do not relieve the Company of its primary obligation to policyholders. Failure of the reinsurers to discharge their obligations could result in losses to the Company. The Company utilizes AxiomRe, Inc. as a reinsurance intermediary to negotiate and obtain reinsurance contracts on its behalf for specifically identified risks.

Direct and ceded premiums written and earned are as follows:

	December 31,	
	2014	2013
		<i>(unexamined)</i>
Direct written	\$ 6,272,284	5,458,833
Ceded written	5,017,362	4,409,926
Net written	1,254,922	1,048,907
Direct earned	5,786,917	5,224,957
Ceded earned	4,662,278	4,198,324
Net earned	\$ 1,124,639	1,026,633

First Mutual Insurance Company
Notes to the Statutory Financial Statement
December 31, 2014

4. Reserves

The following provides a reconciliation of the Company's reserves for losses and loss adjustment expenses:

	December 31,	
	2014	2013
		<i>(unexamined)</i>
Reserve for losses and loss adjustment expenses, beginning of year	\$ 76,533	122,850
Add:		
Provision for losses and loss adjustment expenses, current year	646,000	504,000
Change in estimated losses and loss adjustment expenses, prior years	(27,984)	(21,309)
Total incurred	618,016	482,691
Deduct:		
Losses and loss adjustment expenses paid, current year	541,100	513,200
Losses and loss adjustment expenses paid, prior year	16,188	15,808
Total paid	557,288	529,008
Reserve for losses and loss adjustment expenses, end of year	137,261	76,533
Increase (decrease) in reserve for losses and loss adjustment expenses	\$ 60,728	(46,317)

Reserves for losses and loss adjustment expenses are reported net of the amounts that are recoverable under the Company's reinsurance contracts. At December 31, 2014 and 2013, the liability for losses and loss adjustment expenses was reduced by \$550,000 and \$398,000, respectively, for amounts to be recovered from reinsurers.

First Mutual Insurance Company
Notes to the Statutory Financial Statement
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5. Surplus

The following, in conjunction with the Statutory Statement of Surplus (see page 12), represents the changes in the Company's surplus since the Department's last examination:

	December 31,		
	2012	2011	2010
	<i>(unexamined)</i>	<i>(unexamined)</i>	<i>(unexamined)</i>
Surplus, beginning of year	<u>\$ 4,097,049</u> *	<u>3,808,570</u>	<u>3,595,447</u>
Surplus increases (decreases):			
Net income	195,967	(116,206)	346,251
Change in net unrealized capital gain (loss)	3,474	5,864	(4,048)
Change in net deferred income tax	(1,610)	(4,163)	18,079
Change in nonadmitted assets	<u>74,558</u>	<u>77,146</u>	<u>(147,159)</u>
Change in surplus as regards policyholders for the year	<u>272,389</u>	<u>(37,359)</u>	<u>213,123</u>
Surplus, end of year	<u>\$ 4,369,438</u>	<u>3,771,211</u>	<u>3,808,570</u>

* Opening balance includes an adjustment of \$325,838 as a result of the merger described in the Company History.

6. Contingencies and Commitments

The Company is involved in routine legal and administrative proceedings incidental to the conduct of its business. The Company is of the opinion that these proceedings will not have a material effect on the financial position of the Company.

First Mutual Insurance Company

Appendix B – Report Distribution

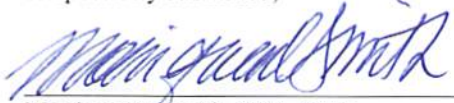
December 31, 2014

Graham Neville
Executive Vice President and Secretary
614 E. Market Street
Smithfield, NC 27577

Grace Reaves, Treasurer
614 E. Market Street
Smithfield, NC 27577

We conclude that the Company complies with the minimum capital and surplus requirements of GS § 58-7-75 for the kinds of insurance that the Company has been authorized to write, which is \$700,000.

Respectfully submitted,



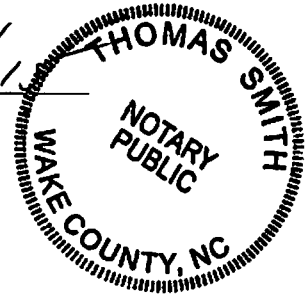
Monique D. Smith, CPA, CFE
Chief Financial Examiner
North Carolina Department of Insurance

August 28, 2015

STATE OF NORTH CAROLINA
COUNTY OF WAKE

William G. Keely, Supervising Examiner, North Carolina Department of Insurance, being first, duly sworn, deposes and says that this report on examination, subscribed by him, is true and correct to the best of his knowledge and belief.

Signature: William G. Keely Date: 9/24/15
William G. Keely



Sworn and subscribed before me this 24 day of September, 2015.

Notary Public Signature: Thomas Smith Notary Public Seal: