US Alliance Corporation

Consolidated Financial Statements
December 31, 2015 and 2014
(With Independent Auditor's Report Thereon)

Contents

RSM US LLP

Report of Independent Registered Public Accounting Firm

To the Board of Directors
US Alliance Corporation
Topeka, Kansas

We have audited the accompanying consolidated balance sheets of US Alliance Corporation and Subsidiaries (the Company) as of December 31, 2015 and 2014, and the related consolidated statements of comprehensive loss, changes in shareholders' equity, and cash flows for the years then ended. Our audits also included the financial statement schedules of US Alliance Corporation listed as Supplemental Financial Exhibits. These financial statements and financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedules based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of US Alliance Corporation and Subsidiaries as of December 31, 2015 and 2014, and the results of their operations and their cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial schedules, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly in all material respects the information set forth therein.

RSM US LLP

Omaha, Nebraska
February 16, 2016

US Alliance Corporation

Consolidated Balance Sheets
December 31, 2015 and 2014

	2015	2014
Assets		
Cash and cash equivalents	$ 2,466,526	$ 575,005
Investments in available-for-sale securities, at fair value	11,735,387	8,390,867
Investment income due and accrued	78,540	42,289
Deferred acquisition costs, net	86,053	52,808
Reinsurance related assets	21,444	7,296
Pre-paid expenses	123,162	37,650
Other assets	7,504	13,111
Property, equipment and software, net	283,582	249,964
Total assets	$ 14,802,198	$ 9,368,990
Liabilities and Shareholders' Equity		
Liabilities:		
Accounts payable and accrued expenses	$ 85,888	$ 39,012
Policyholder benefit reserves	2,576,964	1,331,744
Deposit-type contracts	1,573,988	686,316
Advance premiums	69,573	30,532
Other liabilities	4,992	1,318
Total liabilities	4,311,405	2,088,922
Shareholders' Equity:		
Preferred stock, $5.00 par value. Authorized 1,000,000 shares; none issued or outstanding	-	-
Common stock, $0.10 par value. Authorized 9,000,000 shares; issued and outstanding 5,177,245 and 4,232,400 shares as of December 31, 2015 and December 31, 2014, respectively	517,725	423,240
Outstanding warrants	15,876	25,324
Common stock subscribed	13,799	-
Common stock subscription receivable	(827,952)	-
Additional paid-in capital	17,018,285	11,353,508
Accumulated deficit	(6,146,463)	(4,809,086)
Accumulated other comprehensive income	(100,477)	287,082
Total shareholders' equity	10,490,793	7,280,068
Total liabilities and shareholders' equity	$ 14,802,198	$ 9,368,990

See Notes to Consolidated Financial Statements.

US Alliance Corporation

Consolidated Statements of Comprehensive Loss
Years Ended Deceember 31, 2015 and 2014

	2015	2014
Income:		
Premium income	$ 4,143,344	$ 2,097,925
Net investment income	291,208	229,980
Net realized (loss) gain on sale of securities	(1,524)	40,130
Other income	34,101	44,422
Total income	4,467,129	2,412,457
Expenses:		
Death claims	363,870	215,509
Policyholder benefits	2,166,113	727,637
Increase in policyholder reserves	1,214,695	928,483
Commisions, net of deferrals	361,943	226,233
Amortization of deferred acquistion costs	113,294	61,495
Salaries & benefits	683,383	593,673
Other operating expenses	901,208	933,997
Total expense	5,804,506	3,687,027
Loss before income taxes	(1,337,377)	(1,274,570)
Provision for income tax expense	-	-
Net loss	$ (1,337,377)	$ (1,274,570)
Unrealized net holding (losses) gains arising during the period	(389,083)	479,169
Unrealized loss on security transferred from held to maturity to available for sale	-	(30,319)
Reclassification adjustment for loss (gains) included in net loss	1,524	(40,130)
Other comprehensive (loss) income	(387,559)	408,720
Comprehensive loss	$ (1,724,936)	$ (865,850)
Net loss per common share, basic and diluted	$ (0.30)	$ (0.30)

See Notes to Consolidated Financial Statements.

US Alliance Corporation

Consolidated Statements of Changes in Shareholders' Equity
Years Ended December 31, 2015 and 2014

	Number of Shares of Common Stock	Common Stock	Additional Paid-in Capital	Outstanding Warrants	Common Stock Subscribed	Subscription Receivable	Accumulated Other Comprehensive Income / (Loss)	Accumulated Deficit	Total
Balance, December 31, 2013	4,232,400	$ 423,240	$ 11,353,508	$ 25,324	$ -	$ -	$ (121,638)	$ (3,534,516)	$ 8,145,918
Other comprehensive income	-	-	-	-	-	-	408,720	-	408,720
Net loss	-	-	-	-	-	-	-	(1,274,570)	(1,274,570)
Balance, December 31, 2014	4,232,400	423,240	11,353,508	25,324	-	-	287,082	(4,809,086)	7,280,068
Common stock issued upon exercise of warrants, $6.00 per share	944,845	94,485	5,584,033	(9,448)	-	-	-	-	5,669,070
Costs associated with warrant exercise	-	-	(733,409)	-	-	-	-	-	(733,409)
Common stock subscribed	-	-	814,153	-	13,799	(827,952)	-	-	-
Other comprehensive loss	-	-	-	-	-	-	(387,559)	-	(387,559)
Net loss	-	-	-	-	-	-	-	(1,337,377)	(1,337,377)
Balance, December 31, 2015	**5,177,245**	**$ 517,725**	**$ 17,018,285**	**$ 15,876**	**$ 13,799**	**$ (827,952)**	**$ (100,477)**	**$ (6,146,463)**	**$ 10,490,793**

See Notes to Consolidated Financial Statements.

US Alliance Corporation

Consolidated Statements of Cash Flows
Years Ended December 31, 2015 and 2014

	2015	2014
Cash Flows from Operating Activities:		
Net loss	$ (1,337,377)	$ (1,274,570)
Adjustments to reconcile net loss to net cash and cash equivalents (used in) operating activities:		
Depreciation and amortization	29,790	21,254
Net realized losses (gains) on the sale of securities	1,524	(40,130)
Amortization of investment securities, net	18,596	13,697
Interest credited on deposit type contracts	31,478	13,492
(Increase) decrease in operating assets:		
Investment income due and accrued	(36,251)	(1,619)
Deferred acquisition costs capitalized	(146,539)	(97,137)
Deferred acquisition costs amortized	113,294	61,495
Reinsurance related assets	(14,148)	(1,739)
Pre-paid expenses	(85,512)	(31,903)
Other assets	5,607	(9,186)
Increase (decrease) in operating liabilities:		
Policyowner benefit reserves	1,245,220	903,533
Advance premiums	39,041	12,050
Other liabilities	3,674	(5,543)
Accounts payable and accrued expenses	46,876	21,421
Net cash (used in) operating activities	(84,727)	(414,885)
Cash Flows from Investing Activities:		
Available-for-sale securities		
Purchase of investments	(4,988,262)	(1,636,667)
Proceeds from sales and repayments	1,236,063	1,129,238
Held-to-maturity securities		
Proceeds from maturity	-	250,000
Purchase of property, equipment and software	(63,408)	(112,500)
Net cash (used in) investing activities	(3,815,607)	(369,929)
Cash Flows from Financing Activities:		
Receipts on deposit-type contracts	910,817	542,543
Withdrawals on deposit-type contracts	(54,623)	-
Proceeds received from exercise of warrants, net of costs of issuance	4,935,661	-
Net cash provided by financing activities	5,791,855	542,543
Net increase (decrease) in cash and cash equivalents	1,891,521	(242,271)
Cash and Cash Equivalents:		
Beginning	575,005	817,276
Ending	$ 2,466,526	$ 575,005
Supplemental disclosure of cash flow information		
Transfer of securities from held to maturity to available for sale	$ -	$ 227,280

See Notes to Consolidated Financial Statements.

Note 1. Description of Business and Significant Accounting Policies

Description of business: US Alliance Corporation ("the Company") is a Kansas corporation located in Topeka, Kansas. The Company was incorporated April 24, 2009, as a holding company to form, own, operate and manage a life insurance company and its marketing and investment affiliates. On June 9, 2011, the wholly owned subsidiary, US Alliance Life and Security Company was incorporated. US Alliance Life and Security Company received its Certificate of Authority from the Kansas Insurance Department (KID) effective January 2, 2012. On April 23, 2012, US Alliance Investment Corporation and US Alliance Marketing Corporation were incorporated as wholly-owned subsidiaries of the Company to provide investment management and marketing services.

The Company terminated its initial public offering on February 24, 2013. As of the end of this offering, the Company is no longer a development stage company. During the balance of 2013, the Company achieved approval of an array of life insurance and annuity products, began development of various distribution channels and commenced insurance operations and product sales. The Company sold its first insurance product on May 1, 2013. The Company continued to expand its product offerings and distribution channels throughout 2014 and 2015. On February 24, 2015, the Company commenced a warrant exercise offering set to expire on February 24, 2016.

The Company began offering third party administrative ("TPA") services in 2015. TPA agreements generate service fee income for the Company. The Company currently has one TPA agreement in place. The Company has been able to perform its TPA services using existing resources.

Basis of presentation: The consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted ("GAAP") in the United States of America.

Principles of consolidation: The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All intercompany balances and transactions have been eliminated from the consolidated financial statements.

Area of Operation: US Alliance Life and Security Company is authorized to operate in the states of Kansas and North Dakota and has a pending expansion application on file with the State of Missouri.

Cash and cash equivalents: For purposes of the statement of cash flows, the Company considers demand deposits and highly liquid investments with original maturities of three months or less when purchased to be cash and cash equivalents. The Company maintains its cash balances in one financial institution located in Topeka, Kansas. The FDIC insures aggregate balances, including interest-bearing and noninterest-bearing accounts, of $250,000 per depositor per insured institution. The Company's financial institution is a member of a network that participates in the Insured Cash Sweep (ICS) program. By participating in ICS, the Company's deposits in excess of the insured limit are apportioned and placed in demand deposit accounts at other financial institutions in amounts under the insured limit. As a result, the Company can access insurance coverage from multiple financial institutions while working directly with one. The Company had no amounts uninsured as of December 31, 2015. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Property, equipment and software: Property, equipment and software are stated at cost less accumulated depreciation. Expenditures for additions and improvements that significantly add to the productive capacity or extend the useful life of an asset are capitalized. Expenditures for maintenance and repairs are charged to income currently. Upon disposition, the cost and related accumulated depreciation are removed from the accounts and any gain or loss is included in income.

Depreciation is computed by the straight-line method over the estimated useful lives of the assets. Computer equipment is depreciated over no longer than a 5-year period. Furniture and equipment are depreciated over no longer than a 10-year period. Software is depreciated over no longer than a 10-year

Note 1. Description of Business and Significant Accounting Policies (Continued)

period. Major categories of depreciable assets and the respective book values as of December 31, 2015 and 2014 are represented below.

	2015	2014
Computer	$ 20,755	$ 21,414
Furniture and equipment	80,956	43,523
Software	257,500	237,500
Accumulated depreciation	(75,629)	(52,473)
Balance at end of period	$ 283,582	$ 249,964

Pre-paid expenses: The Company recognizes pre-paid expenses as the expenses are incurred. Pre-paid expenses consist of a multi-year computer service contract and systems consulting hours. Service contract expenses are charged straight line over the life of the contract. Systems consulting hours are charged as they are incurred on projects.

Investments: Investments in available-for-sale securities are carried in the consolidated financial statements at fair value with the net unrealized holding gains (losses) included in accumulated other comprehensive income. Bond premiums and discounts are amortized using the scientific-yield method over the term of the bonds.

Realized gains and losses on securities sold during the year are determined using the specific identification method and included in investment income. Investment income is recognized as earned.

Management has a policy and process in place to identify securities that could potentially have an impairment that is other-than-temporary. The assessment of whether impairments have occurred is based on a case-by-case evaluation of underlying reasons for the decline in fair value. We consider severity of impairment, duration of impairment, forecasted recovery period, industry outlook, financial condition of the issuer, issuer credit ratings and whether we intend to sell a security or it is more likely than not that we would be required to sell a security prior to the recovery of the amortized cost.

The recognition of other-than-temporary impairment losses on debt securities is dependent on the facts and circumstances related to the specific security. If we intend to sell a security or it is more likely than not that we would be required to sell a security prior to recovery of the amortized cost, the difference between amortized cost and fair value is recognized in the income statement as an other-than-temporary impairment. As it relates to debt securities, if we do not expect to recover the amortized basis, do not plan to sell the security and if it is not more likely than not that we would be required to sell a security before the recovery of its amortized cost, the other-than-temporary impairment would be recognized. We would recognize the credit loss portion through earnings in the income statement and the noncredit loss portion in accumulated other comprehensive loss. The company had no investment securities that were evaluated to be other than temporarily impaired.

Reinsurance: In the normal course of business, the Company seeks to limit aggregate and single exposure to losses on risks by purchasing reinsurance. The amounts reported in the consolidated balance sheets as reinsurance recoverable include amounts billed to reinsurers on losses paid as well as estimates of amounts expected to be recovered from reinsurers on insurance liabilities that have not yet been paid. Reinsurance recoverable on unpaid losses are estimated based upon assumptions consistent with those used in establishing the liabilities related to the underlying reinsured contracts. Insurance liabilities are reported gross of reinsurance recoverable. Management believes the recoverables are appropriately established. Reinsurance premiums are generally reflected in income in a manner consistent with the recognition of premiums on the reinsured contracts. Reinsurance does not extinguish the Company's primary liability under the policies written. Therefore, the Company regularly evaluates the financial condition of its reinsurers including their activities with respect to claim settlement practices

Note 1. Description of Business and Significant Accounting Policies (Continued)

and commutations, and establishes allowances for uncollectible reinsurance recoverable as appropriate. There were no allowances as of December 31, 2015 and 2014.

Benefit reserves: The Company establishes liabilities for amounts payable under insurance policies, including traditional life insurance and annuities. Generally, amounts are payable over an extended period of time. Liabilities for future policy benefits of traditional life insurance have been computed by a net level premium method based upon estimates at the time of issue for investment yields, mortality and withdrawals. These estimates include provisions for experience less favorable than initially expected. Mortality assumptions are based on industry experience expressed as a percentage of standard mortality tables.

Policy claims: Policy claims are based on reported claims plus estimated incurred but not reported claims developed from trends of historical data applied to current exposure. The Company's current estimate of incurred but not reported claims is $19,035 and is included as a part of policyholder benefit reserves.

Deposit-type contracts: Deposit-type contracts consist of amounts on deposit associated with deferred annuity contracts. The deferred annuity contracts credit interest based upon a fixed interest rate set by the Company. The Company has the ability to change this rate annually subject to minimums established by law or administrative regulation.

Liabilities for these deposit-type contracts are included without reduction for potential surrender charges. This liability is equal to the accumulated account deposits, plus interest credited, and less policyholder withdrawals. The following table provides information about deposit-type contracts for the years ended December 31, 2015 and 2014.

	2015	2014
Balance at beginning of period	$ 686,316	$ 130,281
Deposits received	910,817	542,543
Interest credited	31,478	13,492
Withdrawals	(54,623)	-
Balance at end of period	$ 1,573,988	$ 686,316

Revenue recognition and related expenses: Revenues on traditional life insurance products consist of direct premiums reported as earned when due. Premium income includes reinsurance assumed and is reduced by premiums ceded.

Amounts received as payment for annuity contracts without life contingencies are recognized as deposits to policyholder account balances and included in future insurance policy benefits. Revenues from these contracts are comprised of fees earned for contract-holder services, which are recognized over the period of the contracts, and included in revenue. Deposits are shown as a financing activity in the Consolidated Statements of Cash Flows.

Liabilities for future policy benefits are provided and acquisition costs are amortized by associating benefits and expenses with earned premiums to recognize related profits over the life of the contracts.

Deferred acquisition costs: The Company capitalizes and amortizes over the life of the premiums produced incremental direct costs that result directly from and are essential to the contract acquisition transaction and would not have been incurred by the Company had the contract acquisition not occurred. An entity may defer incremental direct costs of contract acquisition that are incurred in transactions with independent third parties or employees as well as the portion of employee compensation and other costs directly related to underwriting, policy issuance and processing, medical inspection, and contract selling for successfully negotiated contracts. Additionally, an entity may capitalize as a deferred acquisition cost only those advertising costs meeting the capitalization criteria for direct-response advertising. Acquisition

Note 1. Description of Business and Significant Accounting Policies (Continued)

costs are amortized over the premium paying period using the net level premium method. Traditional life insurance products are treated as long duration contracts, which generally remain in force for the lifetime of the insured.

The following table provides information about deferred acquisition costs for the years ended December 31, 2015 and 2014, respectively.

		2015		2014
Balance at beginning of period	$	**52,808**	$	17,166
Capitalization of commissions, sales and issue expenses		**146,539**		97,137
Amortization net of interest		**(113,294)**		(61,495)
Balance at end of period	$	**86,053**	$	52,808

Comprehensive loss: Comprehensive loss is comprised of net loss and other comprehensive income (loss). Other comprehensive income (loss) includes unrealized gains and losses from marketable securities classified as available for sale, net of applicable taxes.

Common stock and earnings (loss) per share: The par value for common stock is $0.10 per share with 9,000,000 shares authorized. As of December 31, 2015 and 2014 the company had 5,177,245 and 4,232,400 common shares issued and outstanding, respectively.

Earnings (loss) per share attributable to the Company's common stockholders were computed based on the net loss and the weighted average number of shares outstanding during each year. The weighted average number of shares outstanding during the years ended December 31, 2015 and 2014 were 4,431,740 and 4,232,400 shares, respectively. Potential common shares are excluded from the computation when their effect is anti-dilutive. Basic and diluted net loss per common share is the same for the years ended December 31, 2015 and 2014 because all warrants for common shares are anti-dilutive.

As of December 31, 2015 the Company had a stock subscription receivable of $827,952. This represents the value of share purchases agreed to but which will settle after December 31, 2015. There was no such balance as of December 31, 2014.

Income taxes: The Company is subject to U.S. federal and state taxes. The provision for income taxes is based on income as reported in the consolidated financial statements. The income tax provision is calculated using the asset and liability method. Deferred income taxes are recorded based on the differences between the financial statement and tax basis of assets and liabilities at the enacted rates expected to apply to taxable income in the years in which the differences are expected to reverse. A valuation allowance is established for the amount of any deferred tax asset that exceeds the amount of the estimated future taxable income needed to utilize the future tax benefits.

All of the Company's tax returns are subject to U.S. federal, state and local income tax examinations by tax authorities. The Company had no known uncertain tax benefits included in its provision for income taxes as of December 31, 2015 and 2014. The Company's policy is to recognize interest and penalties (if applicable) as an element of the provision for income taxes in the consolidated statements of income. The tax years which remain subject to examination by taxing authorities are the years ended December 31, 2012 through 2015.

Risk and uncertainties: Certain risks and uncertainties are inherent in the Company's day-to-day operations and in the process of preparing its consolidated financial statements. The more significant of those risks and uncertainties, as well as the Company's method for mitigating the risks, are presented below and throughout the notes to the consolidated financial statements.

Note 1. Description of Business and Significant Accounting Policies (Continued)

- Use of Estimates: The preparation of consolidated financial statements in conformity with US GAAP, generally accepted accounting principles in the United States, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

- Regulatory Factors: US Alliance Life and Security Company is highly regulated by the states of Kansas and North Dakota. Such regulations, among other things, limit the amount of rate increases on policies and impose restrictions on the amount and type of investments and the minimum surplus required to conduct business in the state.

  Recently enacted and potential further financial regulatory reforms could have a significant impact on the Company's business. In July 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") was signed into law. The Dodd-Frank Act is expected to have a broad impact on the financial services industry, including significant regulatory and compliance changes. Many of the Dodd-Frank Act requirements will be implemented over time and most will be subject to implementing regulations over several years. Given the uncertainty associated with the manner in which the provisions of the Dodd-Frank Act will be implemented by the various regulatory agencies and through regulations, the full extent of the impact such requirements will have on our operations is unclear. The changes resulting from the Dodd-Frank Act may impact the profitability of business activities, require changes to certain business practices, impose more stringent capital, liquidity and leverage requirements or otherwise adversely affect the Company's business.

- Reinsurance: Reinsurance contracts do not relieve the Company from its obligations to insureds. Failure of reinsurers to honor their obligations could result in losses to the Company; consequently, allowances are established for amounts deemed uncollectible when necessary. The Company evaluates the financial condition of its reinsurers to minimize its exposure to losses from reinsurer insolvencies. Management believes that any liabilities arising from this contingency would not be material to the Company's financial position.

- Interest Rate Risk: Interest rate risk arises from the price sensitivity of investments to changes in interest rates. Interest represents the greatest portion of an investment's return for most fixed maturity securities in stable interest rate environments. The changes in the fair value of such investments are inversely related to changes in market interest rates. As interest rates fall, the interest and dividend streams of existing fixed-rate investments become more valuable and fair values rise. As interest rates rise, the opposite effect occurs. The Company attempts to mitigate its exposure to adverse interest rate movements through staggering the maturities of the fixed maturity investments and through maintaining cash and other short term investments to assure sufficient liquidity to meet its obligations and to address reinvestment risk considerations. Due to the composition of the Company's book of insurance business, management believes it is unlikely that the Company would encounter large surrender activity due to an interest rate increase that would force the disposal of fixed maturities at a loss.

Note 1. Description of Business and Significant Accounting Policies (Continued)

- Investment Risk: The Company is exposed to risks that the issuers of the securities owned by the Company will default or that interest rates will change and cause a decrease in the value of its investments. As interest rates decline, the velocity at which these securities pay down the principal may increase. Management mitigates these risks by conservatively investing in investment grade securities and by matching maturities of the Company's investments with the anticipated payout of its liabilities.

- Credit Risk: The Company is exposed to credit risk through counterparties and within the investment portfolio. Credit risk relates to the uncertainty associated with an obligor's ability to make timely payments of principal and interest in accordance with the contractual terms of an instrument or contract. The Company manages its credit risk through established investment policies and guidelines which address the quality of creditors and counterparties, concentration limits, diversification practices and acceptable risk levels. These policies and guidelines are regularly reviewed and approved by senior management and the Company's board.

Reclassifications: Certain reclassifications of a minor nature have been made to prior-year balances to conform to current-year presentation with no net impact to net loss/income or equity.

New accounting standards: In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606) regarding accounting for revenue recognition that identifies the accounting treatment for an entity's contracts with customers. Although insurance contracts are excluded from this ASU, other customer contracts of the Company would be covered. This guidance is effective for public entities for annual reporting periods beginning after December 15, 2016, including interim periods within that reporting period. The Company is currently evaluating this guidance, but it does not believe that there will be a material impact to the consolidated financial statements.

In January 2016, the FASB issued ASU 2016-01 Financial Instruments – Overall (sub-topic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities regarding accounting for the recognition, measurement, presentation and disclosure of financial instruments. This guidance changes how entities account for equity investments that do not result in consolidation and are not accounted for under the equity method of accounting. Entities will be required to measure these investments at fair value at the end of each reporting period and recognize the changes in fair value in net income. A practicability exception will be available for equity investments that do not have readily determinable fair value, however; the exception requires the company to adjust the carrying amount for impairment and observable price changes in orderly transactions for the identical or similar investment of the same issuer. This guidance is effective for public entities for annual reporting periods beginning after December 15, 2017. The Company is currently evaluating the guidance to determine the impact to the consolidated financial statements.

All other new accounting standards and updates of existing standards issued through the date of this filing were considered by management and did not relate to accounting policies and procedures pertinent or material to the Company at this time.

Note 2. Investments

The amortized cost and fair value of available for sale and held to maturity investments as of December 31, 2015 and 2014 is as follows:

	2015			
	Cost or Amortized Cost	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Fair Value**
Available for sale:				
Fixed maturities:				
US Treasury securities	$ 461,132	$ -	$ (34,816)	$ 426,316
Corporate bonds	3,039,539	15,715	(143,701)	2,911,553
Municipal bonds	1,726,098	28,634	(10,595)	1,744,137
Mortgage backed and asset backed securities	3,083,389	19,554	(53,831)	3,049,113
Total fixed maturities	8,310,158	63,903	(242,943)	8,131,119
Equities:				
Equities	3,387,927	219,883	(177,756)	3,430,054
Other equity investments	137,778	36,436	-	174,214
Total equities	3,525,705	256,319	(177,756)	3,604,268
Total available for sale	$ 11,835,863	$ 320,222	$ (420,699)	$ 11,735,387

	2014			
	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available for sale:				
Fixed maturities:				
US Treasury securities	$ 261,581	$ -	$ (7,272)	$ 254,309
Corporate bonds	1,569,230	13,944	(8,904)	1,574,270
Municipal bonds	1,050,039	39,192	(963)	1,088,268
Mortgage backed and asset backed securities	2,790,774	34,990	(27,553)	2,798,211
Total fixed maturities	5,671,624	88,126	(44,692)	5,715,058
Equities:				
Equities	2,104,377	229,673	(44,909)	2,289,141
Other equity investments	302,910	74,357	(11,809)	365,458
Limited partnership interests	24,874	-	(3,664)	21,210
Total equities	2,432,161	304,030	(60,382)	2,675,809
Total available for sale	$ 8,103,785	$ 392,156	$ (105,074)	$ 8,390,867

The amortized cost and fair value of debt securities as of December 31, 2015, by contractual maturity, are shown below. Equity securities do not have stated maturity dates and therefore are not included in the following maturity summary. Actual maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Amortized Cost	Fair Value
Amounts maturing in:		
One year or less	$ 50,105	$ 50,127
After one year through five years	1,046,934	1,040,747
After five years through ten years	1,664,103	1,592,766
More than 10 years	2,465,627	2,398,366
Mortgage backed and asset backed securities	3,083,389	3,049,113
	$ 8,310,158	$ 8,131,119

Note 2. Investments (Continued)

Proceeds from the sale of securities, maturities, and asset paydowns in 2015 and 2014 were $1,236,063 and $1,379,238, respectively. Realized gains and losses related to the sale of securities are summarized as follows:

		2015		2014
Gross gains	$	90,602	$	50,938
Gross losses		(92,126)		(10,808)
Net security (losses) gains	$	(1,524)	$	40,130

During 2014, the Company sold a security which had been classified as held to maturity. The carrying value of this security was $266,117 and the sale resulted in a capital gain of $7,349. The Company sold the security as it works to opportunistically move management of all fixed income securities to its outside asset manager. Simultaneous to the sale of this security, the company re-classified its remaining held to maturity security to available for sale. The amortized cost and fair value of the security as of the date of transfer were $257,599 and $227,280. There were no such transfers in 2015.

Gross unrealized losses by duration are summarized as follows:

	Less than 12 months		Greater than 12 months		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
December 31, 2015						
Available for sale:						
Fixed maturities:						
US Treasury Securities	$ 197,719	$ (1,351)	$ 228,597	$ (33,465)	$ 426,316	$ (34,816)
Corporate bonds	2,141,253	(143,701)	-	-	2,141,253	(143,701)
Municipal bonds	675,885	(10,595)	-	-	675,885	(10,595)
Mortgage backed and asset backed securities	1,943,017	(39,189)	438,173	(14,642)	2,381,190	(53,831)
Total fixed maturities	4,957,874	(194,836)	666,770	(48,107)	5,624,644	(242,943)
Equities:						
Equities	1,036,877	(75,352)	820,370	(102,404)	1,857,247	(177,756)
Total equities	1,036,877	(75,352)	820,370	(102,404)	1,857,247	(177,756)
Total available for sale	$ 5,994,751	$ (270,188)	$ 1,487,140	$ (150,511)	$ 7,481,891	$ (420,699)

	Less than 12 months		Greater than 12 months		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
December 31, 2014						
Available for sale:						
Fixed Maturities:						
US Treasury Securities	$ -	$ -	$ 254,309	$ (7,272)	$ 254,309	$ (7,272)
Corporate bonds	-	-	796,213	(8,904)	796,213	(8,904)
Municipal bonds	-	-	134,037	(963)	134,037	(963)
Mortgage backed and asset backed securities	-	-	1,947,845	(27,553)	1,947,845	(27,553)
Total fixed maturities	-	-	3,132,404	(44,692)	3,132,404	(44,692)
Equities:						
Equities	175,424	(10,549)	917,466	(34,360)	1,092,890	(44,909)
Other equity investments	47,160	(11,809)	-	-	47,160	(11,809)
Limited partnership interests	21,210	(3,664)	-	-	21,210	(3,664)
Total equities	243,794	(26,022)	917,466	(34,360)	1,161,260	(60,382)
Total available for sale	$ 243,794	$ (26,022)	$ 4,049,870	$ (79,052)	$ 4,293,664	$ (105,074)

Unrealized losses occur from market price declines that may be due to a number of factors, including economic downturns, changes in interest rates, competitive forces within an industry, issuer specific events, operational difficulties, lawsuits, and market pricing anomalies caused by factors such as temporary lack of liquidity.

Note 2. Investments (Continued)

The total number of securities in the investment portfolio in an unrealized loss position as of December 31, 2015 was 70, which represented an unrealized loss of $420,699 of the aggregate carrying value of those securities. The 70 securities breakdown as follows: 36 bonds, 25 mortgage and asset backed securities, 5 common stocks, 2 high yield corporate bond fund, 1 preferred stock index fund, and 1 senior loan fund. The Company determined that no securities were considered to be other-than-temporarily impaired as of December 31, 2015 and 2014. The unrealized gains on the remainder of the available for sale portfolio as of December 31, 2015 were $320,222.

Note 3. Fair Value Measurements

The fair value of an asset or liability is the price that would be received to sell that asset or paid to transfer that liability in an orderly transaction occurring in the principal market (or most advantageous market in the absence of a principal market) for such asset or liability. In estimating fair value, the Company utilizes valuation techniques that are consistent with the market approach, the income approach and/or the cost approach. Such valuation techniques are consistently applied. Inputs to valuation techniques include the assumptions that market participants would use in pricing an asset or liability. The Company uses a fair value hierarchy for valuation inputs that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The fair value hierarchy is as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access at the measurement rate.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable for the asset or liability and reflect an entity's own assumptions about the assumptions that market participants would use in pricing the assets or liabilities.

Investments, available for sale: Investments in securities that are classified as available for sale are recorded at fair value utilizing Level 1 and Level 2 measurements.

The table below presents the amounts of assets measured at fair value on a recurring basis as of December 31, 2015 and 2014:

	2015			
	Total	**Level 1**	**Level 2**	**Level 3**
Available for sale:				
Fixed maturities:				
US Treasury securities	$ 426,316	$ 426,316	$ -	$ -
Corporate bonds	2,911,553	-	2,911,553	-
Municipal bonds	1,744,137	-	1,744,137	-
Mortgage backed and asset backed securities	3,049,113	-	3,049,113	-
Total fixed maturities	8,131,119	426,316	7,704,803	-
Equities:				
Equities	3,430,054	3,430,054	-	-
Other equity investments	174,214	174,214	-	-
Total equities	3,604,268	3,604,268	-	-
Total	$ 11,735,387	$ 4,030,584	$ 7,704,803	$ -

Note 3. Fair Value Measurements (Continued)

	2014			
	Total	Level 1	Level 2	Level 3
Available for sale:				
Fixed maturities:				
US Treasury securities	$ 254,309	$ 254,309	$ -	$ -
Corporate bonds	1,574,270	-	1,574,270	-
Municipal bonds	1,088,268	-	1,088,268	-
Mortgage backed and asset backed securities	2,798,211	-	2,798,211	-
Total fixed maturities	5,715,058	254,309	5,460,749	-
Equities:				
Equities	2,289,141	2,289,141	-	-
Other equity investments	365,458	365,458	-	-
Limited partnership interests	21,210	21,210	-	-
Total equities	2,675,809	2,675,809	-	-
Total	$ 8,390,867	$ 2,930,118	$ 5,460,749	$ -

The Company discloses the fair value of financial assets and financial liabilities, including those financial assets and financial liabilities that are not measured and reported at fair value on a recurring basis or non-recurring basis. The methodologies for estimating the fair value of financial assets and financial liabilities that are measured at fair value on a recurring or non-recurring basis are discussed above. The estimated fair value approximates carrying value for accrued interest. The methodologies for other financial assets and financial liabilities are discussed below:

Cash and cash equivalents: The carrying amounts approximate fair value because of the short maturity of these instruments.

Policyholder deposits in deposit-type contracts: Policyholder deposits in investment type contracts have fair value estimated based upon the actuarial assumptions of the underlying product.

The estimated fair values of the Company's financial assets and liabilities at December 31 are as follows:

	2015		2014	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Financial Assets:				
Cash and cash equivalents	**$ 2,466,526**	**$ 2,466,526**	$ 575,005	$ 575,005
Investments, at fair value	**11,735,387**	**11,735,387**	8,390,867	8,390,867
	$ 14,201,913	**$ 14,201,913**	$ 8,965,872	$ 8,965,872
Financial Liabilities:				
Policyholder deposits in deposit-type contracts	**$ 1,573,988**	**$ 1,406,724**	$ 686,316	$ 624,677
	$ 1,573,988	**$ 1,406,724**	$ 686,316	$ 624,677

Note 4. Income Tax Provision

No income tax expense or (benefit) has been reflected for the years ended December 31, 2015 and 2014 due to the lack of taxable net income generated by the Company and the 100% valuation allowance pertaining to the deferred tax asset. The difference between the reported amount of income tax expense and the amount expected based upon statutory rates is primarily due to the increase in the valuation allowance on deferred taxes.

The net operating loss carryforwards for the Company are $3,940,774 and $2,750,972 as of December 31, 2015 and 2014, respectively. The components of the deferred tax assets and liabilities due to book and tax differences are the following: fixed asset depreciation, net operating loss carryforward, net unrealized losses on investment securities, policy owner benefit reserves and deferred acquisition costs. The net deferred tax asset is offset 100 percent by the valuation allowance.

Note 5. Reinsurance

A summary of significant reinsurance amounts affecting the accompanying consolidated financial statements as of December 31, 2015 and 2014 and for the years ended December 31, 2015 and 2014 is listed in the following table.

		2015		2014
Balance Sheet				
Benefits and claim reserves ceded	$	**19,622**	$	6,150
Amounts due from ceding company		**1,822**		1,146
Statements of Comprehensive Loss				
Ceded premium		**53,768**		35,153
Assumed premium		**2,453,957**		921,320
Allowances on ceded premium		**10,851**		32,243
Allowances paid on assumed premium		**326,774**		184,879
Assumed benefits		**2,101,752**		727,637

The company currently reinsurers business in excess of its retention with General Re Life Corporation, Reliance Standard Life Insurance Company and Optimum Re Insurance Company. The Company also currently assumes business under an agreement with Unified Life Insurance Company.

Note 6. Lease Commitments

Total rent expense was $27,000 and $24,000 for the years ended December 31, 2015 and 2014, respectively. The Company amended its lease on August 26, 2014 which extended its termination date until December 31, 2017 with an optional additional year. The future rent payments required under the lease are $27,000 in 2016, 2017 and the option year 2018.

Note 7. Warrants

The Company conducted its public stock offering through the sale of units. Each unit was sold for $1,000 and consisted of 200 shares of common stock and a warrant to purchase an additional 200 shares of common stock at $6.00 per share. The warrants are scheduled to expire, if not exercised, February 24, 2016. As of December 31, 2014 warrant-holders had the right to purchase 2,532,400 shares of common stock. On February 24, 2015 The Company registered a warrant exercise offering with the Kansas Securities Commissioner. During 2015, warrant-holders exercised warrants for the purchase of 944,845 shares of common stock. As of December 31, 2015 warrant-holders had the right to purchase 1,587,555 shares of common stock.

Management engaged the services of an experienced valuation firm to value the warrants as of February 24, 2013. The valuation performed valued the warrants to be worth $0.01 per share of common stock and management has allocated this amount from additional paid-in capital to the outstanding warrants. As the warrants have been exercised, the value allocated to the warrants exercised has been restored to additional paid-in capital. During the warrant exercise period, we were not aware of any sale of our warrants.

Note 8. Restricted Funds

As required by Kansas law, US Alliance Life and Security Company maintains a trust account at Capital City Bank which is jointly owned by the Kansas Insurance Department. The life insurance company is

Note 8. Restricted Funds (Continued)

required by the State of Kansas to hold $400,000 of asset book value in this account. The Company placed additional assets into this trust account in 2015 to meet the minimum deposit requirement for the State of Missouri. These assets were held in bonds and other invested assets with a statement value of $625,000 and $400,323 as of December 31, 2015 and 2014, respectively.

Note 9. Statutory Net Income and Surplus

US Alliance Life and Security Company is required to prepare statutory financial statements in accordance with statutory accounting practices prescribed or permitted by the Kansas Insurance Department. Statutory practices primarily differ from GAAP by charging policy acquisition costs to expense as incurred, establishing future policy benefit liabilities using different actuarial assumptions as well as valuing investments and certain assets and accounting for deferred taxes on a different basis. The following table summarizes the statutory net loss and statutory capital and surplus of US Alliance Life and Security Company as of December 31, 2015 and 2014 and for the years ended December 31, 2015 and 2014.

Statutory Capital and Surplus as of December 31,	
2015	2014
$ 2,935,205	$ 1,817,640

Statutory Net Loss for the Years ended December 31,	
2015	2014
$ (863,069)	$ (1,099,822)

The payment of dividends to US Alliance Corporation by US Alliance Life and Security Company is subject to limitations imposed by applicable insurance laws. For example, "extraordinary" dividends may not be paid without permission of the Kansas Insurance Department. An "extraordinary" dividend is defined, in general, as any dividend or distribution of cash or other property whose fair market value, compared with that of other dividends or distributions made within the preceding 12 months, exceeds the greater of (i) 10% of the policyholders' surplus (total statutory capital stock and surplus) as of December 31 of the preceding year or (ii) the statutory net gain from operations excluding realized gains on investments) of the insurer for the 12 month period ending December 31 of the preceding year.

Note 10. Subsequent Events

All of the effects of subsequent events that provide additional evidence about conditions that existed at the balance sheet date, including the estimates inherent in the process of preparing the consolidated financial statements, are recognized in the consolidated financial statements. The Company does not recognize subsequent events that provide evidence about conditions that did not exist at the balance sheet date but arose after, but before the consolidated financial statements are issued. In some cases, unrecognized subsequent events are disclosed to keep the consolidated financial statements from being misleading.

The Company has evaluated subsequent events through February 16, 2016, the date on which the consolidated financial statements were issued. Between January 1, 2016 and the date of this report warrant-holders exercised their right to purchase an additional 255,239 shares of common stock. The additional shares purchased would be anti-dilutive to 2015 earnings per share.

US Alliance Corporation and Subsidiaries

Index to Financial Statement Schedules

US Alliance Corporation
Summary of Investments - Other than investments in related parties
December 31, 2015 and 2014

	2015		
	Cost or Amortized Cost	**Fair Value**	**Amount Recognized on Balance Sheet**
Available for sale:			
Fixed maturities:			
US Treasury securities	**$ 461,132**	**$ 426,316**	**$ 426,316**
Corporate bonds	**3,039,539**	**2,911,553**	**2,911,553**
Municipal bonds	**1,726,098**	**1,744,137**	**1,744,137**
Mortgage backed and asset backed securities	**3,083,389**	**3,049,113**	**3,049,113**
Total fixed maturities	**8,310,158**	**8,131,119**	**8,131,119**
Equities:			
Equities	**3,387,927**	**3,430,054**	**3,430,054**
Other equity investments	**137,778**	**174,214**	**174,214**
Total equities	**3,525,705**	**3,604,268**	**3,604,268**
Total available for sale	**$ 11,835,863**	**$ 11,735,387**	**$ 11,735,387**

	2014		
	Cost or Amortized Cost	Fair Value	Amount Recognized on Balance Sheet
Available for sale:			
Fixed maturities:			
US Treasury securities	$ 261,581	$ 254,309	$ 254,309
Corporate bonds	1,569,230	1,574,270	1,574,270
Municipal bonds	1,050,039	1,088,268	1,088,268
Mortgage backed and asset backed securities	2,790,774	2,798,211	2,798,211
Total fixed maturities	5,671,624	5,715,058	5,715,058
Equities:		-	-
Equities	2,104,377	2,289,141	2,289,141
Other equity investments	302,910	365,458	365,458
Limited partnership interests	24,874	21,210	21,210
Total equities	2,432,161	2,675,809	2,675,809
Total available for sale	$ 8,103,785	$ 8,390,867	$ 8,390,867

See accompanying Report of Independent Registered Public Accounting Firm

Schedule II

US Alliance Corporation (Parent Company)
Condensed Financial Information of Registrant
Balance Sheets
December 31, 2015 and 2014

		2015		2014
Assets				
Cash and cash equivalents	$	1,547,400	$	154,278
Investments in available-for-sale securities, at fair value		5,733,438		4,499,613
Investment income due and accrued		18,889		13,198
Investment in subsidiaries[1]		952,506		50,477
Due from subsidiaries[1]		389,314		571,022
Surplus note with subsidiary[1]		1,680,000		1,680,000
Pre-paid expenses		123,162		37,650
Other assets		-		3,476
Property, equipment and software, net		283,582		249,964
Total assets	$	10,728,291	$	7,259,678
Liabilities and Shareholders' Equity				
Liabilities:				
Accounts payable and accrued expenses	$	55,454	$	18,047
Total liabilities		55,454		18,047
Shareholders' Equity:				
Preferred stock, $5.00 par value. Authorized 1,000,000 shares; none issued or outstanding		-		-
Common stock, $0.10 par value. Authorized 9,000,000 shares; issued and outstanding 5,177,245 and 4,232,400 shares as of December 31, 2015 and December 31, 2014, respectively		517,725		423,240
Outstanding warrants		15,876		25,324
Common stock subscribed		13,799		-
Common stock subscription receivable		(827,952)		-
Additional paid-in capital		17,018,285		11,353,508
Accumulated deficit		(6,146,473)		(4,809,087)
Accumulated other comprehensive income		81,577		248,646
Total shareholders' equity		10,672,837		7,241,631
Total liabilities and shareholders' equity	$	10,728,291	$	7,259,678

Note 1 - Eliminated during consolidation
See accompanying Report of Independent Registered Public Accounting Firm

US Alliance Corporation (Parent Company)
Condensed Financial Information of Registrant
Statements of Comprehensive Loss
Years Ended December 31, 2015 and 2014

	2015	2014
Income:		
Net investment income	$ 116,668	$ 103,205
Net realized (loss) gain on sale of securities	(2,028)	39,717
Service fee from affiliate[1]	66,592	73,328
Total income	181,232	216,250
Expenses:		
General expenses	420,637	297,683
Total expense	420,637	297,683
Loss before income taxes	(239,405)	(81,433)
Provision for income tax expense	-	-
Loss before equity in loss of consolidated subsidiaries	(239,405)	(81,433)
Equity in loss of consolidated subsidiaries	(1,097,972)	(1,193,137)
Net loss to US Alliance Corporation	(1,337,377)	(1,274,570)
Unrealized net holding (losses) gains arising during the period	(169,097)	268,084
Unrealized loss on security transferred from held to maturity to available for sale	-	(30,319)
Reclassification adjustment for loss (gains) included in net loss	2,028	(39,717)
Other comprehensive (loss) income	(167,069)	198,048
Comprehensive loss	$ (1,504,446)	$ (1,076,522)

Note 1 - Eliminated during consolidation

See accompanying Report of Independent Registered Public Accounting Firm

US Alliance Corporation (Parent Company)
Condensed Financial Information of Registrant
Statements of Cash Flows
Years Ended December 31, 2015 and 2014

	2015	2014
Cash Flows from Operating Activities:		
Net loss	$ (1,337,377)	$(1,274,570)
Adjustments to reconcile net loss to net cash and cash equivalents provided by (used in) operating activities:		
Equity in loss of consolidated subsidiaries	1,097,972	1,193,137
Depreciation and amortization	29,790	21,254
Net realized losses (gains) on the sale of securities	2,028	(39,717)
Amortization of investment securities, net	8,963	5,615
(Increase) decrease in operating assets:		
Investment income due and accrued	(5,691)	217
Pre-paid expenses	(85,512)	(31,903)
Amounts due from subsidiary	181,708	(403,654)
Other assets	3,476	(3,476)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	37,407	11,454
Net cash (used in) operating activities	(67,236)	(521,643)
Cash Flows from Investing Activities:		
Available-for-sale securities		
Purchase of investments	(2,261,726)	(613,541)
Proceeds from sales and repayments	849,831	800,917
Held-to-maturity securities		
Proceeds from maturity	-	250,000
Investment in subsidiary	(2,000,000)	
Purchase of property, equipment and software	(63,408)	(112,500)
Net cash (used in) provided by investing activities	(3,475,303)	324,876
Cash Flows from Financing Activities:		
Proceeds received from exercise of warrants, net of costs of issuance	4,935,661	-
Net cash provided by financing activities	4,935,661	-
Net increase (decrease) in cash and cash equivalents	1,393,122	(196,767)
Cash and Cash Equivalents:		
Beginning	154,278	351,045
Ending	$ 1,547,400	$ 154,278
Supplemental disclosure of cash flow information		
Transfer of securities from held to maturity to available for sale	$ -	$ 227,280

See accompanying Report of Independent Registered Public Accounting Firm

US Alliance Corporation and Subsidiaries
Supplementary Insurance Information
Years ended December 31, 2015 and 2014

Segment	Deferred Acquisition Costs, Net	Future Policyowner Benefits, Claims & Deposit Contracts	Advance Premiums
December 31, 2015			
Individual life and annuity	$ 86,053	$ 4,145,307	$ 68,103
Group life, accident & health	-	5,645	1,470
Total	$ 86,053	$ 4,150,952	$ 69,573
December 31, 2014			
Individual life and annuity	$ 52,808	$ 2,018,060	$ 30,532
Group life, accident & health	-	-	-
Total	$ 52,808	$ 2,018,060	$ 30,532

See accompanying Report of Independent Registered Public Accounting Firm

US Alliance Corporation and Subsidiaries
Supplementary Insurance Information
Years ended December 31, 2015 an 2014

Segment	Premium Revenue[1]	Net Investment Income[2]	Policyowner benefits and interest credited to policyowner accounts	Amortization of deferred policy acquisition costs	Operating Expenses[3]
Year ended December 31, 2015					
Individual life and annuity	$ 1,677,001	$ 169,304	$ 1,642,461	$ 113,294	$ 966,622
Group life, accident & health	2,466,343	5,236	2,102,217	-	241,655
Total	$ 4,143,344	$ 174,540	$ 3,744,678	$ 113,294	$ 1,208,277
Year ended December 31, 2014					
Individual life and annuity	$ 1,176,605	$ 122,972	$ 1,143,992	$ 61,495	$ 1,225,142
Group life, accident & health	921,320	3,803	727,637	-	64,481
Total	$ 2,097,925	$ 126,775	$ 1,871,629	$ 61,495	$ 1,289,623

(1) Premium revenue includes direct premiums and premiums from reinsurance assumed reduced by premiums ceded

(2) Net investment income is allocated to the segments based upon cash flows and future policyholder benefit liabilities

(3) Operating expenses are allocated to the segments based upoon internal cost studies

See accompanying Report of Independent Registered Public Accounting Firm

US Alliance Corporation and Subsidiaries
Reinsurance Information
Years ended December 31, 2015 and 2014

	Life Insurance Premiums		Accident & Health Premiums		Life Insurance In-force (in thousands)	
Segment	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Direct						
Individual life and annuity	$ 1,710,383	$ 1,211,758	$ -	$ -	$ 40,581	$ 22,152
Group life, accident & health	16,176	-	16,596	-	18,140	-
Total	$ 1,726,559	$ 1,211,758	$ 16,596	$ -	$ 58,721	$ 22,152
Ceded						
Individual life and annuity	$ (33,382)	$ (35,153)	$ (12,096)	$ -	$ (30,719)	$ (14,459)
Group life, accident & health	(8,290)	-	-	-	(13,605)	-
Total	$ (41,672)	$ (35,153)	$ (12,096)	$ -	$ (44,324)	$ (14,459)
Assumed						
Individual life and annuity	$ -	$ -	$ -	$ -	$ -	$ -
Group life, accident & health	-	-	2,453,957	921,320	-	-
Total	$ -	$ -	$ 2,453,957	$ 921,320	$ -	$ -
Net	$ 1,684,887	$ 1,176,605	$ 2,458,457	$ 921,320	$ 14,397	$ 7,693
% assumed to net	0%	0%	99.8%	100%	0%	0%

See accompanying Report of Independent Registered Public Accounting Firm

US Alliance Corporation and Subsidiaries
Valuation and Qualifying Accounts

	Year ended December 31, 2015		2014	
Accumulated Depreciation				
Beginning of the year	$	52,473	$	31,219
Depreciation expense		29,790		21,254
Disposals		(6,634)		-
End of the year	$	75,629	$	52,473

See accompanying Report of Independent Registered Public Accounting Firm