UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

for the quarterly period ended September 30, 2015

or

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

for the transition period from ___________________ to _________________

Commission File Number: 1-13471

INSIGNIA SYSTEMS, INC.

(Exact name of registrant as specified in its charter)

Minnesota	**41-1656308**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

8799 Brooklyn Blvd.
Minneapolis, MN 55445
(Address of principal executive offices; zip code)

(763) 392-6200
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes [X] No [ ]

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
Yes [X] No [ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer [ ]	Accelerated filer [ ]
Non-accelerated filer [ ] (Do not check if a smaller reporting company)	Smaller Reporting Company [X]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes [ ] No [X]

Number of shares outstanding of Common Stock, $.01 par value, as of October 26, 2015 was 11,638,403.

Insignia Systems, Inc.

TABLE OF CONTENTS

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

Insignia Systems, Inc.
CONDENSED BALANCE SHEETS

		September 30, 2015 (Unaudited)		December 31, 2014
ASSETS				
Current Assets:				
Cash and cash equivalents	$	9,095,000	$	7,237,000
Accounts receivable, net		7,054,000		7,492,000
Available for sale investments		9,910,000		9,698,000
Inventories		468,000		523,000
Deferred tax assets		—		52,000
Income tax receivable		10,000		287,000
Prepaid expenses and other		597,000		715,000
Total Current Assets		27,134,000		26,004,000
Other Assets:				
Property and equipment, net		1,120,000		1,467,000
Other, net		2,689,000		3,056,000
Total Assets	$	30,943,000	$	30,527,000
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current Liabilities:				
Accounts payable	$	2,709,000	$	3,088,000
Accrued liabilities:				
Compensation		1,376,000		1,199,000
Other		1,040,000		719,000
Deferred tax liabilities		67,000		—
Income tax payable		237,000		82,000
Deferred revenue		628,000		172,000
Total Current Liabilities		6,057,000		5,260,000
Long-Term Liabilities:				
Deferred tax liabilities		222,000		222,000
Accrued income taxes		486,000		486,000
Total Long-Term Liabilities		708,000		708,000
Commitments and Contingencies		—		—
Shareholders' Equity:				
Common stock, par value $.01:				
Authorized shares - 40,000,000				
Issued shares - 11,777,000 at September 30, 2015 and 12,216,000 at December 31, 2014				
Outstanding shares - 11,687,000 at September 30, 2015 and 12,191,000 at December 31, 2014		117,000		122,000
Additional paid-in capital		17,887,000		19,177,000
Retained earnings		6,178,000		5,271,000
Accumulated other comprehensive loss		(4,000)		(11,000)
Total Shareholders' Equity		24,178,000		24,559,000
Total Liabilities and Shareholders' Equity	$	30,943,000	$	30,527,000

See accompanying notes to financial statements.

Insignia Systems, Inc.
STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

	Three Months Ended September 30		Nine Months Ended September 30	
	2015	**2014**	**2015**	**2014**
Services revenues	$ 7,098,000	$ 7,104,000	$ 19,356,000	$ 18,902,000
Products revenues	450,000	416,000	1,406,000	1,365,000
Total Net Sales	7,548,000	7,520,000	20,762,000	20,267,000
Cost of services	3,734,000	3,494,000	10,494,000	10,048,000
Cost of goods sold	315,000	317,000	981,000	924,000
Total Cost of Sales	4,049,000	3,811,000	11,475,000	10,972,000
Gross Profit	3,499,000	3,709,000	9,287,000	9,295,000
Operating Expenses:				
Selling	962,000	1,433,000	3,451,000	4,160,000
Marketing	468,000	416,000	1,254,000	978,000
General and administrative	1,145,000	1,022,000	3,110,000	3,040,000
Total Operating Expenses	2,575,000	2,871,000	7,815,000	8,178,000
Operating Income	924,000	838,000	1,472,000	1,117,000
Other income	19,000	13,000	56,000	25,000
Income Before Taxes	943,000	851,000	1,528,000	1,142,000
Income tax expense	382,000	427,000	621,000	533,000
Net Income	561,000	424,000	907,000	609,000
Other comprehensive income, net of tax:				
Unrealized gain (loss) on available for sale securites	—	(4,000)	7,000	(4,000)
Comprehensive Income	$ 561,000	$ 420,000	$ 914,000	$ 605,000
Net income per share:				
Basic	$ 0.05	$ 0.03	$ 0.07	$ 0.05
Diluted	$ 0.05	$ 0.03	$ 0.07	$ 0.05
Shares used in calculation of net income per share:				
Basic	12,107,000	12,593,000	12,177,000	12,767,000
Diluted	12,241,000	12,824,000	12,351,000	13,003,000

See accompanying notes to financial statements.

Insignia Systems, Inc.
STATEMENTS OF CASH FLOWS
(Unaudited)

Nine Months Ended September 30	**2015**	**2014**
Operating Activities:		
Net income	$ 907,000	$ 609,000
Adjustments to reconcile net income to		
net cash provided by (used in) operating activities:		
Depreciation and amortization	851,000	824,000
Change in allowance for doubtful accounts	(19,000)	34,000
Deferred income tax expense	119,000	—
Stock-based compensation	267,000	300,000
Gain on sale of property and equipment	(25,000)	(14,000)
Changes in operating assets and liabilities:		
Accounts receivable	457,000	(3,379,000)
Inventories	55,000	(89,000)
Income tax receivable	277,000	(1,000)
Prepaid expenses and other	118,000	(526,000)
Accounts payable	(379,000)	86,000
Accrued liabilities	498,000	(270,000)
Income tax payable	159,000	236,000
Excess tax benefit from stock option exercises	(4,000)	(11,000)
Deferred revenue	456,000	441,000
Net cash provided by (used in) operating activities	3,737,000	(1,760,000)
Investing Activities:		
Purchases of property and equipment	(137,000)	(319,000)
Acquisition of selling rights and other	—	(542,000)
Purchases of investments	(4,513,000)	(10,255,000)
Proceeds from sale/maturity of investments	4,308,000	955,000
Proceeds received from sale of property and equipment	25,000	14,000
Net cash used in investing activities	(317,000)	(10,147,000)
Financing Activities:		
Proceeds from issuance of common stock, net	48,000	199,000
Excess tax benefit from stock option exercises	4,000	11,000
Repurchase of common stock, net	(1,614,000)	(1,886,000)
Net cash used in financing activities	(1,562,000)	(1,676,000)
Increase (decrease) in cash and cash equivalents	1,858,000	(13,583,000)
Cash and cash equivalents at beginning of period	7,237,000	21,763,000
Cash and cash equivalents at end of period	$ 9,095,000	$ 8,180,000
Supplemental disclosures for cash flow information:		
Cash paid during the year for income taxes	$ 243,000	$ 377,000

See accompanying notes to financial statements.

Insignia Systems, Inc.
NOTES TO FINANCIAL STATEMENTS
(Unaudited)

1. **Summary of Significant Accounting Policies.**

Description of Business. Insignia Systems, Inc. (the "Company") markets in-store advertising products, programs and services to consumer packaged goods manufacturers and retailers. The Company's products include the Insignia Point-of-Purchase Services (POPS) in-store advertising program, thermal sign card supplies for the Company's Impulse Retail systems, laser printable cardstock and label supplies. Additionally, in October 2014, the Company announced a new product, The Like Machine™, which is an in-store consumer approval device. The Company pays royalties pursuant to a licensing agreement to sell this new product, which is currently in the pilot phase of its launch.

Basis of Presentation. Financial statements for the interim periods included herein are unaudited; however, they contain all adjustments, including normal recurring accruals, which in the opinion of management, are necessary to present fairly the financial position of the Company at September 30, 2015, its results of operations for the three and nine months ended September 30, 2015 and 2014, and its cash flows for the nine months ended September 30, 2015 and 2014. Results of operations for the periods presented are not necessarily indicative of the results to be expected for the full year.

The financial statements do not include certain footnote disclosures and financial information normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America and, therefore, should be read in conjunction with the financial statements and notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2014.

The Summary of Significant Accounting Policies in the Company's 2014 Annual Report on Form 10-K describes the Company's accounting policies.

Inventories. Inventories are primarily composed of parts and supplies for Impulse machine, sign cards, and rollstock. Inventory is valued at the lower of cost or market using the first-in, first-out (FIFO) method, and consisted of the following:

	September 30, 2015	December 31, 2014
Raw materials	$ 90,000	$ 110,000
Work-in-process	30,000	8,000
Finished goods	348,000	405,000
	$ 468,000	$ 523,000

Property and Equipment. Property and equipment consisted of the following:

	September 30, 2015	December 31, 2014
Property and Equipment:		
Production tooling, machinery and equipment	$ 3,805,000	$ 3,976,000
Office furniture and fixtures	260,000	260,000
Computer equipment and software	1,149,000	1,065,000
Web site	40,000	40,000
Leasehold improvements	616,000	616,000
Construction in-progress	67,000	35,000
	5,937,000	5,992,000
Accumulated depreciation and amortization	(4,817,000)	(4,525,000)
Net Property and Equipment	$ 1,120,000	$ 1,467,000

Depreciation expense was approximately $160,000 and $482,000 in the three and nine months ended September 30, 2015, respectively, and $159,000 and $471,000 in the three and nine months ended September 30, 2014, respectively.

Stock-Based Compensation. The Company measures and recognizes compensation expense for all stock-based awards at fair value using the Black-Scholes option pricing model to determine the weighted average fair value of options and employee stock purchase plan rights. The Company recognizes stock-based compensation expense on a graded-attribution method over the requisite service period of the award.

The Company issued 200,000 stock option awards, with a weighted average exercise price of $2.82, during the nine months ended September 30, 2015, and the Company estimated the fair value of these awards using the following weighted average assumptions: expected life of 3.4 years, expected volatility of 45%, dividend yield of 0% and risk-free interest rate of 1.18%.

The Company estimated the fair value of stock-based rights granted during the nine months ended September 30, 2015, under the Company's employee stock purchase plan using the following weighted average assumptions: expected life of 1.0 years, expected volatility of 37%, dividend yield of 0% and risk-free interest rate of 0.25%.

The Company issued 99,000 restricted stock units during the nine months ended September 30, 2015. The units were assigned a weighted average value of $2.71 per share, based on the stock price on the date of the grant, and vest over a weighted average of 2.3 years. The Company issued 25,000 restricted stock units during the nine months ended September 30, 2014. The units were assigned a value of $3.03 per share, based on the stock price on the date of the grant, and vest over three years.

In June 2015, equity grants were made by the Company to the Board of Directors, pursuant to the 2013 Omnibus Stock and Incentive Plan, as amended, in the form of fully vested shares of common stock. A total of 37,233 shares were granted to the Board of Directors. The shares were assigned a value of $2.82 per share, based on the stock price on the date of grant.

Total stock-based compensation (benefit) expense recorded for the three and nine months ended September 30, 2015 was ($11,000) and $267,000, respectively, and for the three and nine months ended September 30, 2014 was $83,000 and $300,000, respectively. The benefit recorded for the three months ended September 30, 2015 was due to stock option and restricted stock unit forfeitures, primarily related to the resignation of the Company's Chief Executive Officer in July 2015.

During the three and nine months ended September 30, 2015, there were approximately 80,000 shares and 113,000 shares issued pursuant to stock option exercises, for which the Company received proceeds of $0 and $2,000, respectively. During the three and nine months ended September 30, 2014, there were approximately 26,000 and 95,000 shares issued pursuant to stock option exercises, for which the Company received proceeds of $24,000 and $125,000, respectively. A portion of the stock option exercises in the three and nine months ended September 30, 2015 and 2014 were done on a cashless basis.

Net Income per Share. Basic net income per share is computed by dividing net income by the weighted average shares outstanding and excludes any potential dilutive effects of outstanding stock options and restricted stock units. Diluted net income per share gives effect to all diluted potential common shares outstanding during the period.

Options to purchase approximately 660,000 and 653,000 shares of common stock with a weighted average exercise price of $3.64 and $3.80, respectively, were outstanding at September 30, 2015 and were not included in the computation of common stock equivalents for the three and nine months ended September 30, 2015 because their exercise prices were higher than the average fair market value of the common shares during the reporting period. Options to purchase approximately 695,000 and 578,000 shares of common stock with a weighted average exercise price of $4.20 and $4.27, respectively, were outstanding at September 30, 2014 and were not included in the computation of common stock equivalents for the three and nine months ended September 30, 2014 because their exercise prices were higher than the average fair market value of the common shares during the reporting period.

Weighted average common shares outstanding for the three and nine months ended September 30, 2015 and 2014 were as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
	2015	2014	2015	2014
Denominator for basic net income per share - weighted average shares	12,107,000	12,593,000	12,177,000	12,767,000
Effect of dilutive securities:				
Stock options and restricted stock units	134,000	231,000	174,000	236,000
Denominator for diluted net income per share - weighted average shares	12,241,000	12,824,000	12,351,000	13,003,000

2. **Investments**. The Company carries certain investments intended to increase the yield on available cash balances. The Company has classified all investments as current assets, as they are available to fund current operations. These investments are in debt securities, with an average maturity of approximately one year, and are classified as available-for-sale.

   These investments are accounted for in accordance with Accounting Standards Codification ("ASC") 320-10, "Investments – Debt and Equity Securities." At September 30, 2015, the Company's investment balances consisted solely of available-for-sale securities and were carried at fair value in accordance with ASC 820-10. As of September 30, 2015, all available-for-sale securities were valued using Level 2 inputs, in accordance with ASC 820-10.

3. **Line of Credit**. The Company maintains a line of credit, which is collateralized by its investment balances. The total availability under the line of credit is $7,500,000 and outstanding amounts would bear interest at the 30-day LIBOR rate plus 2% (effective rate of 2.19% as of September 30, 2015). There were no amounts outstanding on this line of credit at any point during the nine months ended September 30, 2015.

4. **Selling Arrangement.** In February 2011, the Company paid News America Marketing In-Store, LLC ("News America") $4,000,000 in exchange for a 10-year arrangement to sell signs with price into News America's network of retailers as News America's exclusive agent. The $4,000,000 is being amortized on a straight-line basis over the 10-year term of the arrangement. Amortization expense, which was $100,000 and $300,000 in both the three and nine months ended September 30, 2015 and 2014, respectively, and is expected to be $400,000 per year over the next five years, is recorded within cost of services in the Company's statements of comprehensive income. The net carrying amount of the selling arrangement is recorded within other assets on the Company's condensed balance sheets.

5. **Income Taxes.** For the three and nine months ended September 30, 2015, the Company recorded income tax expense of $382,000 and $621,000, or 40.5% and 40.6% of income before taxes, respectively. For the three and nine months ended September 30, 2014, the Company recorded income tax expense of $427,000 and $533,000, or 50.2% and 46.7% of income before taxes, respectively. The income tax provision for the three and nine months ended September 30, 2015 and 2014 is comprised of federal and state taxes. The primary differences between the Company's September 30, 2015 and 2014 effective tax rates and the statutory federal rate are expenses related to stock-based compensation and nondeductible meals and entertainment. The Company reassesses its effective rate each reporting period and adjusts the annual effective rate if deemed necessary, based on projected annual taxable income.

   As of September 30, 2015 and December 31, 2014, the Company has unrecognized tax benefits totaling $486,000, including interest, which relate to state nexus issues. The amount of the unrecognized tax benefits, if recognized, that would affect the effective income tax rates of future periods is $486,000. Due to the current statute of limitations regarding the unrecognized tax benefits, the unrecognized tax benefits and associated interest is not expected to change significantly in 2015.

6. **Concentrations.** During the nine months ended September 30, 2015, one customer accounted for 35% of the Company's total net sales. During the nine months ended September 30, 2014, two customers accounted for 30% and 12% of the Company's total net sales. At September 30, 2015, one customer accounted for 44% of the Company's total accounts receivable. At December 31, 2014, one customer accounted for 48% of the Company's total accounts receivable.

   The loss of a major customer could adversely affect operating results. Additionally, the loss of a major retailer from the Company's retail network could adversely affect operating results.

7. **Share Repurchases.** On December 3, 2013, the Board of Directors authorized the repurchase of up to $5,000,000 of the Company's common stock on or before December 3, 2015. The plan allows the repurchases to be made in open market or privately negotiated transactions. The plan does not obligate the Company to repurchase any particular number of shares, and may be suspended at any time at the Company's discretion. For the three and nine months ended September 30, 2015, the Company repurchased approximately 577,000 and 609,000 shares, respectively, at a total cost of $1,515,000 and $1,614,000, respectively. For the three and nine months ended September 30, 2014, the Company repurchased approximately 455,000 and 602,000 shares, at a total cost of $1,431,000 and $1,886,000, respectively.

8. **Severance Accrual.** During the three months ended September 30, 2015, the Company recorded a net charge of $223,000 to general and administrative expenses relating to the resignation of the Company's Chief Executive Officer. This net charge consisted of severance costs of $350,000, reduced by the effect of forfeitures of previously expensed unvested stock options and restricted stock unit awards and a reduction to the bonus accrual that together totaled $127,000. A severance accrual of $350,000 is included in accrued compensation on the Company's condensed balance sheet as of September 30, 2015.

9. **Recently Issued Accounting Pronouncements.** In May 2014, the Financial Accounting Standards Board (FASB) issued guidance creating Accounting Standards Codification ("ASC") Section 606, "Revenue from Contracts with Customers". The new section will replace Section 605, "Revenue Recognition" and creates modifications to various other revenue accounting standards for specialized transactions and industries. The updated guidance is effective for annual reporting periods beginning on or after December 15, 2017, and interim periods within those annual periods. The Company plans to adopt the new provisions of this accounting standard at the beginning of fiscal year 2018. The Company will further study the implications of this statement in order to evaluate the expected impact on the financial statements.

   In July 2015, FASB issued Accounting Standards Update ("ASU") 2015-11, *Inventory (Topic 330) Related to Simplifying the Measurement of Inventory* applies to all inventory except inventory that is measured using last-in, first-out (LIFO) or the retail inventory method. Inventory measured using first-in, first-out (FIFO) or average cost is covered by the new amendments. Inventory within the scope of the new guidance should be measured at the lower of cost and net realizable value. Net realizable value is the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. Subsequent measurement is unchanged for inventory measured using LIFO or the retail inventory method. The amendments will take effect for public business entities for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years. The new guidance should be applied prospectively, and earlier application is permitted as of the beginning of an interim or annual reporting period. The Company is evaluating the impact of the standard on the consolidated financial statements.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with the Company's financial statements and related notes. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated due to various factors discussed under "Cautionary Statement Regarding Forward-Looking Statements" and elsewhere in this Quarterly Report on Form 10-Q and the "Risk Factors" described in Item 1A of our Annual Report on Form 10-K for the fiscal year ended December 31, 2014, our Current Reports on Form 8-K and our other SEC filings.

Company Overview

Insignia Systems, Inc. (referred to in this Quarterly Report on Form 10-Q as "Insignia," "we," "us," "our" and the "Company") is a developer and marketer of innovative in-store products, programs and services that help consumer packaged goods ("CPG") manufacturers and retail partners drive sales at the point of purchase. The Company was incorporated in 1990, and since 1998, the Company has been focused on managing a retail network for the primary purpose of providing turn-key at-shelf market access for CPG manufacturers' marketing programs. Insignia provides participating retailers with benefits including incremental revenue, incremental sales opportunities, increased shopper engagement in-store, and custom creative development and other in-kind services.

Insignia's primary product is the Point-Of-Purchase Services (POPS®) in-store advertising program. Insignia POPS® is a national, account-specific, shelf-edge advertising and promotion tactic. Internal testing has indicated the program can deliver significant sales impact for the featured brand. The program allows manufacturers to deliver vital product information to consumers at the point-of-purchase, and to leverage the local retailer brand and store-specific prices to provide a unique "call to action" that draws attention to the featured brand and triggers a purchase decision. CPG customers benefit from Insignia's nimble operational capabilities, which include short lead times, in-house graphic design capabilities, post-program analytics, and micro-marketing capabilities such as variable or bilingual messaging.

In October 2014, the Company announced the introduction of a new product, The Like Machine™, which is an innovative new media that harnesses the power of social media, consumer engagement, and word-of-mouth recommendation at the point of purchase. The Like Machine is currently in the pilot phase of its launch. Revenues generated from The Like Machine are included in service revenue on the Company's statements of comprehensive income. The Company licenses this product from TLM Holdings, LLC, a company in which Insignia's Chief Sales and Marketing Officer, Tim Halfmann, serves as a non-operating principal.

2015 Business Overview

Summary of Financial Results

For the quarter ended September 30, 2015, the Company generated total net sales of $7,548,000, as compared with total net sales of $7,520,000 for the quarter ended September 30, 2014. For the nine months ended September 30, 2015, we generated total net sales of $20,762,000, as compared with total net sales of $20,267,000 in the nine months ended September 30, 2014. Net income for the quarter ended September 30, 2015 was $561,000, as compared to $424,000 for the quarter ended September 30, 2014. Net income for the nine months ended September 30, 2015 was $907,000, compared to $609,000 for the nine months ended September 30, 2014.

At September 30, 2015, our cash, cash equivalents and available for sale investments balance was $19,005,000, as compared to $16,935,000 at December 31, 2014. We had no debt as of September 30, 2015.

Results of Operations

The following table sets forth, for the periods indicated, certain items in the Company's Statements of Comprehensive Income as a percentage of total net sales.

	Three Months Ended September 30		Nine Months Ended September 30	
	2015	2014	2015	2014
Total net sales	100.0 %	100.0 %	100.0 %	100.0 %
Cost of sales	53.7	50.7	55.2	54.1
Gross profit	46.3	49.3	44.8	45.9
Operating expenses:				
Selling	12.7	19.1	16.6	20.6
Marketing	6.2	5.5	6.0	4.8
General and administrative	15.1	13.6	15.0	15.0
Total operating expenses	34.0	38.2	37.6	40.4
Operating income	12.3	11.1	7.2	5.5
Other income	0.2	0.2	0.2	0.1
Income before taxes	12.5	11.3	7.4	5.6
Income tax expense	5.1	5.7	3.0	2.6
Net income	7.4 %	5.6 %	4.4 %	3.0 %

Three Months and Nine Months Ended September 30, 2015 Compared to Three Months and Nine Months Ended September 30, 2014

Total Net Sales. Total net sales for the three months ended September 30, 2015 increased 0.4% to $7,548,000 compared to $7,520,000 for the three months ended September 30, 2014. Total net sales for the nine months ended September 30, 2015 increased 2.4% to $20,762,000 compared to $20,267,000 for the nine months ended September 30, 2014.

Service revenues for the three months ended September 30, 2015 decreased 0.1% to $7,098,000 compared to $7,104,000 for the three months ended September 30, 2014. The decrease was primarily due to an 8.2% decrease in average price per sign, partially offset by a 7.9% increase in the number of signs placed, which was a result of changes in program and customer mixes. Service revenues for the nine months ended September 30, 2015 increased 2.4% to $19,356,000 compared to $18,902,000 for the nine months ended September 30, 2014. The increase was primarily due to a 7% increase in the number of signs placed, partially offset by a 5% decrease in average price per sign, which was a result of changes in program and customer mixes.

Product revenues for the three months ended September 30, 2015 increased 8.2% to $450,000 compared to $416,000 for the three months ended September 30, 2014. Product revenues for the nine months ended September 30, 2015 increased 3.0% to $1,406,000 compared to $1,365,000 for the nine months ended September 30, 2014. The increases for both periods were primarily due to higher sales of sign card supplies.

Gross Profit. Gross profit for the three months ended September 30, 2015 decreased 5.7% to $3,499,000 compared to $3,709,000 for the three months ended September 30, 2014. Gross profit for the nine months ended September 30, 2015 decreased 0.1% to $9,287,000 compared to $9,295,000 for the nine months ended September 30, 2014. Gross profit as a percentage of total net sales decreased to 46.3% for the three months ended September 30, 2015, compared to 49.3% for the three months ended September 30, 2014. Gross profit as a percentage of total net sales was 44.8% for the nine months ended September 30, 2014, compared to 45.9% for the nine months ended September 30, 2014.

Service revenues: Gross profit from our service revenues for the three months ended September 30, 2015 decreased 6.8% to $3,364,000 compared to $3,610,000 for the three months ended September 30, 2014. The decrease was primarily due to a decrease in the average price per POPS sign as well as increased costs associated with the launch of our new service offering, The Like Machine. Gross profit from our service revenues for the nine months ended September 30, 2015 increased 0.1% to $8,862,000 compared to $8,854,000 for the nine months ended September 30, 2014. The increase was primarily due to increased sales.

Gross profit as a percentage of service revenues for the three months ended September 30, 2015 decreased to 47.4% compared to 50.8% for the three months ended September 30, 2014. The decrease was primarily due to a decrease in the average price per POPS sign combined with increased costs associated with the launch of The Like Machine. Gross profit as a percentage of service revenues for the nine months ended September 30, 2015 decreased to 45.8% compared to 46.8% for the nine months ended September 30, 2014. The decrease was primarily due to the factors described above.

Product revenues: Gross profit from our product revenues for the three months ended September 30, 2015 increased 36.4% to $135,000 compared to $99,000 for the three months ended September 30, 2014. The increase was primarily due to higher sales of sign card supplies and the sale of unused equipment. Gross profit from our product revenues for the nine months ended September 30, 2015 decreased 3.6% to $425,000 compared to $441,000 for the nine months ended September 30, 2014. The decrease was primarily due to increased production costs, partially offset by the sale of unused equipment.

Gross profit as a percentage of product revenues was 30.0% for the three months ended September 30, 2015 compared to 23.8% for the three months ended September 30, 2014. The increase was primarily due to the factors described above. Gross profit as a percentage of product revenues was 30.2% for the nine months ended September 30, 2015 compared to 32.3% for the nine months ended September 30, 2014. The decrease was primarily due to the factors described above.

Operating Expenses

Selling. Selling expenses for the three months ended September 30, 2015 decreased 32.9% to $962,000 compared to $1,433,000 for the three months ended September 30, 2014. The decrease was primarily due to decreased staffing and staffing-related costs. Selling expenses for the nine months ended September 30, 2015 decreased 17.0% to $3,451,000 compared to $4,160,000 for the nine months ended September 30, 2014. The decrease was primarily due to the factors described above.

Selling expenses as a percentage of total net sales decreased to 12.7% for the three months ended September 30, 2015 compared to 19.1% for the three months ended September 30, 2014. The decrease was primarily due to decreased staffing and staffing-related costs. Selling expenses as a percentage of total net sales decreased to 16.6% for the nine months ended September 30, 2015 compared to 20.6% for the nine months ended September 30, 2014. The decrease was primarily due to factors described above and increased sales.

Marketing. Marketing expenses for the three months ended September 30, 2015 increased 12.5% to $468,000 compared to $416,000 for the three months ended September 30, 2014. Increased marketing expense was primarily the result of increased staffing-related costs and other marketing initiatives. Marketing expenses for the nine months ended September 30, 2015 increased 28.2% to $1,254,000 compared to $978,000 for the nine months ended September 30, 2014. The increase was primarily due to the factors described above.

Marketing expenses as a percentage of total net sales increased to 6.2% for the three months ended September 30, 2015 compared to 5.5% for the three months ended September 30, 2014. The increase was primarily the result of increased staffing-related costs and other marketing initiatives. Marketing expenses as a percentage of total net sales increased to 6.0% for the nine months ended September 30, 2015 compared to 4.8% for the nine months ended September 30, 2014. The increase was primarily due to the factors described above, partially offset by increased sales.

General and administrative. General and administrative expenses for the three months ended September 30, 2015 increased 12.0% to $1,145,000 compared to $1,022,000 for the three months ended September 30, 2014.

The increase was primarily due to costs associated with the resignation of the Company's Chief Executive Officer, partially offset by decreased staffing and legal costs. General and administrative expenses for the nine months ended September 30, 2015 increased 2.3% to $3,110,000 compared to $3,040,000 for the nine months ended September 30, 2014. The increase was primarily due to costs associated with the resignation of the Company's Chief Executive Officer, partially offset by decreased legal and other administrative service costs.

General and administrative expenses as a percentage of total net sales increased to 15.1% for the three months ended September 30, 2015 compared to 13.6% for the three months ended September 30, 2014. The increase was primarily due to costs associated with the resignation of the Company's Chief Executive Officer, partially offset by decreased staffing and legal costs. General and administrative expenses as a percentage of total net sales was 15.0% for the nine months ended September 30, 2015 and September 30, 2014.

Other Income. Other income for the three months ended September 30, 2015 was $19,000 compared to $13,000 for the three months ended September 30, 2014. Other income for the nine months ended September 30, 2015 was $56,000 compared to $25,000 for the nine months ended September 30, 2014. Other income is comprised of interest earned on cash, cash equivalents, and available for sale investment balances.

Income Taxes. For the three and nine months ended September 30, 2015, the Company recorded income tax expense of $382,000 and $621,000, or 40.5% and 40.6% of income before taxes, respectively. For the three and nine months ended September 30, 2014, the Company recorded income tax expense of $427,000 and $533,000, or 50.2% and 46.7% of income before taxes, respectively. The income tax provision for the three and nine months ended September 30, 2015 and 2014 is comprised of federal and state taxes. The primary differences between the Company's September 30, 2015 and 2014 effective tax rates and the statutory federal rate are expenses related to stock-based compensation and nondeductible meals and entertainment. The Company reassesses its effective rate each reporting period and adjusts the annual effective rate if deemed necessary, based on projected annual taxable income.

Other Comprehensive Income. Other comprehensive income is composed of unrealized gains and losses, net of tax, from available for sale investments.

Liquidity and Capital Resources

The Company has financed its operations with proceeds from public and private stock sales and sales of its products and services. At September 30, 2015, working capital was $21,077,000 compared to $20,744,000 at December 31, 2014. During the nine months ended September 30, 2015, cash and cash equivalents increased $1,858,000 from $7,237,000 at December 31, 2014, to $9,095,000 at September 30, 2015.

Operating Activities: Net cash provided by operating activities during the nine months ended September 30, 2015, was $3,737,000. Net income of $907,000, plus non-cash adjustments of $1,193,000 and changes in operating assets and liabilities of $1,637,000 resulted in the $3,737,000 of cash provided by operating activities. The largest component of the change in operating assets and liabilities was accrued liabilities which increased $498,000, and will fluctuate based on normal business conditions. The non-cash adjustments consisted of depreciation and amortization expense, changes in allowance for doubtful accounts, deferred income tax expense, stock-based compensation expense, and gain on sale of property and equipment. In the normal course of business, our accounts receivable, accounts payable, accrued liabilities and deferred revenue will fluctuate depending on the level of revenues and related business activity, as well as billing arrangements with customers and payment terms with retailers.

Investing Activities: Net cash used in investing activities during the nine months ended September 30, 2015 was $317,000. This was related to the net purchases of available for sale investments of $205,000 and purchase of property and equipment of $137,000, partially offset by gain on sale of property and equipment of $25,000.

Financing Activities: Net cash used in financing activities during the nine months ended September 30, 2015 was $1,562,000, which related to the repurchase of common stock under the Company's share repurchase plan of $1,614,000, partially offset by proceeds received from issuance of common stock under the employee stock purchase plan and stock option exercises of $48,000, as well as an excess tax benefit from stock option exercises of $4,000.

The Company believes that based upon current business conditions and plans, its existing cash and investment balances and future cash generated from operations will be sufficient for its cash requirements for at least the next twelve months. In the event additional financing is needed, the Company maintains a $7,500,000 line of credit, collateralized by its available for sale investments. Amounts borrowed, if any, would bear interest at the 30-day LIBOR rate plus 2% (effective rate of 2.19% as of September 30, 2015).

On September 14, 2015, we amended the lease for our headquarters to extend the term for five years, through March 31, 2021, and to reduce our square footage and rental rate per square foot effective January 1, 2016. Minimum future lease obligations under this amended lease, excluding operating costs, are approximately as follows for the years ending December 31:

2016	$	151,000
2017		206,000
2018		211,000
2019		217,000
2020		222,000
Thereafter		57,000

Critical Accounting Policies

The discussion and analysis of our financial condition and results of operations are based upon our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets and liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities at the date of our financial statements. Actual results may differ from these estimates under different assumptions or conditions.

Our significant accounting policies are described in Note 1 to the annual financial statements as of and for the year ended December 31, 2014, included in our Form 10-K filed with the Securities and Exchange Commission on March 4, 2015. We believe our most critical accounting policies and estimates include the following:

- revenue recognition;
- allowance for doubtful accounts;
- impairment of long-lived assets;
- income taxes; and
- stock-based compensation.

Cautionary Statement Regarding Forward-Looking Statements

Certain statements made in this Quarterly Report on Form 10-Q, in the Company’s other SEC filings, in press releases and in oral statements to shareholders and securities analysts that are not statements of historical or current facts, are “forward-looking statements.” Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results or performance of the Company to be materially different from the results or performance expressed or implied by such forward-looking statements. The words “believes,” “expects,” “anticipates,” “seeks,” “will” and similar expressions identify forward-looking statements. Forward-looking statements include statements expressing the intent, belief or current expectations of the Company and members of our management team regarding, for instance: (i) our belief that our cash balance and cash generated by operations will provide adequate liquidity and capital resources for at least the next twelve months; (ii) that we expect fluctuations in accounts receivable and payable, accrued liabilities, and deferred revenue; and (iii) plans to repurchase Company stock. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this statement was made. These forward-looking statements are based on current information, which we have assessed and which by its nature is dynamic and subject to rapid and even abrupt changes.

The factors that could cause our estimates and assumptions as to future performance, and our actual results, to differ materially include the following: (i) the risk that management may be unable to fully or successfully implement its business plan to achieve and maintain increased sales and resultant profitability in the future; (ii) the risk that the Company will not be able to develop and implement new product offerings, including mobile, digital or other new offerings, in a successful manner; (iii) prevailing market conditions, including pricing and other competitive pressures, in the in-store advertising industry and, intense competition for agreements with retailers and consumer packaged goods manufacturers; (iv) potentially incorrect assumptions by management with respect to the financial effect of current strategic decisions, the effect of current sales trends on fiscal year 2015 results and the benefit of our relationship with News America; (v) termination of all or a major portion of, or a significant change in terms and conditions of, a material agreement with a consumer packaged goods manufacturer, retailer, or News America; and (vi) other economic, business, market, financial, competitive and/or regulatory factors affecting the Company's business generally. Our risks and uncertainties also include, but are not limited to, the risks presented in our Annual Report on Form 10-K for the year ended December 31, 2014, any additional risks presented in our Quarterly Reports on Form 10-Q and our Current Reports on Form 8-K. We undertake no obligation (and expressly disclaim any such obligation) to update forward-looking statements made in this Form 10-Q to reflect events or circumstances after the date of this Form 10-Q or to update reasons why actual results would differ from those anticipated in any such forward-looking statements, other than as required by law.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Not applicable.

Item 4. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures

The Company's management carried out an evaluation, under the supervision and with the participation of the Company's principal executive and financial officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) as of the end of the period covered by this report, pursuant to Exchange Act Rule 13a-15. Based upon that evaluation, the Company's principal executive and financial officer concluded that the Company's disclosure controls and procedures were effective as of the end of the period covered by this report. Disclosure controls and procedures ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms, and are designed to ensure that information required to be disclosed by us in these reports is accumulated and communicated to the Company's management, including its principal executive and financial officer, as appropriate to allow timely decisions regarding disclosures.

(b) Changes in Internal Control Over Financial Reporting

There was no change in our internal control over financial reporting that occurred during the fiscal quarter covered by this report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

None.

Item 1A. Risk Factors

We described the most significant risk factors applicable to the Company in Part I, Item 1A "Risk Factors" of our Annual Report on Form 10-K for the year ended December 31, 2014. We believe there have been no material changes from the risk factors disclosed in that Form 10-K.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

On December 3, 2013, the Board of Directors authorized the repurchase of up to $5,000,000 of the Company's common stock on or before December 3, 2015. The plan allows the repurchases to be made in open market or privately negotiated transactions. The plan does not obligate the Company to repurchase any particular number of shares, and may be suspended at any time at the Company's discretion.

Our share repurchase activity for the three months ended September 30, 2015, was as follows:

	Total Number of Shares Repurchased	Average Price Paid Per Share	Total Number of Shares Purchased As Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares That May Yet Be Purchased Under The Plans or Programs
July 1-31, 2015	20,377	$ 2.68	840,029	$ 2,430,000
August 1-31, 2015	310,771 [1]	$ 2.61	1,149,045	$ 1,624,000
September 1-30, 2015	247,438	$ 2.55	1,396,483	$993,000
Total	578,586	$ 2.59		

[1]Includes 1,755 shares surrendered to the Company to satisfy minimum withholding tax obligations in connection with the exercise of non-qualified stock options. These shares were not purchased under the Board of Directors authorization described above.

Item 3. Defaults upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

Unless otherwise indicated, all documents incorporated herein by reference to a document filed with the SEC pursuant to the Exchange Act are located under SEC file number 001-13471.

Exhibit Number	Description
10.1	First Amendment to Industrial/Warehouse Lease Agreement with James Campbell Company LLC dated September 14, 2015
31	Certification of Principal Executive and Financial Officer
32	Section 1350 Certification
101	The following materials from Insignia Systems, Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2015, formatted in XBRL (eXtensible Business Reporting Language): (i) Condensed Balance Sheets; (ii) Statements of Comprehensive Income; (iii) Statements of Cash Flows; and (iv) Notes to Financial Statements.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Dated: October 29, 2015

Insignia Systems, Inc.
(Registrant)

/s/ John C. Gonsior
John C. Gonsior
President and Chief Financial Officer
(on behalf of the registrant and as principal executive and financial officer)

EXHIBIT INDEX

Exhibit Number	Description	Reference
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31	Certification of Principal Executive and Financial Officer	Filed Electronically
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101	The following materials from Insignia Systems, Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2015, formatted in XBRL (eXtensible Business Reporting Language): (i) Condensed Balance Sheets; (ii) Statements of Comprehensive Income; (iii) Statements of Cash Flows; and (iv) Notes to Financial Statements.	Filed Electronically

Exhibit 10.1

FIRST AMENDMENT TO INDUSTRIAL/WAREHOUSE LEASE AGREEMENT

THIS FIRST AMENDMENT TO INDUSTRIAL/WAREHOUSE LEASE AGREEMENT ("First Amendment") is made effective as of the 14th day of September, 2015 ("Effective Date"), by and between **JAMES CAMPBELL COMPANY LLC,** a Delaware limited liability company ("Landlord") and **INSIGNIA SYSTEMS, INC.**, a Minnesota corporation ("Tenant").

RECITALS:

WHEREAS, Landlord, as successor in interest to Opus Northwest, L.L.C., a Delaware limited liability company, and Tenant executed that certain Industrial/Warehouse Lease Agreement dated as of March 27, 2008 ("Lease"), concerning the leasing of approximately 40,781 square feet, consisting of approximately 23,914 square feet of office space and 16,867 square feet of production space/warehouse space that is designated on Exhibit C to the Lease ("Original Premises") in a building commonly referred as "Park West Business Center" located at 8701 Brooklyn Boulevard, Brooklyn Park, Minnesota 55445 ("Building"); and

WHEREAS, Landlord and Tenant desire to set forth their agreement concerning certain amendments and corrections to the Lease according to the terms and conditions set forth below.

NOW THEREFORE, in consideration of the foregoing and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. <u>Interpretation of First Amendment</u>. The Lease is hereby modified and supplemented. Wherever there exists a conflict between this First Amendment and the Lease, the provisions of First Amendment shall control. Except as otherwise indicated hereon, capitalized terms shall be defined in the manner set forth in the Lease. Except as modified and supplemented hereby, the Lease is unamended and in full force and effect.

2. <u>Extended Lease Term</u>. The parties hereby agree that Tenant shall extend its tenancy for a period of sixty-three (63) months commencing on January 1, 2016 ("Extension Date"), and continuing until March 31, 2021 ("Extended Lease Term"). As such, notwithstanding anything to the contrary contained in the Lease or herein, the existing termination date of February 29, 2016, for the Lease shall be revised and the revised termination date for the Lease shall be March 31, 2021 (hereinafter referred to as the "Termination Date").

3. <u>Modified Square Footage of Original Premises</u>. On or by the Extension Date, Tenant shall reduce the space occupied by it within the Original Premises by approximately 17,404 square feet (consisting of approximately 13,149 square feet of office space and reduction of approximately 4,255 square feet of production space/warehouse space) ("Vacated Premises"), bringing the revised square footage of remaining space to approximately 23,377 square feet (consisting of approximately 10,765 square feet of office space and 12,612 square feet of production space/warehouse space) ("Modified Premises"). The Modified Premises shall also mean and refer to Premises as set forth in the Lease; any reference to Premises hereinafter shall mean the Modified Premises. The Vacated Premises and Modified Premises are depicted on the attached EXHIBIT A. Up to the Extension Date, Tenant shall continue to lease from Landlord the Original Premises according to the terms and conditions as set forth in the Lease. Commencing on the Extension Date, Tenant shall lease from Landlord the Premises.

4. <u>Vacation Date/Access to Vacated Premises</u>. Notwithstanding any language to the contrary contained in this First Amendment, Tenant shall have until January 30, 2016, by which to vacate the

Vacated Premises ("Vacation Date"). Tenant shall surrender the Vacated Premises in "broom clean" condition and otherwise in good order, condition and repair, reasonable wear and tear excepted. Tenant shall remove all personal property from the Vacated Premises and all Alterations from the Vacated Premises (if required by Landlord pursuant to the Lease) and shall promptly repair any damage caused by any such removal. Landlord and Tenant shall, do a walk-though of the Vacated Premises to confirm Tenant's surrender of the Vacated Premises per the condition set forth above and, upon the request of either party, execute a written confirmation of the Vacation Date. Despite the fact that Tenant will no longer be paying rent on the Vacated Premises beginning on January 1, 2016, from January 1, 2016 through and until the Vacation Date, the Vacated Premises shall otherwise be subject to the terms and conditions of the Lease. As of the Vacation Date, Landlord shall have complete access to the Vacated Premises for showings and potential improvements for a future tenant.

5. Tenant's Share of Property Expenses. Up to the Extension Date, Tenant shall continue to pay Tenant's Share of Property Expenses for the Original Premises as set forth in the Lease. However, Landlord and Tenant acknowledge that, effective as of the Extension Date, Tenant's Share of Property Expenses shall decrease to 22.49%, which is the percentage obtained by dividing the 23,377 square feet in the Modified Premises by the 103,964 square feet in the Building.

6. Base Rent.

A. Until the Extension Date, Tenant shall continue to pay Base Rent for the Original Premises as set forth in the Lease. For convenience purposes, it is restated herein:

Term	**Approx. Rate (psf)**	**Monthly Rent**
8/1/15-12/31/15	$12.07	$41,018.89

B. Commencing on the Extension Date, Tenant shall pay Base Rent for the Premises as follows:

Term	**Approx. Rate (psf)**	**Annual Rent**	**Monthly Rent**
1/1/16 - 12/31/16	$8.60	$201,042.24*	$16,753.52*
1/1/17 - 12/31/17	$8.82	$206,185.20	$17,182.10
1/1/18 - 12/31/18	$9.04	$211,328.04	$17,610.67
1/1/19 - 12/31/19	$9.27	$216,704.76	$18,058.73
1/1/20 - 12/31/20	$9.50	$222,081.48	$18,506.79
1/1/21- 3/31/21	$9.74	$56,922.99**	$18,974.33

*Provided Tenant is not then in default under the Lease beyond any applicable notice and grace periods, Base Rent shall be abated from 1/1/16–3/31/16. In the event Tenant is then in default under the Lease beyond any applicable notice and grace periods, Tenant shall not receive said abatement and Tenant's obligation to pay Base Rent shall be continuing and ongoing.

**Note this term is not a full twelve (12) month term; it is a three (3) month term.

7. Heating, Ventilating and Air Conditioning Systems. Tenant shall accept the existing heating, ventilating and air conditioning systems serving the Premises in their "as-is, where-is" condition as of the Effective Date. Tenant shall continue to maintain and repair all existing heating, ventilating and air conditioning systems serving the Premises. Notwithstanding the foregoing and subject to the terms

and conditions of the Lease, in the event an existing heating, ventilating and air conditioning rooftop system servicing the Premises existing prior to the Extension Date requires replacement, Landlord shall install the same and shall pay for the cost of such replacement; provided, Tenant shall reimburse Landlord for the heating, ventilating and air conditioning rooftop system replacement costs as part of its payment of Tenant's Share of Property Expenses. Tenant's proportionate share of the heating, ventilating and air conditioning rooftop system replacement costs shall be determined by dividing Tenant's remaining Lease term, including any renewal or extension terms, if exercised, by the useful life of the heating, ventilating and air conditioning system (which for purposes of the Lease, has been determined to be twelve (12) years, or one hundred forty-four (144) months) multiplied by the replacement cost of the heating, ventilating and air conditioning rooftop system (*e.g.*, if Tenant has thirty-six (36) months remaining in the Lease term including any renewal or extension terms, if exercised, when the heating, ventilating and air conditioning rooftop system is replaced, Tenant would be responsible for 36/144 (25%) of the replacement cost of the heating, ventilating and air conditioning rooftop system, payable in equal monthly installments as part of Tenant's Share of Property Expenses). In the event a renewal or extension term is agreed to after Tenant's proportionate share of the heating, ventilating and air conditioning system replacement costs has already been calculated, then said proportionate share shall be recalculated to account for and include the renewal or extension term.

8. Planning Services. Landlord, at its sole cost and expense, shall engage Genesis Architecture to provide customary architectural and planning services to produce construction drawings necessary for the City of Brooklyn Park's permit approval process for the Tenant Improvements (as hereinafter defined) (the "Plans"). If the City of Brooklyn Park or the Landlord require revisions to the Plans, the cost of those revisions shall also be at Landlord's sole cost and expense. However, if Tenant requests design, architectural and planning services beyond the Plans approved by both Landlord and the City of Brooklyn Park, then the cost of the additional design, architectural and planning services shall be at Tenant's sole cost and expense.

9. Tenant Improvements. Tenant, may, at its sole cost, install fixtures, equipment and furnishings in or to the Premises in a first-class manner and at a minimum consistent with Landlord's building standard materials and finishes and with Tenant's permitted use. Such trade fixture and furnishing activities shall be defined herein collectively as the "Tenant Improvements." Tenant shall work with Landlord and cause Genesis Architecture to complete and deliver the Plans with due diligence, time being of the essence. Landlord and Tenant hereby agree to use their best efforts to agree to finalize the Plans by October 1, 2015. The Plans shall be subject to Landlord's approval and the approval of all local governmental authorities with jurisdiction. Landlord agrees not to unreasonably withhold its approval of said Plans. If Landlord notifies Tenant that changes are required to the final Plans submitted by Tenant, Tenant shall promptly submit to Landlord, for its approval, the Plans amended in accordance with the changes so required. The Plans shall also be revised, and the Tenant Improvements shall be changed, to incorporate any work required in the Premises by any local governmental field inspector. Landlord's approval of the Plans shall in no way be deemed to be (i) an acceptance or approval of any element therein contained which is in violation of any applicable laws, ordinances, regulations or other governmental requirements, or (ii) an assurance that work done pursuant to the Plans will comply with all applicable laws (or with the interpretations thereof) or satisfy Tenant's objectives and needs. Landlord shall deliver written notice (the "Approval Notice") to tenant upon Landlord's approval of the Plans.

Upon the delivery of the Approval Notice, Landlord and Tenant hereby mutually agree to select Cushman Wakefield Northmarq Construction Management ("CWNCM") as the construction manager for the Tenant Improvements. Tenant shall enter in a contract with CWNCM (the "CWNCM Contract") for management of the Tenant Improvements in a form consistent with the bid or proposal approved by Tenant, which contract shall be capped at three percent (3%) of the total construction costs for the Tenant Improvements. Notwithstanding the foregoing, Tenant shall not have to pay CWNCM a percentage of costs of the following Tenant Improvements: architectural and planning services provided by Genesis Architecture for the Plans (as set forth above in Section 8), furniture or equipment moving, or voice or data installation, unless Tenant requests that CWNCM hire vendors to coordinate the same. CWNCM shall request bids from up to three (3) general contractors to perform the Tenant Improvements based on the Plans, and CWNCM, Landlord and Tenant shall mutually agree on the selection of a general contractor. Tenant shall cause the general contractor to complete the Tenant Improvements with due diligence and in accordance with the approved Plans. All costs incurred by Tenant in its CWNCM Contract and its contract with the selected general contractor for the completion of the Tenant's Work shall be paid by Tenant.

10. Tenant Improvement Allowance. Landlord shall pay to Tenant an improvement allowance (the "Allowance") in an amount not to exceed Two Hundred Seventy-Five Thousand and no/100s Dollars ($275,000.00) to be used solely to reimburse Tenant for the costs and expenses directly incurred by Tenant related to purchasing, constructing or installing Tenant Improvements ("Tenant Costs"). The Allowance shall be payable in accordance with the following terms and conditions:

(a) Payment of Allowance.

i. When requesting reimbursement from Landlord for Tenant Costs, Tenant shall provide to Landlord a detailed statement in writing, certified by Tenant to be accurate as of the date thereof, of the costs incurred by Tenant through the time frame for which it is requesting payment (which time frame shall be no more frequently than monthly) along with copies of all invoices/receipts related thereto, which gives rise to all or a portion of the Allowance together with standard full lien waivers from the general contractor and from any and all subcontractors for charges included in the statement (collectively, the submission of Tenant's certified statement, receipts and lien waivers shall be referred to as a "Reimbursement Request"). Tenant shall be allowed to make up to four (4) Reimbursement Requests, unless agreed to otherwise by Landlord in writing.

ii. Upon Landlord's receipt of all of the foregoing items, Landlord shall make payment of such portion of the Allowance that is so certified by Tenant directly to Tenant by the expiration of the thirtieth (30^{th}) day after Tenant's submission of a Reimbursement Request.

(b) Tenant shall have until June 30, 2016, to request payment of the Allowance, or portions thereof, as reimbursement for Tenant Costs. Tenant shall have no right to the Allowance after June 30, 2016 unless mutually agreed upon in writing by Landlord and Tenant.

(c) Tenant shall be solely responsible for the payment of the amount, if any, by which the Tenant Costs exceed the Allowance (this includes any costs associated with change orders made by Tenant to Tenant Improvements).

(d) If Landlord fails to reimburse Tenant within thirty (30) days after Tenant's full and complete submission of a Reimbursement Request and if such failure to reimburse Tenant continues for an additional period of thirty (30) days after Tenant notifies Landlord in writing of Landlord's failure to reimburse ("Failure to Reimburse Notice"), then Landlord shall be in default. Notwithstanding anything in the foregoing to the contrary, Landlord shall pay Tenant a late charge in the amount of $100.00 per day for any delay in reimbursement from the first day after its receipt of the Failure to Reimburse Notice through and including the tenth (10^{th}) business day thereafter and an additional $250.00 per day for any delay in reimbursement in excess of the aforementioned period.

11. Extension Option. Tenant shall have the option to extend its tenancy ("Additional Extension") immediately beyond the scheduled Termination Date for one (1) five (5) year period ("Additional Extension Term") upon the following terms and conditions: (i) Tenant shall give Landlord written notice of its election to exercise such option (the "Additional Extension Notice") no later than two hundred seventy (270) days prior to the Termination Date; (ii) no event of default (as defined in Article 14 of the Lease) exists; and (iii) the Lease shall be in full force and effect on the date Tenant delivers the Additional Extension Notice. If Tenant timely and properly exercises the foregoing Additional Extension, the following terms and conditions shall also be applicable:

a. Base Rent Payable. Tenant shall pay Base Rent on the Premises during the Additional Extension Term at a rate equal to the "Market Rate" for similar buildings in the northwest submarket of St. Paul/Minneapolis, Minnesota For purposes hereof, the phrase "Market Rate" shall be defined as the rate of Base Rent for the Premises that a willing tenant would pay, and that a willing landlord would accept, in arms-length bona-fide negotiations if the same were being leased for the Additional Extension Term to a single tenant "As-Is" and taking into consideration the following: all costs incurred by Landlord in the negotiation of such extension, including any brokerage fee payable by Landlord in connection therewith; the size of the space in question and its utility for leasing to other occupants conducting different uses; the quality, age and location of the building; and the financial resources of Tenant.

Landlord shall, within ten (10) days of the date of the Extension Notice, assuming Tenant desires to lease the Premises, provide Landlord's determination of the applicable Market Rate ("Landlord's Market Rate Notice"). If Tenant disagrees with Landlord's determination of the Market Rate, Tenant shall give Landlord written notice of that disagreement ("Tenant's Dispute Notice") within ten (10) days of receipt of Landlord's Market Rate Notice, stating the amount which Tenant believes the Market Rate should be and the basis for such belief, and Landlord and Tenant shall endeavor in good faith to agree on the Market Rate.

If Tenant does not deliver Tenant's Dispute Notice to Landlord within ten (10) days of receipt of Landlord's Market Rate Notice, Tenant shall be deemed to agree with and accept Landlord's determination of the Market Rate. In the event of the timely delivery of Tenant's Dispute Notice and if Landlord and Tenant have not agreed as to the Market Rate for the Additional Extension Term within forty-five (45) days after Tenant's receipt of Landlord's Market Rate Notice, either party may, within ten (10) business days of the expiration of said forty-five (45) day period, deliver to the other party a written notice withdrawing its Extension Notice or Landlord's Market Rate Notice, as the case may be.

b. Other Provisions. Except as otherwise stated, all terms and conditions of the Lease, including Tenant's obligation to pay Tenant's Share of Property Expenses and all other items of additional rent, shall remain in full force and effect during each year of the Additional Extension Term, if any; provided, Landlord shall have no obligation to construct, or contribute to the costs of constructing any leasehold improvements during the Additional Extension Term.

12. Other Options/Rights. Landlord and Tenant hereby acknowledge that Article 21 of the Lease shall terminate as of the date of this First Amendment; it being the intent that the parties are extending the Lease, but under different terms than set forth in Article 21. Further, Landlord and Tenant hereby acknowledge that other than Extension Option set forth in Section 11 herein, any other expansion rights, extension rights, rights of first refusal or first offer, renewal rights, option rights and/or termination rights (collectively, "Options") which may have existed under the terms of the Lease shall terminate as of the date of this First Amendment. Notwithstanding the foregoing, Landlord and Tenant hereby acknowledge that Article 23 of the Lease shall terminate as of December 31, 2015; it being acknowledged that the right granted therein is only applicable during the initial term of the Lease.

13. Notices. Pursuant to Section 18.1 of the Lease, the parties hereby provide:

The following is the notice address for Landlord:

James Campbell Company LLC
425 California Street
Suite 500
San Francisco, CA 94104
Attn: Executive Vice President
Real Estate Investment Management

With a copy to:

James Campbell Company LLC
c/o Cushman & Wakefield/NorthMarq
3500 American Blvd W - #200
Minneapolis, MN 55431
Attn: John Erickson

The following is the notice address for Tenant:

Insignia Systems, Inc.
Attn: John Gonsior
8799 Brooklyn Blvd.
Brooklyn Park, MN 55445

With a copy to:

Winthrop & Weinstine, P.A.
Attn: Matt McBride
225 South Sixth Street, Suite 3500
Minneapolis, MN 55402

14. Other Provisions. Except as otherwise stated, all terms and conditions of the Lease, including Tenant's obligation to pay for its own utilities for the Premises (which utilities shall be

separately metered and Tenant shall contract directly with the utilities suppliers for the payment of those utilities, except for water and sanitary sewer which is provided by Landlord and paid as part of Operating Expenses) and all other items of additional rent, if any, shall remain in full force and effect during the term of the Lease; provided, Landlord shall have no obligation to construct, or contribute to the costs of constructing leasehold improvements, if any, during the term of the Lease, as extended. Landlord and Tenant hereby acknowledge and agree that Tenant's address of 8799 Brooklyn Boulevard, Brooklyn Park, Minnesota 55445 shall remain unchanged.

15. Brokerage Fees. Landlord and Tenant recognize that Jason Meyer and Brent Masica of Cushman & Wakefield/NorthMarq represent Landlord and Patrick Schneider of Calhoun Commercial represents tenant in this transaction. All commissions associated with this transaction shall be paid by the Landlord pursuant to a separate agreement.

[Signature page to follow]

THIS FIRST AMENDMENT TO LEASE AGREEMENT is executed and delivered as of the date first above written.

LANDLORD:

JAMES CAMPBELL COMPANY LLC,
a Delaware limited liability company

By: /s/ Dorine Holsey Streeter
Dorine Holsey Streeter
Executive Vice President
Real Estate Investment Management

Date: 9/14/2015

By: /s/ Kathleen Burgi-Sandell
Kathleen Burgi-Sandell
Vice President Regional Manager

Date: 9-14-15

TENANT:

INSIGNIA SYSTEMS, INC.,
a Minnesota corporation

By: John Gonsior
John Gonsior
President and CFO

Date: 9/3/15

Approved as form only, which approval is for the sole benefit of Landlord and does not constitute the assumption by the undersigned of any obligations hereunder:

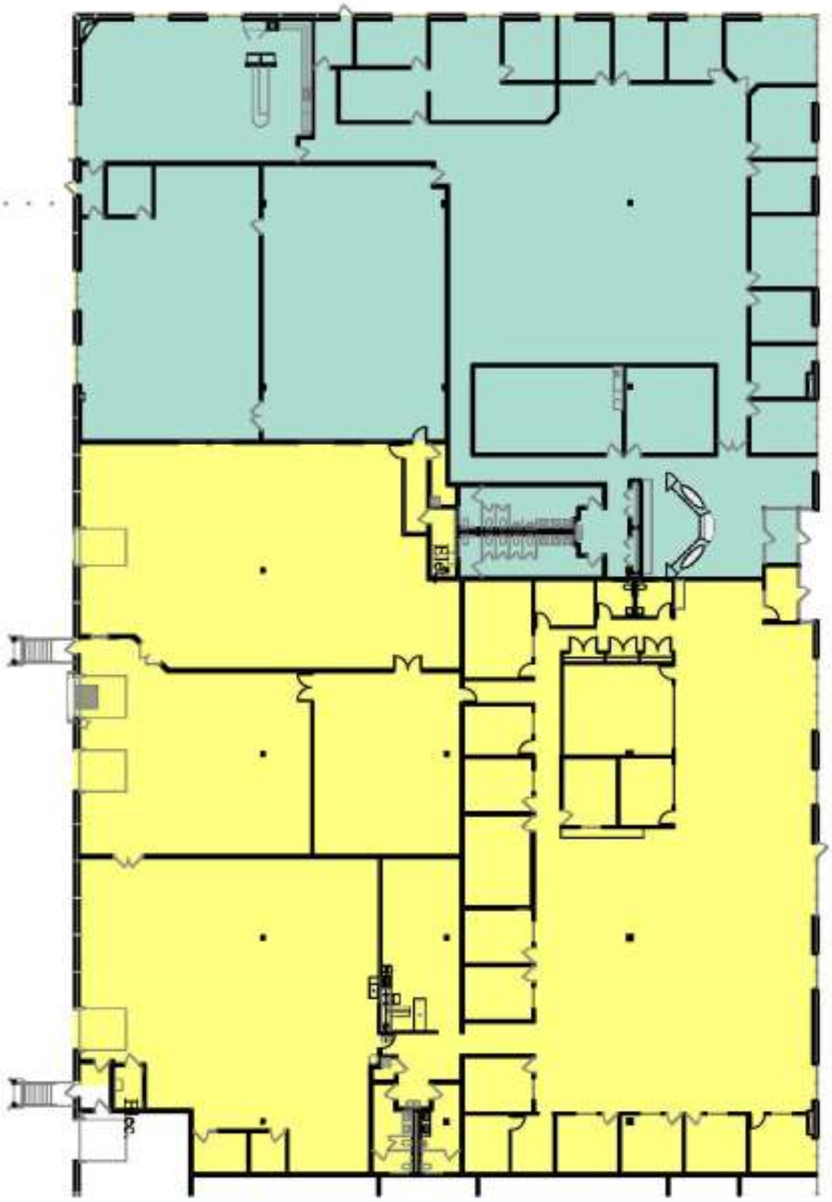
FAEGRE BAKER DANIELS LLP

By: Angela M. Woessner
Angela M. Woessner
Counsel

Date: 9.11.15

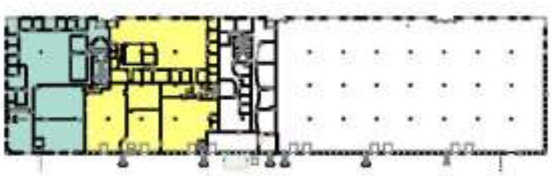
EXHIBIT A
VACATED PREMISES/ PREMISES

See attached.



INSIGNIA

Building Key



Park West Business Center
8785 Brooklyn Blvd.
Brooklyn Park, MN 55445

Modified Premises	= 23,377 Sq. Ft.
Vacated Premises	= 17,404 Sq. Ft.
Total	= 40,781 Sq. Ft.

EXHIBIT A

Exhibit 31

CERTIFICATION OF PRINCIPAL EXECUTIVE AND FINANCIAL OFFICER

I, John C. Gonsior, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Insignia Systems, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant is made known to us by others within the registrant, particularly during the period in which this report is being prepared; and
    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles; and
    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting;
5. I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: October 29, 2015

/s/ John C. Gonsior
John C. Gonsior
President and Chief Financial Officer
(principal executive and financial officer)

Exhibit 32

SECTION 1350 CERTIFICATION

The undersigned certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The accompanying Quarterly Report on Form 10-Q for the period ended September 30, 2015, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the accompanying Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 29, 2015

/s/ John C. Gonsior
John C. Gonsior
President and Chief Financial Officer
(principal executive and financial officer)