

**TLC II LLC, TLC Land Holding LLC
and TLC 539 LLC**
Combined Financial Statements – Tax Basis
Year Ended December 31, 2024



TLC II LLC, TLC Land Holding LLC and TLC 539 LLC
Table of Contents
Year Ended December 31, 2024

Accountants' Compilation Report 1

Combined Financial Statements

Combined Statement of Assets, Liabilities and Members' Equity - Tax Basis 2

Combined Statement of Revenues, Expenses and Changes in Members' Equity - Tax Basis 3

Selected Information 4

Accountants' Compilation Report

To the Members of TLC II LLC, TLC Land Holding LLC and TLC 539 LLC

Management is responsible for the accompanying combined financial statements of TLC II LLC, TLC Land Holdings LLC and TLC 539 LLC (the "Company") which comprise the combined statement of assets, liabilities and members' equity - tax basis as of December 31, 2024, and the related combined statement of revenues, expenses and changes in members' equity - tax basis, for the year then ended, in accordance with the tax basis of accounting, and for determining that the tax basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the combined financial statements, nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any form of assurance on these combined financial statements.

The combined financial statements are prepared in accordance with the tax basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Management has elected to omit substantially all the disclosures ordinarily included in combined financial statements prepared in accordance with the tax basis of accounting. If the omitted disclosures were included in the combined financial statements, they might influence the user's conclusions about the Company's assets, liabilities, members' equity, revenues, and expenses. Accordingly, the combined financial statements are not designed for those who are not informed about such matters.

Katz, Sapper & Miller, LLP

New York, New York
July 15, 2025

TLC II LLC, TLC Land Holding LLC and TLC 539 LLC
Combined Statement of Assets, Liabilities and Members' Equity - Tax Basis
December 31, 2024

ASSETS

Current assets

Cash	\$ 85,821
Accounts receivable	968,190
Inventory	<u>2,592,420</u>
Total current assets	<u>3,646,431</u>

**Property and equipment, net of accumulated
depreciation of \$1,506,228**

4,705,926

Other assets

Deferred finance costs, net of accumulated amortization of \$8,948	56,520
Other assets	<u>4,301</u>
Total other assets	<u>60,821</u>

Total assets

\$ 8,413,178

LIABILITIES AND MEMBERS' EQUITY

Current liabilities

Accounts payable	\$ 1,136,449
Current portion of long-term liabilities	204,612
Customer deposits	<u>59,677</u>
Total current liabilities	<u>1,400,738</u>

Other liabilities

Notes payable	5,473,278
Equipment leases payable	191,083
Due to affiliates	<u>(79,355)</u>
Total other liabilities	<u>5,585,006</u>

Total liabilities

6,985,744

Members' equity

1,427,434

Total liabilities and members' equity

\$ 8,413,178

TLC II LLC, TLC Land Holding LLC and TLC 539 LLC
Combined Statement of Revenues, Expenses and
Changes in Members' Equity- Tax Basis
Year Ended December 31, 2024

Sales	\$ 16,676,858
Cost of sales	<u>11,397,583</u>
Gross profit	<u>5,279,275</u>
Operating expenses	
Salaries and benefits	2,958,119
Utilities	88,934
Truck and delivery expenses	203,438
Insurance	164,858
Repairs and maintenance	238,342
Real estate taxes	89,519
Bad debt	51,106
Advertising and promotion	56,631
Bank and credit card fees	217,482
Professional and management fees	55,792
Administrative expenses	<u>408,162</u>
Total operating expenses	<u>4,532,383</u>
Income from operations	<u>746,892</u>
Other income (expense)	
Interest expense	(314,358)
Management fees	(67,500)
Pass-through entity taxes	12,977
Miscellaneous income	29,299
Depreciation	<u>(302,854)</u>
Total other income (expense)	<u>(642,436)</u>
Excess of revenues over expenses	104,456
Members' equity, beginning of year	<u>1,537,058</u>
Distributions	<u>(214,080)</u>
Members' equity, end of year	<u>\$ 1,427,434</u>

TLC II LLC, TLC Land Holding LLC and TLC 539 LLC

Selected Information - Substantially All Disclosures Required by the Tax Basis of Accounting Are Not Included

December 31, 2024

1. ORGANIZATION

TLC II LLC and TLC Land Holding LLC were formed on March 3, 2021, and TLC 539 LLC was formed on April 10, 2023. All three entities were formed in and under the laws of the State of New Jersey as limited liability companies for the purpose of acquiring and managing the real property and the business assets commonly known as Tuckerton Lumber Company located in Tuckerton and Surf City, New Jersey. TLC II LLC holds the business assets and operates the business, and TLC Land Holding LLC owns the real property and improvements. TLC 539 LLC was formed to acquire adjacent land and improvements in Tuckerton to provide for expansion of the business. The three LLCs are collectively referred to as the “Company.” The ownership of the three LLCs is ultimately comprised of the same members, each with the same ownership interest in each LLC.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The Company’s policy is to maintain its books and prepare its combined financial statements on the tax basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (“GAAP”). The primary differences between the tax basis of accounting and GAAP relate to the presentation of deferred financing costs, the valuation of certain assets and liabilities and the methods and useful lives used in computing depreciation.

Principles of combination

The accompanying combined financial statements include the financial statements of TLC II LLC, TLC Land Holding LLC and TLC 539 LLC. All intercompany accounts have been eliminated.