

**TLC II LLC, TLC Land Holding LLC  
and TLC 539 LLC**  
**Combined Financial Statements – Tax Basis**  
**Year Ended December 31, 2025**

draft

**TLC II LLC, TLC Land Holding LLC and TLC 539 LLC**  
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**Year Ended December 31, 2025**

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## **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, 2025, 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 and the statement of cash flows. If the omitted disclosures and statement of cash flows were included in the combined financial statements, they might influence the user's conclusions about the Company's assets, liabilities, members' equity, revenues, expenses, and cash flows. Accordingly, the combined financial statements are not designed for those who are not informed about such matters.

New York, New York  
May 15, 2026

**TLC II LLC, TLC Land Holding LLC and TLC 539 LLC**  
**Combined Statement of Assets, Liabilities and Members' Equity - Tax Basis**  
**December 31, 2025**

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**ASSETS**

**Current assets**

Cash	\$ 123,370
Accounts receivable	995,421
Inventory	<u>2,330,358</u>
<b>Total current assets</b>	<u><u>3,449,149</u></u>

**Property and equipment, net of accumulated  
depreciation of \$1,647,074**

4,565,080

**Other assets**

Due from affiliates	501,059
Deferred finance costs, net of accumulated amortization of \$8,948	53,901
Other assets	<u>4,300</u>
<b>Total other assets</b>	<u><u>559,260</u></u>

**Total assets**

\$ 8,573,489

**LIABILITIES AND MEMBERS' EQUITY**

**Current liabilities**

Accounts payable	\$ 1,343,422
Current portion of long-term liabilities	196,427
Customer deposits	<u>24,050</u>
<b>Total current liabilities</b>	<u><u>1,563,899</u></u>

**Other liabilities**

Notes payable	5,138,020
Equipment leases payable	105,729
Due to affiliates	<u>117,123</u>
<b>Total other liabilities</b>	<u><u>5,360,872</u></u>

**Total liabilities**

6,924,771

**Members' equity**

1,648,718

**Total liabilities and members' equity**

\$ 8,573,489

**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, 2025**

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<b>Sales</b>	\$ 16,484,478
<b>Cost of sales</b>	<u>11,340,262</u>
<b>Gross profit</b>	<u>5,144,216</u>
<b>Operating expenses</b>	
Salaries and benefits	2,797,277
Utilities	95,919
Truck and delivery expenses	210,782
Insurance	161,836
Repairs and maintenance	259,773
Real estate taxes	92,274
Rent	-
Bad debt	55,925
Advertising and promotion	33,638
Bank and credit card fees	233,495
Professional and management fees	80,847
Administrative expenses	<u>274,033</u>
<b>Total operating expenses</b>	<u>4,295,799</u>
<b>Income from operations</b>	<u>848,417</u>
<b>Other income (expense)</b>	
Interest expense	(292,804)
Management fees	-
Pass-through entity taxes	(3,439)
Miscellaneous income	25,025
Depreciation	<u>(143,465)</u>
<b>Total other income (expense)</b>	<u>(414,683)</u>
<b>Excess of revenues over expenses</b>	433,734
Members' equity, beginning of year	<u>1,427,434</u>
Distributions	<u>(212,450)</u>
<b>Members' equity, end of year</b>	<u>\$ 1,648,718</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, 2025**

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**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.

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