INDEPENDENT AUDITORS' REPORT

Board of Directors,
General Contractor Group, LLC
San Juan, Puerto Rico

Opinion

We have audited the financial statements of General Contractor Group, LLC which comprise the balance sheet as of December 31, 2023, and the related statements of income and members' equity, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of General Contractor Group, LLC as of December 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of General Contractor Group, LLC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

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Responsibilities of Management for the Financial Statements (Cont'd)

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about General Contractor Group LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of General Contractor Group LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about General Contractor Group LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as whole. The supplementary information included the schedules of completed contracts and contracts in progress are presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement themselves, and other additional procedures in accordance with auditing standard generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statement as a whole.

Caguas, Puerto Rico
June 6, 2024



Falcón Dávila, LLC
Certified Public Accountants
License No. LLC-353
Expires December 1, 2026

GENERAL CONTRACTOR GROUP, LLC

BALANCE SHEET
DECEMBER 31, 2023

- ASSETS -

CURRENT ASSETS:		
Cash	$	193,223
Accounts receivable		899,912
Contract assets		121,969
Material on site		18,074
Prepaid expenses		27,198
Total current assets		1,260,376
NON-CURRENT ASSETS:		
Property and equipment - net		39,648
Other assets		837,123
Total non-current assets		876,771
TOTAL	$	2,137,147

-LIABILITIES AND MEMBERS' EQUITY-

CURRENT LIABILITIES:		
Accounts payable-trade	$	526,512
Contract liabilities		174,771
Current portion of:		
Operating lease liability		43,933
Finance lease liability		38,617
Loan payable		8,236
Accrued expenses		441,093
Total current liabilities		1,233,162
NON-CURRENT LIABILITIES:		
Operating lease liability		92,597
Finance lease liability		65,701
Due to related party		700,000
Total non-current liabilities		858,298
Total liabilities		2,091,460
MEMBERS' EQUITY		45,687
TOTAL	$	2,137,147

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

GENERAL CONTRACTOR GROUP, LLC

STATEMENTS OF INCOME AND MEMBERS' EQUITY
FOR THE YEAR ENDED ON DECEMBER 31, 2023

CONTRACT REVENUES	$	9,336,875
CONTRACT COSTS		5,712,882
GROSS MARGIN ON CONTRACTS		3,623,993
GENERAL AND ADMINISTRATIVE EXPENSES:		1,239,077
INCOME FROM OPERATIONS		2,384,916
OTHER INCOME (EXPENSES):		
Other income		24,000
Government incentives		10,710
Finance lease right-of-use assets amortization		(27,212)
Depreciation expense		(25,535)
Interest expense		(11,189)
Total other expenses		(29,226)
NET INCOME		2,355,690
MEMBERS' EQUITY AT:		
BEGINNING OF YEAR		89,997
LESS: DISTRIBUTIONS		(2,400,000)
END OF YEAR	$	45,687

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

GENERAL CONTRACTOR GROUP, LLC

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED ON DECEMBER 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from clients	$ 8,685,009
Cash paid to suppliers and employees	(6,923,135)
Other income received	10,710
Interest paid	(11,189)
Net cash provided by operating activities	1,761,395
CASH FLOWS FROM INVESTING ACTIVITIES:	
Collections from employees	510
Capital expenditures	(3,872)
Net cash used in investing activities	(3,362)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Advances from related party	700,000
Payments to:	
Finance lease liability	(31,445)
Loan payable	(21,891)
Members' distributions	(2,376,000)
Net cash used in financing activities	(1,729,336)
NET INCREASE IN CASH	28,697
CASH AT:	
BEGINNING OF YEAR	164,526
END OF YEAR	$ 193,223

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

GENERAL CONTRACTOR GROUP, LLC

STATEMENTS OF CASH FLOWS - CONTINUED
FOR THE YEAR ENDED ON DECEMBER 31, 2023

RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Net income	$	2,355,690
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Depreciation		25,535
Gain on tax credits		(24,000)
Amortization of:		
Operating lease right-of-use assets		43,987
Finance lease right-of-use assets		27,212
Increase (Decrease) in:		
Accounts receivable:		
Billings on contracts:		
Current		(273,769)
Contract retainage		(329,705)
Contract assets		(86,990)
Material on site		10,312
Prepaid expenses		27,775
(Increase) Decrease in:		
Accounts payable-trade		35,390
Contract liabilities		(48,392)
Accrued expenses		40,778
Operating lease liability		(42,428)
NET CASH PROVIDED BY OPERATING ACTIVITIES:	$	1,761,395

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and operating cycle

The Company, a general contractor, was organized under the laws of the Commonwealth of Puerto Rico on May 7, 2018.

The length of the contracts varies but it is typically between one and three years. In accordance with normal practice in the construction industry, the Company includes assets and liability accounts relating to construction contracts, in current assets and liabilities even when such amounts are realizable or payable over a period in excess of one year. Most of the Company's projects are with affiliates.

Basis of presentation

The accompanying financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"), which require us to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods.

Property and equipment

Property and equipment are stated at cost. For financial statements purposes depreciation is provided by the straight-line method over the estimated useful life of the depreciable property. Expenditures for maintenance and repairs are charged to expenses as incurred whereas expenditures for renewals and betterments are generally capitalized. Cost of property retired or otherwise disposed of and related accumulated depreciation is removed from the accounts and any gain or loss included in operations.

Management estimates and assumptions

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Revenue recognition

The Company recognizes revenue from contracts with customers when, or as, control of promised services and goods is transferred to customers. The amount of revenue recognized reflects the consideration to which the Company expects to be entitled in exchange for the services and goods transferred. The Company primarily recognizes revenue over time utilizing the cost-to-cost measure of progress.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Revenue recognition (Cont'd)

Revenues on construction contracts are recognized on the percentage of completion method based on the ratio costs incurred to date on the contract to total estimated contract cost. Estimates of total contract revenue and costs are reviewed periodically during the year and cumulative effects of changes are recognized in the period determined; losses, if any, are recognized in the period identified. The length of the contracts varies but it is typically between three and six months. In accordance with normal practice in the construction industry, the Company includes assets and liability accounts relating to construction contracts, in current assets and liabilities even when such amounts are realizable or payable over a period in excess of

Contract costs include all direct materials, labor, and subcontracted costs, as well as indirect costs related to contract performance, such as indirect labor, supplies, tools, repairs and the operational costs of capital equipment. The total contract transaction price and cost estimation processes used for recognizing revenue over time under the cost-to-cost method is based on the professional knowledge and experience of the Company's project managers, engineers, and financial professionals. Management reviews estimates of total contract transaction price and total project costs on an ongoing basis. Changes in job performance, job conditions and management's assessment of expected variable consideration are factors hat influence estimates of the total contract transaction price, total costs to complete those contracts and the Company's profit recognition. Changes in these factors could result in revisions to revenue in the period in which the revisions are determined, which could materially affect the Company's consolidated results of operations for that period. Provisions for losses on uncompleted contracts are recorded in the period in which such losses are determined. Revenue recognized for the year ended December 31, 2023 as a result of changes in total contract transaction price estimates, including from variable consideration, from performance obligations satisfied or partially satisfied in prior periods. Contract assets represent revenues recognized in excess of amounts billed. Contract liabilities represent billings in excess of revenues recognized.

Contract assets and contract liabilities

Contract assets represent the amount of performance obligations that have been billed but have not yet been collected, whereas contract assets consist of unbilled receivables and retainage. Retainage represents a portion of the contract amount that has been billed, but for which the contract allows the customer to retain a portion of the billed amount until final contract settlement (generally, from 5% to 10% of contract billings). Retainage that has been billed but is not due until completion of performance and acceptance by customers, is generally expected to be collected within one year. Total contract assets, amounted to $121,969 as of December 31, 2023.

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NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Contract assets and contract liabilities (Cont'd)

Contract liabilities, which are generally classified within current liabilities on the Company's balance sheet, consist primarily of deferred revenue. Under certain contracts, the Company may be entitled to invoice the customer and receive payments in advance of performing the related contract work. In those instances, the Company recognizes a liability for advance billings more than revenue recognized, which is referred to as deferred revenue. Contract liabilities also include the amount of any accrued project losses. Total contract liabilities, including accrued project losses, amounted to $174,771 as of December 31, 2023.

Impairment long-lived assets

In accordance with the provisions of the Accounting of the Impairment or Disposal of Long-Lived Assets, Topic 360 of the FASB Accounting Standard Codification, management reviews long-lived assets for impairment when circumstances indicate that the carrying amount of an asset may not be recoverable. If the carrying amount of an asset may not be recoverable, a write-down to fair value is recorded. Fair values are determined based on the discounted cash flows, quoted market values, or external appraisals, as applicable. As of December 31, 2023, management believes that long-lived assets are not impaired at the individual assets or group level.

Fair value

The fair value of the Company's due from members is estimated based on the current rates offered by the Company for notes of the same remaining maturities. At December 31, 2023, the fair value of the long-term note receivable was $600,000.

NOTE B - ACCOUNTS RECEIVABLE

The following is a summary of accounts receivable as of December 31, 2023:

Billings on contracts:		
Affiliates:		
Current	$	324,908
Contract retainage		173,839
Third parties:		
Current		186,490
Contract retainage		214,002
Employees		673
Total	$	899,912