

SECTION 00410

BID FORM

West Rankin Utility Authority

Modifications To Biosolids Building

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ARTICLE 1 – BID RECIPIENT

- 1.01 This Bid is submitted to:

West Rankin Utility Authority

109 Interstate Drive, Richland MS 39218

- 1.02 The undersigned Bidder proposes and agrees, if this Bid is accepted, to enter into an Agreement with Owner in the form included in the Bidding Documents to perform all Work as specified or indicated in the Bidding Documents for the prices and within the times indicated in this Bid and in accordance with the other terms and conditions of the Bidding Documents.

ARTICLE 2 – BIDDER'S ACKNOWLEDGEMENTS

- 2.01 Bidder accepts all of the terms and conditions of the Instructions to Bidders, including without limitation those dealing with the disposition of Bid security. This Bid will remain subject to acceptance for 60 days after the Bid opening, or for such longer period of time that Bidder may agree to in writing upon request of Owner.

ARTICLE 3 – BIDDER'S REPRESENTATIONS

- 3.01 In submitting this Bid, Bidder represents that:

- A. Bidder has examined and carefully studied the Bidding Documents, and any data and reference items identified in the Bidding Documents, and hereby acknowledges receipt of the following Addenda:

<u>Addendum No.</u>	<u>Addendum, Date</u>
<u>1</u>	<u>9/11/2024</u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>

- B. Bidder has visited the Site, conducted a thorough, alert visual examination of the Site and adjacent areas, and become familiar with and satisfied itself as to the general, local, and Site conditions that may affect cost, progress, and performance of the Work.
- C. Bidder is familiar with and has satisfied itself as to all Laws and Regulations that may affect cost, progress, and performance of the Work.
- D. Bidder has carefully studied all reports of explorations and tests of subsurface conditions at or adjacent to the Site and all drawings of physical conditions relating to existing surface or subsurface structures at the Site that have been identified in the Supplementary Conditions, especially with respect to Technical Data in such reports and drawings.
- E. Bidder has considered the information known to Bidder itself; information commonly known to contractors doing business in the locality of the Site; information and observations obtained from visits to the Site; the Bidding Documents; and any Site-related

reports and drawings identified in the Bidding Documents, with respect to the effect of such information, observations, and documents on (1) the cost, progress, and performance of the Work; (2) the means, methods, techniques, sequences, and procedures of construction to be employed by Bidder; and (3) Bidder's safety precautions and programs.

- F. Bidder agrees, based on the information and observations referred to in the preceding paragraph, that no further examinations, investigations, explorations, tests, studies, or data are necessary for the determination of this Bid for performance of the Work at the price bid and within the times required, and in accordance with the other terms and conditions of the Bidding Documents.
- G. Bidder is aware of the general nature of work to be performed by Owner and others at the Site that relates to the Work as indicated in the Bidding Documents.
- H. Bidder has given Engineer written notice of all conflicts, errors, ambiguities, or discrepancies that Bidder has discovered in the Bidding Documents, and confirms that the written resolution thereof by Engineer is acceptable to Bidder.
- I. The Bidding Documents are generally sufficient to indicate and convey understanding of all terms and conditions for the performance and furnishing of the Work.
- J. The submission of this Bid constitutes an incontrovertible representation by Bidder that Bidder has complied with every requirement of this Article, and that without exception the Bid and all prices in the Bid are premised upon performing and furnishing the Work required by the Bidding Documents.

ARTICLE 4 – BIDDER'S CERTIFICATION

4.01 Bidder certifies that:

- A. This Bid is genuine and not made in the interest of or on behalf of any undisclosed individual or entity and is not submitted in conformity with any collusive agreement or rules of any group, association, organization, or corporation;
- B. Bidder has not directly or indirectly induced or solicited any other Bidder to submit a false or sham Bid;
- C. Bidder has not solicited or induced any individual or entity to refrain from bidding; and
- D. Bidder has not engaged in corrupt, fraudulent, collusive, or coercive practices in competing for the Contract. For the purposes of this Paragraph 4.01.D:
 - 1. "corrupt practice" means the offering, giving, receiving, or soliciting of any thing of value likely to influence the action of a public official in the bidding process;
 - 2. "fraudulent practice" means an intentional misrepresentation of facts made (a) to influence the bidding process to the detriment of Owner, (b) to establish bid prices at artificial non-competitive levels, or (c) to deprive Owner of the benefits of free and open competition;
 - 3. "collusive practice" means a scheme or arrangement between two or more Bidders, with or without the knowledge of Owner, a purpose of which is to establish bid prices at artificial, non-competitive levels; and
 - 4. "coercive practice" means harming or threatening to harm, directly or indirectly, persons or their property to influence their participation in the bidding process or affect the execution of the Contract.

ARTICLE 5 – BASIS OF BID

- 5.01 Bidder will complete the Work in accordance with the Contract Documents for the following price(s):

Bidder acknowledges that (1) each Bid Unit Price includes an amount considered by Bidder to be adequate to cover Contractor's overhead and profit for each separately identified item, and (2) estimated quantities are not guaranteed, and are solely for the purpose of comparison of Bids, and final payment for all unit price Bid items will be based on actual quantities, determined as provided in the Contract Documents

MODIFICATIONS TO BIOSOLIDS BUILDING

Item No.	Description	Unit	Estimated Quantity	Bid Unit Price	Bid Price
1	MOBILIZATION	LS	1	\$10,315.10	\$10,315.10
2	TEMPORARY EROSION CONTROL & MAINTENANCE	LS	1	\$5,679.10	\$5,679.10
3	REMOVAL OF CURB & GUTTER	LF	92	\$16.23	\$1,492.79
4	REMOVAL OF CONCRETE PAVEMENT OUTSIDE BUILDING, ALL DEPTHS	SY	143	\$52.88	\$7,562.48
5	REMOVAL OF CONCRETE SLABS INSIDE BUILDING, ALL DEPTHS	SY	200	\$69.54	\$13,908.00
6	SAW CUT, ALL TYPES, ALL DEPTHS	LF	500	\$3.48	\$1,738.50
7	STRUCTURAL EXCAVATION	CY	1038	\$28.98	\$30,076.05
8	STRUCTURAL BACKFILL	CY	654	\$37.09	\$24,255.55
9	CONNECTION TO EXISTING WATERLINE	EA	1	\$4,520.10	\$4,520.10
10	DUCTILE IRON FITTINGS (4"X4"X4" TEE)	LBS	80	\$18.00	\$1,440.00
11	4" C-900 NON-POTABLE WATER LINE	LF	115	\$48.68	\$5,597.97
12	4" GATE VALVE	EA	2	\$2,549.80	\$5,099.60
13	YARD HYDRANT	EA	1	\$1,535.68	\$1,535.68
14	STRUCTURAL CONCRETE	CY	277	\$1,187.98	\$329,069.08
15	STRUCTURAL CONCRETE (SLABS ON GRADE)	CY	29	\$1,269.11	\$36,804.05
16	REINFORCING STEEL	LBS	41,650	\$1.56	\$65,167.67
17	HELICAL PILES	LF	384	\$140.24	\$53,851.78

Item No.	Description	Unit	Estimated Quantity	Bid Unit Price	Bid Price
18	STOP LOGS (10" X 10" X 12')	EA	10	869.25	8,692.50
19	WATERMAN ALUMINUM SLIDE GATE (6' X 4') W/MANUAL OPERATOR	EA	2	33,008.32	66,016.64
Total – Modifications to Biosolids Building, Bid Items 1 through 19				\$ 673,051.60	

Total – Modifications to Biosolids Building, Bid Items 1 through 19 Words:

Six hundred seventy-three thousand
fifty-one dollars and sixty cents

ARTICLE 6 – TIME OF COMPLETION

- 6.01 Bidder agrees that the Work will be substantially complete and will be completed and ready for final payment in accordance with Article 42 of the General Conditions on or before the dates or within the number of calendar days indicated in the Agreement.
- 6.02 Bidder accepts the provisions of the Agreement as to liquidated damages.

ARTICLE 7 – ATTACHMENTS TO THIS BID

- 7.01 The following documents are submitted with and made a condition of this Bid:
- A. Required Bid security;
 - B. List of Proposed Subcontractors;
 - C. List of Proposed Suppliers;
 - D. List of Project References;
 - E. Evidence of authority to do business in the state of the Project; or a written covenant to obtain such license within the time for acceptance of Bids;
 - F. Contractor's License No.: 12475mc
 - G. Required Bidder Qualification Statement with supporting data; and
 - H. Copy of nonresident contractor's current state law pertaining to such state's treatment of nonresident contractors. Any bid submitted by a nonresident contractor which does not include the nonresident contractor's current state law shall be rejected and not considered for award. Section 31-3-21(3), Mississippi Code of 1972.
 - I. Non-collusion affidavit;

J. Any additional documentation required by governing authorities or by law as necessary.

ARTICLE 8 – DEFINED TERMS

8.01 The terms used in this Bid with initial capital letters have the meanings stated in the Instructions to Bidders, the General Conditions, and the Supplementary Conditions.

ARTICLE 9 – BID SUBMITTAL

BIDDER: *[Indicate correct name of bidding entity]*

Timbo's Construction, Inc.

By:

[Signature]

[Printed name]

Jimmy Sandifer

(If Bidder is a corporation, a limited liability company, a partnership, or a joint venture, attach evidence of authority to sign.)

Attest:

[Signature]

[Printed name]

Faith Moore

Faith Moore

Title:

Secretary

Submittal Date:

9/18/2024

Address for giving notices:

3853 Highway 61 N, Cleveland, MS 38732

Telephone Number:

662.843.4740

Fax Number:

888.629.2975

Contact Name and e-mail address:

Ethan Sandifer

ethan@timbosconstruction.com

Bidder's License No.:

12475 MC

(where applicable)

Document A310™ – 2010

Conforms with The American Institute of Architects AIA Document 310

Bid Bond

CONTRACTOR:

(Name, legal status and address)

Timbo's Construction, Inc.
3853 Highway 61 N.
Cleveland, MS 38732

SURETY:

(Name, legal status and principal place of business)

The Gray Casualty & Surety Company
P.O. Box 6202
Metairie, LA 70009-6202

This document has important legal consequences. Consultation with an attorney is encouraged with respect to its completion or modification.

Any singular reference to Contractor, Surety, Owner or other party shall be considered plural where applicable.

OWNER:

(Name, legal status and address)

West Rankin Utility Authority
109 Interstate Drive
Richland, MS 39218

BOND AMOUNT: \$ 5%

Five Percent of Amount Bid

PROJECT:

(Name, location or address, and Project number, if any)

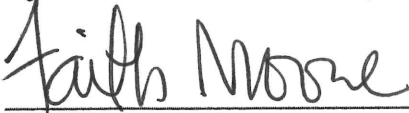
Bid #2651431 - Modifications to Biosolids Building

The Contractor and Surety are bound to the Owner in the amount set forth above, for the payment of which the Contractor and Surety bind themselves, their heirs, executors, administrators, successors and assigns, jointly and severally, as provided herein. The conditions of this Bond are such that if the Owner accepts the bid of the Contractor within the time specified in the bid documents, or within such time period as may be agreed to by the Owner and Contractor, and the Contractor either (1) enters into a contract with the Owner in accordance with the terms of such bid, and gives such bond or bonds as may be specified in the bidding or Contract Documents, with a surety admitted in the jurisdiction of the Project and otherwise acceptable to the Owner, for the faithful performance of such Contract and for the prompt payment of labor and material furnished in the prosecution thereof; or (2) pays to the Owner the difference, not to exceed the amount of this Bond, between the amount specified in said bid and such larger amount for which the Owner may in good faith contract with another party to perform the work covered by said bid, then this obligation shall be null and void, otherwise to remain in full force and effect. The Surety hereby waives any notice of an agreement between the Owner and Contractor to extend the time in which the Owner may accept the bid. Waiver of notice by the Surety shall not apply to any extension exceeding sixty (60) days in the aggregate beyond the time for acceptance of bids specified in the bid documents, and the Owner and Contractor shall obtain the Surety's consent for an extension beyond sixty (60) days.

If this Bond is issued in connection with a subcontractor's bid to a Contractor, the term Contractor in this Bond shall be deemed to be Subcontractor and the term Owner shall be deemed to be Contractor.

When this Bond has been furnished to comply with a statutory or other legal requirement in the location of the Project, any provision in this Bond conflicting with said statutory or legal requirement shall be deemed deleted herefrom and provisions conforming to such statutory or other legal requirement shall be deemed incorporated herein. When so furnished, the intent is that this Bond shall be construed as a statutory bond and not as a common law bond.

Signed and sealed this 18th day of September, 2024


(Witness)

Timbo's Construction, Inc.
(Principal)

By:

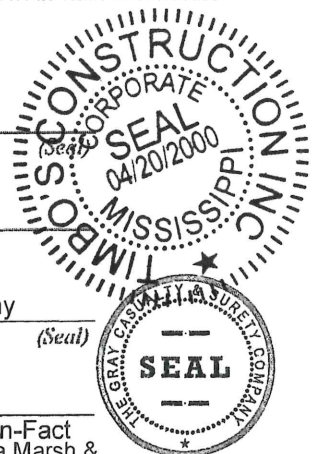
(Title)

The Gray Casualty & Surety Company
(Surety)

(Seal)

By:

(Title) Peggy L Jackson Attorney-in-Fact
Resident MS Agent/Fisher Brown Bottrell, a Marsh &
McLennan Agency LLC Company



THE GRAY INSURANCE COMPANY
THE GRAY CASUALTY & SURETY COMPANY

GENERAL POWER OF ATTORNEY

Bond Number: Bid Bond
Principal: Timbo's Construction, Inc.
Obligee: West Rankin Utility Authority

KNOW ALL BY THESE PRESENTS, THAT The Gray Insurance Company and The Gray Casualty & Surety Company, corporations duly organized and existing under the laws of Louisiana, and having their principal offices in Metairie, Louisiana, do hereby make, constitute, and appoint: Peggy L Jackson

on behalf of each of the Companies named above its true and lawful Attorney(s)-in-Fact, to make, execute, seal and deliver, for and on its behalf and as its deed, bonds, or other writings obligatory in the nature of a bond, as surety, contracts of suretyship as are or may be required or permitted by law, regulation, contract or otherwise, provided that no bond or undertaking or contract of suretyship executed under this authority shall exceed the amount of \$25,000,000.00.

This Power of Attorney is granted and is signed by facsimile under and by the authority of the following Resolutions adopted by the Boards of Directors of both The Gray Insurance Company and The Gray Casualty & Surety Company at meetings duly called and held on the 26th day of June, 2003.

"RESOLVED, that the President, Executive Vice President, any Vice President, or the Secretary be and each or any of them hereby is authorized to execute a power of Attorney qualifying the attorney named in the given Power of Attorney to execute on behalf of the Company bonds, undertakings, and all contracts of surety, and that each or any of them is hereby authorized to attest to the execution of such Power of Attorney, and to attach the seal of the Company; and it is

FURTHER RESOLVED, that the signature of such officers and the seal of the Company may be affixed to any such Power of Attorney or to any certificate relating thereto by facsimile, and any such Power of Attorney or certificate bearing such facsimile signature or facsimile seal shall be binding upon the Company now and in the future when so affixed with regard to any bond, undertaking or contract of surety to which it is attached.

IN WITNESS WHEREOF, The Gray Insurance Company and The Gray Casualty & Surety Company have caused their official seals to be hereinto affixed, and these presents to be signed by their authorized officers this 28th day of October, 2021.



By:

Michael T. Gray

Michael T. Gray
President
The Gray Insurance Company

Cullen S. Piske

Cullen S. Piske
President
The Gray Casualty & Surety Company



State of Louisiana

ss:

Parish of Jefferson

On this 28th day of October, 2021, before me, a Notary Public, personally appeared Michael T. Gray, President of The Gray Insurance Company, and Cullen S. Piske, President of The Gray Casualty & Surety Company, personally known to me, being duly sworn, acknowledged that they signed the above Power of Attorney and affixed the seals of the companies as officers of, and acknowledged said instrument to be the voluntary act and deed, of their companies.



Leigh Anne Henican
Notary Public
Notary ID No. 92653
Orleans Parish, Louisiana

Leigh Anne Henican

Leigh Anne Henican
Notary Public, Parish of Orleans State of Louisiana
My Commission is for Life

I, Mark S. Manguno, Secretary of The Gray Insurance Company, do hereby certify that the above and forgoing is a true and correct copy of a Power of Attorney given by the companies, which is still in full force and effect. IN WITNESS WHEREOF, I have set my hand and affixed the seals of the Company this 18th day of September, 2024.

Mark S. Manguno

I, Leigh Anne Henican, Secretary of The Gray Casualty & Surety Company, do hereby certify that the above and forgoing is a true and correct copy of a Power of Attorney given by the companies, which is still in full force and effect. IN WITNESS WHEREOF, I have set my hand and affixed the seals of the Company this 18th day of September, 2024.

Leigh Anne Henican



SECTION 00450
NON-COLLUSION AFFIDAVIT

State of Mississippi,

County of Bolivar,

I, Jimmy Sandifer, Individually, and in my capacity as

president (Name of person signing Affidavit)

Of Timbo's Construction

Timbo's Construction (Title)

(Name of Firm, Partnership, or Corporation)

being duly sworn, on oath do depose and say as follows;

(A). That Timbo's Construction Bidder on
Modifications to Biosolids Building has not either directly or indirectly entered into an agreement, participated in any collusion, or otherwise taken any action in restraint of free competitive bidding in connection with this Contract; nor have any of its officers, partners, employees, or principal owners.

(B). Further, that neither said legal entity nor any of its directors, officers, partners, principal

owners or managerial employees are currently debarred from bidding on public Contracts by the State of

Mississippi or any of its agencies; or by one or more of the other states or any of its agencies.

[Signature]
president

Signature

Title

before me this 18 day of September, 2024.

ID NO.
379924

My Commission expires

Katharyn J. Moore

Notary Public

FAILURE TO PROPERLY SIGN AND NOTARIZE THIS AFFIDAVIT AND
SUBMIT WITH THE BID PACKAGE MAY DISQUALIFY THE BID.

--END OF SECTION 00480--

Section 00451
QUALIFICATIONS STATEMENT

THE INFORMATION SUPPLIED IN THIS DOCUMENT IS CONFIDENTIAL TO THE EXTENT PERMITTED BY LAWS AND
REGULATIONS

1. SUBMITTED BY:

Official Name of Firm:

Address:

Timbo's Construction, Inc.
3853 Highway 61 North
Cleveland, ms 38732

2. SUBMITTED TO:

Benchmark Engineering

3. SUBMITTED FOR:

Owner:

Project Name:

West Rankin Utility Authority
modifications to Biosolids
Building

TYPE OF WORK:

site work, concrete, utilities

4. CONTRACTOR'S CONTACT INFORMATION

Contact Person:

Title:

Phone:

Email:

Ethan Sandifer
Vice President
662-843-4740
ethan@timbosconstruction.com

5. **AFFILIATED COMPANIES:**

Name:

none

Address:

6. **TYPE OF ORGANIZATION:**

☐ SOLE PROPRIETORSHIP

Name of Owner:

Doing Business As:

Date of Organization:

☐ PARTNERSHIP

Date of Organization:

Type of Partnership:

Name of General Partner(s):

☒ CORPORATION

State of Organization:

Date of Organization:

Executive Officers:

- President:

- Vice President(s):

- Treasurer:

- Secretary:

☐ LIMITED LIABILITY COMPANY

State of Organization:

Mississippi
April 2000

Jimmy Sandifer
Ethan Sandifer

Laquita Sandifer
Laquita Sandifer

Date of Organization:

Members:

☐ JOINT VENTURE

Date of Organization:

Date of Organization:

Form of Organization:

Joint Venture Managing Partner

- Name:

- Address:

Joint Venture Managing Partner

- Name:

- Address:

Joint Venture Managing Partner

- Name:

- Address:

7. LICENSING

Jurisdiction:

Mississippi

Type of License:

Certificate of Responsibility

License Number:

12475MC

Jurisdiction:

Type of License:

License Number:

8. CERTIFICATIONS

CERTIFIED BY:

Disadvantage Business Enterprise:

Minority Business Enterprise:

Woman Owned Enterprise:

Small Business Enterprise:

Other ():

9. BONDING INFORMATION

Bonding Company:

The Gray Casualty & Surety

Address:

PO Box 6202

Metairie, LA 70009-6202

Bonding Agent:

Peggy Jackson

Address:

248 East Capitol St. Suite 900
Jackson, MS

Contact Name:

Peggy Jackson

Phone:

601-960-8243

Aggregate Bonding Capacity:

\$25,000,000.00

Available Bonding Capacity as of date of this submittal: \$15,000,000.00

10. FINANCIAL INFORMATION

Financial Institution:

Address:

Account Manager:

Phone:

Planters Bank
Cleveland, ms

INCLUDE AS AN ATTACHMENT AN AUDITED BALANCE SHEET FOR EACH OF THE LAST 3 YEARS

11. CONSTRUCTION EXPERIENCE:

Current Experience:

List on **Schedule A** all uncompleted projects currently under contract (If Joint Venture list each participant's projects separately).

Previous Experience:

List on **Schedule B** all projects completed within the last 5 Years (If Joint Venture list each participant's projects separately).

Has firm listed in Section 1 ever failed to complete a construction contract awarded to it?

☐ YES ☒ NO

If YES, attach as an Attachment details including Project Owner's contact information.

Has any Corporate Officer, Partner, Joint Venture participant or Proprietor ever failed to complete a construction contract awarded to them in their name or when acting as a principal of another entity?

☐ YES ☒ NO

If YES, attach as an Attachment details including Project Owner's contact information.

Are there any judgments, claims, disputes or litigation pending or outstanding involving the firm listed in Section 1 or any of its officers (or any of its partners if a partnership or any of the individual entities if a joint venture)?

☐ YES ☒ NO

If YES, attach as an Attachment details including Project Owner's contact information.

12. SAFETY PROGRAM:

Name of Contractor's Safety Officer:

Ethan Sandifer

Include the following as attachments:

Provide as an Attachment Contractor's (and Contractor's proposed Subcontractors and Suppliers furnishing or performing Work having a value in excess of 10 percent of the total amount of the Bid) OSHA No. 500- Log & Summary of Occupational Injuries & Illnesses for the past 5 years.

Provide as an Attachment Contractor's (and Contractor's proposed Subcontractors and Suppliers furnishing or performing Work having a value in excess of 10 percent of the total amount of the Bid) list of all OSHA Citations & Notifications of Penalty (monetary or other) received within the last 5 years (indicate disposition as applicable) - IF NONE SO STATE.

Provide as an Attachment Contractor's (and Contractor's proposed Subcontractors and Suppliers furnishing or performing Work having a value in excess of 10 percent of the total amount of the Bid) list of all safety citations or violations under any state all received within the last 5 years (indicate disposition as applicable) - IF NONE SO STATE.

Provide the following for the firm listed in Section V (and for each proposed Subcontractor furnishing or performing Work having a value in excess of 10 percent of the total amount of the Bid) the following (attach additional sheets as necessary):

Workers' compensation Experience Modification Rate (EMR) for the last 5 years:

YEAR	2023	EMR	0.94
YEAR	2022	EMR	0.93
YEAR	2021	EMR	0.71
YEAR	2020	EMR	0.76
YEAR	2019	EMR	0.74

Total Recordable Frequency Rate (TRFR) for the last 5 years:

YEAR	2023	TRFR	0
YEAR	2022	TRFR	0
YEAR	2021	TRFR	0
YEAR	2020	TRFR	0
YEAR	2019	TRFR	0

Total number of man-hours worked for the last 5 Years:

YEAR	2023	TOTAL NUMBER OF MAN-HOURS	8320
YEAR	2022	TOTAL NUMBER OF MAN-HOURS	8320
YEAR	2021	TOTAL NUMBER OF MAN-HOURS	8320
YEAR	2020	TOTAL NUMBER OF MAN-HOURS	8320
YEAR	2019	TOTAL NUMBER OF MAN-HOURS	8320

Provide Contractor's (and Contractor's proposed Subcontractors and Suppliers furnishing or performing Work having a value in excess of 10 percent of the total amount of the Bid) Days Away From Work, Days of Restricted

Work Activity or Job Transfer (DART) incidence rate for the particular industry or type of Work to be performed by Contractor and each of Contractor's proposed Subcontractors and Suppliers) for the last 5 years:

YEAR	<u>N/A</u>	DART	<u>N/A</u>
YEAR	<u> </u>	DART	<u> </u>
YEAR	<u> </u>	DART	<u> </u>
YEAR	<u> </u>	DART	<u> </u>
YEAR	<u> </u>	DART	<u> </u>

13. EQUIPMENT:

14. MAJOR EQUIPMENT:

List on **Schedule C** all pieces of major equipment available for use on Owner's Project.

I HEREBY CERTIFY THAT THE INFORMATION SUBMITTED HERewith, INCLUDING ANY ATTACHMENTS, IS TRUE TO THE BEST OF MY KNOWLEDGE AND BELIEF.

NAME OF ORGANIZATION:

Timbo's Construction

BY:

[Signature]

TITLE:

President

DATED:

9/18/24

NOTARY ATTEST:

SUBSCRIBED AND SWORN TO BEFORE ME

THIS 18th DAY OF 9, 2024

NOTARY PUBLIC - STATE OF Mississippi

MY COMMISSION EXPIRES: Nov. 6, 2027



REQUIRED ATTACHMENTS

1. Schedule A (Current Experience).
2. Schedule B (Previous Experience).
3. Schedule C (Major Equipment).
4. Audited balance sheet for each of the last 3 years for firm named in Section 1.
5. Evidence of authority for individuals listed in Section 7 to bind organization to an agreement.
6. Resumes of officers and key individuals (including Safety Officer) of firm named in Section 1.
7. Required safety program submittals listed in Section 12.

8. Additional items as pertinent.

SCHEDULE A

CURRENT EXPERIENCE

Project Name	Owner's Contact Person	Design Engineer	Contract Date	Type of Work	Status	Cost of Work
Bolivar Co. Hearstark Central Office	Name: Elvira Littleton Address: Telephone: 602-846-1491	Name: Albert Leason Company: UAD eng. Telephone: 602-362-0860	10/23/23	school construction	eng.	\$8.0M
Cleveland municipal airport	Name: Clint Johnson Address: Telephone: 602-843-8936	Name: Burge Design Company: Randy Huddins Telephone: 602-244-5532	10/23/23	hangar	eng.	\$1.8M
Hangar 173 Improvements	Name: Marcus Hooker Address: Telephone: 602-334-1805	Name: Hooker Engin. Company: Marcus Hooker Telephone: 602-334-1805	4/17/24	hangar	eng.	\$1.2M
Mount Olive Park Pavilion	Name: Robin McGray Address: Telephone: 602-834-4381	Name: Willis Engineering Company: Karl Grubb Telephone: 602-226-1081	5/21/24	park	eng.	\$300,000
Charles Dean Industrial Park	Name: Josh Mpherson Address: Telephone: 602-846-6180	Name: Ely Mpherson Company: Josh Mpherson Telephone: 602-846-0180	4/5/24	sitework	eng.	\$201,000
Garzo County Drainage	Name: Jessica Weyer Address: Telephone: 602-746-1803	Name: WCM Eng. Company: Jessica Weyer Telephone: 602-746-1803	7/10/24	sitework	eng.	\$582,000
Bel-Air Subdivision Drainage	Name: Jessica Weyer Address: Telephone: 602-746-1803	Name: WCM Eng. Company: Jessica Weyer Telephone: 602-746-1803	7/13/24	sitework	eng.	\$330,000

SCHEDULE B

PREVIOUS EXPERIENCE (Include ALL Projects Completed within last 5 years)

Project Name	Owner's Contact Person	Design Engineer	Contract Date	Type of Work	Status	Cost of Work
Bulwax Co. Fire Station	Name: Will Hooker Address: Telephone: 602-843-2061	Name: Belinda Stewart Company: architects Telephone: 602-258-6405	2021	fire station	X	\$2.5m
Topashaw Farms	Name: Joe Edmundson Address: Telephone: 602-682-7733	Name: N/A Company: Telephone:	2022	metal building	X	\$3.0m
Edna Horton Dorm	Name: MNSU College Address: Telephone: 602-224-9041	Name: Neil Schaffer Company: architects Telephone: 602-890-6404	2018	Dorm	X	\$8.0m
Greenville Port Road	Name: Greenville Port Address: Telephone: 602-335-2683	Name: N/A Company: Telephone:	2019	road construction	X	\$2.0m
Kangaroo bus Station	Name: N/A Address: Telephone:	Name: N/A Company: Telephone:	2022	new store	X	\$1.7m
Rosedale Port Pavilion	Name: Josh Matherson Address: Telephone: 602-846-0180	Name: Clay Matherson Company: Josh Matherson Telephone: 602-846-0180	2023	pavilion	X	\$1.2m
Greenwood parking lot	Name: Carolyn Mathews Address: Telephone: 602-433-2240	Name: Willis Eng. Company: Karl Gubas Telephone: 602-226-1081	2023	parking lot	X	\$400,000

SCHEDULE C - LIST OF MAJOR EQUIPMENT AVAILABLE

ITEM	PURCHASE DATE	CONDITION	ACQUIRED VALUE
John Deer Dozer 650	12-3-22	excellent	\$72,000.00
Link-belt 2021	8-13-24	excellent	\$95,000.00
Link-belt 160 X3	3-1-20	excellent	\$13,000.00
750 crawler 2014	1-4-21	excellent	\$60,900.00
PACKER	12-2-20	excellent	\$12,000.00
2014 John Deere 210G LC	12-6-23	excellent	\$92,000.00
2014 Scissor lift	2-6-23	excellent	\$12,840.00
Takachi excavator	3-31-22	excellent	\$50,000.00
2011 Sweepmaster	11-19-22	excellent	\$7,000.00
T210 Takachi Skidsteer	11-10-20	excellent	\$3,000.00
TB130FR Takachi	10-11-19	excellent	\$20,805.00
CASE 7240 Tractor	6-24-15	excellent	\$20,000.00
JLG 450A Boom Lift	6-24-15	excellent	\$7,500.00
JL150G Skid Steer	6-10-14	excellent	\$23,900.00
30 HP Kohler Jetter	12-31-15	excellent	\$11,999.00



September 17, 2024

Subcontractors:

Rodriguez Remodeling

Contact: Ivan Miranda
Address: 1395 N. Bayou Ave. Cleveland, MS 38732
Phone: (662)-402-0197
Email: rodriguezremodelingservices@gmail.com

Avis Construction

Contact: Jamie Avis
Address: 3870 MS-1 Wayside, MS 38780
Phone: (662)-820-4972
Email: avisconst@gmail.com

Joe Reed & Co.

Contact: Joe Reed Jr.
Address: 1016 S Davis Ave. Cleveland, MS 38732
Phone: (662)-843-2139
Email: joereedco@yahoo.com

Suppliers:

Williams Equipment / White Cap

Contact: Hunter Norwood
Address: 911 N Chrisman Ave. Cleveland, MS 38732
Phone: (662)-846-1661
Email: hunter.norwood@whitecap.com

Burney Dirt and Gravel

Contact: Brian Burney
Address: 418 Clark Rd. Braxton, MS 39044
Phone: (601)-940-5222

Eagle Pipe & Supply

Contact: Justin Dean
Address: 450 Industrial Dr. Jackson, MS 39209
Phone: (601)-487-7473
Email: justin.dean@eaglepipe.us

3853 Highway 61 North, Cleveland, MS 38732 ☐ Phone – (662) 719-6291 ☐ Fax – (888) 629-2975
MS License # 12475-MC
AR License # 0219700512
LA License # 55501
TN License # 64977

References:

AirGas NOC

Contact: Louis Skipper
Address: 1226 Rialto Rd. Yazoo City, MS 39194
Phone: (662)-746-7607
Email: louis.skipper@airgas.com

Baxter Healthcare

Contact: James Watkins Jr.
Address: 911 N. Davis Ave. Cleveland, MS 38732
Phone: (662)-843-9421
Email: james_watkins_jr@baxter.com

ACI Building Systems

Contact: Tim Davis
Address: 10125 Hwy 6 Batesville, MS 38606
Phone: (662)-563-4574
Email: tim.davis@acibuildingsystems.com

Planter's Bank and Trust Co.

Contact: Jamie Ray
Address: 428 N. Davis Ave. Cleveland, MS 38732
Phone: (662)-843-3300
Email: jray@planters-bank.com

Southern Bancorp

Contact: Vernon Greenlee
Address: 1868 MS-1 Greenville, MS 38701
Phone: (662)-378-8954
Email: vgreenlee@banksouthern.com

State of Mississippi

BOARD OF CONTRACTORS

ACTIVE

TIMBO'S CONSTRUCTION INC.

3853 HWY 61 NORTH

CLEVELAND, MS 38732

is duly registered and entitled to perform

- 1) BUILDING CONSTRUCTION
- 2) ELECTRICAL WORK
- 3) HIGHWAY, STREET AND BRIDGE CONSTRUCTION
- 4) MECHANICAL WORK
- 5) PLUMBING



We have herewith set our hand and caused the Seal of the Mississippi Board of Contractors to be affixed this 13 day of Apr., 2025

CERTIFICATE OF RESPONSIBILITY

No. 12475-MC

Expires Apr. 13, 2025

Joel A. Canell

CHAIRMAN OF THE BOARD

TIMBO'S CONSTRUCTION, INC.
AND AFFILIATE
(an S Corporation)
Cleveland, Mississippi

Combined Financial Statements
Years Ended December 31, 2021 and 2020

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Board of Directors
Timbo's Construction, Inc. and Affiliate
(an S Corporation)
Cleveland, Mississippi

We have reviewed the accompanying combined financial statements of Timbo's Construction, Inc. and Affiliate (the "Company"), which comprise the combined balance sheets as of December 31, 2021 and 2020, the related combined statements of income, stockholders' equity, and cash flows for the years then ended, and the related notes to the combined financial statements (collectively, the "financial statements"). A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of the Company and to meet our ethical responsibilities, in accordance with the relevant ethical requirements related to our reviews.

Accountant's Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Other Matter

The accompanying supplementary schedules are presented for purposes of additional analysis and are 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 supplementary information has been subjected to the review procedures applied in our review of the basic financial statements. We are not aware of any material modifications that should be made to the supplementary information. We have not audited the supplementary information and do not express an opinion on such information.

A handwritten signature in black ink that reads "HORNE LLP". The letters are cursive and slanted to the right.

Ridgeland, Mississippi
April 27, 2022

TIMBO'S CONSTRUCTION, INC. AND AFFILIATE
(an S Corporation)
Combined Balance Sheets
December 31, 2021 and 2020

	2021	2020
ASSETS		
Current assets		
Cash and cash equivalents	\$ 30,980	\$ 375,543
Contracts receivable	2,842,245	1,035,016
Employee receivables	17,703	6,325
Other receivables	132,055	960
Inventory	27,189	27,189
Contract assets	1,360,520	2,135,580
Total current assets	<u>4,410,692</u>	<u>3,580,613</u>
Property and equipment, at cost		
Land	89,600	89,600
Vehicles	954,959	730,797
Machinery and equipment	1,449,220	1,086,475
Buildings	324,747	324,747
Total property and equipment	<u>2,818,526</u>	<u>2,231,619</u>
Less accumulated depreciation	<u>1,687,196</u>	<u>1,565,042</u>
Net property and equipment	<u>1,131,330</u>	<u>666,577</u>
Other assets		
Due from stockholders	<u>447,499</u>	<u>394,128</u>
Total assets	<u>\$ 5,989,521</u>	<u>\$ 4,641,318</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Current maturities of long-term debt	\$ 123,232	\$ 103,044
Accounts payable	1,277,059	1,733,574
Accrued expenses and other liabilities	67,961	15,936
Contract liabilities	24,945	1,042
Total current liabilities	<u>1,493,197</u>	<u>1,853,596</u>
Long-term debt, less current maturities	325,735	227,740
Due to related parties	<u>174,028</u>	<u>223,825</u>
Total liabilities	<u>1,992,960</u>	<u>2,305,161</u>
Stockholders' equity		
Common stock, no par value, 10,000 shares authorized, 100 issued and outstanding	7,500	7,500
Paid-in capital	392,942	392,942
Retained earnings	3,596,119	1,935,715
Total stockholders' equity	<u>3,996,561</u>	<u>2,336,157</u>
Total liabilities and stockholders' equity	<u>\$ 5,989,521</u>	<u>\$ 4,641,318</u>

See accompanying notes and independent accountant's report.

TIMBO'S CONSTRUCTION, INC. AND AFFILIATE
(an S Corporation)
Combined Statements of Income
Years Ended December 31, 2021 and 2020

	2021	2020
Contract revenues earned	\$ 14,264,584	\$ 13,069,788
Cost of contract revenues earned	11,680,751	11,867,969
Gross profit	2,583,833	1,201,819
Selling, general and administrative expenses	(702,673)	(1,268,286)
Gain (loss) on sale of equipment	(7,866)	5,073
Income (loss) from operations	1,873,294	(61,394)
Other income (expense)		
Interest expense	(13,465)	(26,629)
Interest income	334	357
Other income	363,402	250,145
Total other income	350,271	223,873
Net income	\$ 2,223,565	\$ 162,479

See accompanying notes and independent accountant's report.

TIMBO'S CONSTRUCTION, INC. AND AFFILIATE
(an S Corporation)
Combined Statements of Stockholders' Equity
Years Ended December 31, 2021 and 2020

	Common Stock	Paid-in Capital	Retained Earnings	Total
Balance, January 1, 2020	\$ 7,500	\$ 392,942	\$ 1,773,236	\$ 2,173,678
Net income	-	-	162,479	162,479
Balance, December 31, 2020	7,500	392,942	1,935,715	2,336,157
Net income	-	-	2,223,565	2,223,565
Stockholder distributions	-	-	(563,161)	(563,161)
Balance, December 31, 2021	\$ 7,500	\$ 392,942	\$ 3,596,119	\$ 3,996,561

See accompanying notes and independent accountant's report.

TIMBO'S CONSTRUCTION, INC. AND AFFILIATE
(an S Corporation)
Combined Statements of Cash Flows
Years Ended December 31, 2021 and 2020

	2021	2020
Cash flows from operating activities		
Net income	\$ 2,223,565	\$ 162,479
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation expense	131,339	158,613
Loss (gain) on sale of equipment	7,866	(5,073)
Changes in assets and liabilities		
Contracts receivable	(1,807,229)	1,310,445
Other receivables	(142,473)	27,027
Prepaid expenses	-	(341)
Contract assets	775,060	(1,585,531)
Accounts payable	(456,515)	982,468
Accrued expenses and other liabilities	52,025	(1,441)
Contract liabilities	23,903	(421,294)
Net cash provided by operating activities	<u>807,541</u>	<u>627,352</u>
Cash flows from investing activities		
Proceeds from sale of equipment	55,000	6,500
Net change in due from related parties	(49,797)	(41,192)
Net change in loans to stockholders	(53,371)	4,227
Purchases of property and equipment	(297,100)	(97,931)
Net cash used in investing activities	<u>(345,268)</u>	<u>(128,396)</u>
Cash flows from financing activities		
Principal payments on long-term debt	(243,675)	(322,055)
Distribution to stockholders	(563,161)	-
Net cash used in financing activities	<u>(806,836)</u>	<u>(322,055)</u>
Net increase (decrease) in cash and cash equivalents	(344,563)	176,901
Cash and cash equivalents, beginning of year	375,543	198,642
Cash and cash equivalents, end of year	<u>\$ 30,980</u>	<u>\$ 375,543</u>
Supplemental disclosure of cash flow information		
Interest paid	<u>\$ 13,465</u>	<u>\$ 26,629</u>
Supplemental disclosure of non-cash investing and financing activities		
Property and equipment acquired through debt financing	<u>\$ 60,900</u>	<u>\$ -</u>

See accompanying notes and independent accountant's report.

TIMBO'S CONSTRUCTION, INC. AND AFFILIATE
(an S Corporation)
Years Ended December 31, 2021 and 2020

NOTES TO THE COMBINED FINANCIAL STATEMENTS

Note 1. Nature of Business and Significant Accounting Policies

Company's Activities and Operating Cycle

The combined financial statements include the assets, liabilities, and income of Timbo's Construction, Inc and Timbo's Plumbing, Inc. (the "Company"). Timbo's Construction, Inc. and Timbo's Plumbing, Inc. are under common control.

The Company is engaged in commercial and industrial construction performed primarily in the southeastern United States. The length of the Company's contracts varies but is typically less than 12 months.

Significant intercompany transactions and balances have been eliminated in combining the financial statements.

A summary of the Company's significant accounting policies follows:

Use of Estimates

The preparation of the combined financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements and reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Management periodically evaluates estimates used in the preparation of the combined financial statements for continued reasonableness. Appropriate adjustments, if any, to the estimates used are made prospectively based upon such periodic evaluation. It is reasonably possible that changes may occur in the near term that would affect management's estimates with respect to the recognition of revenue on uncompleted contracts.

Revisions in estimated contract profits are made in the year in which circumstances requiring the revision become known. During 2021, the Company revised its profit estimate on contracts in-progress at December 31, 2020 due to changes in circumstances occurring during the year. The effect of this change in estimate was to decrease revenues earned and net income for the year ended December 31, 2021 by approximately \$211,000.

During 2020, the Company revised its estimate for the allowance for doubtful accounts at December 31, 2019. The effect of this change in estimate was to decrease net income for the year ended December 31, 2020 by approximately \$595,000.

Revenue and Cost Recognition

The Company recognizes revenue on construction contracts over time, as performance obligations are satisfied, due to the continuous transfer of control to the customer. The customer typically controls the contracts-in-progress, as evidenced either by contractual termination clauses or by the Company's rights to payment for work performed to date plus a reasonable profit to deliver products or services that do not have an alternative use to the Company. The Company's construction

TIMBO'S CONSTRUCTION, INC. AND AFFILIATE
(an S Corporation)
Years Ended December 31, 2021 and 2020

NOTES TO THE COMBINED FINANCIAL STATEMENTS

Note 1. Continued

contracts are generally accounted for as a single performance obligation, since the Company is providing a significant service of integrating components into a single project. The Company recognizes revenue using a cost-based input method, which uses actual costs incurred relative to total estimated costs to determine, as a percentage, progress toward contract completion.

This percentage is applied to the transaction price to determine the amount of revenue to recognize. The Company believes the cost-based input method is the most faithful depiction of performance, because it directly measures the value of the services transferred to the customer.

If, based on a lack of reliable information, progress cannot be reasonably measured, recognition of revenues (but not costs) is deferred until progress can be reliably measured. If, however, it is expected that total costs will be recovered, the Company recognizes revenues equal to costs incurred until the Company can reliably measure progress.

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account in Accounting Standards Codification Topic 606 ("Topic 606"). A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied.

To determine the proper revenue recognition for contracts, the Company evaluates whether two or more contracts should be combined and accounted for as one performance obligation and whether the combined or single contract should be accounted for as more than one performance obligation. This evaluation requires significant judgement, and the decision to combine a group of contracts or separate the combined or single contract into multiple performance obligations could change the amount of revenue and profit recorded in a given period. For most construction contracts, the customer contracts with the Company to provide a significant service of integrating a complex set of tasks and components into a single project or capability, even if that single project results in the delivery of multiple units. Hence, the entire contract is accounted for as one performance obligation. Less commonly, however, the Company may promise to provide distinct goods or services within a contract, in which case the contract is separated into more than one performance obligation. If a contract is separated into more than one performance obligation, the total transaction price is allocated to each performance obligation in an amount based on the estimated relative standalone selling prices of the promised goods or services underlying each performance obligation. The primary method used to estimate standalone selling price is the expected cost plus a margin approach to estimate the standalone selling price of each performance obligation.

The nature of construction contracts gives rise to several types of variable consideration, including claims and unpriced change orders; awards and incentive fees; and liquidated damages and penalties. The Company recognizes revenue for variable consideration when it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur. The Company estimates the amount of revenue to be recognized on variable consideration using the expected value (i.e. the sum of a probability-weighted amount) or the most likely amount method, whichever is expected to better predict the amount.

TIMBO'S CONSTRUCTION, INC. AND AFFILIATE
(an S Corporation)
Years Ended December 31, 2021 and 2020

NOTES TO THE COMBINED FINANCIAL STATEMENTS

Note 1. Continued

The Company includes in the contract estimates additional revenue for submitted contract modifications or claims against the customer when the Company believes it has an enforceable right to the modification or claim, the amount can be estimated reliably, and its realization is probable. In evaluating these criteria, the Company considers the contractual and legal basis for the claim, the cause of any additional costs incurred, the reasonableness of those costs, and the objective evidence available to support the claim. The Company includes awards or incentive fees in the estimated transaction price when there is a basis to reasonably estimate the amount of the fee.

These estimates are based on historical award experience, anticipated performance, and management's best judgement at the time, and are included in the transaction price of the contracts and the associated remaining performance obligations.

Contract modifications are routine in the performance of the Company's contracts. Contracts are often modified to account for changes in the contract specifications or requirements. In most instances, contract modifications are for goods or services that are not distinct, and therefore, are accounted for as part of the existing contract.

Revenues on uninstalled materials are recognized when control is transferred to the customer, which does not necessarily equate to when the cost is incurred. Under limited circumstances (e.g. transfer of control occurs significantly before services are provided, the cost of materials is significant), revenue on certain uninstalled third-party materials is recognized when the cost is incurred, however, profit is not recognized at that time. Conversely, the Company recognizes revenue and profit on certain significant uninstalled materials that are specifically produced, fabricated or constructed for a project.

Contract costs include all direct labor, material, subcontractor and equipment costs, and those indirect costs related to contract performance, such as tools and supplies, depreciation and insurance costs. Selling, general and administrative costs are charged to expense as incurred. Provisions for estimated losses on uncompleted contracts, if material to the combined financial statements, are made in the period in which such losses are determined. Changes in job performance, job conditions and estimated profitability, including those arising from contract penalty provisions and final contract settlements, may result in revisions to costs and income and are recognized in the period in which the revisions are determined.

Costs incurred that do not contribute to satisfying performance obligations are excluded from the cost input calculation for revenue recognition. Excluded costs may include abnormal costs, comprising wasted materials, wasted or rework labor, and other resources to fulfill a contract that were not reflected in the price of the contract. A limited allowance for material overages and labor inefficiencies is typically included in the Company's contract cost estimates and by extension in the contract price.

Fulfillment costs are capitalized and included in contract cost assets when incurred prior to commencing work on a contract and the cost does not constitute performance of the contract obligations. Capitalized fulfillment costs are amortized to contract costs over the life of the contract. The Company amortizes these costs to the associated contract on a systematic basis consistent with the pattern of transfer of the good or service to which it relates. In most cases, the Company uses straight line over the period of performance of the contract.

TIMBO'S CONSTRUCTION, INC. AND AFFILIATE
(an S Corporation)
Years Ended December 31, 2021 and 2020

NOTES TO THE COMBINED FINANCIAL STATEMENTS

Note 1. Continued

Cash and Cash Equivalents

The Company considers all short-term investments purchased with an original maturity of three months or less to be cash equivalents.

Receivables

Receivables are stated at net realizable values. Anticipated bad debts are considered by management to be negligible, and accordingly, no allowance for doubtful accounts has been included in the accompanying combined financial statements.

As a practical expedient, the Company has not elected to adjust the promised amount of consideration in contracts when it expects, at contract inception, that the period between the Company's transfer of a promised product or service to a customer and when the customer pays for that product or service will be one year or less. The Company typically does not include extended payment terms in contracts with customers.

Contract Assets and Liabilities

Contract assets comprise revenues earned in excess of billings on uncompleted contracts. Once the Company has an unconditional right to consideration under a contract, the amount of consideration unconditionally due is reclassified to accounts receivable, net as either a billed or unbilled contract receivable.

Contract liabilities comprise billings in excess of revenues earned on uncompleted contracts and service and maintenance contracts. The Company's contract assets and liabilities are reported in a net position on a contract-by-contract basis at the end of each reporting period. The Company classifies contract assets and liabilities as current or noncurrent to the extent the revenue is expected to be recognized in excess of one year.

Inventory

Inventory consists principally of construction materials and supplies and is stated at the lower of cost or market. Cost is determined by the first-in, first-out method, and market represents the lower of replacement cost or estimated net realizable value.

Property and Equipment

Property and equipment are stated at cost. Maintenance and repairs are expensed in the period incurred; major renewals and betterments are capitalized. When items of property are sold or retired, the related costs are removed from the accounts and any gain or loss is included in operations.

Depreciation is computed using the straight-line method. Buildings are depreciated over a 39-year life, vehicles over a five-year life, and field equipment over a five to 10-year life.

TIMBO'S CONSTRUCTION, INC. AND AFFILIATE
(an S Corporation)
Years Ended December 31, 2021 and 2020

NOTES TO THE COMBINED FINANCIAL STATEMENTS

Note 1. Continued

Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment loss is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

Income Taxes

The Company, with the consent of its stockholders, has elected under the Internal Revenue Code, and similar provisions of state law, to be taxed as an S Corporation. The stockholders of an S Corporation recognize the taxable income on their individual tax returns and are liable for the income tax. Therefore, no provision for income taxes has been included in the combined financial statements.

Construction contracts are reported in accordance with Topic 606 for financial statement purposes and the cash method for tax purposes. Depreciation is provided primarily on the straight-line method over the estimated useful lives of the assets for financial statement purposes and accelerated methods for tax purposes.

Concentrations of Credit Risk

At times during the year, the Company may have deposits at a bank in excess of federally insured limits. This financial institution has a strong credit rating and management believes that credit risk related to these deposits is minimal. The Company has extended unsecured credit to its customers in the form of contracts receivable.

Advertising Costs

The Company expenses all advertising costs as they are incurred and accounts for the costs as selling, general and administrative expenses. For the years ended December 31, 2021 and 2020, the Company incurred \$9,146 and \$5,624 of advertising costs, respectively.

Paycheck Protection Program Advance

The Company entered into loans with a financial institution pursuant to the Paycheck Protection Program ("PPP" or "PPP Advances") under the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"). The PPP Advances contain events of default and other conditions customary for an advance of this type. Under the terms of the CARES Act, PPP Loan recipients can apply for and be granted forgiveness for all or a portion of advance granted under the PPP, with such forgiveness to be determined, subject to limitations, based on the use of the proceeds for payment of payroll costs, rent, mortgage obligations, and covered utility payments, if any. The terms of any forgiveness is subject to further regulations and guidelines the Small Business Administration ("SBA") may adopt in the future.

TIMBO'S CONSTRUCTION, INC. AND AFFILIATE
(an S Corporation)
Years Ended December 31, 2021 and 2020

NOTES TO THE COMBINED FINANCIAL STATEMENTS

Note 1. Continued

The Company has accounted for the transactions by analogy to International Accounting Standards ("IAS") 20, Accounting for Government Grants, which indicates income is recognized when it is considered that there is reasonable assurance the grant will be received and all necessary qualifying conditions, as stated in the PPP Advances, are met. Under IAS 20, income is recognized on a systematic basis over the periods in which the entity recognizes, as expenses, the related costs for which the grant is intended to compensate. The Company has elected to account for the use of the PPP Advances on a gross basis within the combined statements of income.

Employee Retention Tax Credit

The Company filed for the Employee Retention Tax Credit ("ERTC") under the CARES Act modified by the Taxpayer Certainty and Disaster Tax Relief Act of 2020 (the "Relief Act"). As a result of the changes made by the Relief Act, eligible employers can now claim a refundable tax credit against the employer's share of certain payroll taxes paid, if certain qualifications are met.

The Company has accounted for the transaction by analogy to IAS 20, which indicates income is recognized when it is considered that there is reasonable assurance the tax credit will be received and all necessary qualifying conditions, are met. Under IAS 20, income is recognized on a systematic basis over the periods in which the entity recognizes, as expenses, the related costs for which the tax credit is intended to compensate. The Company has elected to account for the use of this ERTC on a gross basis within the combined statements of income.

Variable Interest Entity Not Consolidated

In October 2018, the Financial Accounting Standards Board ("FASB") issued ASU 2018-17, Consolidation (Topic 810) Targeted Improvement to Related Party Guidance for Variable Interest Entities to expand the Private Company Accounting Alternative for Variable Interest Entity ("VIE") guidance to all legal entities under common control if both the parent and the legal entity being evaluated for consolidation are not public businesses. The Company has elected this accounting alternative which allows a private company when certain conditions are met not to apply VIE guidance under FASB Accounting Standards Codification ("ASC") 810 to entities under common control.

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, Leases ("Topic 842"). The guidance in this ASU supersedes the leasing guidance in Topic 840, Leases. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. Leases with a term of 12 months or less will be accounted for similar to current guidance for operating leases. The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases and operating leases.

TIMBO'S CONSTRUCTION, INC. AND AFFILIATE
(an S Corporation)
Years Ended December 31, 2021 and 2020

NOTES TO THE COMBINED FINANCIAL STATEMENTS

Note 1. Continued

In June 2020, the FASB issued ASU 2020-05 which defers the effective date of ASU 2016-02. The required date of adoption for ASU 2016-02 is deferred to fiscal years beginning after December 15, 2021. The Company is currently evaluating the effect that this standard will have on its combined financial statements.

Note 2. Contracts Receivable

Contracts receivable at December 31, 2021 and 2020 consisted of the following:

	2021	2020
Contracts completed, including retainage	\$ 1,108,755	\$ 786,942
Contracts in progress	1,733,490	248,074
Total	<u>\$ 2,842,245</u>	<u>\$ 1,035,016</u>

Note 3. Costs and Estimated Earnings on Uncompleted Contracts

Information with respect to contracts in progress at December 31, 2021 and 2020:

	2021	2020
Total amount of contracts in progress	<u>\$ 8,948,594</u>	<u>\$ 11,770,383</u>
Costs incurred on uncompleted contracts	\$ 5,253,176	\$ 5,345,236
Estimated earnings	1,975,231	1,445,958
	7,228,407	6,791,194
Less billings to date	5,892,832	4,656,656
Total	<u>\$ 1,335,575</u>	<u>\$ 2,134,538</u>

The above items have been included in the accompanying combined balance sheets under the following captions as of December 31, 2021 and 2020:

	2021	2020
Contract assets	\$ 1,360,520	\$ 2,135,580
Contract liabilities	(24,945)	(1,042)
Total	<u>\$ 1,335,575</u>	<u>\$ 2,134,538</u>

TIMBO'S CONSTRUCTION, INC. AND AFFILIATE
(an S Corporation)
Years Ended December 31, 2021 and 2020

NOTES TO THE COMBINED FINANCIAL STATEMENTS

Note 4. Long-Term Debt

Long-term debt as of December 31, 2021 and 2020 consisted of the following:

	2021	2020
Notes payable to banks in monthly installments ranging from \$3,000 to \$3,110 including interest from 5.50 to 6.09 percent, collateralized by building and land, maturing at various times from October 2022 to May 2025	\$ 126,407	\$ 305,234
Notes payable to a finance company in monthly installments ranging from \$799 to \$5,000 including interest from zero to 6.15 percent, collateralized by equipment, maturing March 2022 to February 2026	322,560	25,550
Total long-term debt	448,967	330,784
Less current maturities	123,232	103,044
Long-term debt, less current maturities	\$ 325,735	\$ 227,740

Aggregate annual maturities of long-term debt are as follows:

Year Ending December 31,	Amount
2022	\$ 123,232
2023	138,011
2024	124,388
2025	58,359
2026	4,977
Total	\$ 448,967

TIMBO'S CONSTRUCTION, INC. AND AFFILIATE
(an S Corporation)
Years Ended December 31, 2021 and 2020

NOTES TO THE COMBINED FINANCIAL STATEMENTS

Note 5. Related Parties

The Company has amounts due from stockholders at December 31, 2021 and 2020 of \$447,499 and \$394,128, respectively. The balances have no set terms or maturities and are classified as non-current and included in other assets on the combined balance sheets.

The Company has amounts due to related entities under common ownership at December 31, 2021 and 2020 of \$174,028 and \$223,825, respectively. The balances have no set terms or maturities and are classified as non-current and included in other liabilities on the combined balance sheet.

The Company leases office space on a month-to-month basis from Timbo's Inc., an entity under common ownership. Rent paid during the years ended December 31, 2021 and 2020, totaled \$30,924 and \$30,139, respectively, and is included in selling, general, and administrative expenses.

Total liabilities recognized in the financial statements of related parties are approximately \$350,000 and consist primarily of amounts due to other related parties.

Pursuant to our policy election to apply the accounting alternative to entities under common control, the Company does not consolidate the accounts of the related parties into its financial statements.

Note 6. Backlog

Backlog represents the amount of the transaction price, including variable consideration not constrained, allocated to remaining performance obligations at the end of each reporting period. Backlog includes revenues the Company expects to realize both from uncompleted contracts and from signed contracts on which work has not yet begun. The Company's backlog balance as of December 31, 2021 and 2020, and changes during the years, are comprised of the following:

	2021	2020
Balance, beginning of year	\$ 4,979,189	\$ 1,516,422
New contracts, during year	11,005,582	16,222,925
	15,984,771	17,739,347
Less contract revenues earned during year	14,264,584	12,760,158
Balance, end of year	\$ 1,720,187	\$ 4,979,189

TIMBO'S CONSTRUCTION, INC. AND AFFILIATE
(an S Corporation)
Years Ended December 31, 2021 and 2020

NOTES TO THE COMBINED FINANCIAL STATEMENTS

Note 7. Paycheck Protection Program Advance

In April 2020 the Company entered into a loan ("PPP1") with a financial institution in the principal amount of \$240,000 pursuant to the PPP under the CARES Act. In February 2021, the Company entered into a second loan with a financial institution in the principal amount of \$230,600 ("PPP2") pursuant to the PPP under the CARES Act. The PPP Advances are unsecured and guaranteed by the SBA. The Company received full forgiveness of PPP1 during the year ended December 31, 2021, and will apply for forgiveness of PPP2, with the amount which may be forgiven equal to the sum of payroll costs, covered rent and mortgage obligations, and covered utility payments, if any, incurred by the Company as calculated in accordance with the terms of the CARES Act.

The Company utilized the entirety of the proceeds on qualifying payroll costs and has recognized these amounts within other income in the accompanying combined statements of income for the years ended December 31, 2021 and 2020.

Note 8. Employee Retention Tax Credit

As of December 31, 2021, the Company met all the requirements to qualify for the ERTC and has accumulated credits in the amount of \$132,055. The amounts are included in other receivables on the accompanying combined balance sheet and other income on the accompanying combined statement of income as of and for the year ended December 31, 2021.

Note 9. Subsequent Events

The Company has evaluated subsequent events through April 27, 2022, the date the combined financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

TIMBO'S CONSTRUCTION, INC. AND AFFILIATE
(an S Corporation)
Combined Schedule of Contract Revenues Earned
Year Ended December 31, 2021

		Revenues Earned	Cost of Revenues Earned	Gross Profit (Loss)
Contracts completed during the year	\$	7,467,991	\$ 5,938,913	\$ 1,529,078
Contracts in progress at year-end		6,520,634	4,757,735	1,762,899
Unallocated indirect cost		-	850,703	(850,703)
Plumbing services		275,959	133,400	142,559
	\$	14,264,584	\$ 11,680,751	\$ 2,583,833

See independent accountant's report.

TIMBO'S CONSTRUCTION, INC. AND AFFILIATE
(an S Corporation)
Schedule of Contracts in Progress
Year Ended December 31, 2021

Contract	Total Contract			From Inception to December 31, 2021					At December 31, 2021		Year Ended December 31, 2021		
	Contract Amount	Estimated		Total Cost Incurred	Revenues Earned	Gross Profit	Billed to Date	Estimated Cost to Complete	Contract Assets	Contract Liabilities	Revenues Earned	Cost of Revenues Earned	Gross Profit
		Contract	Gross Profit										
Greenville Mid Delta Airport	\$ 3,611,283	\$ 1,139,908	\$ 1,139,908	\$ 2,471,375	\$ 3,611,283	\$ 1,139,908	\$ 3,254,342	\$ -	\$ 356,941	\$ -	\$ 2,903,510	\$ 1,975,934	\$ 927,576
Kangaroo	1,778,889	201,137	201,137	518,507	584,608	66,101	266,052	1,059,245	318,556	-	584,608	518,507	66,101
Ware Milling	1,566,594	315,696	315,696	1,249,134	1,564,385	315,251	1,415,673	1,764	148,712	-	1,564,385	1,249,134	315,251
Chicot Irrigation	477,920	153,136	153,136	321,516	473,111	151,595	454,277	3,268	18,834	-	473,111	321,516	151,595
BCCAA Mound Bayou	406,695	144,573	144,573	245,950	381,603	135,653	366,026	16,172	15,577	-	381,603	245,950	135,653
Superior Group of Companies	376,000	98,442	98,442	27,558	37,332	9,774	-	250,000	37,332	-	37,332	27,558	9,774
FARCO	250,946	78,250	78,250	134,403	195,302	60,899	-	38,293	195,302	-	195,302	134,403	60,899
Bolivar County Board of Sup.	247,664	81,601	81,601	166,063	247,664	81,601	-	-	247,664	-	247,664	166,063	81,601
Small jobs (<\$150,000)	232,603	37,116	37,116	118,670	133,119	14,449	136,462	76,817	21,602	24,945	133,119	118,670	14,449
	\$ 8,948,594	\$ 2,249,859	\$ 2,249,859	\$ 5,253,176	\$ 7,228,407	\$ 1,975,231	\$ 5,892,832	\$ 1,445,559	\$ 1,360,520	\$ 24,945	\$ 6,520,634	\$ 4,757,735	\$ 1,762,899

See independent accountant's report.

TIMBO'S CONSTRUCTION, INC. AND AFFILIATE
(an S Corporation)
Schedule of Completed Contracts
Year Ended December 31, 2021

Contract	Contract Totals			Before January 1, 2021			Year Ended December 31, 2021		
	Cost of			Cost of			Cost of		
	Revenues Earned	Revenues Earned	Gross Profit	Revenues Earned	Revenues Earned	Gross Profit	Revenues Earned	Revenues Earned	Gross Profit (Loss)
Hayes Mechanical	\$ 2,522,134	\$ 2,002,441	\$ 519,693	\$ 2,500,761	\$ 1,893,763	\$ 606,998	\$ 21,373	\$ 108,678	\$ (87,305)
Bolivar County	2,351,549	2,062,717	288,832	1,924,301	1,627,360	296,941	427,248	435,357	(8,109)
Chicot Irrigation.	1,710,754	1,409,684	301,070	328,761	251,407	77,354	1,381,993	1,158,277	223,716
AG Concepts	708,025	651,138	56,887	682,997	627,654	55,343	25,028	23,484	1,544
Helena Chemical	494,010	319,487	174,523	-	-	-	494,010	319,487	174,523
N & W Farms	484,835	292,762	192,073	-	-	-	484,835	292,762	192,073
NC Lumber & Supply	277,912	200,123	77,789	-	-	-	277,912	200,123	77,789
Ricky Lee	228,707	169,645	59,062	-	-	-	228,707	169,645	59,062
Hayes Mechanical	209,704	118,627	91,077	-	-	-	209,704	118,627	91,077
Farm Bureau.	204,096	194,193	9,903	93,547	73,759	19,788	110,549	120,434	(9,885)
City of Cleveland.	167,000	131,390	35,610	112,293	78,605	33,688	54,707	52,785	1,922
Webb Electric	166,353	121,007	45,346	142,744	102,786	39,958	23,609	18,221	5,388
Sturdivant Farms	164,876	115,687	49,189	94,995	66,497	28,498	69,881	49,190	20,691
Dr. Bellipanni Eye Clinic	150,811	130,548	20,263	-	-	-	150,811	130,548	20,263
Hayes Mechanical	146,500	92,165	54,335	135,394	67,052	68,342	11,106	25,113	(14,007)
Morris Granary Inc.	143,950	87,959	55,991	-	-	-	143,950	87,959	55,991
Delta Protein	139,250	99,578	39,672	-	-	-	139,250	99,578	39,672
Southern Bin Company	139,216	91,911	47,305	-	-	-	139,216	91,911	47,305
Axel America LLC	106,250	82,331	23,919	-	-	-	106,250	82,331	23,919
Nutrien Ag	104,495	85,140	19,355	-	-	-	104,495	85,140	19,355
Preston McGregger	102,100	55,134	46,966	-	-	-	102,100	55,134	46,966
Small jobs (<\$100,000)	2,828,885	2,275,041	553,844	67,628	60,912	6,716	2,761,257	2,214,129	547,128
	\$ 13,551,412	\$ 10,788,708	\$ 2,762,704	\$ 6,083,421	\$ 4,849,795	\$ 1,233,626	\$ 7,467,991	\$ 5,938,913	\$ 1,529,078

See independent accountant's report.

TIMBO'S CONSTRUCTION, INC. AND AFFILIATE
(an S Corporation)
Combined Schedules of Selling, General and Administrative Expenses
Years Ended December 31, 2021 and 2020

	2021	2020
Advertising and promotion	\$ 9,146	\$ 5,624
Automotive and fuel	9,118	2,454
Bad debt	1,700	595,881
Bank charges	1,598	3,639
Contributions	11,624	8,215
Depreciation	9,400	9,534
Dues and subscriptions	11,103	12,904
Employee benefits	311	3,555
Insurance	43,889	39,711
Office salaries	100,218	180,310
Office supplies and postage	176,006	174,495
Professional services	96,513	87,163
Rent	30,924	30,139
Repair and maintenance	68,823	26,085
Taxes, other	97,328	44,755
Telephone and utilities	34,972	43,822
	<u>\$ 702,673</u>	<u>\$ 1,268,286</u>

See independent accountant's report.

TIMBO'S CONSTRUCTION, INC.
AND AFFILIATE
(an S Corporation)
Cleveland, Mississippi

Combined Financial Statements
Years Ended December 31, 2022 and 2021

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Board of Directors
Timbo's Construction, Inc. and Affiliate
(an S Corporation)
Cleveland, Mississippi

We have reviewed the accompanying combined financial statements of Timbo's Construction, Inc. and Affiliate (an S Corporation) (the "Company"), which comprise the combined balance sheets as of December 31, 2022 and 2021, the related combined statements of income, stockholders' equity, and cash flows for the years then ended, and the related notes to the combined financial statements (collectively, the "financial statements"). A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of the Company and to meet our ethical responsibilities, in accordance with the relevant ethical requirements related to our reviews.

Accountant's Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Other Matter

The accompanying supplementary schedules are presented for purposes of additional analysis and are 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 supplementary information has been subjected to the review procedures applied in our review of the basic financial statements. We are not aware of any material modifications that should be made to the supplementary information. We have not audited the supplementary information and do not express an opinion on such information.

A handwritten signature in black ink that reads "HORNE LLP". The letters are stylized and cursive.

Ridgeland, Mississippi
May 9, 2023

TIMBO'S CONSTRUCTION, INC. AND AFFILIATE
(an S Corporation)
Combined Balance Sheets
December 31, 2022 and 2021

	2022	2021
ASSETS		
Current assets		
Cash and cash equivalents	\$ 369,951	\$ 30,980
Contracts receivable	4,256,917	2,842,245
Employee receivables	7,954	17,703
Other receivables	66,071	132,055
Inventory	40,000	27,189
Contract assets	780,970	1,360,520
Total current assets	<u>5,521,863</u>	<u>4,410,692</u>
Property and equipment, at cost		
Land	89,600	89,600
Vehicles	1,025,217	954,959
Machinery and equipment	1,829,765	1,449,220
Buildings	370,704	324,747
Total property and equipment, at cost	<u>3,315,286</u>	<u>2,818,526</u>
Less accumulated depreciation	<u>1,859,072</u>	<u>1,687,196</u>
Property and equipment, net	<u>1,456,214</u>	<u>1,131,330</u>
Other assets		
Due from stockholders	<u>-</u>	<u>447,499</u>
Total assets	<u><u>\$ 6,978,077</u></u>	<u><u>\$ 5,989,521</u></u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Borrowings on lines of credit	\$ 1,002,007	\$ 65,298
Current maturities of long-term debt	149,318	123,232
Accounts payable	501,500	1,277,059
Accrued expenses and other liabilities	33,613	67,961
Contract liabilities	261,278	24,945
Total current liabilities	<u>1,947,716</u>	<u>1,558,495</u>
Long-term debt, less current maturities	193,301	260,437
Due to related parties	<u>169,452</u>	<u>174,028</u>
Total liabilities	<u>2,310,469</u>	<u>1,992,960</u>
Stockholders' equity		
Common stock, no par value, 10,000 shares authorized, 100 issued and outstanding	7,500	7,500
Paid-in capital	392,942	392,942
Retained earnings	4,267,166	3,596,119
Total stockholders' equity	<u>4,667,608</u>	<u>3,996,561</u>
Total liabilities and stockholders' equity	<u><u>\$ 6,978,077</u></u>	<u><u>\$ 5,989,521</u></u>

See accompanying notes and independent accountant's review report.

TIMBO'S CONSTRUCTION, INC. AND AFFILIATE
(an S Corporation)
Combined Statements of Income
Years Ended December 31, 2022 and 2021

	2022	2021
Contract revenues earned	\$ 13,164,801	\$ 14,264,584
Cost of contract revenues earned	11,255,769	11,680,751
Gross profit	1,909,032	2,583,833
Selling, general and administrative expenses	(832,595)	(702,673)
Gain (loss) on sale of equipment	2,262	(7,866)
Income from operations	1,078,699	1,873,294
Other income (expense)		
Interest expense	(5,651)	(13,465)
Interest income	551	334
Other income	161,634	363,402
Total other income	156,534	350,271
Net income	\$ 1,235,233	\$ 2,223,565

See accompanying notes and independent accountant's review report.

TIMBO'S CONSTRUCTION, INC. AND AFFILIATE
(an S Corporation)
Combined Statements of Stockholders' Equity
Years Ended December 31, 2022 and 2021

	Common Stock	Paid-in Capital	Retained Earnings	Total
Balance, January 1, 2021	\$ 7,500	\$ 392,942	\$ 1,935,715	\$ 2,336,157
Net income	-	-	2,223,565	2,223,565
Stockholder distributions	-	-	(563,161)	(563,161)
Balance, December 31, 2021	7,500	392,942	3,596,119	3,996,561
Net income	-	-	1,235,233	1,235,233
Stockholder distributions	-	-	(564,186)	(564,186)
Balance, December 31, 2022	<u>\$ 7,500</u>	<u>\$ 392,942</u>	<u>\$ 4,267,166</u>	<u>\$ 4,667,608</u>

See accompanying notes and independent accountant's review report.

TIMBO'S CONSTRUCTION, INC. AND AFFILIATE
(an S Corporation)
Combined Statements of Cash Flows
Years Ended December 31, 2022 and 2021

	2022	2021
Cash flows from operating activities		
Net income	\$ 1,235,233	\$ 2,223,565
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation expense	197,676	131,339
(Gain) loss on sale of equipment	(2,262)	7,866
Changes in assets and liabilities		
Contracts receivable	(1,414,672)	(1,807,229)
Employee and other receivables	75,733	(142,473)
Inventory	(12,811)	-
Contract assets	579,550	775,060
Accounts payable	(775,559)	(456,515)
Accrued expenses and other liabilities	(34,348)	52,025
Contract liabilities	236,333	23,903
Net cash provided by operating activities	<u>84,873</u>	<u>807,541</u>
Cash flows from investing activities		
Proceeds from sale of equipment	63,000	55,000
Net change in due from related parties	(4,576)	(49,797)
Net change in loans to stockholders	447,499	(53,371)
Purchases of property and equipment	(583,298)	(358,000)
Net cash used in investing activities	<u>(77,375)</u>	<u>(406,168)</u>
Cash flows from financing activities		
Principal payments on long-term debt	(119,935)	(166,067)
Proceeds from long-term borrowings	78,885	60,900
Net change in borrowings on lines of credit	936,709	(77,608)
Distributions to stockholders	(564,186)	(563,161)
Net cash provided by (used in) financing activities	<u>331,473</u>	<u>(745,936)</u>
Net increase (decrease) in cash and cash equivalents	338,971	(344,563)
Cash and cash equivalents, beginning of year	30,980	375,543
Cash and cash equivalents, end of year	<u>\$ 369,951</u>	<u>\$ 30,980</u>
Supplemental disclosure of cash flow information		
Interest paid	<u>\$ 5,651</u>	<u>\$ 13,465</u>

See accompanying notes and independent accountant's review report.

TIMBO'S CONSTRUCTION, INC. AND AFFILIATE
(an S Corporation)
Years Ended December 31, 2022 and 2021

NOTES TO THE COMBINED FINANCIAL STATEMENTS

Note 1. Nature of Business and Significant Accounting Policies

Nature of Business and Principles of Combination

The combined financial statements include the assets, liabilities, and income of Timbo's Construction, Inc., and Timbo's Plumbing, Inc. (an S Corporation) (collectively, "the Company"). Timbo's Construction, Inc. and Timbo's Plumbing, Inc. are under common control.

The Company is engaged in commercial and industrial construction performed primarily in the southeastern United States. The length of the Company's contracts varies but is typically less than 12 months.

Significant intercompany transactions and balances have been eliminated in combining the financial statements.

A summary of the Company's significant accounting policies follows:

Use of Estimates

The preparation of the combined financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements and reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Management periodically evaluates estimates used in the preparation of the combined financial statements for continued reasonableness. Appropriate adjustments, if any, to the estimates used are made prospectively based upon such periodic evaluation. It is reasonably possible that changes may occur in the near term that would affect management's estimates with respect to the recognition of revenue on uncompleted contracts.

Revisions in estimated contract profits are made in the year in which circumstances requiring the revision become known. During 2022, the Company revised its profit estimate on contracts in-progress at December 31, 2021 due to changes in circumstances occurring during the year. The effect of this change in estimate was to decrease revenues earned and net income for the year ended December 31, 2022 by approximately \$94,000.

Revenue and Cost Recognition

The Company recognizes revenue on construction contracts over time, as performance obligations are satisfied, due to the continuous transfer of control to the customer. The customer typically controls the contracts-in-progress, as evidenced either by contractual termination clauses or by the Company's rights to payment for work performed to date plus a reasonable profit to deliver products or services that do not have an alternative use to the Company. The Company's construction contracts are generally accounted for as a single performance obligation, since the Company is providing a significant service of integrating components into a single project. The Company recognizes revenue using a cost-based input method, which uses actual costs incurred relative to total estimated costs to determine, as a percentage, progress toward contract completion.

TIMBO'S CONSTRUCTION, INC. AND AFFILIATE
(an S Corporation)
Years Ended December 31, 2022 and 2021

NOTES TO THE COMBINED FINANCIAL STATEMENTS

Note 1. Continued

This percentage is applied to the transaction price to determine the amount of revenue to recognize. The Company believes the cost-based input method is the most faithful depiction of performance, because it directly measures the value of the services transferred to the customer.

If, based on a lack of reliable information, progress cannot be reasonably measured, recognition of revenues (but not costs) is deferred until progress can be reliably measured. If, however, it is expected that total costs will be recovered, the Company recognizes revenues equal to costs incurred until the Company can reliably measure progress.

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account in Accounting Standards Codification Topic 606 ("Topic 606"). A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied.

To determine the proper revenue recognition for contracts, the Company evaluates whether two or more contracts should be combined and accounted for as one performance obligation and whether the combined or single contract should be accounted for as more than one performance obligation. This evaluation requires significant judgement, and the decision to combine a group of contracts or separate the combined or single contract into multiple performance obligations could change the amount of revenue and profit recorded in a given period. For most construction contracts, the customer contracts with the Company to provide a significant service of integrating a complex set of tasks and components into a single project or capability, even if that single project results in the delivery of multiple units. Hence, the entire contract is accounted for as one performance obligation. Less commonly, however, the Company may promise to provide distinct goods or services within a contract, in which case the contract is separated into more than one performance obligation. If a contract is separated into more than one performance obligation, the total transaction price is allocated to each performance obligation in an amount based on the estimated relative standalone selling prices of the promised goods or services underlying each performance obligation. The primary method used to estimate standalone selling price is the expected cost plus a margin approach to estimate the standalone selling price of each performance obligation.

The nature of construction contracts gives rise to several types of variable consideration, including claims and unpriced change orders; awards and incentive fees; and liquidated damages and penalties. The Company recognizes revenue for variable consideration when it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur. The Company estimates the amount of revenue to be recognized on variable consideration using the expected value (i.e. the sum of a probability-weighted amount) or the most likely amount method, whichever is expected to better predict the amount.

TIMBO'S CONSTRUCTION, INC. AND AFFILIATE
(an S Corporation)
Years Ended December 31, 2022 and 2021

NOTES TO THE COMBINED FINANCIAL STATEMENTS

Note 1. Continued

The Company includes in the contract estimates additional revenue for submitted contract modifications or claims against the customer when the Company believes it has an enforceable right to the modification or claim, the amount can be estimated reliably, and its realization is probable. In evaluating these criteria, the Company considers the contractual and legal basis for the claim, the cause of any additional costs incurred, the reasonableness of those costs, and the objective evidence available to support the claim. The Company includes awards or incentive fees in the estimated transaction price when there is a basis to reasonably estimate the amount of the fee. These estimates are based on historical award experience, anticipated performance, and management's best judgement at the time, and are included in the transaction price of the contracts and the associated remaining performance obligations.

Contract modifications are routine in the performance of the Company's contracts. Contracts are often modified to account for changes in the contract specifications or requirements. In most instances, contract modifications are for goods or services that are not distinct, and therefore, are accounted for as part of the existing contract.

Revenues on uninstalled materials are recognized when control is transferred to the customer, which does not necessarily equate to when the cost is incurred. Under limited circumstances (e.g. transfer of control occurs significantly before services are provided, the cost of materials is significant), revenue on certain uninstalled third-party materials is recognized when the cost is incurred, however, profit is not recognized at that time. Conversely, the Company recognizes revenue and profit on certain significant uninstalled materials that are specifically produced, fabricated or constructed for a project.

Contract costs include all direct labor, material, subcontractor and equipment costs, and those indirect costs related to contract performance, such as tools and supplies, depreciation and insurance costs. Selling, general and administrative costs are charged to expense as incurred. Provisions for estimated losses on uncompleted contracts, if material to the combined financial statements, are made in the period in which such losses are determined. Changes in job performance, job conditions and estimated profitability, including those arising from contract penalty provisions and final contract settlements, may result in revisions to costs and income and are recognized in the period in which the revisions are determined.

Costs incurred that do not contribute to satisfying performance obligations are excluded from the cost input calculation for revenue recognition. Excluded costs may include abnormal costs, comprising wasted materials, wasted or rework labor, and other resources to fulfill a contract that were not reflected in the price of the contract. A limited allowance for material overages and labor inefficiencies is typically included in the Company's contract cost estimates and by extension in the contract price.

Fulfillment costs are capitalized and included in contract cost assets when incurred prior to commencing work on a contract and the cost does not constitute performance of the contract obligations. Capitalized fulfillment costs are amortized to contract costs over the life of the contract. The Company amortizes these costs to the associated contract on a systematic basis consistent with the pattern of transfer of the good or service to which it relates. In most cases, the Company uses straight line over the period of performance of the contract.

TIMBO'S CONSTRUCTION, INC. AND AFFILIATE
(an S Corporation)
Years Ended December 31, 2022 and 2021

NOTES TO THE COMBINED FINANCIAL STATEMENTS

Note 1. Continued

Cash and Cash Equivalents

The Company considers all short-term investments purchased with an original maturity of three months or less to be cash equivalents.

Receivables

Receivables are stated at net realizable values. Anticipated bad debts are considered by management to be negligible, and accordingly, no allowance for doubtful accounts has been included in the accompanying combined financial statements.

Certain contracts allow for customers to withhold a small percentage of billings pursuant to retainage provisions. Such amounts are generally due upon the completion of the contract and acceptance of the project by the customer. Retainage balances are included in contracts receivable on the accompanying balance sheets.

As a practical expedient, the Company has not elected to adjust the promised amount of consideration in contracts when it expects, at contract inception, that the period between the Company's transfer of a promised product or service to a customer and when the customer pays for that product or service will be one year or less. The Company typically does not include extended payment terms in contracts with customers.

Contract Assets and Liabilities

Contract assets comprise revenues earned in excess of billings on uncompleted contracts. Once the Company has an unconditional right to consideration under a contract, the amount of consideration unconditionally due is reclassified to accounts receivable, net as either a billed or unbilled contract receivable.

Contract liabilities comprise billings in excess of revenues earned on uncompleted contracts and service and maintenance contracts. The Company's contract assets and liabilities are reported in a net position on a contract-by-contract basis at the end of each reporting period. The Company classifies contract assets and liabilities as current or noncurrent to the extent the revenue is expected to be recognized in excess of one year from the balance sheet date.

Inventory

Inventory consists principally of construction materials and supplies and is stated at the lower of cost or market. Cost is determined utilizing the first-in, first-out method, and market represents the lower of replacement cost or estimated net realizable value.

TIMBO'S CONSTRUCTION, INC. AND AFFILIATE
(an S Corporation)
Years Ended December 31, 2022 and 2021

NOTES TO THE COMBINED FINANCIAL STATEMENTS

Note 1. Continued

Property and Equipment

Property and equipment are stated at cost. Maintenance and repairs are expensed in the period incurred; major renewals and betterments are capitalized. When items of property are sold or retired, the related costs are removed from the accounts and any gain or loss is included in income from operations.

Depreciation is computed using the straight-line method. Buildings are depreciated over a 39-year life, vehicles over a five-year life, and machinery and equipment over a five to 10-year life. Depreciation expense for the years ended December 31, 2022 and 2021 totaled \$197,676 and \$131,339, respectively.

Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment loss is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

Income Taxes

The Company, with the consent of its stockholders, has elected under the Internal Revenue Code, and similar provisions of state law, to be taxed as an S Corporation. The stockholders of an S Corporation recognize the taxable income on their individual tax returns and are liable for the income tax. Therefore, no provision for income taxes has been included in the combined financial statements.

Construction contracts are reported in accordance with Topic 606 for financial statement purposes and the cash method for tax purposes. Depreciation is provided primarily on the straight-line method over the estimated useful lives of the assets for financial statement purposes and accelerated methods for tax purposes.

Concentrations of Credit Risk

At times during the year, the Company may have deposits at a bank in excess of federally insured limits. This financial institution has a strong credit rating and management believes that credit risk related to these deposits is minimal. The Company has extended unsecured credit to its customers in the form of contracts receivable.

Advertising Costs

The Company expenses all advertising costs as they are incurred and accounts for the costs as selling, general and administrative expenses. For the years ended December 31, 2022 and 2021, the Company incurred \$13,848 and \$9,146 of advertising costs, respectively.

TIMBO'S CONSTRUCTION, INC. AND AFFILIATE
(an S Corporation)
Years Ended December 31, 2022 and 2021

NOTES TO THE COMBINED FINANCIAL STATEMENTS

Note 1. Continued

Paycheck Protection Program Advance

In 2021, the Company entered into a loan with a financial institution pursuant to the Paycheck Protection Program ("PPP2" or "PPP2 Advance") under the Economic Aid Act. The PPP2 Advance contains events of default and other conditions customary for advances of this type. Under the terms of the Economic Aid Act, PPP2 Loan recipients can apply for and be granted forgiveness for all, or a portion of advance granted under the PPP2, with such forgiveness to be determined, subject to limitations, based on the use of the proceeds for payment of payroll costs, rent, mortgage obligations, and covered utility payments, if any. The terms of any forgiveness are subject to further regulations and guidelines the Small Business Administration ("SBA") may adopt in the future.

The Company has accounted for the PPP2 Advance by analogy to International Accounting Standards ("IAS") 20, Accounting for Government Grants, which indicates income is recognized when it is considered that there is reasonable assurance the grant will be received and all necessary qualifying conditions, as stated in the PPP2 Advance, are met. Under IAS 20, income is recognized on a systematic basis over the periods in which the entity recognizes, as expenses, the related costs for which the grant is intended to compensate. The Company has elected to account for the use of the PPP2 Advance on a gross basis within the combined statements of income.

Employee Retention Tax Credit

In 2021, The Company filed for the Employee Retention Tax Credit ("ERTC") under the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") modified by the Taxpayer Certainty and Disaster Tax Relief Act of 2020 (the "Relief Act"). As a result of the changes made by the Relief Act, eligible employers can now claim a refundable tax credit against the employer's share of certain payroll taxes paid, if certain qualifications are met.

The Company has accounted for the transaction by analogy to IAS 20, which indicates income is recognized when it is considered that there is reasonable assurance the tax credit will be received and all necessary qualifying conditions, are met. Under IAS 20, income is recognized on a systematic basis over the periods in which the entity recognizes, as expenses, the related costs for which the tax credit is intended to compensate. The Company has elected to account for the use of this ERTC on a gross basis and is presented in other income on the accompanying combined statement of income.

Variable Interest Entity Not Consolidated

The Company has elected an accounting alternative which allows a private company, when certain conditions are met, not to apply variable interest entity ("VIE") consolidation guidance to an entity under common control.

TIMBO'S CONSTRUCTION, INC. AND AFFILIATE
(an S Corporation)
Years Ended December 31, 2022 and 2021

NOTES TO THE COMBINED FINANCIAL STATEMENTS

Note 1. Continued

Recent Accounting Pronouncements

In February 2016, the FASB issued Accounting Standards Update ("ASU") 2016-02, Leases ("Topic 842") to increase transparency and comparability among organizations related to their leasing arrangements. The update requires lessees to recognize most leases on their balance sheets as a right-of-use ("ROU") asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Topic 842 also requires additional disclosure of key quantitative and qualitative information for leasing arrangements. Similar to the previous lease guidance, the update retains a distinction between finance leases (similar to capital leases in Topic 840, Leases) and operating leases, with classification affecting the pattern of expense recognition in the income statement. The Company adopted Topic 842 on January 1, 2022, using the optional transition method to the modified retrospective approach, which eliminates the requirement to restate the prior-period financial statements. Under this transition provision, the Company has applied Topic 842 to reporting periods beginning on January 1, 2022, while prior periods continue to be reported and disclosed in accordance with the Company's historical accounting treatment under ASC Topic 840, Leases.

The Company elected the "package of practical expedients" under the transition guidance within Topic 842, in which the Company does not reassess (1) the historical lease classification, (2) whether any existing contracts at transition are or contain leases, or (3) the initial direct costs for any existing leases. The Company has not elected to adopt the "hindsight" practical expedient, and therefore will measure the ROU asset and lease liability using the remaining portion of the lease term upon adoption of ASC 842 on January 1, 2022.

The Company determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the Company obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Company also considers whether its service arrangements include the right to control the use of an asset.

The Company made an accounting policy election available under Topic 842 not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease (or January 1, 2022, for existing leases upon the adoption of Topic 842). The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives.

The Company has made an accounting policy election to use the written terms and conditions of a related party arrangement between entities under common control to determine whether that arrangement is or contains a lease. For purposes of determining whether a lease exists under this practical expedient, the Company has determined whether written terms and conditions convey the practical (as opposed to legally enforceable) right to control the use of an identified asset for a period of time in exchange for consideration. If a lease exists, the Company classifies and accounts for that lease on the basis of those written terms and conditions. The Company elects the practical expedient on an arrangement-by-arrangement basis.

TIMBO'S CONSTRUCTION, INC. AND AFFILIATE
(an S Corporation)
Years Ended December 31, 2022 and 2021

NOTES TO THE COMBINED FINANCIAL STATEMENTS

Note 1. Continued

The adoption of the new lease standard did not materially impact combined net income or combined cash flows and did not result in a cumulative-effect adjustment to the opening balance of retained earnings.

Reclassifications

Certain reclassifications have been made to the prior year's financial statements to conform to the presentation in the current year. The reclassifications had no effect on previously reported net income or retained earnings.

Note 2. Contracts Receivable

Contracts receivable at December 31, 2022 and 2021 consisted of the following:

	2022	2021
Contracts completed, including retainage	\$ 3,584,102	\$ 1,108,755
Contracts in progress	672,815	1,733,490
Total	<u>\$ 4,256,917</u>	<u>\$ 2,842,245</u>

Note 3. Costs and Estimated Earnings on Uncompleted Contracts

Information with respect to contracts in progress at December 31, 2022 and 2021:

	2022	2021
Total amount of contracts in progress	<u>\$ 11,068,757</u>	<u>\$ 8,948,594</u>
Costs incurred on uncompleted contracts	\$ 3,992,354	\$ 5,253,176
Estimated earnings	1,144,457	1,975,231
	5,136,811	7,228,407
Less billings to date	4,617,119	5,892,832
Total	<u>\$ 519,692</u>	<u>\$ 1,335,575</u>

The above items have been included in the accompanying combined balance sheets under the following captions as of December 31, 2022 and 2021:

	2022	2021
Contract assets	\$ 780,970	\$ 1,360,520
Contract liabilities	(261,278)	(24,945)
Total	<u>\$ 519,692</u>	<u>\$ 1,335,575</u>

TIMBO'S CONSTRUCTION, INC. AND AFFILIATE
(an S Corporation)
Years Ended December 31, 2022 and 2021

NOTES TO THE COMBINED FINANCIAL STATEMENTS

Note 4. Long-Term Debt

Long-term debt as of December 31, 2022 and 2021 consisted of the following:

	2022	2021
Note payable to a bank due in monthly installments of \$3,110 including interest of 6.09 percent, collateralized by land, maturing October 2023	\$ 26,586	\$ 61,109
Notes payable to a finance company due in monthly installments ranging from \$799 to \$3,062 including interest from zero to 6.15 percent, collateralized by equipment, maturing between October 2023 to February 2026	316,033	322,560
Total long-term debt	342,619	383,669
Less current maturities	149,318	123,232
Long-term debt, less current maturities	\$ 193,301	\$ 260,437

Aggregate annual maturities of long-term debt are as follows:

Year Ending December 31,	Amount
2023	\$ 149,318
2024	116,652
2025	69,183
2026	7,466
Total	\$ 342,619

TIMBO'S CONSTRUCTION, INC. AND AFFILIATE
(an S Corporation)
Years Ended December 31, 2022 and 2021

NOTES TO THE COMBINED FINANCIAL STATEMENTS

Note 5. Lines of Credit

The Company has a revolving line of credit with a bank, which provides that it may borrow up to \$402,093. The line of credit bears interest at 4.75 percent and is secured by property. As of December 31, 2022 and 2021, there were outstanding borrowings on the line of credit of \$402,007 and \$65,298, respectively.

The Company has a revolving line of credit with a bank, which provides that it may borrow up to \$600,000. The line of credit bears interest at 7.95 percent and is secured by accounts receivable. As of December 31, 2022 and 2021, there were outstanding borrowings on the line of credit of \$600,000 and \$0, respectively.

Note 6. Related Parties

The Company has amounts due from stockholders at December 31, 2022 and 2021 of \$0 and \$447,499, respectively. The balances have no set terms or maturities and are classified as non-current and included in other assets on the combined balance sheets.

The Company has amounts due to related entities under common ownership at December 31, 2022 and 2021 of \$169,452 and \$174,028, respectively. The balances have no set terms or maturities and are classified as non-current and included in other liabilities on the combined balance sheet.

The Company leases office space under a month-to-month operating lease from Timbo's, Inc., an entity under common ownership. Lease expense for the years ended December 31, 2022 and 2021, totaled \$25,283 and \$30,924, respectively, and is included in selling, general, and administrative expenses.

Total liabilities recognized in the financial statements of related parties are approximately \$278,000 and consist primarily of amounts due to other related parties.

Pursuant to the Company's policy election to apply the accounting alternative to entities under common control, the Company does not consolidate the accounts of the related parties into its financial statements.

TIMBO'S CONSTRUCTION, INC. AND AFFILIATE
(an S Corporation)
Years Ended December 31, 2022 and 2021

NOTES TO THE COMBINED FINANCIAL STATEMENTS

Note 7. Backlog

Backlog represents the amount of the transaction price, including variable consideration not constrained, allocated to remaining performance obligations at the end of each reporting period. Backlog includes revenues the Company expects to realize both from uncompleted contracts and from signed contracts on which work has not yet begun. The Company's backlog balance as of December 31, 2022 and 2021, and changes during the years, are comprised of the following:

	2022	2021
Balance, beginning of year	\$ 1,720,187	\$ 4,979,189
New contracts, during year	17,029,636	11,005,582
	18,749,823	15,984,771
Less contract revenues earned during year	12,817,877	14,264,584
Balance, end of year	<u>\$ 5,931,946</u>	<u>\$ 1,720,187</u>

Note 8. Paycheck Protection Program

In February 2021, the Company entered into a loan with a financial institution in the principal amount of \$230,600, pursuant to the PPP2 under the Economic Aid Act. The PPP2 Advance is unsecured and guaranteed by the SBA. The Company utilized the entirety of the proceeds on qualifying payroll costs and has recognized \$230,600 within other income in the accompanying combined statement of income for the year ended December 31, 2021. The Company received full forgiveness of this loan during the year ended December 31, 2021.

Note 9. Employee Retention Tax Credit

As of December 31, 2021, the Company met all the requirements to qualify for the ERTC and has accumulated credits in the amount of \$132,055. The amounts were recognized in other receivables on the accompanying combined balance sheet as of December 31, 2021 and other income on the accompanying combined statement of income for the year ended December 31, 2021. During 2022, the Company received partial refunds totaling \$65,984.

Note 10. Subsequent Events

The Company has evaluated subsequent events through May 9, 2023, the date the combined financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

TIMBO'S CONSTRUCTION, INC. AND AFFILIATE
(an S Corporation)
Combined Schedule of Contract Revenues Earned
Year Ended December 31, 2022

		Revenues Earned		Cost of Revenues Earned		Gross Profit (Loss)
Contracts completed during the year	\$	8,265,674	\$	7,069,509	\$	1,196,165
Contracts in progress at year-end		4,552,203		3,473,847		1,078,356
Unallocated indirect cost		-		546,057		(546,057)
Plumbing services		346,924		166,356		180,568
	\$	13,164,801	\$	11,255,769	\$	1,909,032

See independent accountant's review report.

TIMBO'S CONSTRUCTION, INC. AND AFFILIATE
(an S Corporation)
Schedule of Contracts in Progress
Year Ended December 31, 2022

Contract	Total Contract			From Inception to December 31, 2022				At December 31, 2022		Year Ended December 31, 2022		
	Contract Amount	Estimated Gross Profit	Revenues Earned	Total Cost Incurred	Gross Profit	Billed to Date	Estimated Cost to Complete	Contract Assets	Contract Liabilities	Revenues Earned	Cost of Revenues Earned	Gross Profit
\$	1,700,000	\$ 294,759	\$ 1,700,000	\$ 1,405,241	\$ 294,759	\$ 1,681,372	\$ -	\$ 18,628	\$ -	\$ 1,115,392	\$ 886,734	\$ 228,658
61 Express Convenience Store	781,950	195,488	554,774	416,081	138,693	517,357	170,381	37,417	-	554,774	416,081	138,693
Greenway AG	745,000	189,000	190,877	142,453	48,424	-	413,547	190,877	-	190,877	142,453	48,424
Ellison Farms	650,005	162,000	7,807	5,861	1,946	11,250	482,144	-	3,443	7,807	5,861	1,946
Delta Health Center	559,953	118,295	559,953	441,658	118,295	502,054	-	57,899	-	559,953	441,658	118,295
Winona Elementary School	528,000	116,000	528,000	412,000	116,000	508,648	-	19,352	-	528,000	412,000	116,000
Terrene Landing River Park	512,000	179,000	216,415	140,754	75,661	184,870	192,246	31,545	-	216,415	140,754	75,661
New Liberty Church	505,495	152,000	372,969	260,819	112,150	505,495	92,676	-	132,526	372,969	260,819	112,150
Tallahatchie General Hospital	493,085	132,000	-	-	-	-	361,085	-	-	-	-	-
Aligas	458,153	90,000	-	-	-	-	368,153	-	-	-	-	-
MLK Drive Improvements	400,000	125,000	40,046	27,532	12,514	51,329	247,468	-	11,283	40,046	27,532	12,514
North Pontotoc Elementary School Improvements	387,108	117,000	85,592	59,723	25,869	98,377	210,385	-	12,785	85,592	59,723	25,869
CRA Building	350,000	81,000	39,125	30,070	9,055	-	238,930	39,125	-	39,125	30,070	9,055
Carrollton Avenue Parking Lot	334,000	118,000	52,162	33,733	18,429	-	182,267	52,162	-	52,162	33,733	18,429
Nufarm	299,000	61,000	35,856	28,541	7,315	-	209,459	35,856	-	35,856	28,541	7,315
Hangar 450 Greenville Mid-Delta Airport	264,986	24,278	245,102	222,646	22,456	217,589	18,062	27,513	-	245,102	222,646	22,456
Entergy - Ruleville, MS	253,974	71,000	-	-	-	-	182,974	-	-	-	-	-
Topshaw Farms	250,500	61,000	-	-	-	-	189,500	-	-	-	-	-
Sunset Village	220,800	44,160	10,574	8,460	2,114	51,278	168,180	-	40,704	10,574	8,460	2,114
Three Rivers Plastics	202,250	40,450	4,127	3,302	825	-	158,498	4,127	-	4,127	3,302	825
Bailey Land Corporation	187,500	56,000	187,500	131,500	56,000	147,500	-	40,000	-	187,500	131,500	56,000
John Derget	178,329	64,000	12,910	8,277	4,633	-	106,052	12,910	-	12,910	8,277	4,633
Delta Health Center	167,000	58,000	44,379	28,966	15,413	100,000	80,034	-	55,621	44,379	28,966	15,413
Angelina Plantation	639,669	207,321	248,643	184,737	63,906	40,000	247,611	213,559	4,916	248,643	184,737	63,906
Small Jobs (less than \$150,000)	\$ 11,068,757	\$ 2,756,751	\$ 5,136,811	\$ 3,992,354	\$ 1,144,457	\$ 4,617,119	\$ 4,319,852	\$ 780,970	\$ 261,278	\$ 4,552,203	\$ 3,473,847	\$ 1,078,356

TIMBO'S CONSTRUCTION, INC. AND AFFILIATE
(an S Corporation)
Schedule of Completed Contracts
Year Ended December 31, 2022

Contract	Contract Totals			Before January 1, 2022			Year Ended December 31, 2022		
	Cost of			Cost of			Cost of		
	Revenues Earned	Revenues Earned	Gross Profit	Revenues Earned	Revenues Earned	Gross Profit (Loss)	Revenues Earned	Revenues Earned	Gross Profit (Loss)
Greenville Mid Delta Airport	\$ 3,615,936	\$ 2,485,918	\$ 1,130,018	\$ 3,611,283	\$ 2,471,375	\$ 1,139,908	\$ 4,653	\$ 14,543	\$ (9,890)
Ware Milling	1,579,852	1,277,446	302,406	1,564,385	1,249,134	315,251	15,467	28,312	(12,845)
Air Gas	773,516	575,888	197,628	-	-	-	773,516	575,888	197,628
Superior Group of Companies	577,000	478,199	98,801	37,332	27,558	9,774	539,668	450,641	89,027
Chicot Irrigation	477,921	329,979	147,942	473,111	321,516	151,595	4,810	8,463	(3,653)
NC Lumber & Supply	449,389	341,484	107,905	-	-	-	449,389	341,484	107,905
Delta Protein	396,950	283,163	113,787	-	-	-	396,950	283,163	113,787
BCCAA Mound Bayou	366,025	278,777	87,248	381,603	245,950	135,653	(15,578)	32,827	(48,405)
Fannye Cook	340,249	315,299	24,950	-	-	-	340,249	315,299	24,950
Helena Chemical	306,000	236,540	69,460	-	-	-	306,000	236,540	69,460
Topshaw Farms	272,612	184,410	88,202	-	-	-	272,612	184,410	88,202
FARCO	250,945	199,983	50,962	195,302	134,403	60,899	55,643	65,580	(9,937)
Bolivar County Board of Supervisors	247,664	175,411	72,253	247,664	166,063	81,601	-	9,348	(9,348)
Chic-Fil-A	228,200	163,225	64,975	-	-	-	228,200	163,225	64,975
Reese Makmson	221,184	160,499	60,685	-	-	-	221,184	160,499	60,685
Bolivar County Board of Supervisors	214,592	209,247	5,345	-	-	-	214,592	209,247	5,345
West Bolivar Schools ESSER - Elementary	174,895	86,849	88,046	-	-	-	174,895	86,849	88,046
Delta Protein	162,070	141,522	20,548	64,420	46,843	17,577	97,650	94,679	2,971
Tunica Airport	140,300	131,189	9,111	-	-	-	140,300	131,189	9,111
Delta Health Care	138,421	101,735	36,686	-	-	-	138,421	101,735	36,686
FARCO	134,210	121,545	12,665	-	-	-	134,210	121,545	12,665
Delta Bus Lines	124,000	117,950	6,050	-	-	-	124,000	117,950	6,050
Jeff Robertson	123,550	85,547	38,003	-	-	-	123,550	85,547	38,003
Preston McGregger	119,232	110,819	8,413	-	-	-	119,232	110,819	8,413
Stacy Davis	117,617	89,200	28,417	-	-	-	117,617	89,200	28,417
Small Jobs (less than \$100,000)	3,357,143	3,122,354	234,789	68,699	71,827	(3,128)	3,288,444	3,050,527	237,917
	\$ 14,909,473	\$ 11,804,178	\$ 3,105,295	\$ 6,643,799	\$ 4,734,669	\$ 1,909,130	\$ 8,265,674	\$ 7,069,509	\$ 1,196,165

See independent accountant's review report.

TIMBO'S CONSTRUCTION, INC. AND AFFILIATE
(an S Corporation)
Combined Schedules of Selling, General and Administrative Expenses
Years Ended December 31, 2022 and 2021

	2022	2021
Advertising and promotion	\$ 13,848	\$ 9,146
Automotive and fuel	40,760	9,118
Bad debt	94,459	1,700
Bank charges	427	1,598
Contributions	8,150	11,624
Depreciation	8,868	9,400
Dues and subscriptions	35,845	11,103
Employee benefits	55,671	311
Insurance	59,656	43,889
Lease expense	25,283	30,924
Office salaries	34,382	100,218
Office supplies and postage	146,545	176,006
Professional services	126,541	96,513
Repair and maintenance	54,082	68,823
Taxes, other	71,991	97,328
Telephone and utilities	56,087	34,972
	<u>\$ 832,595</u>	<u>\$ 702,673</u>

See independent accountant's review report.

TIMBO'S CONSTRUCTION, INC.
AND AFFILIATE
(an S Corporation)
Cleveland, Mississippi

Combined Financial Statements
Years Ended December 31, 2023 and 2022

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Board of Directors
Timbo's Construction, Inc. and Affiliate
(an S Corporation)
Cleveland, Mississippi

We have reviewed the accompanying combined financial statements of Timbo's Construction, Inc. and Affiliate (an S Corporation) (the "Company"), which comprise the combined balance sheets as of December 31, 2023 and 2022, the related combined statements of income, stockholders' equity, and cash flows for the years then ended, and the related notes to the combined financial statements (collectively, the "financial statements"). A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of the Company and to meet our ethical responsibilities, in accordance with the relevant ethical requirements related to our reviews.

Accountant's Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Other Matter

The accompanying supplementary schedules are presented for purposes of additional analysis and are 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 supplementary information has been subjected to the review procedures applied in our review of the basic financial statements. We are not aware of any material modifications that should be made to the supplementary information. We have not audited the supplementary information and do not express an opinion on such information.

A handwritten signature in black ink that reads "HORNE LLP". The letters are stylized and cursive.

Ridgeland, Mississippi
April 17, 2024

TIMBO'S CONSTRUCTION, INC. AND AFFILIATE
(an S Corporation)
Combined Balance Sheets
December 31, 2023 and 2022

	2023	2022
ASSETS		
Current assets		
Cash and cash equivalents	\$ 526,033	\$ 369,951
Contracts receivable	4,524,450	4,256,917
Employee receivables	15,411	7,954
Other receivables	101,698	66,071
Inventory	40,000	40,000
Contract assets	2,282,523	780,970
Total current assets	<u>7,490,115</u>	<u>5,521,863</u>
Property and equipment, at cost		
Land	89,600	89,600
Vehicles	1,133,748	1,025,217
Machinery and equipment	2,248,517	1,829,765
Buildings	898,210	370,704
Total property and equipment, at cost	<u>4,370,075</u>	<u>3,315,286</u>
Less accumulated depreciation	<u>2,100,840</u>	<u>1,859,072</u>
Property and equipment, net	<u>2,269,235</u>	<u>1,456,214</u>
Total assets	<u><u>\$ 9,759,350</u></u>	<u><u>\$ 6,978,077</u></u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Borrowings on lines of credit	\$ 1,934,000	\$ 1,002,007
Current maturities of long-term debt	212,351	149,318
Accounts payable	557,039	501,500
Accrued expenses and other liabilities	31,593	33,613
Contract liabilities	983,447	261,278
Total current liabilities	<u>3,718,430</u>	<u>1,947,716</u>
Long-term debt, less current maturities	319,544	193,301
Due to related parties	249,555	169,452
Total liabilities	<u>4,287,529</u>	<u>2,310,469</u>
Stockholders' equity		
Common stock, no par value, 10,000 shares authorized, 100 issued and outstanding	7,500	7,500
Paid-in capital	555,623	392,942
Retained earnings	4,908,698	4,267,166
Total stockholders' equity	<u>5,471,821</u>	<u>4,667,608</u>
Total liabilities and stockholders' equity	<u><u>\$ 9,759,350</u></u>	<u><u>\$ 6,978,077</u></u>

See accompanying notes and independent accountant's review report.

TIMBO'S CONSTRUCTION, INC. AND AFFILIATE
(an S Corporation)
Combined Statements of Income
Years Ended December 31, 2023 and 2022

	2023	2022
Contract revenues earned	\$ 21,734,629	\$ 13,164,801
Cost of contract revenues earned	<u>19,895,654</u>	<u>11,255,769</u>
Gross profit	1,838,975	1,909,032
Selling, general and administrative expenses	(868,546)	(832,595)
Gain on sale of equipment	-	2,262
Income from operations	<u>970,429</u>	<u>1,078,699</u>
Other income (expense)		
Interest expense	(13,792)	(5,651)
Interest income	5,238	551
Other income	<u>40,595</u>	<u>161,634</u>
Total other income	<u>32,041</u>	<u>156,534</u>
Net income	<u><u>\$ 1,002,470</u></u>	<u><u>\$ 1,235,233</u></u>

See accompanying notes and independent accountant's review report.

TIMBO'S CONSTRUCTION, INC. AND AFFILIATE
(an S Corporation)
Combined Statements of Stockholders' Equity
Years Ended December 31, 2023 and 2022

	Common Stock	Paid-in Capital	Retained Earnings	Total
Balance, January 1, 2022	\$ 7,500	\$ 392,942	\$ 3,596,119	\$ 3,996,561
Net income	-	-	1,235,233	1,235,233
Stockholder distributions	-	-	(564,186)	(564,186)
Balance, December 31, 2022	7,500	392,942	4,267,166	4,667,608
Net income	-	-	1,002,470	1,002,470
Stockholder contributions	-	162,681	-	162,681
Stockholder distributions	-	-	(360,938)	(360,938)
Balance, December 31, 2023	<u>\$ 7,500</u>	<u>\$ 555,623</u>	<u>\$ 4,908,698</u>	<u>\$ 5,471,821</u>

See accompanying notes and independent accountant's review report.

TIMBO'S CONSTRUCTION, INC. AND AFFILIATE
(an S Corporation)
Combined Statements of Cash Flows
Years Ended December 31, 2023 and 2022

	2023	2022
Cash flows from operating activities		
Net income	\$ 1,002,470	\$ 1,235,233
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation expense	241,767	197,676
Gain on sale of equipment	-	(2,262)
Changes in assets and liabilities		
Contracts receivable	(267,533)	(1,414,672)
Employee and other receivables	(43,084)	75,733
Inventory	-	(12,811)
Contract assets	(1,501,553)	579,550
Accounts payable	55,539	(775,559)
Accrued expenses and other liabilities	(2,020)	(34,348)
Contract liabilities	722,169	236,333
Net cash provided by operating activities	<u>207,755</u>	<u>84,873</u>
Cash flows from investing activities		
Proceeds from sale of equipment	-	63,000
Net change in due to related parties	80,103	(4,576)
Net change in loans to stockholders	-	447,499
Purchases of property and equipment	(1,054,788)	(583,298)
Net cash used in investing activities	<u>(974,685)</u>	<u>(77,375)</u>
Cash flows from financing activities		
Principal payments on long-term debt	(149,320)	(119,935)
Proceeds from long-term borrowings	338,596	78,885
Net change in borrowings on lines of credit	931,993	936,709
Distributions to stockholders	(360,938)	(564,186)
Contributions from stockholders	162,681	-
Net cash provided by financing activities	<u>923,012</u>	<u>331,473</u>
Net increase in cash and cash equivalents	156,082	338,971
Cash and cash equivalents, beginning of year	369,951	30,980
Cash and cash equivalents, end of year	<u>\$ 526,033</u>	<u>\$ 369,951</u>
Supplemental disclosure of cash flow information		
Interest paid	<u>\$ 13,792</u>	<u>\$ 5,651</u>

See accompanying notes and independent accountant's review report.

TIMBO'S CONSTRUCTION, INC. AND AFFILIATE
(an S Corporation)
Years Ended December 31, 2023 and 2022

NOTES TO THE COMBINED FINANCIAL STATEMENTS

Note 1. Nature of Business and Significant Accounting Policies

Nature of Business and Principles of Combination

The combined financial statements include the assets, liabilities, and income of Timbo's Construction, Inc., and Timbo's Plumbing, Inc. (an S Corporation) (collectively, the "Company"). Timbo's Construction, Inc. and Timbo's Plumbing, Inc. are under common control.

The Company is engaged in commercial and industrial construction performed primarily in the southeastern United States. The length of the Company's contracts varies but is typically less than 12 months.

Significant intercompany transactions and balances have been eliminated in combining the financial statements.

A summary of the Company's significant accounting policies follows:

Use of Estimates

The preparation of the combined financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements and reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Management periodically evaluates estimates used in the preparation of the combined financial statements for continued reasonableness. Appropriate adjustments, if any, to the estimates used are made prospectively based upon such periodic evaluation. It is reasonably possible that changes may occur in the near term that would affect management's estimates with respect to the recognition of revenue on uncompleted contracts.

Revisions in estimated contract profits are made in the year in which circumstances requiring the revision become known. During 2023, the Company revised its profit estimate on contracts in-progress at December 31, 2022 due to changes in circumstances occurring during the year. The effect of this change in estimate was to decrease revenues earned and net income for the year ended December 31, 2023 by approximately \$375,000.

Revenue and Cost Recognition

The Company recognizes revenue on construction contracts over time, as performance obligations are satisfied, due to the continuous transfer of control to the customer. The customer typically controls the contracts-in-progress, as evidenced either by contractual termination clauses or by the Company's rights to payment for work performed to date plus a reasonable profit to deliver products or services that do not have an alternative use to the Company. The Company's construction contracts are generally accounted for as a single performance obligation, since the Company is providing a significant service of integrating components into a single project. The Company recognizes revenue using a cost-based input method, which uses actual costs incurred relative to total estimated costs to determine, as a percentage, progress toward contract completion.

TIMBO'S CONSTRUCTION, INC. AND AFFILIATE
(an S Corporation)
Years Ended December 31, 2023 and 2022

NOTES TO THE COMBINED FINANCIAL STATEMENTS

Note 1. Continued

This percentage is applied to the transaction price to determine the amount of revenue to recognize. The Company believes the cost-based input method is the most faithful depiction of performance, because it directly measures the value of the services transferred to the customer.

If, based on a lack of reliable information, progress cannot be reasonably measured, recognition of revenues (but not costs) is deferred until progress can be reliably measured. If, however, it is expected that total costs will be recovered, the Company recognizes revenues equal to costs incurred until the Company can reliably measure progress.

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account in Accounting Standards Codification Topic 606 ("Topic 606"). A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied.

To determine the proper revenue recognition for contracts, the Company evaluates whether two or more contracts should be combined and accounted for as one performance obligation and whether the combined or single contract should be accounted for as more than one performance obligation. This evaluation requires significant judgement, and the decision to combine a group of contracts or separate the combined or single contract into multiple performance obligations could change the amount of revenue and profit recorded in a given period. For most construction contracts, the customer contracts with the Company to provide a significant service of integrating a complex set of tasks and components into a single project or capability, even if that single project results in the delivery of multiple units. Hence, the entire contract is accounted for as one performance obligation. Less commonly, however, the Company may promise to provide distinct goods or services within a contract, in which case the contract is separated into more than one performance obligation. If a contract is separated into more than one performance obligation, the total transaction price is allocated to each performance obligation in an amount based on the estimated relative standalone selling prices of the promised goods or services underlying each performance obligation. The primary method used to estimate standalone selling price is the expected cost plus a margin approach to estimate the standalone selling price of each performance obligation.

The nature of construction contracts gives rise to several types of variable consideration, including claims and unpriced change orders; awards and incentive fees; and liquidated damages and penalties. The Company recognizes revenue for variable consideration when it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur. The Company estimates the amount of revenue to be recognized on variable consideration using the expected value (i.e. the sum of a probability-weighted amount) or the most likely amount method, whichever is expected to better predict the amount.

TIMBO'S CONSTRUCTION, INC. AND AFFILIATE
(an S Corporation)
Years Ended December 31, 2023 and 2022

NOTES TO THE COMBINED FINANCIAL STATEMENTS

Note 1. Continued

The Company includes in the contract estimates additional revenue for submitted contract modifications or claims against the customer when the Company believes it has an enforceable right to the modification or claim, the amount can be estimated reliably, and its realization is probable. In evaluating these criteria, the Company considers the contractual and legal basis for the claim, the cause of any additional costs incurred, the reasonableness of those costs, and the objective evidence available to support the claim. The Company includes awards or incentive fees in the estimated transaction price when there is a basis to reasonably estimate the amount of the fee. These estimates are based on historical award experience, anticipated performance, and management's best judgement at the time, and are included in the transaction price of the contracts and the associated remaining performance obligations.

Contract modifications are routine in the performance of the Company's contracts. Contracts are often modified to account for changes in the contract specifications or requirements. In most instances, contract modifications are for goods or services that are not distinct, and therefore, are accounted for as part of the existing contract.

Revenues on uninstalled materials are recognized when control is transferred to the customer, which does not necessarily equate to when the cost is incurred. Under limited circumstances (e.g. transfer of control occurs significantly before services are provided, the cost of materials is significant), revenue on certain uninstalled third-party materials is recognized when the cost is incurred, however, profit is not recognized at that time. Conversely, the Company recognizes revenue and profit on certain significant uninstalled materials that are specifically produced, fabricated or constructed for a project.

Contract costs include all direct labor, material, subcontractor and equipment costs, and those indirect costs related to contract performance, such as tools and supplies, depreciation and insurance costs. Selling, general and administrative costs are charged to expense as incurred. Provisions for estimated losses on uncompleted contracts, if material to the combined financial statements, are made in the period in which such losses are determined. Changes in job performance, job conditions and estimated profitability, including those arising from contract penalty provisions and final contract settlements, may result in revisions to costs and income and are recognized in the period in which the revisions are determined.

Costs incurred that do not contribute to satisfying performance obligations are excluded from the cost input calculation for revenue recognition. Excluded costs may include abnormal costs, comprising wasted materials, wasted or rework labor, and other resources to fulfill a contract that were not reflected in the price of the contract. A limited allowance for material overages and labor inefficiencies is typically included in the Company's contract cost estimates and by extension in the contract price.

Fulfillment costs are capitalized and included in contract cost assets when incurred prior to commencing work on a contract and the cost does not constitute performance of the contract obligations. Capitalized fulfillment costs are amortized to contract costs over the life of the contract. The Company amortizes these costs to the associated contract on a systematic basis consistent with the pattern of transfer of the good or service to which it relates. In most cases, the Company uses straight line over the period of performance of the contract.

TIMBO'S CONSTRUCTION, INC. AND AFFILIATE
(an S Corporation)
Years Ended December 31, 2023 and 2022

NOTES TO THE COMBINED FINANCIAL STATEMENTS

Note 1. Continued

Cash and Cash Equivalents

The Company considers all short-term investments purchased with an original maturity of three months or less to be cash equivalents.

Contract Receivables

The Company reports receivables at net realizable value. Management determines the allowance for credit losses based on historical losses along with current and future economic conditions. On a continuing basis, management analyzes delinquent receivables and, once these receivables are determined to be uncollectible, they are written off through a charge against an existing allowance account or against earnings. The allowance for credit losses was \$-0- at December 31, 2023 and 2022, respectively.

Certain contracts allow for customers to withhold a small percentage of billings pursuant to retainage provisions. Such amounts are generally due upon the completion of the contract and acceptance of the project by the customer. Retainage balances are included in contracts receivable on the accompanying combined balance sheets.

As a practical expedient, the Company has not elected to adjust the promised amount of consideration in contracts when it expects, at contract inception, that the period between the Company's transfer of a promised product or service to a customer and when the customer pays for that product or service will be one year or less. The Company typically does not include extended payment terms in contracts with customers.

Contract Assets and Liabilities

Contract assets comprise revenues earned in excess of billings on uncompleted contracts. Once the Company has an unconditional right to consideration under a contract, the amount of consideration unconditionally due is reclassified to accounts receivable, net as either a billed or unbilled contract receivable.

Contract liabilities comprise billings in excess of revenues earned on uncompleted contracts and service and maintenance contracts. The Company's contract assets and liabilities are reported in a net position on a contract-by-contract basis at the end of each reporting period. The Company classifies contract assets and liabilities as current or noncurrent to the extent the revenue is expected to be recognized in excess of one year from the balance sheet date.

Inventory

Inventory consists principally of construction materials and supplies and is stated at the lower of cost or market. Cost is determined utilizing the first-in, first-out method, and market represents the lower of replacement cost or estimated net realizable value.

TIMBO'S CONSTRUCTION, INC. AND AFFILIATE
(an S Corporation)
Years Ended December 31, 2023 and 2022

NOTES TO THE COMBINED FINANCIAL STATEMENTS

Note 1. Continued

Property and Equipment

Property and equipment are stated at cost. Maintenance and repairs are expensed in the period incurred; major renewals and betterments are capitalized. When items of property are sold or retired, the related costs are removed from the accounts and any gain or loss is included in income from operations.

Depreciation is computed using the straight-line method. Buildings are depreciated over a 39-year life, vehicles over a five-year life, and machinery and equipment over a five to 10-year life. Depreciation expense for the years ended December 31, 2023 and 2022 totaled \$241,767 and \$197,676, respectively.

Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment loss is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

Income Taxes

The Company, with the consent of its stockholders, has elected under the Internal Revenue Code, and similar provisions of state law, to be taxed as an S Corporation. The stockholders of an S Corporation recognize the taxable income on their individual tax returns and are liable for the income tax. Therefore, no provision for income taxes has been included in the combined financial statements.

Construction contracts are reported in accordance with Topic 606 for financial statement purposes and the cash method for tax purposes. Depreciation is provided primarily on the straight-line method over the estimated useful lives of the assets for financial statement purposes and accelerated methods for tax purposes.

Concentrations of Credit Risk

At times during the year, the Company may have deposits at a bank in excess of federally insured limits. This financial institution has a strong credit rating and management believes that credit risk related to these deposits is minimal. The Company has extended unsecured credit to its customers in the form of contracts receivable.

Advertising Costs

The Company expenses all advertising costs as they are incurred and accounts for the costs as selling, general and administrative expenses. For the years ended December 31, 2023 and 2022, the Company incurred \$40,484 and \$13,848 of advertising costs, respectively.

TIMBO'S CONSTRUCTION, INC. AND AFFILIATE
(an S Corporation)
Years Ended December 31, 2023 and 2022

NOTES TO THE COMBINED FINANCIAL STATEMENTS

Note 1. Continued

Variable Interest Entity Not Consolidated

The Company has elected an accounting alternative which allows a private company, when certain conditions are met, not to apply variable interest entity ("VIE") consolidation guidance to an entity under common control.

Leases

The Company determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the customer obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Company also considers whether its service arrangements include the right to control the use of an asset.

The Company recognizes long-term leases on its balance sheets as a right-of-use ("ROU") asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Leases are classified as either finance leases or operating leases based on certain criteria. Classification of the lease affects the pattern of expense recognition in the income statement.

The Company made an accounting policy election available under Topic 842 not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease (or January 1, 2022, for existing leases upon the adoption of Topic 842). The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives.

The Company has made an accounting policy election to use the written terms and conditions of a related party arrangement between entities under common control to determine whether that arrangement is or contains a lease. For purposes of determining whether a lease exists under this practical expedient, the Company has determined whether written terms and conditions convey the practical (as opposed to legally enforceable) right to control the use of an identified asset for a period of time in exchange for consideration. If a lease exists, the Company classifies and accounts for that lease on the basis of those written terms and conditions. The Company elects the practical expedient on an arrangement-by-arrangement basis.

Recent Accounting Pronouncements

Effective January 1, 2023, the Company adopted Accounting Standards Update ("ASU") No. 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. The ASU replaces the incurred loss impairment methodology with a current expected credit losses model for all financial assets measured at amortized cost. Financial assets held by the Company that are subject to the ASU include contract receivables, contract retainage, and contract assets. The Company adopted the standard using a modified retrospective approach as of the effective date. No cumulative-effect adjustment to retained earnings was required. The adoption of the standard did not have a material impact on the financial statements and primarily resulted in changes to disclosures.

TIMBO'S CONSTRUCTION, INC. AND AFFILIATE
(an S Corporation)
Years Ended December 31, 2023 and 2022

NOTES TO THE COMBINED FINANCIAL STATEMENTS

Note 2. Contracts Receivable

Contracts receivable at December 31, 2023 and 2022 consisted of the following:

	2023	2022
Contracts completed, including retainage	\$ 1,609,225	\$ 3,584,102
Contracts in progress	2,915,225	672,815
Total	<u>\$ 4,524,450</u>	<u>\$ 4,256,917</u>

Note 3. Costs and Estimated Earnings on Uncompleted Contracts

Information with respect to contracts in progress at December 31, 2023 and 2022:

	2023	2022
Total amount of contracts in progress	<u>\$ 24,864,774</u>	<u>\$ 11,068,757</u>
Costs incurred on uncompleted contracts	\$ 7,071,472	\$ 3,992,354
Estimated earnings	952,715	1,144,457
	8,024,187	5,136,811
Less billings to date	<u>6,725,111</u>	<u>4,617,119</u>
Total	<u>\$ 1,299,076</u>	<u>\$ 519,692</u>

The above items have been included in the accompanying combined balance sheets under the following captions as of December 31, 2023 and 2022:

	2023	2022
Contract assets	\$ 2,282,523	\$ 780,970
Contract liabilities	<u>(983,447)</u>	<u>(261,278)</u>
Total	<u>\$ 1,299,076</u>	<u>\$ 519,692</u>

TIMBO'S CONSTRUCTION, INC. AND AFFILIATE
(an S Corporation)
Years Ended December 31, 2023 and 2022

NOTES TO THE COMBINED FINANCIAL STATEMENTS

Note 4. Long-Term Debt

Long-term debt as of December 31, 2023 and 2022 consisted of the following:

	2023	2022
Note payable to a bank due in monthly installments of \$3,110 including interest of 6.09 percent, collateralized by land, paid in full during 2023	\$ -	\$ 26,586
Notes payable to finance companies due in monthly installments ranging from \$1,898 to \$3,601 including interest from zero to 10.44 percent, collateralized by equipment, maturing between January 2025 to December 2028	531,895	316,033
Total long-term debt	531,895	342,619
Less current maturities	212,351	149,318
Long-term debt, less current maturities	\$ 319,544	\$ 193,301

Aggregate annual maturities of long-term debt are as follows:

Year Ending December 31,	Amount
2024	\$ 212,351
2025	168,460
2026	110,146
2027	19,410
2028	21,528
Total	\$ 531,895

Note 5. Lines of Credit

The Company had a revolving line of credit with a bank, which provided that it may borrow up to \$402,093. The line of credit bore interest at 4.75 percent and was secured by property. As of December 2022, there were outstanding borrowings on the line of credit of \$402,007. The line of credit was closed during 2023.

The Company had a revolving line of credit with a bank, which provided that it may borrow up to \$600,000. The line of credit bore interest at 7.95 percent and was secured by contracts receivable. As of December 31, 2022, there were outstanding borrowings on the line of credit of \$600,000. The line of credit was closed during 2023.

During 2023, the Company obtained a revolving line of credit with a bank, which provides that it may borrow up to \$2,500,000. The line of credit bears interest at 8.75 percent and is secured by contracts receivable. As of December 31, 2023, there were outstanding borrowings on the line of credit of \$1,934,000.

TIMBO'S CONSTRUCTION, INC. AND AFFILIATE
(an S Corporation)
Years Ended December 31, 2023 and 2022

NOTES TO THE COMBINED FINANCIAL STATEMENTS

Note 6. Related Parties

The Company has amounts due to related entities under common ownership at December 31, 2023 and 2022 of \$249,555 and \$169,452, respectively. The balances have no set terms or maturities and are classified as non-current and included in other liabilities on the combined balance sheets.

Total liabilities recognized in the financial statements of related parties are approximately \$308,600 and consist primarily of amounts due to other related parties.

Pursuant to the Company's policy election to apply the accounting alternative to entities under common control, the Company does not consolidate the accounts of the related parties into its financial statements.

Note 7. Backlog

Backlog represents the amount of the transaction price, including variable consideration not constrained, allocated to remaining performance obligations at the end of each reporting period. Backlog includes revenues the Company expects to realize both from uncompleted contracts and from signed contracts on which work has not yet begun. The Company's backlog balance as of December 31, 2023 and 2022, and changes during the years, are comprised of the following:

	2023	2022
Balance, beginning of year	\$ 5,931,946	\$ 1,720,187
New contracts, during year	32,240,917	17,029,636
	38,172,863	18,749,823
Less contract revenues earned during year	21,332,276	12,817,877
Balance, end of year	\$ 16,840,587	\$ 5,931,946

Note 8. Subsequent Events

The Company has evaluated subsequent events through April 17, 2024, the date the combined financial statements were available to be issued.

In March 2024, The Company resolved a dispute resulting in a settlement of \$368,433 related to retainage receivables written off in a prior year. The Company received \$184,216 of the settlement on March 26, 2024 and expects to collect the remaining amount in 2024.

SUPPLEMENTARY INFORMATION

TIMBO'S CONSTRUCTION, INC. AND AFFILIATE
(an S Corporation)
Combined Schedule of Contract Revenues Earned
Year Ended December 31, 2023

	Revenues Earned	Cost of Revenues Earned	Gross Profit (Loss)
Contracts completed during the year	\$ 13,308,089	\$ 11,405,298	\$ 1,902,791
Contracts in progress at year-end	8,024,187	7,071,472	952,715
Unallocated indirect cost	-	1,061,967	(1,061,967)
Plumbing services	402,353	356,917	45,436
	<u>\$ 21,734,629</u>	<u>\$ 19,895,654</u>	<u>\$ 1,838,975</u>

See independent accountant's review report.

TIMBO'S CONSTRUCTION, INC. AND AFFILIATE
(an S Corporation)
Schedule of Contracts in Progress
Year Ended December 31, 2023

Contract	Total Contract			From Inception to December 31, 2023			At			Year Ended		
	Contract Amount	Estimated Gross Profit	Revenues Earned	Total Cost Incurred	Gross Profit	Billed to Date	Estimated Cost to Complete	Contract Assets	Contract Liabilities	Revenues Earned	Cost of Revenues Earned	Gross Profit
BCCAA - New Head Start and Office Bldg	\$ 8,013,023	\$ 367,317	\$ 823,871	\$ 786,105	\$ 37,766	\$ 674,263	\$ 6,859,601	\$ 149,608	\$ -	\$ 823,871	\$ 786,105	\$ 37,766
Topashaw Farms - Metal Building	3,939,454	371,066	1,263,512	1,144,499	119,013	169,365	2,423,889	1,094,147	-	1,263,512	1,144,499	119,013
Cleveland Airport - Hangar	1,803,326	194,524	477,760	426,224	51,536	82,658	1,182,578	395,102	-	477,760	426,224	51,536
Leland School District	1,578,000	277,156	1,553,811	1,280,904	272,907	1,578,004	19,940	-	24,189	1,553,811	1,280,904	272,907
ACL Building Systems - Expansion	1,109,195	26,626	76,021	74,196	1,825	58,500	1,008,373	17,521	-	76,021	74,196	1,825
Port of Rosedale - Road Extension	1,013,669	128,954	456,320	398,269	58,051	485,104	486,446	-	28,784	456,320	398,269	58,051
Ruleville Middle School Gymnasium Renovations	936,668	33,710	17,872	17,229	643	-	885,729	17,872	-	17,872	17,229	643
Troy Garrett - Metal Building	840,924	90,133	763,036	681,252	81,784	840,924	69,539	-	77,888	763,036	681,252	81,784
Hobby Lobby	644,135	175,104	427,561	311,331	116,230	644,135	157,700	-	216,574	427,561	311,331	116,230
Chambers Middle School - Gym Renovations	621,500	32,667	219,303	207,776	11,527	406,828	381,057	-	187,525	219,303	207,776	11,527
BP Fabrications - Concrete Work	617,475	60,807	234,371	211,291	23,080	295,925	345,377	-	61,554	234,371	211,291	23,080
Moorehead Learning Center Renovations	576,000	1,277	10,312	10,289	23	-	564,434	10,312	-	10,312	10,289	23
Coahoma County Airport	555,205	89,901	325,874	273,107	52,767	113,600	192,197	212,274	-	325,874	273,107	52,767
Chuck's Dairy Bar - Metal Building	534,640	41,056	254,500	234,957	19,543	124,000	258,627	130,500	-	254,500	234,957	19,543
Billy Marlow - Metal Building	490,426	44,061	391,680	356,491	35,189	357,569	89,874	34,111	-	391,680	356,491	35,189
Woodland Clinic - New Clinic Addition	457,460	18,199	287,598	276,157	11,441	363,369	163,104	-	75,771	287,598	276,157	11,441
Grenada Elementary - Electrical	305,000	3,422	62,782	62,077	705	83,795	239,501	-	21,013	62,782	62,077	705
Pitts Plaza - Electrical	258,800	17,359	175,765	163,975	11,790	92,933	77,466	82,832	-	175,765	163,975	11,790
Air Gas - Concrete Paving	231,754	7,022	-	-	-	226,918	224,732	-	226,918	-	-	-
Leland School District	205,760	55,909	133,109	96,941	36,168	63,366	52,910	69,743	-	133,109	96,941	36,168
Small Jobs (less than \$150,000)	132,360	20,960	69,129	58,402	10,727	63,859	52,998	68,501	63,231	69,129	58,402	10,727
	\$ 24,864,774	\$ 2,057,230	\$ 8,024,187	\$ 7,071,472	\$ 952,715	\$ 6,725,111	\$ 15,736,072	\$ 2,282,523	\$ 983,447	\$ 8,024,187	\$ 7,071,472	\$ 952,715

TIMBO'S CONSTRUCTION, INC. AND AFFILIATE
(an S Corporation)
Schedule of Completed Contracts
Year Ended December 31, 2023

Contract	Contract Totals			Before January 1, 2023			Year Ended December 31, 2023		
	Cost of		Gross Profit (Loss)	Cost of		Gross Profit	Cost of		Gross Profit
	Revenues Earned	Revenues Earned		Revenues Earned	Revenues Earned		Revenues Earned	Revenues Earned	
61 Express Convenience Store	\$ 1,681,372	\$ 1,460,243	\$ 221,129	\$ 1,700,000	\$ 1,405,241	\$ 294,759	\$ (18,628)	\$ 55,002	\$ (73,630)
Delta Health Center	800,364	624,236	176,128	7,807	5,861	1,946	792,557	618,375	174,182
Ellison Farms	745,000	721,048	23,952	190,877	142,453	48,424	554,123	578,595	(24,472)
Mike Jukes	668,970	673,577	(4,607)	-	-	-	668,970	673,577	(4,607)
Airgas	640,186	323,792	316,394	-	-	-	640,186	323,792	316,394
FARCO	626,302	129,327	496,975	-	-	-	626,302	129,327	496,975
Tallahatchie General Hospital	591,095	365,913	225,182	372,969	260,819	112,150	218,126	105,094	113,032
Winona Elementary School	589,424	608,952	(19,528)	559,953	441,658	118,295	29,471	167,294	(137,823)
Greenway AG	583,615	417,091	166,524	554,774	416,081	138,693	28,841	1,010	27,831
Terrene Landing River Park	537,048	426,685	110,363	528,000	412,000	116,000	9,048	14,685	(5,637)
New Liberty Church	521,292	524,072	(2,780)	216,415	140,754	75,661	304,877	383,318	(78,441)
City of Shelby	458,153	339,183	118,970	-	-	-	458,153	339,183	118,970
Dollar General	453,048	570,082	(117,034)	-	-	-	453,048	570,082	(117,034)
North Pontotoc Elementary School Improvements	418,966	286,933	132,033	40,046	27,532	12,514	378,920	259,401	119,519
Topashaw Farms	414,720	425,625	(10,905)	-	-	-	414,720	425,625	(10,905)
Service Lumber	387,158	353,303	33,855	-	-	-	387,158	353,303	33,855
Britton Furniture	360,755	331,535	29,220	-	-	-	360,755	331,535	29,220
K.R. Patel	355,000	339,594	15,406	-	-	-	355,000	339,594	15,406
Carrolton Avenue Parking Lot	350,212	222,622	127,590	39,125	30,070	9,055	311,087	192,552	118,535
Greenville Mid Delta Airport	340,973	347,194	(6,221)	-	-	-	340,973	347,194	(6,221)
Nufarm	334,000	231,469	102,531	52,162	33,733	18,429	281,838	197,736	84,102
CRA Building	310,000	316,435	(6,435)	85,592	59,723	25,869	224,408	256,712	(32,304)
Sunset Village	307,661	273,607	34,054	-	-	-	307,661	273,607	34,054
FARCO	306,000	73,037	232,963	26,123	23,134	2,989	279,877	49,903	229,974
Hangar 450 Greenville Mid-Delta Airport	302,751	330,006	(27,255)	35,856	28,541	7,315	266,895	301,465	(34,570)
Bailey Land Corporation	274,750	190,378	84,372	4,127	3,302	825	270,623	187,076	83,547
Entergy - Ruleville, MS	271,586	258,049	13,537	245,102	222,646	22,456	26,484	35,403	(8,919)
BP FABRICATIONS	257,531	122,353	135,178	-	-	-	257,531	122,353	135,178
Topashaw Farms	253,974	186,821	67,153	-	-	-	253,974	186,821	67,153
FARCO	234,968	165,053	69,915	-	-	-	234,968	165,053	69,915
John Dereg	187,500	149,188	38,312	187,500	131,500	56,000	-	17,688	(17,688)
Three Rivers Plastics	187,078	140,068	47,010	10,574	8,460	2,114	176,504	131,608	44,896
Angelina Plantation	167,000	73,618	93,382	44,379	28,966	15,413	122,621	44,652	77,969
Small jobs (less than \$150,000)	3,291,018	3,226,683	64,335	-	-	-	3,291,018	3,226,683	64,335
	\$ 18,209,470	\$ 15,227,772	\$ 2,981,698	\$ 4,901,381	\$ 3,822,474	\$ 1,078,907	\$ 13,308,089	\$ 11,405,298	\$ 1,902,791

See independent accountant's review report.

TIMBO'S CONSTRUCTION, INC. AND AFFILIATE
(an S Corporation)
Combined Schedules of Selling, General and Administrative Expenses
Years Ended December 31, 2023 and 2022

	2023	2022
Advertising and promotion	\$ 40,484	\$ 13,848
Automotive and fuel	13,446	40,760
Bad debt	3,533	94,459
Bank charges	1,723	427
Contributions	17,238	8,150
Depreciation	12,240	8,868
Dues and subscriptions	20,822	35,845
Employee benefits	8,330	55,671
Insurance	87,905	59,656
Lease expense	14,924	25,283
Office salaries	209,362	34,382
Office supplies and postage	136,305	146,545
Professional services	108,894	126,541
Repair and maintenance	42,650	54,082
Taxes, other	87,317	71,991
Telephone and utilities	63,373	56,087
	<u>\$ 868,546</u>	<u>\$ 832,595</u>

See independent accountant's review report.