



Diligence Report

Target	Hartwell Mechanical Services, Inc. (composite sample)
Engagement	Buyer-commissioned Diligence
Date	October 26, 2026
Reviewer of record	Gray F. Smith

Buyer-commissioned diligence on the seller's package: verified earnings, deal terms against the findings, and the SOP tests on the proposed structure.

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About this sample

This report is a sample. The target is a fictional composite built for demonstration: it is not any real company and has no single real-company source. Its financial statements, bank activity, customer list, and seller add-back schedule were assembled from anonymized patterns observed across real small business acquisitions in the trades, and findings were planted to demonstrate the procedures. Entity names, payees, and addresses are fictional. Every figure drawn from the seller's materials traces to the seller's documents; the databook carries every report table. What it does not do: tell a buyer whether to buy or a lender whether to lend. Workup reports describe findings and their implications; the decisions belong to the people whose capital is at risk. This is the buyer-commissioned form. It includes Section 9b, Valuation context, which places the business against comparable transactions and a quality scorecard. Section 9b never appears in a Lender QoE report. Issued October 26, 2026. Reviewer of record: Gray F. Smith.

Section 1 - Engagement summary

Buyer-commissioned Diligence engagement under the Professional Services Agreement Master Terms dated September 30, 2026. Target: HVAC service and installation contractor, Charlotte, NC (S corporation). Purchase price \$3,600,000: the proposed financing falls above the SOP 50 10 8.1 threshold of \$3,000,000 at which an independent quality of earnings report is required (SOP 50 10 8.1, effective October 1, 2026, Appendix 15, paragraph C.1, Financial Due Diligence). Where the buyer elects reliance, this report is carried to the lender under the September 25 amendment with the lender's vendor review of it; absent that election, the lender commissions its own report. Section 9b appears here because this engagement is buyer-commissioned. Documents received:

- monthly and annual P&L FY2023 to FY2025
- balance sheets FY2023 to FY2025
- the federal returns as filed FY2023 to FY2025 (Form 1120-S with Schedules B, K, L, M-1 and M-2, Form 1125-A and Form 4562)
- Form 1120-S summaries FY2023 to FY2025
- bank transactions (operating account and payroll account; January 2023 to June 2026)
- customer revenue schedule (FY2023 to FY2025)
- premises lease summary
- market rent opinion (buyer-obtained)
- year-to-date monthly books
- trial balances
- payroll registers with Forms 941 and the W-2 summary

- IRS transcripts
- AR aging with invoice and credit-memo detail
- AP aging by vendor (four dates)
- maintenance agreement and open-job schedules
- inventory listing
- fixed asset register
- lender amortization and note schedules with line of credit statements
- the seller's monthly bank reconciliation
- customer contracts
- the executed premises lease
- the signed related-party declaration
- the seller inquiry file
- merchant processor statements
- seller add-back schedule
- proposed deal structure

The documents requested and not provided are listed once in Section 12, the list of record. Analysis period: FY2023 through FY2025 plus the trailing twelve months to June 2026. Analysis, not an audit; based on materials provided; not investment, legal, or tax advice; prepared under the governing engagement agreement. Reviewer of record: Gray F. Smith.

Section 2 - Key findings summary

Figure	Value
Revenue (TTM, July 2025 to June 2026)	\$4,962,319
Revenue (FY2025)	\$4,806,000; FY2023 to FY2025 CAGR (two periods) 6.9%, FY2025 growth 6.9%
Reported EBITDA (TTM, July 2025 to June 2026)	\$799,868 (16.1% margin)
Reported EBITDA (FY2025)	\$733,791 (15.3% margin)
SDE (TTM, July 2025 to June 2026)	\$851,868 (17.2% margin)
SDE (FY2025)	\$785,791 (16.4% margin)
Normalized EBITDA (after market management cost) (TTM, July 2025 to June 2026)	\$783,770 (15.8% margin)
Normalized EBITDA (after market management cost) (FY2025)	\$730,549 (15.2% margin)
Asking price	\$3,600,000
Implied multiple, ask / normalized EBITDA (TTM, July 2025 to June 2026)	4.6x; DealStats MVIC/EBITDA median 4.6x
Implied multiple, ask / normalized EBITDA (FY2025)	4.9x; DealStats MVIC/EBITDA median 4.6x
Implied multiple, ask / SDE	4.2x (TTM, July 2025 to June 2026); 4.6x (FY2025); DealStats MVIC/SDE median 3.1x
Debt service coverage (1.25x standard, SOP 50 10 8.1, Appendix 15)	1.34x (TTM, July 2025 to June 2026); 1.25x (FY2025)

Source: Company financial statements; DealStats; SOP 50 10 8.1; Workup analysis.

The earnings walk

Normalized EBITDA (after market management cost) is Workup's figure: reported EBITDA, plus only the add-backs the evidence supports, less the finding adjustments, the related-party rent normalized to market and a market management cost. A seller's adjusted EBITDA is the seller's own figure, built from the seller's add-backs. SDE is EBITDA plus officer compensation. Each finding adjustment is the change between two dated balances: Unbooked prepaid maintenance (finding 8) moves from \$80,865 at December 31, 2024 to \$85,072 at December 31, 2025 on FY2025, and from \$65,579 at June 30, 2025 to \$88,375 at June 30, 2026 on the trailing twelve months; the over-billed balance per the open-job schedule (finding 9) moves from \$57,214 at December 31, 2024 to \$69,935 at December 31, 2025 on FY2025, and from \$31,432 at June 30, 2025 to \$38,420 at June 30, 2026 on the trailing twelve months.

Item	TTM, July 2025 to June 2026	FY2025
Reported EBITDA	\$799,868	\$733,791
Accepted: Owner salary (fully added back)	\$52,000	\$52,000
Accepted: Family member wages	\$54,600	\$54,600
Rejected: Legal settlement, one-time	\$0	\$0
Modified: Personal travel & meals (100%)	\$15,800	\$15,800
Modified: Country club dues	\$16,000	\$16,000
Accepted: Personal vehicle in fleet	\$9,600	\$9,600
Accepted: Family phone lines	\$5,400	\$5,400
Rejected: One-time rebrand project	\$0	\$0
Accepted: Owner health insurance	\$15,600	\$15,600
Adjustment: prepaid maintenance recognized ahead of the obligation (finding 8, maintenance agreement schedule)	(\$22,795)	(\$4,207)
Adjustment: installation billings ahead of completion (finding 9, open-job schedule)	(\$6,987)	(\$12,720)
Adjustment: related-party rent normalized to market (executed lease; rent opinion obtained by the buyer)	(\$31,200)	(\$31,200)
Adjustment: market management cost (BLS OEWS May 2025)	(\$124,116)	(\$124,116)
Normalized EBITDA (after market management cost)	\$783,770	\$730,549
SDE (EBITDA plus officer compensation, stated for reference)	\$851,868	\$785,791

Source: Company financial statements; Workup analysis.

Normalized EBITDA for the trailing twelve months to June 30, 2026 is \$783,770, with FY2025 at \$730,549, each after the market management cost adjustment; SDE per the earnings walk (EBITDA plus officer compensation) is \$851,868 on the TTM and \$785,791 on FY2025, against reported EBITDA of \$799,868 and \$733,791; the asking price of \$3,600,000 implies 4.6x TTM normalized EBITDA and 4.9x on FY2025.

1. The DSC schedule records coverage of 1.34x on the trailing twelve months (headroom \$53,595) and 1.25x on FY2025 (headroom \$375), each a pass against the 1.25x standard.
2. The books carry \$132,085 of undeposited cash at June 30, 2026 that no bank statement supports; counting the cash on hand, or confirming it never existed, is the

resolution (Section 4.2).

3. The customer revenue schedule shows the top customer at 21.7% of FY2025 revenue, with earnings at risk of \$158,885 (\$151,969 excluding modified add-back credits), measured on FY2025 normalized EBITDA.

4. Owner distributions observed in bank data total \$934,000 per the owner cash flow schedule, comprising \$222,000 in 2023, \$273,000 in 2024 and \$309,000 in 2025 (12 months each), plus \$130,000 in 2026 (6 months of bank data).

5. Implied capex runs below half of depreciation, a gap of \$57,538 per year to depreciation parity in the fixed-asset movement (Section 7), with an asset age proxy of roughly 8.1 years. \$31,800 of credited add-backs rest on the documented personal share without receipt-level substantiation; Section 10 states coverage without them.

Section 3 - Business overview

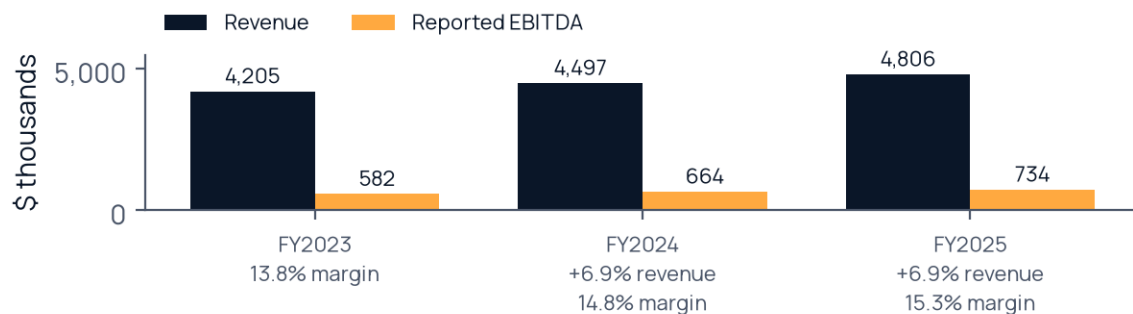
Hartwell Mechanical Services, Inc. operates as an HVAC service and installation contractor based in Charlotte, NC, and files as an S corporation. FY2025 revenue divides between service at 65.9% and installation at 34.1% per the revenue mix schedule, and the three-year mix appears in the report table below. Revenue follows a seasonal pattern on a three-year average of the monthly P&L (calendar years 2023 through 2025), with average monthly revenue peaking in July and troughing in February, the peak month running 64.7% above the trough.

Customer concentration in FY2025 centers on three accounts per the customer revenue schedule: Merrowfield Property Group, served under a property management contract, at 21.7%; Thornfield Homes at 11.3%; and Carolina Medical Plazas at 10.4%. The books carry twenty named customers plus the residential aggregate, with the aggregate rows at 26.0% combined; the Section 5 table carries the full account-level detail. Industry and market context for the Charlotte HVAC service and installation trade appears in the industry context subsection, cited to public sources.

Measure	FY2023	FY2024	FY2025
Service revenue (recurring)	\$2,630,223	\$3,102,153	\$3,166,343
Installation revenue (project)	\$1,574,777	\$1,394,847	\$1,639,657
Service share	62.5%	69.0%	65.9%
Installation share	37.5%	31.0%	34.1%

Source: Company financial statements; Workup analysis.

Revenue grew each year; reported EBITDA followed (\$ thousands)



Source: Company financial statements; Workup analysis.

Industry context

Per the Workup industry brief for NAICS 238220 (as of October 24, 2026; every figure resolves to the brief's cited sources): Mecklenburg County, NC has 358 plumbing and HVAC contractor establishments with 7,418 employees at average annual pay of \$85,232, per BLS QCEW 2025 annual averages (NAICS 23822, the parent aggregate). SBA 7(a) approvals in the contractor code family ran 1,406 loans and \$626,746,900 of gross approvals in FY2025, per the SBA FOIA dataset as of June 30, 2026. As a public reference per the 10-K income statements on SEC EDGAR: Watsco reported gross margin 28.0% and operating margin 10.0% for calendar 2025, against 26.8% and 10.3% for 2024 (per its Form 10-K filed February 27, 2026, accession 0001193125-26-082486); Comfort Systems USA reported gross margin 24.1% and operating margin 14.4% for calendar 2025, against 21.0% and 10.7% for 2024 (per its Form 10-K filed February 19, 2026, accession 0001104659-26-017530). Findings only; no forecast is authored by Workup.

Headcount and roles

The payroll register carries 35 people. Roles and FY2025 gross wages below; the biweekly register, the Forms 941 and the W-2 summary stand behind it, and the payroll tie-out in Section 4.3 runs gross wages to the 941 filings to the bank.

Role	Count	FY2025 gross wages
Field technician	17	\$1,135,202
Install lead	4	\$320,185
Apprentice technician	3	\$142,297
Shop hand	2	\$62,599
Estimator	1	\$68,000
Office administrator	1	\$49,000
Operations support	1	\$54,600

Role	Count	FY2025 gross wages
Parts runner	1	\$39,000
Owner and officer	1	\$52,000
Second dispatcher	1	\$51,000
Service coordinator	1	\$52,000
Service dispatcher	1	\$54,000
Warehouse and shop manager	1	\$58,000

Source: Company financial statements; Workup analysis.

Section 4.1 - Reconciliation of books to tax returns

P&L revenue ties to Form 1120-S gross receipts within rounding in 2 of 3 years tested. Variances on this schedule: revenue varies by \$52,000 in FY2024. The FY2024 revenue variance of \$52,000 is material and is flagged in the risk register. Revenue differences on this schedule are reconciliation failures. IRS transcripts (record of account) for 2023, 2024, 2025 were provided and agree to the filed returns in whole dollars; no amended return appears on the transcripts. The 2025 credit memo detail resolves the revenue variance: invoice 2024-1187 to Thornfield Homes was billed twice and credited (CM-2025-004, \$52,000); the memo note reads Duplicate billing, install phase 3, and the return was prepared from the corrected ledger. A bookkeeping error, not unreported revenue. Net income per the books less Form 1120-S line 21, which deducts line 13 interest, is (\$6,589) in FY2023, \$45,076 in FY2024 and (\$6,724) in FY2025. Schedule M-1 of the returns as filed reconciles it: the return adds back the travel and entertainment disallowance (line 3b: \$6,589 in FY2023, \$6,924 in FY2024 and \$6,724 in FY2025) and excludes the income on the books not on the return (line 5a: \$52,000 in FY2024, the duplicate billing above), with cents of rounding in the seller's statements. Depreciation per the return agrees to the P&L in each year.

Measure	FY2023	FY2024	FY2025
P&L revenue	\$4,205,000	\$4,497,000	\$4,806,000
Gross receipts	\$4,205,000	\$4,445,000	\$4,806,000
Revenue variance	\$0	\$52,000	\$0
P&L COGS	\$2,198,428	\$2,346,334	\$2,543,515
Tax COGS	\$2,198,428	\$2,346,334	\$2,543,515
COGS variance	\$0	\$0	\$0
Net income	\$450,490	\$542,289	\$620,972
Ordinary income	\$457,079	\$497,213	\$627,696
Net income variance	(\$6,589)	\$45,076	(\$6,724)

Source: Company financial statements; Workup analysis.

Accounting policies

Each policy as the returns as filed, the statements and the packet documents state it, with its source; a policy the materials do not state carries a numbered question.

Policy	Entry	Source
Basis of accounting	Accrual	Form 1120-S Schedule B line 1, returns as filed
Revenue recognition	Open jobs at percent complete; other revenue not stated in the materials (question 25)	Open-job schedule (percent complete, billings in excess); no policy note
Depreciation	MACRS; the books follow the return (tax basis)	Form 4562, returns as filed, against the P&L depreciation
Inventory	FIFO per the inventory listing; valuation at lower of cost or market (Form 1125-A)	Inventory listing provided; Form 1125-A, returns as filed
Deferred revenue	Plans billed annually in advance; the booked deferral runs below the schedule (finding 8)	Maintenance agreement schedule; balance sheet deferred revenue
Related-party items	Lease with Marbeck Holdings LLC, owner-affiliated; rent normalized to market	Executed premises lease provided
Owner pay	\$52,000 officer compensation, FY2025, the same on the W-2	W-2 summary provided; Form 1120-S line 7, returns as filed

Source: Company financial statements; Workup analysis.

Section 4.2 - Cash Proof

Section 4.2 covers the proof of reported revenue against funds actually received. Deposit activity was drawn from 84 monthly statements on two accounts, the operating account and the payroll account, and operational deposits were separated from owner funding, transfers between accounts, and other non-revenue credits before any comparison was made. Cash deposits represent 0.0% of operational deposits per the Cash Proof schedule, so the deposit record is effectively an electronic one and the proof does not depend on counting undocumented currency. Each revenue window is measured over exactly the calendar months present in the bank data, so the deposit totals and the reported revenue totals cover the same period.

Across the trailing twelve months (July 2025 to June 2026), deposits of \$4,885,994 compare with reported revenue of \$4,962,319, coverage of 98.5% and a gap of \$76,325. FY2025 (January 2025 to December 2025) shows the same pattern, deposits of \$4,733,184 against reported revenue of \$4,806,000, coverage of 98.5% and a gap of \$72,816. FY2024 (January 2024 to December 2024) runs the other way, with deposits of \$4,580,122 exceeding reported revenue of \$4,497,000, coverage of 101.8% and a gap of (\$83,122), consistent with collections in that year arriving ahead of the revenue booked.

Owner and transfer activity was isolated so it does not inflate the deposit side of the proof: 251 distinct transactions were identified across the bank data, with per-window counts on the Cash Proof schedule (the windows overlap, so those counts do not sum to

the total). The owner cash flow schedule records distributions of \$222,000 (2023), \$273,000 (2024), \$309,000 (2025), and \$130,000 for 2026, the latter covering 6 months of bank data and therefore not comparable to a full year. The direction of distributions is upward across the three complete years. The TTM window (July 2025 to June 2026) is not a filed tax year; its revenue bridges to the filed periods through the reconciliation schedule, and the months outside the latest filed year are timing, not independent corroboration.

Measure	TTM	FY2025	FY2024
Months covered	July 2025 to June 2026	January 2025 to December 2025	January 2024 to December 2024
Month count	12	12	12
Operational deposits	\$4,885,994	\$4,733,184	\$4,580,122
Reported revenue	\$4,962,319	\$4,806,000	\$4,497,000
Deposit coverage	98.5%	98.5%	101.8%
Gap	\$76,325	\$72,816	(\$83,122)
Disbursements	\$3,913,397	\$3,816,755	\$3,666,079
Reported expenses	\$4,178,041	\$4,090,228	\$3,855,711
Transfers excluded	99	102	95
Transactions	909	914	906

Source: Company financial statements; Workup analysis.

Undeposited cash (finding)

The books carry undeposited cash of \$92,601 at December 31, 2025 and \$132,085 at June 30, 2026 that no bank statement supports. The FY2025 deposit gap decomposes below; after the receivable change, the contract-liability inflows and bad debt, the unexplained piece is the \$84,000 undeposited-cash build. Counting the cash the seller says is on hand, or confirming it never existed, is the resolution. If the cash never existed, FY2025 revenue and normalized EBITDA are lower by the \$84,000 build and the trailing twelve months by \$80,873; the Section 10 sensitivity row prices the structure on that basis.

Component	Amount
Deposit gap, FY2025 (reported revenue less operational deposits, Cash Proof)	\$72,815.77
Accounts receivable change (billed, not yet collected)	\$48,554.05
Contract-liability inflows (cash received ahead of revenue; reduces the gap)	(\$68,484.54)
Bad debt written off (billed, never collected)	\$9,430.41
Undeposited-cash build (booked as received, never deposited)	\$84,000.00
Merchant batches in transit at the year ends (card timing gap, processor statements)	(\$684.11)
Remaining difference (deposit gap less the components above)	(\$0.04)

Source: Company financial statements; Workup analysis.

Card volume per the processor statements

Gross card volume, fees and net per the merchant processor statements, beside the merchant deposits on the operating account. The bank receives the gross batches and the processor debits its fees monthly; the difference is the batch in transit at each year

end. Gross volume is the card-paid share of revenue per the customer revenue schedule's payment-method column.

Year	Gross card volume	Processor fees	Net deposited	Merchant deposits per bank	Timing gap
FY2023	\$478,538	\$11,702	\$466,836	\$474,543	\$3,995
FY2024	\$581,937	\$14,256	\$567,681	\$582,106	(\$169)
FY2025	\$612,238	\$14,961	\$597,277	\$612,922	(\$684)
2026 (six months)	\$333,256	\$8,197	\$325,059	\$336,397	(\$3,141)

Source: Company financial statements; Workup analysis.

Section 4.3 - Add-back analysis

Each classification below was reviewed and signed by the reviewer of record. The market management cost charged in the walk is \$112,730, the median of record (BLS OEWS May 2025, general and operations managers; the full citation is on the rate of record), plus the 10.1% employer cost per the FY2025 P&L: \$124,116 annually. The figure sits in a corridor: the floor is the metro median loaded at the employer-cost rate, charged in the walk; the ceiling is the RMA officers' compensation median for the size band, 3.6% of FY2025 revenue (\$173,016), and at that ceiling normalized EBITDA is \$681,649 and the implied multiple 5.3x. A third reference, the BLS OEWS May 2025 construction-industry median for general and operations managers (\$112,230), sits beside the floor. The floor is charged because the manager cost is an outside figure, not a seller claim, and conservatism does not extend to overstating outside figures. The \$124,116 management charge of annual earnings is about \$570,932 of purchase price at the DealStats MVIC/EBITDA median of 4.6x. The walk carries a related-party rent adjustment to the market figure cited in the rent opinion obtained by the buyer (broker_rent_opinion.md; premises_lease_summary.md); Section 4.5 states both figures and their sources. The \$31,200 rent normalization of annual earnings is about \$143,520 of purchase price at the median multiple. Finding 8's twelve-month adjustment, a reduction of \$22,795, runs larger than its fiscal-year adjustment, a reduction of \$4,207, because the 2026 plan renewals at higher fees sit in the June 30, 2026 balance against the smaller 2025 terms a year earlier. The finding 8 adjustment of \$4,207 of annual earnings is about \$19,350 of purchase price at the DealStats MVIC/EBITDA median of 4.6x; the finding 9 adjustment of \$12,720 is about \$58,513.

Item	Proposed amount	Credited amount	Treatment
Owner salary (fully added back)	\$52,000	\$52,000	Accepted
Family member wages	\$54,600	\$54,600	Accepted
Legal settlement, one-time	\$16,800	\$0	Rejected
Personal travel & meals (100%)	\$28,800	\$15,800	Modified
Country club dues	\$19,200	\$16,000	Modified
Personal vehicle in fleet	\$9,600	\$9,600	Accepted
Family phone lines	\$5,400	\$5,400	Accepted
One-time rebrand project	\$12,000	\$0	Rejected
Owner health insurance	\$15,600	\$15,600	Accepted
Total	\$214,000	\$169,000	-

Source: Company financial statements; Workup analysis.

1. Owner salary (fully added back): The payroll register and the W-2 summary carry Raymond Hartwell at \$52,000 a year (payroll_register.xlsx; w2_summary_2023_2025.xlsx), matching line 7 Compensation of officers on the returns. The credited figure is \$52,000, the W-2 and return figure; the books' P&L line Officer compensation (owner) carries \$51,999.96 each year by monthly rounding. The register carries no general manager, so the market management charge is carried at the corridor floor as its own line in the walk.

2. Family member wages: The biweekly payroll register carries Corey Hartwell at \$54,600 a year, titled Operations support, with no hours recorded in any pay period (payroll_register_biweekly_2023_2026H1.xlsx); the signed related-party declaration omits them (related_party_declaration.md). The wages are paid through the payroll account and the role is unsupported by hours or timesheets; the add-back is credited in full. The wages are credited because no work is evidenced; a demonstrated function would offset the credit at its replacement cost.

3. Legal settlement, one-time: The bank pays the same law firm every month of 2023 through June 2026 (TRYON & WEARN PLLC on the operating account statements); no settlement payment appears in any month, and the booked Legal & professional line is a recurring retainer. The seller did not produce the settlement agreement (seller_inquiries.md, inquiry 7, no response). The claimed one-time settlement is contradicted by the bank record.

4. Personal travel & meals (100%): The 2025 charge-card detail places about 55 percent of the Travel, meals & entertainment line with resort, airline, hotel and charter payees and the rest with job-site payees (charge_card_detail_2025.csv); the card settlements tie to the books each month in 2025. The personal share of the claimed \$28,800 is credited at \$15,800; the remainder is job-site travel. Itemized receipts restore credit above this figure.

5. Country club dues: The Coppergate Golf Club statements carry monthly membership dues of \$1,333 on the owner's individual membership, \$16,000 for 2025, plus two client events totaling \$3,200 (coppergate_club_statements_2025.md); the statements equal what the bank paid the club in 2025. The membership is personal and credited at \$16,000; the events are business entertaining and are not added back.

6. Personal vehicle in fleet: The fleet insurance schedule lists a 2022 SUV in a business and personal use class (fleet_insurance_schedule_2025.md), the fixed asset register carries it at \$42,000 (fixed_asset_register.xlsx), and the seller states the owner's spouse drives it (seller_inquiries.md, inquiry 3). Credited in full. The seller add-back schedule (seller_addback_schedule.xlsx) gives the \$9,600 the rationale Owner spouse SUV and no breakdown; the packet does not state what the amount comprises, and the cost detail behind it is the document request.

7. Family phone lines: The November 2025 Stateline Telecom invoice carries three lines with no employee assignment at \$150 each, \$450 a month and \$5,400 a year (stateline_telecom_invoice_2025-11.md); the invoice total of \$1,026 equals the flat monthly amount the bank pays Stateline. Credited in full.

8. One-time rebrand project: The marketing payees are unchanged across 2023 through June 2026 (BELLWICK LOCAL ADS and CHARLOTTE SIGN & WRAP CO on the operating account); no agency payee appears in 2025, and the seller did not produce the agency invoice (seller_inquiries.md, inquiry 8, no response). The claimed project is unsupported by any payment.

9. Owner health insurance: The December 2025 Elmstead Insurance Group invoice shows the owner enrolled on the staff plan with a premium share of \$1,300 a month (elmstead_group_benefits_invoice_2025-12.md), \$15,600 a year, inside the group benefits remittance paid from the payroll account. Credited in full. The owner's premium is added back once: the loaded management cost carries the replacement manager's benefits.

Payroll tie-out

Bank payroll disbursements beside the P&L labor lines (direct labor, indirect wages, officer compensation, payroll taxes and benefits) for the same calendar year; a partial bank year states no tie. Withholding and remittance timing account for modest deltas; a large delta is a document request.

Year	Months of bank data	Form 941 wages (cash basis)	Bank payroll disbursements	P&L labor total	Difference (\$)
FY2023	12	\$1,823,136	\$2,008,291	\$2,018,370	(\$10,080)
FY2024	12	\$1,998,260	\$2,200,940	\$2,209,420	(\$8,480)
FY2025	12	\$2,134,070	\$2,349,996	\$2,353,809	(\$3,812)
2026 (six months)	6	\$1,088,346	\$1,201,189	-	-

Source: Company financial statements; Workup analysis.

2026: partial bank year (6 months); no tie stated.

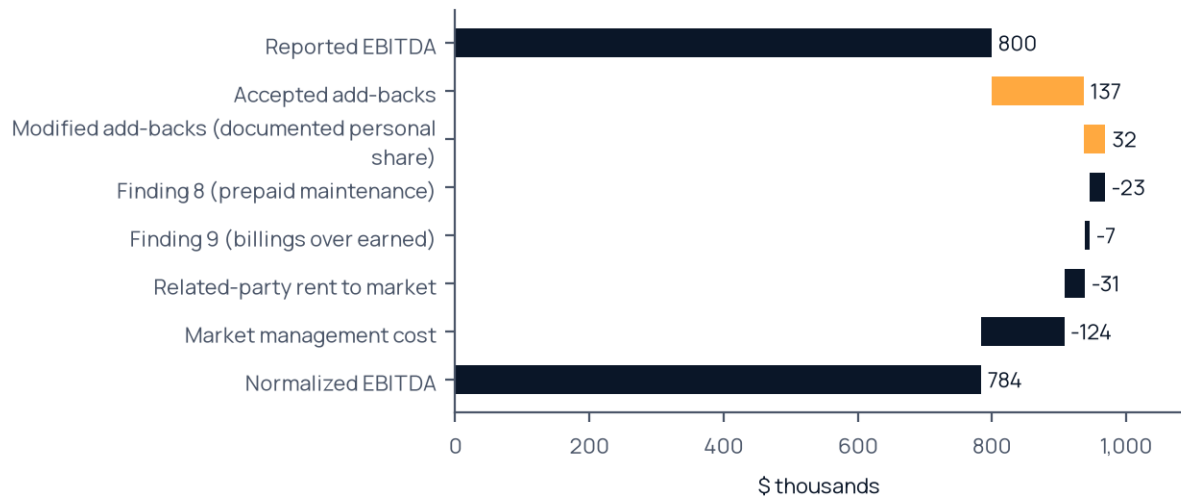
Section 4.4 - Normalized EBITDA: year-over-year bridge

Change in Normalized EBITDA (after market management cost) decomposed into revenue, gross-margin rate, operating-expense, and adjustment effects; the final year's end ties to the earnings walk (Section 2). A price/volume split is not derivable from the materials provided. The bridge foots in every period to the cent; printed rows may differ by \$1 from rounding. The finding 8 and 9 adjustments for FY2023 are not derivable; requested: the December 31, 2022 balance sheet and the maintenance agreement and open-job schedules at December 31, 2022. FY2024 normalized EBITDA carries the finding 9 adjustment of (\$10,926), the change in the open-job schedule balance from December 31, 2023 to December 31, 2024. The finding 8 adjustment for FY2024 is not derivable; requested: the maintenance agreement schedule at December 31, 2023.

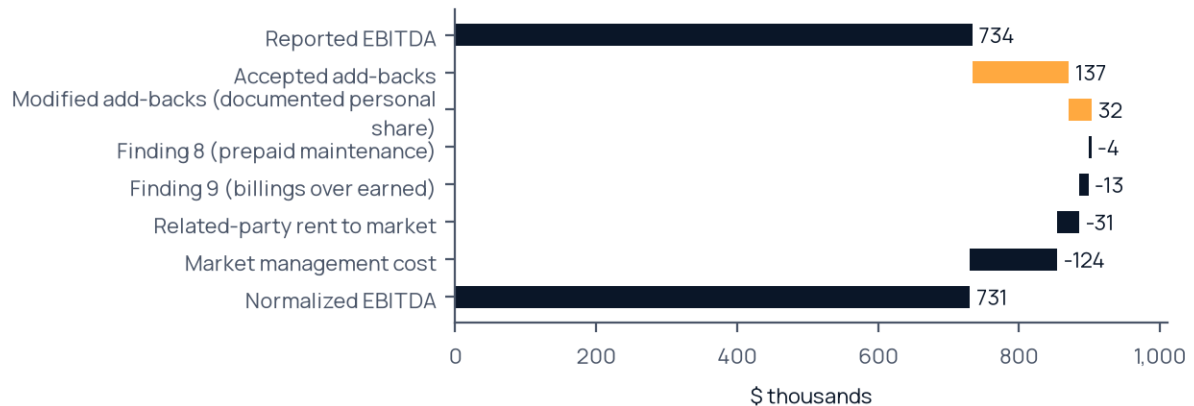
Period	Normalized EBITDA start	Revenue effect	Margin effect	Expense effect	Adjustment effect	Normalized EBITDA end
FY2023 to FY2024	\$570,671	\$139,339	\$4,755	(\$62,553)	(\$10,926)	\$641,286
FY2024 to FY2025	\$641,286	\$147,778	(\$35,958)	(\$41,955)	\$19,399	\$730,549
FY2025 to TTM (July 2025 to June 2026)	\$730,549	\$73,589	\$20,636	(\$28,149)	(\$12,856)	\$783,770

Source: Company financial statements; Workup analysis.

Basis by year: FY2023 normalized EBITDA carries neither finding adjustment; FY2024 carries finding 9 only; FY2025 carries both finding adjustments.

Adjustments take reported EBITDA of \$800k to \$784k normalized (TTM)

Source: Company financial statements; Workup analysis.

Adjustments take reported EBITDA of \$734k to \$731k normalized (FY2025)

Source: Company financial statements; Workup analysis.

Recast income statement

The trailing twelve months and each fiscal year restated line by line, from revenue to normalized EBITDA (after market management cost), on the figures of the earnings walk (Section 2) and the bridge above; the basis note under the table states which finding adjustments each year carries.

Line	TTM, July 2025 to June 2026	FY2023	FY2024	FY2025
Revenue	\$4,962,319	\$4,205,000	\$4,497,000	\$4,806,000
Cost of goods sold	(\$2,605,609)	(\$2,198,428)	(\$2,346,334)	(\$2,543,515)
Gross profit	\$2,356,711	\$2,006,572	\$2,150,666	\$2,262,485
Operating expenses excluding depreciation	(\$1,556,842)	(\$1,424,185)	(\$1,486,738)	(\$1,528,693)
Reported EBITDA	\$799,868	\$582,386	\$663,927	\$733,791
Accepted add-backs	\$137,200	\$127,600	\$127,600	\$137,200
Modified add-backs (documented personal share)	\$31,800	\$16,000	\$16,000	\$31,800
Finding 8 adjustment (prepaid maintenance)	(\$22,795)	not derivable	not derivable	(\$4,207)
Finding 9 adjustment (billings over earned)	(\$6,987)	not derivable	(\$10,926)	(\$12,720)
Related-party rent normalized to market	(\$31,200)	(\$31,200)	(\$31,200)	(\$31,200)
Market management cost	(\$124,116)	(\$124,116)	(\$124,116)	(\$124,116)
Normalized EBITDA (after market management cost)	\$783,770	\$570,671	\$641,286	\$730,549

Source: Company financial statements; Workup analysis.

Basis by year: FY2023 normalized EBITDA carries neither finding adjustment; FY2024 carries finding 9 only; FY2025 carries both finding adjustments. The personal travel & meals and personal vehicle in fleet add-backs are documented for FY2025 only and carry no credit in FY2023 or FY2024. Prior-year add-back credits rest on the payroll register, the W-2 summary and bank payees for those years; items documented for FY2025 only are credited in FY2025.

Section 4.5 - Related-party items

Every transaction with the owner, the owner's family or an owner-affiliated entity identified from the statements, the returns, and the bank records, each stated at the arm's-length figure where one can be supported or flagged with the document that would settle it. Arm's-length adjustments flow into the earnings walk (Section 2). The seller's signed related-party declaration was provided. Finding: the declaration omits the family member carried on payroll with no recorded hours; the wages are adjudicated in Section 4.3 and the omission stands as a disclosure finding.

Counterparty	Nature	FY2023	FY2024	FY2025	Arm's-length	Treatment
The selling owner	Officer compensation	\$52,000	\$52,000	\$52,000	\$124,116	Charged in the walk (Section 2)
Owner-affiliated landlord	Premises rent	\$86,400	\$86,400	\$86,400	\$117,600	Normalized in the walk (Section 2)
The selling owner	Owner distributions	\$222,000	\$273,000	\$309,000	-	Equity distribution

Source: Company financial statements; Workup analysis.

1. The selling owner: The market management cost is per the BLS OEWS May 2025 median of record, as of October 13, 2026, loaded at the FY2025 employer-cost rate; it is charged in the earnings walk (Section 2). Source: P&L.

2. Owner-affiliated landlord: The landlord is identified per the lease and the P&L rent line. The market figure is per the rent opinion obtained by the buyer (not an appraisal). Source: premises_lease_summary.md; broker_rent_opinion.md.

3. The selling owner: The schedule is built from bank data; distributions are equity, and no earnings adjustment is made. Source: the owner cash flow schedule.

Owner distributions in 2026: \$130,000 over the 6 months of bank data.

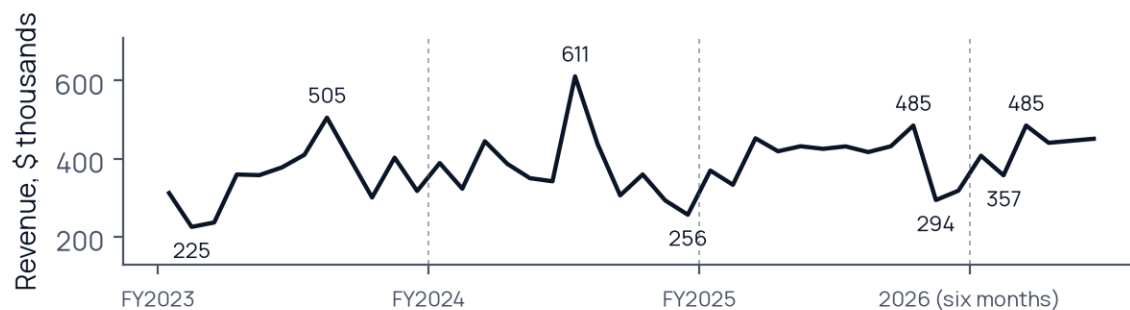
Section 5 - Revenue quality

Concentration is measured over named customers only (aggregate rows excluded from ranking). The largest named customer, Merrowfield Property Group, is 21.7% of FY2025 revenue (\$1,045,246; earnings at risk \$158,885, the top share of normalized EBITDA, or \$151,969 excluding modified add-back credits; earnings at risk are measured on FY2025 normalized EBITDA); contract continuity and assignability stand per the contracts subsection below.

Rank	Customer	FY2023 revenue	FY2024 revenue	FY2025 revenue	Share of revenue	Status	Expires
1	Merrowfield Property Group	\$921,626	\$976,326	\$1,045,246	21.7%	expired	August 31, 2026
2	Thornfield Homes	\$302,428	\$174,829	\$543,202	11.3%	current	February 28, 2027
3	Carolina Medical Plazas	\$198,058	\$232,509	\$498,034	10.4%	current	December 31, 2026
4	Ashmore Builders	\$277,559	\$324,147	\$345,694	7.2%	expired	June 30, 2026
5	Stonebrier Facilities Group	\$190,830	\$221,581	\$218,420	4.5%	current	April 30, 2027
6	Kestrel Logistics Park	\$394,307	\$497,691	\$162,939	3.4%	none on file	-
7	South End Restaurant Group	\$116,934	\$135,102	\$133,048	2.8%	none on file	-
8	Barton Mill Lofts HOA	\$66,972	\$77,627	\$78,228	1.6%	none on file	-
9	Firwood Assisted Living	\$59,796	\$69,607	\$68,764	1.4%	none on file	-
10	Ravenwood Church Campus	\$54,840	\$63,432	\$63,217	1.3%	none on file	-
11	Tuckaseegee Fitness Clubs	\$49,691	\$57,746	\$58,137	1.2%	none on file	-
12	Quarry Bend Brewing Co	\$43,489	\$51,087	\$52,199	1.1%	none on file	-
13	Delaney Office Suites	\$39,414	\$46,569	\$48,074	1.0%	none on file	-
14	Weldon Avenue Dental Partners	\$37,736	\$44,913	\$43,355	0.9%	none on file	-
15	Northyard Workshops	\$34,448	\$40,225	\$41,397	0.9%	none on file	-
16	Yorkmont Auto Plaza	\$34,895	\$40,457	\$41,040	0.9%	none on file	-
17	Old Dowd Self-Storage	\$31,360	\$35,335	\$34,757	0.7%	none on file	-
18	Marlbank Veterinary Group	\$27,100	\$31,233	\$31,143	0.6%	none on file	-
19	Mint Hill Produce Market	\$23,419	\$26,669	\$25,988	0.5%	none on file	-
20	Croft Mill Event Hall	\$19,331	\$22,198	\$21,904	0.5%	none on file	-
-	Residential service, aggregate (card processor)	\$891,587	\$1,047,790	\$1,066,973	22.2%	n/a	-
-	Other commercial installs	\$389,179	\$279,928	\$184,240	3.8%	n/a	-

Source: Company financial statements; Workup analysis.

Monthly revenue shows the seasonal pattern (\$ thousands)

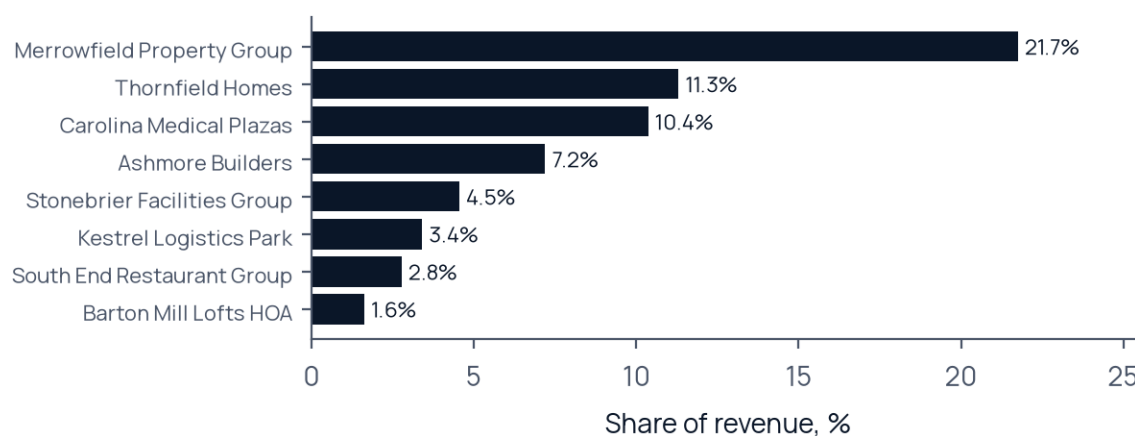


Source: Company financial statements; Workup analysis.

Customer concentration by year

Shares of reported revenue over named customers for each year the customer data covers.

Revenue concentrates in the largest customers (% of revenue)



Source: Company financial statements; Workup analysis.

Measure	FY2023	FY2024	FY2025
Top 1 share	21.9%	21.7%	21.7%
Top 5 share	49.8%	50.1%	55.2%
Top 10 share	61.4%	61.7%	65.7%
Named customers	20	20	20

Source: Company financial statements; Workup analysis.

Named-customer deposits against booked revenue (FY2025)

Deposits matched by customer name against that customer's booked revenue for the latest fiscal year. A shortfall is not a finding by itself: card-settlement routing, lockbox and joint-payor deposits do not carry the customer's name. The customer's remittance detail or AR ledger is the document request that closes the gap.

Customer	Booked revenue	Payment route	Deposits matched by name	Share deposited
Merrowfield Property Group	\$1,045,246	ACH, named	\$1,054,626	100.9%
Thornfield Homes	\$543,202	Check, named	\$566,903	104.4%
Carolina Medical Plazas	\$498,034	ACH, named	\$462,978	93.0%
Ashmore Builders	\$345,694	Check, named	\$328,503	95.0%
Stonebrier Facilities Group	\$218,420	ACH, named	\$213,604	97.8%
Kestrel Logistics Park	\$162,939	ACH, named	\$180,927	111.0%
South End Restaurant Group	\$133,048	Check/ACH, unnamed	-	-
Barton Mill Lofts HOA	\$78,228	ACH, named	\$75,817	96.9%
Firwood Assisted Living	\$68,764	Check/ACH, unnamed	-	-
Ravenwood Church Campus	\$63,217	Check/ACH, unnamed	-	-
Tuckaseegee Fitness Clubs	\$58,137	Check/ACH, unnamed	-	-
Quarry Bend Brewing Co	\$52,199	Card	-	-
Delaney Office Suites	\$48,074	Check/ACH, unnamed	-	-
Weldon Avenue Dental Partners	\$43,355	Check/ACH, unnamed	-	-
Northyard Workshops	\$41,397	Check/ACH, unnamed	-	-
Yorkmont Auto Plaza	\$41,040	Check/ACH, unnamed	-	-
Old Dowd Self-Storage	\$34,757	Check/ACH, unnamed	-	-
Marlbank Veterinary Group	\$31,143	Check/ACH, unnamed	-	-
Mint Hill Produce Market	\$25,988	Card	-	-
Croft Mill Event Hall	\$21,904	Card	-	-

Source: Company financial statements; Workup analysis.

Customer movement, year over year

Every customer whose revenue moved by more than the revenue materiality threshold of record between the two latest years, with the dollar and percent change, from the customer revenue schedule. Arithmetic only; no forecast is made.

Customer	FY2024 revenue	FY2025 revenue	Change	Change (%)
Merrowfield Property Group	\$976,326	\$1,045,246	\$68,920	7.1%
Thornfield Homes	\$174,829	\$543,202	\$368,373	210.7%
Carolina Medical Plazas	\$232,509	\$498,034	\$265,524	114.2%
Kestrel Logistics Park	\$497,691	\$162,939	(\$334,752)	(67.3%)
Other commercial installs	\$279,928	\$184,240	(\$95,688)	(34.2%)

Source: Company financial statements; Workup analysis.

Retention by cohort

Revenue retention computed from the customer revenue schedule: each cohort is the named customers billed in a year; retention is that cohort's following-year revenue over its base-year revenue. Retention is revenue-weighted; a figure above 100% means the retained customers billed more than in the base year. The residential aggregate is outside the cohorts; its customer-level detail stays on the request list.

Cohort	Customers	Customers retained	Cohort revenue	Following year revenue	Revenue retention (%)
Named customers billed in FY2023	20	20	\$2,924,234	\$3,169,283	108.4%
Named customers billed in FY2024	20	20	\$3,169,283	\$3,554,787	112.2%

Source: Company financial statements; Workup analysis.

Customer contracts

Five customer contracts are on file; the named customers without one (15) are on the Section 11 question list. Finding: Ashmore Builders (expired June 30, 2026) and Merrowfield Property Group (expired August 31, 2026) had expired at the report date with no renewal in the materials; the renewal status is a Section 11 question.

Customer	Term	Expiry	Assignment	Status at report date
Ashmore Builders	12 months from July 1, 2025	June 30, 2026	no restriction stated	expired
Carolina Medical Plazas	36 months from January 1, 2024	December 31, 2026	consent required	in force
Merrowfield Property Group	36 months from September 1, 2023	August 31, 2026	consent required	expired
Stonebrier Facilities Group	24 months from May 1, 2025	April 30, 2027	consent required	in force
Thornfield Homes	24 months from March 1, 2025	February 28, 2027	consent required	in force

Source: Company financial statements; Workup analysis.

Revenue recognition and work in progress

The business carries project or contract revenue. The open-job schedule provided shows \$69,935 over-billed on the over-billed jobs at December 31, 2025 against \$81,274 of billings in excess booked per the balance sheet, a difference of \$11,340. At June 30, 2026, the latest balance sheet in the packet, the schedule shows \$38,420 over-billed on the over-billed jobs against \$98,619 of billings in excess booked, a difference of \$60,199 beside the \$11,340 at December 31, 2025; both differences are reconciling items for the seller, and the at-close position is the June figure. The year-over-year growth of \$12,720 is charged as an earnings adjustment in the earnings walk (Section 2). The schedule below is the latest year-end position by job.

Job	Contract value	Cost to date	Percent complete	Billed to date	Over (under) billed
Kestrel Logistics Park, RTU replacement phase 2	\$149,675	\$54,738	46.9%	\$100,948	\$30,771
Thornfield Homes, townhome block C	\$178,585	\$66,563	47.8%	\$108,415	\$23,078
Carolina Medical Plazas, air handler retrofit	\$137,103	\$68,405	64.0%	\$103,783	\$16,085
Ashmore Builders, subdivision phase 4	\$180,604	\$61,153	43.4%	\$69,843	(\$8,558)

Source: Company financial statements; Workup analysis.

Named customers condensed

The executive summary's concentration slide prints the top five named customers and one row for the rest; that row's figures are the sums of the ranked rows above, as registered.

Customers	FY2023 revenue	FY2024 revenue	FY2025 revenue	Share of revenue
Customers ranked 6 to 20 in FY2025	\$1,033,733	\$1,239,890	\$904,190	18.8%

Source: Company financial statements; Workup analysis.

Section 5b - Margin and cost structure

Reported EBITDA margin ran 13.8% (FY2023) to 15.3% (FY2025); the normalized margin is 15.2% (FY2025) and 15.8% (TTM) on Normalized EBITDA (after market management cost). Owner-linked cost lines are flagged in the opex composition schedule.

Measure	FY2023	FY2024	FY2025	TTM, July 2025 to June 2026
Revenue	\$4,205,000	\$4,497,000	\$4,806,000	\$4,962,319
Service share	62.5%	69.0%	65.9%	66.0%
Installation share	37.5%	31.0%	34.1%	34.0%
Gross margin	47.7%	47.8%	47.1%	47.5%
Direct labor, % of revenue	29.0%	30.1%	30.3%	29.9%
Materials, % of revenue	23.2%	22.1%	22.6%	22.6%
Operating expense excluding depreciation, % of revenue	33.9%	33.1%	31.8%	31.4%
EBITDA margin (reported)	13.8%	14.8%	15.3%	16.1%
Normalized (FY2025)	-	-	15.2%	-
Normalized (TTM, July 2025 to June 2026)	-	-	-	15.8%

Source: Company financial statements; Workup analysis.

Operating expense composition, FY2023 to FY2025; % of FY2025 revenue

Expense line	FY2023	FY2024	FY2025	% of revenue	Change (%)	Owner-linked
Indirect wages & office salaries	\$560,072	\$601,482	\$630,496	13.1%	12.6%	-
Payroll taxes & benefits	\$185,155	\$202,681	\$215,926	4.5%	16.6%	-
Vehicle & fuel	\$140,582	\$139,560	\$137,198	2.9%	(2.4%)	Owner-linked
Marketing & lead services	\$109,963	\$109,540	\$111,547	2.3%	1.4%	-
Depreciation	\$103,200	\$99,000	\$94,800	2.0%	(8.1%)	-
Rent, 2140 Thrift Road (Marbeck Holdings LLC)	\$86,400	\$86,400	\$86,400	1.8%	0.0%	-
Insurance	\$79,800	\$79,800	\$79,800	1.7%	0.0%	-
Repairs & shop supplies	\$50,887	\$53,193	\$54,892	1.1%	7.9%	-
Officer compensation (owner)	\$52,000	\$52,000	\$52,000	1.1%	0.0%	Owner-linked
Office, software & phones	\$41,490	\$41,304	\$41,025	0.9%	(1.1%)	-
Travel, meals & entertainment	\$29,284	\$30,775	\$29,884	0.6%	2.0%	Owner-linked
Utilities	\$28,981	\$29,051	\$29,136	0.6%	0.5%	-
Legal & professional	\$26,831	\$27,693	\$27,679	0.6%	3.2%	-
Dues & subscriptions (including Coppergate Golf Club)	\$23,280	\$23,280	\$23,280	0.5%	0.0%	Owner-linked
Bad debt & adjustments	\$9,460	\$9,980	\$9,430	0.2%	(0.3%)	-

Source: Company financial statements; Workup analysis.

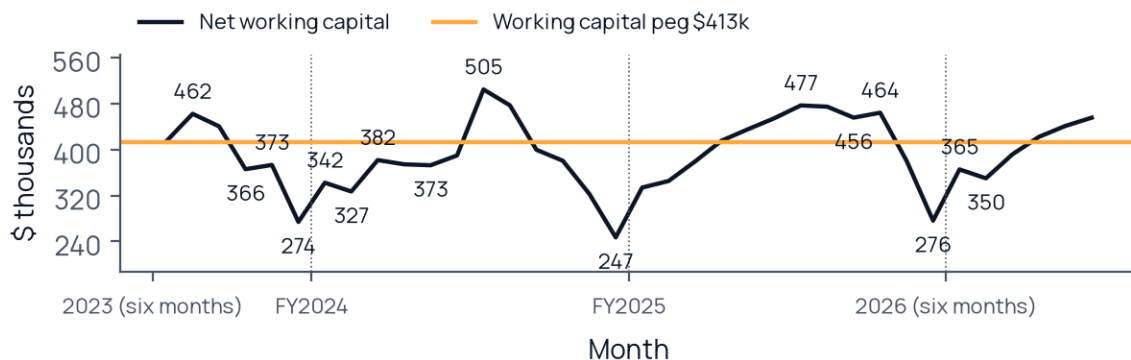
Section 6 - Working capital

The governing working capital peg is \$412,744, the trailing twelve-month average of monthly NWC to the latest balance sheet (the 36-month average, \$393,458, and the annual average, \$265,653, are context, not second pegs; the seasonal swing in Section 3 is why the trailing window governs). The annual view below shows the trend (per the working capital schedule). NWC at year end was \$273,860, \$247,006 and \$276,093 (FY2023 to FY2025); the trend does not indicate the seller has managed working capital down before sale. Day-one operating cash requirement: \$346,871, one month of TTM expenses excluding depreciation and interest (\$4,162,451); funding at close of at least this amount, in addition to the working capital peg, is the implication of the schedule. NWC runs 5.7% of revenue (FY2025 year end), which means about \$5,745 of funding for each \$100,000 of revenue growth; the balance sheet date at close governs the peg. The buyer's LOI states a working capital peg of \$375,000 against the computed peg of \$412,744; the difference of \$37,744 is flagged for the LOI discussion and the reviewer.

Year	Accounts receivable	Inventory	Accounts payable	Accrued	NWC	NWC, % of revenue
FY2023	\$332,080	\$79,498	\$97,638	\$40,080	\$273,860	6.5%
FY2024	\$278,290	\$83,472	\$66,197	\$48,559	\$247,006	5.5%
FY2025	\$326,844	\$87,646	\$86,025	\$52,372	\$276,093	5.7%

Source: Company financial statements; Workup analysis.

Working capital swings seasonally around the \$413k peg



Source: Company financial statements; Workup analysis.

Monthly working capital

Receivables, inventory, payables and net working capital by month, each from the monthly balance data provided; the peg above is the average of this view's last twelve months.

Month	Accounts receivable	Inventory	Accounts payable	Accrued	NWC
July 2023	\$469,018	\$92,518	\$91,973	\$55,474	\$414,088
August 2023	\$549,284	\$88,933	\$113,312	\$62,667	\$462,237
September 2023	\$504,892	\$87,320	\$106,934	\$44,890	\$440,388
October 2023	\$414,422	\$86,594	\$84,185	\$51,085	\$365,746
November 2023	\$425,390	\$86,267	\$96,668	\$41,823	\$373,166
December 2023	\$332,080	\$79,498	\$97,638	\$40,080	\$273,860
January 2024	\$392,932	\$85,439	\$93,619	\$42,537	\$342,216
February 2024	\$373,329	\$88,113	\$80,305	\$54,266	\$326,872
March 2024	\$442,372	\$90,845	\$96,860	\$54,754	\$381,603
April 2024	\$441,171	\$96,664	\$92,206	\$71,390	\$374,240
May 2024	\$422,812	\$101,249	\$81,514	\$69,947	\$372,600
June 2024	\$418,176	\$102,002	\$73,571	\$56,911	\$389,695
July 2024	\$601,699	\$97,095	\$121,999	\$72,106	\$504,689
August 2024	\$563,664	\$93,358	\$110,188	\$69,929	\$476,905
September 2024	\$449,725	\$91,676	\$82,080	\$59,729	\$399,592
October 2024	\$426,274	\$90,919	\$81,895	\$54,864	\$380,435
November 2024	\$365,736	\$90,579	\$71,721	\$61,760	\$322,833
December 2024	\$278,290	\$83,472	\$66,197	\$48,559	\$247,006
January 2025	\$356,682	\$89,711	\$74,053	\$38,602	\$333,738
February 2025	\$363,069	\$92,518	\$73,337	\$37,065	\$345,185
March 2025	\$442,424	\$95,388	\$95,125	\$63,460	\$379,227
April 2025	\$461,462	\$101,497	\$97,826	\$49,782	\$415,351
May 2025	\$484,335	\$106,312	\$100,309	\$55,006	\$435,331
June 2025	\$501,205	\$107,102	\$99,143	\$54,618	\$454,545
July 2025	\$517,660	\$101,950	\$96,800	\$45,939	\$476,871
August 2025	\$512,166	\$98,026	\$94,273	\$41,290	\$474,629
September 2025	\$507,047	\$96,260	\$99,276	\$48,474	\$455,557
October 2025	\$530,015	\$95,465	\$112,987	\$48,319	\$464,175
November 2025	\$412,994	\$95,108	\$83,741	\$43,994	\$380,366
December 2025	\$326,844	\$87,646	\$86,025	\$52,372	\$276,093
January 2026	\$402,294	\$94,196	\$88,168	\$42,978	\$365,344
February 2026	\$398,349	\$97,144	\$82,702	\$62,950	\$349,842
March 2026	\$478,530	\$100,157	\$103,683	\$83,444	\$391,560
April 2026	\$491,254	\$106,572	\$104,068	\$71,769	\$421,989
May 2026	\$506,738	\$111,627	\$104,133	\$73,236	\$440,996
June 2026	\$528,417	\$112,457	\$104,082	\$81,284	\$455,508

Source: Company financial statements; Workup analysis.

AR quality

Receivables by aging bucket at each date in the AR aging provided; the over-60 share is the quality measure. The aging's Total column ties to the balance sheet receivable line at each date; the printed buckets sum above it, so the reconciling difference (the Total column less the buckets) is (\$1,537), (\$4,679), (\$10,873) and (\$3,858) at the four dates, shown in the reconciling difference column; the aging carries no allowance, credit or

further bucket that accounts for it, and the difference is a reconciling item for the seller. At June 30, 2026, receivables over 60 days were \$114,376, 21.6% of AR, against 12.9% to 15.0% at the three year ends.

As of	Total AR	Current	31 to 60 days	Over 60	Reconciling difference	Over 60 share
December 31, 2023	\$332,080	\$226,238	\$60,718	\$46,661	(\$1,537)	14.1%
December 31, 2024	\$278,290	\$195,054	\$46,064	\$41,851	(\$4,679)	15.0%
December 31, 2025	\$326,844	\$232,703	\$62,931	\$42,083	(\$10,873)	12.9%
June 30, 2026	\$528,417	\$335,336	\$82,564	\$114,376	(\$3,858)	21.6%

Source: Company financial statements; Workup analysis.

AP aging

The seller's accounts payable aging by vendor at each aging date, in the buckets of the aging provided, beside balance-sheet accounts payable (one table per date below). The aging total equals balance-sheet accounts payable to the cent at every date, so no reconciling item is stated.

AP aging at December 31, 2023

Vendor	Current	31 to 60 days	61 to 90 days	Over 90 days	Total
Carolina Winding Supply Co	\$37,992	\$5,327	\$971	\$768	\$45,058
Bridgehaven HVAC Distributors	\$22,990	\$3,224	\$587	\$464	\$27,266
Catalpa Sheet Metal Works	\$7,767	\$1,089	\$198	\$157	\$9,211
Tri-State Controls & Parts	\$13,578	\$1,904	\$347	\$274	\$16,103
Total	\$82,327	\$11,544	\$2,104	\$1,663	\$97,638
Balance-sheet accounts payable	-	-	-	-	\$97,638
Difference (reconciling item)	-	-	-	-	\$0

Source: Company financial statements; Workup analysis.

AP aging at December 31, 2024

Vendor	Current	31 to 60 days	61 to 90 days	Over 90 days	Total
Carolina Winding Supply Co	\$29,147	\$2,640	\$701	\$205	\$32,694
Bridgehaven HVAC Distributors	\$17,418	\$1,578	\$419	\$123	\$19,537
Catalpa Sheet Metal Works	\$7,012	\$635	\$169	\$49	\$7,865
Tri-State Controls & Parts	\$5,439	\$493	\$131	\$38	\$6,101
Total	\$59,017	\$5,346	\$1,419	\$416	\$66,197
Balance-sheet accounts payable	-	-	-	-	\$66,197
Difference (reconciling item)	-	-	-	-	\$0

Source: Company financial statements; Workup analysis.

AP aging at December 31, 2025

Vendor	Current	31 to 60 days	61 to 90 days	Over 90 days	Total
Carolina Winding Supply Co	\$45,758	\$6,791	\$1,328	\$441	\$54,318
Bridgehaven HVAC Distributors	\$14,587	\$2,165	\$423	\$140	\$17,316
Catalpa Sheet Metal Works	\$8,732	\$1,296	\$253	\$84	\$10,365
Tri-State Controls & Parts	\$3,392	\$503	\$98	\$33	\$4,026
Total	\$72,468	\$10,755	\$2,104	\$698	\$86,025
Balance-sheet accounts payable	-	-	-	-	\$86,025
Difference (reconciling item)	-	-	-	-	\$0

Source: Company financial statements; Workup analysis.

AP aging at June 30, 2026

Vendor	Current	31 to 60 days	61 to 90 days	Over 90 days	Total
Carolina Winding Supply Co	\$34,895	\$6,021	\$442	\$571	\$41,929
Bridgehaven HVAC Distributors	\$30,118	\$5,196	\$382	\$493	\$36,189
Catalpa Sheet Metal Works	\$12,923	\$2,230	\$164	\$212	\$15,529
Tri-State Controls & Parts	\$8,685	\$1,499	\$110	\$142	\$10,436
Total	\$86,621	\$14,945	\$1,097	\$1,418	\$104,082
Balance-sheet accounts payable	-	-	-	-	\$104,082
Difference (reconciling item)	-	-	-	-	\$0

Source: Company financial statements; Workup analysis.

Section 6b - Inventory

Inventory at December 31, 2025 is \$87,646; the physical count provided at December 31, 2025 totals \$85,526, \$2,120 below the books, stated on the listing as parts stock on the service trucks not counted. At June 30, 2026, the latest balance sheet in the packet, inventory is \$112,457. The \$2,120 count variance is below both materiality thresholds of record and no adjustment is made. Costing method per the listing: FIFO, lower of cost or market. Extended values foot to quantity times unit cost on every line. An aging of the stock is the remaining open item (Section 12 list; question 14). The letter of intent does not state whether inventory at close is inside or outside the purchase price (question 30).

Section 7 - Capital expenditure and asset condition

The fixed asset register provided ties to the balance sheet (subsection below); capex is implied from the fixed-asset movement. Three references frame the question; Workup authors no point estimate. First, depreciation parity: implied capex averages \$39,362 per year against depreciation of \$96,900 per year (FY2024 to FY2025 average), a gap of \$57,538 per year. Second, the RMA depreciation-to-sales median for the size band is 2.5% of revenue (about \$120,150 on FY2025 revenue) against this business's 2.0%. Third,

accumulated depreciation of \$765,000 against current-year depreciation implies an average asset age of roughly 8.1 years. The fleet and equipment ages are in the register below. The \$57,538 parity gap of annual earnings is about \$264,673 of purchase price at the DealStats MVIC/EBITDA median of 4.6x.

Year	Fixed assets gross	Accumulated depreciation	Depreciation expense	Capex implied	Capex to depreciation
FY2023	\$980,790	\$571,200	\$103,200	-	-
FY2024	\$1,015,429	\$670,200	\$99,000	\$34,638	0.35x
FY2025	\$1,059,515	\$765,000	\$94,800	\$44,086	0.47x

Source: Company financial statements; Workup analysis.

Fixed asset register

The fixed asset register provided ties to gross fixed assets at each stated date; additions below by month, every asset with its acquisition year. The three capex references in the body compute from the balance sheet movement and are unchanged by the register.

Asset	Year acquired	Month	Cost
Recovery and brazing equipment	2023	April 2023	\$22,425
Replacement condenser rack, shop	2023	September 2023	\$16,365
Used service van (2017 model)	2024	May 2024	\$18,465
Pipe threading and crimping tools	2024	November 2024	\$16,174
Dispatch and estimating software buildout	2025	March 2025	\$20,637
Trailer and jobsite lift	2025	August 2025	\$23,450
Replacement compressor rack	2026	April 2026	\$21,773

Source: Company financial statements; Workup analysis.

Section 8 - Balance sheet and debt review

What the buyer assumes or replaces at close, from the balance sheets and operating-account activity provided. The existing term loan amortizes steadily (principal reduction of \$41,108 in FY2024 and \$44,190 in FY2025 per the balance movement). Interest by facility per the lender schedules (term loan plus vehicle notes) equals the P&L interest within \$135; the Books to lender table below carries the tie. Payoff at close is a seller obligation to be confirmed against a lender payoff letter. Not provided: a schedule of any off-balance-sheet obligations (question 4). Outside scope: lien position, established by the buyer's own UCC search. Related-party balances: none appear on the balance sheets provided; the related-party exposure in these materials is the lease arrangement.

Item	December 31, 2023	December 31, 2024	December 31, 2025	June 30, 2026
Term loan	\$267,723	\$226,615	\$182,425	\$159,103
Vehicle notes	\$96,805	\$71,442	\$44,545	\$30,494
Line of credit	\$0	\$0	\$0	\$0
Total debt	\$364,528	\$298,056	\$226,970	\$189,597
Principal reduction (term loan)	-	\$41,108	\$44,190	\$23,322
Interest expense per P&L	\$28,696	\$22,638	\$18,020	\$7,177
Term loan payments observed	\$59,170	\$59,170	\$59,170	\$29,585
Books less lender month-end balance: term loan	\$3,313	\$3,562	\$3,829	\$3,970
Books less lender month-end balance: vehicle notes	\$2,057	\$2,182	\$2,313	\$2,382
Books less lender month-end balance: total	\$5,371	\$5,743	\$6,142	\$6,352

Source: Company financial statements; Workup analysis.

Balances at each date per the books. The books carry each loan at the lender schedule's opening balance for the month, before that month's payment, so against the lender's month-end balances they are higher at each date by the amounts below (the vehicle notes' opening balances differ from the books by \$0.01 at December 31, 2023 and June 30, 2026); the payoff letter governs debt at close. Flows are for the year ended on each December date, and for the six months ended June 30, 2026 in its column.

Debt-like items

Balance sheet items that are not borrowings and behave like debt at close: they reduce what the buyer receives or add to what the buyer owes on day one. Each is from the balance sheets provided; the maintenance agreement and open-job schedules provided stand behind the finding rows (the walk carries their latest-year growth as earnings adjustments). Accrued compensation and PTO sit in the Section 6 working capital schedule and its peg, not here, so no item is counted twice. The June 30, 2026 column is the latest balance sheet in the packet, the position at close.

Item	December 31, 2023	December 31, 2024	December 31, 2025	June 30, 2026
Customer deposits	\$29,026	\$40,088	\$50,982	\$69,564
Unbooked prepaid maintenance (schedule less booked deferred revenue; finding 8)	not derivable	\$80,865	\$85,072	\$88,375
Billings over earned per the open-job schedule (finding 9)	\$46,288	\$57,214	\$69,935	\$38,420
Total debt-like items	\$75,314	\$178,168	\$205,989	\$196,358

Source: Company financial statements; Workup analysis.

Net debt

Debt plus debt-like items, less cash-like items, at each balance sheet date, each component shown; a figure in parentheses is net cash. Debt is the books' term loan, vehicle notes and line of credit; the debt-like items are the three rows of the debt-like

schedule above; the cash-like item is operating and payroll bank cash per the books. Cash on hand (undeposited) is shown below the net and not netted, pending evidence that it exists (Section 4.2 finding).

Item	December 31, 2023	December 31, 2024	December 31, 2025	June 30, 2026
Term loan	\$267,723	\$226,615	\$182,425	\$159,103
Vehicle notes	\$96,805	\$71,442	\$44,545	\$30,494
Line of credit	\$0	\$0	\$0	\$0
Customer deposits	\$29,026	\$40,088	\$50,982	\$69,564
Unbooked prepaid maintenance (schedule less booked deferred revenue; finding 8)	not derivable	\$80,865	\$85,072	\$88,375
Billings over earned per the open-job schedule (finding 9)	\$46,288	\$57,214	\$69,935	\$38,420
Less: cash, operating and payroll accounts (per the books)	(\$354,893)	(\$688,068)	(\$935,065)	(\$998,642)
Total net debt	\$84,950	(\$211,844)	(\$502,106)	(\$612,687)
Cash on hand (undeposited), shown and not netted (Section 4.2 finding)	\$7,206	\$8,601	\$92,601	\$132,085

Source: Company financial statements; Workup analysis.

Net debt at December 31, 2023 is stated excluding the components not derivable.

Books to lender

The lender amortization schedule, the vehicle note schedules and the line of credit statements were provided. The term loan schedule's opening balances equal the books' term loan balance in every month from January 2023 to June 2026. The line of credit statements' month-end balances equal the books' line of credit balance in every month from January 2023 to June 2026. The vehicle note schedules' opening balances differ from the books by \$0.01 in 11 of the 42 months from January 2023 to June 2026. Interest by facility for FY2025 sits beside the P&L interest line below. The payoff letter at close remains the Section 11 request.

Facility	Interest per schedule
Term loan	\$14,713
Vehicle notes	\$3,441
Line of credit	\$0
Total per the lender schedules	\$18,154
Interest expense per the FY2025 P&L	\$18,020
Difference (accrual timing)	\$135

Source: Company financial statements; Workup analysis.

Bank reconciliation provided

The seller's monthly bank reconciliation ties each account's statement balance to the books' bank-cash line with ordinary reconciling items; the year-end rows are below, and cash on hand (undeposited) is stated separately from bank cash (Section 4.2 finding).

Month	Bank, operating account	Bank, payroll account	Deposits in transit less checks outstanding	Book cash (operating and payroll)
December 2023	\$337,531	\$12,597	\$4,764	\$354,893
December 2024	\$671,835	\$10,657	\$5,576	\$688,068
December 2025	\$919,126	\$10,660	\$5,278	\$935,065
June 2026	\$986,209	\$10,471	\$1,962	\$998,642

Source: Company financial statements; Workup analysis.

Bank to book cash

Statement closing balances (operating account and payroll account) against the balance sheet's bank-cash line at each fiscal year end falling inside the bank data. The differences equal the reconciling items on the seller's reconciliation above. The balance sheet's separate cash on hand (undeposited) line is outside this tie: no bank statement supports it; it is stated as a finding in Section 4.2.

Measure	FY2023	FY2024	FY2025
Statement cash total	\$350,128	\$682,492	\$929,787
Balance sheet cash	\$354,893	\$688,068	\$935,065
Difference (statement less book)	(\$4,764)	(\$5,576)	(\$5,278)

Source: Company financial statements; Workup analysis.

Equity roll-forward

Net income less owner distributions observed in the bank data against the change in book equity, each year with bank data. The roll-forward ties within \$1 in each year with bank data. FY2023 is not shown: its change in book equity needs the balance sheet at the prior year end (December 31, 2022), which is not in the materials provided. Distributions are read from the named distribution payee only (transfers and sweeps never count) and reconcile to Schedule K line 16d in each filed year (2023, 2024, 2025).

Measure	FY2024	FY2025
Net income	\$542,289	\$620,972
Owner distributions observed	\$273,000	\$309,000
Change in book equity	\$269,289	\$311,972
Difference	\$0	\$0

Source: Company financial statements; Workup analysis.

Section 8b - Tax exposure

Payroll tax: the quarterly filings (Forms 941) were provided; filed cash-basis wages agree to the payroll account transfers and, through the accrual timing column, to the books'

labor lines (the Section 4.3 tie-out runs gross wages to the 941 filings to the bank). Federal deposits per the filings appear on the bank as EFTPS debits. Sales and use tax: North Carolina subjects repair, maintenance and installation services to sales tax. Per the NCDOR page Repair, Maintenance, and Installation Services; and Other Repair Information (read October 17, 2026; the governing bulletin it names is Sales and Use Tax Bulletin 75), such receipts are "subject to the general state, applicable local, and applicable transit rates of sales and use tax" unless exempt by statute. The combined Mecklenburg County rate over the review period was 7.25%; the department's Important Notice: Mecklenburg County Sales and Use Tax Increase (March 2, 2026) raises it to 8.25% from July 1, 2026. As an arithmetic reference, not a conclusion: 7.25% of FY2025 service revenue (\$3,166,343) is \$229,560 a year of tax to be charged, collected and remitted if due; whether these receipts were taxed is read from the sales tax filings, which stay on the request list. The arithmetic reference applies to service revenue; installation revenue under real property contracts falls under Sales and Use Tax Bulletin 72-6, as named on the same department page (read October 17, 2026), and no conclusion is stated. Contractor classification: Not derivable from the materials provided: 1099 payments against the work performed. Requested: Forms 1099 and 1096 or the contractor payment detail. Exposures found flow to the Section 11 risk register and, where they would survive closing, to the debt-like items in Section 8. No legal conclusion is stated.

Section 9 - Benchmarking

This business's ratios, in RMA's own vocabulary and computed on the latest fiscal year, beside the industry lower quartile, median, and upper quartile (RMA's Client Comparison layout). RMA eStatement Studies 2025-26, NAICS 238220, \$3 million to \$5 million sales band, 67 statements (819 total), National, All Regions, data period April 1, 2024 to March 31, 2025. Ratios marked n/a are not computed: Debt Service P&I Coverage and Interest Coverage (Operating Cash) are cash-flow measures on the seller's existing debt, which this engagement replaces; proposed-structure coverage is in Section 10.

RMA ratio	This business	Lower quartile	Median	Upper quartile
Current	3.8	0.9	1.7	4.7
Quick	3.5	0.8	1.4	3.5
Sales / Receivables	14.7	9.2	24.8	n/a
Cost of Sales / Inventory	29.0	15.3	n/a	n/a
Cost of Sales / Payables	29.6	10.7	33.3	n/a
Sales / Working Capital	4.5	(128.1)	13.6	7.1
EBIT / Interest	35.5	0.5	4.1	19.0
Fixed / Worth	0.3	7.8	0.8	0.3
Debt / Worth	0.5	(20.1)	2.0	0.8
% Profit before Taxes / Tangible Net Worth	55.1%	20.7%	46.2%	120.4%
% Profit before Taxes / Total Assets	35.8%	0.6%	12.1%	26.0%
EBITDA/Sales	15.3%	3.0%	8.0%	13.6%
Sales / Net Fixed Assets	16.3	9.1	16.7	38.6
Sales / Total Assets	2.8	2.2	3.1	4.9
% Depr, Depl, Amort / Sales	2.0%	4.0%	2.5%	0.9%
% Officers', Directors', Owners' Comp / Sales	1.1%	5.8%	3.6%	2.2%
Debt Service P&I Coverage	n/a	1.7	6.7	14.6
Interest Coverage (Operating Cash)	n/a	2.7	9.0	24.7
Funded Debt Leverage	0.3	3.9	1.3	0.4
Δ Net Sales	6.9%	(1.3%)	7.9%	24.5%

Source: RMA eStatement Studies, NAICS 238220, \$3 to 5 million; Workup analysis.

RMA common-size income data

The band composite for \$3 million to \$5 million in sales: each line is a percent of net sales across the band's statements, a composite, not a quartile. This business is shown for FY2025 on the reported basis.

Income data	This business (FY2025)	RMA band composite
Gross profit	47.1%	45.6%
EBITDA (reported)	15.3%	8.7%

Source: RMA eStatement Studies, NAICS 238220, \$3 to 5 million; Workup analysis.

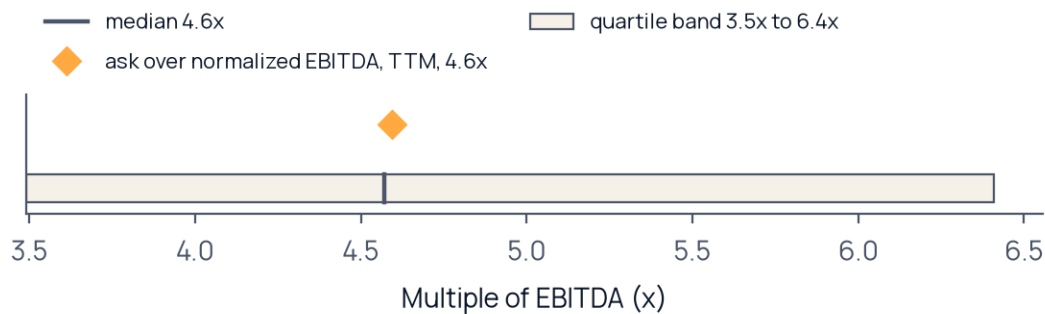
Section 9b - Valuation context

Implied multiples are stated against the purchase price of \$3,600,000 per the deal structure provided. The numbers imply; nothing here is a recommendation, valuation, appraisal, or fairness opinion. Transaction context: Source: DealStats (Business Valuation Resources); NAICS 238220; per-deal size band \$1,201,500 to \$12,015,000 Net Sales (0.25x to 2.5x of target revenue); n after the band filter 295 for MVIC/Net Sales, 211 for MVIC/EBITDA and 284 for MVIC/SDE (347 transactions before the band filter); transactions closed October 2021 through July 2026. Quartiles computed by the Workup engine from the combined transaction-level exports. DealStats SDE and EBITDA figures are contributor-submitted and often recast by the reporting broker; the quartiles are read with that in mind. The subject's implied multiples at the purchase price appear in the table below, each beside the DealStats quartiles for its measure.

Earnings measure	Amount	Implied multiple	Lower quartile	DealStats median	Upper quartile
Net Sales (TTM, July 2025 to June 2026)	\$4,962,319	0.73x	0.38x	0.58x	0.88x
Net Sales (FY2025)	\$4,806,000	0.75x	0.38x	0.58x	0.88x
Reported EBITDA (TTM, July 2025 to June 2026)	\$799,868	4.5x	3.5x	4.6x	6.4x
Reported EBITDA (FY2025)	\$733,791	4.9x	3.5x	4.6x	6.4x
Normalized EBITDA (after market management cost) (TTM, July 2025 to June 2026)	\$783,770	4.6x	3.5x	4.6x	6.4x
Normalized EBITDA (after market management cost) (FY2025)	\$730,549	4.9x	3.5x	4.6x	6.4x
SDE (TTM, July 2025 to June 2026)	\$851,868	4.2x	2.5x	3.1x	4.0x
SDE (FY2025)	\$785,791	4.6x	2.5x	3.1x	4.0x

Source: DealStats (Business Valuation Resources), NAICS 238220, transactions closed October 2021 through July 2026, per-deal band \$1,201,500 to \$12,015,000 net sales, n=295 (MVIC/Net Sales), 211 (MVIC/EBITDA), 284 (MVIC/SDE); Workup analysis.

At the ask, the TTM multiple sits at the DealStats median



Source: DealStats (Business Valuation Resources), MVIC/EBITDA, n=211; Workup analysis.

Quality scorecard

Characteristic	This business
Revenue growth	FY2023 to FY2025 CAGR (two periods) 6.9% (\$4,205,000 to \$4,806,000)
Gross margin level and stability	47.1% in FY2025; three-year range 0.75 percentage points
EBITDA margin (reported, latest year)	16.1% (TTM, July 2025 to June 2026); 15.3% (FY2025)
Normalized EBITDA margin (after market management cost)	15.8% (TTM, July 2025 to June 2026); 15.2% (FY2025)
Customer concentration (largest named)	Merrowfield Property Group at 21.7% of FY2025 revenue
Revenue mix	Service 65.9% / installation 34.1%
Books-to-tax reconciliation quality	Revenue ties to the filed return in 2 of 3 years; \$52,000 variance in FY2024
Cash Proof deposit coverage (TTM)	98.5%; gap \$76,325
Working capital intensity	NWC 5.7% of revenue (FY2025)
Capex and asset condition	Implied capex 0.41x depreciation; asset age proxy roughly 8.1 years
Owner dependency and related parties	Single owner; relationships and lease run through the owner
Debt service coverage (proposed structure)	1.34x (TTM, July 2025 to June 2026); 1.25x (FY2025)

Source: Company financial statements; Workup analysis.

Section 10 - Debt service coverage test

Transaction type: Initial Acquisition; the applicable standard for this category is 1.25:1 per SOP 50 10 8.1, Appendix 15 (Initial Acquisition). On Normalized EBITDA (after market management cost) of \$783,770 for the trailing twelve months, the proposed structure carries 1.34x coverage (passes; headroom \$53,595); on \$730,549 for FY2025, 1.25x (passes; headroom \$375). Coverage is computed on historical normalized EBITDA with no reliance on projections. Stress answer: the structure holds the 1.25x standard until normalized EBITDA declines by 0.1% on FY2025 and 6.8% on the trailing twelve months. Shown with and without the modified add-backs: excluding \$31,800 of modified add-back credits, coverage is 1.29x on the trailing twelve months and 1.20x on FY2025 per the single-variable sensitivities on the DSC schedule. On the trailing twelve months, normalized EBITDA of \$783,770 supports a senior loan of at most \$3,297,069 at the 1.25x standard on the proposed terms (10.75%, 10 years, seller note payments included), against the \$3,035,000 proposed.

Item	TTM, July 2025 to June 2026	FY2025
DSC ratio	1.34x	1.25x
Headroom (\$)	\$53,595	\$375
Normalized EBITDA (after market management cost)	\$783,770	\$730,549
Passes 1.25x	yes	yes
SBA 7(a) term loan	\$496,545	\$496,545
Seller note	\$87,594	\$87,594
Total annual debt service	\$584,139	\$584,139

Source: Company financial statements; Workup analysis.

Structure inputs

The SBA loan of \$3,035,000 is \$2,880,000 toward the price plus the \$78,500 guaranty fee and \$76,500 of closing costs, per the deal structure provided.

Structure input	Value
Transaction type	Initial Acquisition (DSC standard 1.25x)
Purchase price	\$3,600,000
SBA 7(a) loan	\$3,035,000 at 10.75%, 10 years, level monthly amortization
Seller note	\$360,000 at 8.00%, 5 years, not on standby (payments included in coverage)
Equity injection	\$360,000

Source: buyer's proposed structure as provided; Workup analysis.

Single-variable sensitivities, TTM, July 2025 to June 2026

Each row changes one variable on the verified historical earnings; no forecast is made.

The TTM rows run on the trailing twelve months to June 30, 2026 and the FY2025 rows on the fiscal year. The in-place lease row prices rent at the lease's \$7,200 a month through June 2027; the undeposited-cash row removes the booked build from earnings; the buyer's stated compensation is collected by the engagement form (Part A question 3), not from the seller.

Scenario	Earnings	Debt service	DSC ratio	Cushion after debt service	Passes the standard
Base (normalized EBITDA, TTM)	\$783,770	\$584,139	1.34x	\$199,630	Passes
Base excluding modified add-back credits	\$751,970	\$584,139	1.29x	\$167,830	Passes
Downside (earnings less 10%)	\$705,393	\$584,139	1.21x	\$121,253	Fails
Stress (earnings at 1.25x floor)	\$730,174	\$584,139	1.25x	\$146,035	Passes
At the in-place lease rent	\$814,970	\$584,139	1.40x	\$230,830	Passes
Undeposited cash does not exist	\$702,897	\$584,139	1.20x	\$118,758	Fails
At standard terms (10-year amortization at the SBA maximum variable rate)	\$783,770	\$568,887	1.38x	\$214,883	Passes
At the buyer's stated compensation	-	\$584,139	-	-	-

Source: Company financial statements; Workup analysis.

At the buyer's stated compensation: not stated by the buyer (engagement form, Part A question 3).

Single-variable sensitivities, FY2025

The FY2025 rows run on the fiscal year, on the same structure and the same annual debt service.

Scenario	Earnings	Debt service	DSC ratio	Cushion after debt service	Passes the standard
Base (normalized EBITDA, FY2025)	\$730,549	\$584,139	1.25x	\$146,409	Passes
Base excluding modified add-back credits	\$698,749	\$584,139	1.20x	\$114,609	Fails
Downside (earnings less 10%)	\$657,494	\$584,139	1.13x	\$73,355	Fails
Stress (earnings at 1.25x floor)	\$730,174	\$584,139	1.25x	\$146,035	Passes
At the in-place lease rent	\$761,749	\$584,139	1.30x	\$177,609	Passes
Undeposited cash does not exist	\$646,549	\$584,139	1.11x	\$62,409	Fails
At standard terms (10-year amortization at the SBA maximum variable rate)	\$730,549	\$568,887	1.28x	\$161,662	Passes
At the buyer's stated compensation	-	\$584,139	-	-	-

Source: Company financial statements; Workup analysis.

At standard terms, in both tables: the \$3,035,000 SBA 7(a) loan amortized over 10 years at 10.00%, the SBA maximum variable rate for a 7(a) loan above \$350,000 (Prime plus 3.0%, 13 CFR 120.214(d)), on Prime of 7.00% per the Federal Reserve H.15 release as of October 13, 2026; the seller note is unchanged. The buyer's structure states the SBA loan at 10.75% and does not state whether it is fixed or variable; the SBA maximum for a variable 7(a) loan above \$350,000 is Prime plus 3.0%, 10.00% at Prime of 7.00%. Whether the SBA loan rate is fixed or variable: not stated by the buyer. At the buyer's stated compensation: not stated by the buyer (engagement form, Part A question 3).

Section 11 - Risk register and seller question list

Ranked by the impact estimate printed under each risk: earnings at risk, or the earnings effect not already in the walk, where one exists; otherwise the balance at close.

Unquantified rows follow by severity. Severity is Workup's rule: an impact of 10.0% of normalized EBITDA or more is High, 3.0% to under 10.0% Medium, under 3.0% Low; any books-to-return reconciliation failure is High regardless of amount; an unquantified item takes the severity of its nearest quantified analogue. Owner-dependency subsection included.

Risk	Severity	Resolves
Customer concentration	High	Renewal and assignment consent (question 29)
Impact estimate: \$158,885 earnings at risk (\$151,969 excluding modified add-back credits)		
Merrowfield expiry	High	Renewal and assignment consent
Impact estimate: \$158,885 earnings at risk, the same exposure as the customer concentration row (21.7% of FY2025 revenue, \$1,045,246)		
Prepaid plans (finding 8)	High	Booked deferral or a price term
Impact estimate: \$88,375 debt-like at close (June 30, 2026)		

Risk	Severity	Resolves
Undeposited cash	High	Cash count or confirmation (question 26)
Impact estimate: \$84,000 lower FY2025 normalized EBITDA (\$80,873 TTM) if the cash never existed; \$132,085 booked cash unsupported		
Capital underinvestment	Medium	Replacement quotes
Impact estimate: \$57,538 per year gap to depreciation parity		
Ashmore expiry	Medium	Renewal and assignment consent
Impact estimate: \$52,548 earnings at risk (7.2% of FY2025 revenue)		
Books-to-return variance (FY2024)	High	Preparer's reconciliation of the 2024 return to the books
Impact estimate: \$52,000 of FY2024 revenue above the filed return		
Over-billing (finding 9)	Medium	Open-job schedule reconciliation
Impact estimate: \$38,420 debt-like at close (June 30, 2026)		
Related-party rent	Medium	Assignment consent at close
Impact estimate: \$31,200 annual earnings reduction		
Kestrel revenue decline	Medium	Customer status and the loss reason (question 27)
Impact estimate: \$24,768 earnings at risk (FY2025 revenue \$162,939; revenue fell 67.3% year over year)		
Loan posting timing	Low	Lender payoff letter
Impact estimate: \$6,352 at June 30, 2026, the recorded loans above the lender's month-end balances		
Aggregate revenue rows	High (unquantified)	Customer-level revenue detail
Impact estimate: 26.0% of revenue in aggregate rows; earnings impact unquantified		
Sales and use tax	High (unquantified)	Sales tax filings
Impact estimate: Unquantified; arithmetic reference of \$229,560 a year at 7.25% of FY2025 service revenue if the receipts were not taxed (Section 8b)		
Owner-dependency	High (unquantified)	Key-relationship map and qualifiers
Impact estimate: Unquantified		
Lease expiry June 2027	Medium (unquantified)	Landlord renewal terms
Impact estimate: Unquantified; renewal and repricing risk		
Undeclared family payroll	Low (unquantified)	Corrected declaration (question 28)
Impact estimate: Disclosure finding (wages adjudicated in Section 4.3)		

Source: Company financial statements; Workup analysis.

1. Customer concentration. Merrowfield Property Group is 21.7% of FY2025 revenue. Earnings at risk are the top share of normalized EBITDA. The contract is on file (Section 5); renewal status and assignment consent on change of ownership are the open items.
2. Merrowfield expiry. Merrowfield Property Group contract expired August 31, 2026 with no renewal in the materials. The contract on file expired before the report date; renewal status and assignment consent on change of ownership are the questions.
3. Prepaid plans (finding 8). The agreement schedule exceeds booked deferred revenue (finding 8). The prepaid plans run ahead of the booked deferral; the excess behaves like debt at close (Section 8) and its growth is an earnings adjustment in the walk.
4. Undeposited cash. The books carry \$92,601 at December 31, 2025 and \$132,085 at June 30, 2026 that no bank statement supports. Counting the cash the seller says is on hand, or confirming it never existed, is the resolution.

5. Capital underinvestment. Implied capex averages \$39,362 per year against depreciation \$96,900 per year (FY2024 to FY2025 average); asset age proxy roughly 8.1 years. Three references frame the question (Section 7): the gap to depreciation parity per the fixed-asset movement, the RMA depreciation-to-sales median for the size band, and the asset age proxy. The fixed asset register lists every asset with its acquisition year (Section 7); quotes for near-term replacements of the fleet and equipment are the document request.

6. Ashmore expiry. Ashmore Builders contract expired June 30, 2026 with no renewal in the materials. The contract on file expired before the report date; renewal status and assignment consent on change of ownership are the questions.

7. Books-to-return variance (FY2024). P&L revenue exceeds Form 1120-S gross receipts by \$52,000 in FY2024. Per the AR credit memo detail, invoice 2024-1187 to Thornfield Homes was billed twice and credited (CM-2025-004, \$52,000); the memo note reads Duplicate billing, install phase 3, and the return was prepared from the corrected ledger. The preparer's reconciliation of the 2024 return to the books is the document request.

8. Over-billing (finding 9). \$38,420 over-billed per the open-job schedule at June 30, 2026 against \$98,619 booked (finding 9). Billings run ahead of completion on the open jobs; the schedule reconciles to booked billings in excess as a reconciling item (Section 5), and the growth is an earnings adjustment in the walk.

9. Related-party rent. Related-party rent (Marbeck Holdings LLC), normalized to market in the earnings walk (Section 2). The adjustment is per the executed lease and the market rent opinion obtained by the buyer; assignment needs the landlord's consent at close (lease on file).

10. Kestrel revenue decline. Kestrel Logistics Park revenue fell from \$497,691 to \$162,939 year over year. The earnings at risk are the remaining FY2025 revenue at the FY2025 normalized margin. The decline is arithmetic from the customer revenue schedule (the Section 5 movement table); whether the relationship is lost, paused or rebid is the question. No forecast is made.

11. Loan posting timing. Each loan is recorded one month behind the lender's principal applications. At June 30, 2026 the recorded balance exceeds the lender's month-end balance for the term loan by \$3,970 and the vehicle notes by \$2,382. The lender payoff letter governs debt at close.

12. Aggregate revenue rows. 22.2% of FY2025 revenue is aggregate billing through a card processor and 3.8% is other aggregate billing, all without customer names. The aggregate rows carry no customer names, so retention and concentration inside that

revenue cannot be tested. The merchant processor statements were received and are used in Section 4.2, where they tie the card receipts to the deposits; they carry no customer names. Customer-level detail for the residential aggregate (an invoice register or service tickets by customer) is the document request.

13. Sales and use tax. The sales tax filings were requested and not provided, so whether service receipts were taxed is not derivable from the materials. The Section 8b figure is an arithmetic reference, not a conclusion.

14. Owner-dependency. Raymond Hartwell holds the customer and supplier relationships; licensing or qualifier status unverified. The exposure is key-person risk. The key-relationship map, the licensing or qualifier status and the transition services terms are the document request.

15. Lease expiry June 2027. The landlord is a related party (Marbeck Holdings LLC). The premises lease runs through June 2027 with an owner-affiliated landlord, so renewal and repricing sit with a related party. The landlord's renewal terms and the intended rent are the document request.

16. Undeclared family payroll. Family member on payroll omitted from the signed related-party declaration. The wages are real and credited in the walk; the omission stands as a disclosure finding for the corrected declaration.

Questions generated from open items

Each numbered question names the document that closes an open item in this report; the list is deduplicated against the Section 12 list of record. The lien position is established by the buyer's own UCC search and is not a seller question.

Number	Question
1	Provide the per-unit price and volume data.
2	Provide the December 31, 2022 balance sheet and the maintenance agreement and open-job schedules at December 31, 2022.
3	Provide the maintenance agreement schedule at December 31, 2023.
4	Provide a schedule of any off-balance-sheet obligations (leases, guarantees, purchase commitments).
5	Provide the sales tax filings.
6	Provide the Form 1099 summary.
7	Provide the confirmation that no other operating account exists (side-account check).
8	Provide the customer contracts for the 15 named customers without one.
9	Provide the renewal status of the expired contracts.
10	Provide a lender payoff letter at close.
11	Provide the receipt-level expense substantiation for the modified add-backs.
12	Provide the backlog or pipeline detail.
13	Provide an invoice register or service tickets by customer for the residential aggregate.
14	Provide the inventory aging and obsolescence detail.
15	Provide the most recent two months of operating-account bank activity.
16	Provide the cost detail behind the personal vehicle add-back for FY2023 to FY2025.
17	Provide the 2023 and 2024 charge-card detail for the travel, meals and entertainment line.
18	Provide the preparer's reconciliation of the 2024 return to the books.
19	Provide the quotes for near-term replacements of the fleet and equipment.
20	Provide the landlord's renewal terms and intended rent.
21	Provide the key-relationship map with the licensing or qualifier status and the transition services terms.
22	Provide the June 30, 2026 AR aging by customer with collections received after June 30, 2026.
23	Reconcile the open-job schedule at December 31, 2025 and at June 30, 2026 to the billings in excess booked on the balance sheet (\$81,274 and \$98,619).
24	Reconcile the AR aging's printed buckets to its Total column at December 2023, December 2024, December 2025 and June 2026.
25	Provide the seller's statement of the revenue recognition method in use.
26	Provide a count of the cash on hand (undeposited) at June 30, 2026, or confirmation that it does not exist.
27	Provide Kestrel Logistics Park's status as a customer and the reason for the decline.
28	Provide the corrected related-party declaration naming the family member on payroll.
29	Provide written consent to assignment on change of ownership for the five customer contracts on file.
30	Does the purchase price include inventory at close, and on what basis?
31	How will the purchase agreement treat the letter's earnout against SOP 50 10 8.1, Appendix 15, Change of Ownership Requirements (seller earnouts prohibited; buyer rebates based on business performance allowed)?
32	How will the \$37,744 difference between the letter's \$375,000 working capital peg and the computed \$412,744 peg be resolved?
33	Provide receipts for the \$31,800 of add-back credits resting on the documented personal share.
34	Provide the reconciliation of the \$76,325 deposit gap for the trailing twelve months, July 2025 to June 2026.
35	Is the seller note on full standby at close, and does any part of it count toward the equity injection?
36	Provide the seller's non-compete terms as the purchase agreement will state them.

Source: the report's open items; SOP 50 10 8.1, effective October 1, 2026; Workup analysis.

Section 11b - Seller inquiries

Questions sent to the seller during the engagement, the answers as given, and the questions unanswered at the report date. The seller's answers are recorded as given and are not findings. Two seller inquiries remain unanswered (inquiries 7 and 8 below); both concern add-backs rejected in Section 4.3, so neither changes the walk.

Inquiry	Status
Inquiry 1	answered
Inquiry 2	answered
Inquiry 3	answered
Inquiry 4	answered
Inquiry 5	answered
Inquiry 6	answered
Inquiry 7	unanswered
Inquiry 8	unanswered

Source: the seller inquiry file; Workup analysis.

1. Inquiry 1: Who is covered by the mobile lines on the Stateline Telecom account beyond the office and dispatch lines? Answer, as given: The owner's line and three lines not assigned to any employee; see the November 2025 invoice provided.

2. Inquiry 2: Is the Coppergate Golf Club membership used for business entertaining? Answer, as given: The membership is the owner's; the club hosted two customer appreciation events (June and December); statements provided.

3. Inquiry 3: Who drives the 2022 SUV on the fleet insurance schedule? Answer, as given: The owner's spouse; it is titled to the company for insurance convenience.

4. Inquiry 4: Whose health premium is carried in the group benefits remittance? Answer, as given: The owner participates in the staff plan; the December 2025 invoice shows his premium share.

5. Inquiry 5: What produced the 2024 revenue variance against the return? Answer, as given: An invoice to Thornfield Homes was issued twice in December 2024 and credited in January 2025; the accountant prepared the return from the corrected ledger.

6. Inquiry 6: What do the monthly payments to Tryon and Wearn PLLC cover? Answer, as given: General counsel on retainer.

7. Inquiry 7: Provide the settlement agreement behind the legal settlement add-back. No response at the report date.

8. Inquiry 8: Provide the agency invoice for the 2025 rebrand project. No response at the report date.

Section D1 - Industry and market dynamics

Per the Workup industry brief for NAICS 238220 (as of October 24, 2026; every figure resolves to the brief's cited sources):

Market size and structure

- The United States had 111,207 employer establishments in the code with 1,214,761 employees in 2023, with steady growth in both counts across the five years published (Census County Business Patterns). North Carolina had 3,973 establishments and 45,037 employees; Mecklenburg County 300 and 6,284. At the 2025 BLS QCEW count for the five-digit parent, Mecklenburg County carries 358 establishments and 7,418 employees.
- The trade is dominated by very small firms: 64,871 of the 111,207 United States establishments run fewer than five employees, and nonemployer businesses (172,841 in 2022) outnumber employer establishments. A 35-person contractor sits in the 20 to 49 employee class; in North Carolina, 515 of 3,973 establishments are that size or larger.
- Private equity consolidation is active in residential HVAC service: eight platform transactions since September 2020 per the sponsors' own releases, the two most recent announced February 17, 2026 (Champions Group; Blackstone) and May 28, 2026 (Apex Service Partners; Alpine Investors, with a minority investment by Apollo funds).

Demand

- The demand series were steady at the latest readings: housing starts at 1,275 thousand units and building permits at 1,403 thousand (August 2026, seasonally adjusted annual rates); residential construction spending at \$894,597 million.
- The housing stock this business serves is younger than the country's: median year built 1997 in Mecklenburg County against 1991 in North Carolina and 1980 nationally (Census ACS 5-year estimates, 2020 to 2024).
- Charlotte's 2025 weather ran warm: 2,018 cooling degree days against a 1991 to 2020 normal of 1,519, and 2,688 heating degree days against a normal of 3,390 (NOAA, Charlotte Douglas Airport).

Labor and equipment costs

- Labor is the trade's constraint. The median annual wage for heating, air conditioning, and refrigeration mechanics and installers is \$61,010 as of May 2025, with projected employment growth of 11.0% for 2025 to 2035 (BLS). Average annual pay across all

occupations at plumbing and HVAC contractors in Mecklenburg County is \$85,232 (2025), above North Carolina's \$72,251.

- The equipment-cost driver, the producer price index for air-conditioning, refrigeration, and forced air heating equipment manufacturing, stood at 324.8 in August 2026 (preliminary).

Regulation in force

- The refrigerant transition applies to installation work: installations of new residential and light commercial air conditioning and heat pump systems using refrigerants with a global warming potential of 700 or more are prohibited beginning January 1, 2025; the reconsideration rule of May 26, 2026 (91 FR 31284, effective July 27, 2026) removed the installation deadline for systems using components manufactured or imported before January 1, 2025.
- North Carolina licensing (G.S. 87-21; G.S. 87-26(a)) is stated in Sections D2 and D7, where it is read against this transaction.

Transaction market

- SBA 7(a) approvals in the code family have risen every year since FY2022: from 744 loans and \$353,965,100 of gross approvals in FY2022 to 1,406 loans and \$626,746,900 in FY2025 (1,194 loans and \$561,424,300 excluding cancelled approvals), per the SBA FOIA loan-level dataset as of June 30, 2026. Gross approval dollars grew at a 21.0% annual rate over those three years.

Reviewer's read. The market is large, fragmented, growing, and consolidating, and the financing channel this transaction uses approved \$626,746,900 in the code family in FY2025, up from \$353,965,100 in FY2022. Hartwell's mix sits on the recurring side of that market: service was 65.9% of FY2025 revenue (Section 5b), which is the revenue character the consolidators' platforms are built on. The constraint the brief's labor data names is the one Section D2 states for this business: licensed technicians, in a county that pays above the state average for them.

Source: Workup industry brief, NAICS 238220, as of October 24, 2026; Workup analysis.

Section D2 - Competitive position and barriers

Hartwell is larger than the typical local competitor, and most of its revenue is recurring service. That service revenue is concentrated in a few commercial accounts. Two of those accounts' contracts expired before the report date.

Scale against the local market

- Mecklenburg County has 358 plumbing and HVAC contractor establishments with 7,418 employees (BLS QCEW 2025 annual). That is about 21 employees per establishment.
- Hartwell's payroll register carries 35 people, including 17 field technicians, 4 install leads and 3 apprentices.
- On headcount, Hartwell is about 1.7x the county's average establishment on the 2025 annual averages.

Revenue character

- Service was 65.9% of FY2025 revenue and installation was 34.1%. Over the three years, the service share ran from 62.5% to 69.0%.
- Service work recurs. Installation follows construction and replacement demand.
- Gross margin held within a 0.75 percentage point range over the three years (47.1% to 47.8%). That stability is consistent with pricing that competitors have not driven down.

Customer base

- Named-customer revenue retention was 108.4% for the FY2023 cohort and 112.2% for the FY2024 cohort. All 20 named customers were retained each year.
- The top five customers rose to 55.2% of FY2025 revenue, from 50.1% in FY2024.
- The largest customer is Merrowfield Property Group, at 21.7% of FY2025 revenue (\$1,045,246). Its property management contract expired August 31, 2026, and the materials contain no renewal.
- Ashmore Builders' contract expired June 30, 2026.
- Construction-linked accounts swing from year to year. Thornfield Homes, a homebuilder, rose 210.7% in FY2025, while Kestrel Logistics Park fell 67.3%. Ashmore Builders is the second homebuilder among the top five.

Barriers

- A license is required. North Carolina requires a license before any person, firm or corporation engages in heating contracting (G.S. 87-21(b)(3)).
- The license must be held inside the business. A corporation may be licensed only if "one or more officers, or full time employee or employees, or both, empowered to act for the corporation, are licensed" (G.S. 87-26(a)).
- The license is a barrier and a dependency. It keeps new entrants out, but it also binds this business to whoever holds it. The packet does not identify who holds the license.
- Capital needs are modest. Gross fixed assets were \$1,059,515 at December 31, 2025. The binding constraint in this trade is technicians, not equipment.
- Residential work is untested. It was 22.2% of FY2025 revenue and arrives through a card processor without customer names, so it cannot be tested for retention or concentration.

Reviewer's read: the position is defensible where revenue recurs (service contracts and commercial property accounts). It is exposed where revenue is concentrated (Morrowfield) or cyclical (homebuilder installs). The real barriers are the license and the owner's relationships; the relationships sit with the seller, and the materials do not show who holds the license.

Section D3 - Earnings quality and trajectory

Of the seller's nine proposed add-backs, five were accepted, two were modified and two were rejected (Section 4.3). Normalized EBITDA (after market management cost) is \$730,549 for FY2025 and \$783,770 for the trailing twelve months, July 2025 to June 2026, per the earnings walk (Section 2). The trajectory is in the Section 4.4 bridge: normalized EBITDA rose from \$570,671 (FY2023) to \$641,286 (FY2024) to \$730,549 (FY2025), and to \$783,770 on the trailing twelve months, with the revenue effect the largest driver in each period. The items that qualify earnings quality are in the register: \$132,085 of booked undeposited cash without bank support at June 30, 2026, and \$31,800 of add-back credits resting on the documented personal share without receipts.

Section D4 - Comparable transactions and comparable companies

Source: DealStats (Business Valuation Resources); NAICS 238220; per-deal size band \$1,201,500 to \$12,015,000 Net Sales (0.25x to 2.5x of target revenue); n after the band filter 295 for MVIC/Net Sales, 211 for MVIC/EBITDA and 284 for MVIC/SDE (347 transactions before the band filter); transactions closed October 2021 through July 2026.

Quartiles computed by the Workup engine from the combined transaction-level exports. No approved public comparable set exists for this industry code; private transactions only. The two public references in Section 3 (Watsco; Comfort Systems USA) are margin context, not comparables.

Metric	Transactions	Lower quartile	Median	Upper quartile	Hartwell at the ask (TTM; FY2025)
MVIC/Net Sales	295	0.38x	0.58x	0.88x	0.73x; 0.75x
MVIC/EBITDA	211	3.5x	4.6x	6.4x	4.6x; 4.9x
MVIC/SDE	284	2.5x	3.1x	4.0x	4.2x; 4.6x

Hartwell column: the \$3,600,000 ask over net sales, normalized EBITDA and SDE.

Source: DealStats (Business Valuation Resources); Workup analysis.

Section D5 - Characteristics that move the multiple

The computed scorecard is in Section 9b. Read against what buyers of HVAC contractors pay for, its characteristics fall into three groups.

Supports a multiple at or above the comparable-transactions median

- **Margin.** Reported EBITDA margin is 15.3% for FY2025 and 16.1% for the TTM, above the RMA upper quartile of 13.6% (RMA median 8.0%; NAICS 238220, \$3 million to \$5 million sales). Normalized margin is 15.2% for FY2025 and 15.8% for the TTM. Gross margin is 47.1% (FY2025) against the RMA \$3 million to \$5 million band composite of 45.6% (common-size income data, not a quartile).
- **Scale.** Hartwell is larger than the typical local competitor: 35 people against the county average of about 21, in the 20 to 49 employee class; 13.0% of North Carolina establishments have 20 or more employees. The business sits inside the DealStats size band the quartiles are drawn from.
- **Recurring revenue.** Service is 65.9% of revenue, and named-customer revenue retention is above 100% in both cohorts.
- **Deposit coverage.** TTM deposit coverage is 98.5%. Cash deposits are 0.0% of operational deposits, so the proof does not depend on counting currency.
- **Balance sheet and liquidity.** The current ratio is 3.8 against the RMA median of 1.7, quick 3.5 against 1.4, and funded debt leverage is 0.3 against the RMA median of 1.3. These are the seller's historical positions; the structure transfers debt-free, so they speak to how the business was run, not to what the buyer inherits.

Weights against

- Concentration with contract risk. The top customer is 21.7% of FY2025 revenue, and its contract has expired. FY2025 earnings at risk are \$158,885, the largest single exposure in the register.
- Owner dependency. Customer and supplier relationships run through the owner, and so does the lease. Licensing and qualifier status are unverified.
- Asset condition.
 - Implied capex runs at 0.41x annual depreciation, with an asset age proxy of about 8.1 years.
 - The gap to depreciation parity is \$57,538 a year.
 - At the DealStats MVIC/EBITDA median of 4.6x, that gap is about \$264,673 of price.

Neutral, or unresolved by the documents

- Growth. Revenue grew at a 6.9% CAGR from FY2023 to FY2025, against an RMA median change in net sales of 7.9% for the size band.
- Working capital. It runs at 5.7% of revenue, with a seasonal swing: a trough of \$247,006 at December 31, 2024 and a peak of \$504,689 at July 31, 2024.
- Earnings quality items still open.
 - The \$132,085 of undeposited cash at June 30, 2026 has no bank support.
 - \$31,800 of add-back credits rest on the documented personal share, without receipts.

Where the price sits. The \$3,600,000 ask is 4.6x TTM normalized EBITDA, at the DealStats median, and 4.9x FY2025.

- The characteristics that support a premium are the margin and the recurring service.
- They are offset by what a buyer cannot yet underwrite: the expired top contract, the license and the owner's relationships.

The ask falls within the range comparable transactions support: at the DealStats median on TTM normalized EBITDA (4.6x) and inside the interquartile range on FY2025 (4.9x, against 3.5x to 6.4x). The open items above are not priced in either direction; how they resolve is what moves the price within that range.

Section D6 - Implied range at market multiples

Arithmetic on cited market data: the verified earnings bases, on the trailing twelve months and the latest fiscal year, multiplied by the DealStats interquartile multiple ranges from Section D4. The numbers imply a range; transactions in this band have cited these multiples. Nothing here is an opinion of value. The characteristics in Section D5 state where within the range this business's profile sits, as the reviewer's read.

Basis	Market multiple interquartile	Implied low	Implied high
Normalized EBITDA, TTM, July 2025 to June 2026	3.5x to 6.4x (MVIC/EBITDA, per Section D4)	\$2,743,194	\$5,016,126
Normalized EBITDA, FY2025	3.5x to 6.4x (MVIC/EBITDA, per Section D4)	\$2,556,921	\$4,675,513
SDE, TTM, July 2025 to June 2026	2.5x to 4.0x (MVIC/SDE, per Section D4)	\$2,129,670	\$3,407,473
SDE, FY2025	2.5x to 4.0x (MVIC/SDE, per Section D4)	\$1,964,478	\$3,143,165

Source: DealStats (Business Valuation Resources); Workup analysis.

Section D7 - Structural observations

1. On the SOP's fiscal-year basis, the lender's coverage test sits at the limit.

- SOP 50 10 8.1, Appendix 15, Credit Standards, Underwriting (the lender's credit memorandum requirements): "The Debt Service Coverage (DSC) ratio must be satisfied using either the last fiscal year-end or an average of the last two fiscal year-end statements on either a historical or adjusted basis based on the transaction type:" and "Initial Acquisition: 1.25:1".
- FY2025 alone passes, with almost nothing to spare. On FY2025, the structure covers 1.25x, with \$375 of headroom.
- The two-year average fails.
 - $(\$641,286 + \$730,549) / 2 = \$685,917$.
 - That is 1.17x on \$584,139 of annual debt service.
 - FY2024 carries the finding 9 adjustment only, because finding 8 is not derivable for FY2024. It also credits neither personal travel nor the personal vehicle, which the packet documents for FY2025 only.
- The TTM figure is stronger but not the SOP's basis. It covers 1.34x, but the SOP paragraph does not name the TTM.
- Any adverse adjustment to FY2025 earnings takes the FY2025 test below 1.25x. Two examples: if the undeposited cash (the FY2025 build of \$84,000) never existed, coverage is 1.11x; excluding the modified add-back credits, FY2025 coverage is 1.20x.

2. Total debt against value.

- SOP 50 10 8.1, Appendix 15, Change of Ownership Requirements: "The total debt eligible to support a change of ownership transaction (including seller debt that is not on full standby) is limited to the business valuation amount and must be supported by the Debt Service Coverage of the Applicant."
- The SBA loan (\$3,035,000) plus the seller note (\$360,000) is \$3,395,000, or 94.3% of the price.
- The independent business valuation has to support at least that amount.

3. Equity and the seller note.

- The \$360,000 of cash equity is 10% of the price, the Initial Acquisition minimum. SOP 50 10 8.1, Appendix 15, Credit Standards, Underwriting, Equity Requirements: "Initial Acquisition: 10%." and "For Initial Acquisitions, the required equity injection cannot be reduced or eliminated."
- The seller note is not on standby, so it does not count toward equity. Its \$87,594 of annual service is inside the coverage test.
- The structure has no cushion for a shortfall in equity.

4. No working capital in the structure.

- The sources are the \$3,035,000 SBA loan, the \$360,000 of equity and the \$360,000 seller note. Together they equal the price plus \$155,000 of financed fees and costs. Nothing funds operating cash.
- The day-one requirement (Section 6) is \$346,871: one month of TTM expenses, excluding depreciation and interest.
- The buyer's letter of intent is cash-free and debt-free, so the seller keeps the operating cash.
- As provided, the structure leaves the business without its first month of operating cash. That gap is in addition to whatever the peg delivers.

5. Obligations that transfer without cash.

- At June 30, 2026, the debt-like items total \$196,358:
 - customer deposits, \$69,564;
 - unbooked prepaid maintenance, \$88,375;
 - billings over earned on open jobs, \$38,420.
- In a cash-free, debt-free purchase, the buyer performs work that customers have already paid the seller for.
- The letter of intent does not address these items (Section D8, question 7).

6. The license.

- North Carolina law.
 - A license is required to engage in heating contracting (G.S. 87-21(b)(3)).
 - A corporation holds it only through "officers, or full time employee or employees" who are licensed (G.S. 87-26(a)).
- The SBA lending rules.
 - SOP 50 10 8.1, Section A, Chapter 1, Primary Applicant Eligibility Requirements: "Businesses that offer services which require professional licenses to operate are eligible, provided that the ownership structure meets all applicable state

- requirements in which they are located... The Lender must document the eligibility of the business and ownership structure, per state requirements, in the loan file..."
- The SOP, Section B, Chapter 6, SBA Terms and Conditions through Disbursement, Licenses: "The Lender must obtain evidence from the Borrower of all licenses required to operate the business within no more than 90 days after final disbursement of the loan."
 - The SOP, Appendix 15, Change of Ownership Requirements: "...the seller... may not remain as an officer, director, stockholder, or employee of the business. If a transitional period is needed to assist the business, the small business may contract with the seller as a consultant for a period not to exceed 24 months..."
 - What the deal documents say. The packet does not name the license holder. The letter of intent conditions closing on a qualifier being employed, but does not name one. The letter of intent states a non-compete (Raymond Hartwell, 5 years, 50 miles from Charlotte) and 6 months of transition consulting at no additional fee, inside the SOP's 24-month consultant limit quoted above; the non-compete as the purchase agreement will state it is question 36, and the transition terms are question 21.
 - What follows if the seller holds the license.
 - A consultant is neither an officer nor a full-time employee. So if the seller is the licensed individual, the business needs another licensed officer or full-time employee at closing.
 - The market management cost in the walk (\$124,116) is the earnings line that would carry that licensed replacement.

7. The lease.

- The current lease with the related-party landlord expires in June 2027.
- The letter of intent proposes a new 10-year lease at \$9,800 a month. That is the rent opinion's figure and the rent the walk already charges, \$31,200 a year above the in-place rent.
- Normalized earnings hold on that lease.

8. Capex against the cushion.

- Cash after debt service is \$199,630 on the TTM.
- Closing the depreciation parity gap (\$57,538 a year) would leave \$142,093 before the owner's taxes and distributions.
- The SOP's DSC is computed on EBITDA (Appendix 15, Credit Standards, Underwriting: "The historical DSC ratio is defined as earnings before interest, taxes, depreciation, and amortization (EBITDA) divided by the combined debt service post-transaction.") and does not deduct capex.

Section D8 - The ten questions to ask next

Ranked by what each one can move: price, coverage or closing.

1. Has Merrowfield Property Group renewed? On what term and price, and will it consent to assignment on a change of ownership? (21.7% of FY2025 revenue; \$158,885 earnings at risk)
2. Who holds the North Carolina heating license for the business? Will that person be an officer or full-time employee of the business after closing? (G.S. 87-26(a); SOP 50 10 8.1, Section A, Chapter 1, Primary Applicant Eligibility Requirements; Section B, Chapter 6, Licenses; Appendix 15, Change of Ownership Requirements)
3. Where is the \$132,085 of undeposited cash on the June 30, 2026 balance sheet? A count or a deposit record resolves it. If the FY2025 build of \$84,000 never existed, FY2025 coverage is 1.11x.
4. What does the lender's business valuation support? Total debt of \$3,395,000 must fit inside it (SOP 50 10 8.1, Appendix 15, Change of Ownership Requirements).
5. Which coverage basis will the lender use: FY2025 alone (1.25x, \$375 headroom) or the two-year average (1.17x)?
6. How will the buyer fund the \$346,871 day-one operating cash requirement, given that the structure carries no working capital (Section D7)?
7. How will the purchase agreement treat the \$196,358 of deposits, prepaid maintenance and over-billings at close: as a price reduction, inside the peg, or in escrow?
8. Has Ashmore Builders renewed? And what explains Kestrel Logistics Park's 67.3% decline: was the account lost, paused or rebid?
9. Does the fleet and equipment need replacing in the near term? Quotes against the \$57,538 annual parity gap would show what the first years of ownership cost.
10. Did the business collect North Carolina sales tax on repair and maintenance services? The filings resolve the \$229,560 arithmetic reference.

Source: the reviewer of record's questions on the report's findings; SOP 50 10 8.1, effective October 1, 2026, and the North Carolina statutes as cited; Workup analysis.

Section D9 - Deal terms against the findings

The terms as proposed, from letter of intent terms as provided, set against what the report found; each Section 11 risk with a dollar estimate and no corresponding term is an open item for the buyer's counsel.

Term	As proposed	The report found
Purchase price	\$3,600,000	4.9x normalized EBITDA (FY2025) and 4.6x (TTM, July 2025 to June 2026), per Section 9b
Working capital peg	\$375,000	computed peg \$412,744 per Section 6
Financing structure	per the deal structure provided	coverage 1.25x with \$375 of headroom (FY2025) and 1.34x (TTM), per Section 10
Seller note standby	not on standby; payments in coverage	the note's annual service, \$87,594, is inside the coverage test per Section 10
Earnout	up to \$150,000 in addition to the price, in two annual installments	a seller earnout as the letter states it; SOP 50 10 8.1, Appendix 15, Change of Ownership Requirements, quoted below

Source: Letter of intent terms as provided; SOP 50 10 8.1, effective October 1, 2026; Workup analysis.

Earnout: the letter states two annual installments of \$75,000, each earned if revenue from Merrowfield Property Group in that year after closing is at least \$950,000. SOP 50 10 8.1 (effective October 1, 2026), Appendix 15, Change of Ownership Requirements: "Seller earnouts/buyer rebates: Seller earnouts are prohibited; however, buyer rebates based on business performance are allowed because this is a benefit to the Borrower."

Section D10 - The buyer's position

Decision boundaries, not advice: each line states where the arithmetic crosses a stated standard, computed from the figures of record and the buyer's structure as provided. Nothing here is a recommendation, an opinion of value, or investment advice; the decisions belong to the buyer.

What the structure leaves the buyer each year.

- Cash after debt service is \$199,630 on the trailing twelve months and \$146,409 on FY2025.
- Normalized EBITDA already charges the market management cost (\$124,116), the cost of the manager the business needs; a buyer who runs the business personally is choosing to earn that figure as salary rather than pay it.
- Closing the capex parity gap (\$57,538 a year) would leave \$142,093 on the trailing twelve months before the owner's taxes and distributions (Section D7).

How far earnings can fall.

- The 1.25x standard holds until normalized EBITDA declines 6.8% on the trailing twelve months, and 0.1% on FY2025 (Section 10).
- Coverage reaches 1.00x, the point where earnings only service debt, at a decline of 25.5% on the trailing twelve months and 20.0% on FY2025.
- If Merrowfield Property Group is lost, the FY2025 earnings at risk (\$158,885), taken off each base, take coverage to 1.07x on the trailing twelve months and 0.98x on FY2025, below 1.00x (Section 11).

The cash the buyer brings beyond the price.

- The structure funds no operating cash (Section D7): the day-one requirement is \$346,871, one month of TTM expenses excluding depreciation and interest.
- Working capital swings seasonally from a trough of \$247,006 to a peak of \$504,689 against the \$412,744 peg (Section 6); the letter's \$375,000 peg leaves \$37,744 of that to fund.

The equity at stake.

- The \$360,000 equity injection is recovered from cash after debt service in 1.8 years at the trailing-twelve-month figure and 2.5 years at FY2025, before taxes, distributions and capex.
- SBA 7(a) loans require an unlimited personal guaranty from each owner of 20% or more after the sale (SOP 50 10 8.1, Section A, Chapter 5, and Appendix 15); for a buyer at that ownership, the boundaries above are the distances between the figures of record and that guaranty being tested.

Source: Company financial statements; the buyer's proposed structure as provided; SOP 50 10 8.1, effective October 1, 2026; Workup analysis.

Section 12 - Scope, procedures, limitations, and independence

Documents received and reviewed:

- monthly and annual P&L (FY2023 to FY2025)
- balance sheets (FY2023 to FY2025)
- the federal returns as filed (FY2023 to FY2025)
- Form 1120-S summaries (FY2023 to FY2025)
- bank transactions (operating account and payroll account; January 2023 to June 2026)
- customer revenue schedule (FY2023 to FY2025)
- the premises lease summary

- the market rent opinion obtained by the buyer
- the AP aging by vendor (four dates)
- the full packet set named in Section 1 (payroll, tax filings, transcripts, schedules, contracts, reconciliation and processor statements)
- seller add-back schedule
- the proposed deal structure

Requested and not provided (the list of record, referenced from Section 1; the match table below names what satisfies each item):

- sales tax filings
- Form 1099 summary (1096 or contractor payment detail)
- confirmation that no other operating account exists (side-account check)
- customer contracts for the 15 named customers without one
- renewal status of the expired contracts (Ashmore Builders and Merrowfield Property Group)
- a lender payoff letter at close
- receipt-level expense substantiation for the modified add-backs
- per-unit price and volume data
- backlog or pipeline detail
- an invoice register or service tickets by customer for the residential aggregate (customer-level detail; the named-customer retention cohorts are computed in Section 5)
- inventory aging and obsolescence detail
- a schedule of any off-balance-sheet obligations (leases, guarantees, purchase commitments)
- the most recent two months of operating-account bank activity (the bank data ends June 2026)
- the cost detail behind the personal vehicle add-back for FY2023 to FY2025
- the 2023 and 2024 charge-card detail for the travel, meals and entertainment line
- the preparer's reconciliation of the 2024 return to the books
- quotes for near-term replacements of the fleet and equipment
- the landlord's renewal terms and intended rent
- the key-relationship map with the licensing or qualifier status and the transition services terms
- the June 30, 2026 AR aging by customer with collections received after June 30, 2026
- the December 31, 2022 balance sheet and the maintenance agreement and open-job schedules at December 31, 2022 (the FY2023 equity roll-forward and finding adjustments)

- the maintenance agreement schedule at December 31, 2023 (the FY2024 finding 8 adjustment)
- the seller's statement of the revenue recognition method in use
- a count of the cash on hand, undeposited, at June 30, 2026, or confirmation that it does not exist
- Kestrel Logistics Park's status as a customer and the reason for the decline
- the corrected related-party declaration naming the family member on payroll (the declaration was provided without that name)
- written consent to assignment on change of ownership for the five customer contracts on file (the contracts were provided without one)

A UCC lien search is outside the engagement scope; the lien position is established by the buyer's own UCC search, not by a seller request. Analysis methods: the standardized procedures in Appendix A, executed by the Workup analysis engine with add-back classifications reviewed and signed by the reviewer of record. This is an analysis, not an audit; it is based on the materials provided and is not investment, legal, or tax advice; it is prepared under the Professional Services Agreement Master Terms dated September 30, 2026. Independence statement: Workup holds no interest in the transaction, receives no contingent compensation, does not broker or finance, and held no prior engagement on the Target. Out of scope: legal, human resources, environmental, information technology, insurance and regulatory diligence are outside the scope of this report; Workup's findings are financial and commercial. Reviewer of record: Gray F. Smith, Founder, Workup AI, Inc. Reviewed and signed October 26, 2026. Fee basis: fixed fee, not contingent on findings or on closing. Materiality thresholds applied in this report: a revenue variance is material above 0.5% of revenue or \$25,000, whichever is lower; an earnings item is material above 1.0% of normalized EBITDA. Every use of the word material in this report refers to these thresholds.

Document Request List match table

What satisfies each open item on the list of record.

List item	What satisfies it
sales tax filings	The filed sales and use tax returns for each period reviewed
Form 1099 summary	Forms 1099 and 1096, or the contractor payment detail
side-account confirmation	A signed representation that no other operating account exists
customer contracts for the named customers without one	The signed contract for each named customer without one on file
renewal status of the expired contracts	A renewed contract or the renewal correspondence for each expired contract
a lender payoff letter at close	The lender's payoff letter dated at close
receipt-level expense substantiation	Itemized receipts for the modified add-backs
per-unit price and volume data	Unit prices and volumes by service and installation line
backlog or pipeline detail	The signed backlog and the open bid pipeline by customer

List item	What satisfies it
invoice register or service tickets by customer for the residential aggregate inventory aging and obsolescence detail	An invoice register or service tickets naming each residential customer The inventory listing aged by receipt date, with obsolete stock marked
off-balance-sheet obligations schedule	A schedule of leases, guarantees and purchase commitments not on the balance sheet
the most recent two months of bank activity	The operating-account statements for the two months after the bank data ends
the cost detail behind the personal vehicle add-back for FY2023 to FY2025	The vehicle's annual costs by type, tied to the P&L lines that carry them
the 2023 and 2024 charge-card detail for the travel, meals and entertainment line	The charge-card statements with transaction detail for the years named
the preparer's reconciliation of the 2024 return	The return preparer's workpaper tying the 2024 return to the books
quotes for near-term replacements	Written replacement quotes for the fleet and equipment due for replacement
the landlord's renewal terms and intended rent	A written renewal offer from the landlord stating term and rent
the key-relationship map, licensing or qualifier status and transition terms	The owner's customer and supplier relationships, the licensing or qualifier of record, and the proposed transition services terms
the June 30, 2026 AR aging with subsequent collections	The June 30, 2026 aging by customer with each collection received after that date
the December 31, 2022 balance sheet and schedules	The December 31, 2022 balance sheet, maintenance agreement schedule and open-job schedule
the maintenance agreement schedule at December 31, 2023	The prepaid plan balances by customer at December 31, 2023
the seller's statement of the revenue recognition method	The seller's written statement of the method by which revenue is recognized in the books
a count of the cash on hand or confirmation	A dated count of the undeposited cash at June 30, 2026, or the seller's written confirmation that none exists
Kestrel Logistics Park's status and the loss reason	The seller's statement of whether Kestrel Logistics Park is a current customer and why its revenue declined
the corrected related-party declaration	A re-signed related-party declaration that names the family member on payroll
consent to assignment for the five contracts on file	Each customer's written consent to the assignment of its contract on change of ownership, for the five contracts on file

Source: Company financial statements; Workup analysis.

Appendix A - Standardized test checklist

The fixed procedure library, each item marked Performed, N/A (not applicable to this engagement), or Not possible (with the materials provided).

No.	Procedure	Status
Reconciliation		
1	P&L revenue reconciled to filed federal return, each year	Performed
2	P&L cost of goods sold reconciled to return, each year	Performed
3	P&L net income reconciled to ordinary business income, each year	Performed
4	Material book-to-tax variances identified and quantified	Performed
5	Officer compensation per return agreed to P&L	Performed
6	Depreciation per return agreed to P&L	Performed
7	Amended-return and transcript check (IRS 4506-T)	Performed
8	Payroll tax filings (941s) agreed to wage expense	Performed
9	Sales tax filings agreed to reported revenue	Not possible
10	Accounting policies stated from the returns as filed, the statements and the packet documents (tie 9.3)	Performed
Proof of cash		
11	Operating-account deposits reconstructed for TTM	Performed
12	Deposits reconstructed for each of last two fiscal years	Performed
13	Deposit coverage of reported revenue computed per window	Performed
14	Disbursements tested against reported cash expenses	Performed
15	Transfers and owner flows isolated from operational totals	Performed
16	Owner distributions quantified by year	Performed
17	Cash-proof windows aligned to calendar months present in data	Performed
18	Material deposit gaps flagged with dollar amounts	Performed
19	Statement closing balances compared to balance sheet cash at each fiscal year end (Section 8)	Performed
20	Inter-account transfers matched across company accounts and netted to zero	Performed
21	Named-customer deposits compared to that customer's booked revenue	Performed
22	Cash deposits stated as a share of total deposits	Performed
23	Equity roll-forward: net income less observed distributions tied to the change in book equity, any unexplained difference stated as a finding	Performed
24	All bank accounts confirmed captured (side-account check)	Not possible
25	Merchant processor statements agreed to card deposits	Performed
26	Unverifiable cash revenue caution assessed	Performed
27	Most recent two months of operating-account bank activity obtained for Lender verification	Not possible
Add-backs		
28	Every seller-proposed adjustment classified with reasoning	Performed
29	One-time claims tested for recurrence across analysis period	Performed
30	Add-back claims tested against bank payee evidence	Performed
31	Owner compensation add-back tested; market management cost charged	Performed
32	Double-count check against EBITDA exclusions (depreciation, interest)	Performed
33	Related-party arrangements identified and flagged for support	Performed
34	Mixed-use personal expenses apportioned with documentation requests	Performed
35	Receipt-level substantiation of personal expense claims	Not possible
36	Classifications pinned and signed by the reviewer of record (deterministic rerun)	Performed
Earnings		
37	EBITDA computed from operating income plus depreciation, each year	Performed
38	SDE stated (EBITDA plus officer compensation)	Performed
39	Normalized EBITDA walk built and footed	Performed
40	Year-over-year adjusted EBITDA bridge decomposed and footed	Performed
41	Gross margin stability tested across analysis period	Performed
42	Recast income statement for the TTM and each fiscal year, tied to the walk (tie 9.1)	Performed
43	Price/volume revenue decomposition	Not possible
Revenue quality		
44	Largest named customer share of revenue computed	Performed
45	Named-customer ranking excludes aggregate rows	Performed

No.	Procedure	Status
46	Concentration trend across three years	Performed
47	Revenue mix quantified (service against installation)	Performed
48	Seasonality profiled from monthly revenue	Performed
49	Customer contract continuity and assignability review	Performed
50	Retention rate for recurring revenue	Performed
51	Backlog or pipeline verification	Not possible
	Working capital	
52	Net working capital computed against revenue, each period	Performed
53	Monthly 36-month NWC view	Performed
54	Working capital peg computed from the trailing twelve-month average NWC	Performed
55	Seller working-capital management-down check (trend test)	Performed
56	Day-one operating cash requirement estimated	Performed
57	AR aging quality review	Performed
58	AP aging by vendor tied to balance-sheet accounts payable at each aging date (tie 9.4)	Performed
59	Inventory obsolescence review	Not possible
	Balance sheet	
60	Debt schedule built with balances by year	Performed
61	Principal reduction agreed to balance movement	Performed
62	Debt service agreed to bank loan payments	Performed
63	Related-party balances identified	Performed
64	Lien search (UCC)	N/A (outside scope; the buyer's own UCC search)
65	Lease obligations and assignment provisions review	Performed
66	Off-balance-sheet items visible in documents reviewed	Performed
67	Net debt at each balance sheet date: debt plus debt-like items less cash-like items (tie 9.2)	Performed
	Capex	
68	Implied capex derived from gross fixed asset movement	Performed
69	Capex tested against depreciation (under-investment check)	Performed
70	Asset age proxy computed from accumulated depreciation	Performed
71	Fleet and equipment list with ages	Performed
	Debt service	
72	DSC computed at the applicable SBA standard on historical earnings	Performed
73	Maximum supportable senior loan computed at the standard	Performed
74	Downside and stress coverage scenarios computed	Performed
75	Projections used in coverage	N/A
	Output integrity	
76	Every figure traced to a named source schedule	Performed
77	Earnings walk foots (automated check)	Performed
78	Bridge foots (automated check)	Performed
79	Output artifact lint passed (no artifact glyphs)	Performed
80	Franchise agreement review	N/A

Source: Workup procedures.

Appendix B - Deliverable package

Produced for this engagement: this report; the Excel databook, with these tabs:

ChartOfAccounts, MonthlyPL, BalanceSheet, CashFlow, Ratios, Reconciliation, AddBacks, Concentration, WorkingCapital, Bridge, MarginSummary, OpexComposition, Capex, OwnerCashFlow, CashProof, EarningsWalk, DSC, ImpliedMultiples, QualityScorecard, Benchmarks, DealStatsMultiples, RevenueMix, DebtSchedule, Scenarios, Procedures, MonthlyNWC, CustomerMovement, Retention, ReviewerRoundSchedules, TrialBalance_1, TrialBalance_2, DebtByFacility, DebtLikeItems, ARaging, DepositGapDecomposition, Finding8And9Balances, RMARatios, RMAIncomeData, ImpliedRange, DayOneCash, RiskRegister, Recast, AccountingPolicies, APaging, NetDebt,

ChartSeries, KeyFigures, Headcount, CardVolume, PayrollTieOut, RelatedParty, ConcentrationByYear, NamedCustomerDeposits, CustomerContracts, OpenJobs, FixedAssets, LenderInterest, BankReconciliation, BankToBookCash, EquityRollForward, StructureInputs, RequestMatch and Questions; and the executive summary deck (8 slides). No tier includes a financial model. The trial balances provided (year ends and the interim date) ride in the databook.

Appendix R - Reproducibility

Run record: engine v2.3.0; model claude-opus-5; commit d86a675; pin fingerprint b1757d18c94bf1115f08ca19; inputs hash 7929f079025ae33c; overrides hash 4f53cda18c2baa0c. Regenerable byte-identically from the frozen deal folder for the 90-day retention window. Prepared October 26, 2026 (the date of record; the report is dated by its sign-off); classification mode: pinned (deterministic; pin signed October 26, 2026 at 20:34 UTC). This record is provided so the lender file can evidence exactly which analysis produced the figures relied upon. Formatting convention of record: multiples print at one decimal; multiples under 1.0x print at two decimals (Formatting Standard). UND in the source data renders as n/a. Engine time for this run: about 7 seconds to this record. Tables print rounded figures and may not foot by \$1. Classification evidence read for the signed pin and cited in Section 4.3: charge_card_detail_2025.csv, coppergate_club_statements_2025.md, elmstead_group_benefits_invoice_2025-12.md, fleet_insurance_schedule_2025.md, stateline_telecom_invoice_2025-11.md. Packet files not used by a section, with reasons: bank_transactions_2024_2025.csv (superseded by the monthly statements (statement precedence rule)); buyer_loi.md (terms carried in loi_terms.json); chart_of_accounts.csv (the account listing behind the statements; the statement sheets carry the full line set); debt_schedule.xlsx (the seller's annual debt summary; the debt schedule is computed from the balance sheets and tied to the lender schedules in Section 8); marketing_summary.md (narrative marketing summary; the rebrand claim is adjudicated in the classification pin from the bank payee record); payroll_941_summaries.xlsx (superseded by the full-span Forms 941 file (same filings, 2023 through June 2026)); README.md (packet documentation, not an analysis input); generator and engine artifacts, not seller documents: .run_lock, DELIVERY_RECORD.json, consistency_report.txt, figure_ledger.json, names_register.md, packet_change_log.md, registry_snapshot.json.