ATLANTA RETAILERS ASSOCIATION LLC AND SUBSIDIARIES

INDEPENDENT AUDITORS' REPORT

AND

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

HRSS CPAs

TABLE OF CONTENTS

	Page
Independent Auditors' Report	1
Consolidated Financial Statements	
Consolidated Balance Sheets	3
Consolidated Statements of Income	4
Consolidated Statement of Changes in Members' Equity	5
Consolidated Statements of Cash Flows	6
Notes to Consolidated Financial Statements	7

HRSS CPAs

6671 S.W. Freeway # 500
Houston, Texas 77074
Tel: 713 328 4000
Fax: 713 328 4111
Web: www.hrss.cpa

INDEPENDENT AUDITORS' REPORT

To the Board of Directors,
Atlanta Retailers Association LLC and Subsidiaries

Opinion

We have audited the accompanying consolidated financial statements of Atlanta Retailers Association LLC and Subsidiaries (the "Company") which comprise the consolidated balance sheets as of December 31, 2023, and 2022, and the related consolidated statements of income, changes in members' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2023, and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

HRSS LLP

Houston, Texas
March 14, 2024

ATLANTA RETAILERS ASSOCIATION, LLC AND SUBSIDIARIES

Consolidated Balance Sheets

	December 31, 2023	December 31, 2022
ASSETS		
Current assets		
Cash and cash equivalents	$ 4,734,944	$ 4,301,370
Accounts receivable, net of allowance for doubtful account of $69,697 and $69,697 in 2023 and 2022, respectively	3,293,259	4,266,350
Prepaid expenses and other current assets	173,642	112,345
Total current assets	8,201,845	8,680,065
Non current assets		
Property and equipment, net	2,764,216	2,707,529
Deferred tax assets, net	12,638	-
Total non current assets	2,776,854	2,707,529
Total assets	$ 10,978,699	$ 11,387,594
LIABILITIES AND MEMBERS' EQUITY		
Current liabilities		
Accounts payable	$ 80,604	$ 5,092
Accrued liabilities	125,047	213,282
Rebates payable	6,538,108	6,935,346
Deferred tax liabilities, net	-	5,284
Other current liabilities	14,694	14,694
Member advocacy	231,420	223,200
Notes payable, current portion	69,777	67,748
Total current liabilities	7,059,650	7,464,646
Long term liabilities		
Notes payable, net of current portion	796,199	865,828
Total long term liabilities	796,199	865,828
Total liabilities	7,855,849	8,330,474
Members' equity	3,122,850	3,057,120
Total liabilities and members' equity	$ 10,978,699	$ 11,387,594

See accompanying notes to consolidated financial statements

ATLANTA RETAILERS ASSOCIATION, LLC AND SUBSIDIARIES

Consolidated Statements of Income

	Year Ended December 31,	
	2023	2022
Total revenue	$ 5,791,281	$ 5,710,420
Operating expense		
General and administrative expenses	5,684,642	5,418,732
Total operating expense	5,684,642	5,418,732
Operating income	106,639	291,688
Other income (expense)		
Interest (expense)	(19,883)	(29,080)
Interest income	68,641	24,655
Other income	29,321	32,598
Total other income (expense)	78,079	28,173
Net income before taxes	184,718	319,861
Current taxes	(56,713)	(56,946)
Deferred taxes	17,922	(10,225)
Total taxes	(38,791)	(67,171)
Net income	$ 145,927	$ 252,690

See accompanying notes to consolidated financial statements

ATLANTA RETAILERS ASSOCIATION, LLC AND SUBSIDIARIES

Consolidated Statements of Changes in Members' Equity

For the Years Ended December 31, 2023 and 2022

Balance, December 31, 2021	$ 2,741,894
Prior period adjustments	62,536
Adjusted balance, December 31, 2021	2,804,430
Net income	252,690
Balance, December 31, 2022	3,057,120
Prior period adjustments	(80,197)
Adjusted balance, December 31, 2022	2,976,923
Net income	145,927
Balance, December 31, 2023	$ 3,122,850

See accompanying notes to consolidated financial statements

ATLANTA RETAILERS ASSOCIATION, LLC

Consolidated Statements of Cash Flows

	Year Ended December 31,	
	2023	2022
Cash flows from operating activities		
Net Income	$ 145,927	$ 252,690
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	82,444	36,134
Bad debt expense	-	69,697
Prior period adjustments	(80,197)	50,036
Changes in operating assets and liabilities:		
Accounts receivable	973,091	(316,025)
Prepaid expenses and other current assets	(61,297)	6,251
Accounts payable	75,512	1,843
Accrued liabilities	(88,235)	130,073
Undistributed rebates	(397,238)	(73,621)
Deferred tax assets (liabilities)	(17,922)	22,725
Member advocacy	8,220	26,555
Other current liabilities	-	(46,423)
Net cash provided by operating activities	640,305	159,935
Cash flows from investing activities		
Purchase of equipments	(139,131)	(3,368)
Net cash (used in) investing activities	(139,131)	(3,368)
Cash flows from financing activities		
Repayment of notes payable	(67,600)	(65,662)
Net cash (used in) investing activities	(67,600)	(65,662)
Increase in cash and cash equivalents	433,574	90,905
Cash and cash equivalents at beginning of year	4,301,370	4,210,465
Cash and cash equivalents at end of year	$ 4,734,944	$ 4,301,370
Supplemental disclosure		
Interest expense	$ 19,883	$ 29,080

See accompanying notes to consolidated financial statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Atlanta Retailers Association LLC ("ARA") was incorporated in December 1995 as a Limited Liability Company under the laws of the State of Georgia. ARA's primary objective is to foster the development and advancement of business enterprises for the US Ismaili community through education, information exchange, infrastructure development, and developing capabilities of members and associate members, and institutional development of members and associate members' business enterprises. ARA was not organized for profit; however, neither the IRS nor the State of Georgia granted ARA a non-for-profit status. Management of ARA is vested in the eleven members elected "Board of Directors." The primary members elect any vacant honorary director position in the annual general meeting.

Atlanta Retailers Association Properties, LLC ("ARAP") was formed in August 2010 as a Limited Liability Company in the State of Georgia. Atlanta Retailers Cooperative Association II, LLC ("ARCA"), a Georgia Limited Liability Company was created in January 2010. Platinum Business Alliance, LLC, ("PBA") was set up in February 2021 as a Limited Liability Company in the State of Georgia. The primary objective of PBA is to establish business relationships and negotiate volume pricing with vendors for its participants for a commercial buying club program.

ARAP, ARCA and PBA are all fully owned by members of ARA. The consolidated financial statements of Atlanta Retailers Association, LLC, and its Subsidiaries are hereinafter referred to as the "Company."

Nature of Operations

The Company's focus has been to serve its members and participants for a commercial buying club program, who manage, own, or operate gas stations and convenience stores in Georgia. The Company negotiates volume pricing, group discounts, and incentive programs with vendors and facilitates cooperative education and training for its members and participants for a commercial buying club program. The Board of Directors has appointed a team of management staff to handle the day to-day operations of the Company.

Basis of Consolidation

The consolidated financial statements of the Company include ARA and its wholly owned subsidiary, ARAP, ARCA and PBA. All significant intercompany account balances and transactions were eliminated in consolidation.

Method of Accounting

The accompanying consolidated financial statements have been prepared on the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The Accounting Standards Codification ("ASC") as produced by the Financial Accounting Standards Board ("FASB") is the sole source of authoritative U.S. GAAP.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates. Management believes these estimates and assumptions provide a reasonable basis for the fair presentation of the consolidated financial statements.

Revenue Recognition

The Company recognizes revenue from administrative support fees, advertising income, rental income and membership fees charged to its members.

Revenue from administrative support fees is recognized based on a portion of estimated rebate amounts due from vendors. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount. The estimated amounts are adjusted in subsequent periods when actual administrative support fees are determined by vendors. Revenue from advertising income, rental income and membership fees are recognized at the end of each month when earned.

Advertising

Advertising costs are included in general and administrative expenses in the accompanying consolidated financial statements and are expensed as incurred. Advertising expense for the years ended December 31, 2023, and 2022, was $427,655 and $464,985 respectively.

General and Administrative Expenses

General and administrative expenses represent expenses incurred to manage the business and primarily includes salary and wages, professional services, marketing, and meeting and event expenses. General and administrative costs are charged to expense as incurred.

Recent Accounting Pronouncements

In December 2019, the FASB issued *ASU 2019-12, Income Taxes* (Topic 740): Simplifying the Accounting for Income Taxes (ASU 2019-12), which is intended to simplify various areas related to the accounting for income taxes and improve consistent application of Topic 740. ASU 2019-12 is effective for annual reporting periods beginning after December 2021. The Company adopted this standard effective January 1, 2022. The adoption of this guidance did not have an impact on the consolidated financial statements as of the adoption date or for the years ended December 31, 2023, and 2022.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

The Company recognizes deferred tax assets and liabilities based on temporary differences between the financial reporting and tax bases of assets and liabilities using the enacted tax rates and laws that are expected to be in effect when the differences are expected to be recovered. The Company recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. See Note 13 "*Income Taxes and Deferred Taxes*" for further information.

The Company follows the provisions of uncertain tax positions as addressed in FASB Accounting Standards Codification 740-10. The Company recognized no liability for unrecognized tax benefit as management believes that all tax positions taken are certain. The Company has no tax position for the years ended December 31, 2023, and 2022, for which ultimate deductibility is highly certain, but for which there is uncertainty about the timing of such deductibility. Currently, the Company is not under income tax examination by any federal, state, or local tax authorities.

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Concentration of Credit Risk

The Company maintains cash and cash equivalents accounts with local banks. The amounts on deposit with these banks may exceed the federally insured limit of $250,000 from time to time. The Company has not incurred losses related to these balances to date.

Accounts Receivable

Accounts receivable include administrative support fees due from vendors under various rebate incentive programs. In addition, the balance includes other receivables related to vendor rebates that the Company collects on behalf of its members as pass-through rebates.

Accounts receivable and other receivables are reduced by an allowance for doubtful accounts that may become uncollectible in the future. Estimates are used in determining the allowance for doubtful accounts. The amount of the provision for doubtful accounts is based upon management's assessment of historical and expected net collections. As of December 31, 2023, and December 31, 2022, allowance for doubtful account was $69,697 and $69,697 respectively.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment

Property and equipment are carried at cost less accumulated depreciation. Depreciation for financial reporting purposes is provided using straight-line methods over the estimated useful lives of five to seven years. Building is depreciated over an estimated useful life of 39 years. Capital expenditures in excess of $500 are capitalized, while lesser amounts are charged to expense. Upon retirement and other disposal of property and equipment, the cost and related accumulated depreciation are removed from the respective accounts and any gains and losses are included in the results of operations.

The Company reviews the carrying value of property and equipment for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results, trends, and prospects, as well as the effects of obsolescence, demand, competition, and other economic factors. Based on this assessment, there was no impairment recorded as of December 31, 2023, and 2022.

Fair Value Measurements

ASC 820-10, *Fair Value Measurements*, establishes a framework for measuring fair value. This framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). ASC 820-10 applies to all financial instruments that are being measured and reported on a fair value basis.

As defined in ASC 820-10, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Company uses various methods, including market, income, and cost approaches. Based on these approaches, the Company often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Company utilized valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques the Company is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following categories:

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value Measurements (continued)

Level 1 – Quoted prices for identical assets and liabilities traded in active exchange markets.

Level 2 – Observable inputs other than Level 1 including quoted prices for similar assets and liabilities, quoted prices in less active markets, or other observable inputs that can be corroborated by observable market data.

Level 3 – Unobservable inputs supported by little or no market activity for financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgement or estimation; also includes observable inputs for nonbinding single dealer quotes not corroborated by observable market data.

The Company's financial instruments consist of cash, accounts receivable, accounts payable, and notes payable which are carried at cost, which approximates fair value, and a certificate of deposit which is carried at Level 1 fair value.

NOTE 2 – ACCOUNTS RECEIVABLE

Accounts receivable consist of the following at December 31, 2023 and 2022:

	December 31,	
	2023	2022
Accounts receivable	$ 2,306,198	$ 3,541,400
Other receivable	1,056,758	794,647
Total accounts receivable	3,362,956	4,336,047
Less: allowance for doubtful account	(69,697)	(69,697)
Accounts receivable, net	$ 3,293,259	$ 4,266,350

NOTE 3 – PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses consist of the following at December 31, 2023 and 2022:

	December 31,	
	2023	2022
Prepaid expense		
Prepaid insurance	$ 53,816	$ -
Federal tax deposits	16,211	-
Prepaid state taxes	54,523	19,771
Total prepaid expense	124,550	19,771
Other current assets		
Accured rent	49,092	92,574
Total prepaid expense and other current assets	$ 173,642	$ 112,345

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2023 and 2022:

	December 31,	
	2023	2022
Land	$ 1,913,238	$ 1,913,238
Building and improvements	1,277,288	1,271,412
Furniture and fixtures	189,746	76,441
Equipment	49,932	40,833
Sign board	15,102	15,102
Office renovation	10,850	-
Total property and equipment	3,456,156	3,317,026
Less: accumulated depreciation	(691,940)	(609,497)
Property and equipment, net	$ 2,764,216	$ 2,707,529

Depreciation expense for the years ended December 31, 2023, and 2022, was $82,444 and $36,134 respectively.

NOTE 5 – ACCRUED EXPENSES

Accrued expenses consist of the following at December 31, 2023 and 2022:

	December 31,	
	2023	2022
Federal income taxes	$ 67,942	$ 59,620
Accrued payroll	32,433	120,346
Other liabilities	24,672	15,966
Professional fees	-	17,350
Total accrued expenses	$ 125,047	$ 213,282

NOTE 6 – REBATE PAYABLE

The Company negotiates volume pricing, group discounts and other incentives with vendors on behalf of its members and participants for a commercial buying club program and receives rebates. All rebates pass-through to its members and participants. As of December 31, 2023, and 2022, rebate payable equaled $6,538,108 and $6,935,346, respectively.

NOTE 7 – OTHER CURRENT LIABILITIES

Other current liabilities consist of tenant security deposits. As of December 31, 2023, and 2022, other liabilities equaled $14,694 each year.

NOTE 8 – MEMBER ADVOCACY

The Company collects $25 from each member each year. These funds are administered by the Company for various member benefits as it acts, in substance, as an agent with regards to these contributions. The Company from time-to-time also contributes additional funds to this account. As of December 31, 2023, and 2022, the Company had a payable in this account of $231,420 and $223,200, respectively.

NOTE 9 – NOTES PAYABLE

In November 2016, the Company obtained a $900,000 loan from a financial institution, which bears interest at 3% per annum. Total interest on this loan for the years ended December 31, 2023, and 2022, was $19,883 and $21,066 respectively. As of December 31, 2023, and 2022, the outstanding balance on this loan was $641,023 and $681,072.

NOTE 9 – NOTES PAYABLE (continued)

In April 2021, the Company obtained a $300,000, 10-year loan from a financial institution, which bears interest at 3% per annum. Total interest on this loan for the years ended December 31, 2023, and 2022, was $7,259 and $8,014. As of December 31, 2023, and 2022, the outstanding balance on this loan was $224,953 and $252,504.

Future minimum payments in excess of one year as of December 31, 2023, for notes payable, were as follows:

Year Ending December 31,	
2024	$ 69,777
2025	73,603
2026	75,842
2027	78,149
2028 and thereafter	568,605
	$ 865,976

NOTE 10 – INCOME TAXES AND DEFERRED TAXES

The provision for income tax expense (benefit) consists of the following for the years ended December 31, 2023, and 2022:

	Year Ended December 31,	
	2023	2022
Current	$ 56,713	$ 56,946
Deferred tax benefit	(17,922)	10,225
	$ 38,791	$ 67,171

NOTE 10 – INCOME TAXES AND DEFERRED TAXES (continued)

A reconciliation of the federal income tax expense (benefits) using a U.S. Federal corporate rate of 21% to tax expense for the years ended December 31, 2023, and 2022, is as follows:

	Year Ended December 31,	
	2023	2022
Income before income taxes	$ 184,718	$ 319,861
Statutory rate	21%	21%
	38,791	67,171
Valuation allowance	-	-
Provision at the statutory tax rate	$ 38,791	$ 67,171

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The major temporary differences that give rise to the deferred tax assets and liabilities as of December 31, 2023, and 2022, are as follows:

	December 31,	
	2023	2022
Deferred tax assets:		
Donation	$ 36,802	$ 18,880
Total deferred tax assets	36,802	18,880
Deferred tax liabilities:		
Property and equipment	24,164	24,164
Total deferred tax liabilities	24,164	24,164
Net deferred tax assets	12,638	(5,284)
	$ 12,638	$ (5,284)

NOTE 11 – PRIOR PERIOD ADJUSTMENTS

In 2023 and 2022, a net prior period adjustment of $80,197 and $62,536 was made to account for accrued rent, revenue, administrative support income, deferred tax liabilities and rental income.

NOTE 12 – SUBSEQUENT EVENTS

The Company has evaluated subsequent events and transactions through March 14, 2024, and which is the date these consolidated financial statements were available for issuance. There were no subsequent events requiring recognition or disclosure in its financial statements as of and for the year ended December 31, 2023.