

The part that explains the numbers rather than repeating them.

ILLUSTRATIVE SAMPLE • NOT A CLIENT FILE

WHY YOU ARE SEEING NOTES AND NOT STATEMENTS

An assurance client's financial statements are theirs, and a firm willing to publish one has told every other client what it would do with theirs. So the statements stay where they belong. The notes show the work — how revenue is recognized, what is concentrated, what is related-party, what happened after the year closed — which is where a reader who knows what they are looking at can actually judge a firm.

NOTES TO THE FINANCIAL STATEMENTS

Years ended December 31, 2026 and 2025

1 Nature of operations and basis of presentation

Atlantic Range Marine LLC (the Company) is a Florida limited liability company engaged in the repair, refit and seasonal storage of recreational vessels from a leased yard in Miami-Dade County. Substantially all customers are located in South Florida.

These financial statements have been prepared on the accrual basis of accounting used for federal income tax purposes, which is a basis of accounting other than accounting principles generally accepted in the United States of America. That basis differs from GAAP principally in that depreciation is recorded using methods and lives permitted by the Internal Revenue Code, and certain accruals that GAAP would require are recognized when deductible rather than when incurred.

2 Revenue recognition

Repair and refit work is performed under written work orders that authorize a scope and a price. The Company recognizes revenue as the work is completed and the vessel is released, which is the point at which the customer obtains control and the Company has an unconditional right to payment.

Deposits collected before work begins are recorded as a liability and are not recognized in income until the related work is performed. At year end, deposits on vessels still in the yard were \$214,800 (2025: \$186,300) and are presented in customer deposits.

Seasonal storage is billed in advance and recognized ratably over the storage period. Amounts billed and not yet earned are presented in deferred revenue.

3 Inventory

Parts and materials are stated at the lower of cost or net realizable value, cost being determined on a first-in, first-out basis. A physical count is taken at year end and reconciled to the perpetual records; differences are charged to cost of sales in the period identified.

Materials purchased for a specific work order and not yet consumed are carried in work in process rather than in parts inventory, and are relieved as the work order is completed.

4 **Concentrations**

Two customers accounted for 31% of revenue in 2026 (2025: one customer, 22%). The loss of either would have a material effect on operations.

The Company maintains its cash in one financial institution. Balances at times exceed federally insured limits. The Company has not experienced a loss on these balances.

5 **Lease commitments**

The Company leases its yard and travel-lift under an operating lease expiring in March 2029, with one five-year renewal option at then-prevailing rates. Base rent escalates 3% annually. Rent expense was \$486,000 for the year (2025: \$472,000).

Future minimum payments are \$500,600 in 2027, \$515,600 in 2028 and \$131,400 in 2029.

6 **Related party transactions**

The yard is leased from an entity under common ownership with the Company's members. Management represents that the terms are comparable to those available from unrelated parties; no independent appraisal was obtained.

A member advanced \$120,000 to the Company during the year. The advance is unsecured, bears no stated interest and has no fixed repayment date. It is classified as a long-term liability because the member has represented that repayment will not be demanded within the next twelve months.

7 **Income taxes**

The Company is treated as a partnership for federal income tax purposes. Income and losses pass through to the members and no federal income tax provision is recorded. The Company is subject to the Florida corporate income tax only in respect of any member that is itself a corporation; no such member existed during either year presented.

The Company's federal returns for 2023 through 2026 remain subject to examination.

8 **Subsequent events**

Management has evaluated subsequent events through the date the financial statements were available to be issued.

In February 2027 the Company entered into a purchase commitment for a replacement travel-lift at a cost of \$780,000, with delivery expected in the fourth quarter of 2027. Financing has been discussed with the Company's lender but no agreement has been executed.

PPZ Assurance & Advisory LLC · Prepared on the income-tax basis · See accompanying report