THE MONARCH AT ROYAL HIGHLANDS, INC

Leesburg, Florida

ANNUAL FINANCIAL REPORT

Years Ended September 30, 2024 and 2023

TABLE OF CONTENTS

WOLCOWITZ & ASSOCIATES CPA P.A.

4076 EAST STATE RD 44, WILDWOOD FL 34785

PH: (352) 561-1040

To the Board of Directors
The Monarch at Royal Highlands, Inc.
Leesburg, Florida

We have reviewed the accompanying financial statements of The Monarch at Royal Highlands, Inc, (a Florida corporation) which comprise the balance sheets as of September 30, 2024 and 2023, and the related statements of operations, changes in equity and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries with company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

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

Accountant's Responsibility

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

Accountant's Conclusion

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

Signature

Moshe Wolcowitz

Moshe Wolcowitz, CPA

The Monarch at Royal Highlands, Inc.
Balance Sheets
September 30, 2024 and 2023

	2024	2023
ASSETS		
Current Assets		
Cash and Cash Equivalents	$349,868	$359,980
Member Accounts Receivable	$74,350	$120,893
Inventories	$49,809	$51,077
Prepaid Expenses	$3,991	$75
Total Current Assets	$478,018	$532,025
Property and Equipment (Net)	$1,885,049	$1,555,673
Other Assets		
Deposits	$3,000	$3,000
Loan Costs (Net)	$530	$2,230
Total Other Assets	$3,530	$5,230
TOTAL ASSETS	$2,366,597	$2,092,928
LIABILITIES & EQUITY		
Current Liabilities		
Accounts Payable and accrued Liab	$12,211	$95,386
Deferred Membership Dues	$56,677	$56,677
Current Portion, capital lease	$690	$690
Total Current Liabilities	$69,578	$152,753
Long Term Liabilities		
Long Term debt, less current portion	$1,005,584	$706,225
Total Long-term Liabilities	$1,005,584	$706,225
TOTAL LIABILITIES	$1,075,162	$858,978
Stockholders' Equity		
Common Stock $1 par, 500 shares authorized 270 issued	$270	$267
Paid-in capital in excess par	$1,227,539	$1,202,428
Accumulated Deficit	$63,626	$31,256
TOTAL STOCKHOLDERS' EQUITY	$1,291,435	$1,233,951
TOTAL LIABILITIES & EQUITY	$2,366,597	$2,092,929

The Monarch at Royal Highlands, Inc.
Statement of Operations
Years Ended September 30, 2024 and 2023

	2024	2023
Revenues		
Food & Beverage Sales	$663,660	$732,784
Member Dues & Fees	$745,944	$737,200
Guest and Play Revenues	$518,254	$566,180
Merchandise Sales	$71,345	$65,245
Total Income	$1,999,204	$2,101,409
Cost of Revenues Earned		
Merchandise	$52,901	$48,894
Food & Beverage	$271,397	$276,396
Total Cost of Revenues Earned	$324,298	$325,290
Gross Profit	$1,674,906	$1,776,119
Operating Expenses		
Salaries and wages	$767,285	$804,280
Depreciation and Amortization	$172,935	$134,578
Supplies	$245,295	$286,568
Other Operating Costs	$435,006	$472,799
Total Operating Expenses	$1,620,521	$1,698,225
Operating Income	$54,385	$77,894
Other Income & Expenses		
Other Income & Expenses	-$2,970	$2,180
Interest Income	$19,966	$14,752
Gain on sale of assets	$3379	-$962
Interest expense	-$42,724	-$38,105
Total Other Income & Expenses	-$22,349	-$22,135
Net Income	$32,036	$55,759

The Monarch at Royal Highlands, Inc.
Statements of Changes in Equity
Years Ended September 30, 2024 and 2023

	Common Stock	Paid-in Capital in Excess of Par	Accumulated Deficit	Total
Balance, September 30, 2022	253	$1,180,133	($24,509)	$1,155,877
Shares issued for cash	14			$14
Contributions		$22,295		$22,295
Net Income			$55,759	$55,759
Balance, September 30, 2023	267	$1,202,428	$31,250	$1,233,945
Shares issued for cash	3			$3
Contributions		$25,111		$25,111
Net Income			$55,759	$55,759
Balance, September 30, 2024	270	$1,227,539	$87,009	$1,314,818

The Monarch at Royal Highlands, Inc
Statements of Cash Flows
Years Ended September 30, 2024 and 2023

	2024	2023
Operating Activities		
Cash received from members and guest	$1,999,203.86	$2,101,409.00
Other Income	($2,970.00)	$2,180.00
Interest Received	$19,966.23	$14,752.00
Cash paid to suppliers	($324,297.79)	($324,290.00)
Cash paid for operating expenses	($1,447,586.00)	($1,563,647.00)
Interest Paid	($42,724.00)	($38,105.00)
Net Cash Provided by Operating Activities	$201,592.30	$192,299.00
Cash Flows From Investing Activities		
Acquisition of Property and Equipment	($474,266.00)	($89,867.00)
Net Cash Used in Investing Activities	($474,266.00)	($89,867.00)
Cash Flows from Financing Activities		
Contributions	$25,111.00	$22,295.00
Principal payments on long-term debt	$299,359.00	($109,650.96)
Borrowing under capital lease purchase		
Payments on capital lease obligations	$0.00	($7,115.39)
Net Cash Provided (Used) in Financing Activities	$324,470.00	($94,471.35)
Net Increase (Decrease) in Cash and Cash Equivalents	$51,796.30	$7,960.65
Cash and Cash Equivalents, Beginning of Year	$345,840.32	$337,879.67
Cash and Cash Equivalents, End of Year	$397,636.62	$345,840.32
Reconciliation of Consolidated Net Income (Loss) to Net Cash Provided by Operating Activities		
Net Income	$32,035.79	$55,759.00
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	$172,935.00	$134,579.00
(Gain)/Loss on disposition of fixed assets	$3,379.00	
Changes in assets and liabilities affecting operations:		
Member and related party receivables	-$46,543.02	-$13,141.00
Inventories	$1,268.00	$5,073.00
Prepaid assets and other	($2,216.00)	$5,554.00
Accounts payable and accrued liabilities	$40,733.53	$4,475.00
Deferred membership dues	$0.00	$0.00
Net Cash Provided by Operating Activities	$201,592.30	$192,299.00

THE MONARCH OF ROYAL HIGHLANDS, INC.
Leesburg, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

1. **Nature of business and summary of significant accounting policies:**

Nature of business - The Monarch at Royal Highlands, Inc, (the Company) is a Florida corporation, organized in December 2004 to acquire the assets of an existing golf course. The entity operates an eighteen-hole golf course and restaurant located in Leesburg, Florida. The facility is privately owned for the use of members and guests and is also open to the public.

Cash and cash equivalents - The Company maintains cash balances in financial institutions. The Company considers all highly liquid investments with original maturity of three months or less to be cash equivalents. Cash and cash equivalents may exceed the amount insured by the Federal Deposit Insurance Corporation (FDIC) at various times during the year. The Company has not experienced any losses related to these balances. The Company did not have any cash balances in excess of FDIC insurance limits as of September 30, 2024 and 2023.

Member accounts receivable - Member accounts receivable consists of the subsequent month's club membership dues and the members' prior month food and beverage balances, net of the allowance for doubtful accounts. Member accounts receivables are written off when they are determined to be uncollectible by management. The allowance for doubtful accounts is estimated based on the Company's historical losses, the existing economic conditions, and the financial stability of its members. There was no allowance for doubtful accounts as of September 30, 2024 and 2023.

Inventories - Food, beverage and merchandise are stated at the lower of cost or market using the first-in, first-out method.

Loan costs - Loan costs consist of fees associated with long-term financing obtained for the purchase of property and equipment, net of accumulated amortization. The costs are amortized over the terms of the loans, which are 5 to 12 years.

Property and equipment - Property and equipment are stated at cost. Additions, improvements, and expenditures that significantly extend the useful life of an asset are capitalized as incurred. Other expenditures for repairs and maintenance are charged to operations as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows: land improvements - 15 years; buildings and improvements - 10 to 40 years; furniture and equipment - 5 to 7 years. Accelerated depreciation methods are used for tax purposes. The capitalized leases are being amortized over the term of the leases on a straight-line basis.

Revenues - The Company derives its revenues primarily from the fees paid to use the golf course and restaurant sales. Course fees are billed monthly for members and at time of play for non-members. Revenues are recognized when billed and the Company's obligation is met by providing use of the golf course for the month or day. Restaurant revenues are recognized upon the sale of the food and beverages. The Company does not have any significant financing components, since payment is received at or shortly after the point of sale.

Use of estimates-The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts anddisclosures. Actual results could differ from those estimates.

Income taxes- The Company accounts for income taxes in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740, Income Taxes, which requires the recognition of deferred income taxes for differences between the basis of assets and liabilities for financial statement and income tax purposes. Deferred tax assets and liabilities represent the future tax consequences for those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. The Company has net operating losses to be carried forward in the amount of $289,773 as of September 30, 2024. Due to uncertainty with the Company's ability to consistently generate net income in future periods, no deferred tax asset has been recorded.

The Company's tax filings are subject to audit by various taxing authorities. The Company's open audit periodsare 2021-2023 (a three-year period).

1. Inventories

Inventories as of September 30, 2024 and 2023 are as follows:

	2024	2023
Food and Beverages	$ 13,232.69	$ 20,873.20
Pro-shop merchandise	$ 36,576.20	$ 30,204.17
Total	$ 49,808.89	$ 51,077.37

2. Property & Equipment

Property and Equipment as of September 30, 2024 and 2023 are as follows:

	2024	2023
Land	$500,000.00	$500,000.00
Land Improvements	$1,608,181.55	$1,597,296.24
Building & Improvements	$951,398.74	$951,398.74
Furniture and Equipment	$1,181,999.45	$696,153.02
	$4,241,579.74	$3,744,848.00
Less Accumulated Depreciation	($2,356,531.15)	($2,189,175.00)
Net Property & Equipment	$1,885,048.59	$1,555,673.00

Depreciation expense for the years ended September 30, 2024 and 2023 were $170,735 and $133,198.

3. Loan and organization costs

Loan and organization costs were $79,930 as of September 30, 2023 and 2022. The amortization expense was $2,200 in 2024 and $1,723 in 2023. Accumulated amortization as of September 30, 2024 was $71,473.

4. Long-term debt

The company is obligated under long-term debt as of September 30,2023 and 2022 as follows:

	2024	2023
Note payable to individual, monthly payments of principal and interest of $2,191 at 6% per annum. Maturity date is February 2027. There is no collateral for this loan.	$59,037.89	$81,051.76
Note payable to bank, monthly payments of principal and interest of $10,101 at 4.8% per annum. Maturity date is September 2024. The debt is secured by all real estate owned by the Company		$625,173.13
Note payable to bank, monthly payments of principal and interest of $6,216 at 7.9% per annum. Maturity date is September 2031. The debt is secured by all real estate owned by the Company	$650,000.00	
Note payable to 24 investors, monthly payments totalling $4,709 at an average of 6% per annum. Maturity date December 2030. There is no collateral for the loan.	$322,000.00	
Less current portion	-$157,392.00	-$147,504.00
Long-term debt, less current portion	$873,645.89	$558,720.89

5. Events occurring after the reporting date:

Management has evaluated events and transactions that occurred between October 1, 2024 and August 30, 2025 which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements. The Company's management has determined that no subsequent events exist.