



Control Number: 46948



Item Number: 5

Addendum StartPage: 0



Wet Rock Groundwater Services, L.L.C.

Groundwater Specialists

TBPG Firm No: 50038

317 Ranch Road 620 South, Suite 203

Austin, Texas 78734 • Ph: 512-773-3226

www.wetrockgs.com

RECEIVED

2017 APR 17 AM 9:46

PUBLIC UTILITY COMMISSION
FILING CLERK

April 13, 2017

Public Utility Commission
Water Utilities Division
1701 N. Congress Avenue
P. O. Box 13326
Austin, Texas 78711-3326

Re: Vineyard Ridge, LLC CCN Application - Docket No. 46948

Mr. Bednarski and Mr. Harris:

This letter and the attachments provide supplemental information Vineyard Ridge, LLC CCN Application (Docket No. 46948). The list below provides an explanation for the attached supplemental information:

- Attachment No. 1 provides an updated Organization Chart for Vineyard Ridge, LLC and the various National Land Partner LLCs. The various National Land Partners (NLP) corporations are all controlled and managed by American Land Partners, Inc. (ALP). While ALP creates new limited liability corporations for various development projects, the NLP corporations are all linked via the ALP team (see org. chart in Attachment 1). The NLP corporations aid in funding projects such as Vineyard Ridge, LLC therefore will be providing some funds to construct the public water system that will serve the development. Vineyard Ridge, LLC is responsible for the construction of the water system, approval of the system by TCEQ, and obtaining the CCN.
- The plans and specifications for the public water system have been submitted to the TCEQ and are filed under plan review number P-03312017-204. Attachment 2 provides the professional engineer sealed covers of the submittals and printouts from the TCEQ plan review website that shows the log number.
- Attachment 3 provides documentation showing a recent list of developments completed by the National Land Partners corporations in the same general area of Vineyard Ridge, LLC. The documents show Mr. Davy Roberts' (Regional Manager of Vineyard Ridge, LLC) ability and track record of land sales in the area. This information supports the time line in the financial documents to sell property in the outlined time frame. At this time, property sales at Vineyard Ridge, LLC has not yet begun, therefore no lots have been sold.
- Attachment 4 provides an updated business plan and financial projections showing the financial ability of Vineyard Ridge, LLC to operate the proposed water system for five years after construction. In addition, a map is provided showing estimated timelines for construction.

5

- Attachment 5 provides recent balance sheets and income statements for Vineyard Ridge, LLC.
- Attachment 6 provides financial statements for National Land Partners Holdings, LLC.

In addition to the attachments, digital data of the proposed area is being provided in a different coordinate system to aid with any possible projection issues. The new data is projected in NAD1927 Texas Statewide Mapping System (International Feet).

Please call me at 512-906-6291 if you have any questions or require additional information.

Respectfully submitted,
Wet Rock Groundwater Services, L.L.C.



Bryan Boyd, P.G.
Senior Hydrogeologist



Attachment 1

Organization Chart

National Land Partners Holdings, LLC

Manager: American Land Partners, Inc.

National Land Partners, LLC
Manager: American Land Partners, Inc.

National Land Partners II, LLC
Manager: American Land Partners, Inc.

National Land Partners III, LLC
Manager: American Land Partners, Inc.

Vineyard Ridge, LLC
Manager: American Land Partners, Inc.

List of Officers & Employees of American Land Partners, Inc as of 04/11/17:

President – Harry S. Patten
Vice President – Alan L. Murray
Treasurer – Timothy D. Smith
Secretary – Michelle Manners
Assistant Secretary – Tracy Desautels

Vineyard Ridge, LLC List of Employees & Contracted Employees as of 04/11/17:

Davy Roberts – Regional Manager
Price Keever – Sales Manager
Brent Taylor – Contracted Water Plant Operator
(Spicewood Utility Services, LLC)

Attachment 2

Public Water System Submittal Documents

**Vineyard Ridge Subdivision
160 Lot Single Family Development
Gillespie County, Texas**



**M.H. Job No. 2790.00
March 2017**

Engineering Report for a Public Water System

March 31, 2017

Texas Commission on Environmental Quality (TCEQ)
C/o Mrs. Vera Poe, P.E.
P.O. Box 13087
Austin, Texas 78711-3087



Re: Vineyard Ridge
Engineering Report for a Public Water System

Mrs. Poe:

Our office has been contracted by Vineyard Ridge, LLC to obtain TCEQ approval for a new public water supply system based upon the requirements of Title 30 Texas Administrative Code (TAC) Chapter 290. This Engineering Report will provide a detailed explanation of the proposed project to include the production and distribution facilities. The proposed plans and specifications for the wells will be submitted separately by Southwest Engineers, Inc.

If you have any questions or require additional information please feel free to contact me.

Sincerely,
Matkin Hoover Engineering & Surveying
TBPE Firm Registration No. F-4512

A handwritten signature in black ink, appearing to read 'A. Neumann'.

Aaron Neumann, P.E.
Project Manager



SOUTHWEST ENGINEERS

Civil | Environmental | Land Development

TBPE NO. F-1909

www.swengineers.com

307 St. Lawrence Street, Gonzales, TX 78629

P: 830.672.7546 F: 830.672.2034

April 4, 2017

Ms. Vera Poe, P.E.
Texas Commission on Environmental Quality
Utilities Technical Review Team
Water Supply Division, MC 159
P. O. Box 13087
Austin, Texas 78711-3087

RE: Vineyard Ridge Subdivision Water System
PWS ID #TX6001111
Plan Review Log # P-03312017-204
Water Wells No. 1 and 2
Gillespie County
SWE Project No. 0338-071-17

Dear Ms. Poe:

Submitted herewith is one (1) set of specifications with bound plans for the Vineyard Ridge Subdivision Water System Wells No. 1 and 2. The Vineyard Ridge Subdivision Water System is a new Public Supply System. Plans and specifications including information required for new systems have been submitted under a separate submittal by Matkin-Hoover. These plans and specifications only include the two (2) proposed water wells for the system. Also enclosed is the Public Water System Plan Review Submittal Form and Checklist for Proposed Public Water Supply Well. A short Design Report showing need is also enclosed.

The Vineyard Ridge Subdivision Water System will be supplied entirely by groundwater. The proposed wells are intended to provide the necessary supply to the system.

A copy of the portion of a USGS map locating the well is enclosed along with a General Location Map.

The area around the proposed wells is undeveloped residential properties within a subdivision. There are no known abandoned or inoperative wells located within ¼ mile of the proposed well.

There are no tile or concrete sanitary sewers, sewerage appurtenances, septic tanks, storm, cemeteries or livestock in pastures within 50 feet of the proposed wells.

There are no evidence of septic tank perforated drainfields, areas irrigated by low dosage, low angle spray on-site sewage facilities, absorption beds, evapotranspiration beds, water wells that do not meet Public Drinking Water Standards or underground fuel or petrochemical storage tanks or pipelines within 150 feet of the proposed wells.

There are no sewage wet wells, sewage lift stations or drainage ditches containing industrial waste or sewage treatment waste within 300 feet of the proposed wells.

There are no sewage treatment plants, livestock and animal feed lots, solid waste disposal sites, lands on which sewage plant or septic tank sludge is applied or lands irrigated by sewage plant effluent within 500 feet of the proposed wells.

The specifications address requirements for minimizing contamination of the underground water during the drilling operation including equipment, water, pits, toilets and securing of sites.

The specification addresses the well disinfection as part of the cleanup and development.

The proposed well sites are located above the 100 year flood plain and surface runoff per FEMA Map #48171C0325C & 0350C enclosed.

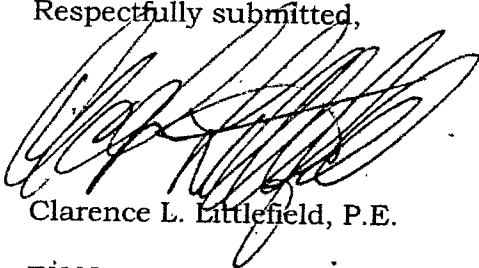
The wells will be located within a secured eight foot (8') privacy fence to be built by the owner. Construction on the site will include building all-weather roads for well access.

Also enclosed is a Warranty Deed recorded with Gillespie County that shows Vineyard Ridge, LLC, as the sole owner of the 660 Acres where the proposed wells will be located. In addition, plat documents are included showing the proposed locations for Wells No. 1 and 2. There are also two (2) other designated well sites which could be used for future wells should additional supply be needed.

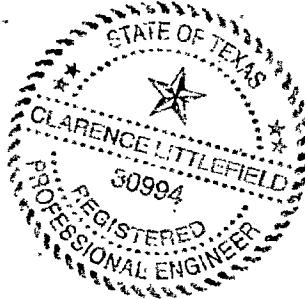
Please find seven (7) DRAT Sanitary Control Easements for properties within a 150 foot radius of Well No. 1 and Well No. 2 (Vineyard Ridge, LLC) (Well No. 1 - Lot No. 111; Well No. 1 - Lot No. 112; Well No. 2 - Lot No. 101; Well No. 2 - Lot No. 102; Well No. 2 - Lot No. 103; Well No. 2 - Lot No. 160 and Well No. 2 - Thriving Oak Drive). The wells will be located on easements that are included in the plat documents. Recorded sanitary control easements and the documentation showing the well access easements will be provided within the final submittal to TCEQ to acquire interim approval.

Your review with comments will be appreciated. Please call me if you have any questions or require additional information.

Respectfully submitted,



Clarence L. Littlefield, P.E.



The seal appearing on this document was authorized by Clarence Littlefield, P.E. (Texas Serial #30994) on the date indicated. Alteration of this sealed document without proper notification to the responsible engineer is an offense under the Texas Engineering Practice Act.

ENCL.

cc: Mr. Davy Roberts - Vineyard Ridge, LLC

TCEQ PUBLIC WATER SYSTEM PLAN REVIEW SUBMITTAL FORM

(Complete, Seal and Attach to Submittal Package)

WATER SYSTEM INFORMATION

Date: April 4, 2017

TCEQ PWS Identification No.:
(Facilities will be assigned this PWS No.)

TX0001111

Water System Name:

Vineyard Ridge Subdivision (new system)

OWNER INFORMATION

Water System Owner:

Vineyard Ridge, LLC

Address:

14246 E. US Hwy 290, Stonewall, TX 76077

(AC) Phone:

(800) 245-0214

Responsible Official:

Dave Roberts

Title:

Manager

County (System Location):

Gillespie

Mechanism & Source of Financing: (i.e. loans, rates, self-financed, etc.)

Self

Subdivision Sec., Phase, Unit, Etc.

Vineyard Ridge Subdivision

ENGINEER INFORMATION

Engineer Name:

Clarence L. Blitchfield, P.E.

Registration No.:

30594

Firm Name:

Southwest Engineers, Inc.

Firm No.:

1909

(AC) Phone:

(830) 672-7546

(AC) Fax:

(830) 672-8034

Firm Address:

307 St. Lawrence Street, Gonzales, Texas 78629

SUBMITTAL INFORMATION

Is this submittal for a new public water system?

YES ☒ NO ☐

If no, proceed to the *Project Information* section on Page 2. If no PWS number exists, the owner must submit a core data form and business plan, if required, in accordance with §290.39(f) and (g).

NEW (PROPOSED) WATER SYSTEMS

(Only complete this section if this submittal is for a NEW water system)

For new (proposed) system submittals, please provide 2 copies of the submittal and attach the following: **Submitted with water system plans, plan review number is P-03312017-204**

- | | | |
|-------------------------------------|--|--|
| <input checked="" type="checkbox"/> | A list of all water utilities within ½ mile of the proposed service area boundaries (reference 30 TAC 290.39(c)(1)) | |
| <input checked="" type="checkbox"/> | Copies of written responses from each of the entities listed above (reference 30 TAC 290.39(c)(1)) | |
| <input checked="" type="checkbox"/> | Copies of formal applications for service from each of the following (reference 30 TAC 290.39(c)(1)) : | |
| <input checked="" type="checkbox"/> | Any municipality if the system is within its ETJ | |
| <input checked="" type="checkbox"/> | Any district or other political subdivision whose corporate boundaries are within ½ mile of the proposed service area boundaries | |
| <input checked="" type="checkbox"/> | Any other water service provider whose certificated service area boundary is within ½ mile of the proposed service area boundaries | |
| <input checked="" type="checkbox"/> | Documentation that all application requirements, including fee payments, are current. Submitted with water system plans | |

TCEQ PUBLIC WATER SYSTEM PLAN REVIEW SUBMITTAL FORM

(Complete, Seal and Attach to Submittal Package)

<input type="checkbox"/>	Business plan: Please complete the financial ability form, provide a cost summary for the proposed project, and submit a business plan (reference 30 TAC 290.39 (f)). The business plan must confirm capital available to construct the system according to TCEQ requirements. Acceptable financial information can include some of the following: Submitted with water system plans Financial statements (preferably audited), CPA compilation report, tax returns, statements of net worth, bank statements. If the project is being funded with loan proceeds, provide a loan commitment letter from the lender specific to this project.
<input type="checkbox"/>	If the plan submittal is for a community system, also provide a copy of the Certificate of Convenience and Necessity (CCN) application submitted to the Public Utility Commission of Texas (PUC), and complete items referenced in 30 TAC 290.39 (f) (1 - 13).
<input type="checkbox"/>	Justification for constructing a separate system (if one of the entities listed above is willing to provide service) Submitted with water system plans
<input type="checkbox"/>	TCEQ Core Data Form (No. 10400) Submitted with water system plans
<input type="checkbox"/>	Emergency Preparedness Plan (No. 20536) if serving water in Harris or Fort Bend Counties and have overnight accommodations

CERTIFICATE OF CONVENIENCE AND NECESSITY (CCN)

Certificates of Convenience and Necessity (CCN) applications are processed by the Public Utility Commission of Texas (PUC) and are required for privately owned systems and water supply corporations. If a CCN is required and a CCN does not exist, the applicant must obtain a CCN number or have the application accepted for filing at the PUC before a PWS project submittal can be technically reviewed. In addition, if a submittal is for a project located outside the CCN area, a CCN amendment application must be submitted before a project may be reviewed for construction approval. Please refer to PUC for additional information at: <http://www.puc.texas.gov/industry/water/guidance/UtilRulesGuidance.aspx>.

Will the proposed PWS be owned by either an investor owned utility (IOU) or water supply corporation (WSC)? If yes, please indicate which type of entity IOU

YES: ☒ NO: ☐

Has a CCN application been submitted to the PUC? If yes, please provide the date of acceptance **Yes, CCN documents were submitted on March 15, 2017 under docket no. 46948**

YES: ☒ NO: ☐

List the name, license number and class of the operator for the proposed system:

Brent Taylor - WG0011196

PROJECT INFORMATION

If a system does NOT have a PWS number, the sections above must be filled out

All engineering documents must be sealed, signed, and dated by a Texas registered professional engineer. An engineering report that includes the number of connections to be served must accompany each project. Please check each box that is applicable.

If this submittal is a revision of previously submitted plans, please provide the assigned TCEQ log number:

New Projects/Facilities

Modifications to Existing Facilities

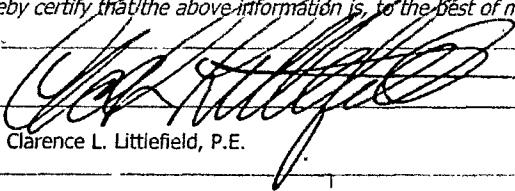
<input checked="" type="checkbox"/>	Water well construction - Proposed	<input type="checkbox"/>	Surface water treatment plant modifications
<input type="checkbox"/>	Well completion data for approved well	<input type="checkbox"/>	Storage capacity modifications
<input type="checkbox"/>	Ground water treatment plant - New	<input type="checkbox"/>	Distribution system modifications
<input type="checkbox"/>	Surface water treatment plant - New	<input type="checkbox"/>	Pressure maintenance facilities modifications
<input type="checkbox"/>	Proposed Innovative/Alternative Treatment	<input type="checkbox"/>	Disinfection facilities or other modifications
<input type="checkbox"/>	Request for rule exception	<input type="checkbox"/>	
<input type="checkbox"/>	Preliminary engineering report without plans		
<input type="checkbox"/>	Texas Water Development Board Project No.:		
<input type="checkbox"/>	As-Built Plans & Engineering Report		
<input type="checkbox"/>	Other (please describe):	Water Wells No. 1 and 2	

TCEQ PUBLIC WATER SYSTEM PLAN REVIEW SUBMITTAL FORM
(Complete, Seal and Attach to Submittal Package)

SIGNATURE AND CERTIFICATION

The following certification indicates I have the authority to make submittals on behalf of the PWS referenced on Page 1. I hereby certify that the above information is, to the best of my knowledge, true and correct:

Engineer's Signature:



Engineer's Printed Name: Clarence L. Littlefield, P.E.

Date: April 4, 2017

Please call (512) 239-4691 if you have questions regarding this form. Your cooperation will help us provide better service. Additional helpful information and rules are available at the Public Water System Plan Review website.

Signature/P.E. Seal Required below:



The seal appearing on this document was authorized by Clarence Littlefield, P.E. (Texas Serial #30994) on the date indicated. Alteration of this sealed document without proper notification to the responsible engineer is an offense under the Texas Engineering Practice Act.

04/13/2017
2:29:04PM**Texas Commission on Environmental Quality**
Water System Plan Review

ERPT0023

Our reviews are based upon the requirements in the TCEQ's "Rules and Regulations For Public Water Systems", 30 TAC Chapter 290.38 through 290.47. You can [view/download these rules online](#) [\[external\]](#). You can also download any of our [checklists for well construction](#).

The table below lists all plans that have either: (1) not been picked up for review, or (2) are currently under review. They are listed alphabetically by project name. Please refer to the log number for your project when inquiring about its status.

Current Processing time: approximately 60 calendar days
Pending Review Count: 384

System Name	PWS ID	Log Number	Reviewer	Office Phone	Date Received	Estimated Review Date
1300 ALDINE MAIL ROUTE OFFICE PARK	1011354	<u>P-04102017-061</u>	NOT YET ASSIGNED	(512)239-4723	04/10/2017	Jun 09, 2017
3H FARMS	1700835	<u>P-04072017-051</u>	NOT YET ASSIGNED	(512)239-4723	04/07/2017	Jun 06, 2017
529 COMMERCE PARK	1013504	<u>P-03152017-097</u>	DAVID SMITH	512-239-4703	03/15/2017	May 14, 2017
ALTSTADT RESTAURANT & BREWERY	0860129	<u>P-03032017-016</u>	BRIAN DICKEY	(512)239-0963	03/03/2017	May 02, 2017
ARKANSAS BEND COUNTY PARK	6001111	<u>P-02072017-041</u>	DAVID YAGER		02/07/2017	Apr 08, 2017
AURORA VISTA	2490051	<u>P-03032017-016</u>	CRAIG STOWELL	(512)239-4633	03/03/2017	May 02, 2017
AUSTIN COUNTY WSC 4	0080043	<u>P-04102017-058</u>	NOT YET ASSIGNED	(512)239-4723	04/10/2017	Jun 09, 2017
BANDERA COUNTY FWSD 1	0100011	<u>P-03272017-187</u>	DAVID SMITH	512-239-4703	03/27/2017	May 26, 2017
BATTLEGROUND OIL SPECIALTY TERMINAL COMPANY	1013509	<u>P-03062017-039</u>	BRIAN DICKEY	(512)239-0963	03/06/2017	May 05, 2017
BAUER RANCH SUBDIVISION	1013526	<u>P-03132017-176</u>	PRITESH TRIPATHI	(512)239-3794	03/13/2017	May 12, 2017
BAYRIDGE SUBDIVISION WATER SYSTEM	0360028	<u>P-04032017-008</u>	PRITESH TRIPATHI	(512)239-3794	04/03/2017	Jun 02, 2017
BAYTOWN AREA WATER AUTHORITY	1011742	<u>P-04102017-055</u>	NOT YET ASSIGNED	(512)239-4723	04/10/2017	Jun 09, 2017
BELL COUNTY WCID 1	0140016	<u>P-03152017-095</u>	CRAIG STOWELL	(512)239-4633	03/15/2017	May 14, 2017
BIG THICKET NATURE TRAIL	1000072	<u>P-03242017-154</u>	JONATHAN PI	(512)239-6968	03/24/2017	May 23, 2017
BIHNER HOLDINGS	1013601	<u>P-02242017-185</u>	JONATHAN PI	(512)239-6968	02/24/2017	Apr 25, 2017
BISTONE MUNICIPAL WATER SUPPLY	1470006	<u>P-04102017-054</u>	NOT YET ASSIGNED	(512)239-4723	04/10/2017	Jun 09, 2017
BLOOMINGTON RV & CABINS	2350079	<u>P-04302017-001</u>			04/30/2017	Jun 29, 2017
BLUE BONNET YOUTH RANCH	0820016	<u>P-03062017-035</u>	ROMULUS ATANASSIU	512/239-2288	03/06/2017	May 05, 2017
BLUE WATER 130	0280050	<u>P-02222017-160</u>	KAMAL ADHIKARI	(512)239-0680	02/22/2017	Apr 23, 2017
BLUEGROVE WSC	0390014	<u>P-03062017-032</u>	BRIAN DICKEY	(512)239-0963	03/06/2017	May 05, 2017
BRAZORIA COUNTY MUD 22	0200706	<u>P-03032017-026</u>	PRAKRITI GHIMIERE		03/03/2017	May 02, 2017
BRAZOSPORT WATER AUTHORITY	0200497	<u>P-03062017-056</u>	DAVID YAGER		03/06/2017	May 07, 2017
BRINKER WSC	1120011	<u>P-03272017-181</u>	JOHN LOCK	(512)239-4710	03/27/2017	May 26, 2017
BROOKESMITH SPECIAL UTILITY DISTRICT	0250004	<u>P-02162017-133</u>	KAMAL ADHIKARI	(512)239-0680	02/16/2017	Apr 17, 2017
BROWNSVILLE PUB	6001111	<u>P-03312017-203</u>	PRITESH TRIPATHI	(512)239-3794	03/31/2017	May 30, 2017
CARRIZO HILL WSC	0640022	<u>P-04062017-036</u>	ROMULUS ATANASSIU	512/239-2288	04/06/2017	Jun 05, 2017
CARROLL WSC WELL 3	2120007	<u>P-03232017-145</u>	PRITESH TRIPATHI	(512)239-3794	03/23/2017	May 22, 2017
CASH SUD	1160018	<u>P-02272017-187</u>	JOHN LOCK	(512)239-4710	02/27/2017	Apr 28, 2017
CENTRAL TEXAS REGIONAL WATER SUPPLY CORPORATION	0260051	<u>P-03072017-051</u>	KAMAL ADHIKARI	(512)239-0680	03/07/2017	May 06, 2017
CENTRAL TEXAS REGIONAL WATER SUPPLY CORPORATION	0260051	<u>P-03072017-050</u>	KAMAL ADHIKARI	(512)239-0680	03/07/2017	May 06, 2017
CENTRAL TEXAS REGIONAL WATER SUPPLY CORPORATION	0260051	<u>P-03072017-049</u>	KAMAL ADHIKARI	(512)239-0680	03/07/2017	May 06, 2017
CENTRAL TEXAS REGIONAL WATER SUPPLY CORPORATION	0260051	<u>P-03072017-048</u>	KAMAL ADHIKARI	(512)239-0680	03/07/2017	May 06, 2017
CENTRAL TEXAS REGIONAL WATER SUPPLY CORPORATION	0260051	<u>P-03072017-047</u>	KAMAL ADHIKARI	(512)239-0680	03/07/2017	May 06, 2017

TALTY SUD	1290025	P-04082017-027	ALAN WONG	04/06/2017 Jun 05, 2017
TALTY SUD	1290025	P-04082017-028	ALAN WONG	04/06/2017 Jun 05, 2017
TENNESSEE GAS PIPELINE	8001111	P-04132017-067	NOT YET ASSIGNED	(512)239-4723 04/13/2017 Jun 12, 2017
TEXANS SOCCER CLUB	8001111	P-02272017-183	ROMULUS ATANASSIU	512/239-2288 02/27/2017 Apr 28, 2017
TEXAS BULK WATER	1050174	P-03242017-152	JOHN LOCK	(512)239-4710 03/24/2017 May 23, 2017
TIME MART	0200714	P-02232017-168	JOHN LOCK	(512)239-4710 02/23/2017 Apr 24, 2017
TOMBALL BOWL	1012205	P-04072017-047	NOT YET ASSIGNED	(512)239-4723 04/07/2017 Jun 06, 2017
TOSHIBA INTERNATIONAL CORP	1010884	P-03212017-131	JOHN LOCK	(512)239-4710 03/21/2017 May 20, 2017
TPWD SEMINOLE CANYON SHP	2330042	P-03302017-192	JOHN LOCK	(512)239-4710 03/30/2017 May 29, 2017
TPWD STEPHEN F AUSTIN STATE HISTORICAL PARK	0080022	P-03012017-006	JOHN LOCK	(512)239-4710 03/01/2017 Apr 30, 2017
TRA TARRANT COUNTY WATER PROJECT	2200199	P-03082017-064	DAVID YAGER	03/09/2017 May 08, 2017
TRAVIS COUNTY MUD 13	2270388	P-02162017-125	ALAN WONG	02/16/2017 Apr 17, 2017
TRI COUNTY SUD	0730004	P-02212017-142	CRAIG STOWELL	(512)239-4633 02/21/2017 Apr 22, 2017
TWIN CREEK WSC	1980012	P-03142017-088	PRAKRITI GHIMIRE	03/14/2017 May 13, 2017
TXDOT HALE COUNTY SRA	0950086	P-03032017-024	JONATHAN PI	(512)239-6968 03/03/2017 May 02, 2017
UNITED FRONT ALAMEDA	6001111	P-04062017-033	BRIAN DICKEY	(512)239-0963 04/06/2017 Jun 05, 2017
VINEYARD RIDGE SUBDIVISION	6001111	P-03312017-204	DAVID YAGER	03/31/2017 May 30, 2017
VISTA BREWERY	8001111	P-03312017-197	CRAIG STOWELL	(512)239-4633 03/31/2017 May 30, 2017
VISTA SAND	1110131	P-04032017-007	ROBERT SIMS	(512)239-4664 04/03/2017 Jun 02, 2017
WARREN WSC	2290006	P-04052017-025	DAVID SMITH	512-239-4703 04/05/2017 Jun 04, 2017
WASSON CO2 RECOVERY PLANT	2510023	P-04042017-017	CRAIG STOWELL	(512)239-4633 04/04/2017 Jun 03, 2017
WATERSTONE ESTATES	1013389	P-03232017-147	CRAIG STOWELL	(512)239-4633 03/23/2017 May 22, 2017
WEST HOUSTON MOBILE HOME COMMUNITY	1010583	P-03062017-034	ROMULUS ATANASSIU	512/239-2288 03/06/2017 May 05, 2017
WILLOW CREEK INDUSTRIAL PARK WATER PLANT	1013570	P-04102017-062	NOT YET ASSIGNED	(512)239-4723 04/10/2017 Jun 09, 2017
WILLOW RIVER FARMS	2370061	P-03292017-187	BRIAN DICKEY	(512)239-0963 03/29/2017 May 28, 2017
WIMBERLEY WSC	1050018	P-02232017-176	JOHN LOCK	(512)239-4710 02/23/2017 Apr 24, 2017
WINDERMERE OAKS WSC	0270035	P-03032017-021	DAVID SMITH	512-239-4703 03/03/2017 May 02, 2017
WOLF HOLLOW II	1110130	P-02282017-208	BRIAN DICKEY	(512)239-0963 02/28/2017 Apr 29, 2017
WOODRIDGE MUD	1700859	P-04102017-084	NOT YET ASSIGNED	(512)239-4723 04/10/2017 Jun 09, 2017
YESTERDAYS CROSSING	1700758	P-03232017-148	KAMAL ADHIKARI	(512)239-0680 03/23/2017 May 22, 2017

- End of Report -

The Texas Commission on Environmental Quality is pleased to provide this information to you free of charge. Please understand that we cannot guarantee the accuracy or completeness of the information being supplied. At the time of your query this data was the most current information available from our database, which is updated weekly. Every effort was made to retrieve it according to your query. Thank you for using WDD.

Questions or Comments >>

TCEQ Home

Districts

Maps

Documents

Reports

WDD Main

Document for VINEYARD RIDGE SUBDIVISION

Document Type

Name: WATER SYSTEM PLAN REVIEW

Description: WATER SYSTEM PLAN REVIEW

Document Status: Plans Picked up for Review

Values

LOG-NUM

P-03312017-204

DESCRIPTION

PROPOSED GWTP

REFERENCE LOG NUMBERS

REVIEW PLANS TYPE CODE

8D

PE COVER LETTER

03/30/2017

CODE

VINEYARD RIDGE SUBDIVISION

TCDP/CR.C.A. NUMBER

0

PLAN REVIEWER ASSIGNED DATE

04/12/2017

STATUS (APPROVED/DISAPPROVED)

LETTERHEAD DATE

PTT CODE

REQUEST PWS ID DATE

ASSIGNED PWS DATE

48 HOUR NOTICE DATE

CEMENTING DATE

WELL DRILLER NAME

WELL DRILLER PHONE NUMBER

OWNERS DESIGNATION

QTY OF PROPOSED TANKS/PUMPS

0

CONSTRUCTION FINISHED

CONSTRUCTION STARTED

WASTEWATER REVIEW NEEDED

UNUSED FIELD

POTENTIAL HUMAN HEALTH IMPACT

FUTURE FIELD - CURRENTLY UNUSED

Document

ID: 37776

Received Date: 03/31/2017

Final Action Date:

Document Creation Date: 03/31/2017

Document Affiliation

Type:

Individual:

Organization:

No occurrences retrieved

For all filter and queries to perform effectively best to view with IE

Site Help | Disclaimer | Web Policies | Accessibility | Our Compact with Texans | TCEQ Homeland Security | Contact Us |
 Statewide Links: Texas.gov | Texas Homeland Security | TRAIL: Statewide Archive | Texas Veterans Portal

© 2002-2013 Texas Commission on Environmental Quality

Attachment 3

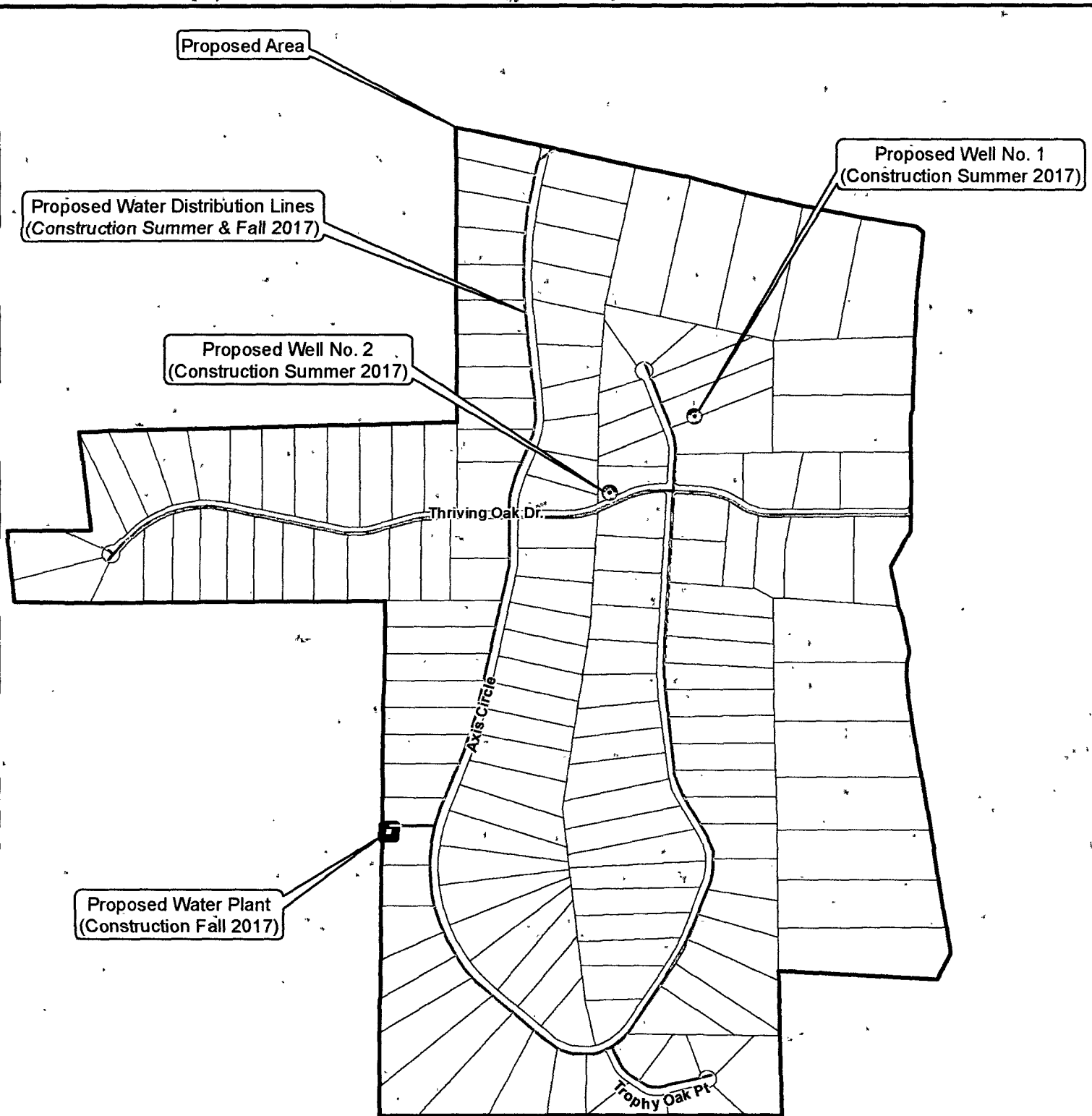
Report of Recent Projects Managed by

Davy Roberts (Regional Manager of Vineyard Ridge, LLC)

Recent projects under the direction of Davy Roberts (Regional Manager of Vineyard Ridge, LLC)									
Project Name	Entity Name	Lots	Volume	Start Date	Completion Date	Month	Location		
Stone Ridge Mountain	Stone Ridge Mountain Properties, LLC	52	\$ 5,681,400	Dec-11	May-12	8.67	Blanco County, 26 Miles from Vineyard Ridge		
Summit at Cypress Mill	Summit Blanco, LLC	99	\$ 12,436,750	Oct-12	Apr-13	14.14	Blanco County, 24 Miles from Vineyard Ridge		
The Vistas at Round Mountain	The Vistas at Round Mountain, LLC	38	\$ 4,575,470	Jul-13	Nov-13	7.60	Blanco County, 32 Miles from Vineyard Ridge		
Summit Springs	NLP Summit Springs, LLC	238	\$ 27,858,435	Feb-14	Jan-16	9.92	Blanco & Burnet County, 36 Miles from Vineyard Ridge		
Ranches at Canyons Creek	Vista Creek Ranch, LLC	218	\$ 23,731,600	May-15	Feb-17	9.91	Burnet County, 50 Miles from Vineyard Ridge		
Mesa View Ranch	Mesa View Ranch, LLC	39	\$ 3,733,856	Mar-16	Apr-16	19.50	Lampasas County, 75 Miles from Vineyard Ridge		
SkyView Ranch	Lampasas Land Partners, LLC	27	\$ 2,379,990	Jun-16	Jul-16	13.50	Lampasas County, 75 Miles from Vineyard Ridge		
The Ranches at Pecan Springs	Lometa Land Partners, LLC	19	\$ 1,784,900	Jul-16	Jul-16	19.00	Lampasas County, 75 Miles from Vineyard Ridge		
The Ranches at Quail Ridge	The Ranches at Quail Ridge, LLC	39	\$ 3,019,400	Feb-17	Apr-17	13.00	Lampasas County, 75 Miles from Vineyard Ridge		

Attachment 4

**Updated Business Plan, Estimated Construction Timing Map, and
Financial Projections for Vineyard Ridge, LLC**



Scale: 0 500 1,000 Feet

Drawn By: BB Date: 4-13-17

Quad Name and No:
Cave Creek School, TX 30098-C6

Projection:
UTM NAD 83 Zone 14



Proposed Water CCN - Facility Map

Vineyard Ridge, LLC
Gillespie County, Texas



Wet Rock Groundwater Services, L.L.C.
Groundwater Specialists

TBPG Firm No. 50038
317 Ranch Road 620 South, Ste. 203
Austin, Texas 78734 Ph: 512.773.3226
www.wetrockgs.com

Vineyard Ridge, LLC
Water System Budget Plan

The water system isn't expected to be up and operating until January 2018.

Cost budget:	Year 1	Year 2	Year 3	Year 4	Year 5
Annual O&M Expenses	\$ 38,100.00	\$ 38,100.00	\$ 38,100.00	\$ 38,100.00	\$ 38,100.00
Property Taxes	5,720.00	5,720.00	5,720.00	5,720.00	5,720.00
Professional Fees	2,500.00	800.00	800.00	800.00	800.00
Annual Depreciation	27,724.00	27,724.00	27,724.00	27,724.00	27,724.00
Total	\$ 74,044.00	\$ 72,344.00	\$ 72,344.00	\$ 72,344.00	\$ 72,344.00
Monthly costs	\$ 6,170.33	\$ 6,028.67	\$ 6,028.67	\$ 6,028.67	\$ 6,028.67

Meters expected to be in place end of year one-106.

Revenue expected in year 1:	Hook up	Cumulate meters	Total Gallons	Charge Per 1000 Gallons	Total Revenue
January	13	13	78,000	\$ 3.20	\$ 249.60
February	9	22	132,000	\$ 3.20	\$ 422.40
March	9	31	186,000	\$ 3.20	\$ 595.20
April	9	40	240,000	\$ 3.20	\$ 768.00
May	9	49	294,000	\$ 3.20	\$ 940.80
June	9	58	348,000	\$ 3.20	\$ 1,113.60
July	8	66	396,000	\$ 3.20	\$ 1,267.20
August	8	74	444,000	\$ 3.20	\$ 1,420.80
September	8	82	492,000	\$ 3.20	\$ 1,574.40
October	8	90	540,000	\$ 3.20	\$ 1,728.00
November	8	98	588,000	\$ 3.20	\$ 1,881.60
December	8	106	636,000	\$ 3.20	\$ 2,035.20
					\$ 13,996.80

Deficit- Year 1 \$ (60,047.20)

Revenue expected in year 2:	Hook up	Cumulate meters	Total Gallons	Charge Per 1000 Gallons	Total Revenue
January	8	114	684,000	\$ 2.07	\$ 1,415.88
February	8	122	732,000	\$ 2.07	\$ 1,515.24
March	8	130	780,000	\$ 2.07	\$ 1,614.60
April	8	138	828,000	\$ 2.07	\$ 1,713.96
May	8	146	876,000	\$ 2.07	\$ 1,813.32
June	8	154	924,000	\$ 2.07	\$ 1,912.68
July	6	160	960,000	\$ 2.07	\$ 1,987.20
August	0	160	960,000	\$ 2.07	\$ 1,987.20
September	0	160	960,000	\$ 2.07	\$ 1,987.20
October	0	160	960,000	\$ 2.07	\$ 1,987.20
November	0	160	960,000	\$ 2.07	\$ 1,987.20
December	0	160	960,000	\$ 2.07	\$ 1,987.20
					\$ 21,908.88

Deficit- Year 2 \$ (50,435.12)

Revenue expected in year 3:	Hook up	Cumulate meters	Total Gallons	Charge Per 1000 Gallons	Total Revenue
January-December	0	160	11,520,000	\$ 2.07	\$ 23,846.40

Deficit- Year 3 \$ (48,497.60)

Revenue expected in year 4:	Hook up	Cumulate meters	Total Gallons	Charge Per 1000 Gallons	Total Revenue
January-December	0	160	11,520,000	\$ 2.07	\$ 23,846.40

Deficit- Year 4 \$ (48,497.60)

Revenue expected in year 5:	Hook up	Cumulate meters	Total Gallons	Charge Per 1000 Gallons	Total Revenue
January-December	0	160	11,520,000	\$ 2.07	\$ 23,846.40

Deficit- Year 5 \$ (48,497.60)

Project To
Date ,
2017

Sales proceeds	-	-	1,664,841	1,109,894	1,109,894	1,331,873	1,331,873	1,331,873	1,109,894	1,109,894	1,109,894	1,109,894
Loan proceeds - Crockett	2,391,900	-	-	-	-	-	-	-	-	-	-	-
Loan proceeds - Internal	2,055,000	350,000	250,000	-	-	400,000	-	-	-	-	-	-
Loan proceeds - Inland Capital	-	-	-	-	-	-	-	-	-	-	-	-
Water System Revenue	-	-	-	-	-	-	-	250	422	595	768	941
Total receipts	4,446,900	350,000	250,000	1,814,841	1,109,894	1,109,894	1,331,873	1,332,122	1,332,295	1,110,489	1,110,662	1,110,835
DISBURSEMENTS												
Land / home purchases	3,679,900	-	-	-	-	-	-	-	-	-	-	-
Construction	339,291	100,467	100,000	-	-	-	-	-	-	-	-	-
Selling expenses	11,575	-	-	300,000	300,000	577,248	430,000	329,124	155,085	150,000	590,150	-
Administrative expenses	161,789	80,000	-	258,050	172,034	172,034	206,440	206,440	206,440	206,440	172,034	172,034
Interest expense - Crockett	62,017	9,695	-	178,123	145,415	145,415	158,498	158,498	158,498	145,415	145,415	145,415
Interest expense - Internal	86,480	28,604	32,146	9,422	8,626	7,660	4,852	3,851	2,782	1,692	823	500
Interest expense - Inland Capital	-	-	-	34,438	33,396	32,563	35,479	32,563	27,146	20,896	17,563	2,104
Water System Expenses	-	-	-	-	-	-	-	-	6,170	6,170	6,170	6,170
Minority Interests	-	-	-	-	-	-	-	-	-	-	-	-
Manager fees	-	-	-	-	-	-	-	-	-	-	-	-
Change in accrual/M&MFE	-	-	-	-	-	-	-	-	-	-	-	-
Loan repayments - Crockett (20.7%)	-	138,000	-	86,156	229,748	258,467	241,235	264,210	275,698	163,193	-	-
Loan repayments - Internal	-	-	-	-	100,000	-	100,000	300,000	500,000	150,000	850,000	505,000
Loan repayments - Inland Capital	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	4,341,042	356,766	221,568	866,017	1,089,218	1,193,385	1,176,505	1,294,687	1,331,820	1,319,394	1,245,348	831,223
Change in B/S accounts	-	-	-	(1,248,631)	-	138,737	(166,484)	(55,495)	-	166,484	55,495	-
Restricted cash	-	-	-	-	-	-	-	-	-	-	-	-
Contracts receivable	-	-	-	-	-	-	-	-	-	-	-	-
Mortgage loans receivable	-	-	-	-	-	-	-	-	-	-	-	-
Accounts receivable, related parties	-	-	-	-	-	-	-	-	-	-	-	-
Accounts receivable, other	-	-	-	-	-	-	-	-	-	-	-	-
Accounts receivable - Intercompany	-	-	-	-	-	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-	-	-	-	-	-
Property and equipment, net	-	-	-	-	-	-	-	-	-	-	-	-
Note receivable	-	-	-	-	-	-	-	-	-	-	-	-
Deposits and other assets	-	-	-	-	-	-	-	-	-	-	-	-
Accounts payable and customer deposits	-	-	-	-	-	-	-	-	-	-	-	-
Accounts payable, related parties	-	-	-	-	-	-	-	-	-	-	-	-
Accounts payable - Intercompany	-	-	-	-	-	-	-	-	-	-	-	-
Accrued expenses	-	-	-	-	-	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	-	-	-	-	-	-
Net change in B/S accounts	(90,520)	-	-	(936,473)	-	104,053	(124,863)	(41,621)	-	122,654	41,621	-
EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS	25,338	(6,766)	28,432	12,361	20,675	20,561	(5,726)	(4,435)	302	12,901	(12,204)	(31,690)
Cash	25,338	18,572	47,005	59,355	80,031	100,592	94,866	64,890	95,395	104,163	91,959	339,880
Contracts Receivable	-	-	-	1,248,631	1,248,631	1,109,894	1,109,894	1,276,378	1,331,873	1,331,873	1,165,388	1,109,894
Notes Payable Balance - Crockett	2,391,900	2,253,900	2,253,900	2,167,744	1,937,996	1,679,530	1,449,782	1,220,034	978,795	714,588	438,891	163,193
Notes Payable Balance - Internal	2,055,000	2,405,000	2,655,000	2,805,000	2,605,000	2,605,000	2,505,000	2,905,000	2,805,000	2,505,000	1,355,000	505,000
Notes Payable Balance - Inland Capital	-	-	-	-	-	-	-	-	-	-	-	-
Accrued Expenses	-	-	-	312,158	312,158	277,473	277,473	277,473	319,094	332,968	291,347	277,473
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-</										

Vineyard Ridge, LLC
Project: Vineyard Ridge
Business Plan
Cash Flow

Cash Flow	2018 July	2018 August	2018 September	2018 October	2018 November	2018 December	2019 January	2020 January	2021 January	2021 December	Total Company
RECEIPTS											
Sales proceeds	1,109,884	776,925	-	-	-	-	-	-	-	-	17,758,300
Loan proceeds - Crockett	-	-	-	-	-	-	-	-	-	-	2,391,900
Loan proceeds - Internal	-	-	-	-	-	-	-	-	-	-	3,205,000
Loan proceeds - Inland Capital	-	-	-	-	-	-	-	-	-	-	-
Water System Revenue	1,267	1,421	1,574	1,728	1,882	2,035	21,909	23,846	23,846	23,846	107,445
Total receipts	1,111,161	778,345	1,574	1,728	1,882	2,035	21,909	23,846	23,846	23,846	23,462,645
DISBURSEMENTS											
Land / home purchases	-	-	-	-	-	-	-	-	-	-	3,679,900
Construction	-	-	-	-	-	-	-	-	-	-	4,753,598
Selling expenses	172,034	120,423	-	-	-	-	-	-	-	-	2,764,111
Administrative expenses	145,415	125,791	80,000	40,000	-	-	-	-	-	-	2,688,431
Interest expense - Crockett	500	500	-	-	0	0	0	0	0	0	136,148
Interest expense - Internal	-	-	-	-	-	-	-	-	-	-	459,605
Interest expense - Inland Capital	-	-	-	-	-	-	-	-	-	-	-
Water System Expenses	6,170	6,170	6,170	6,170	6,170	6,170	72,344	72,344	72,344	72,344	363,420
Minority interests	-	-	-	-	-	-	-	-	-	-	-
Manager fees	-	-	-	-	-	-	-	-	-	-	-
Change in accrued M&MF	-	-	-	-	-	-	-	-	-	-	-
Loan repayments - Crockett (20.7%)	-	-	-	-	-	-	-	-	-	-	-
Loan repayments - Internal	-	-	-	-	-	-	-	-	-	-	2,391,900
Loan repayments - Inland Capital	-	-	-	-	-	-	-	-	-	-	3,205,000
Other	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	324,119	252,884	86,670	46,170	61,170	6,170	72,344	72,344	72,344	72,344	20,442,114
Change in BIS accounts											
Restricted cash	-	-	-	-	-	-	-	-	-	-	-
Contracts receivable	-	249,727	665,936	194,231	-	-	-	-	-	-	0
Mortgage loans receivable	-	-	-	-	-	-	-	-	-	-	-
Accounts receivable, related parties	-	-	-	-	-	-	-	-	-	-	-
Accounts receivable, other	-	-	-	-	-	-	-	-	-	-	-
Accounts receivable - Intercompany	-	-	-	-	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-	-	-	-	-
Property and equipment, net	-	-	-	-	-	-	-	-	-	-	-
Note receivable	-	-	-	-	-	-	-	-	-	-	-
Deposits and other assets	-	-	-	-	-	-	-	-	-	-	0
Accounts payable and customer deposits	-	-	-	-	-	-	-	-	-	-	-
Accounts payable, related parties	-	-	-	-	-	-	-	-	-	-	-
Accounts payable - Intercompany	-	-	-	-	-	-	-	-	-	-	-
Accrued expenses	-	-	-	-	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	-	-	-	-	0
Net change in BIS accounts	-	187,295	499,452	145,673	82,729	-	-	-	-	-	0
EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS											
	787,042	712,756	414,356	101,231	78,440	(4,135)	(50,435)	(48,498)	(48,498)	(48,498)	3,020,531
Cash											
Contracts Receivable	1,913,810	2,626,566	3,040,922	3,142,153	3,220,594	3,216,458	3,166,023	3,117,526	3,069,028	3,020,531	
Notes Payable Balance - Crockett	1,109,884	860,167	194,231	(0)	(0)	(0)	(0)	(0)	(0)	(0)	
Notes Payable Balance - Internal	0	-	-	0	0	0	0	0	0	0	
Notes Payable Balance - Inland Capital	-	-	-	-	-	-	-	-	-	-	
Accrued Expenses	277,473	215,042	48,558	(0)	(0)	(0)	(0)	(0)	(0)	(0)	

Vineyard Ridge, LLC
 Projected Spending for FY 2017
 Project: Vineyard Ridge

Projected

Roads & Stormwater	1,900,000	-	-	9,850	-	-	100,000	100,000	250,000	250,000	250,000	250,000	150,000	1,359,850	540,150
Power/Phone	525,000	-	-	2,757	-	-	-	-	-	-	522,243	-	-	525,000	(0)
Lot Clearing & Rock Excavation	300,000	-	-	69,915	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	294,915	5,085
Entrance & Gates	200,000	-	-	85	-	-	100,000	100,000	99,915	-	-	-	-	200,000	-
Water	1,025,000	-	-	87,841	50,000	50,000	50,000	50,000	137,159	150,000	150,000	150,000	150,000	1,025,000	0
Common Area	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sewer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Engineering/Survey	250,000	-	-	126,625	25,000	25,000	25,000	25,000	23,375	-	-	-	-	250,000	(0)
Legal	25,000	-	-	876	-	-	-	-	5,000	5,000	5,000	5,000	4,124	25,000	0
Soil Test	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Environmental Study	5,000	-	-	4,533	467	-	-	-	-	-	-	-	-	5,000	(0)
Permits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition commission	73,598	-	-	36,799	-	-	-	-	36,799	-	-	-	-	73,598	-
Reserve	350,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bonding	100,000	-	-	-	-	-	100,000	-	-	-	-	-	-	100,000	350,000
	4,753,598	-	-	339,281	100,467	100,000	300,000	300,000	577,248	430,000	952,243	430,000	329,124	3,858,363	895,235

Project: Vineyard Ridge

Vineyard Ridge, LLC
Project: Vineyard Ridge
 Business Plan
 Projected Income Statement

	2017 March	2017 April	2017 May	2017 June	2017 July	2017 August	2017 September	2017 October	2017 November	2017 December
Sales of real estate	-	-	-	1,664,841	1,109,894	1,109,894	1,109,894	1,109,894	1,331,873	1,331,873
Cost of real estate sales	-	-	-	790,640	527,094	527,094	527,094	527,094	632,512	632,512
Gross profit	-	-	-	874,200	582,800	582,800	582,800	582,800	699,360	699,360
Selling expense	11,575	-	-	258,050	172,034	172,034	172,034	172,034	206,440	206,440
Administrative expense	161,789	80,000	80,000	178,123	145,415	145,415	145,415	145,415	158,498	158,498
Income from operations	(173,364)	(80,000)	(80,000)	438,027	265,351	265,351	265,351	265,351	334,422	334,422
Interest expense - Crockett	#DIV/0!	#DIV/0!	#DIV/0!	26.3%	23.9%	23.9%	23.9%	23.9%	25.1%	25.1%
Interest expense - Internal	(62,017)	(9,695)	(9,422)	(9,251)	(8,626)	(7,660)	(6,693)	(5,784)	(4,852)	(3,851)
Interest expense - Inland Capital	(86,480)	(28,604)	(32,146)	(34,436)	(33,396)	(32,563)	(31,729)	(34,646)	(35,479)	(32,563)
Water System Operations - Revenues	-	-	-	-	-	-	-	-	-	-
Water System Operations - Expenses	-	-	-	-	-	-	-	-	-	-
Income before Mgr fees and Mgr Bonus	(321,861)	(118,299)	(121,568)	394,339	223,330	225,129	226,929	224,922	294,091	298,008
	#DIV/0!	#DIV/0!	#DIV/0!	23.7%	20.1%	20.3%	20.4%	20.3%	22.1%	22.4%

Vineyard Ridge, LLC
Project: Vineyard Ridge
Business Plan
Projected Income Statement

	2018 January	2018 February	2018 March	2018 April	2018 May	2018 June	2018 July	2018 August	2018 September	2018 October
Sales of real estate	1,331,873	1,331,873	1,109,894	1,109,894	1,109,894	1,109,894	1,109,894	776,325	-	-
Cost of real estate sales	632,512	632,512	527,094	527,094	527,094	527,094	527,094	368,965	-	-
Gross profit	699,360	699,360	582,800	582,800	582,800	582,800	582,800	407,360	-	-
Selling expense	206,440	206,440	172,034	172,034	172,034	172,034	172,034	120,423	-	-
Administrative expense	158,498	158,498	145,415	145,415	145,415	145,415	145,415	125,791	80,000	40,000
Income from operations	334,422	334,422	265,351	265,351	265,351	265,351	265,351	161,746	(80,000)	(40,000)
Interest expense - Crockett	25.1%	25.1%	23.9%	23.9%	23.9%	23.9%	23.9%	20.8%	#DIV/0!	#DIV/0!
Interest expense - Internal	(2,783)	(1,692)	(823)	(500)	(500)	(500)	(500)	(500)	(500)	(0)
Interest expense - Inland Capital	(27,146)	(20,896)	(17,563)	(9,854)	(2,104)	-	-	-	-	-
Water System Operations - Revenues	250	422	595	768	941	1,114	1,267	1,421	1,574	1,728
Water System Operations - Expenses	(6,170)	(6,170)	(6,170)	(6,170)	(6,170)	(6,170)	(6,170)	(6,170)	(6,170)	(6,170)
Income before Mgr fees and Mgr Bonus	298,572	306,086	241,391	249,595	257,518	259,795	259,948	156,496	(85,096)	(44,442)
	22.4%	23.0%	21.7%	22.5%	23.2%	23.4%	23.4%	20.1%	#DIV/0!	#DIV/0!

Projected Income Statement

	2018 November	2018 December	2019 January- December	2020 January- December	2021 January- December	Total Company
Sales of real estate	-	-	-	-	-	17,758,300
Cost of real estate sales	-	-	-	-	-	8,433,498
Gross profit	-	-	-	-	-	9,324,802
Selling expense	-	-	-	-	-	2,764,111
Administrative expense	-	-	-	-	-	2,688,431
Income from operations	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	3,872,259
Interest expense - Crockett	(0)	(0)	(0)	(0)	(0)	(136,148)
Interest expense - Internal	-	-	-	-	-	(459,605)
Interest expense - Inland Capital	-	-	-	-	-	0.0%
Water System Operations - Revenues	1,882	2,035	21,909	23,846	23,846	107,445
Water System Operations - Expenses	(6,170)	(6,170)	(72,344)	(72,344)	(72,344)	(363,420)
Income before Mgr fees and Mgr Bonus	(4,289)	(4,135)	(50,435)	(48,498)	(48,498)	3,020,531
	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	17.0%

Vineyard Ridge, LLC
Project: Vineyard Ridge
 Business Plan

Sales \$ Units

2017

January		
February		
March		
April		
May		
June	\$ 1,664,841	15
July	\$ 1,109,894	10
August	\$ 1,109,894	10
September	\$ 1,109,894	10
October	\$ 1,109,894	10
November	\$ 1,331,873	12
December	\$ 1,331,873	12
Total 2017	\$ 8,768,161	79

2018

January	\$ 1,331,873	12
February	\$ 1,331,873	12
March	\$ 1,109,894	10
April	\$ 1,109,894	10
May	\$ 1,109,894	10
June	\$ 1,109,894	10
July	\$ 1,109,894	10
August	\$ 776,925	7
September	\$ -	0
October	\$ -	0
November	\$ -	0
December	\$ -	0
Total 2018	\$ 8,990,139	81

Grand Total	\$ 17,758,300	160
Schedule A	\$ 17,758,300	160
Variance	\$ (0)	-

**SCHEDULE A
PROJECT EVALUATION SCHEDULE**

COMPANY:
PROJECT NAME:
TOTAL ACREAGE
TOTAL LOTS

Vineyard Ridge, LLC
Vineyard Ridge
660.00
160

STATE/COUNTY:
ACQUISITION DATE:
MANAGER:
ACQ MANAGER:

Texas
9/27/2016
Davy Roberts
Mikey Emmons

SALES:

RURAL ACREAGE
UTILITY FEES
BULK
HOUSE
TIMBER
TOTAL SALES

PROJECT BUDGET	% TO SALES
17,758,300	100.00%
	0.00%
	0.00%
	0.00%
	0.00%
\$ 17,758,300	100.00%

COST OF REAL ESTATE:

RURAL ACREAGE
RESIDENTIAL
BULK
HOUSE
TIMBER
TOTAL LAND COSTS

3,679,900	20.72%
	0.00%
	0.00%
	0.00%
	0.00%
\$ 3,679,900	20.72%

COST OF DEVELOPMENT:

ROADS & STORMWATER
POWER/PHONE
LOT CLEARING & ROCK ECAVATION
ENTRANCE & GATES
COMMON AREA
SEWER
WATER

1,900,000	10.70%
525,000	2.96%
300,000	1.69%
200,000	1.13%
-	0.00%
-	0.00%
1,025,000	5.77%

TOTAL DEVELOPMENT COSTS

\$ 3,950,000	22.24%
--------------	--------

TOTAL REAL ESTATE COSTS

\$ 7,629,900	42.97%
--------------	--------

DIRECT COST OF SALES

ENGINEERING/SURVEYING
LEGAL
SOIL TEST
ENVIRONMENTAL STUDY
ACQUISITION COMMISSION
PERMITS
BONDING
RESERVE

250,000	1.41%
25,000	0.14%
-	0.00%
5,000	0.03%
73,598	0.41%
-	0.00%
100,000	0.56%
350,000	1.97%

TOTAL DIRECT COST OF SALES

\$ 803,598	4.53%
------------	-------

TOTAL COSTS OF SALES

\$ 8,433,498	47.49%
--------------	--------

GROSS PROFIT

\$ 9,324,802	52.51%
--------------	--------

A/P Estimate

4,753,598

Attachment 5

FY2016 and FY2017 Income Statements for Vineyard Ridge, LLC.

Balance Sheet
As of 12/25/2016

Vineyard Ridge, LLC (VRL)

Assets

Current Assets

1010-001	Cash Frost	\$	54,114.81	
1204-000	Prepaid Property & Liability		2,539.40	
1260-000	Prepaid Loan Fee		10,500.00	
1300-001	Inventory Vineyard Ridge		8,283,498.00	
Total Current Assets:				8,350,652.21

Fixed Assets

1525-000	Leasehold Improvements		14,549.95	
Total Fixed Assets:				14,549.95

Other Assets

1800-000	Utility Deposits		100.00	
1900-000	Organization Costs		1,520.62	
1905-000	A/A Organization Costs		(76.02)	
Total Other Assets:				1,544.60
Total Assets:				<u>\$ 8,366,746.76</u>

Liabilities

Current Liabilities

2000-000	A/P Trade System Generated		6,210.21	
2020-118	D/T NLP Summit Springs, LLC		832,307.65	
2020-147	D/T Lometa Land Partners, LLC		353,162.50	
2020-149	D/T Lampasas Land Partners, LLC		162,715.29	
2020-600	D/T LSLP Barton Creek, LLC		120,366.67	
2020-602	D/T Mesa View Ranch, LLC		200,611.11	
2030-001	A/P Estimate Vineyard Ridge		4,399,581.90	
2315-000	Accrued Bonus		(24,948.25)	
2410-000	A/I Crockett National Bank		(315.59)	
Total Current Liabilities:				6,049,691.49

Long-Term Liabilities

2810-000	N/P Crockett National Bank		2,391,900.00	
Total Long-Term Liabilities:				2,391,900.00
Total Liabilities:				8,441,591.49

Equity

3200-000	Retained Earnings		0.00	
3200-000	Retained Earnings-Current Year		(74,844.73)	
Total Equity:				(74,844.73)
Total Liabilities & Equity:				<u>\$ 8,366,746.76</u>

Income Statement
For The 12 Periods Ended 12/25/2016

		Vineyard Ridge, LLC (VRL)	
		<u>Year to Date</u>	<u>% of Revenue</u>
Cost Of Sales			
Real Estate Taxes		5,041.60	0.00
Total Cost Of Sales:		<u>5,041.60</u>	<u>0.00</u>
	Gross Profit:	<u>(5,041.60)</u>	<u>0.00</u>
Expenses			
Selling Expense			
Promotional Expense		7,949.93	0.00
Total Selling Expense:		<u>7,949.93</u>	<u>0.00</u>
Operating Expense			
Bonus Manager		(24,948.25)	0.00
Repairs & Maintenance		757.32	0.00
Office Expense		320.00	0.00
Office Supplies		243.95	0.00
Postage		30.76	0.00
Bank Charges		16.35	0.00
Auto Expense		517.41	0.00
Travel & Lodging		115.98	0.00
Meals & Entertainment		27.05	0.00
Corporate Legal Expense		110.00	0.00
Licenses/Dues/Fees		630.23	0.00
Donations		10,200.00	0.00
Amortization Expense		76.02	0.00
Electric		515.15	0.00
Utilities		30.00	0.00
Payroll Tax Expense		533.58	0.00
Property & Liability Insurance		5,078.81	0.00
401k Company Match		441.59	0.00
Total Operating Expense:		<u>(5,304.05)</u>	<u>0.00</u>
Total Expenses:		<u>2,645.88</u>	<u>0.00</u>
Net Income From Operations:		<u>(7,687.48)</u>	<u>0.00</u>
Other Income and Expense			
Int Exp - Crockett National Bank		(29,588.22)	0.00
Int Exp - NLP Summit Springs, LLC		(25,713.46)	0.00
Int Exp - LSLP Barton Creek, LLC		(366.67)	0.00
Int Exp - Mesa View Ranch, LLC		(611.11)	0.00
Int Exp - Lampasas Land Partners, LLC		(2,715.29)	0.00
Int Exp - Lometa Land Partners, LLC		(8,162.50)	0.00
Total Other Income and		<u>(67,157.25)</u>	<u>0.00</u>
Earnings Before Income Tax:		<u>(74,844.73)</u>	<u>0.00</u>
Net Income (Loss):		<u>(74,844.73)</u>	<u>0.00</u>

Balance Sheet
As of 4/2/2017.

Vineyard Ridge, LLC (VRL)

Assets

Current Assets

1010-001	Cash Frost	\$ 25,338.79
1040-003	A/R J. David Kilgore	900.00
1204-000	Prepaid Property & Liability	634.85
1206-000	Prepaid Health & LTD Insurance	13,169.61
1210-000	Prepaid Rent	1,277.93
1211-000	Prepaid Legal	10,000.00
1230-000	Prepaid Advertising	2,469.33
1260-000	Prepaid Loan Fee	9,000.00
1299-000	Prepaid Other	16,948.93
1300-001	Inventory Vineyard Ridge	8,283,498.00

Total Current Assets: 8,363,237.44

Fixed Assets

1525-000	Leasehold Improvements	44,883.76
1625-000	A/D Leasehold Improvements	(1,870.16)

Total Fixed Assets: 43,013.60

Other Assets

1800-000	Utility Deposits	100.00
1900-000	Organization Costs	1,520.62
1905-000	A/A Organization Costs	(152.04)

Total Other Assets: 1,468.58

Total Assets: \$ 8,407,719.62

Liabilities

Current Liabilities

2000-000	A/P Trade System Generated	16,153.99
2020-131	D/T Vista Creek Ranch, LLC	675,000.00
2020-136	D/T San Gabriel Hidden Creek Estates, LLC	150,000.00
2020-147	D/T Lometa Land Partners, LLC	370,000.00
2020-151	D/T The Ranches at Knob Hill, LLC	275,000.00
2020-600	D/T LSLP Barton Creek, LLC	280,000.00
2020-602	D/T Mesa View Ranch, LLC	305,000.00
2030-001	A/P Estimate Vineyard Ridge	4,264,316.65
2315-000	Accrued Bonus	(78,609.73)
2410-000	A/I Crockett National Bank	2,209.19

Total Current Liabilities: 6,259,070.10

Long-Term Liabilities

2810-000	N/P Crockett National Bank	2,391,900.00
----------	----------------------------	--------------

Total Long-Term Liabilities: 2,391,900.00

Total Liabilities: 8,650,970.10

Equity

3200-000	Retained Earnings	(74,844.73)
3200-000	Retained Earnings-Current Year	(168,405.75)

Total Equity: (243,250.48)

Total Liabilities & Equity: \$ 8,407,719.62

Income Statement
For The 3 Periods Ended 4/2/2017

Vineyard Ridge, LLC (VRL)

	Year to Date	% of Revenue
Expenses		
Selling Expense		
Advertising	345.00	0.00
Promotional Expense	3,280.01	0.00
Total Selling Expense:	3,625.01	0.00
Operating Expense		
Salary Other	69,827.01	0.00
Bonus Manager	(53,661.48)	0.00
Repairs & Maintenance	2,680.84	0.00
Seminar & Training	1,000.00	0.00
Office Expense	5,549.21	0.00
Office Supplies	737.77	0.00
Postage	331.33	0.00
Auto Expense	6,121.49	0.00
Airplane Expense	7,421.33	0.00
Travel & Lodging	2,130.86	0.00
Meals & Entertainment	3,234.41	0.00
Corporate Legal Expense	1,900.25	0.00
Outside Services	450.00	0.00
Rent/Occupancy	9,193.64	0.00
Licenses/Dues/Fees	3,663.12	0.00
Donations	1,000.00	0.00
Amortization Expense	76.02	0.00
Depreciation Expense	1,870.16	0.00
Communication Expense	3,750.16	0.00
Electric	936.92	0.00
Utilities	49.50	0.00
Payroll Tax Expense	5,796.38	0.00
Property & Liability Insurance	1,904.55	0.00
Disability Insurance	924.78	0.00
Health Insurance	6,043.84	0.00
401k Company Match	509.21	0.00
Total Operating Expense:	83,441.30	0.00
Total Expenses:	87,066.31	0.00
Net Income From Operations:	(87,066.31)	0.00
Other Income and Expense		
Int Exp - San Gabriel Hidden Creek Estates	(2,000.00)	0.00
Int Exp - Crockett National Bank	(32,428.60)	0.00
Int Exp - NLP Summit Springs, LLC	(3,565.86)	0.00
Int Exp - LSLP Barton Creek, LLC	(7,177.77)	0.00
Int Exp - Mesa View Ranch, LLC	(9,233.33)	0.00
Int Exp - Lampasas Land Partners, LLC	(1,399.17)	0.00
Int Exp - Lometa Land Partners, LLC	(10,041.66)	0.00
Int Exp - Vista Creek Ranch, LLC	(13,145.83)	0.00
Int Exp - The Ranches at Knob Hill, LLC	(2,347.22)	0.00
Total Other Income and	(81,339.44)	0.00
Earnings Before Income Tax:	(168,405.75)	0.00
Net Income (Loss):	(168,405.75)	0.00

Run Date: 4/11/2017 4:48:31PM
G/L Date: 4/11/2017

Page: 1
User Logon: tsmith

Attachment 6

Financial Statements for National Land Partners Holdings, LLC

Combined Consolidated Financial Statements and
Report of Independent Certified Public Accountant

National Land Partners Holdings, LLC

December 27, 2015 and December 28, 2014

Contents

	Page
Report of Independent Certified Public Accountant	3
Combined Consolidated Financial Statements	
<i>Combined Consolidated Balance Sheets</i>	4
Combined Consolidated Statements of Income (Loss)	5
Combined Consolidated Statements of Changes in Equity and Comprehensive Income	6
Combined Consolidated Statements of Cash Flows	7
Notes to Combined Consolidated Financial Statements	9

 **Sawyer, LLC**
CERTIFIED PUBLIC ACCOUNTANT

1310 MASS MoCA WAY
NORTH ADAMS, MA 01247
TELEPHONE (413) 664-6777
FAX (413) 663-8020

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT

To the Members and Board of Directors of
National Land Partners Holdings, LLC

I have audited the accompanying combined financial statements of National Land Partners Holdings, LLC (a Delaware LLC), its subsidiaries, and entities under common control (the Company) which comprise the combined consolidated balance sheets as of December 27, 2015 and December 28, 2014, and the related combined consolidated statements of income (loss), combined consolidated statements of change in equity and comprehensive income, and combined consolidated statements of cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

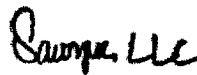
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of National Land Partners Holdings, LLC, its subsidiaries, and entities under common control as of December 27, 2015 and December 28, 2014, 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.

May 11, 2016


Sawyer, LLC

NATIONAL LAND PARTNERS HOLDINGS, LLC

Combined Consolidated Balance Sheets

December 27, 2015 and December 28, 2014

ASSETS		
	2015	2014
Cash and cash equivalents	\$ 10,484,894	\$ 9,625,375
Restricted cash	941,694	763,366
Contracts receivable	3,304,720	3,410,263
Mortgage loans receivable (net of allowance for estimated uncollectible accounts of approx. \$699,542 for 2015 and 2014)	5,578,455	2,127,812
Accounts receivable, related parties (net of allowance for estimated uncollectible accounts of \$5,725,676 and \$5,306,050 for 2015 and 2014)	12,466,629	6,760,208
Accounts receivable, manager fees	2,560,401	2,430,555
Accounts receivable, other	1,079,534	-
Notes receivable, related parties	16,019,152	15,689,652
Notes receivable, other	100,000	100,000
Interest receivable, related parties	932,956	932,956
Interest receivable, mortgages	3,936	779
Inventory, net	23,918,556	32,277,191
Property and equipment, net	255,719	440,055
Prepaid expenses and other assets	1,978,190	3,238,320
Total assets	<u>\$ 79,624,836</u>	<u>\$ 77,796,532</u>
LIABILITIES AND EQUITY		
LIABILITIES		
Notes payable	\$ 12,936,869	\$ 10,508,248
Notes payable, related parties	16,419,567	13,433,338
Accounts payable and customer deposits	2,233,716	2,993,648
Accounts payable, related parties	785,884	944,328
Accrued expenses	3,691,905	3,323,882
Accrued manager fees	10,732,043	8,335,395
Accrued interest	974,441	3,696,565
Total liabilities	47,774,425	43,235,404
Minority interest	(1,566,966)	(1,433,251)
COMMITMENTS AND CONTINGENCIES (Note F)		
EQUITY		
Common stock of entities under common control, no par value; 10,000 shares authorized, issued, and outstanding, respectively	7,438	7,438
Paid in capital	11,126,197	11,126,197
Retained earnings	22,283,742	24,860,744
Total equity	<u>33,417,377</u>	<u>35,994,379</u>
Total liabilities and equity	<u>\$ 79,624,836</u>	<u>\$ 77,796,532</u>

The accompanying notes are an integral part of these statements.

NATIONAL LAND PARTNERS HOLDINGS, LLC

Combined Consolidated Statements of Income (Loss)

For the years ended December 27, 2015 and December 28, 2014

	2015	2014
Sales of real estate	\$ 87,308,432	\$ 91,773,743
Cost of real estate sold	<u>53,014,249</u>	<u>47,275,450</u>
Gross profit	34,294,183	44,498,293
Selling and administrative expenses		
Selling	15,472,628	18,115,835
Administrative	16,245,230	15,842,259
Manager fees	<u>2,472,630</u>	<u>7,031,285</u>
Total costs and expenses	<u>34,190,488</u>	<u>40,989,379</u>
Income from operations	103,695	3,508,914
Other		
Interest expense	(2,174,156)	(2,048,551)
Interest income	445,813	118,113
Other - net	164,389	21,038
Allowance for uncollectible accounts	(419,626)	(654,000)
Loss on disposition of fixed assets	(64,970)	-
Interest income on investment in loans and mortgages	59,652	726,233
Discounts on loans sold	(145,381)	-
Interest expense related to loans and mortgage investments	<u>(634,613)</u>	<u>(782,813)</u>
Income (loss) before minority interests	(2,665,197)	888,934
Minority interests	<u>133,715</u>	<u>60,680</u>
Net Income (Loss)	<u>\$ (2,531,482)</u>	<u>\$ 949,614</u>

The accompanying notes are an integral part of these statements.

NATIONAL LAND PARTNERS HOLDINGS, LLC

Combined Consolidated Statements of Changes in Equity and Comprehensive Income

For the years ended December 27, 2015 and December 28, 2014

	<u>Common Stock</u>	<u>Paid in Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
Balance at December 29, 2013	<u>\$ 7,438</u>	<u>\$ 11,126,097</u>	<u>\$ 23,954,879</u>	<u>\$ 35,088,414</u>
Investment by Members	-	100	-	100
Comprehensive income	-	-	949,614	949,614
Dividends	-	-	(43,749)	(43,749)
Balance at December 28, 2014	<u>\$ 7,438</u>	<u>\$ 11,126,197</u>	<u>\$ 24,860,744</u>	<u>\$ 35,994,379</u>
Investment by Members	-	-	-	-
Comprehensive loss	-	-	(2,531,482)	(2,531,482)
Dividends	-	-	(45,520)	(45,520)
Balance at December 27, 2015	<u>\$ 7,438</u>	<u>\$ 11,126,197</u>	<u>\$ 22,283,742</u>	<u>\$ 33,417,377</u>

The accompanying notes are an integral part of these statements.

NATIONAL LAND PARTNERS HOLDINGS, LLC
Combined Consolidated Statements of Cash Flows
For the years ended December 27, 2015 and December 28, 2014

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Net (loss) income	\$ (2,531,482)	\$ 949,614
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	195,756	165,202
Net income attributable to minority interest	(133,715)	(60,680)
Loss on sale of fixed assets	64,970	6,105
Changes in current assets and liabilities:		
Restricted cash	(178,328)	133,621
Contracts receivable	105,543	154,527
Accounts receivable, related parties	(5,706,421)	(1,180,759)
Accounts receivable	(1,079,534)	-
Accounts receivable, manager fees	(129,846)	(198,521)
Inventory	8,358,635	663,166
Interest receivable	(3,157)	57,653
Other assets	1,260,130	(110,265)
Accounts payable and customer deposits	(759,929)	180,293
Accounts payable, related parties	(158,444)	(1,440,397)
Accrued expenses and manager fees	2,764,671	8,337,388
Accrued interest	(2,722,124)	1,154,820
Net cash (used in) provided by operating activities	<u>(653,275)</u>	<u>8,811,767</u>
Cash flows from investing activities:		
Mortgage loan originations, net of payments	(3,450,643)	6,400,073
Issuance, net of repayments of related party notes receivable	(329,500)	(25,000)
Purchase of property and equipment	(76,393)	(290,586)
Net cash (used in) provided by investing activities	<u>(3,856,536)</u>	<u>6,084,487</u>
Cash flows from financing activities:		
Proceeds from notes payable	23,048,477	14,685,693
Repayment of notes payable	(17,633,627)	(23,349,536)
Proceeds from additional paid in capital	-	100
Cash dividends - members	(45,520)	(43,749)
Net cash provide by (used in) financing activities	<u>5,369,330</u>	<u>(8,707,492)</u>
Net increase in cash and cash equivalents	859,519	6,188,762
Cash and cash equivalents at beginning of year	<u>9,625,375</u>	<u>3,436,613</u>
Cash and cash equivalents at end of year	<u>\$ 10,484,894</u>	<u>\$ 9,625,375</u>

The accompanying notes are an integral part of these statements.

NATIONAL LAND PARTNERS HOLDINGS, LLC
Combined Consolidated Statements of Cash Flows - Continued
For the years ended December 27, 2015 and December 28, 2014

	<u>2015</u>	<u>2014</u>
<u>Supplemental Disclosure of Cash Flow Information:</u>		
Cash paid during the year for interest	\$ 5,530,892	\$ 1,676,582

The accompanying notes are an integral part of these statements.

NATIONAL LAND PARTNERS HOLDINGS, LLC

Notes to Combined Consolidated Financial Statements

December 27, 2015 and December 28, 2014

NOTE A - NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

As of January 1, 2013, National Land Partners, LLC was reorganized to separate the home building business and newly acquired land development projects into separate companies. In connection with the reorganization NLP Homes, LLC and National Land Partners II, LLC were created and along with National Land Partners, LLC each became a wholly owned and controlled subsidiary of National Land Partners Holdings, LLC. National Land Partners II, LLC and the original National Land Partners, LLC acquire and develop large undeveloped rural and recreational properties and subdivide these parcels into smaller parcels to be sold at retail. NLP Homes, LLC acquires undeveloped land and completed building lots in various geographical areas and constructs single family homes which are sold at retail. Properties that are being developed and sold by the Company are located in the following states: West Virginia, Virginia, North Carolina, South Carolina, Tennessee, Kentucky, Texas, Alabama, Maryland, Georgia and Florida.

Principles of Combination and Consolidation

The financial statements include the accounts of National Land Partners Holdings, LLC, its subsidiaries and Entities Under Common Control. For financial reporting purposes the assets, liabilities and earnings of the entities under common control are combined with those of National Land Partners Holdings, LLC, with the interests owned by parties other than the Companies included in the Companies' financial statements as minority interest. All significant intercompany transactions are eliminated.

Entities Under Common Control

Entities Under Common Control are entities that are owned by the members of or a subsidiary of National Land Partners Holdings, LLC and over which the members and or the manager of National Land Partners Holdings, LLC have substantial control (collectively known as the "Entities under Common Control"). The equity ownership of the Entities under Common Control that is not owned by the members or a subsidiary of National Land Partners Holdings, LLC is shown as minority interest. The operations of entities under common control are similar to those of National Land Partners Holdings, LLC's and its subsidiaries and accordingly, these entities have been combined for the most meaningful presentation.

Entities Under Common Control are as follows:

<u>Name</u>	<u>Location</u>	<u>Ownership Under Common Control</u>
Possum Kingdom Corp. (S - Corporation)	Texas	74.375%
Cherokee Valley Homes, LLC	South Carolina	50%
Paeonia, LLC	Florida	50%
Mallard Pond, LLC	Florida	50%
Montejo, LLC	Florida	50%
NLP Homes at Eryn's Garden, LLC	Florida	50%
NLP Homes at Jordan's Pass, LLC	Florida	50%
NLP Homes at Rivers Landing, LLC	Florida	50%

NATIONAL LAND PARTNERS HOLDINGS, LLC

Notes to Combined Consolidated Financial Statements
December 27, 2015 and December 28, 2014

NOTE A - NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES - Continued

Accounting Period

The Companies operate on a 52 or 53 week fiscal period. For the year ended December 27, 2015 ("fiscal 2015") and December 28, 2014 ("fiscal 2014"), the combined consolidated financial statements represent 52 week fiscal periods.

Concentrations of Risk

Credit risk for mortgage loans receivable and contracts receivable is concentrated in various geographic regions in which the collateral real estate is located. The Companies also maintain balances in various financial institutions, which at times may exceed the Federal Deposit Insurance Corporation ("FDIC") insured limits. At December 27, 2015 and December 28, 2014, the Company's uninsured cash balances totaled \$7,938,426 and \$1,526,779, respectively.

Cash and Cash Equivalents

Cash and cash equivalents include all cash held in accounts with a maturity of less than three months.

Contracts Receivable

Contracts receivable consists primarily of unclosed sales and proceeds in transit from closings.

Restricted Cash

Restricted cash consists of customer deposits, cash bonds and letters of credit.

Inventory

Real estate acquired for sale is carried at the lower of cost or estimated net realizable value. Proceeds received from the sale of timber and related incidental operations on certain projects are accounted for as a reduction of capitalized project costs, in accordance with Accounting Standards Codification 970 *Real Estate - General*.

Allowance for Losses on Contracts, Mortgage Loans and Accounts Receivable

Specific valuation allowances are provided for certain loans when repayment becomes doubtful and the amounts expected to be received in settlement of the loan are less than the amount due. Accounts are deemed delinquent and interest accruals on certain loans receivable are discontinued if an account becomes over 90 days contractually past due. In addition to specific allowances, a general allowance may be provided for future losses based on historical experience, an evaluation of the loan portfolio, and prevailing market conditions. Additions to the allowance are charged to other income and expense.

Allowance for uncollectible accounts receivable from related parties amounted to \$5.7 million and \$5.3 million as of December 27, 2015 and December 28, 2014, respectively.

Compensated Absences

Compensated absences for sick pay and personal time have not been accrued since they cannot be reasonably estimated. The Company's policy is to recognize these costs when actually paid.

NATIONAL LAND PARTNERS HOLDINGS, LLC

Notes to Combined Consolidated Financial Statements

December 27, 2015 and December 28, 2014

NOTE A -NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES – Continued

Revenue and Cost Recognition

The Companies record land sales revenue in accordance with Accounting Standards Codification 976 *Real Estate – Retail Land*. Sales of land are accounted for under the full accrual or the percentage of completion methods. Under the full accrual method, land sale revenues and profits are recognized when the buyer has made a down payment of at least ten percent (10%) of the contract sales price for retail land sales (20% for bulk sales of land), the collectability of the sales price is reasonably assured, the Companies have completed substantially all of their obligations with respect to any development related to the real estate sold and any rescission period has passed.

The sales of homes are recorded under the full accrual method. Under the full accrual method condominium or home sale revenue and profits are recognized at the time of sale. The sale of condominiums and homes is considered to have occurred when 100% of the sales price is received and when the seller has transferred to the buyer the usual risk and rewards of ownership in a transaction that is in substance a sale, and the seller does not have substantial continuing involvement in the property.

The Companies capitalize construction and development costs. The relative sales value method is used to determine cost of sales for individual lots. Actual cost of the house and lot is used to determine cost of sales for homes.

The sales revenue on pending land sales contracts is recorded as contracts receivable. Contracts receivable are generally collected within sixty days.

Property and Equipment

Property and equipment are recorded at cost. Depreciation is computed on the straight line method based on the estimated useful lives of the assets as follows:

Buildings and improvements	5-40 years
Office equipment and furniture & fixtures	5-7 years
Vehicles	5 years

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("US GAAP") requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Estimates, primarily the amounts that will be realized from collecting receivables and selling existing real estate, as well as the determination of project costs including estimates-to-complete, are required in preparing the financial statements in accordance with US GAAP. Because of the uncertainties inherent in those estimates, it is at least reasonably possible that the estimates will change in the near term.

NATIONAL LAND PARTNERS HOLDINGS, LLC

Notes to Combined Consolidated Financial Statements

December 27, 2015 and December 28, 2014

NOTE A - NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES - Continued**Manager Fees**

Manager fees are based on individual management agreements, as defined, but generally provide for a fee ranging from 50-75% of the net income from property sales. The fees represent compensation earned by independent managers contracted by the Companies to manage specific operations of the Company, its wholly owned subsidiaries and entities under common control. If the properties are not operating at a profit, the managers are responsible for 50-75% of the net loss incurred.

Advertising

The Companies expense the cost of advertising as the advertisements are published, aired or mailed. The cost of prepaid advertising and supplies of existing advertising materials are capitalized until used. For the years ended December 27, 2015 and December 28, 2014, advertising expense was \$6,221,641 and \$7,644,450, respectively and at year end prepaid advertising was \$15,803 and \$59,744, respectively.

Income Taxes

The Companies' elected partnership treatment under the Internal Revenue Code and state tax laws; accordingly, the taxable income of the Companies will be reflected on the income tax return of National Land Partners Holdings, LLC. It is the Companies' policy to distribute amounts necessary to cover the personal tax liability on the Companies' income through dividend distributions. If the Companies were taxed as corporations, the tax rate would have been approximately 35% for federal and 5% for state. Subsequent to the years ended December 27, 2015 and December 28, 2014, no members' and owners' dividends were declared and paid for personal tax liabilities related to the Companies' income.

The Company evaluates all significant tax positions as required by GAAP. As of December 27, 2015, the Company does not believe that there are any material tax liabilities or benefits that would either increase or decrease within the next twelve months. The Company's income tax returns are subject to examination by the appropriate regulatory authorities and as of December 27, 2015 and December 28, 2014 the Company's federal tax returns generally remain open for the last three years.

NOTE B - INVENTORY

Inventory consisted of the following at December 27, 2015 and December 28, 2014:

	<u>2015</u>	<u>2014</u>
Land under development	\$ 15,107,328	\$ 30,593,680
Homes in process	6,960,878	3,024,889
Model homes	1,260,238	275,845
Undeveloped property	785,636	1,202,165
Less: Allowance for impairment in value	(195,524)	(2,819,388)
Inventory, net of impairments	<u>\$ 23,918,556</u>	<u>\$ 32,277,191</u>

NATIONAL LAND PARTNERS HOLDINGS, LLC

Notes to Combined Consolidated Financial Statements

December 27, 2015 and December 28, 2014

NOTE B – INVENTORY - Continued**Impairment**

Certain events or changes in circumstances warrant a consideration of whether the value of a real estate project has been impaired, that is - the carrying value of the project may not be recovered. Such events or changes in circumstances include: a significant decrease in market value; a significant change in the manner in which an asset is used or a significant physical change in the asset; a significant change in legal factors and the business climate that could affect the value of a project or assessment by a regulator; and an accumulation of costs and estimated costs to complete that are significantly in excess of the amount originally expected to acquire and develop a project. During 2015 and 2014, the company did not recognize any additional impairment.

NOTE C - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 27, 2015 and December 28, 2014:

	<u>2015</u>	<u>2014</u>
Land, buildings and improvements	\$ 551,678	\$ 529,247
Office equipment and furniture & fixtures	1,488,077	1,666,375
Vehicles	55,782	61,124
Property and equipment, gross	2,095,537	2,256,746
Less: accumulated depreciation	(1,839,818)	(1,816,691)
Property and equipment, net	<u>\$ 255,719</u>	<u>\$ 440,055</u>

NOTE D - NOTES PAYABLE

Notes payable consisted of the following at December 27, 2015 and December 28, 2014:

	<u>2015</u>	<u>2014</u>
Banks and Financial institutions	\$ 12,936,869	\$ 10,508,248
Member and related parties	16,419,567	13,433,338
	<u>\$ 29,356,436</u>	<u>\$ 23,941,586</u>

National Land Partners Holdings, LLC and wholly owned subsidiaries

	<u>2015</u>	<u>2014</u>
Related Party - Unsecured, due and payable upon demand. Interest is payable upon demand at ten percent (10.0%).	\$ 21,618	\$ 21,618
Related Party - Unsecured, due and payable upon demand. Interest is payable upon demand at ten percent (10.0%).	1,797,690	2,811,819

NATIONAL LAND PARTNERS HOLDINGS, LLC

Notes to Combined Consolidated Financial Statements

December 27, 2015 and December 28, 2014

NOTE D - NOTES PAYABLE - Continued

	2015	2014
Related Party - Unsecured, due and payable upon demand. Interest is payable upon demand at ten percent (10.0%).	3,805,039	1,184,633
Related Party - \$65,000,000 Secured Demand Note, dated February 17, 2009 and last amended July 1, 2010, secured by a pledge agreement and collateral assignment. Interest is payable quarterly at 10%.	9,884,100	8,504,648
Related Party - Unsecured, due and payable upon demand. Interest is payable upon demand at ten percent (10%).	911,120	910,620
Bank - line of credit, last modified October 22, 2014 requiring scheduled principal payments in November 2014, February, May and July 2015; secured by certain Kentucky, Texas and Florida inventory; payable in full on August 31, 2015. Interest is due and payable monthly at prime rate plus one and one half percent (1.5%) Paid in full October 6, 2015.		509,874
Bank - \$7,875,000 on March 31, 2006, last modified on October 22, 2014, secured by certain Kentucky inventory. Principal reduction requirements; \$21,000 per released lot, and payable in full on August 31, 2015. Interest is due and payable monthly at prime plus two percent (2.00%) Paid in full October 25, 2015.		48,112
Bank - \$2,000,000 promissory note dated June 1, 2015 secured by certain Texas inventory. Principal plus all accrued unpaid interest shall be due and payable on June 1, 2017. Interest is due monthly at 6.25% per annum.	528,904	
Bank - \$2,210,000 on November 3, 2006, increased to \$3,007,500 on July 19, 2007, and last modified January 15, 2015 secured by certain South Carolina inventory. Current repayment terms are equal monthly payments of principal and interest in the amount of \$12,500, payable in full on December 10, 2015. Interest is due and payable monthly at prime rate plus 2% not to fall below 6%. Paid in full April 20, 2015.		751,125
Promissory note for paving, unsecured, on December 16, 2011 for \$151,891. Principal plus accumulated interest is due on or before December 1, 2014. Interest is due at the rate of 5%. This note is in default at December 28, 2014. Note paid in full February 21, 2016.	151,891	151,891

NATIONAL LAND PARTNERS HOLDINGS, LLC

Notes to Combined Consolidated Financial Statements

December 27, 2015 and December 28, 2014

NOTE D - NOTES PAYABLE – Continued

	2015	2014
Bank - \$481,627 promissory note dated December 4, 2015, secured by certain Florida inventory. Principal plus interest shall be due and payable on December 4, 2016. Interest is a variable rate at 1.75% over prime. (5.25% on December 27, 2015)	149,281	
Bank Promissory note - \$4,750,000 on December 29, 2014, secured by certain Texas inventory. Unpaid principal and interest shall be due and payable on January 20, 2017. Interest is five and sixty-two hundredths per cent (5.62%).	2,344,657	
Bank Promissory note - \$1,700,000 on June 26, 2013, last modified July 8, 2014 secured by certain Texas inventory. The unpaid principal and interest shall be due and payable on June 26, 2015. Interest is due and payable monthly at six and one half percent (6.5%) per annum. Paid in full September 29, 2015		912,437
Bank Promissory note - \$1,220,571 on October 1, 2013, secured by certain Texas inventory. The unpaid principal and interest shall be due and payable on October 1, 2015. Interest is due and payable monthly at six and one half percent (6.5%) per annum. Paid in full March 24, 2015		82,522
Bank - \$2,150,000 non-revolving line of credit secured by certain Maryland inventory as well as furniture, fixtures and machinery. Current repayment terms are quarterly installments of \$100,000 beginning January 1, 2016. Interest is payable monthly at 5.25% or prime +2%, payable in full May 1, 2018.	650,764	
Bank - \$360,000 on July 21, 2004, renewed August 22, 2007, last modified December 12, 2012, secured by certain South Carolina inventory. Principal reduction requirements; 24 payments of \$2,876.50 including interest. Interest is at the greater of prime rate plus 1.75% or 5%. Paid in full January 13, 2015		29,565
Bank - \$3,000,000 credit agreement on July 24, 2012, and amended April 30, 2013 secured by certain South Carolina inventory. The agreement allows for multiple construction loans to be created with the total loans not to exceed \$3,000,000 and expired on April 30, 2014 and was extended until April 30, 2015. Each construction loan matures six (6) months from loan closing. Principal and interest are due on each construction loan at maturity. Each construction loan pays interest on a monthly basis. Interest is variable rate of 1/2% + prime or not less than 5%. (5.00% on December 27, 2015).	1,803,394	1,685,422

NATIONAL LAND PARTNERS HOLDINGS, LLC

Notes to Combined Consolidated Financial Statements
December 27, 2015 and December 28, 2014

NOTE D - NOTES PAYABLE – Continued

	2015	2014
Bank - \$500,000 promissory note dated August 30, 2013, amended and restated November 22, 2013, secured by certain Florida inventory. Principal plus all accrued unpaid interest, at prime plus one and three quarters (1.75%) percent. Interest is paid quarterly. (5.00% on December 28, 2014). Principal plus all accrued unpaid interest is due on December 4, 2016.	386,589	411,936
Bank - \$500,000 promissory note dated August 30, 2013, amended and restated November 22, 2013, secured by certain Florida inventory. Principal plus all accrued unpaid interest, at prime plus one and three quarters (1.75%) percent. Interest is paid quarterly. (5.00% on December 28, 2014). Principal plus all accrued unpaid interest is due on December 4, 2016.	86,589	86,589
Bank - \$568,000 promissory note dated June 26, 2013 secured by certain Kentucky inventory. Principal plus all accrued unpaid interest, at prime plus one-half (0.50%) percent but not less than 5%. Interest is paid quarterly. (5.00% on December 28, 2014). This loan matured on June 26, 2014 and was extended to September 15, 2015 and was paid in full August 11, 2015.		141,882
Bank - \$594,000 promissory note dated September 15, 2014 secured by certain Kentucky inventory. Principal plus all accrued unpaid interest, at prime plus one-half (0.50%) percent but not less than 5%. Interest is paid quarterly. This loan matured on September 15, 2015 and was paid in full on August 11, 2015.		594,000
Bank - \$1,503,963 promissory note dated June 2, 2014 secured by certain Florida inventory. Principal plus all accrued unpaid interest, at prime plus 1.75% but not less than 5%. Interest is paid monthly beginning July 2, 2014. This loan matures on June 2, 2016.	382,136	1,429,336
Bank - \$2,255,500 promissory note dated June 27, 2014 secured by certain Texas inventory. Principal plus all accrued unpaid interest, at prime plus 1.75% but not less than 5%. Interest is paid monthly beginning July 27, 2014. Principal shall be due and payable in quarterly payments of \$165,016 each, payable in September and December 2014 and March and June 2015. This loan matures on June 27, 2015. Paid in full May 4, 2015.		590,801
Bank - \$1,650,000 promissory note dated April 28, 2014 secured by certain Georgia inventory. Principal plus all accrued unpaid interest, at 6.75%. Interest is paid monthly. Principal plus all accrued unpaid interest is due on April 27, 2016. The Company is in the process of extending this loan.	1,108,797	1,399,300

NATIONAL LAND PARTNERS HOLDINGS, LLC

Notes to Combined Consolidated Financial Statements

December 27, 2015 and December 28, 2014

NOTE D - NOTES PAYABLE – Continued

	<u>2015</u>	<u>2014</u>
Bank – \$6,705,000 promissory note dated April 30, 2015, amended and restated October 9, 2015, secured by certain Florida and Georgia inventory. The agreement allows for multiple construction loans to be created with the total loans not to exceed \$6,705,000 and expires on April 30, 2016. Each construction loan matures twelve (12) months from loan closing. Principal and interest are due on each construction loan at maturity. Each construction loan pays interest on a monthly basis. Interest is variable rate of prime or not less than 5%. (5.00% on December 27, 2015).	3,224,412	
Bank - \$3,750,000 promissory note dated August 30, 2013, amended and restated September 30, 2015, secured by certain Florida and Georgia inventory. The agreement allows for multiple construction loans to be created with the total loans not to exceed \$3,750,000 and expires on October 16, 2016. Each construction loan matures six (6) months from loan closing. Principal and interest are due on each construction loan at maturity. Each construction loan pays interest on a monthly basis. Interest is variable rate of 1 3/4% plus prime or not less than 5%. (5.25% on December 27, 2015).	2,119,455	1,683,456
	<u>\$ 29,356,436</u>	<u>\$ 23,941,586</u>

Annual minimum payments of debt for the year ending December 27, 2015 are as follows:

<u>Fiscal</u>	
2016	\$ 28,176,768
2017	528,904
2018	650,764
Total	<u>\$ 29,356,436</u>

All notes due on demand are included as scheduled payments in fiscal 2016. Such minimum payments may differ from actual payments due to principal payments required when lots are sold for certain of the above obligations.

NATIONAL LAND PARTNERS HOLDINGS, LLC

Notes to Combined Consolidated Financial Statements
December 27, 2015 and December 28, 2014

NOTE E - RELATED PARTY TRANSACTIONS

The Companies receive administrative services under management agreements from a related company ("the management company") for a fee up to five percent of real estate sales as defined. For fiscal 2015 and 2014, related management fees incurred totaled \$4,694,644 and \$4,534,182 respectively, and are reflected in administrative expenses in the Combined Consolidated Statements of Income.

The Companies have a pay as you go arrangement with a related entity for use of certain transportation equipment. Payments amounting to \$446,304 and \$603,428 were made for usage in fiscal 2015 and 2014 respectively, and are reflected in administrative expenses in the Combined Consolidated Statements of Income.

At December 27, 2015 and December 28, 2014, the Companies had notes payable to related parties which are detailed in Note D.

At December 27, 2015 and December 28, 2014 the Companies have advanced a total of \$29,418,738 and \$23,382,816, respectively, to related parties. This total represents operational advances, accrued interest and demand notes which have interest accruing at 10%.

The Company purchased seller financed retail land loans from National Timber Partners, LLC at a discount. The outstanding principal balance as of December 27, 2015 and December 28, 2014 was \$73,574 and \$45,581 respectively and the unamortized discount was \$14,894 and \$11,396 respectively for a net investment of \$58,680 and \$34,185 respectively, included in mortgage loans receivable.

The carrying value of mortgage loans receivable pledged as collateral with NTP Timber Plus + Fund I, LP, a related party, is approximately \$4.2 million and \$1.1 million at December 27, 2015 and December 28, 2014, respectively.

NOTE F - COMMITMENTS AND CONTINGENCIES

Leases

The Companies have operating leases for certain property and equipment, which expire at various dates through April 2018. The following is a summary of minimum future rentals at December 27, 2015:

<u>Fiscal</u>	
2016	27,773
2017	8,720
2018	2,080
Total	<u>\$38,573</u>

For fiscal 2015 and 2014, rent expense under operating leases was approximately \$491,129 and \$533,153, respectively.

NATIONAL LAND PARTNERS HOLDINGS, LLC

Notes to Combined Consolidated Financial Statements

December 27, 2015 and December 28, 2014

NOTE F - COMMITMENTS AND CONTINGENCIES - Continued

Contingencies

The Companies are sometimes plaintiffs or defendants in legal actions incident to their business; however, none of the actions is believed by management to be material to the financial condition of the Companies.

Letters of Credit and Bonding

In the normal course of business, the Companies sometimes sell parcels of land before all the required development for such parcels has been completed. Certain counties and municipalities require the Companies to obtain performance/completion bonds or post letters of credit from financial institutions naming the county or municipality as beneficiary to guaranty completion of certain project infrastructure. At December 27, 2015 and December 28, 2014, these bonds and letters of credit had face amounts of \$15,472,900 and \$16,182,823 respectively. At December 27, 2015 and December 28, 2014, only approximately \$6,014,685 and \$4,648,603, respectively, of remaining infrastructure spending was secured by these bonds and letters of credit.

NOTE G - DEFINED CONTRIBUTION PENSION PLAN

The Company has a retirement savings plan pursuant to Section 401(k) of the Internal Revenue Code. Any employees who have completed six months of service and attained 21 years of age may participate in the plan. The Company will contribute an amount equal to 20% of the employee contributions. Total employee contributions are subject to limitations imposed by the Internal Revenue Service. Participant contributions vest immediately. Employer contributions vest ratably over the first six years of service or sooner in certain circumstances defined in the plan document. The Company's expense for this plan amounted to \$60,194 and \$65,555 for 2015 and 2014 respectively.

NOTE H - SUBSEQUENT EVENTS

The Company is formulating a succession plan which has not been finalized. In connection with that succession plan, Michael S. Patten was appointed CEO on February 1, 2016 and the Company has arranged for the redemption of certain membership interests at a discount to their balance sheet values.

In preparing these financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through May 11, 2016 the date the financial statements were issued.

NATIONAL LAND PARTNERS HOLDINGS, LLC

Notes to Combined, Consolidated Financial Statements
December 27, 2015 and December 28, 2014

NOTE I - SUMMARY INFORMATION ON ENTITIES UNDER COMMON CONTROL

2015

	Poosum Kingdom Corp.	Cherokee Valley Homes, LLC and Subsidiaries	Paeonia, LLC	Mallard Pond, LLC	Montepo, LLC	NLP Homes At Egypt's Garden, LLC	NLP Homes at Jordan's Pass LLC	NLP Homes at Rivers Landing LLC	Totals
Balance Sheet									
Cash	\$ 386	\$ 628,813	\$ 142,678	\$ 17,872	\$ 2,533	\$ 208,368	\$ 4,887	\$ 9,533	\$ 1,015,070
Inventory	-	2,000,308	1,982,925	859,262	150,016	3,415,008	877,082	2,273,948	11,558,549
Property, equipment and other assets	599,000	62,282	87,893	10,436	1,757	81,259	3,936	20,464	867,027
Total Assets	\$ 599,386	\$ 2,691,403	\$ 2,213,496	\$ 887,570	\$ 154,306	\$ 3,704,635	\$ 885,905	\$ 2,303,945	\$ 13,440,646
Liabilities and equity									
Accounts payable and Accrued Expenses	\$ -	\$ 142,961	\$ 316,754	\$ 13,623	\$ 311	\$ 615,687	\$ 2,573	\$ 92,495	\$ 1,184,404
Notes Payable	-	1,803,394	1,496,017	829,628	86,589	2,274,539	-	1,452,020	7,942,187
Other Liabilities	-	2,843,272	814,688	307,000	131,000	1,170,927	915,000	973,799	7,155,686
Partners' and owners' equity / (deficit)	599,386	(2,098,224)	(413,963)	(262,681)	(63,594)	(356,518)	(31,668)	(214,369)	(2,841,631)
Total Liabilities and equity	\$ 599,386	\$ 2,691,403	\$ 2,213,496	\$ 887,570	\$ 154,306	\$ 3,704,635	\$ 885,905	\$ 2,303,945	\$ 13,440,646
Components of Income									
Sales	\$ -	\$ 11,043,846	\$ 6,675,991	\$ -	\$ -	\$ 4,481,322	\$ -	\$ -	\$ 22,201,159
Gross Profit	(1,776)	3,258,363	1,883,613	(10,781)	(4,314)	1,316,687	-	(19,044)	6,422,748
Total Expenses	1,402	2,646,010	1,520,054	95,555	19,950	1,309,128	1,274	99,220	5,692,593
Income / (loss) from operations	(3,178)	612,353	363,559	(106,336)	(24,264)	7,559	(1,274)	(118,264)	730,155
Other	4,044	(360,944)	(256,574)	(77,561)	(16,181)	(219,499)	(30,394)	(96,105)	(1,053,214)
Net Income	\$ 866	\$ 251,409	\$ 106,985	\$ (183,897)	\$ (40,445)	\$ (211,940)	\$ (31,668)	\$ (214,369)	\$ (323,059)

NATIONAL LAND PARTNERS HOLDINGS, LLC

Notes to Combined Consolidated Financial Statements

December 27, 2015 and December 28, 2014

NOTE I - SUMMARY INFORMATION ON ENTITIES UNDER COMMON CONTROL - Continued

2014

	Possum Kingdom Corp.	Cherokee Valley Homes, LLC and Subsidiaries	Paeonia, LLC	Mallard Pond, LLC	Montejo, LLC	NLP Homes At Eryn's Garden, LLC	Totals
Balance Sheet,							
Cash	\$ 22,220	\$ 1,338,109	\$ 106,763	\$ 8,073	\$ 372	\$ 3,367	\$ 1,478,904
Inventory	-	3,642,745	1,359,775	700,032	150,015	2,380,241	8,232,808
Property, equipment and other assets	576,500	112,407	45,756	2,403	1,033	6,350	744,449
Total Assets	\$ 598,720	\$ 5,093,261	\$ 1,512,294	\$ 710,508	\$ 151,420	\$ 2,389,958	\$ 10,456,161
Accounts payable and Accrued Expenses	\$ 200	\$ 395,893	\$ 203,845	\$ 20,098	\$ 5,910	\$ 62,220	\$ 688,166
Notes Payable	-	1,685,422	793,440	705,694	151,158	1,826,321	5,162,035
Other Liabilities	-	5,361,581	1,035,957	63,500	17,501	645,994	7,124,533
Partners' and owners' equity / (deficit)	598,520	(2,349,635)	(520,948)	(78,784)	(23,149)	(144,577)	(2,518,573)
Total Liabilities and equity	\$ 598,720	\$ 5,093,261	\$ 1,512,294	\$ 710,508	\$ 151,420	\$ 2,389,958	\$ 10,456,161
Components of Income							
Sales	\$ -	\$ 10,280,690	\$ 571,997	\$ -	\$ -	\$ -	\$ 10,852,687
Gross Profit	-	3,599,780	132,856	(11,268)	(4,190)	-	3,717,178
Total Expenses	1,467	2,379,901	497,274	5,318	4,432	70,075	2,958,467
Income / (loss) from operations	(1,467)	1,219,879	(364,418)	(16,586)	(8,622)	(70,075)	758,711
Other	20,525	(663,515)	(111,866)	(55,822)	(12,389)	(74,502)	(897,569)
Net Income	\$ 19,058	\$ 556,364	\$ (476,284)	\$ (72,408)	\$ (21,011)	\$ (144,577)	\$ (138,859)

Combined Consolidated Financial Statements and
Report of Independent Certified Public Accountant

National Land Partners Holdings, LLC

December 25, 2016 and December 27, 2015

Contents

	Page
Report of Independent Certified Public Accountant	3
Combined Consolidated Financial Statements	
<i>Combined Consolidated Balance Sheets</i>	4
Combined Consolidated Statements of Income (Loss)	5
Combined Consolidated Statements of Changes in Equity and Comprehensive Income	6
Combined Consolidated Statements of Cash Flows	7
Notes to Combined Consolidated Financial Statements	9

 **Sawyer, LLC**
CERTIFIED PUBLIC ACCOUNTANT

1310 MASS MoCA WAY
NORTH ADAMS, MA 01247
TELEPHONE (413) 664-6777
FAX (413) 663-8020

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT

To the Members and Board of Directors of
National Land Partners Holdings, LLC

I have audited the accompanying combined financial statements of National Land Partners Holdings, LLC (a Delaware LLC); its subsidiaries, and entities under common control (the Company) which comprise the combined consolidated balance sheets as of December 25, 2016 and December 27, 2015, and the related combined consolidated statements of income (loss), combined consolidated statements of change in equity and comprehensive income, and combined consolidated statements of cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

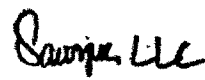
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of National Land Partners Holdings, LLC, its subsidiaries, and entities under common control as of December 25, 2016 and December 27, 2015, 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.

March 28, 2017



Sawyer, LLC
North Adams, Massachusetts

NATIONAL LAND PARTNERS HOLDINGS, LLC
Combined Consolidated Balance Sheets
December 25, 2016 and December 27, 2015

ASSETS		
	2016	2015
Cash and cash equivalents	\$ 9,786,517	\$ 10,484,894
Restricted cash	748,176	941,694
Contracts receivable	4,324,516	3,304,720
Mortgage loans receivable (net of allowance for estimated uncollectible accounts of approx. \$44,039 and \$699,542 for 2016 and 2015)	2,593,256	5,578,455
Accounts receivable, related parties (net of allowance for estimated uncollectible accounts of \$5,725,676 for 2016 and 2015)	4,346,577	12,466,629
Accounts receivable, manager fees	2,654,595	2,560,401
Accounts receivable, other	538,208	1,079,534
Notes receivable, related parties	5,059,229	16,019,152
Notes receivable, other	-	100,000
Interest receivable, related parties	932,956	932,956
Interest receivable, mortgages	2,791	3,936
Inventory, net	41,512,840	23,918,556
Property and equipment, net	381,172	255,719
Prepaid expenses and other assets	1,962,909	1,978,190
Total assets	<u>\$ 74,843,742</u>	<u>\$ 79,624,836</u>
LIABILITIES AND EQUITY		
LIABILITIES		
Notes payable	\$ 22,232,015	\$ 12,936,869
Notes payable, related parties	3,559,808	16,419,567
Accounts payable and customer deposits	1,248,082	2,233,716
Accounts payable, related parties	4,064,852	785,884
Accrued expenses	1,231,071	2,575,599
Accrued manager share of profits	5,991,995	11,848,349
Accrued interest	619,913	974,441
Total liabilities	38,947,736	47,774,425
Minority interest	(318,982)	(1,566,966)
COMMITMENTS AND CONTINGENCIES (Note G)		
EQUITY		
Common stock of entities under common control, no par value, 10,000 shares authorized, issued, and outstanding, respectively	7,438	7,438
Paid in capital	13,449,649	11,126,197
Retained earnings	22,757,901	22,283,742
Total equity	<u>36,214,988</u>	<u>33,417,377</u>
Total liabilities and equity	<u>\$ 74,843,742</u>	<u>\$ 79,624,836</u>

The accompanying notes are an integral part of these statements.

NATIONAL LAND PARTNERS HOLDINGS, LLC

Combined Consolidated Statements of Income (Loss)

For the years ended December 25, 2016 and December 27, 2015

	2016	2015
Sales of real estate	\$ 78,426,888	\$ 87,308,432
Cost of real estate sales	45,632,064	53,014,249
Gross profit	32,794,824	34,294,183
Selling and administrative expenses		
Selling	11,620,132	15,472,628
Administrative	12,502,409	16,257,611
Manager share of profits	3,687,193	2,460,249
Total costs and expenses	27,809,734	34,190,488
Income from operations	4,985,090	103,695
Other		
Interest expense	(1,836,839)	(2,174,156)
Interest income	539,707	445,813
Other - net	639,993	164,389
Allowance for uncollectible accounts	-	(419,626)
Loss on disposition of fixed assets	-	(64,970)
Interest income on investment in loans and mortgages	82,649	59,652
Discounts on loans sold	51,311	(145,381)
Interest expense related to loans and mortgage investments	(315,762)	(634,613)
Income (loss) before minority interests	4,146,149	(2,665,197)
Minority interests	(256,764)	133,715
Net Income (Loss)	\$ 3,889,385	\$ (2,531,482)

The accompanying notes are an integral part of these statements.

NATIONAL LAND PARTNERS HOLDINGS, LLC

Combined Consolidated Statements of Changes in Equity and Comprehensive Income
For the years ended December 25, 2016 and December 27, 2015

	Common Stock	Paid in Capital	Retained Earnings	Total
Balance at December 28, 2014	<u>\$ 7,438</u>	<u>\$ 11,126,197</u>	<u>\$ 24,860,744</u>	<u>\$ 35,994,379</u>
Investment by Members	-	-	-	-
Comprehensive loss	-	-	(2,531,482)	(2,531,482)
Dividends	-	-	(45,520)	(45,520)
Balance at December 27, 2015	<u>\$ 7,438</u>	<u>\$ 11,126,197</u>	<u>\$ 22,283,742</u>	<u>\$ 33,417,377</u>
Investment by Members	-	2,323,452	(2,323,452)	-
Comprehensive income	-	-	3,889,385	3,889,385
Dividends	-	-	(1,091,774)	(1,091,774)
Balance at December 25, 2016	<u>\$ 7,438</u>	<u>\$ 13,449,649</u>	<u>\$ 22,757,901</u>	<u>\$ 36,214,988</u>

The accompanying notes are an integral part of these statements.

NATIONAL LAND PARTNERS HOLDINGS, LLC
Combined Consolidated Statements of Cash Flows
For the years ended December 25, 2016 and December 27, 2015

	2016	2015
Cash flows from operating activities:		
Net income (loss)	\$ 3,889,385	\$ (2,531,482)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation and amortization	111,749	195,756
Net income attributable to minority interest	256,764	(133,715)
Loss on sale of fixed assets	-	64,970
Changes in current assets and liabilities:		
Restricted cash	193,518	(178,328)
Contracts receivable	(1,019,796)	105,543
Accounts receivable, related parties	8,120,052	(5,706,421)
Accounts receivable	541,326	(1,079,534)
Accounts receivable, manager fees	(94,194)	(129,846)
Inventory	(17,594,284)	8,358,635
Interest receivable	1,145	(3,157)
Other assets	392	1,260,130
Accounts payable and customer deposits	(985,634)	(759,929)
Accounts payable, related parties	3,278,968	(158,444)
Accrued expenses and manager fees	(7,200,882)	2,764,671
Accrued interest	(354,528)	(2,722,124)
Net cash used in operating activities	(10,856,019)	(653,275)
Cash flows from investing activities:		
Mortgage loan originations, net of payments	2,985,199	(3,450,643)
Repayment of other notes receivable	100,000	-
Issuance, net of repayments of related party notes receivable	10,959,923	(329,500)
Purchase of property and equipment	(302,313)	(76,393)
Proceeds from sale of property and equipment	80,000	-
Net cash provided by (used in) investing activities	13,822,809	(3,856,536)
Cash flows from financing activities:		
Proceeds from notes payable	31,995,074	23,048,477
Repayment of notes payable	(35,559,687)	(17,633,627)
Reclassification of accrued manager fees to Minority Interest	991,220	-
Cash dividends - members	(1,091,774)	(45,520)
Net cash (used in) provide by financing activities	(3,665,167)	5,369,330
Net (decrease) increase in cash and cash equivalents	(698,377)	859,519
Cash and cash equivalents at beginning of year	10,484,894	9,625,375
Cash and cash equivalents at end of year	\$ 9,786,517	\$ 10,484,894

The accompanying notes are an integral part of these statements.

NATIONAL LAND PARTNERS HOLDINGS, LLC
Combined Consolidated Statements of Cash Flows - Continued
For the years ended December 25, 2016 and December 27, 2015

	<u>2016</u>	<u>2015</u>
<u>Supplemental Disclosure of Cash Flow Information:</u>		
Cash paid during the year for interest	\$ 2,507,142	\$: 5,530,892

The accompanying notes are an integral part of these statements.

NATIONAL LAND PARTNERS HOLDINGS, LLC

Notes to Combined Consolidated Financial Statements
December 25, 2016 and December 27, 2015

NOTE A - NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

As of January 1, 2013, National Land Partners, LLC was reorganized to separate the home building business and newly acquired land development projects into separate companies. In connection with the reorganization NLP Homes, LLC and National Land Partners II, LLC were created and along with National Land Partners, LLC each became a wholly owned and controlled subsidiary of National Land Partners Holdings, LLC. During 2016 National Land Partners III, LLC was created. National Land Partners II, LLC, National Land Partners III, LLC and the original National Land Partners, LLC acquire and develop large undeveloped rural and recreational properties and subdivide these parcels into smaller parcels to be sold at retail. NLP Homes, LLC acquires undeveloped land and completed building lots in various geographical areas and constructs single family homes which are sold at retail. Properties that are being developed and sold by the Company are located in the following states: West Virginia, Virginia, North Carolina, South Carolina, Kentucky, Texas, Maryland, Georgia and Florida.

Principles of Combination and Consolidation

The financial statements include the accounts of National Land Partners Holdings, LLC, its subsidiaries and Entities Under Common Control. For financial reporting purposes the assets, liabilities and earnings of the entities under common control are combined with those of National Land Partners Holdings, LLC, with the interests owned by parties other than the Companies included in the Companies' financial statements as minority interest. All significant intercompany transactions are eliminated.

Entities Under Common Control

Entities Under Common Control are entities that are owned by the members of or a subsidiary of National Land Partners Holdings, LLC and over which the members and or the manager of National Land Partners Holdings, LLC have substantial control (collectively known as the "Entities under Common Control"). The equity ownership of the Entities under Common Control that is not owned by the members or a subsidiary of National Land Partners Holdings, LLC is shown as minority interest. The operations of entities under common control are similar to those of National Land Partners Holdings, LLC's and its subsidiaries and accordingly, these entities have been combined for the most meaningful presentation.

Entities Under Common Control are as follows:

<u>Name</u>	<u>Location</u>	<u>Ownership Under Common Control</u>
Possum Kingdom Corp. (S - Corporation)	Texas	74.375%
Cherokee Valley Homes, LLC	South Carolina	50%
Paeonia, LLC	Florida	50%
Mallard Pond, LLC	Florida	50%
Montejo, LLC	Florida	50%
NLP Homes at Eryn's Garden, LLC	Florida	50%
NLP Homes at Jordan's Pass, LLC	Florida	50%
NLP Homes at Rivers Landing, LLC	Florida	50%

NATIONAL LAND PARTNERS HOLDINGS, LLC

Notes to Combined Consolidated Financial Statements

December 25, 2016 and December 27, 2015

NOTE A - NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES - Continued

Accounting Period

The Companies operate on a 52 or 53 week fiscal period. For the year ended December 25, 2016 ("fiscal 2016") and December 27, 2015 ("fiscal 2015"), the combined consolidated financial statements represent 52 week fiscal periods.

Concentrations of Risk

Credit risk for mortgage loans receivable and contracts receivable is concentrated in various geographic regions in which the collateral real estate is located. The Companies also maintain balances in various financial institutions, which at times may exceed the Federal Deposit Insurance Corporation ("FDIC") insured limits. At December 25, 2016 and December 27, 2015, the Company's uninsured cash balances totaled \$6,578,506 and \$7,938,426, respectively.

Cash and Cash Equivalents

Cash and cash equivalents include all cash held in accounts with a maturity of less than three months.

Contracts Receivable

Contracts receivable consists primarily of unclosed sales and proceeds in transit from closings.

Restricted Cash

Restricted cash consists of customer deposits, cash bonds and letters of credit.

Inventory

Real estate acquired for sale is carried at the lower of cost or estimated net realizable value. Proceeds received from the sale of timber and related incidental operations on certain projects are accounted for as a reduction of capitalized project costs, in accordance with Accounting Standards Codification 970 *Real Estate - General*.

Allowance for Losses on Contracts, Mortgage Loans and Accounts Receivable

Specific valuation allowances are provided for certain loans when repayment becomes doubtful and the amounts expected to be received in settlement of the loan are less than the amount due. Accounts are deemed delinquent and interest accruals on certain loans receivable are discontinued if an account becomes over 90 days contractually past due. In addition to specific allowances, a general allowance may be provided for future losses based on historical experience, an evaluation of the loan portfolio, and prevailing market conditions. Additions to the allowance are charged to other income and expense.

Allowance for uncollectible accounts receivable from related parties amounted to \$5.7 million as of December 25, 2016 and December 27, 2015.

Compensated Absences

Compensated absences for sick pay and personal time have not been accrued since they cannot be reasonably estimated. The Company's policy is to recognize these costs when actually paid.

NATIONAL LAND PARTNERS HOLDINGS, LLC

Notes to Combined Consolidated Financial Statements

December 25, 2016 and December 27, 2015

NOTE A - NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES – Continued

Revenue and Cost Recognition

The Companies record land sales revenue in accordance with Accounting Standards Codification 976 *Real Estate – Retail Land*. Sales of land are accounted for under the full accrual method. Under the full accrual method, land sale revenues and profits are recognized when the buyer has made a down payment of at least ten percent (10%) of the contract sales price for retail land sales (20% for bulk sales of land), the collectability of the sales price is reasonably assured, the Companies have completed substantially all of their obligations with respect to any development related to the real estate sold and any rescission period has passed.

The sales of homes are recorded under the full accrual method. Under the full accrual method condominium or home sale revenue and profits are recognized at the time of sale. The sale of condominiums and homes is considered to have occurred when 100% of the sales price is received and when the seller has transferred to the buyer the usual risk and rewards of ownership in a transaction that is in substance a sale, and the seller does not have substantial continuing involvement in the property.

The Companies capitalize construction and development costs. The relative sales value method is used to determine cost of sales for individual lots. Actual cost of the house and lot is used to determine cost of sales for homes.

The sales revenue on pending land sales contracts is recorded as contracts receivable. Contracts receivable are generally collected within sixty days.

Property and Equipment

Property and equipment are recorded at cost. Depreciation is computed on the straight line method based on the estimated useful lives of the assets as follows:

Buildings and improvements	5-40 years
Office equipment and furniture & fixtures	5-7 years
Vehicles	5 years

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("US GAAP") requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Estimates, primarily the amounts that will be realized from collecting receivables and selling existing real estate, as well as the determination of project costs including estimates-to-complete, are required in preparing the financial statements in accordance with US GAAP. Because of the uncertainties inherent in those estimates, it is at least reasonably possible that the estimates will change in the near term.

NATIONAL LAND PARTNERS HOLDINGS, LLC

Notes to Combined Consolidated Financial Statements

December 25, 2016 and December 27, 2015

NOTE A - NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES - Continued

Manager Share of Profits

Manager share of profits are based on individual management agreements, as defined, but generally provide for a fee ranging from 25-75% of the net income from property sales. The fees represent compensation earned by independent managers contracted by the Companies to manage specific operations of the Company, its wholly owned subsidiaries and entities under common control. If the properties are not operating at a profit, the managers are responsible for 25-75% of the net loss incurred.

Advertising

The Companies expense the cost of advertising as the advertisements are published, aired or mailed. The cost of prepaid advertising and supplies of existing advertising materials are capitalized until used. For the years ended December 25, 2016 and December 27, 2015, advertising expense was \$3,905,202 and \$6,221,641 respectively and at year end prepaid advertising was \$27,769 and \$15,803, respectively.

Income Taxes

The Companies elected partnership treatment under the Internal Revenue Code and state tax laws; accordingly, the taxable income of the Companies will be reflected on the income tax return of National Land Partners Holdings, LLC. It is the Companies' policy to distribute amounts necessary to cover the members' tax liability on the Companies' income through dividend distributions. If the Companies were taxed as corporations, the tax rate would have been approximately 35% for federal and 5% for state. Subsequent to the year ended December 25, 2016 members' dividends will be declared and paid in the amount of approximately \$1.5 million for members' tax liabilities related to the Companies' taxable income. For the year ended December 27, 2015, no members' dividends were declared or paid.

The Company evaluates all significant tax positions as required by GAAP. As of December 25, 2016, the Company does not believe that there are any material tax liabilities or benefits that would either increase or decrease within the next twelve months. The Company's income tax returns are subject to examination by the appropriate regulatory authorities and as of December 25, 2016 and December 27, 2015 the Company's federal tax returns generally remain open for the last three years.

NOTE B - INVENTORY

Inventory consisted of the following at December 25, 2016 and December 27, 2015:

	<u>2016</u>	<u>2015</u>
Land under development	\$ 31,401,594	\$ 15,107,328
Homes in process	6,202,318	6,960,878
Model and spec homes	2,568,470	1,260,238
Undeveloped property	1,478,692	785,636
Less: Allowance for impairment in value	(138,235)	(195,524)
Inventory, net of impairments	<u>\$ 41,512,839</u>	<u>\$ 23,918,556</u>

NATIONAL LAND PARTNERS HOLDINGS, LLC

Notes to Combined Consolidated Financial Statements

December 25, 2016 and December 27, 2015

NOTE B – INVENTORY - Continued**Impairment**

Certain events or changes in circumstances warrant a consideration of whether the value of a real estate project has been impaired, that is - the carrying value of the project may not be recovered. Such events or changes in circumstances include: a significant decrease in market value; a significant change in the manner in which an asset is used or a significant physical change in the asset; a significant change in legal factors and the business climate that could affect the value of a project or assessment by a regulator; and an accumulation of costs and estimated costs to complete that are significantly in excess of the amount originally expected to acquire and develop a project. During 2016 and 2015, the company did not recognize any additional impairment allowance.

NOTE C - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 25, 2016 and December 27, 2015:

	<u>2016</u>	<u>2015</u>
Land, buildings and improvements	\$ 795,141	\$ 551,678
Office equipment and furniture & fixtures	1,303,605	1,488,077
Vehicles	<u>51,617</u>	<u>55,782</u>
Property and equipment, gross	2,150,363	2,095,537
Less: accumulated depreciation	<u>(1,769,191)</u>	<u>(1,839,818)</u>
Property and equipment, net	<u>\$ 381,172</u>	<u>\$ 255,719</u>

NOTE D – LINE OF CREDIT

The Company has a line of credit with a financial institution, with interest payable at the prime rate plus 1.75 percent, a maximum obligation of \$5,000,000, due upon demand, and there was no outstanding balance as of December 25, 2016 and December 27, 2015. This line of credit matures on August 28, 2017.

NOTE E - NOTES PAYABLE

Notes payable consisted of the following at December 25, 2016 and December 27, 2015:

	<u>2016</u>	<u>2015</u>
Banks and Financial institutions	\$ 22,232,015	\$ 12,936,869
Member and related parties	<u>3,559,808</u>	<u>16,419,567</u>
	<u>\$ 25,791,823</u>	<u>\$ 29,356,436</u>

NATIONAL LAND PARTNERS HOLDINGS, LLC

Notes to Combined Consolidated Financial Statements

December 25, 2016 and December 27, 2015

NOTE E - NOTES PAYABLE - Continued

	2016	2015
<u>National Land Partners Holdings, LLC and wholly owned subsidiaries</u>		
Related Party - Unsecured, due and payable upon demand. Interest is payable upon demand at ten percent (10.0%). Paid in full on March 21, 2016.	\$ -	\$ 21,618
Related Party - Unsecured, due and payable upon demand. Interest is payable upon demand at ten percent (10.0%).	3,559,808	1,797,690
Related Party - Unsecured, due and payable upon demand. Interest is payable upon demand at ten percent (10.0%).	1,256,877	3,805,039
Related Party - \$65,000,000 Secured Demand Note, dated February 17, 2009 and last amended July 1, 2010, secured by a pledge agreement and collateral assignment. Interest is payable quarterly at 10%. Paid in full on June 6, 2016.		9,884,100
Related Party - Unsecured, due and payable upon demand. Interest is payable upon demand at ten percent (10%). Paid in full on February 18, 2016.		911,120
Bank - \$2,000,000 promissory note dated June 1, 2015 secured by certain Texas inventory. Principal plus all accrued unpaid interest shall be due and payable on June 1, 2017. Interest is due monthly at 6.25% per annum.	409,382	528,904
Promissory note for paving, unsecured, on December 16, 2011 for \$151,891. Principal plus accumulated interest is due on or before December 1, 2014. Interest is due at the rate of 5%. This note is in default at December 28, 2014. Note paid in full February 21, 2016.		151,891
Bank - \$481,627 promissory note dated December 4, 2015, secured by certain Florida inventory. Principal plus interest shall be due and payable on December 4, 2016. Interest is a variable rate at 1.75% over prime. (5.25% on December 25, 2016). Paid in full on July 16, 2016.		149,281
Bank Promissory note - \$4,750,000 on December 29, 2014, secured by certain Texas inventory. Unpaid principal and interest shall be due and payable on January 20, 2017. Interest is five and sixty-two hundredths percent (5.62%). Paid in full on May 20, 2016.		2,344,657
Bank - \$2,150,000 non-revolving line of credit secured by certain Maryland inventory as well as furniture, fixtures and machinery. Current repayment terms are quarterly installments of \$100,000 beginning January 1, 2016. Interest is payable monthly at 5.25% or prime +2%, payable in full May 1, 2018.	706,761	650,764

NATIONAL LAND PARTNERS HOLDINGS, LLC

Notes to Combined Consolidated Financial Statements

December 25, 2016 and December 27, 2015

NOTE E - NOTES PAYABLE – Continued

	2016	2015
Bank - \$500,000 promissory note dated August 30, 2013, amended and restated November 22, 2013, secured by certain Florida inventory. Principal plus all accrued unpaid interest, at prime plus one and three quarters (1.75%) percent. Interest is paid quarterly. (5.00% on December 28, 2014). Principal plus all accrued unpaid interest was due on December 4, 2016. Paid in full on September 30, 2016.		386,589
Bank - \$3,333,253 credit agreement on September 20, 2016 secured by certain South Carolina inventory. The agreement allows for multiple construction loans to be created with the total loans not to exceed \$3,333,253 and will expire on October 20, 2018. Each construction loan matures six (6) months from loan closing. Interest is due monthly beginning November 10, 2016. Principal is due quarterly beginning October 31, 2017 in the amount of \$666,860. Interest is variable rate based on the prime rate or not less than 5%. (5.00% on December 25, 2016).	740,916	1,803,394
Bank - \$8,000,000 credit agreement on July 14, 2016 secured by certain South Carolina inventory. The agreement allows for multiple construction loans to be created with the total loans not to exceed \$8,000,000 and will expire on October 20, 2018. Each construction loan matures six (6) months from loan closing. Interest is due monthly beginning August 10, 2016. Principal and unpaid interest is due at maturity. Interest is variable rate of prime plus fifty basis points or not less than 5%. (5.00% on December 25, 2016).	2,649,218	
Bank - \$2,328,087 promissory note dated May 19, 2016 secured by certain Texas inventory. Interest is due quarterly beginning August 20, 2016. Principal and unpaid interest is due at maturity on May 20, 2018. Interest is fixed at 6%. (6.00% on December 25, 2016).	1,706,243	
Bank - \$994,862 promissory note dated October 27, 2016 secured by certain Texas inventory. Interest is due quarterly beginning January 27, 2017. Principal and unpaid interest is due at maturity on October 27, 2018. Interest is fixed at 6%. (6.00% on December 25, 2016).	76,760	
Bank - \$800,000 promissory note dated June 9, 2016 secured by certain Texas inventory. Interest is due quarterly beginning September 10, 2016. Principal and unpaid interest is due at maturity on June 10, 2018. Interest is fixed at 6%. (6.00% on December 25, 2016).	40,694	
Bank - \$500,000 promissory note dated August 30, 2013, amended and restated November 22, 2013, secured by certain Florida inventory. Principal plus all accrued unpaid interest, at prime plus one and three quarters (1.75%) percent. Interest is paid quarterly. (5.00% on December 28, 2014). Principal plus all accrued unpaid interest was due on December 4, 2016. Paid in full on September 30, 2016.		86,589

NATIONAL LAND PARTNERS HOLDINGS, LLC

Notes to Combined Consolidated Financial Statements

December 25, 2016 and December 27, 2015

NOTE E - NOTES PAYABLE – Continued

	2016	2015
Bank - \$1,503,963 promissory note dated June 2, 2014, secured by certain Florida inventory. Principal plus all accrued unpaid interest, at prime plus 1.75% but not less than 5%. Interest is paid monthly beginning July 2, 2014. This loan matured on June 2, 2016. Paid in full on May 22, 2016.		382,136
Bank - \$1,650,000 promissory note dated April 28, 2014 secured by certain Georgia inventory. Principal plus all accrued unpaid interest, at 6.75%. Interest is paid monthly. Principal plus all accrued unpaid interest was due on April 27, 2016. Paid in full on June 14, 2016.		1,108,797
Bank - \$10,000,000 promissory note dated April 30, 2015, amended and restated October 9, 2015, amended and restated March 31, 2016, secured by certain Florida and Georgia inventory. The agreement allows for multiple construction loans to be created with the total loans not to exceed \$10,000,000 and expires on March 31, 2017. Each construction loan matures twelve (12) months from loan closing. Interest is due monthly beginning June 1, 2016. Principal and unpaid interest are due on each construction loan at maturity. Each construction loan pays interest on a monthly basis. Interest is variable rate of prime plus one percent or not less than 5%. (5.00% on December 25, 2016).	1,728,937	3,224,412
Bank - \$3,750,000 promissory note dated August 30, 2013, amended and restated September 30, 2015 and again on October 25, 2016, secured by certain Florida and Georgia inventory. The agreement allows for multiple construction loans to be created with the total loans not to exceed \$3,750,000 and expires on November 16, 2017. Each construction loan matures six (6) months from loan closing. Principal and interest are due on each construction loan at maturity. Each construction loan pays interest on a monthly basis. Interest is variable rate of 1 3/4% plus prime or not less than 5%. (5.25% on December 25, 2016).	829,459	2,119,455
Bank - \$650,400 promissory note dated September 30, 2016, secured by certain Kentucky inventory. Interest is payable in quarterly payments beginning on December 30, 2016. Principal and all accrued but unpaid interest is due in full on March 30, 2018. Interest is variable rate of 0.5% plus prime or not less than 5%. (5.0% on December 25, 2016).	279,090	
Bank - \$648,393 promissory note dated June 13, 2016, secured by certain Kentucky inventory. Interest is payable in quarterly payments beginning on September 13, 2016. Principal and all accrued but unpaid interest is due in full on December 13, 2017. Interest is variable rate of 0.5% plus prime or not less than 5%. (5.0% on December 25, 2016).	482,124	

NATIONAL LAND PARTNERS HOLDINGS, LLC

Notes to Combined Consolidated Financial Statements

December 25, 2016 and December 27, 2015

NOTE E - NOTES PAYABLE – Continued

	2016	2015
Bank - \$522,384 promissory note dated June 14, 2016, secured by certain Texas inventory. Interest is payable in quarterly payments beginning on September 14, 2016. Principal and all accrued but unpaid interest is due in full on June 14, 2018. Interest rate is 4.50%. (4.5% on December 25, 2016).	522,384	
Bank - \$683,373 promissory note dated October 13, 2016, secured by certain Texas inventory. Interest is payable in quarterly payments beginning on January 13, 2017. Principal and all accrued but unpaid interest is due in full on October 13, 2018. Interest rate is 6.0%. (6.0% on December 25, 2016).	683,373	
Bank - \$8,155,000 promissory note dated October 31, 2016, secured by certain Texas inventory. Interest is due monthly beginning on November 30, 2016. Principal is due in quarterly payments of \$407,750 payable beginning June 30, 2017. Loan matures on April 30, 2018. Interest rate is 5.63%. (5.63% on December 25, 2016).	7,155,000	
Bank - \$4,651,020 promissory note dated October 18, 2016, secured by certain Texas inventory. Interest is due monthly beginning on November 18, 2016. Principal is due in quarterly payments of \$290,689 payable on the 18 th of April, July, October and January beginning January 18, 2018. Loan matures on October 18, 2021. Each construction loan pays interest on a monthly basis. Interest is variable rate of the index rate plus 2.00%. (5.25% on December 25, 2016).	332,701	
Bank - \$2,391,900 promissory note dated September 27, 2016, secured by certain Texas inventory. Interest is due monthly on the 27 th of each month and principal is due in quarterly payments of \$138,000 payable on the 27 th of April, July, October and January. Loan matures on September 27, 2026. Each construction loan pays interest on a monthly basis. Interest is variable rate of the index rate plus 2.00% with a maximum rate of 17.00%. (4.75% on December 25, 2016).	2,391,900	
Bank - \$5,000,000 promissory note dated April 1, 2016, secured by certain Florida and Georgia inventory. The agreement allows for multiple construction loans to be created with the total loans not to exceed \$5,000,000 and expires on May 31, 2017. Interest is due monthly beginning May 1, 2016. Principal and any unpaid interest are due on demand. Each construction loan pays interest on a monthly basis. Interest is variable rate of prime or not less than 5%. (5.00% on December 25, 2016).	240,196	
	<u>\$ 25,791,823</u>	<u>\$ 29,356,436</u>

NATIONAL LAND PARTNERS HOLDINGS, LLC

Notes to Combined Consolidated Financial Statements

December 25, 2016 and December 27, 2015

NOTE E - NOTES PAYABLE – Continued

Annual minimum payments of debt for the year ending December 25, 2016 are as follows:

<u>Fiscal</u>	
2017	\$ 13,998,110
2018	10,505,813
2019	552,000
2020	552,000
2021	183,900
Total	\$ 25,791,823

All notes due on demand are included as scheduled payments in fiscal 2017. Such minimum payments may differ from actual payments due to principal payments required when lots are sold for certain of the above obligations.

NOTE F - RELATED PARTY TRANSACTIONS

The Companies receive administrative services under management agreements from a related company ("the management company") for a fee up to five percent of real estate sales as defined. For fiscal 2016 and 2015, related management fees incurred totaled \$3,909,621 and \$4,694,644, respectively, and are reflected in administrative expenses in the Combined Consolidated Statements of Income.

The Companies have a pay as you go arrangement with a related entity for use of certain transportation equipment. Payments amounting to \$366,209 and \$446,304 were made for usage in fiscal 2016 and 2015 respectively, and are reflected in administrative expenses in the Combined Consolidated Statements of Income.

At December 25, 2016 and December 27, 2015, the Companies had notes payable to related parties which are detailed in Note E.

At December 25, 2016 and December 27, 2015 the Companies have advanced a total of \$10,338,762 and \$29,418,737, respectively, to related parties. This total represents operational advances, accrued interest and demand notes which have interest accruing at 10%.

The Company purchased seller financed retail land loans from National Timber Partners, LLC at a discount. The outstanding principal balance as of December 25, 2016 and December 27, 2015 was \$72,562 and \$73,574, respectively, and the unamortized discount was \$14,757 and \$14,894, respectively, for a net investment of \$57,805 and \$58,680, respectively, included in mortgage loans receivable.

The carrying value of mortgage loans receivable pledged as collateral with NTP Timber Plus + Fund I, LP, a related party, was approximately \$4.2 million at December 27, 2015. The related party note payable was paid during 2016 and therefore, these mortgages are no longer held as collateral.

NATIONAL LAND PARTNERS HOLDINGS, LLC

Notes to Combined Consolidated Financial Statements
December 25, 2016 and December 27, 2015

NOTE G - COMMITMENTS AND CONTINGENCIES

Leases

The Companies have operating leases for certain property and equipment, which expire at various dates through March 2019. The following is a summary of minimum future rentals at December 25, 2016:

<u>Fiscal</u>	
2017	135,988
2018	70,690
2019	12,326
Total	<u>\$219,004</u>

For fiscal 2016 and 2015, rent expense under operating leases was approximately \$401,135 and \$491,129, respectively.

Contingencies

The Companies are sometimes plaintiffs or defendants in legal actions incident to their business; however, none of the actions is believed by management to be material to the financial condition of the Companies.

Letters of Credit and Bonding

In the normal course of business, the Companies sometimes sell parcels of land before all the required development for such parcels has been completed. Certain counties and municipalities require the Companies to obtain performance/completion bonds or post letters of credit from financial institutions naming the county or municipality as beneficiary to guaranty completion of certain project infrastructure. At December 25, 2016 and December 27, 2015, these bonds and letters of credit had face amounts of \$9,402,967 and \$15,472,900 respectively. At December 25, 2016 and December 27, 2015, only approximately \$2,080,951 and \$6,014,685, respectively, of remaining infrastructure spending was secured by these bonds and letters of credit.

NOTE H - DEFINED CONTRIBUTION PENSION PLAN

The Company has a retirement savings plan pursuant to Section 401(k) of the Internal Revenue Code. Any employees who have completed six months of service and attained 21 years of age may participate in the plan. The Company will contribute an amount equal to 20% of the employee contributions. Total employee contributions are subject to limitations imposed by the Internal Revenue Service. Participant contributions vest immediately. Employer contributions vest ratably over the first six years of service or sooner in certain circumstances defined in the plan document. The Company's expense for this plan amounted to \$35,291 and \$60,194 for 2016 and 2015 respectively.

NOTE I - RECLASSIFICATION OF 2015 COMPARATIVE TOTALS

Certain 2015 amounts presented herein have been reclassified to conform to the 2016 presentation.

NATIONAL LAND PARTNERS HOLDINGS, LLC

Notes to Combined Consolidated Financial Statements

December 25, 2016 and December 27, 2015

NOTE J – SUBSEQUENT EVENTS

Subsequent to December 25, 2016 the Company and one of its managers agreed to separate. In connection with the separation \$287,048 of accrued manager share of profits on several projects and \$496,661 of accrued interest on a related party note payable to the manager were forgiven by the manager. The income related to these forgiven amounts will be recorded in fiscal 2017.

In preparing these financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through March 28, 2017 the date the financial statements were issued.

NATIONAL LAND PARTNERS HOLDINGS, LLC

Notes to Combined Consolidated Financial Statements.
December 25, 2016 and December 27, 2015

NOTE K - SUMMARY INFORMATION ON ENTITIES UNDER COMMON CONTROL

2016

	Possum Kingdom Corp.	Cherokee Valley Homes, LLC and Subsidiaries	Pacona, LLC	Mallard Pond, LLC	Montejo, LLC	NLP Homes At Ery's Garden, LLC	NLP Homes at Jordani's Pass LLC	NLP Homes at Rivers Landing, LLC	Totals
Balance Sheet									
Cash	\$ 23,155	\$ 613,697	\$ 192,890	\$ 3,916	\$ 448	\$ 92,833	\$ 8,595	\$ 269,843	\$ 1,205,377
Inventory	-	4,018,888	758,855	155,055	150,634	1,344,805	903,357	2,054,022	9,385,616
Property, equipment and other assets	-	52,085	28,378	2,535	2,961	44,960	3,132	31,739	165,790
Total Assets	\$ 23,155	\$ 4,684,670	\$ 980,123	\$ 161,506	\$ 154,043	\$ 1,482,598	\$ 915,084	\$ 2,355,604	\$ 10,756,783
Accounts payable and Accrued Expenses	\$ -	\$ 385,613	\$ 91,651	\$ 2,216	\$ 4	\$ 125,816	\$ -	\$ 150,162	\$ 755,462
Notes Payable	-	3,390,135	512,665	104,946	-	715,667	-	1,205,821	5,929,234
Other Liabilities	-	51	797,288	332,315	278,000	610,997	1,070,230	1,380,422	4,469,303
Partners' and owners' equity / (deficit)	23,155	980,871	(421,481)	(277,971)	(123,961)	30,118	(155,146)	(380,801)	(325,216)
Total Liabilities and equity	\$ 23,155	\$ 4,756,670	\$ 980,123	\$ 161,506	\$ 154,043	\$ 1,482,598	\$ 915,084	\$ 2,355,604	\$ 10,828,783
Components of Income									
Sales	\$ -	\$ 8,780,400	\$ 4,679,691	\$ 1,341,720	\$ -	\$ 10,840,772	\$ -	\$ 4,592,816	\$ 30,235,399
Gross Profit	(683)	3,183,035	1,485,003	381,247	(4,220)	2,937,093	(12,208)	1,326,706	9,295,973
Total Expenses	1,336	2,283,614	1,324,357	285,541	27,253	2,309,232	2,759	1,243,642	7,477,734
Income / (loss) from operations	(2,019)	895,421	160,646	95,706	(31,473)	627,861	(14,967)	83,064	1,818,239
Other	(574,211)	(167,649)	(155,806)	(110,997)	(28,894)	(194,825)	(108,512)	(244,728)	(1,585,622)
Net Income	\$ (576,230)	\$ 731,772	\$ 4,840	\$ (15,291)	\$ (60,367)	\$ 433,036	\$ (123,479)	\$ (161,664)	\$ 232,617

NATIONAL LAND PARTNERS HOLDINGS, LLC
Notes to Combined Consolidated Financial Statements
December 25, 2016 and December 27, 2015

NOTE K - SUMMARY INFORMATION ON ENTITIES UNDER COMMON CONTROL - Continued

	2015								
	Possum Kingdom Corp.	Cherokee Valley Homes, LLC and Subsidiaries	Paeonia, LLC	Mallard Pond, LLC	Montejo, LLC	NLP Homes At Eryn's Garden, LLC	NLP Homes at Jordan's Pass LLC	NLP Homes at Rvers Landing LLC	Totals
Balance Sheet									
Cash	\$ 386	\$ 628,813	\$ 142,678	\$ 17,872	\$ 2,533	\$ 208,368	\$ 4,887	\$ 9,533	\$ 1,015,070
Inventory	-	2,000,308	1,982,925	859,262	150,016	3,415,008	877,082	2,273,948	11,558,549
Property, equipment and other assets	599,000	62,282	87,893	10,436	1,757	81,259	3,936	20,464	867,027
Total Assets	\$ 599,386	\$ 2,691,403	\$ 2,213,496	\$ 887,570	\$ 154,306	\$ 3,704,635	\$ 885,905	\$ 2,303,945	\$ 13,440,646
Accounts payable and Accrued Expenses	\$ -	\$ 142,961	\$ 316,754	\$ 13,623	\$ 311	\$ 615,687	\$ 2,573	\$ 92,495	\$ 1,184,404
Notes Payable	-	1,803,394	1,496,017	829,628	86,589	2,274,539	-	1,452,020	7,942,187
Other Liabilities	-	2,843,272	814,688	307,000	131,000	1,170,927	915,000	973,799	7,155,686
Partners' and owners' equity / (deficit)	599,386	(2,098,224)	(413,963)	(262,681)	(63,594)	(356,518)	(31,668)	(214,369)	(2,841,631)
Total Liabilities and equity	\$ 599,386	\$ 2,691,403	\$ 2,213,496	\$ 887,570	\$ 154,306	\$ 3,704,635	\$ 885,905	\$ 2,303,945	\$ 13,440,646
Components of Income									
Sales	\$ -	\$ 11,043,846	\$ 6,675,991	\$ -	\$ -	\$ 4,481,322	\$ -	\$ -	\$ 22,201,159
Gross Profit	(1,776)	3,258,363	1,883,613	(10,781)	(4,314)	1,316,687	-	(19,044)	6,422,748
Total Expenses	1,402	2,646,010	1,520,054	95,555	19,950	1,309,128	1,274	99,220	5,692,593
Income / (loss) from operations	(3,178)	612,353	363,559	(106,336)	(24,264)	7,559	(1,274)	(118,264)	730,155
Other	4,044	(360,944)	(256,574)	(77,561)	(16,181)	(219,499)	(30,394)	(96,105)	(1,053,214)
Net Income	\$ 866	\$ 251,409	\$ 106,985	\$ (183,897)	\$ (40,445)	\$ (211,940)	\$ (31,668)	\$ (214,369)	\$ (323,059)

NLP HOLDINGS, LLC
COMBINED BALANCE SHEET

26-Feb-17

ASSETS

Cash and cash equivalents	\$ 6,811,536
Restricted cash	543,457
Contracts receivable	6,539,875
Mortgage loans receivable	2,640,404
Accounts receivable, manager fees	2,655,713
Accounts receivable, related parties	4,404,583
Accounts receivable, other	494,111
Notes receivable, related parties	4,759,229
Interest receivable, related parties	932,956
Interest receivable, mortgages	2,532
Inventory	43,376,574
Property and equipment, net	403,530
Other assets	1,714,083
	<hr/>
Total assets	\$ 75,278,583
	<hr/> <hr/>

LIABILITIES AND MEMBERS EQUITY

LIABILITIES	
Notes payable	\$ 23,679,057
Notes payable - related parties	1,565,344
Accounts payable and customer deposits	1,009,701
Accounts payable - related parties	5,757,013
Accrued expenses	1,662,781
Accrued manager share of profits	4,186,293
Accrued interest	81,888
	<hr/>

Total liabilities	37,942,077
-------------------	------------

Minority Interest	(249,210)
-------------------	-----------

COMMITMENTS AND CONTINGENCIES

MEMBERS EQUITY	
Common Stock	7,438
Paid in Capital	13,449,649
Retained Earnings	24,128,630
	<hr/>

Total members' equity	37,585,717
-----------------------	------------

Total liabilities & members' equity	\$ 75,278,583
-------------------------------------	---------------

NLP HOLDINGS, LLC

COMBINED STATEMENTS OF INCOME AND RETAINED EARNINGS

For the year to date ended February 26, 2017

	<u>YTD</u>	
Sales of Real Estate	\$12,979,546	100.0%
Cost of Real Estate Sales	6,942,628	53.5%
	<hr/>	
Gross Profit	6,036,918	46.5%
Selling and Administrative Expenses		
Selling	2,122,391	16.4%
Administrative	1,625,036	12.5%
Manager Share of Profits	340,208	2.6%
Management Fees	648,577	5.0%
	<hr/>	
Total Costs and Expenses	4,736,212	36.5%
	<hr/>	
Income From Operations	1,300,706	10.0%
	<hr/>	
Other Income (Expense)		
Interest Expense	104,067	0.8%
Interest Income	39,806	0.3%
Other - net	47,925	0.4%
Interest income on investments in loans or mortgages	9,624	0.1%
Interest expense related to loan and mortgage investments	(6,300)	0.0%
	<hr/>	
Income Before Minority Interests	1,495,828	11.5%
	<hr/>	
Minority Interests	(125,099)	-1.0%
	<hr/>	
Net Income	1,370,728	10.6%
	<hr/>	
Retained Earnings, Beginning of Period	22,757,902	
	<hr/>	
Retained Earnings, End of Period	24,128,630	
	<hr/>	

CD ATTACHED

PLEASE SEE CENTRAL RECORDS

FOR ANY QUESTIONS

PLEASE CALL **CR** MAIN LINE

(512) 936-7180