

DELTA ADVISORY GROUP, INC.

Financial Statements

December 31, 2023

(With Independent Auditors' Report Thereon)

DELTA ADVISORY GROUP, INC.

Table of Contents

| | Page |
|---|-------------|
| Independent Auditors' Report | 1 |
| Financial Statements: | |
| Statement of Financial Position | 3 |
| Statement of Operations and Changes in Stockholder's Equity | 4 |
| Statement of Cash Flows | 5 |
| Notes to Financial Statements | 6 |



ERIN M PERDUE CPA LLC

Independent Auditors' Report

To the Board of Directors
Delta Advisory Group, Inc.
Maitland, Florida

Opinion

We have audited the accompanying financial statements of Delta Advisory Group, Inc. (a Florida corporation), which comprise of the statement of financial position as of December 31, 2023 and the related statements of operations and changes in stockholder's, and cash flows for the year then ended, and the related notes to the financial statements.

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Delta Advisory Group, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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



Erin Perdue CPA, LLC
March 17, 2024

DELTA ADVISORY GROUP, INC.
Statement of Financial Position
December 31, 2023

| Assets | |
|---|----------------------|
| Assets- | |
| Cash | \$ 53,336 |
| | |
| Liabilities and Stockholder's Equity | |
| Liabilities: | |
| Accounts payable | \$ 7,000 |
| Unearned management fees | 6,110 |
| Total liabilities | <u>13,110</u> |
| Stockholder's equity: | |
| Common stock, \$1 par value, 1,000 shares authorized, issued and outstanding | 1,000 |
| Additional paid-in capital | 34,000 |
| Retained earnings | <u>5,226</u> |
| | <u>40,226</u> |
| Total liabilities and stockholder's equity | <u>\$ 53,336</u> |

See accompanying notes to the financial statements

DELTA ADVISORY GROUP, INC.
Statement of Operations and Changes in Stockholder's Equity
Year Ended December 31, 2023

| | |
|---|------------------------|
| Revenue: | |
| Management fee revenue | 1,203,896 |
| Expenses: | |
| Overhead and labor allocation | 980,505 |
| Advisory fees | 197,307 |
| Regulatory fees | 10,663 |
| Accounting fees | 7,000 |
| Printing | 2,526 |
| Website Development | 2,500 |
| Legal fees | 2,051 |
| Bank fees | 208 |
| Total expenses | <u>1,202,760</u> |
| Net income | 1,136 |
| Stockholder's equity, beginning of the year | <u>4,090</u> |
| Stockholder's equity, end of the year | <u><u>\$ 5,226</u></u> |

See accompanying notes to the financial statements

DELTA ADVISORY GROUP, INC.
Statement of Cash Flows
Year Ended December 31, 2023

Cash flows from operating activities:

| | |
|--|-------------------------|
| Net income | \$ 1,136 |
| Adjustments to reconcile net income to net cash provided by operating activities: | |
| Increase in accounts payable | 7,000 |
| Increase in unearned management fees | <u>5,492</u> |
| Net cash provided by operating activities | <u>13,628</u> |
| Increase in cash | <u>13,628</u> |
| CASH, beginning of year | <u>39,708</u> |
| CASH, end of year | <u><u>\$ 53,336</u></u> |

See accompanying notes to the financial statements

DELTA ADVISORY GROUP, INC.

Notes to Financial Statements

December 31, 2023

(1) Nature of Operations

Delta Advisory Group, Inc. (the Company) is a Florida corporation. The Company is an investment advisor registered with the Securities and Exchange Commission and provides money management services to individuals, trusts, corporations and other legal entities in various states.

On December 2, 2009, the Company's Articles of Incorporation were amended to change its name from Delta Advisory Services, Inc. to Delta Advisory Group, Inc.

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting.

(b) Cash and Cash Equivalents

For purposes of the statement of cash flow, the Company considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

(c) Fair Value of Financial Instruments

Professional standards require disclosure of an estimate of fair value of certain financial instruments. The Company's significant financial instruments are cash and other short-term assets and liabilities. For these financial instruments, carrying values approximate fair value due to the short-term nature of these instruments.

(d) Unearned Management Fees

The Company receives asset management fees in advance on a quarterly and semiannual basis with 30-day and 90-day cancellation provisions. Management fees are deferred and recognized when they become non-refundable. Management fees received but not recognized as revenue are recorded as unearned.

(e) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

DELTA ADVISORY GROUP, INC.

Notes to Financial Statements

December 31, 2023

(2) Summary of Significant Accounting Policies (continued)

(f) Income Taxes

The Company accounts for income taxes using the liability method under which deferred tax assets and liabilities are determined based upon the differences between financial statement carrying amounts and the tax bases of existing assets and liabilities. These temporary differences are measured at prevailing enacted tax rates that will be in effect when the differences are settled or realized. The Company has no deferred tax assets or liabilities as of December 31, 2023.

The Company has a net operating loss carryover for 2022. Due to this, it has no income tax expense or liability for the year ended December 31, 2023.

The Company accounts for uncertain tax positions, if any, in accordance with ASC Section 740. In accordance with these professional standards, the Company recognized tax positions only to the extent that management believes it is “more likely than not” that its tax positions will be sustained upon IRS examination. Management believes that it has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements for the year ended December 31, 2023.

The Company believes that its income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse affect on the Company’s financial condition, results of operations or cash flows. Accordingly, the Company has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at December 31, 2023,

The Company is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax period in progress. The Company believes it is no longer subject to income tax examinations for fiscal years ending prior to December 31, 2020.

The Company’s policy is to classify income tax related interest and penalties in interest expense and other expenses, respectively.

(g) Subsequent Events

Management has evaluated subsequent events through March 17, 2024, the date on which the financial statements were available to be issued.

(3) Related Party Transactions

In May 2023, the Company signed a memorandum of understanding between DCM and DAG for DAG to acquire DCM’s book of business. In consideration DAG agreed to pay out to DCM an amount up to the total amount of billing for fees of DCM’s legacy clients. Additionally, DCM agreed to provide and pay all expenses incurred for the operations of DAG’s business. These expenses are inclusive of, but not limited to items such as, portfolio management, client services, staff labor/payroll, rent, utilities, insurance, computer expenses, etc.