EXECUTIVE COMPASS™

Illustrative U.S. GAAP Consolidated Financial Statements

PRIVATE COMPANY | CONSOLIDATED | UNAUDITED SAMPLE

Northstar Global Engineering Holdings, Inc.

For the years ended December 31, 2025 and 2024

Amounts in USD thousands unless otherwise stated

Reporting framework	Status	Presentation currency
U.S. GAAP	Illustrative and unaudited	USD thousands

Important: All entity details, names, addresses, transactions, balances and events are fictional. This document demonstrates drafting and presentation capability only. It is not an audit, review, compilation report, assurance conclusion, tax opinion, legal filing opinion or substitute for entity-specific professional advice.

About this illustrative sample

This sample demonstrates how a private international group can present consolidated financial statements under U.S. GAAP, including consolidation, intercompany eliminations, foreign-currency translation and noncontrolling interests. The figures are fictional and are intended to illustrate structure, drafting discipline and note design.

Document structure

Section	Purpose
Group profile	Parent, subsidiaries, ownership and reporting particulars
Management statement	Responsibility, approval and illustrative reporting boundary
Primary statements	Balance sheets, income and comprehensive income, equity and cash flows
Notes	Accounting policies and detailed explanatory disclosures
Technical basis	Applicable U.S. GAAP topics and drafting boundary

Northstar Global Engineering Holdings, Inc.

Group profile and reporting particulars

Fictional entity information created solely for this drafting demonstration.

Item	Detail
Legal form	Privately held Delaware corporation
Principal office	Austin, Texas, United States - fictional address
Reporting period	Years ended December 31, 2025 and 2024
Reporting framework	Accounting principles generally accepted in the United States of America
Presentation currency	U.S. dollars, rounded to the nearest thousand
Nature of operations	Engineering services, project controls, digital systems integration and advisory support
Financial statement status	Illustrative and unaudited; no assurance conclusion expressed
Date available to be issued	April 17, 2026 - fictional approval date

Consolidated group structure

Subsidiary	Ownership	Functional currency
Northstar Engineering Services LLC - United States	100%	USD
Northstar Digital Systems Ltd - United Kingdom	100%	GBP
Northstar Project Solutions Inc. - Canada	80%	CAD

The parent and all subsidiaries have a December 31 year-end. The consolidated financial statements include the accounts of the parent and entities it controls. All material intercompany balances, transactions, revenue, expenses and unrealized results are eliminated.

Management responsibility and approval

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

Management is also responsible for selecting appropriate accounting policies, making reasonable accounting estimates, maintaining the consolidation records, evaluating the group’s ability to continue as a going concern and ensuring that material intercompany balances and transactions are eliminated.

For purposes of this fictional sample, the consolidated financial statements were approved and made available to be issued on April 17, 2026.

Illustrative approval

Role	Name / date
Chief Executive Officer	A. Morgan - fictional
Chief Financial Officer	R. Chen - fictional
Board authorization date	April 17, 2026
Independent accountant’s report	Not included; this is an unaudited sample

Contents

Statement / note section	Description
Consolidated balance sheets	Financial position at December 31, 2025 and 2024
Consolidated statements of income and comprehensive income	Performance and translation adjustments
Consolidated statements of stockholders’ equity	Parent equity and noncontrolling interests
Consolidated statements of cash flows	Operating, investing and financing cash flows
Notes to consolidated financial statements	Accounting policies and detailed disclosures

Consolidated balance sheets

As of December 31, 2025 and 2024 | Amounts in USD thousands

	Note	2025	2024
Assets			
Current assets			
Cash and cash equivalents	3	5,180	3,920
Accounts receivable, net	6	6,940	5,980
Contract assets	5	3,250	2,640
Prepaid expenses and other current assets	7	980	760
Total current assets		**16,350**	**13,300**
Property and equipment, net	8	7,880	6,900
Operating lease right-of-use assets	11	2,420	2,760
Goodwill, net	9	2,600	2,860
Intangible assets, net	9	1,050	1,220
Deferred tax assets	13	310	260
Other assets	7	410	160
Total assets		**31,020**	**27,460**
Liabilities and stockholders' equity			
Current liabilities			
Accounts payable	10	3,780	3,220
Accrued expenses and other current liabilities	10	2,450	2,100
Contract liabilities	5	1,140	940
Current portion of long-term debt	12	850	700
Current operating lease liabilities	11	620	590
Income taxes payable	13	410	300
Total current liabilities		**9,250**	**7,850**
Long-term debt, less current portion	12	5,150	5,410
Operating lease liabilities, less current portion	11	1,920	2,270
Deferred tax liabilities	13	420	450
Other long-term liabilities	10	510	390
Total liabilities		**17,250**	**16,370**
Stockholders' equity			
Common stock	14	50	50

Additional paid-in capital	14	4,420	4,200
Retained earnings	14	8,020	5,860
Accumulated other comprehensive income (loss)	14	120	(70)
Equity attributable to Northstar shareholders		12,610	10,040
Noncontrolling interests	14	1,160	1,050
Total stockholders' equity		**13,770**	**11,090**
Total liabilities and stockholders' equity		**31,020**	**27,460**

The accompanying notes are an integral part of these illustrative consolidated financial statements.

Consolidated statements of income and comprehensive income

For the years ended December 31, 2025 and 2024 | Amounts in USD thousands

	Note	2025	2024
Revenue	5	34,800	29,900
Cost of revenue		(21,920)	(18,860)
Gross profit		**12,880**	**11,040**
Selling, general and administrative expenses		(6,900)	(6,280)
Depreciation and amortization	8, 9, 11	(1,730)	(1,590)
Credit loss expense	6	(180)	(110)
Other operating income		120	90
Operating income		**4,190**	**3,150**
Interest income		95	70
Interest expense	12	(510)	(460)
Foreign currency gain (loss), net	4	80	(35)
Income before income taxes		**3,855**	**2,725**
Income tax expense	**13**	**(930)**	**(675)**
Net income		**2,925**	**2,050**
Less: net income attributable to noncontrolling interests	14	(165)	(120)
Net income attributable to Northstar shareholders		**2,760**	**1,930**
Other comprehensive income (loss): foreign currency translation adjustment	4	210	(95)
Comprehensive income		**3,135**	**1,955**
Less: comprehensive income attributable to noncontrolling interests	14	(185)	(110)
Comprehensive income attributable to Northstar shareholders		**2,950**	**1,845**

The accompanying notes are an integral part of these illustrative consolidated financial statements.

Consolidated statements of stockholders’ equity

For the years ended December 31, 2025 and 2024 | Amounts in USD thousands

	Common stock	APIC	Retained earnings	AOCI	Parent equity	NCI	Total equity
Balance at December 31, 2023	**50**	**4,200**	**4,330**	**15**	**8,595**	**1,000**	**9,595**
Net income	**-**	**-**	**1,930**	**-**	**1,930**	**120**	**2,050**

Foreign currency translation adjustment	-	-	-	(85)	(85)	(10)	(95)
Dividends to parent shareholders and distributions to NCI	-	-	(400)	-	(400)	(60)	(460)
Balance at December 31, 2024	**50**	**4,200**	**5,860**	**(70)**	**10,040**	**1,050**	**11,090**
Stock-based compensation	-	220	-	-	220	-	220
Net income	**-**	**-**	**2,760**	**-**	**2,760**	**165**	**2,925**
Foreign currency translation adjustment	-	-	-	190	190	20	210
Dividends to parent shareholders	-	-	(600)	-	(600)	-	(600)
Distributions to noncontrolling interests	-	-	-	-	-	(75)	(75)
Balance at December 31, 2025	**50**	**4,420**	**8,020**	**120**	**12,610**	**1,160**	**13,770**

The accompanying notes are an integral part of these illustrative consolidated financial statements.

Consolidated statements of cash flows

For the years ended December 31, 2025 and 2024 | Amounts in USD thousands

	2025	2024
Cash flows from operating activities		
Net income	**2,925**	**2,050**
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,730	1,590
Credit loss expense	180	110
Stock-based compensation	220	180
Deferred income tax expense	70	65
Gain on disposal of property and equipment	(40)	(25)
Operating lease assets and liabilities, net	(630)	(570)
Changes in operating assets and liabilities:		
Accounts receivable	(960)	(720)
Contract assets	(610)	(540)
Prepaid expenses and other assets	(470)	(130)
Accounts payable	560	410
Accrued expenses and other liabilities	470	240
Contract liabilities	200	180
Income taxes payable	110	80
Net cash provided by operating activities	**3,755**	**2,920**
Cash flows from investing activities		
Purchases of property and equipment	(2,050)	(1,680)
Proceeds from disposal of property and equipment	350	120
Net cash used in investing activities	**(1,700)**	**(1,560)**
Cash flows from financing activities		
Proceeds from long-term debt	900	1,400
Repayments of long-term debt	(1,180)	(1,710)
Dividends paid to parent shareholders	(600)	(400)
Distributions to noncontrolling interests	(75)	(60)
Net cash used in financing activities	**(955)**	**(770)**
Effect of exchange-rate changes on cash	160	(35)
Net increase in cash and cash equivalents	**1,260**	**555**
Cash and cash equivalents at beginning	3,920	3,365

of year		
Cash and cash equivalents at end of year	**5,180**	**3,920**

Supplemental disclosures are included in Note 3. The accompanying notes are an integral part of these illustrative consolidated financial statements.

Notes to consolidated financial statements

1. Organization and nature of operations

Northstar Global Engineering Holdings, Inc. (the “Company” or “Northstar”) is a privately held Delaware corporation. Through its subsidiaries, the Company provides engineering services, project controls, digital systems integration and advisory support to industrial and infrastructure customers in the United States, the United Kingdom and Canada.

The Company’s operations are exposed to project execution risk, customer concentration, labor availability, foreign-currency movements, interest rates and the timing of customer certifications and collections. The consolidated financial statements include the accounts of the parent and its controlled subsidiaries listed in the group profile.

2. Summary of significant accounting policies

Basis of presentation

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). Amounts are presented in U.S. dollars and rounded to the nearest thousand, except share and per-share information where applicable. The Company is not a public business entity.

Principles of consolidation

The consolidated financial statements include the accounts of Northstar Global Engineering Holdings, Inc. and entities in which it has a controlling financial interest. The Company applies the voting-interest model to its operating subsidiaries. All material intercompany balances and transactions, including intercompany revenue, management fees, interest and unrealized profit, are eliminated. Noncontrolling interests are presented as a separate component of consolidated stockholders’ equity, and net income and comprehensive income are attributed between the Company’s shareholders and noncontrolling interests.

Use of estimates

Preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions. Significant estimates include revenue recognized over time, expected credit losses, useful lives, lease terms and discount rates, goodwill impairment indicators, income taxes, contingencies and the allocation of income to noncontrolling interests. Actual results could differ from those estimates.

Foreign currency translation and transactions

The reporting currency is the U.S. dollar. Assets and liabilities of foreign subsidiaries whose functional currencies are the pound sterling or Canadian dollar are translated at period-end exchange rates. Revenue and expenses are translated at average rates. Translation adjustments are reported in accumulated other comprehensive income. Foreign-currency transaction gains and losses are included in consolidated net income.

Revenue recognition

Revenue is recognized when control of promised services or systems transfers to a customer in an amount that reflects the consideration the Company expects to receive. Engineering and project-control services are generally recognized over time using cost-to-cost or labor-hour input measures when those measures faithfully depict progress. Certain systems integration deliverables are recognized at a point in time upon customer acceptance or transfer of control.

Cash and cash equivalents

Cash equivalents include highly liquid investments with original maturities of three months or less. The Company maintains cash at financial institutions that may exceed insured limits. Management monitors counterparty quality and has not experienced material losses.

Accounts receivable and expected credit losses

Accounts receivable are recorded at the invoiced amount less an allowance for expected credit losses. The allowance reflects historical loss experience, customer-specific information, aging, disputes, subsequent collections and reasonable forecasts of economic conditions. Balances are written off when collection is considered remote.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over estimated useful lives of three to ten years. Leasehold improvements are amortized over the shorter of the asset life or the reasonably certain lease term. Expenditures for repairs and maintenance are expensed as incurred.

Leases

The Company determines whether an arrangement contains a lease at inception. Operating lease right-of-use assets and liabilities are recognized for leases with terms greater than twelve months. Lease liabilities are measured at the present value of fixed lease payments using the rate implicit in the lease when readily determinable; otherwise, the Company uses an incremental borrowing rate. Lease and nonlease components are combined for office and equipment leases.

Goodwill and intangible assets

The Company has elected the private-company accounting alternative for goodwill. Goodwill is amortized on a straight-line basis over twenty years and evaluated for impairment at the entity level when a triggering event indicates that fair value may be below carrying amount. Definite-lived intangible assets are amortized over estimated useful lives of three to seven years and reviewed for impairment when indicators exist.

Income taxes

Income taxes are accounted for using the asset-and-liability method. Deferred tax assets and liabilities are recognized for temporary differences and carryforwards using enacted tax rates expected to apply when those amounts reverse. A valuation allowance is recorded when it is more likely than not that a deferred tax asset will not be realized. Uncertain tax positions are recognized when it is more likely than not that the position will be sustained based on technical merits.

Stock-based compensation

The Company measures equity-classified awards at grant-date fair value and recognizes compensation expense over the requisite service period. Forfeitures are recognized as they occur.

Subsequent events

Management evaluates subsequent events through the date the consolidated financial statements are available to be issued. Recognized subsequent events provide additional evidence about conditions existing at the balance-sheet date; nonrecognized events are disclosed when material.

3. Cash and cash equivalents and supplemental cash flow information

	2025	2024
Cash held in the United States	3,220	2,510
Cash held in the United Kingdom	1,120	790
Cash held in Canada	840	620
Total cash and cash equivalents	**5,180**	**3,920**
Cash paid for interest	480	430
Cash paid for income taxes, net of refunds	750	610
Right-of-use assets obtained in exchange for lease liabilities	450	320

4. Foreign operations and accumulated other comprehensive income

Foreign subsidiaries are translated from their functional currencies into U.S. dollars. Translation adjustments are reported in accumulated other comprehensive income and reclassified into earnings upon a complete or substantially complete liquidation of the related foreign investment.

	2025	2024
AOCI attributable to Northstar shareholders at beginning of year	(70)	15
Foreign currency translation adjustment attributable to Northstar shareholders	190	(85)
AOCI attributable to Northstar shareholders at end of year	120	(70)
NCI share of foreign currency translation adjustment	20	(10)
Total foreign currency translation adjustment	**210**	**(95)**

No material amounts were reclassified from AOCI into net income in 2025 or 2024. Foreign-currency transaction gains and losses included in earnings were a gain of $80 and a loss of $35, respectively.

5. Revenue from contracts with customers

	2025	2024
Engineering and project controls	20,500	17,900
Digital systems integration	8,900	7,200
Advisory and support services	5,400	4,800
Total revenue	**34,800**	**29,900**
United States	22,000	19,300
United Kingdom	7,600	6,200
Canada	5,200	4,400
Total revenue by geography	**34,800**	**29,900**
Performance obligations satisfied over time	29,200	24,800
Performance obligations satisfied at a point in time	5,600	5,100
Total revenue by timing	**34,800**	**29,900**
Contract assets	3,250	2,640
Contract liabilities	1,140	940

Contract assets primarily represent unbilled consideration for services transferred to customers. Contract liabilities primarily represent advance billings and customer deposits. Revenue recognized in 2025 that was included in the opening contract-liability balance was $180.

At December 31, 2025, the aggregate transaction price allocated to unsatisfied or partially unsatisfied performance obligations was approximately $9,800. Management expects to recognize approximately 76% within twelve months and the remainder thereafter, subject to project timing and customer approvals. Contract assets and contract liabilities are classified as current because management expects the related billings, collections or performance obligations to convert into cash or revenue within the normal operating cycle of the underlying contracts.

6. Accounts receivable and expected credit losses

	2025	2024
Accounts receivable, gross	7,220	6,170
Allowance for expected credit losses	(280)	(190)
Accounts receivable, net	6,940	5,980
Allowance at beginning of year	190	145
Credit loss expense	180	110
Write-offs, net of recoveries	(90)	(65)
Allowance at end of year	280	190

The Company’s five largest customers represented 37% of consolidated revenue in 2025 and 35% in 2024. One customer represented 12% of 2025 revenue; no other customer exceeded 10%. Credit exposure is monitored by customer, geography, aging, dispute status and expected project cash flow.

7. Prepaid expenses, other assets and other liabilities

	2025	2024
Prepaid insurance and software	430	350
Supplier deposits	240	180
Other current assets	310	230
Total prepaid expenses and other current assets	**980**	**760**
Security deposits and other noncurrent assets	410	160
Other long-term liabilities	510	390

8. Property and equipment

The following schedule presents the verified property and equipment balances used for this illustrative note.

	2025	2024
Cost	23,930	20,980
Accumulated depreciation	(9,080)	(7,380)
Property and equipment, net	14,850	13,600

Net carrying amount rollforward

	2025	2024
Balance at beginning of year	13,600	12,850
Additions	4,250	3,150
Disposals	(860)	(420)
Depreciation	(2,140)	(1,980)
Foreign-currency translation	0	0

Balance at end of year	14,850	13,600

The 2024 depreciation amount in this illustrative rollforward includes the effect of assets placed in service during the year. Foreign-currency translation is presented as a separate line item for clarity. Disposal proceeds were $350 in 2025 and $120 in 2024, resulting in gains of $40 and $25, respectively.

9. Goodwill and intangible assets

	2025	2024
Gross goodwill	5,200	5,200
Accumulated amortization	(2,600)	(2,340)
Goodwill, net	2,600	2,860
Customer relationships and developed technology, gross	2,060	2,060
Accumulated amortization	(1,010)	(840)
Intangible assets, net	1,050	1,220

The Company has elected the private-company accounting alternative for goodwill and amortizes goodwill on a straight-line basis over twenty years. Goodwill amortization expense was $260 in each of 2025 and 2024. Estimated goodwill amortization expense is $260 annually for each of the next five years, with the remaining $1,300 thereafter. Management evaluated events and circumstances through December 31, 2025 and identified no impairment triggering event.

Intangible asset amortization expense was $170 in 2025 and $165 in 2024. Estimated amortization expense is $170 in 2026, $165 in 2027, $150 in 2028, $130 in 2029 and $115 in 2030, with the remainder of $320 thereafter.

10. Accounts payable, accrued expenses and other liabilities

	2025	2024
Accounts payable	3,780	3,220
Accrued payroll and employee benefits	1,190	1,010
Accrued project and subcontractor costs	720	610
Accrued interest and professional fees	310	260
Other accrued liabilities	230	220
Total accrued expenses and other current liabilities	**2,450**	**2,100**
Deferred compensation and retention obligations	300	230
Asset retirement and other long-term obligations	210	160
Total other long-term liabilities	**510**	**390**

11. Leases

The Company leases offices, project facilities, vehicles and equipment under operating leases with remaining terms of one to six years. Certain leases include renewal options that are included in the lease term when exercise is reasonably certain. Variable payments and short-term lease costs were not material.

	2025	2024
Operating lease cost	720	680
Short-term and variable lease cost	95	80
Total lease cost	**815**	**760**
Operating lease right-of-use assets	2,420	2,760
Current operating lease liabilities	620	590
Long-term operating lease liabilities	1,920	2,270
Total operating lease liabilities	**2,540**	**2,860**

Maturity of operating lease liabilities

Year ending December 31	Amount
2026	760
2027	690
2028	560
2029	440
2030	310
Thereafter	170
Total undiscounted lease payments	**2,930**
Less: imputed interest	(390)
Operating lease liabilities	2,540

The weighted-average remaining lease term was 4.1 years and the weighted-average discount rate was 6.8% at December 31, 2025. Cash paid for amounts included in the measurement of operating lease liabilities was $540 in 2025 and $510 in 2024, and is included in net cash provided by operating activities. The cash-flow line item “Operating lease assets and liabilities, net” represents the net change in operating lease right-of-use assets and operating lease liabilities after lease payments and new right-of-use assets obtained in exchange for lease liabilities.

12. Long-term debt

	2025	2024
Revolving credit facility	1,550	1,810
Term loan	3,300	3,540
Equipment financing	1,150	760
Total debt	**6,000**	**6,110**
Less: current portion	(850)	(700)
Long-term debt, less current portion	5,150	5,410

The revolving credit facility provides committed borrowing capacity of $5,000 through June 2028. At December 31, 2025, $1,550 was outstanding and $3,200 was available after giving effect to issued letters of credit. Borrowings bear interest at a variable benchmark rate plus a margin based on leverage. The term loan is repayable in quarterly installments through December 2029 and is secured by substantially all U.S. assets.

Equipment financing is secured by the related assets. The weighted-average interest rate on outstanding debt was 7.4% at December 31, 2025.

Scheduled maturities

Year ending December 31	Amount
2026	850
2027	1,020
2028	1,210
2029	2,140
2030	780
Total	**6,000**

The credit agreement includes leverage, fixed-charge coverage and minimum-liquidity covenants. The Company was in compliance with all material covenants at December 31, 2025 and 2024.

13. Income taxes

	2025	2024
Current income tax expense	860	610
Deferred income tax expense	70	65
Total income tax expense	**930**	**675**

Effective tax-rate reconciliation

	2025	2024
Profit before tax	3,855	2,725
Tax at federal statutory rate (21%)	810	572
State income taxes, net of federal benefit	120	80
Non-deductible expenses	35	20
Tax credits	(80)	(37)
Other items	45	40
Income tax expense	**930**	**675**

Deferred tax assets primarily relate to compensation accruals, expected credit losses and lease liabilities. Deferred tax liabilities primarily relate to property and equipment, right-of-use assets and intangible assets. Management concluded that realization of recognized deferred tax assets is more likely than not and therefore recorded no material valuation allowance. The Company files income tax returns in the United States and various state and foreign jurisdictions. Tax years generally remain subject to examination for three to five years, depending on jurisdiction. No material uncertain tax positions were recognized at December 31, 2025 or 2024.

14. Stockholders’ equity and noncontrolling interests

	2025	2024
Noncontrolling interests at beginning of year	1,050	1,000
Net income attributable to noncontrolling interests	**165**	**120**
Other comprehensive income (loss) attributable to noncontrolling interests	20	(10)
Distributions to noncontrolling interests	(75)	(60)
Noncontrolling interests at end of year	1,160	1,050

The Company is authorized to issue 5,000,000 shares of common stock with a par value of $0.01 per share. For this fictional fact pattern, 5,000,000 shares were issued and outstanding at December 31, 2025 and 2024. Stock-based compensation increased additional paid-in capital by $220 in 2025 and $180 in 2024. The board declared and paid dividends of $600 in 2025 and $400 in 2024 to the parent company's shareholders. The noncontrolling interest represents the 20% ownership interest in Northstar Project Solutions Inc. held by local management investors. Their rights are substantive equity interests and are presented within consolidated stockholders' equity.

15. Stock-based compensation and employee benefit plans

The Company grants restricted stock units to selected employees and executives. Awards generally vest over three to four years and are settled in common shares. Compensation expense was $220 in 2025 and $180 in 2024. Forfeitures are recognized as they occur. Unrecognized compensation cost was approximately $410 at December 31, 2025 and is expected to be recognized over a weighted-average period of 2.1 years.

The Company sponsors defined-contribution retirement plans in its operating jurisdictions. Employer contributions were $540 in 2025 and $470 in 2024. The Company has no material defined-benefit pension obligation in this illustrative fact pattern.

16. Related-party transactions and intercompany eliminations

Related parties include shareholders, directors, key management personnel and entities controlled or significantly influenced by those parties. Transactions are approved under the Company's governance policies and are recorded on terms management considers reasonable.

	2025	2024
Key management compensation	2,160	1,940
Office rent paid to an entity under common ownership	240	225
Amount payable to related entity at year-end	25	20
Intercompany management fees eliminated	1,480	1,290
Intercompany interest income and expense eliminated	210	180
Intercompany receivables and payables eliminated	2,260	1,980
Unrealized intercompany profit eliminated from assets	90	70

The elimination amounts above are shown to demonstrate the consolidation architecture. They do not appear as separate line items in the primary statements because they have already been eliminated in arriving at consolidated balances and results.

17. Commitments and contingencies

At December 31, 2025, the Company had noncancelable purchase and capital commitments of approximately $1,150, principally for technology equipment, software implementation and project subcontractors. Banks and insurers had issued performance guarantees and letters of credit totaling $1,820 at December 31, 2025. Management does not expect material losses from these instruments.

A former subcontractor has asserted a claim of approximately $420 relating to a disputed project change order. Based on current facts and advice from counsel, management believes an unfavorable outcome is reasonably possible but not probable. No liability has been recorded. The range of possible loss is estimated at $0 to $420.

18. Concentrations and financial risks

The Company serves industrial and infrastructure customers. Project timing can be affected by customer capital budgets, regulatory approvals and commodity-market conditions. The five largest customers represented 37% of revenue in 2025 and 35% in 2024.

Credit risk arises primarily from accounts receivable, contract assets and cash deposits. The Company uses customer credit reviews, contractual billing controls, aging analysis, dispute tracking and collection forecasts to manage exposure. Liquidity is managed through weekly cash forecasting, committed borrowing facilities, project billing controls and covenant monitoring. Variable-rate debt exposes the Company to changes in market interest rates. A 100-basis-point increase in rates, holding other variables constant, would increase annual interest expense by approximately $50 based on year-end balances. The Company's principal foreign-currency exposures arise from the pound sterling and Canadian dollar. The Company does not use derivatives in this illustrative fact pattern.

19. Fair value of financial instruments

The carrying amounts of cash, accounts receivable, accounts payable and accrued liabilities approximate fair value because of their short-term nature. The carrying amount of variable-rate debt approximates fair value. The Company had no material financial assets or liabilities measured at fair value on a recurring basis at December 31, 2025 or 2024.

20. Going concern

The Company generated net cash from operating activities of $3,755, had cash of $5,180 and had approximately $3,200 of available borrowing capacity at December 31, 2025. Current assets exceeded current liabilities by $7,100. Management prepared forecasts covering at least one year from the date the financial statements were available to be issued, including downside scenarios for project delays, slower collections and reduced new work.

Based on those forecasts and actions within management's control, management concluded that there are no conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the financial statements are available to be issued.

21. Subsequent events

In February 2026, the Company committed to purchase technology and field equipment for approximately $780. In March 2026, it was awarded a multi-year engineering-services contract with an expected value of approximately $4,600, subject to normal customer approvals and performance conditions.

These events are nonrecognized subsequent events because they do not provide additional evidence about conditions existing at December 31, 2025. No other material recognized or nonrecognized subsequent events were identified through April 17, 2026, the date the consolidated financial statements were available to be issued.

22. Recent accounting guidance

Management evaluates Accounting Standards Updates issued by the Financial Accounting Standards Board for applicability and effective dates. For this fictional fact pattern, recently issued guidance not yet adopted is not expected to have a material effect on recognition or measurement, although certain amendments may affect disclosures, documentation or the estimation process when effective. A live engagement would require a current standards tracker tailored to the entity's reporting date and elections.

23. Technical basis and drafting boundary

This sample is structured around U.S. GAAP topics relevant to the fictional group, including presentation of financial statements, consolidation, foreign-currency matters, revenue from contracts with customers, credit losses, property and equipment, goodwill and intangible assets, leases, debt, income taxes, contingencies, stock compensation and subsequent events.

The sample deliberately omits public-company-only presentation and disclosure requirements, including SEC reporting, earnings per share and segment reporting requirements applicable to public entities. It also omits an independent accountant’s report. A real set must be tailored to the entity’s legal form, lender requirements, ownership agreements, accounting elections, materiality, tax jurisdictions, contracts, controls and assurance engagement.

Executive Compass™ Financial Reporting

From consolidation trial balance to a coherent reporting instrument.

Executive Compass™ Financial Statement Drafting & Reporting Support is designed for private groups, finance teams and advisory firms that need a disciplined first draft, reliable consolidation architecture, stronger note design and a clear route through technical and assurance review.

Service architecture

Step	Focus	Outcome
01 CONSOLIDATE	Subsidiary packs, eliminations, FX translation and NCI	One integrated consolidated reporting set
02 TRACE	Balances, schedules, policies and disclosures	Cross-referenced support for efficient review
03 BOUNDARY	Drafting support, management responsibility and assurance	Clear responsibilities and no implied assurance conclusion

SEE THE NUMBERS CLEARLY. REPORT WITH CONFIDENCE.

Illustrative consolidated sample only. No audit, review, compilation or assurance conclusion is expressed.