BEQUEST BONDS I, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2025 AND 2024

BEQUEST BONDS I, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Stockholders
of Bequest Bonds I, Inc.

Opinion

We have audited the accompanying financial statements of Bequest Bonds I, Inc. (a Delaware corporation) (the "Company"), which comprise the statement of assets and liabilities as of December 31, 2025, and the related statements of operations, changes in accumulated deficit and cash flows for the year then ended and schedule of investments as of December 31, 2025, and the related notes to the financial statements.

In our opinion, the 2025 financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2025, 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 the Company 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.

Substantial Doubt about the Company's Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 10 to the financial statements, the Company's limited operating history, recurring operating losses, accumulated deficit, and dependence on external financing to fund operations over the next twelve months raise substantial doubt about its ability to continue as a going concern. Management's evaluation of the events and conditions and management's plans regarding those matters are also described in Note 10. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to that matter.

Other Matter

In our report dated May 15, 2026, we disclaimed an opinion on the December 31, 2025 financial statements because we were unable to obtain sufficient appropriate audit evidence regarding the fair value of the Company's investment in a private investment company and its mortgage loans, the accuracy, completeness, and current and noncurrent classification of the payable to bondholders, recording a provision for current and deferred income taxes and subsequent-period transactions and cut-off resulting from the unavailability of general ledger detail and interim financial information for the period from January 1, 2026 through May 15, 2026. Subsequent to that date, we were able to obtain and evaluate sufficient appropriate audit evidence supporting the fair value measurements of the investment in the private investment company and the mortgage loans, to reconcile and corroborate the recorded payable to bondholders and its current and noncurrent classification, to record a provision for current and deferred income taxes and related valuation allowance and to perform the required subsequent-events and period-end cut-off procedures based on the general ledger detail and interim financial information subsequently made available to us. Accordingly, our present opinion on the December 31, 2025 financial statements, as presented herein, is unmodified and is different from that expressed in our previous report.

Prior Period Financial Statements

The financial statements of Bequest Bonds, I, Inc. as of December 31, 2024 were audited by other auditors whose report dated February 6, 2025, on those statements expressed an unmodified opinion and included a going concern section that described the fact that the Company was recently incorporated and had yet to receive financing or begin full operations as discussed in Note 5 to the 2024 financial statements.

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 the Company'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 the Company'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 the Company'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.

Hill, Barth & King LLC

Certified Public Accountants

Columbus, Ohio

September 29, 2026

BEQUEST BONDS I, INC.

STATEMENTS OF ASSETS AND LIABILITIES

(Expressed in United States Dollars)

December 31, 2025 and 2024

		2025		2024
Assets				
Current assets				
Cash and cash equivalents	$	437,249	$	-
Due from affiliates		21,290		-
Receivable from bondholders		27,569		-
Interest receivable		2,046		-
Prepaid expenses		-		16,750
Other receivables		135		-
Total current assets		488,289		16,750
Non-current assets				
Investment in Bequest Funds, LLC, at carrying value		2,381,540		-
Mortgage loans held for investment, at fair value		1,510,770		-
Total non-current assets		3,892,310		-
Total assets	**$**	**4,380,599**	**$**	**16,750**
Liabilities and accumulated deficit				
Current liabilities				
Payable to bondholders, current portion	$	1,305,274	$	-
Due to affiliates		51,462		54,057
Management fees payable		45,981		-
Professional fees payable		23,624		835
Total current liabilities		1,426,341		54,892
Non-current liabilities				
Payable to bondholders, non-current portion		3,335,093		-
Total non-current liabilities		3,335,093		-
Total liabilities		**4,761,434**		**54,892**
Accumulated deficit		**(380,835)**		**(38,142)**
Total liabilities and accumulated deficit	**$**	**4,380,599**	**$**	**16,750**

See accompanying notes to financial statements.

BEQUEST BONDS I, INC.

STATEMENTS OF OPERATIONS

(Expressed in United States Dollars)

For the year ended December 31, 2025 and the period (since inception on February 15, 2024) ended December 31, 2024

		2025		2024
Investment income				
Preferred return	$	8,940	$	-
Interest income		18,455		-
Dividend income		8,797		-
Total investment income		**36,192**		**-**
Expenses				
Interest expense		122,732		1,988
Professional fees		103,604		21,000
Management fees		57,960		-
Brokerage and commissions		36,678		-
Administration fees		27,000		-
Filing costs		16,750		15,154
Other expenses		26,133		-
Total expenses		**390,857**		**38,142**
Net investment loss		**(354,665)**		**(38,142)**
Realized and change in unrealized gain				
Net realized gain from mortgage loans		422		-
Net realized gain from securities		341		-
Net unrealized gain from mortgage loans		11,209		-
Net realized and change in unrealized gain		**11,972**		**-**
Net loss	**$**	**(342,693)**	**$**	**(38,142)**

See accompanying notes to financial statements.

BEQUEST BONDS I, INC.

STATEMENTS OF CHANGES IN ACCUMULATED DEFICIT

(Expressed in United States Dollars)

For the year ended December 31, 2025 and the period (since inception on February 15, 2024) ended December 31, 2024

	Manager	Stockholders	Total
Accumulated deficit, February 15, 2024	$ -	$ -	$ -
Allocation of net loss:			
Pro-rata allocation	(38,142)	-	(38,142)
Accumulated deficit, December 31, 2024	**$ (38,142)**	**$ -**	**$ (38,142)**
Accumulated deficit, January 1, 2025	**$ (38,142)**	**$ -**	**$ (38,142)**
Allocation of net loss:			
Pro-rata allocation	(342,693)	-	(342,693)
Accumulated deficit, December 31, 2025	**$ (380,835)**	**$ -**	**$ (380,835)**

See accompanying notes to financial statements.

BEQUEST BONDS I, INC.

STATEMENTS OF CASH FLOWS

(Expressed in United States Dollars)

For the year ended December 31, 2025 and the period (since inception on February 15, 2024) ended December 31, 2024

		2025		2024
Cash flows from operating activities				
Net loss	$	(342,693)	$	(38,142)
Adjustments to reconcile net loss to net cash used in operating activities:				
Net realized gain from mortgage loans		(422)		-
Net realized gain from securities		(341)		-
Net unrealized gain from mortgage loans		(11,209)		-
Changes in operating assets and liabilities:				
Interest receivable		(2,046)		-
Prepaid expenses		16,750		(16,750)
Receivable from bondholders		(27,569)		-
Other receivables		(135)		-
Due to affiliates		(11,485)		54,057
Management fees payable		45,981		-
Professional fees payable		22,789		835
Net cash used in operating activities		**(310,380)**		**-**
Cash flows from investing activities				
Purchases of mortgage loans		(1,503,319)		-
Proceeds from sale of mortgage loans		4,180		-
Purchases of securities		(2,406,167)		-
Proceeds from sale of securities		2,406,508		-
Contributions to investments in Bequest Funds, LLC		(2,932,000)		-
Redemptions of capital from investments in Bequest Funds, LLC		529,170		-
Net cash used in investing activities		**(3,901,628)**		**-**
Cash flows from financing activities				
Proceeds from issuance of bonds payable to bondholders		4,879,162		-
Repayments and redemptions of bonds payable		(238,795)		-
Proceeds from affiliate line of credit		8,890		-
Net cash provided by financing activities		**4,649,257**		**-**
Net increase in cash and cash equivalents		**437,249**		**-**
Cash and cash equivalents, beginning of period		-		-
Cash and cash equivalents, end of period	**$**	**437,249**	**$**	**-**
Supplemental disclosure of cash flow information:				
Cash paid during the year for interest	$	117,467	$	-
Non-cash financing activity — interest capitalized to principal	$	5,265	$	1,988

See accompanying notes to financial statements.

BEQUEST BONDS I, INC.

SCHEDULE OF INVESTMENTS

(Expressed in United States Dollars)

December 31, 2025

	Maturity/ pay off date range	Interest rate range	Percentage of mortgage loans at fair value	Fair Value
Investment in Bequest Funds, LLC, at carrying value				
United States				
Bequest Funds, LLC				$ 2,381,540
Total investment in Bequest Funds, LLC, at carrying value				**$ 2,381,540**
Investments in mortgage loans, at fair value				
United States				
California	03/01/2040-03/01/2055	11.38%-11.75%	16.14 %	$ 243,809
New Jersey	05/01/2035-04/01/2040	11.75%-14.75%	15.34 %	231,784
Florida	02/01/2055-07/01/2055	10.38%-11.75%	13.32 %	201,267
Pennsylvania	02/01/2035-05/01/2040	11.25%-13.25%	10.79 %	162,989
New Mexico	04/01/2035	11.50%	8.71 %	131,554
Texas	04/01/2035-03/01/2040	12.38%-14.50%	7.70 %	116,307
Wisconsin	05/01/2055	11.63%	7.03 %	106,264
Arizona	04/01/2040-05/01/2040	12.25%-13.13%	6.82 %	102,974
Ohio	02/01/2035	11.75%	4.83 %	72,967
Nebraska	04/01/2035	12.75%	3.42 %	51,735
Maryland	04/01/2035	11.13%	3.01 %	45,444
Michigan	05/01/2035	13.00%	1.53 %	23,151
Oklahoma	12/01/2039	12.50%	1.36 %	20,525
Total investments in mortgage loans, at fair value			**100.00 %**	**$ 1,510,770**

**For the period (since inception on February 15, 2024) ended December 31, 2024, the Company did not hold any investments.*

See accompanying notes to financial statements.

1. Organization

Nature of operations

Bequest Bonds I, Inc. (the "Company") is a Delaware corporation that invests in performing, re-performing, and non-performing residential mortgage loans (and related instruments) and, on a more limited basis, business loans, private real estate loans, and preferred equity and limited partner interests in target companies and funds engaged in similar activities. The Company funds these investments primarily with proceeds from the sale of its bonds and intends to repay its bonds with the proceeds of those investments. As of December 31, 2025 and December 31, 2024, the Company was owned entirely by Bequest Capital, LLC; see Note 13 for a change in ownership subsequent to December 31, 2025. The Company's principal executive offices are located at 1255 N Gulfstream Avenue, Suite 101, Sarasota, Florida 34236.

The Company was originally formed as a Delaware limited liability company on February 15, 2024 under the name "Bequest Bonds I, LLC." On August 30, 2024, the Company filed a Certificate of Conversion and Certificate of Incorporation with the Delaware Secretary of State pursuant to Section 265 of the Delaware General Corporation Law, converting from a limited liability company into a Delaware stock corporation under the name "Bequest Bonds I, Inc."

The Company is offering a maximum of $75,000,000 in its Series A Bonds (the "Bonds") pursuant to its offering circular. The purchase price is $1,000 per Series A Bond with a minimum purchase amount of $1,000 (the "Minimum Purchase Amount"); however, the Company, in the Manager's sole discretion, reserves the right to accept lesser purchase amounts.

The Bonds described in the offering circular will be offered and sold on a continuous basis directly through the website www.bqfunds.com.

The aggregate initial offering price of the Bonds will not exceed $75,000,000 in any 12-month period, and there is no minimum number of Bonds that need to be sold as a condition of closing this offering. This Offering is being conducted on a "best efforts" basis, which means that there is no guarantee that any minimum amount will be sold in this offering.

An investment in the Company involves numerous risks and uncertainties, including the following:

- The Company has a limited operating history and may not be able to operate its business successfully or generate sufficient cash flows to accomplish its business objectives;
- The Company has minimal operating capital and for the foreseeable future will be dependent upon its ability to finance its operations from the sale of Bonds or other financing alternatives;
- The Company has set the offering price in this Offering arbitrarily and it may not reflect the value of the Bonds; and
- There is no minimum amount required as a condition of the Company accepting subscriptions and using the funds raised in this offering.

2. Summary of significant accounting policies

Basis of presentation

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"), as detailed in the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC"). The financial statements have been prepared on the accrual basis of accounting. The Company is an investment company and follows the accounting and reporting guidance in FASB ASC Topic 946, Financial Services - Investment Companies.

Use of estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts 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 materially differ from those estimates.

Cash and cash equivalents

Cash and cash equivalents include short-term investments and highly liquid investments in money market instruments with a maturity date of three months or less from the acquisition date. These are valued at cost which approximates fair market value. As of December 31, 2025, the Company held $437,249 as cash and cash equivalents in the statements of assets and liabilities. As of December 31, 2024, the Company did not hold any cash and cash equivalents in the statements of assets and liabilities.

Fair value – definition and hierarchy

GAAP defines fair value as the price that would be received to sell an asset or be paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price) and such principles also establish a fair value hierarchy that prioritizes the inputs used to measure fair value using the following definitions (from highest to lowest priority):

Level 1 - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Company is able to access.

Level 2 - Valuations based on inputs, other than quoted prices included in Level 1, that are observable either directly or indirectly. These inputs may include (a) quoted prices for similar assets in active markets; (b) quoted prices for identical or similar assets in markets that are not active; (c) inputs other than quoted prices that are observable for the asset; or (d) inputs derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Valuations based on inputs that are unobservable and significant to the entire fair value measurement.

Fair value is a market-based measure, based on assumptions of prices and inputs considered from the perspective of a market participant that are current as of the measurement date, rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, the Company's own assumptions are set to reflect those that market participants would use in pricing the asset or liability at the measurement date.

The availability of valuation techniques and observable inputs can vary from investment to investment and are affected by a wide variety of factors, including the type of investment, whether the investment is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the transaction.

To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Because of the inherent uncertainty of valuation, those estimated values may be materially higher or lower than the values that would have been used had a ready market for the investments existed. Accordingly, the degree of judgment exercised by the Company in determining fair value is greatest for investments categorized in Level 3. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy which the fair value measurement falls in its entirety is determined based on the lowest level input that is significant to the fair value measurement.

Fair value – valuation techniques and inputs

Mortgage loans

The Company measures mortgage loans held for investment at fair value in accordance with the Company's Global Mortgage Loan Valuation Policy (the "Policy"), with changes in fair value recognized as unrealized gains or losses in the statements of operations for the applicable reporting period. Under the Policy, the Company engages an independent third-party valuation firm to price the loan portfolio using institutional pricing models — a yield/spread methodology for performing loans and a collateral-

liquidation methodology for distressed loans — expressed as a discount to unpaid principal balance. When a current-period third-party valuation report is obtained, the Company adopts that pricing as the baseline fair value for each loan; where a current-period report is temporarily unavailable, the loan defaults to its most recent verified third-party valuation, subject to monthly Management review for adverse developments.

While the Company relies on this independent third-party pricing, management retains ultimate responsibility for the fair value measurements under ASC 820 and reviews the third-party valuation for reasonableness, including delinquency classification, pricing methodology, and resulting discounts. Management adjustments to a third-party baseline value are limited to downward or input-conservative adjustments (such as an explicit liquidity discount) and the Company does not mark a loan above its independent third-party baseline value, except to correct a demonstrable factual error in the third-party report.

The Policy stratifies the mortgage loan portfolio into four mutually exclusive tiers based on delinquency and legal status, with status overriding day-count: a loan actively in foreclosure is classified as severely impaired regardless of days delinquent, and a loan actively in bankruptcy is classified separately, also regardless of days delinquent. Loans that are 90 or more days delinquent and not in foreclosure or bankruptcy are classified as distressed. All other loans (paying as agreed or fewer than 90 days delinquent) are classified as performing. Accrual of interest income is suspended for all loans other than those classified as performing; accrued interest on non-accrual loans is evaluated for collectability and adjusted to estimated recoverable value consistent with the fair value of the underlying loan.

Interest income on mortgage loans is recognized based on the stated contractual interest rate and reported in interest income as earned, except for loans on non-accrual status as described above. Interest receivable is accrued only when collection of such amounts is considered probable.

Mortgage loan fair values are not separately adjusted for discounts, premiums, deferred loan origination fees, or origination costs, as these items are reflected in the fair value measurement itself. Principal payments received reduce the carrying value of the mortgage loans.

At December 31, 2025, mortgage loans held for investment are reported at fair value of $1,510,770, consisting of amortized cost of $1,499,561 plus a cumulative net unrealized gain of $11,209. See Note 3 and the Schedule of Investments.

Investment in Bequest Funds, LLC

Bequest Funds, LLC ("BQF") is an affiliate of the Company under common ownership and control that operates on a fixed 9% Operating Preferred Return capital-account structure rather than calculating a net asset value per share consistent with FASB ASC Topic 946. Accordingly, management has determined that the Company's Class C preferred interest in BQF does not qualify for the net asset value practical expedient under ASC 820-10-35-59, and the investment is instead measured at fair value on a Level 3 basis, as a non-redeemable preferred claim tested for recoverability against BQF's net assets available to the senior investor stack (which excludes subordinated Class A manager deficit accounts and over-distributed negative capital accounts under BQF's governing operating agreement). See Note 3.

Distributions received from BQF are evaluated to determine whether they represent a return on investment (recognized as preferred return income) or a return of invested capital (recognized as a reduction of the carrying value of the investment), based on BQF's underlying economics and any restatement of investor capital accounts by BQF's administrator or independent accountants. See Note 6.

Securities

The Company holds short-term investments in marketable securities, which are measured at fair value based on quoted market prices (Level 1), with changes in fair value recognized as unrealized gains or losses in the statements of operations. Realized gains and losses on securities transactions are determined using the first-in-first-out (FIFO) method. Dividend income is recorded on the ex-dividend date. The Company did not hold any securities positions at December 31, 2025 or December 31, 2024; all securities purchased during the year ended December 31, 2025 were sold within the year.

Investment transactions

Investment transactions are accounted for on a trade-date basis. Realized gains and losses on investment transactions are determined using the first-in-first-out (FIFO) method. Net unrealized gains or losses are reported on the statements of operations.

Preferred return income is recorded when earned and is derived from the Company's investment in Bequest Funds, LLC, net of any amounts recharacterized as return of capital. See Note 6.

Concentration of credit risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents. The Company generally maintains balances in various operating accounts at financial institutions that management believes to be of high credit quality, in amounts that may exceed federally insured limits. The Company has not experienced any losses related to its cash and cash equivalents and does not believe that it is subject to unusual credit risk beyond the normal credit risk associated with commercial banking relationships.

The Company is also subject to concentration risk arising from its investment in Bequest Funds, LLC, which represented approximately 54% of total assets at December 31, 2025, and from its mortgage loan portfolio, which consists of second-lien residential loans concentrated in a limited number of states (see Schedule of Investments). See Note 3 and Note 6 for additional information about the Company's investment in Bequest Funds, LLC.

Bonds payable and subscription recognition

Subscriptions for the Company's bonds are recognized as a liability, and the related proceeds are recognized as cash, when a subscriber's funds have been received and the subscription has been accepted by the Company. Bonds are recorded at their principal amount, plus accrued interest, if any, owed as of the statement of assets and liabilities date; interest expense is recognized as incurred.

Income taxes

The Company applies ASC 740, Income Taxes ("ASC 740"). The Company is treated as a taxable C-corporation for federal and state income tax purposes. Deferred income taxes are recognized for the tax consequences in future years of differences between the tax bases of assets and liabilities and their financial statement reported amounts at each period end, based on enacted tax laws and statutory tax rates applicable to the periods in which the differences are expected to affect taxable income. A valuation allowance is established to reduce deferred tax assets to the amount that is more likely than not to be realized. ASC 740 also provides criteria for the recognition, measurement, presentation, and disclosure of uncertain tax positions; a tax benefit from an uncertain position is recognized only if it is "more likely than not" that the position is sustainable upon examination by the relevant taxing authority based on its technical merit. The Company did not have any unrecognized tax benefits as of December 31, 2025 or December 31, 2024. The Company is subject to tax filing requirements as a corporation in the federal jurisdiction of the United States and the state of Florida, and uses a calendar year end for income tax reporting purposes.

For the year ended December 31, 2025 and the period (since inception on February 15, 2024) ended December 31, 2024, the Company has consecutive pretax book losses and a cumulative net operating loss carryforward, and management has concluded that it is not more likely than not that the Company's deferred tax assets will be realized, principally because the Company does not have supportable projections of future taxable income sufficient to utilize the carryforward within the applicable statutory period. Accordingly, the Company has recorded a valuation allowance against the portion of its gross deferred tax assets not offset by deferred tax liabilities, resulting in a net deferred tax asset of $0 at each date and a current income tax provision of $0 for each period. See Note 9.

Comprehensive income

The Company does not have any comprehensive income items other than net loss.

Recent accounting pronouncements

Adoption of Accounting Standard Update ("ASU") 2022-03, Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions

On January 1, 2025, the Company adopted ASU 2022-03, Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions. This update clarifies that a contractual restriction prohibiting the sale of an equity security is not considered part of the unit of account of the equity security and, therefore, should not be considered in measuring the security's fair value under ASC 820. The update also prohibits recognition of a separate valuation allowance for the contractual sale restriction.

The Company applied the amendments prospectively to equity securities that became subject to a contractual sale restriction (or for which an existing contractual restriction was modified) on or after the date of adoption. The Company did not hold any equity securities subject to a contractual sale restriction as of December 31, 2025 or December 31, 2024, and the adoption of this standard did not have a material impact on the Company's Statements of Assets and Liabilities, Statements of Operations, Statements of Changes in Accumulated Deficit, Statements of Cash Flows, or Schedule of Investments.

3. Fair value measurements

The Company's stated accounting policy is that its investments are to be recorded at fair value and categorized based upon a fair value hierarchy as described in the Company's significant accounting policies in Note 2.

The following table presents information about the Company's investments as of December 31, 2025:

Description	Level 1	Level 2	Level 3	Total
Assets				
Investment in Bequest Funds, LLC*, at carrying value	$ -	$ -	$ 2,381,540	$ 2,381,540
Mortgage loans, at fair value	-	-	1,510,770	1,510,770
Total assets	**$ -**	**$ -**	**$ 3,892,310**	**$ 3,892,310**

The Company did not have any investments as of December 31, 2024.

The Company did not have any transfers between any levels of the fair value hierarchy during the year ended December 31, 2025.

*The investment in Bequest Funds, LLC is classified within Level 3 of the fair value hierarchy. Unlike the mortgage loans, which are priced using third-party discounted cash flow and liquidation techniques, this investment is measured using a recoverability approach against BQF's net assets available to the senior investor stack, as described further below.

Investment in Bequest Funds, LLC — recoverability analysis

Because BQF operates on a fixed 9% Operating Preferred Return capital-account structure and does not calculate a net asset value per share consistent with FASB ASC Topic 946 and management determined that the NAV practical expedient in ASC 820-10-35-59 is not available for this investment. The Company's Class C preferred interest is instead tested for recoverability against BQF's net assets available to the senior investor stack, which excludes subordinated Class A manager deficit accounts and over-distributed negative investor capital accounts under BQF's governing operating agreement.

As of December 31, 2025, BQF's adjusted net assets available to the senior stack were determined to cover the senior investor claims (including the Company's interest) at approximately 107% coverage. Based on this analysis, management concluded that the Company's carrying value of $2,381,540 in Bequest Funds, LLC is fully recoverable and no impairment was recorded.

Level 3 rollforward

The following table presents a rollforward of the beginning and ending balances of the Company's Level 3 assets for the year ended December 31, 2025:

	Mortgage loans	Investment in Bequest Funds, LLC
Balance, December 31, 2024	$ -	$ -
Purchases / contributions	1,503,319	2,932,000
Sales, settlements, and redemptions	(4,180)	(450,000)
Return of capital	-	(100,460)
Realized gains included in net loss	422	-
Unrealized gains included in net loss	11,209	-
Balance, December 31, 2025	**$ 1,510,770**	**$ 2,381,540**

Unobservable inputs

The Company's mortgage loans are priced by an independent third-party valuation firm using a yield/spread methodology for performing loans and a collateral-liquidation methodology for distressed loans, in each case expressed as a discount to unpaid principal balance and stratified by delinquency tier as described in Note 2. The significant unobservable input for mortgage loans is the discount to unpaid principal balance applied by tier, which ranged from approximately 7% to 15% across the portfolio at December 31, 2025; a significant increase (decrease) in this discount would result in a lower (higher) fair value measurement.

The Company's investment in Bequest Funds, LLC is measured using a recoverability approach rather than a discount-rate-based technique. The significant unobservable input is the estimated collectability of BQF's underlying loan portfolio, which determines BQF's net assets available to the senior investor stack and, in turn, the extent to which the Company's preferred claim is covered. A significant deterioration in the estimated collectability of BQF's underlying assets would reduce the coverage percentage described above and could result in an impairment of the Company's investment.

4. Capital stock

Under the articles of incorporation, the total number of common shares of stock that the Company shall have authority to issue is 75,000 shares with a $1,000 par value per share. As of December 31, 2025 and December 31, 2024, no shares have been issued.

5. Management agreement

The Company is managed pursuant to a Management Services Agreement (the "Management Agreement") originally entered into on April 1, 2024. During the year ended December 31, 2025, the counterparty providing services to the Company under the Management Agreement changed once, as follows:

- From January 1, 2025 through June 1, 2025, services under the Management Agreement were provided by LMMS Management, LLC, the original counterparty under the Management Agreement. LMMS Management, LLC was owned by Bequest Capital, LLC, which itself is owned 50/50 by Shawn Muneio and Martin Saenz. LMMS Management, LLC has since been dissolved.
- From June 2, 2025 through December 31, 2025, services under the Management Agreement were provided by Bequest Capital, LLC, the Company's sole stockholder, pursuant to an Assignment of Management Services Agreement dated June 2, 2025, by which LMMS Management, LLC assigned all of its right, title, and interest in the Management Agreement to Bequest Capital, LLC.

Effective June 30, 2026, the Company appointed Bequest Asset Management, LLC as its manager pursuant to a new Management Services Agreement, replacing Bequest Capital, LLC in that role; services under the new agreement began July 1, 2026. See Note 13.

6. Related party transactions

Management fees

Under the Management Agreement, the Company pays the Manager a fee calculated as an annualized 3% of the total sum of invested monies, calculated as of the last calendar day of the month. Additionally, the Manager is entitled to reimbursement in the amount of $45,000 for startup and administrative costs.

For the year ended December 31, 2025, the Company incurred $57,960 of management fees in the aggregate, all of which were paid or payable to LMMS Management, LLC and Bequest Capital, LLC for the respective periods during which each acted as Manager. Of this amount, $45,981 remains payable as of December 31, 2025. For the period (since inception on February 15, 2024) ended December 31, 2024, the Company did not incur management fees.

Investment in Bequest Funds, LLC

During the year ended December 31, 2025, the Company acquired and held a preferred equity interest in Bequest Funds, LLC, an affiliate of the Company under common ownership and control. Bequest Funds, LLC is a Regulation D 506(c) private fund of which Mr. Saenz and Mr. Muneio serve as Managing Partners and in which they hold ownership interests in the sponsor.

For the year ended December 31, 2025, the Company's transactions with Bequest Funds, LLC were as follows: cash contributions to Bequest Funds, LLC of $2,932,000; a $450,000 cash withdrawal of invested capital in November 2025; cash redemptions and return of capital of $529,170 (comprising the $450,000 withdrawal plus $79,170 of cash collected during the year on preferred return that was subsequently recharacterized to return of capital, as described below); preferred return income recognized of $8,940, net of $100,460 recharacterized during the year as return of capital based on Bequest Funds, LLC's administrator restatement of investor capital accounts; a return-of-capital receivable of $21,290 at December 31, 2025 (reported in due from affiliates, and collected in cash on January 2, 2026); and an investment in Bequest Funds, LLC carried at $2,381,540 at December 31, 2025, measured on the recoverability basis described in Note 3. The Company invested in Bequest Funds, LLC on the same terms as other similarly situated investors in that vehicle, including the same preferred return rate, redemption mechanics, and reporting practices.

The $450,000 withdrawal and the underlying preferred-return cash receipts described above are corroborated by the Company's general ledger transaction detail (Cogent Bank operating and main account activity) and, for the preferred-return restatement, by Bequest Funds, LLC's NF-138 investor account statement prepared with the assistance of Withum.

Due from affiliates

The Company's due from affiliates are all with related parties under common control. All amounts are due on demand and are classified as short-term. As of December 31, 2025, the return-of-capital receivable from Bequest Funds, LLC reported in the statement of assets and liabilities amounts to $21,290.

Due to affiliates

The Company's amounts due to affiliates are all with related parties under common control. All amounts are due on demand and are classified as short-term. The Company has entered into a Line of Credit with its affiliate, Bequest Legacy Fund I, LLC, on April 8, 2024. The revolving line of credit has a drawdown limit of $100,000 and bears interest at 12% per annum on all outstanding balances during the term. The Line of Credit, originally scheduled to mature on April 8, 2025, is due on demand.

For the year ended December 31, 2025, the Company incurred $5,265 of interest under the Line of Credit. The Company did not pay any interest in cash to Bequest Legacy Fund I, LLC during the year; instead, accrued interest was added to the principal balance. Similarly, for the period ended December 31, 2024, the Company incurred $1,988 of interest under the Line of Credit, which was not paid in cash and instead was added to the principal balance. As of December 31, 2025, amounts due to affiliates

totaled $51,462, representing the outstanding balance under the Line of Credit (including accrued interest) payable to Bequest Legacy Fund I, LLC, and are included in the statements of assets and liabilities. As of December 31, 2024, amounts due to affiliates totaled $54,057, consisting of $37,307 payable to Bequest Legacy Fund I, LLC and $16,750 payable to Bequest Capital, LLC. These amounts represent payments made to or on behalf of the Company and are reported in the statements of assets and liabilities.

7. Administrative services

Formidium Corp. (the "Administrator") served as the Company's administrator and performed certain administrative and accounting services on behalf of the Company through June 30, 2026. Effective July 1, 2026, Apex Group Ltd. succeeded Formidium Corp. as the Company's administrator; see Note 13.

8. Commitments and contingencies

The Company may be subject to pending legal proceedings and regulatory actions in the ordinary course of business. The results of such proceedings cannot be predicted with certainty, but the Company does not anticipate that the final outcome, if any, arising out of any such matters will have a material adverse effect on its business, financial condition or results of operations. The Company is not currently involved with and does not know of any pending or threatened litigation against the Company. See Note 13 for a matter involving affiliates of the Company that was voluntarily reported to the Securities and Exchange Commission subsequent to December 31, 2025.

9. Income taxes

The Company is treated as a taxable C-corporation for federal and Florida state income tax purposes and applies ASC 740, Income Taxes. As described in Note 2, the Company has recorded a valuation allowance against its gross deferred tax assets to the extent not offset by deferred tax liabilities, resulting in a net deferred tax asset of $0 at December 31, 2025 and December 31, 2024, and a current income tax provision of $0 for each year then ended. At December 31, 2025, the Company also recorded a deferred tax liability of $2,841 related to an unrealized gain on mortgage loans not subject to the valuation allowance; because the future reversal of this taxable temporary difference is itself a source of taxable income under ASC 740-10-30-18(b), the valuation allowance against the gross deferred tax asset is reduced by an equivalent amount, resulting in no net impact to the statements of assets and liabilities or operations.

Components of the net deferred tax asset

The tax effects of temporary differences that give rise to the Company's gross deferred tax asset at December 31, 2025 and December 31, 2024 are as follows:

	Federal	Florida (net)*	Total gross (2025)	2024
Net operating loss carryforward	$51,427	$10,641	$62,068	$9,667
Capitalized offering, organizational, professional, and legal costs	30,818	6,376	37,194	-
Gross deferred tax asset	**82,245**	**17,017**	**99,262**	**9,667**
Deferred tax liability — unrealized gain on mortgage loans, not subject to valuation allowance	(2,354)	(487)	(2,841)	-
Valuation allowance	(79,891)	(16,530)	(96,421)	(9,667)
Net deferred tax asset	**$ -**	**$ -**	**$ -**	**$ -**

*Florida amounts above are presented net of the federal tax benefit of the state deduction, consistent with the 4.345% net rate (5.5% Florida statutory rate, reduced for the federal tax benefit) used in the rate reconciliation below.

Rate reconciliation

A reconciliation of the statutory federal and state income tax benefit to the Company's recorded income tax provision for the year ended December 31, 2025 and the period (since inception on February 15, 2024) ended December 31, 2024 is as follows:

	2025	2024
Pretax book loss	$(342,693)	$(38,142)
Statutory federal benefit at 21%	71,966	8,010
Statutory state benefit, net of federal tax effect (4.345%)	14,890	1,657
Total statutory benefit	**86,856**	**9,667**
Permanent differences (K-1 income pickup)	(102)	-
Less: increase in valuation allowance	(86,754)	(9,667)
Income tax provision (current)	**$ -**	**$ -**

Net operating loss carryforwards

As of December 31, 2025, the Company had federal and Florida net operating loss carryforwards of approximately $244,888, which do not expire under current law but are subject to an 80%-of-taxable-income annual utilization limitation for federal purposes. Utilization of these carryforwards depends on the Company generating sufficient future taxable income, which is not currently supportable given the Company's limited operating history and recurring losses; accordingly, the related deferred tax asset is fully offset by a valuation allowance as described above.

Uncertain tax positions

The Company did not have any unrecognized tax benefits as of December 31, 2025 or December 31, 2024, and does not expect any significant change in unrecognized tax benefits within the next twelve months. The Company's policy is to recognize interest and penalties related to income tax matters, if any, as a component of income tax expense. No such amounts were recorded for the years presented. The Company's income tax returns for all years since inception remain open to examination by federal and state taxing authorities.

10. Going concern

The financial statements have been prepared on a going concern basis, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. The Company was recently incorporated and has a limited operating history. While the Company has raised funds from bondholders, which have since been invested, it continues to incur recurring operating losses and has accumulated a deficit since inception. The Company remains dependent on external financing to fund its operations and meet its obligations over the next 12 months. In addition, as described in Note 13, the affiliate through which the Company holds its Bequest Funds, LLC investment suspended payment of operating preferred returns from February 2026 through July 2026, with accrued amounts remaining outstanding; this investment represented approximately 54% of the Company's total assets at December 31, 2025 and its suspension of returns is an additional constraint on the Company's liquidity. These factors, including the Company's limited operating history, recurring operating losses, accumulated deficit, dependence on external financing, and the preferred return suspension described above, raise substantial doubt about the Company's ability to continue as a going concern within one year after the date these financial statements are available to be issued.

Management has evaluated these conditions and has developed a plan to raise additional funds through a Regulation A offering to support ongoing operations and future growth. While management believes this plan will provide the necessary capital to sustain operations, these plans are not fully within the

Company's control and cannot be assured of success. Accordingly, substantial doubt about the Company's ability to continue as a going concern has not been alleviated. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

11. Payable to bondholders

As of December 31, 2025, $4,640,367 is presented as payable to bondholders on the statements of assets and liabilities, of which $1,305,274 is classified as current and $3,335,093 is classified as non-current. The Company has issued multiple classes of unsecured bonds (Class A through Class F) under its Series A Bonds offering to third-party investors pursuant to the Company's Regulation A offering. The bonds generally bear interest at fixed stated rates ranging from 5% to 8% per annum, were issued on various dates during 2025, and mature on various dates through 2030. Interest is generally payable monthly in arrears. Class A, B, and C bonds are non-amortizing, with principal due at maturity; Class D, E, and F bonds are five-year, level-payment amortizing notes under which scheduled principal is repaid over the term, as described further below. All classes are subject to the specific terms applicable to that class, including, as applicable, optional redemption provisions. The net proceeds from the issuance of the bonds were used for investment purposes.

The Company engages an independent third-party service provider to administer the bondholder records and provide related schedules and reports. The recorded liability of $4,640,367 represents the principal owed to bondholders, plus accrued interest, if any, as of December 31, 2025. The Company had no bonds payable to bondholders as of December 31, 2024.

Current / non-current classification

Class A bonds (immediately redeemable), Class B bonds (6-month maturity), and Class C bonds (1-year maturity) are classified entirely as current, since all outstanding balances in those classes mature within twelve months of the statement of assets and liabilities date. Class D, E, and F bonds are five-year, level-payment amortizing notes; the current portion for these classes represents the principal scheduled to amortize within twelve months of the statement of assets and liabilities date, determined using a pool-level proportional method (projecting each class' aggregate scheduled amortization forward twelve months at the stated coupon rate and applying the resulting ratio to each investor's ending balance) rather than an investor-by-investor maturity schedule.

Scheduled maturities

The following table presents the principal maturities of the Company's bonds payable for each of the next five years, in the aggregate, as of December 31, 2025, determined in accordance with the Company's policy described in "Current / non-current classification" above. The amount for the year ending December 31, 2026 reflects the current portion determined under the pool-level proportional method described above; amounts for the years ending December 31, 2027 through 2030 are determined by applying a level amortization model at each class' stated coupon rate to the non-current balances of Class D, E, and F (the Company's five-year amortizing classes). Class A, B, and C bonds are fully reflected in the 2026 amount, consistent with their disclosed maturities.

Year ending December 31,	Amount
2026	$1,305,274
2027	745,351
2028	801,430
2029	861,733
2030	926,579
Total	**$4,640,367**

The total presented above ties to the $4,640,367 payable to bondholders presented on the statements of assets and liabilities as of December 31, 2025.

12. Financial highlights

The Company does not have any classes of common shares or other non-managing investor equity interests outstanding. Accordingly, there are no classes of common shares for which financial highlights are required, and financial highlights have not been presented for the years ended December 31, 2025 and 2024.

13. Subsequent events

Management evaluated subsequent events through September 29, 2026, which is the date these financial statements are available to be issued, and identified the following subsequent events, which are described in further detail below.

Manager change

Bequest Asset Management, LLC ("BAM") was organized as a Delaware limited liability company on March 31, 2026. On June 30, 2026, the Company entered into a new Management Services Agreement with BAM and appointed BAM as the Company's manager, replacing Bequest Capital, LLC in that role. The transition of management services and the related management fee entitlement to BAM was completed effective July 1, 2026, one day after the agreement date; management fees for the period from January 1, 2026 through June 30, 2026 were paid or payable to Bequest Capital, LLC under the prior arrangement, and Bequest Capital, LLC remained the Company's manager through June 30, 2026 notwithstanding the same-day ownership transfer described below. The membership interests of BAM are anticipated to include Mr. Muneio, Mr. Saenz, Mr. Friedman, Mr. Keefe, and outside investors. The Investment Committee was also reconstituted in connection with the management transition and, as of the date these financial statements are available to be issued, consists of three (3) members: Shawn Muneio, David Friedman, and James Keefe.

Administrator transition

Effective July 1, 2026, Apex Group Ltd. succeeded Formidium Corp. as the Company's Administrator.

Mortgage loan portfolio activity

In January 2026, a mortgage loan included in the Company's December 31, 2025 portfolio (a Michigan loan) paid in full, resulting in a realized gain of approximately $5,922 recognized in 2026. In July 2026, two delinquent loans from the December 2025 portfolio (a Nebraska loan and a Texas loan) were modified to extend their maturities and revise their interest rates; both loans have since returned to accruing status.

During the first seven months of 2026, the Company acquired additional residential mortgage loans in a series of transactions, including loans purchased from affiliated entities (Bequest Equity Fund V, LLC, Bequest Funds, LLC, and Bequest Legacy Fund I, LLC) and loans purchased from an unaffiliated seller in a bulk trade settled in May 2026. Affiliate transactions were supported by pricing analyses benchmarked to contemporaneous arm's-length trades and were approved by the Investment Committee.

Business loan origination

On July 22, 2026, the Company entered into a Loan Agreement with Nexa Asset Acquisitions LLC, an unaffiliated third party, pursuant to which the Company agreed to lend $712,166 (the "Loan"), the Company's first such business loan. The Loan bears interest at a stated rate of 10% per annum, matures in three years (subject to a lender option to extend up to six months), and is secured by a first-priority security interest in a designated pool of residential mortgage loan collateral and related collections, together with a limited guaranty. The Loan represents approximately 16% of the Company's total assets at December 31, 2025.

Change in ownership

On June 30, 2026, ownership of the Company transferred from Bequest Capital, LLC to Bequest Asset Management, LLC. The related capitalization records are under review with counsel; see Note 5.

First half of 2026 financial activity

During the six months ended June 30, 2026, the Company issued $4,256,416 of additional bonds (including $22,416 of bonds issued in satisfaction of reinvested distributions) and settled $483,150 of principal through payment or reinvestment, resulting in a payable to bondholders of $8,413,633 at June 30, 2026, of which $2,786,868 was classified as current and $5,626,765 as non-current. The Company incurred a net loss of $335,326 for the six months ended June 30, 2026. As disclosed in the Company's Form 1-SA for the six months ended June 30, 2026, the December 31, 2025 payable to bondholders was presented entirely as current in that filing, consistent with the Company's financial statements as previously filed; the current/non-current classification described in Note 11 above reflects the classification methodology adopted in connection with this amended audit, and comparative classification in future interim filings is expected to be conformed accordingly.

Investigation and voluntary self-report to the Securities and Exchange Commission by affiliates

Subsequent to December 31, 2025, Bequest Funds, LLC and Bequest Legacy Fund I, LLC (together, the 'Affiliated Funds') identified that they had used investor capital contributions to fund operating preferred return payments earlier than permitted under their operating agreements and voluntarily reported this matter to the U.S. Securities and Exchange Commission. The Affiliated Funds suspended payment of operating preferred returns from February 2026 through July 2026 while they evaluated the matter; in August 2026, Bequest Funds, LLC resumed payment of operating preferred returns to the Company on a current-month basis. Amounts that accrued during the suspension period remain outstanding. The Affiliated Funds continue to conduct investigations and related procedures to assess any impacts on their operations and financial position.

The Company is not itself the subject of the SEC matter or related investigations. As described in Note 6, as of December 31, 2025 the Company held a preferred equity interest in Bequest Funds, LLC carried at $2,381,540 and had recognized preferred return income and recorded related receivables and payables with the Affiliated Funds. Because the investigations and evaluations by the Affiliated Funds and any regulatory outcomes are ongoing, the potential effects on the carrying value of the Company's investment in Bequest Funds, LLC, the related receivable and payable balances, and the recognition of preferred return income in future periods cannot be reasonably estimated as of the date these financial statements are available to be issued.

Other than the matters described above, management has not identified any subsequent events that would require disclosure or recognition in the financial statements.