DANNY AND FRIENDS CO.

Tortilla Flat, Monterey, California

FINANCIAL STATEMENTS

For the Period from Commencement to Dissolution

(Liquidation Basis at Dissolution)

With Independent Auditor’s Report

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RAGGED FRONTIER & CO.

CERTIFIED PUBLIC ACCOUNTANTS · ASHEVILLE, NORTH CAROLINA

INDEPENDENT AUDITOR'S REPORT

To the Members of
Danny and Friends Co.
Tortilla Flat, Monterey, California

Qualified Opinion

We have audited the financial statements of Danny and Friends Co. (the "Company"), which comprise the statements of net assets as of commencement and as of dissolution, the related statements of operations, changes in members' equity, and cash flows for the period from commencement to dissolution, and the related notes to the financial statements.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the net assets of the Company as of commencement and, on the liquidation basis, as of dissolution, and the results of its operations and its cash flows for the period then ended, in accordance with the basis of accounting described in Note 2.

Basis for Qualified Opinion

As described in Note 5, upon the admission of a member known as the Pirate (Chapter VII), the Company recognized restricted cash of $252.50, consisting of 1,010 quarters held in a canvas bag. The quarters were accumulated before the period under audit; no records of their accumulation exist, and the only contemporaneous evidence is the member's own description of the balance as "nearly a thousand two-bitses." The balance recognized was derived by working backward from a count performed in Chapter XII. Its subsequent disposition was fully audited: we observed the count, and we traced the release of 1,000 quarters to Father Ramon. We were unable, however, to obtain sufficient appropriate audit evidence about the balance as brought in, or to determine whether any portion of it was earned during the period rather than before it. Consequently, we were unable to determine whether any adjustments to cash brought in on admission, members' capital, or labor income were necessary.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, applied by analogy to a work of fiction. Our responsibilities under those standards are further described in the *Auditor's Responsibilities* section of our report. We are required to be independent of the Company; we confirm that we have never been extended credit by any member, nor offered any. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Emphasis of Matter — Liquidation Basis of Accounting

As discussed in Note 3, following the death of its principal member the Company dissolved, and its sole remaining asset, a house, was destroyed by fire with the knowledge of all surviving members, none of whom asserted a claim to it. As a result, the Company changed its basis of accounting for the closing

statement of net assets from the going concern basis to the liquidation basis. At dissolution the Company reported net liabilities of $0.90, consisting of an unsecured payable to a wine merchant of $1.00 offset by cash of $0.10. Our opinion is not modified with respect to this matter.

Other Matter — Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The consolidating schedules by member are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements, subject to the matter described above, and in our opinion is fairly stated in all material respects in relation to the financial statements as a whole. We draw attention, without modifying our opinion, to the result reported for the member Pilon, which is exactly nil.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the basis of accounting described in Note 2, and for the design, implementation and maintenance of internal control relevant thereto. The Company maintained no books of account. Its records consist of a single narrative of approximately 300 pages, in which transactions are frequently described in terms other than those that would be used by the Company's counterparties.

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. In performing an audit in accordance with generally accepted auditing standards, we:

- Extracted every transaction in the narrative, then had the narrative independently re-extracted by three parties with no access to the first extraction, and reconciled the two. Of 231 differences identified, all were resolved by reference to the original printed pages.

- Inspected the printed page supporting every transaction to which an amount is attributed, and agreed every other transaction to the text of the narrative.

- Obtained from management a transcription of two pages of the Company's records missing from the copy made available to us (Chapter VIII, p. 138; Chapter XVI, p. 287), and obtained written representation as to its accuracy.

- Selected a random sample of ten transactions (seed 1935), which management agreed to a second edition of the narrative. Eight were confirmed; two were found to fall outside the audit period and were reclassified.

- Evaluated the reasonableness of significant accounting estimates, including the price of wine, the carrying value of real property, and the period values of goods, by reference to the narrative and to published sources of the 1930s.

- Concluded on the appropriateness of management's use of the liquidation basis of accounting.

We are required to communicate with those charged with governance regarding, among other matters, significant deficiencies in internal control. We identified the following: the Company's cash was held in the trousers of whichever member last received it; its principal asset was secured by a key held by a member

who had himself been secured, the night before, in the city jail; and its treasury function consisted of a canvas bag kept under a pillow, from which a member removed four quarters.

Ragged Frontier & Co.
Asheville, North Carolina
November 11, 2026

DANNY AND FRIENDS CO.

STATEMENTS OF NET ASSETS

As of dissolution (liquidation basis) and as of commencement

	Dissolution (liquidation basis)	**Commencement**
ASSETS		
Cash	0.10	1.00
Restricted cash — dedicated to St. Francis (Note 5)	—	—
Loan receivable (Note 9)	1.00	1.00
Less allowance for doubtful accounts	(1.00)	(1.00)
Real property — houses (Note 6)	—	50.00
Total assets	**$ 0.10**	**$ 51.00**
LIABILITIES		
Payable — wine merchant, unsecured at dissolution (Note 10)	1.00	—
Total liabilities	1.00	—
NET ASSETS (LIABILITIES)		
Members' equity (deficit)	**$ (0.90)**	**$ 51.00**

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

DANNY AND FRIENDS CO.
STATEMENT OF OPERATIONS
For the period from commencement to dissolution

REVENUE AND OTHER INCOME	
Labor income (Note 7)	$ 16.00
Agency funds retained	1.00
Goods obtained without consideration (Note 2)	60.20
Contributions received	101.00
Gain on disposal of personal effects	5.25
Gain on reacquisition of real property (Note 6)	25.00
Total revenue and other income	208.45
EXPENSES	
Wine and spirits (Note 8)	$ 36.25
Wine and provisions, unallocated (Note 12)	25.00
Gifts to non-members	4.90
Food	2.75
Personal apparel	1.75
Charitable and religious contributions (Note 5)	279.20
Funeral expenses (Note 13)	100.00
Loss on disposal of salvaged goods	13.00
Casualty losses — fire (Note 6)	50.00
Total expenses	512.85
NET LOSS	**$ (304.40)**

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

DANNY AND FRIENDS CO.

STATEMENT OF CHANGES IN MEMBERS' EQUITY

For the period from commencement to dissolution

Members' equity, commencement	$ 51.00
Capital brought in on admission of a member (Note 5)	252.50
Net loss	(304.40)
Members' deficit, dissolution	**$ (0.90)**

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

DANNY AND FRIENDS CO.

STATEMENT OF CASH FLOWS

For the period from commencement to dissolution

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from labor	$ 16.00
Agency funds received and retained	1.00
Payments for wine and spirits	(26.00)
Payments for wine and provisions, unallocated	(25.00)
Payments for gifts to non-members	(4.90)
Payments for food	(2.75)
Payments for personal apparel	(1.75)
Charitable and religious contributions paid	(250.00)
Net cash used in operating activities	(293.40)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sale of salvaged goods	15.00
Proceeds from sale of real property	25.00
Cash brought in on admission of a member (Note 5)	252.50
Net cash provided by investing activities	292.50
Net decrease in cash, including restricted cash	(0.90)
Cash, including restricted cash, at commencement	1.00
Cash, including restricted cash, at dissolution	**$ 0.10**

Supplemental disclosure of non-cash activities

Wine obtained by barter of personal effects	$ 5.25
Wine obtained on credit, secured by a member's blanket (Note 10)	1.00
Wine received as contributions	1.00
Wine obtained without consideration	3.00
Beans obtained without consideration and contributed to a non-member household	29.20
Military funeral provided by the United States government	100.00

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

DANNY AND FRIENDS CO.
NOTES TO FINANCIAL STATEMENTS
For the period from commencement to dissolution

NOTE 1 — ORGANIZATION AND NATURE OF OPERATIONS

Danny and Friends Co. (the "Company") is an unincorporated association of persons residing in a house on Tortilla Flat, above the town of Monterey, California. The Company commenced operations upon the inheritance by its founding member, Danny, of two small houses from his grandfather (Chapter I). Members were admitted as follows: Pilon (Chapter II); Pablo Sanchez (Chapter III); Jesus Maria Corcoran (Chapter IV); a member known as the Pirate, with five dogs (Chapter VII); and Big Joe Portagee (Chapter VIII). Certain persons, including Johnny Pom-pom and Tito Ralph, transacted with the Company regularly but were not admitted.

The Company's operations consist principally of the acquisition and consumption of wine. The Company has no stated purpose. Its members have described its purposes, variously, as hospitality, the care of Danny, the service of St. Francis, and the avoidance of work.

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting. The financial statements are prepared on the accrual basis, except that the closing statement of net assets is prepared on the liquidation basis (Note 3). The audit period runs from the Company's commencement (Chapter I) to its dissolution (Chapter XVII). Events occurring before commencement, and events described in stories told by members and associates, are outside the period and are excluded.

Unit of account. Wine is the Company's functional medium of exchange. It is measured at $1.00 per gallon, the price consistently implied by the narrative ("Three dollars is three gallons of wine," Chapter II; "fourteen dollars … fourteen gallons," Chapter XVI). A quart is measured at $0.25.

Recognition. A transaction is recognized only where its amount can be measured reliably, by a price stated in the narrative or by a published price of the period. Of 243 transactions identified within the audit period, 47 are recognized in whole or in part. The remainder, chiefly hospitality, gifts of food, and thefts of goods of indeterminate value, are disclosed in Note 11 but not recognized.

Personal effects. Members' clothing, bedding, furnishings and similar effects have no reliable measure and are not recognized as assets. When such effects are exchanged for wine, a gain is recognized equal to the fair value of the wine received.

Goods obtained without consideration. Goods obtained from non-members without payment, whether described by members as salvage, gifts, borrowing, or the will of God, are recognized as income at fair value when the Company obtains control. Such goods are frequently consumed or contributed to others on the day obtained.

Principles of combination. The financial statements combine the accounts of all members. Transactions and balances between members, including rent and transfers of cash, are eliminated. The consolidating schedules in the supplementary information present the accounts of each member.

Use of estimates. The preparation of financial statements requires management to make estimates. Significant estimates include the carrying value of real property (Note 6), the period values of goods (Note 4), and the attribution of certain expenditures to particular sources of cash (Note 12).

NOTE 3 — DISSOLUTION AND LIQUIDATION BASIS OF ACCOUNTING

Following the death of its founding member in Chapter XVII, the Company held a single asset: the house in which its members had resided. The house was not the Company's to dispose of. Title passed on Danny's death to his heirs at law, described by the members as "some joyless relative." On the night of the funeral the house caught fire. The members watched it burn, and none attempted to extinguish it.

Management has considered whether any member retained a claim on the Company's net assets at dissolution. In a dissolution, a member with a positive capital account has an interest in the preservation of the Company's assets until that account is settled. No member objected to the destruction of the Company's only asset, sought to remove any part of it, or asserted any claim against the others. Management has therefore concluded that each member's account with every other member was settled at dissolution, in whole or in part by consideration not measurable in money (Note 11), and that no amounts are owed between members. The members then walked away from the Company's former premises separately, "and no two walked together."

Under the liquidation basis, assets are measured at the amounts expected to be collected and liabilities at the amounts expected to be paid. At dissolution the Company held cash of $0.10, in the possession of Jesus Maria Corcoran (Note 12), and owed $1.00 to a wine merchant (Note 10).

NOTE 4 — FAIR VALUE MEASUREMENTS

Prices stated in the narrative are used where available (Level 2). These include a rowboat "easily worth twenty dollars," a vacuum cleaner offered at $14.00 and sold for $2.00, kindling at $0.25 a load, and squid-cleaning at $2.00 a day. Other goods are measured by reference to published prices of 1934 (Level 3). These include U.S. Bureau of Labor Statistics retail food prices for San Francisco (Bulletin 635), newspaper advertisements of the period, and the federal veterans' burial allowance. Amounts in 2026 dollars, where shown in the working papers, apply the ratio of the Consumer Price Index for 2026 (estimated, 333.2) to that for 1934 (13.4), or approximately 24.9 times.

NOTE 5 — RESTRICTED CASH

Upon his admission in Chapter VII, the Pirate placed in the custody of the members a canvas bag of quarters, dedicated under a vow to the purchase of a gold candlestick for St. Francis. The vow was made on behalf of a sick dog, which subsequently recovered. The balance was restricted as to use by the terms of the vow and is presented as restricted cash. Activity in the restricted balance was as follows:

Brought in on admission (1,010 quarters; see Basis for Qualified Opinion)	$ 252.50
Transfer from a member, Chapter XII (1 quarter)	0.25
Removed by a member without authorization (4 quarters)	(1.00)
Released to the Pirate for personal apparel (7 quarters)	(1.75)
Paid to Father Ramon for the candlestick (1,000 quarters)	(250.00)
Balance at dissolution	**$ —**

The quarters removed without authorization were taken by Big Joe Portagee, who buried the bag beside the front gate. The bag was recovered. The four quarters were not, and the member undertook to "work and put them back." Management did not record a receivable, citing the member's history, and settled the matter by other means. A count performed in the presence of the members in Chapter XII found 1,007 quarters, "seven over a thousand," which agrees with the activity above. The candlestick was the largest single

transaction of the period. It accounts for 80.52% of all cash available to the Company during the period, and it is the only obligation of any member that was paid in full.

NOTE 6 — REAL PROPERTY

The Company's two houses are carried at $25.00 each. This is the only price at which either changed hands, in a sale by the founding member to Torrelli, a wine merchant, in Chapter XV. Management acknowledges that the seller was intoxicated at the time of the sale and that the measure is therefore unobservable in the ordinary sense. Activity was as follows:

Two houses, inherited at commencement	$ 50.00
Second house destroyed by fire, Chapter V (a votive candle)	(25.00)
Remaining house sold to Torrelli, Chapter XV	(25.00)
Remaining house reacquired upon destruction of the bill of sale, Chapter XV	25.00
Remaining house destroyed by fire at dissolution, Chapter XVII	(25.00)
Balance at dissolution	**$ —**

The bill of sale was removed from the purchaser's person by a member and burned in the purchaser's presence, in the Company's stove. The founding member, asked whether he had signed it, replied that he had not. Management has concluded that he had, on the evidence of the expenditure that followed (Note 12) and of the members' resolution, the same evening, to purchase all of their wine from Torrelli thereafter. The purchase price of $25.00 was not returned. The reacquisition is presented as a gain. The Company subsequently purchased fourteen gallons from Torrelli for its final gathering (Note 8).

Neither house was insured.

NOTE 7 — LABOR INCOME AND CONCENTRATIONS

Labor income consists of two days' wages for cleaning squid for a single customer, Chin Kee: $2.00 to one member in Chapter III, and $14.00 to the members collectively in Chapter XVI. The rate of $2.00 per member per day agrees with the twenty-five cents an hour paid by Monterey squid-drying operations of the period (Wing Chong Company records, Monterey Public Library). All labor income was converted to wine on the day received. One customer accounted for 100% of the Company's labor income.

The Pirate earned $0.25 a day selling kindling throughout the period. These earnings, to the extent they were placed in the canvas bag, cannot be separated from the balance brought in on his admission (Note 5). After the candlestick was purchased in Chapter XII, they were spent on food for the members daily and are not recognized.

NOTE 8 — WINE AND SPIRITS; CONCENTRATION OF SUPPLY

The Company obtained 36.25 gallons of wine during the period that can be measured, in addition to wine included in Note 12. Of this, 26.00 gallons were paid for in cash; the remainder was obtained by barter, on credit, as a gift, or without consideration. Torrelli supplied 27.25 gallons, or 75% of the measured total. Of these, 19 gallons were paid for in cash, 5.25 gallons were obtained by barter, 1 gallon on credit, and 2 gallons were removed from his premises during Danny's funeral. Of the goods Torrelli received in barter, a pair of trousers and a pledged blanket were subsequently recovered from his premises by a member, and a vacuum cleaner was found to have no motor.

The narrative reports that "thirty gallons of wine and a keg of potato whisky" were consumed at the Company's final gathering. The wine was furnished largely by non-members and is not recognized.

NOTE 9 — LOAN RECEIVABLE

Before his admission, Pablo Sanchez lent $1.00 to the father of Cornelia Ruiz. The borrower died. Pablo has since sought repayment from the daughter, who "does nothing." The receivable is fully reserved.

NOTE 10 — PAYABLE TO WINE MERCHANT

In Chapter VIII, Big Joe Portagee obtained a gallon of wine from Torrelli on credit. He undertook to pay $1.00 "when Danny has [the treasure]," and left one of the founding member's two blankets "to prove I would bring the dollar." The treasure was later identified as a survey marker of the United States Geodetic Survey (Note 14). The blanket was recovered from Torrelli's premises by a member the following evening, together with a pair of the obligor's trousers that Torrelli had acquired separately. The obligation was not discharged. It is unsecured at dissolution.

NOTE 11 — UNRECOGNIZED TRANSACTIONS AND THE SETTLEMENT OF MEMBERS' ACCOUNTS

The narrative records 196 transactions within the audit period that are not recognized because their amounts cannot be measured reliably. By category, these comprise: gift / hospitality (69), theft (31), debt / promise (30), penalty / restitution (14), loss / write-off (8), labor (8), votive / saint (8), windfall / salvage (6), deposit / custody (5), purchase: other (5), purchase: liquor (3), barter for liquor (3), sale (3), purchase: gifts for women (2), inheritance (1). The largest class, hospitality, consists chiefly of lodging provided by the founding member and food provided by the Pirate. The rent agreed for that lodging, $15.00 a month, was never paid. It is eliminated in combination (see the consolidating schedules). Thefts are recorded both by members from non-members and by members from one another. In Chapter XV the founding member removed the Company's blankets, cooking pots and stove, and the shoes of a fellow member.

Between members, obligations were incurred freely and settled rarely in money. Of the 33 debts and promises recorded in the period, one was paid in full, and that one was owed to a saint. The balance of members' accounts is consistent with settlement in a medium the financial statements do not measure. Management's conclusion that these accounts were settled at dissolution is described in Note 3.

NOTE 12 — SIGNIFICANT JUDGMENTS

Of the 243 transactions in the period, 41 rest in part on inference and 4 on derivation from stated figures. The supporting basis for each is recorded in the working papers. The most significant judgments are as follows:

(a) *Expenditure of the proceeds of the house.* Wine "for ten men," wine for the jail, and four bags of wine, chickens and bread were acquired by the founding member immediately after the sale described in Note 6. The narrative does not state the source of the funds. Management has attributed them to the $25.00 proceeds. The expenditure is presented as wine and provisions, unallocated, because the division between wine and provisions is not stated.

(b) *Cash at dissolution.* Jesus Maria Corcoran sold a rowboat for $7.00 and retained "three crumpled dollar bills and a dime" after certain purchases. He subsequently paid $2.00 to Pilon and later produced a brassiere, which management has measured at $1.00 on the representation of Pilon, who was not the seller. If the brassiere cost less, cash at dissolution would be correspondingly higher, but not more than $1.10.

(c) *Salvage proceeds.* Of $5.00 received for salvage in Chapter XII, $0.25 was paid by the founding member to the Pirate. The narrative later refers to spending "the five dollars"; management has treated this as a reference to the remainder.

NOTE 13 — FUNERAL EXPENSES

The founding member, a veteran of the First World War, was buried with military honors at the expense of the United States government, including embalming, a caisson, a flag, a cavalry escort, a band and a firing squad. The cost is measured at the federal burial allowance then in force, "a sum not exceeding $100" (Executive Order 6695, May 2, 1934), and is presented both as a contribution received and as an expense. The honors themselves are not measured. Members did not attend the service in the cemetery, there being no money for suits. Management estimates the cost of six suits at the prices of the period at between $29.70 and $75.00.

NOTE 14 — COMMITMENTS AND CONTINGENCIES

Survey marker. On St. Andrew's Eve, two members excavated what they believed to be buried treasure. It proved to be a marker of the United States Geodetic Survey, the removal of which carries a penalty of a year in jail and a fine of $2,000.00. The marker was not removed and no liability was incurred. Management considers the possibility of loss remote.

Undertakings to Torrelli. In Chapter XV the members resolved to purchase all of their wine from Torrelli, and to do him a kindness. The first undertaking was honored in part (Note 8). The second has not been honored. During the founding member's funeral two gallons were removed from Torrelli's premises through a window.

Undertaking to the founding member. In Chapter VI the members vowed that there would always be food in the house for Danny. Management considers the vow fulfilled, principally by the Pirate.

NOTE 15 — SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 11, 2026, the date on which the financial statements were available to be issued. The Company has no members, assets or premises. It has, however, been in continuous print since 1935.

DANNY AND FRIENDS CO.

CONSOLIDATING STATEMENT OF OPERATIONS BY MEMBER

For the period from commencement to dissolution · Supplementary information

	Danny	Pilon	Pablo	Jesus Maria	Big Joe	The Pirate	Pooled	Eliminations	Consolidated
REVENUE AND OTHER INCOME									
Labor income	—	2.00	—	—	—	—	14.00	—	16.00
Agency funds retained	—	1.00	—	—	—	—	—	—	1.00
Goods obtained without consideration	8.00	2.00	—	20.00	—	—	30.20	—	60.20
Contributions received	100.00	—	—	1.00	—	—	—	—	101.00
Gain on disposal of personal effects	1.00	3.25	—	—	1.00	—	—	—	5.25
Gain on reacquisition of real property	25.00	—	—	—	—	—	—	—	25.00
Intra-member rent income	45.00	60.00	—	—	—	—	—	(105.00)	—
Intra-member gain on forgiveness of rent	—	45.00	45.00	13.00	—	—	—	(103.00)	—
Intra-member transfers received	—	—	—	—	1.00	0.25	—	(1.25)	—
Total revenue and other income	179.00	113.25	45.00	34.00	2.00	0.25	44.20	(209.25)	208.45
EXPENSES									
Wine and spirits	5.00	10.25	—	3.00	3.00	—	15.00	—	36.25
Wine and provisions, unallocated	25.00	—	—	—	—	—	—	—	25.00
Gifts to non-members	2.00	—	—	2.90	—	—	—	—	4.90
Food	2.75	—	—	—	—	—	—	—	2.75
Personal apparel	—	—	—	—	—	1.75	—	—	1.75
Charitable and religious contributions	—	—	—	—	—	250.00	29.20	—	279.20
Funeral expenses	100.00	—	—	—	—	—	—	—	100.00
Loss on disposal of salvaged goods	—	—	—	13.00	—	—	—	—	13.00
Casualty losses — fire	50.00	—	—	—	—	—	—	—	50.00
Intra-member rent expense	—	45.00	45.00	15.00	—	—	—	(105.00)	—
Intra-member bad debts — rent written off	45.00	58.00	—	—	—	—	—	(103.00)	—
Intra-member transfers made	0.25	—	—	—	—	1.00	—	(1.25)	—
Total expenses	230.00	113.25	45.00	33.90	3.00	252.75	44.20	(209.25)	512.85
Net income (loss)	**(51.00)**	**—**	**—**	**0.10**	**(1.00)**	**(252.50)**	**—**	**—**	**(304.40)**

Intra-member rent is accrued at the agreed $15.00 a month for an assumed three months (Pilon and Pablo) and one month (Jesus Maria). The text states only that "a number of months passed." The assumption affects intra-member balances only, all of which are written off upon the fire of Chapter V and eliminated on combination. "Pooled" presents transactions undertaken by several members jointly.

See Independent Auditor's Report.

DANNY AND FRIENDS CO.

CONSOLIDATING STATEMENTS OF NET ASSETS AND CHANGES IN EQUITY BY MEMBER

Supplementary information

	Danny	Pilon	Pablo	Jesus Maria	Big Joe	The Pirate	Pooled	Eliminations	Consolidated
AT COMMENCEMENT									
Cash	1.00	—	—	—	—	—	—	—	1.00
Restricted cash	—	—	—	—	—	—	—	—	—
Loan receivable	—	—	1.00	—	—	—	—	—	1.00
Allowance	—	—	(1.00)	—	—	—	—	—	(1.00)
Real property	50.00	—	—	—	—	—	—	—	50.00
Total assets	51.00	—	—	—	—	—	—	—	51.00
Payable — wine merchant	—	—	—	—	—	—	—	—	—
Total liabilities	—	—	—	—	—	—	—	—	—
Net assets (liabilities)	**51.00**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**51.00**
AT DISSOLUTION (LIQUIDATION BASIS)									
Cash	—	—	—	0.10	—	—	—	—	0.10
Restricted cash	—	—	—	—	—	—	—	—	—
Loan receivable	—	—	1.00	—	—	—	—	—	1.00
Allowance	—	—	(1.00)	—	—	—	—	—	(1.00)
Real property	—	—	—	—	—	—	—	—	—
Total assets	—	—	—	0.10	—	—	—	—	0.10
Payable — wine merchant	—	—	—	—	1.00	—	—	—	1.00
Total liabilities	—	—	—	—	1.00	—	—	—	1.00
Net assets (liabilities)	**—**	**—**	**—**	**0.10**	**(1.00)**	**—**	**—**	**—**	**(0.90)**
CHANGES IN MEMBERS' EQUITY									
Equity, commencement	51.00	—	—	—	—	—	—	—	51.00
Capital brought in on admission	—	—	—	—	—	252.50	—	—	252.50
Net income (loss)	(51.00)	—	—	0.10	(1.00)	(252.50)	—	—	(304.40)
Equity (deficit), dissolution	**—**	**—**	**—**	**0.10**	**(1.00)**	**—**	**—**	**—**	**(0.90)**

The founding member contributed all of the Company's capital at commencement and lost all of it. The Pirate brought in $252.50 and gave all of it to St. Francis. Pilon's result for the period is nil. Every receipt attributed to him was consumed in full, in most cases the same day.

See Independent Auditor's Report.

DANNY AND FRIENDS CO.
Tortilla Flat, Monterey, California

November 11, 2026

Ragged Frontier & Co.
Certified Public Accountants
Asheville, North Carolina

This representation letter is provided in connection with your audit of the financial statements of Danny and Friends Co. for the period from commencement to dissolution. We confirm, to the best of our knowledge and belief, the following representations made to you during your audit.

1. We have made available to you all records of the Company, which consist of a single narrative.

2. The two pages of that narrative not available in the copy furnished to you (Chapter VIII, p. 138, and Chapter XVI, p. 287 of the Modern Library edition) have been transcribed by us from another copy, completely and accurately.

3. All transactions have been recorded in the narrative, though not always described in the narrative as the counterparties would describe them.

4. We are not aware of any claim by a member against the Company or against any other member. No member objected to the destruction of the Company's remaining asset.

5. The founding member signed the bill of sale.

6. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities, the Company having none.

Pilon
Pilon, for the members

Witnessed: *Pablo Sanchez* · *Jesus Maria Corcoran* · *Big Joe Portagee* · *the Pirate* (by his mark)