



Every Child Every Day

SUPERINTENDENT
TONYA HORNE-WILLIAMS

BOARD CHAIR DISTRICT 1
LINDA GEARHEART

VICE CHAIR DISTRICT 4
KEITH SMALLWOOD

MEMBER DISTRICT 2
DR. CHANDRA VARIA

MEMBER DISTRICT 3
WILLIAM NEWSOME, JR

MEMBER DISTRICT 5
STEVE SLONE

Consent Agenda Item (Action Item): Consider/Approve awarding a construction contract be awarded to the lowest bidder, AAR of North Carolina INC. for the base bid amount for the Floyd C. Board Office Roof Replacement.

Applicable State or Regulations: 702 KAR 4:160-Capital Construction Process

Fiscal/Budgetary Impact: The initial BG-1 for a total amount of \$2,952,840. This will be paid from insurance reimbursement of \$2,952,840 and local FSKP Bond sales of \$1,593,150.87.

History/Background:

- June 23, 2025: Board approved advertising for RFP. (Order # 20682)
- July 1, 2025: RossTarrant Architects were selected for roof replacement project. (Order # 20693)
- August 12, 2025 Consider/Approve Standard Form of Agreement between Owner and Architects. (Order #20706)
- December 22, 2025 Consider/Approve Initial BG-1 for the Floyd County Office Roof Replacement (Order# 20793)
- February 23, 2026 Consider/Approve Construction Documents (Order# 20834)
- February 23, 2026 Request Advertisement for bids for the Floyd County Office Roof Replacement (Order# 20834)
- February 23, 2026 Consider/Approve BG-2 and BG-3 for Floyd Central Office Roof Replacement (Order #20837)
- March 18, 2026: Bids were received for the Floyd C. Board of Office Roof Replacement in accordance with Kentucky Revised Statutes (KRS 424.260) and the Kentucky Department of Education's (KDE) guidelines for public school construction projects.

A total of two bids were received and publicly opened. The bids were reviewed by the architect/engineer, RossTarrant for completeness, accuracy, and compliance with bid specifications.

1. Bidder #1 AAR of North Carolina, INC
2. Bidder #2 Elliott Contracting INC.

Recommended Action: To approve awarding a construction contract be awarded to the lowest bidder, AAR of North Carolina INC. for the base bid amount for the Floyd C. Board Office Roof Replacement.

Contact Person(s): Kevin O'Quinn, 606-874-9569

Director

Superintendent

Date: March 20, 2026

The Floyd County Board of Education does not discriminate on the basis of race, color, national origin, age, religion, marital status, sex, or disability in employment, educational programs, or activities as set forth in Title IX & VI, and in Section 504.

442 KY ROUTE 550, EASTERN KY, 41622
TEL: 606.886.2354 FAX: 606.886.4550



rosstarrant architects

architecture · civil engineering · landscape architecture · interior design

March 19, 2026

Kevin O'Quinn
Director of Facilities
Floyd County Schools
442 KY-550
Eastern, Kentucky 41622

Re: **Letter of Recommendation**
Floyd Co. Board Office Roof Replacement
Eastern, Kentucky
BG 26-233
RTA 25031

Upon receipt and review of bids received on March 18, 2026, for the above referenced project, we find no reason not to recommend that a construction contract be awarded to the low bidder, AAR of North Carolina, Inc. for the base bid amount.

If acceptable, the Board should consider a motion to award a construction contract and associated direct purchase orders to AAR of North Carolina, Inc. for a total amount of \$2,276,000.00 and to approve a revised BG-1 form that reflects this amount.

We have attached a copy of the Bid Tabulation Form for your review. If you have any questions or concerns, please don't hesitate to contact us.

Sincerely,

Michael Hughes, AIA, LEED AP
Project Manager

/mth

Enclosures

c: Sarah Lamere, Mary Lynne Lange – RTA
File 25031
LOR260319-25031



BID-TABULATION

Floyd County Board Office Roof Replacement
 RTA PROJECT NO. 25031
 March 18, 2026

BIDDER		BID BOND	ADDENDA	BASE BID		TOTALS
1	AAR of North Carolina, Inc.	YES	1	\$ 2,276,000.00		\$ 2,276,000.00
	655 Peddycord Rd.					
	Kernersville, NC 27284					
2	Elliott Contracting INC.	YES	1	\$ 2,465,000.00		\$ 2,465,000.00
	P.O. BOX 3038					
	Pikeville, KY 41502					

BG No. 26-233

Date: 3/17/26 To: (Owner) Floyd County Board of Education

Project Name: Floyd Co. Board Office Roof Replacement Bid Package N/A

City, County: Prestonsburg, Floyd County, Kentucky

Name of Contractor: AAR of North Carolina, Inc

Mailing Address: 655 Peddycord Rd. Kernersville NC 27284

Business Address: 655 Peddycord Rd. Kernersville NC 27284 Telephone: 336-727-4534

Having carefully examined the Instructions to Bidders, Contract Agreement, General Conditions, Supplemental Conditions, Specifications, and Drawings, for the above referenced project, the undersigned bidder proposes to furnish all labor, materials, equipment, tools, supplies, and temporary devices required to complete the work in accordance with the contract documents and any addenda listed below for the price stated herein.

Addendum 1 (Insert the addendum numbers received or the word "none" if no addendum received.)

BASE BID: For the construction required to complete the work, in accordance with the contract documents, I/We submit the following lump sum price of:

\$2,276,000.00

Use Figures

Two Million Two Hundred Seventy Six Thousand Dollars & 00/100 Cents

Use Words

Use Words

ALTERNATE BIDS: (If applicable and denoted in the Bidding Documents)

For omission from or addition to those items, services, or construction specified in Bidding Documents by alternate number, the following lump sum price will be added or deducted from the base bid.

Alternate Bid No.	Alternate Description	+ (Add to the Base Bid)	- (Deduct from the Base Bid)	No Cost Change from the Base Bid
Alt. Bid No. 1				<input type="checkbox"/>
Alt. Bid No. 2				<input type="checkbox"/>
Alt. Bid No. 3				<input type="checkbox"/>
Alt. Bid No. 4				<input type="checkbox"/>
Alt. Bid No. 5				<input type="checkbox"/>
Alt. Bid No. 6				<input type="checkbox"/>
Alt. Bid No. 7				<input type="checkbox"/>
Alt. Bid No. 8				<input type="checkbox"/>
Alt. Bid No. 9				<input type="checkbox"/>
Alt. Bid No. 10				<input type="checkbox"/>

A maximum of 10 Alternate Bids will be acceptable with each Base Bid. Do not add supplemental sheets for Alternate Bids to this document.

LIST OF PROPOSED SUBCONTRACTORS:

List on the lines below each major branch of work and the subcontractor involved with that portion of work. If the branch of work is to be done by the Contractor, so indicate.

The listing of more than one subcontractor in a work category shall invalidate the bid.

The listing of the bidder as the subcontractor for a work category certifies that the bidder has in current employment, skilled staff and necessary equipment to complete that category. The architect/engineer will evaluate the ability of all listed subcontractors to complete the work and notify the owner. Listing of the bidder as the subcontractor may invalidate the bid should the architect's review indicate bidder does not have skilled staff and equipment to complete the work category at the time the bid was submitted.

A maximum of 40 subcontractors will be acceptable with each bid. Do not add supplemental sheets for subcontractors to this document.

The bidder shall submit the list of subcontractors with the bid.

	<u>BRANCH OF WORK</u> <small>(to be filled out by the Architect)</small>	<u>SUBCONTRACTOR</u> <small>(to be filled out by the contractor)</small>
1.	Roofing	AAR of North Carolina, Inc
2.	Metal Panel	AAR of North Carolina, Inc
3.	Storefront	Elliot Glass
4.	Exterior Metal Stud Framing	AAR of North Carolina, Inc
5.	Mechanical	Kelly Mechanical
6.	Electrical	Kelly Mechanical
7.		
8.		
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13.		
14.		
15.		
16.		
17.		

	<u>BRANCH OF WORK</u> (to be filled out by the Architect)	<u>SUBCONTRACTOR</u> (to be filled out by the contractor)
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LIST OF PROPOSED SUPPLIERS AND MANUFACTURERS:

List on the lines below each major material category for this project and the suppliers and manufacturers involved with that portion of work. Listing the supplier below means the Contractor is acknowledging authorization from the Supplier to include the Supplier in this bid.

The listing of more than one supplier or manufacturer in a material category shall invalidate the bid.

A maximum of 40 suppliers and manufacturers will be acceptable with each bid. Do not add supplemental sheets for suppliers to this document.

The bidder shall submit the list of suppliers and manufacturers within one (1) hour of the bid.

	<u>MATERIAL DESCRIPTION BY SPECIFICATION DIVISION AND CATEGORY</u> (to be filled out by the Architect or Contractor)	<u>SUPPLIER</u> (to be filled out by the Contractor)	<u>MANUFACTURER</u> (to be filled out by the Contractor)
1.	Roofing	Tremco	Tremco
2.	Metal Panels	Metal Roofing Systems	Metal Roofing Systems
3.	Storefront	Elliot Contracting Inc	Elliot Contracting Inc
4.	Exterior Metal Stud Framing	Best Supply	ClarkDietrich
5.	Mini-Split Systems	Kelly Mechanical	Kelly Mechanical
6.	Condensing Unit	Kelly Mechanical	Kelly Mechanical
7.	Coil	Kelly Mechanical	Kelly Mechanical
8.	Gravity Hoods	Kelly Mechanical	Kelly Mechanical
9.			
10.			
11.			
12.			
13.			
14.			
15.			
16.			
17.			
18.			

	<u>MATERIAL DESCRIPTION BY SPECIFICATION DIVISION AND CATEGORY</u> (to be filled out by the Architect or Contractor)	<u>SUPPLIER</u> (to be filled out by the Contractor)	<u>MANUFACTURER</u> (to be filled out by the Contractor)
19.			
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23.			
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UNIT PRICES:

Indicate on the lines below those unit prices to determine any adjustment to the contract price due to changes in work or extra work performed under this contract. The unit prices shall include the furnishing of all labor and materials, cost of all items, and overhead and profit for the Contractor, as well as any subcontractor involved. These unit prices shall be listed in units of work.

A maximum of 40 unit prices will be acceptable with each bid. Do not add supplemental sheets for unit pricing to this document.

The bidder shall submit the list of unit prices within one (1) hour of the bid.

	<u>WORK</u> (to be filled out by the Architect)	<u>PRICE / UNIT</u> (to be filled out by the Contractor)	<u>UNIT</u> (to be filled out by the Contractor)
1	2-Inch EMT Conduit, installed	100.00	/LF
2	4 #3/0 Conductor, installed in conduit	150.00	/LF
3	Deterioration/ Tectum	\$35.00	SF
4	Wood Blocking	\$5.00	BF
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			

	<u>WORK</u> (to be filled out by the Architect)	<u>PRICE / UNIT</u> (to be filled out by the Contractor)	<u>UNIT</u> (to be filled out by the Contractor)
20			
21			
22			
23			
24			
25			
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31			
32			
33			
34			
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DIRECT MATERIAL PURCHASES:

Indicate on the lines below those materials to be purchased directly by the Owner with a Purchase Order to be issued by the Owner to the individual suppliers. The value of the direct Purchase Order cannot be less than \$5,000. Following the approval of bids, the Contractor shall formalize this list by completing and submitting the electronic Purchase Order Summary Form provided by KDE. Listing the supplier below means the Contractor is acknowledging authorization from the Supplier to include the Supplier in this bid.

A maximum of 50 POs will be acceptable with each bid. Do not add supplemental sheets for additional POs to this document.

The bidder shall submit the list of Purchase Orders within four (4) days of the bid.

	<u>SUPPLIER</u> (to be filled out by the Contractor)	<u>PURCHASE ORDER DESCRIPTION</u> (to be filled out by the Contractor)	<u>PURCHASE ORDER AMT.</u> (to be filled out by the Contractor)
1.	NOT USED	NOT USED	NOT USED
2.	NOT USED	NOT USED	NOT USED
3.	NOT USED	NOT USED	NOT USED
4.	NOT USED	NOT USED	NOT USED
5.	NOT USED	NOT USED	NOT USED
6.	NOT USED	NOT USED	NOT USED
7.	NOT USED	NOT USED	NOT USED
8.	NOT USED	NOT USED	NOT USED
9.	NOT USED	NOT USED	NOT USED
10.	NOT USED	NOT USED	NOT USED
11.	NOT USED	NOT USED	NOT USED
12.	NOT USED	NOT USED	NOT USED
13.	NOT USED	NOT USED	NOT USED
14.	NOT USED	NOT USED	NOT USED
15.	NOT USED	NOT USED	NOT USED
16.	NOT USED	NOT USED	NOT USED
17.	NOT USED	NOT USED	NOT USED
18.	NOT USED	NOT USED	NOT USED
19.	NOT USED	NOT USED	NOT USED

	<u>SUPPLIER</u> (to be filled out by the Contractor)	<u>PURCHASE ORDER DESCRIPTION</u> (to be filled out by the Contractor)	<u>PURCHASE ORDER AMT.</u> (to be filled out by the Contractor)
20.	NOT USED	NOT USED	NOT USED
21.	NOT USED	NOT USED	NOT USED
22.	NOT USED	NOT USED	NOT USED
23.	NOT USED	NOT USED	NOT USED
24.	NOT USED	NOT USED	NOT USED
25.	NOT USED	NOT USED	NOT USED
26.	NOT USED	NOT USED	NOT USED
27.	NOT USED	NOT USED	NOT USED
28.	NOT USED	NOT USED	NOT USED
29.	NOT USED	NOT USED	NOT USED
30.	NOT USED	NOT USED	NOT USED
31.	NOT USED	NOT USED	NOT USED
32.	NOT USED	NOT USED	NOT USED
33.	NOT USED	NOT USED	NOT USED
34.	NOT USED	NOT USED	NOT USED
35.	NOT USED	NOT USED	NOT USED
36.	NOT USED	NOT USED	NOT USED
37.	NOT USED	NOT USED	NOT USED
38.	NOT USED	NOT USED	NOT USED
39.	NOT USED	NOT USED	NOT USED
40.	NOT USED	NOT USED	NOT USED
41.	NOT USED	NOT USED	NOT USED
42.	NOT USED	NOT USED	NOT USED
43.	NOT USED	NOT USED	NOT USED
44.	NOT USED	NOT USED	NOT USED

	<u>SUPPLIER</u> (to be filled out by the Contractor)	<u>PURCHASE ORDER DESCRIPTION</u> (to be filled out by the Contractor)	<u>PURCHASE ORDER AMT.</u> (to be filled out by the Contractor)
45.	NOT USED	NOT USED	NOT USED
46.	NOT USED	NOT USED	NOT USED
47.	NOT USED	NOT USED	NOT USED
48.	NOT USED	NOT USED	NOT USED
49.	NOT USED	NOT USED	NOT USED
50.	NOT USED	NOT USED	NOT USED

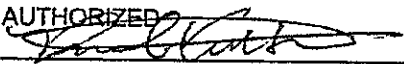
TIME LIMIT FOR EXECUTION OF CONTRACT DOCUMENTS:

In the event that a bidder's proposal is accepted by the Owner and such bidder should fail to execute the contract within ten (10) consecutive days from the date of notification of the awarding of the contract, the Owner, at his option, may determine that the awardee has abandoned the contract. The bidder's proposal shall then become null and void, and the bid bond or certified check which accompanied it shall be forfeited to and become the property of the Owner as liquidated damages for failure to execute the contract.

The bidder hereby agrees that failure to submit herein above all required information and/or prices can cause disqualification of this proposal.

Submitted by:

NAME OF CONTRACTOR / BIDDER:
AAR of North Carolina, Inc

AUTHORIZED  REPRESENTATIVE'S NAME:
Signature Brad Kurth

AUTHORIZED Brad Kurth REPRESENTATIVE'S NAME (printed):
Brad Kurth

AUTHORIZED REPRESENTATIVE'S TITLE: Sr. Vice President

NOTICE: Bid security must accompany this proposal if the Base Bid price is greater than of \$25,000.

This form shall not be modified.

SECTION 004122 - MODIFIED BITUMINOUS ROOFING SYSTEM MANUFACTURER'S CERTIFICATION

PART 1 GENERAL

1.01 MODIFIED BITUMINOUS ROOFING SYSTEM MANUFACTURER'S CERTIFICATION

This certification must be completed and submitted as outlined in the Supplemental Instructions to Bidders. Failure to submit this completed certification may be cause for rejection of the bidder's proposal.

This certification must be completed and submitted within 24 hours after bids are received.

Date Submitted: 3/11/2026

Name & Address of Roofing Systems Manufacturer:

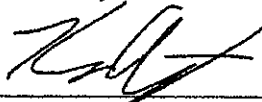
Tremco CPG
3735 Green Road
Beachwood Ohio

Name & Address of Roofing Systems Installer:

AAR Roofing
655 PEDDYCORD RD
KERNERSVILLE, NC 27284

I certify that AAR Roofing (Name of Roofing Installer) is an approved applicator of our roofing systems, and upon completion of this project, providing all terms and conditions for the manufacturer's guarantee are met, we will provide a no-dollar-limit 20-year manufacturer's guarantee for the roof.

I certify that AAR Roofing (Name of Roofing Installer) has selected additional components required for the completion of the specified roofing system(s); coping, fascia, reglets, drip edges, expansion joints, etc., that will meet the warranty requirements and be included in the no-dollar-limit 20-year manufacturer's guarantee for the roof.

Signed:  Title: Senior Field Advisor
(Roofing Systems Manufacturer)

END OF SECTION

SECTION 004140 - BIDDER'S QUALIFICATION

PART 1 GENERAL

1.01 BIDDER'S QUALIFICATION

Company Name: AAR of North Carolina, Inc

Mailing Address:

655 Peddycord Rd.
Kernersville NC 27284

Shipping Address:

655 Peddycord Rd.
Kernersville NC 27284Telephone: 336-727-4534Fax Number: 336-727-4540Email (if applicable): AARestimators@aarnc.com

Projects completed within the last five (5) years with a similar type of construction, directly related to educational function, if possible:

<u>Great Bridge Elementary School</u>	<u>\$ 2,081,950.00</u>
Owner: <u>Chesapeake Public Schools</u>	Telephone: <u>N/A</u>
<u>Hilltop Needmore Elementary School</u>	<u>\$ 2,566,000.00</u>
Owner: <u>Wake County Board of Education</u>	Telephone: <u>919-588-3592</u>
<u>Liberty Middle School</u>	<u>\$ 1,686,600.00</u>
Owner: <u>Raleigh County Schools</u>	Telephone: <u>304-256-4732</u>
<u>Holbrook Middle School</u>	<u>\$ 2,264,750.00</u>
Owner: <u>Gaston County Schools</u>	Telephone: <u>704-866-6100</u>
<u>East Elementary School</u>	<u>\$ 1,330,495.00</u>

Owner: Union County Board of Education Telephone: 704-296-3058

We now have the following jobs under contract and bonded:

<u>USPS Atlanta</u>	<u>\$ 5,870,950.00</u>
<u>S. Mecklenburg HS</u>	<u>\$ 2,165,640.00</u>
<u>Great Bridge MS</u>	<u>\$ 2,103,800.00</u>
<u>Midway Event</u>	<u>\$ 621,000.00</u>
<u>Martha Jefferson Cancer Center</u>	<u>\$ 475,500.00</u>
<u>Allen Jay ES</u>	<u>\$ 1,712,200.00</u>
<u>Discovery Place</u>	<u>\$ 528,778.00</u>
<u>Public Works Campus</u>	<u>\$ 755,800.00</u>

Personnel: The superintendent on site for the project is scheduled to be:

Heath Toler

The project manager in the office for the project is scheduled to be:

Cody Richardson

END OF SECTION

SECTION 004142 - BIDDER'S FINANCIAL STATEMENT

PART 1 GENERAL

1.01 BIDDER'S QUALIFICATIONS

The Bidder's Qualifications together with the attached affidavit are required by the conditions of the Invitation to be executed and submitted within 24 hours as part of the Proposal if requested.

- A. A permanent place of business is maintained at:
655 Peddycord Rd.
Kernersville NC 27284
- B. The following construction Plant and Equipment will be made available for use of this Contract:
Crane, Lull, Forklift
- C. Adequate finances are possessed as indicated: (Note: A prepared Company certified financial statement may be substituted in lieu of the following.)

Conditions at close of business March 17th, 2026

1.02 ASSETS

A.	Cash in bank and on hand	\$ <u>22,074,663.59</u>
B.	Receivable Notes, Accounts, Money Earned, Interest, Guarantee Loan	\$ <u>17,155,519.70</u>
C.	Stocks and Bonds	\$ <u>11,424.50</u>
D.	Real Estate, Furniture and Fixtures, and Materials	\$ <u>719,261.00</u>
E.	Equipment (After depreciation)	\$ <u>1,111,519.00</u>
F.	Other Assets (Name)	\$ <u>3,746,081.20</u>
	Total Assets:	\$ <u>652,095.12</u>

1.03 LIABILITIES

A.	Payable Notes, Accounts, Interest, Loans	\$ <u>5,989,405.00</u>
B.	Real Estate Encumbrances	\$ <u>0.00</u>
C.	Other Encumbrances (Name)	\$ <u>0.00</u>
D.	Reserves	\$ <u>0.00</u>
E.	Capital Stock Paid Up (All Classes)	\$ <u>0.00</u>
F.	Surplus - Net Worth	\$ <u>47,936,877.00</u>

In addition to the foregoing, a complete and detailed certified financial statement will be furnished if required.

In the event the Contract is awarded the undersigned, surety bonds will be furnished by:

Marsh & McLennan Agency LLC

(Surety Company)

Signed: Elizabeth A. Dyer
(Representative of Surety Company)

Agent: Marsh & McLennan Agency, Attorney-In-Fact

Address: 110 Franklin Road, SW., Suite 1100

Roanoke, VA 24011

END OF SECTION

Document A310™ - 2010

Conforms with The American Institute of Architects AIA Document 310

Bid Bond

CONTRACTOR:

(Name, legal status and address)

AAR of North Carolina, Inc.
655 Peddycord Road
Kernersville, NC 27284

SURETY:

(Name, legal status and principal place of business)

Western Surety Company
151 N. Franklin Street
Chicago, IL 60606

This document has important legal consequences. Consultation with an attorney is encouraged with respect to its completion or modification.

Any singular reference to Contractor, Surety, Owner or other party shall be considered plural where applicable.

OWNER:

(Name, legal status and address)

Floyd County Board of Education
442 KY Route 550
Prestonburg, KY 41622

BOND AMOUNT: \$ 5%

Five Percent of Amount Bid

PROJECT:

(Name, location or address, and Project number, if any)

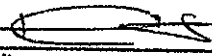
Floyd County Board Office Roof Replacement

The Contractor and Surety are bound to the Owner in the amount set forth above, for the payment of which the Contractor and Surety bind themselves, their heirs, executors, administrators, successors and assigns, jointly and severally, as provided herein. The conditions of this Bond are such that if the Owner accepts the bid of the Contractor within the time specified in the bid documents, or within such time period as may be agreed to by the Owner and Contractor, and the Contractor either (1) enters into a contract with the Owner in accordance with the terms of such bid, and gives such bond or bonds as may be specified in the bidding or Contract Documents, with a surety admitted in the jurisdiction of the Project and otherwise acceptable to the Owner, for the faithful performance of such Contract and for the prompt payment of labor and material furnished in the prosecution thereof; or (2) pays to the Owner the difference, not to exceed the amount of this Bond, between the amount specified in said bid and such larger amount for which the Owner may in good faith contract with another party to perform the work covered by said bid, then this obligation shall be null and void, otherwise to remain in full force and effect. The Surety hereby waives any notice of an agreement between the Owner and Contractor to extend the time in which the Owner may accept the bid. Waiver of notice by the Surety shall not apply to any extension exceeding sixty (60) days in the aggregate beyond the time for acceptance of bids specified in the bid documents, and the Owner and Contractor shall obtain the Surety's consent for an extension beyond sixty (60) days.

If this Bond is issued in connection with a subcontractor's bid to a Contractor, the term Contractor in this Bond shall be deemed to be Subcontractor and the term Owner shall be deemed to be Contractor.

When this Bond has been furnished to comply with a statutory or other legal requirement in the location of the Project, any provision in this Bond conflicting with said statutory or legal requirement shall be deemed deleted herefrom and provisions conforming to such statutory or other legal requirement shall be deemed incorporated herein. When so furnished, the intent is that this Bond shall be construed as a statutory bond and not as a common law bond.

Signed and sealed this 18th day of March, 2026

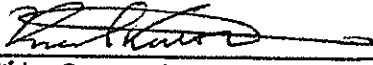


(Witness)

AAR of North Carolina, Inc.

(Principal)

(Seal)

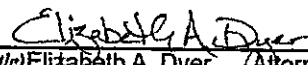
By: 

(Title) Sr. VP

Western Surety Company

(Surety)

(Seal)

By: 

(Title) Elizabeth A. Dyer (Attorney-in-Fact)



(Witness) Cynthia Ellinwood



Western Surety Company

POWER OF ATTORNEY APPOINTING INDIVIDUAL ATTORNEY-IN-FACT

Know All Men By These Presents, That WESTERN SURETY COMPANY, a South Dakota corporation, is a duly organized and existing corporation having its principal office in the City of Sioux Falls, and State of South Dakota, and that it does by virtue of the signature and seal herein affixed hereby make, constitute and appoint

Elizabeth A. Dyer, Individually

of Roanoke, VA its true and lawful Attorney(s)-in-Fact with full power and authority hereby conferred to sign, seal and execute for and on its behalf bonds, undertakings and other obligatory instruments of similar nature

- In Unlimited Amounts -

Surety Bond No: Bid Bond

Principal: AAR of North Carolina, Inc.

Obligee: Floyd County Board of Education

and to bind it thereby as fully and to the same extent as if such instruments were signed by a duly authorized officer of the corporation and all the acts of said Attorney, pursuant to the authority hereby given, are hereby ratified and confirmed.

This Power of Attorney is made and executed pursuant to and by authority of the Authorizing By-Laws and Resolutions printed at the bottom of this page, duly adopted, as indicated, by the shareholders of the corporation.

In Witness Whereof, WESTERN SURETY COMPANY has caused these presents to be signed by its Vice President and its corporate seal to be hereto affixed on this 17th day of February, 2026.



WESTERN SURETY COMPANY

Larry Kasten, Vice President

State of South Dakota }
County of Minnehaha } ss

On this 17th day of February, 2026, before me personally came Larry Kasten, to me known, who, being by me duly sworn, did depose and say: that he resides in the City of Sioux Falls, State of South Dakota; that he is a Vice President of WESTERN SURETY COMPANY described in and which executed the above instrument; that he knows the seal of said corporation; that the seal affixed to the said instrument is such corporate seal; that it was so affixed pursuant to authority given by the Board of Directors of said corporation and that he signed his name thereto pursuant to like authority, and acknowledges same to be the act and deed of said corporation.

My commission expires

December 4, 2031



K. Walsh, Notary Public

CERTIFICATE

I, Paula Kolsrud, Assistant Secretary of WESTERN SURETY COMPANY do hereby certify that the Power of Attorney hereinabove set forth is still in force, and further certify that the By-Laws and Resolutions of the corporation printed below this certificate are still in force. In testimony whereof I have hereunto subscribed my name and affixed the seal of the said corporation this 18th day of March, 2026.



WESTERN SURETY COMPANY

Paula Kolsrud, Assistant Secretary

Authorizing By-Laws and Resolutions

ADOPTED BY THE SHAREHOLDERS OF WESTERN SURETY COMPANY

This Power of Attorney is made and executed pursuant to and by authority of the following By-Law duly adopted by the shareholders of the Company.

Section 7. All bonds, policies, undertakings, Powers of Attorney, or other obligations of the corporation shall be executed in the corporate name of the Company by the President, Secretary, and Assistant Secretary, Treasurer, or any Vice President, or by such other officers as the Board of Directors may authorize. The President, any Vice President, Secretary, any Assistant Secretary, or the Treasurer may appoint Attorneys in Fact or agents who shall have authority to issue bonds, policies, or undertakings in the name of the Company. The corporate seal is not necessary for the validity of any bonds, policies, undertakings, Powers of Attorney or other obligations of the corporation. The signature of any such officer and the corporate seal may be printed by facsimile.

This Power of Attorney is signed by Larry Kasten, Vice President, who has been authorized pursuant to the above Bylaw to execute power of attorneys on behalf of Western Surety Company.

This Power of Attorney may be signed by digital signature and sealed by a digital or otherwise electronic-formatted corporate seal under and by the authority of the following Resolution adopted by the Board of Directors of the Company by unanimous written consent dated the 27th day of April, 2022:

"RESOLVED: That it is in the best interest of the Company to periodically ratify and confirm any corporate documents signed by digital signatures and to ratify and confirm the use of a digital or otherwise electronic-formatted corporate seal, each to be considered the act and deed of the Company."

Go to www.cnasurety.com > Owner / Obligor Services > Validate Bond Coverage, if you want to verify bond authenticity.

**Request for Taxpayer
 Identification Number and Certification**

Go to www.irs.gov/FormW9 for instructions and the latest information.

Give form to the requester. Do not send to the IRS.

Before you begin. For guidance related to the purpose of Form W-9, see *Purpose of Form*, on page 2.

	1 Name of entity/individual. An entry is required. (For a sole proprietorship or disregarded entity, enter the owner's name on line 1, and enter the business/disregarded entity's name on line 2.) <p style="text-align:center;">AAR of North Carolina, Inc</p>	
	2 Business name/disregarded entity name, if different from above.	
See Specific Instructions on page 3.	3a Check the appropriate box for federal tax classification of the entity/individual whose name is entered on line 1. Check only one of the following seven boxes. <input type="checkbox"/> Individual/sole proprietor <input checked="" type="checkbox"/> C corporation <input type="checkbox"/> S corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Trust/estate <input type="checkbox"/> LLC. Enter the tax classification (C = C corporation, S = S corporation, P = Partnership) _____ Note: Check the "LLC" box above and, in the entry space, enter the appropriate code (C, S, or P) for the tax classification of the LLC, unless it is a disregarded entity. A disregarded entity should instead check the appropriate box for the tax classification of its owner. <input type="checkbox"/> Other (see instructions) _____	4 Exemptions (codes apply only to certain entities, not individuals; see instructions on page 4): Exempt payee code (if any) _____ Exemption from Foreign Account Tax Compliance Act (FATCA) reporting code (if any) _____
	3b If on line 3a you checked "Partnership" or "Trust/estate," or checked "LLC" and entered "P" as its tax classification, and you are providing this form to a partnership, trust, or estate in which you have an ownership interest, check this box if you have any foreign partners, owners, or beneficiaries. See instructions. <input type="checkbox"/>	(Applies to accounts maintained outside the United States.)
	5 Address (number, street, and apt. or suite no.). See instructions. <p style="text-align:center;">655 Peddycord Rd</p>	Requester's name and address (optional)
	6 City, state, and ZIP code <p style="text-align:center;">Kernersville, NC 27284</p>	
	7 List account number(s) here (optional)	

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). Do not report the employer identification number (EIN) of a sole proprietorship or disregarded entity. For a resident alien, sole proprietor, or disregarded entity, see the instructions for Part I, later. For other entities, it is your EIN. If you do not have a number, see *How to get a TIN*, later.

Note: If the account is in more than one name, see the instructions for line 1. See also *What Name and Number To Give the Requester* for guidelines on whose number to enter.

Social security number																					
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5	6																				

Part II Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and
2. I am not subject to backup withholding because (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and
3. I am a U.S. citizen or other U.S. person (defined below); and
4. The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct; and
5. I am exempt from information reporting as a U.S. digital asset broker within the meaning of Regulations section 1.6045-1(g)(4)(i)(A)(1) (other than a registered investment adviser). I claim exempt status under Regulations section 1.6045-1(c)(3)(i)(B)(12).

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and, generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions for Part II, later.

Sign Here	Signature of U.S. person 	Date 1 / 29 / 2026
Cat. No. 10231X Form W-9 (Rev. 1-2026) Created 8/27/25		

AAR OF NORTH CAROLINA, INC.
KERNERSVILLE, NORTH CAROLINA

Financial Statements
December 31, 2024 and 2023

SHELTON & COMPANY, CPAs, P.C.
www.constructioncpas.com

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SHELTON & COMPANY, CPAs, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
AND CONSULTANTS

MEMBER:
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
VIRGINIA SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

P.O. BOX 10066 zip 24506
3316 NAVAL RESERVE ROAD
LYNCHBURG, VA 24501
(434) 846-9640 (800) 446-2534
FAX (434) 846-9642
www.constructioncpas.com

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Board of Directors
AAR of North Carolina, Inc.
Kernersville, North Carolina

We have reviewed the accompanying financial statements of AAR of North Carolina, Inc. (a corporation), which comprise the balance sheets as of December 31, 2024 and 2023, and the related statements of income and retained earnings and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression on an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

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

Accountants' Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of AAR of North Carolina, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our reviews.

Accountants' Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Shelton & Company, CPAs, P.C.

April 29, 2025

AAR OF NORTH CAROLINA, INC.**BALANCE SHEETS****DECEMBER 31, 2024 AND 2023**

ASSETS	2024	2023
CURRENT ASSETS:		
Cash	\$ 25,578,248	9,900,471
Certificates of deposit	1,275,000	2,600,000
Marketable debt securities	1,792,782	-0-
Contract receivables	17,426,144	35,140,249
Contract assets	2,909,716	2,262,306
Inventory	-0-	298,762
Refundable income taxes	62,450	-0-
Other receivable	1,534,408	-0-
Prepaid expenses	155,027	254,657
Due from employees	91,582	99,631
TOTAL CURRENT ASSETS	50,825,357	50,556,076
PROPERTY AND EQUIPMENT:		
Land	21,000	21,000
Buildings and leasehold improvements	1,423,939	1,133,112
Vehicles	3,689,031	3,086,363
Construction equipment	3,088,880	2,790,608
Office equipment	237,705	195,540
	8,460,555	7,226,623
Less accumulated depreciation	5,077,288	4,747,117
NET PROPERTY AND EQUIPMENT	3,383,267	2,479,506
OTHER ASSETS:		
Cash surrender value life insurance	954,241	887,964
Due from stockholders	-0-	111,869
TOTAL OTHER ASSETS	954,241	999,833
TOTAL ASSETS	\$ 55,162,865	\$ 54,035,415
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 2,228,038	\$ 9,475,483
Current maturities of long-term debt	16,598	14,731
Income taxes payable	1,365,941	2,508,801
Due to stockholders	1,374,912	242,838
Accrued expenses	313,101	188,501
Provision for accrued losses on contracts in progress	-0-	64,221
Contract liabilities	8,087,965	12,796,457
TOTAL CURRENT LIABILITIES	13,386,555	25,291,029
LONG-TERM LIABILITIES:		
Long-term debt less current maturities	14,198	30,795
Deferred income taxes	629,319	439,324
TOTAL LONG-TERM LIABILITIES	643,517	470,119
TOTAL LIABILITIES	14,030,072	25,761,148
STOCKHOLDERS' EQUITY:		
Common stock, \$1 par, 100,000 shares authorized, 11,424 shares issued & outstanding	11,425	11,425
Additional paid-in capital	238,838	238,838
Accumulated other comprehensive income (loss)	(168)	-0-
Retained earnings	40,882,698	28,024,004
TOTAL STOCKHOLDERS' EQUITY	41,132,793	28,274,267
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 55,162,865	\$ 54,035,415

See accompanying notes and independent accountants' review report.

AAR OF NORTH CAROLINA, INC.
STATEMENTS OF INCOME AND RETAINED EARNINGS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
CONTRACT REVENUE	<u>\$ 99,827,713</u>	<u>\$ 128,208,752</u>
COST OF CONTRACT REVENUE:		
Labor	7,016,108	6,940,926
Materials	39,221,025	68,274,112
Subcontract	14,297,602	16,369,201
Equipment	4,023,425	4,517,790
Other costs	5,916,641	7,791,231
Provision for accrued losses on contracts in progress	(64,221)	(54,654)
	<u>70,410,580</u>	<u>103,838,606</u>
GROSS PROFIT	29,417,133	24,370,146
GENERAL AND ADMINISTRATIVE EXPENSES	<u>15,179,976</u>	<u>14,166,078</u>
INCOME FROM OPERATIONS	14,237,157	10,204,068
OTHER INCOME AND (EXPENSE)	<u>4,068,909</u>	<u>2,597,518</u>
INCOME BEFORE INCOME TAXES	<u>18,306,066</u>	<u>12,801,586</u>
PROVISION FOR INCOME TAXES:		
Current-expense(benefit)	4,257,319	2,992,659
Deferred-expense(benefit)	190,053	161,237
	<u>4,447,372</u>	<u>3,153,896</u>
NET INCOME	13,858,694	9,647,690
RETAINED EARNINGS-beginning	28,024,004	19,126,314
Less: Dividends	<u>(1,000,000)</u>	<u>(750,000)</u>
RETAINED EARNINGS-ending	<u>\$ 40,882,698</u>	<u>\$ 28,024,004</u>

See accompanying notes and independent accountants' review report.

AAR OF NORTH CAROLINA, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATIONS:		
Net Income	\$ 13,858,694	\$ 9,647,690
Adjustments to reconcile net income to net cash provided by (applied to) operating activities:		
Deferred income taxes	190,053	161,237
Increase in cash surrender value life insurance	(66,277)	(52,342)
(Gain) loss on sale of fixed assets	(5,639)	(87,992)
Depreciation	649,384	590,264
Decrease (increase) in:		
Contract receivables	17,714,105	(17,404,238)
Contract assets	(647,410)	(848,153)
Inventory	298,762	3,013,090
Prepaid expenses	99,630	53,715
Other receivable	(1,534,408)	528,720
Refundable income taxes	(62,450)	54,298
Due from employees	8,049	46,510
Increase (decrease) in:		
Accounts payable	(7,247,445)	5,234,267
Provision for accrued losses on contracts in progress	(64,221)	12,702
Income taxes payable	(1,142,860)	2,482,419
Contract liabilities	(4,708,492)	5,398,251
Accrued expenses	124,601	23,224
Cash Flows Provided by (Applied to) Operating Activities	<u>17,464,076</u>	<u>8,853,662</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sale of fixed assets	13,035	177,768
Redemption (purchase) of certificates of deposit	1,325,000	(2,600,000)
Purchase of marketable debt securities	(1,793,008)	
Cash (to) from stockholders	1,243,943	(381,421)
Purchase of fixed assets	(1,560,538)	(1,153,483)
Cash Flows Provided by (Applied to) Investing Activities	<u>(771,568)</u>	<u>(3,957,136)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Dividends	(1,000,000)	(750,000)
Payment of long-term debt	(14,731)	(13,074)
Cash Flows Provided by (Applied to) Financing Activities	<u>(1,014,731)</u>	<u>(763,074)</u>
INCREASE (DECREASE) IN CASH	15,677,777	4,133,452
CASH, BEGINNING	9,900,471	5,767,019
CASH, ENDING	\$ 25,578,248	\$ 9,900,471
SUPPLEMENTAL DISCLOSURES:		
Interest expense accrued and paid	\$ 130,558	\$ 49,779
Income taxes paid	\$ 5,619,890	\$ 455,942

See accompanying notes and independent accountants' review report.

AAR OF NORTH CAROLINA, INC.
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
NET INCOME	\$ 13,858,694	\$ 9,647,690
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX		
Unrealized gains (losses) on debt securities during the period	<u>(168)</u>	<u>-0-</u>
COMPREHENSIVE INCOME	<u>\$ 13,858,526</u>	<u>\$ 9,647,690</u>

See accompanying notes and independent accountants' review report.

AAR OF NORTH CAROLINA, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Company's activities. The Company is engaged in roofing construction and related activities in North Carolina, South Carolina, Virginia, Maryland, Georgia, Tennessee, Pennsylvania, and West Virginia. The Company has offices located in North Carolina and South Carolina. The work is performed under varying arrangements.

Operating cycle. The length of the Company's contracts varies but is typically less than one year. Therefore, assets and liabilities are classified as current and noncurrent.

Use of estimates. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported 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 differ from those estimates.

Revenue and cost recognition. The Company adopted the modified retrospective method to the implementation of the Financial Accounting Standards Board Topic 606.

The majority of the Company's revenue arrangements generally consists of a single performance obligation to transfer promised goods and services. The Company determines whether there are multiple performance obligations that should be separated or combined on a contract-by-contract basis.

Revenues from construction contracts are recognized over time using the cost-to-cost input method, which measures progress toward completion based on the percentage of costs incurred to date to estimated total construction costs for each contract. That method is used because management considers costs incurred to be the best available measure of progress on contracts in process. Revenues are recognized over time because the transfer of control to the customer is continuous as the work is performed and the customer controls the asset as it is being constructed. Revenues under time and material contracts are recognized on the basis of actual time incurred multiplied by the billable hourly rate stated in the contract, plus material costs incurred.

The contract value is determined based upon the original contract, change orders and variable consideration associated with each contract. The nature of the Company's business gives rise to variable consideration, including time bonuses, liquidated damages and other types of incentives. Variable consideration is estimated at the most likely amount that is expected to be earned. Estimated amounts are included in the transaction price to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved. Estimated amounts of variable consideration are based upon historical experience and known trends.

Construction costs of projects under contract include all direct material, subcontractor and labor costs and those indirect costs related to contract performance. Selling, general, and administrative costs are charged to expense as incurred.

Significant costs incurred to obtain a contract will be capitalized and amortized over the length of the contract, but immaterial items will be expensed as incurred. Uninstalled materials will also be capitalized and recognized in cost of revenues as the materials are installed for each contract.

AAR OF NORTH CAROLINA, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

Provisions for estimated losses on the uncompleted contracts are made in the period in which such losses are determined.

Because of inherent uncertainties in estimating contract costs, it is at least reasonably possible that estimates used will change within the near term.

Billing practices on construction contracts are governed by the contract terms for each project. Billings on construction and service and maintenance contracts do not typically correlate with revenue recognized using the cost-to-cost input method of recognition over time. This lack of correlation results in contract assets and liabilities.

The Company does not have any significant financing components included in the construction contracts as of December 31, 2024 and 2023.

The Company has approximately \$63,819,408 of expected revenues related to performance obligations that have been partially satisfied or unsatisfied as of April 29, 2025.

The contract asset, "Costs and estimated earnings in excess of billings on contracts in progress" represents revenues recognized in excess of amounts billed. The contract liability, "Billings in excess of costs and estimated earnings on contracts in progress" represents billings in excess of revenues recognized.

Cash equivalents. For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments purchased with maturity of three months or less to be cash equivalents.

Accounts receivable. Management considers all contract receivables to be collectible and, therefore, no allowance for bad debt expense has been provided. The majority of construction contracts include retainage provisions. Retainage represents amounts withheld from billings by customers until the contract is complete or until certain milestones are reached, or both.

Inventories. Inventories consist of roofing materials and supplies and are stated at the lower of cost or market.

Property and equipment. Property and equipment are carried at cost. Major renewals and betterments, which extend the lives of properties, are capitalized while repairs and maintenance are charged to expense in the year incurred. Depreciation and amortization are computed using straight-line methods over the estimated useful lives of the assets.

Long-lived assets. Long-lived assets to be held and used are tested for recoverability whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the excess of the asset's carrying amount over the fair value of the asset. Certain long-lived assets to be disposed of by sale are reported at the lower of carrying amount or fair value less cost to sell.

Income taxes. Deferred income taxes are provided for temporary differences in reporting income for financial statements and tax purposes arising primarily from differences in the methods of accounting for depreciation. Construction contracts are reported for income tax purposes on the percentage-of-completion method. Accelerated depreciation is used for income tax reporting.

AAR OF NORTH CAROLINA, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

Advertising. Advertising costs are charged to operations when incurred. For the years ended December 31, 2024 and 2023, the total cost of advertising charged to operations was \$54,560 and \$96,654, respectively.

Leases. The Company has elected for all underlying classes of assets, to not recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement, and do not include an option to purchase the asset that the Company is almost certain to exercise. The Company recognizes lease cost associated with its short-term leases on a straight-line basis over the lease term.

Subsequent events. Management has evaluated subsequent events through April 29, 2025, the date the financial statements were available to be used.

NOTE 2 - CERTIFICATES OF DEPOSIT

	<u>2024</u>	<u>2023</u>
Maturity date during 2025	\$ 1,275,000	\$ -0-
Maturity during 2024	-0-	2,600,000
	<u>\$ 1,275,000</u>	<u>\$ 2,600,000</u>

NOTE 3 - CONTRACT RECEIVABLES

	<u>2024</u>	<u>2023</u>
Completed contracts	\$ 2,680,189	\$ 1,130,007
Contracts in progress	9,252,175	24,571,148
Completed contracts - retainage	400,134	1,757,147
Contracts in progress - retainage	5,093,646	7,681,947
	<u>\$ 17,426,144</u>	<u>\$ 35,140,249</u>

NOTE 4 - OTHER RECEIVABLE

The Company had a deposit of Federal payroll taxes with the Federal Government of \$1,534,408 and \$-0- at December 31, 2024 and 2023, respectively.

NOTE 5 - CONTRACT ASSETS AND LIABILITIES

Contract assets include retainage on construction contracts and unbilled amounts typically resulting from revenue under contracts when the percentage-of-completion cost-to-cost method of revenue recognition is utilized and revenue recognized exceeds the amount billed to the customer. Retainage receivables of \$5,093,646 and \$7,681,947 for the years ended December 31, 2024 and 2023, respectively, are contract assets, but have been included on the balance sheet as a contract receivable and are included in Note 3 Contract Receivables.

Contract liabilities include billings in excess of revenue recognized. Contract assets and contract liabilities were as follows for the year ended December 31:

AAR OF NORTH CAROLINA, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 5 - CONTRACT ASSETS AND LIABILITIES (cont'd.)

	<u>2024</u>	<u>2023</u>
Contract assets:		
Costs and estimated earnings in excess of billings on contracts in progress	<u>\$ 2,909,716</u>	<u>\$ 2,262,306</u>
Contract liabilities:		
Billings in excess of costs and estimated earnings on contracts in progress	<u>\$ (8,087,965)</u>	<u>\$ (12,796,457)</u>

NOTE 6 - COSTS AND ESTIMATED EARNINGS ON CONTRACTS IN PROGRESS

	<u>2024</u>	<u>2023</u>
Costs incurred on contracts in progress	\$ 75,093,185	\$ 87,364,865
Estimated Earnings	15,576,595	11,528,326
	<u>90,669,780</u>	<u>98,893,191</u>
Less: Billings to date	<u>(95,848,029)</u>	<u>(109,491,563)</u>
	<u>\$ (5,178,249)</u>	<u>\$ (10,598,372)</u>
Accrued loss provision on contracts in progress	\$ -0-	\$ (64,221)
Costs and estimated earnings in excess of billings on contracts in progress	2,909,716	2,262,306
Billings in excess of costs and estimated earnings on contracts in progress	<u>(8,087,965)</u>	<u>(12,796,457)</u>
	<u>\$ (5,178,249)</u>	<u>\$ (10,598,372)</u>

NOTE 7 - CONTRACT BALANCES

Contracts receivable and contract balances from contracts with customers were as follows:

	<u>Contracts Receivable</u>		<u>Contract Assets</u>		<u>Contract Liabilities</u>	
	2024	2023	2024	2023	2024	2023
Jan. 1	\$ 35,140,249	\$ 17,736,011	\$ 2,262,306	\$ 1,414,153	\$ 12,796,457	\$ 7,398,206
Dec. 31	\$ 17,426,144	\$ 35,140,249	\$ 2,909,716	\$ 2,262,306	\$ 8,087,965	\$ 12,796,457

NOTE 8 - DISAGGREGATION OF REVENUE FROM CONTRACTS WITH CUSTOMERS

The following table disaggregates the Company's revenue based on the timing of satisfaction of performance obligations for the year ended December 31:

AAR OF NORTH CAROLINA, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 8 - DISAGGREGATION OF REVENUE FROM CONTRACTS WITH CUSTOMERS

(cont'd.)

	<u>2024</u>	<u>2023</u>
Performance obligations satisfied over time	\$ 99,827,713	\$ 128,208,752

For performance obligations related to construction services, control transfers to the customer over time. The construction is performed under varying arrangements consisting primarily of unit price and fixed price contracts.

NOTE 9 - MARKETABLE SECURITIES

Marketable equity securities are classified on the balance sheet as available-for-sale, and valued at fair market value as of December 31, 2024 and 2023. The unrealized gains (losses) are as follows:

	<u>Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Fair Value</u>
<u>December 31, 2024</u>				
Available for sale:				
U.S. Treas. Notes (7)	\$ 1,793,008	\$ -0-	\$ (226)	\$ 1,792,782

	<u>Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Fair Value</u>
<u>December 31, 2023</u>				
Available for sale:				
U.S. Treas. Notes	\$ -0-	\$ -0-	\$ -0-	\$ -0-

NOTE 10 - FAIR VALUE MEASUREMENTS

The Company defines fair value as the amount that would be received from the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants at the measurement date. Accounting standards establishes a hierarchy of disclosing assets and liabilities measured at fair value based on the inputs used to value them. The fair value hierarchy maximizes the use of observable inputs and minimizes the use of unobservable inputs. Observable inputs are based on market pricing data obtained from sources independent of the Company. Unobservable inputs reflect management's judgment about the assumptions market participants would use in pricing the asset or liability. The fair value hierarchy includes three levels based on the objectivity of the inputs as follows:

AAR OF NORTH CAROLINA, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 10 - FAIR VALUE MEASUREMENTS (cont'd.)

Level 1 – inputs are quoted prices in active markets as of the measurement date for identical assets and liabilities that the Company has the ability to access. This category includes exchange-traded mutual funds and equity securities.

Level 2 – are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted market prices for similar assets and liabilities in active markets and inputs other than quoted prices that are observable for the asset or liability, such as interest rates or yield curves that are observable at commonly quoted intervals. This category includes mortgage-backed securities, asset-backed securities, corporate debt securities, certificates of deposit, commercial paper, U.S. agency and municipal debt securities, U.S. Treasury securities and derivative contracts.

Level 3 – inputs are unobservable inputs for the asset or liability and include situations where there is little, if any, market activity for the asset or liability. The measurements are highly subjective.

The following assets are measured at fair value:

	Quoted Prices in Active Markets for Identical Assets (Level1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total at Fair Value
<u>December 31, 2024</u>				
Fixed income:				
U.S. Treas. Notes	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 1,792,782</u>	<u>\$ 1,792,782</u>
<u>December 31, 2023</u>				
Fixed income:				
U.S. Treas. Notes	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

NOTE 11 - ACCRUED LOSS PROVISION ON CONTRACTS IN PROGRESS

As of December 31, 2024 and 2023, the Company had accrued estimated losses on contracts in progress of \$-0- and \$64,221, respectively.

NOTE 12 - ACCOUNTS PAYABLE

Accounts payable include \$1,141,764 and \$1,345,740 due to subcontractors at December 31, 2024 and 2023, respectively, which have been retained pending completion and customer acceptance of jobs.

AAR OF NORTH CAROLINA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 13 - LONG-TERM DEBT

Long-term debt at December 31, consists of the following:

	<u>2024</u>	<u>2023</u>
Installment note payable, 11.99%, secured by vehicle, due \$540 monthly, including interest (CM - \$5,529)	\$ 10,400	\$ 15,307
Installment note payable, 11.99%, secured by vehicle, due \$540 monthly, including interest (CM - \$5,529)	10,400	15,307
Installment note payable, 11.99%, secured by vehicle, due \$541 monthly, including interest (CM - \$5,540)	9,996	14,912
	<u>\$ 30,796</u>	<u>\$ 45,526</u>

Maturities of debt at December 31, 2024, are as follows:

December 31, 2025	\$ 16,598	CM - denotes current maturities
December 31, 2026	14,198	
	<u>\$ 30,796</u>	

NOTE 14 - NOTE PAYABLE-CREDIT LINE

The Company has a credit line in the amount of \$2,000,000. Interest is at prime plus 1.2%. All inventory, equipment, investment property, accounts, chattel paper, instruments, and general intangibles secure the line of credit. The line is also secured by an unconditional guaranty from the majority stockholder. The line is due and payable on demand, and the line of credit expires and goes thru a renewal process in July of each year, at which time all principal is due. Draws on the credit line are limited to a specified borrowing base, which is defined in the loan document. There were no balances on the line of credit at both December 31, 2024 and 2023.

NOTE 15 - INCOME TAXES

The provision for income taxes charged to operations for the years ended December 31, consists of the following:

	<u>2024</u>	<u>2023</u>
Current expense:		
Federal expense(benefit)	\$ 3,589,709	\$ 2,515,107
State expense(benefit)	667,610	477,552
	<u>4,257,319</u>	<u>2,992,659</u>
Deferred tax expense(benefit)	190,053	161,237
	<u>\$ 4,447,372</u>	<u>\$ 3,153,896</u>

AAR OF NORTH CAROLINA, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

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	<u>\$ 30,796</u>	

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	<u>\$ 4,447,372</u>	<u>\$ 3,153,896</u>

AAR OF NORTH CAROLINA, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 15 - INCOME TAXES (cont'd.)

As stated in *Note 1*, the Company provides for deferred income taxes on temporary differences arising from assets with different bases for financial reporting and for income tax reporting.

The components of the balance of deferred taxes are as follows:

	<u>2024</u>	<u>2023</u>
Property and equipment related	\$ 629,377	\$ 442,796
Marketable debt securities	(58)	-0-
Percentage of completion losses	-0-	(3,472)
	<u>\$ 629,319</u>	<u>\$ 439,324</u>

The Company will record a liability for uncertain tax positions when it is more likely than not that a tax position would not be sustained if examined by the taxing authority. The Company continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings.

The Company's evaluation on December 31, 2024 revealed no uncertain tax positions that would have a material impact on the financial statements. The Company does not believe that any reasonably possible changes will occur within the next twelve months that will have a material impact on the financial statements.

NOTE 16 - OTHER COMPREHENSIVE INCOME

Accounting standards requires reporting of comprehensive income in addition to net income from operations. Comprehensive income is a more inclusive financial reporting methodology that includes disclosure of certain financial information that historically has not been recognized in the calculation of net income.

For the years ended December 31, 2024 and 2023, the Company held securities classified as available-for-sale, which had unrealized gains/(losses) of (\$226) and \$-0- before tax. See *Note 9* for total gains (losses).

The before tax and after-tax amounts for the securities, as well as the tax (expense)/benefit of the securities, are summarized below:

	<u>2024</u>	<u>2023</u>
Accumulated other comprehensive income (loss)		
Beginning balance	\$ -0-	\$ -0-
Realized loss (gain) on sale of securities	-0-	-0-
Unrealized gains (losses) on equity securities		
Before tax	(226)	-0-
Tax (expense)/benefit	58	-0-
After tax	(168)	-0-
Accumulated other comprehensive income (loss)		
Ending balance	<u>\$ (168)</u>	<u>\$ -0-</u>

AAR OF NORTH CAROLINA, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 17 - RELATED PARTY TRANSACTIONS

The Company had open amounts due from the stockholders of \$-0- and \$111,869 at December 31, 2024 and 2023, respectively. The Company had open amounts due to the stockholders of \$1,374,912 and \$242,838 at December 31, 2024 and 2023, respectively.

The majority stockholder has purchased several pieces of equipment in his personal name, and rents the pieces of equipment, as well as the office facilities, to the Company on a month-to-month basis. The rental paid to the stockholder totaled \$108,000 for both years ended December 31, 2024 and 2023.

NOTE 18 - OTHER INCOME AND (EXPENSE)

	<u>2024</u>	<u>2023</u>
Interest income	\$ 350,715	\$ 252,634
Rebates and misc. income	2,951,328	1,214,789
Gain (loss) on sale of assets	5,369	101,429
Discounts earned	761,497	1,028,666
	<u>\$ 4,068,909</u>	<u>\$ 2,597,518</u>

NOTE 19 - RETIREMENT BENEFITS

The Company has a profit-sharing plan in accord with the provisions of Internal Revenue Code section 401(k). All employees who have attained age 19 and completed at least six months of service, as defined in the Plan document, are eligible to participate. Employees may elect to contribute up to the maximum amount allowed under current income tax law.

In 2019, the Company elected to make the Plan a safe harbor 401(k). The Company will match contribution 100% up to 3% of compensation and 50% match of deferrals on the next 2% of compensation.

Employees are vested in safe harbor Company match immediately and discretionary match contributions are as follows: 20% after year 1, 40% after year 2, 60% after year 3, 80% after year 4, and 100% after year 5. The Company contributed \$80,388 and \$91,498 to employees' accounts for the years ended December 31, 2024 and 2023, respectively.

NOTE 20 - BACKLOG

The following schedule summarizes changes in backlog on contracts during the year ended December 31, 2024. Backlog represents the amount of revenue the Company expects to realize from work to be performed on uncompleted contracts in progress at year-end and from contractual agreements on which work has not yet begun.

Contract amount of contracts in progress at December 31, 2024	\$ 120,704,006
Less contract revenue earned through December 31, 2024	<u>(90,669,780)</u>
Backlog balance at December 31, 2024	<u>\$ 30,034,226</u>

The Company also entered into additional contracts with estimated revenues of \$33,785,182 between January 1, 2025 and April 29, 2025, for a total of \$63,819,408.

AAR OF NORTH CAROLINA, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 21 - CONCENTRATIONS OF CREDIT RISK

The Company's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and trade accounts receivable. At times, cash balances with the Company's financial institution may be in excess of the FDIC insurance limits.