VALUATION REPORT

Prepared for: Drew Westermeyer
HFG Trust

FP TRANSITIONS®

Published by:

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ENGAGEMENT SUMMARY

REPORT COMPLETION DATE	March 25, 2025
TYPE OF ENGAGEMENT	Conclusion Of Value
REPORT TYPE	Summary Report
INTENDED USE OF THIS APPRAISAL	Potential Sale
INTEREST BEING VALUED	100.00%
RESULTING INTEREST POST SALE	Majority, Marketable, Illiquid
OUR CLIENT / BILLED PARTY	Drew Westermeyer
STANDARD & PREMISE OF VALUE	Fair Market Value as a Going Concern

COMPANY SUMMARY

PRACTICE NAME	HFG Trust
FORM OF OWNERSHIP	S Corporation
NAICS/GICS CODE	52393 / 40203010 /
GROSS REVENUE	$9,277,624
EBITDA (ADJUSTED)	$2,578,907

RISK ASSESSMENT	CASH FLOW QUALITY	MARKET DEMAND	TRANSITION RISK
	Moderate	High	Low

VALUATION SUMMARY

VALUATION DATE	December 31, 2024
ASSUMED DEAL TERMS	Cash
PROPERTY VALUED	Equity

VALUE APPROACHES	APPROACH	METHOD	VALUE	WEIGHTING
	Income	Discounted Cash Flow	$24,110,000	100%
	Market	Direct Market Data Method	$26,710,000	0%

VALUE OF 100% CONTROLLING INTEREST	$24,110,000
CONTROL LEVEL ADJUSTMENTS	Yes
NORMALIZING ADJUSTMENTS	Yes
VALUE OF SUBJECT INTEREST	$24,110,000

FP Transitions, LLC
4900 Meadows Road, Suite 300
Lake Oswego, OR 97035

Drew Westermeyer
HFG Trust
8131 W. Grandridge Boulevard, Suite 201
Kennewick, WA 99336

Dear Mr. Westermeyer, Mr. Wang, Mr. Haberling, Mr. Adams, Mr. Dietrich, Mr. Ratchford, Mr. Berg and Mr. Shareholders:

At your request, we have prepared this valuation report expressing a Conclusion of Value of a majority ownership interest ("Subject Interest") in the Equity of HFG Trust. The value expressed herein assumes the sale of the Subject Interest will result in a transfer of ownership in the Equity of HFG Trust.

There are many purposes that require a business to be appraised and some purposes may require specific analyses that can affect the results expressed in a valuation report. Therefore, it is acknowledged by you that this report will only be used for the purpose of an internal sale of equity in an arm's length transaction. The authorized users of this report include: you, the buyer, and any party assisting in the sale of the business. The valuation report is NOT intended for use in legal disputes, tax filing, or regulatory matters. If the report is needed for any purpose other than what is described herein, you must contact the appraiser for permission.

This report contains confidential information. Unless directed otherwise by you, we will not disclose to a third-party any non-public information furnished to us by you. We will use reasonable safeguards to protect the information we receive from you that you identify as proprietary. We will have no liability for our disclosure of information that is available to the public. We may disclose your confidential and proprietary information as required by law, regulation, legal process, regulatory agency request, self-regulatory agency request, or other binding authority. We will not release any specific or identifiable information belonging to you without your prior written permission.

The value expressed in this report assumes the sale, transfer, or acquisition of the Subject Interest is accomplished using a standard and appropriate tax allocation strategy for property being sold and the acquirer will own a collective interest in the customer list and files, personal and enterprise goodwill.

We appreciate this opportunity to be of service. Please call or e-mail the undersigned appraiser if we can be of further assistance.

Aaron Wells CVA
Director of Valuations
Aaron.Wells@fptransitions.com
(503) 212-2023

PURPOSE OF THE APPRAISAL

The purpose of this appraisal is to provide an unambiguous opinion of the Fair Market Value of a 100.00 percent majority marketable, illiquid ownership interest in the Company for the purpose of a Sale of Business. This appraisal is not intended for any other purpose and the conclusions found herein may not be applied to other purposes without additional consideration of all the relevant facts.

SUBJECT OF THE APPRAISAL

CLIENT	Drew Westermeyer
COMPANY referred to as the "Company", "Business", or "Subject Practice"	HFG Trust
PROPERTY VALUED	Equity
OWNERSHIP PERCENTAGE VALUED referred to as "Subject Interest"	100.00%
NORTH AMERICAN INDUSTRY CLASSIFICATION SYSTEM [1] NAICS Code	52393
GLOBAL INDUSTRY CLASSIFICATION STANDARD GICS Code	40203010
EFFECTIVE DATE OF THE APPRAISAL the "Valuation Date"	December 31, 2024

Information that was not known or knowable and events that have occurred after December 31, 2024, may be noted but have not been included in the considerations of value. The date this report was completed on March 25, 2025.

SUMMARY DESCRIPTION OF THE SUBJECT INTEREST

In a closely held company, a majority interest is considered marketable, illiquid. Marketability is defined in the International Glossary of Business Valuation Terms as, "The ability to quickly convert property to cash at minimal cost." [2] The "Discount for Lack of Marketability: Job Aid for IRS Valuation Professionals" provides the following regarding the distinction between marketability and liquidity: "Marketability indicates the fact of 'salability', while liquidity indicates how fast that sale can occur at the current price.

- If it is liquid, it is marketable.
- If it is non-marketable, it is illiquid.
- Being illiquid does not necessarily mean non-marketable – it may still be sellable but not quickly or without loss of value."[3]

Jim Hitchner, Managing Director of Financial Valuation Advisors, expands and applies the IRS Job Aid's explanation and differentiation of marketability and liquidity in the following manner, which is adopted in this report: [4]

EXHIBIT I SUBJECT INTEREST CHARACTERISTICS

NON-MARKETABLE	MARKETABLE ILLIQUID	LIQUID
Minority Interest in a Private Company	Control Interest in a Private Company	Actively Traded Public Stock

1. U.S. CENSUS BUREAU, NORTH AMERICAN INDUSTRY CLASSIFICATION SYSTEM NAICS (WASHINGTON: U.S. CENSUS BUREAU, 2014), WWW.CENSUS.GOV.
2. American Institute of Certified Public Accountants, International Glossary of Business Valuation Terms, New York, AICPA, http://gvs.aicpa.org.
3. Engineering/Valuation Program DLOM Team, Discount for Lack of Marketability: Job Aid for IRS Valuation Professionals (Washington: IRS 2009).
4. Jim Hitchner, Do You Know, Issue 26, June 2016.

STANDARD OF VALUE

The term "value" is relative to the circumstance of the particular valuation. The standard of value defines the value to whom and under what assumptions. Prior to beginning the process of valuing a business, the appraiser must determine which standards of value are appropriate for the purpose of the valuation. For the purpose of this valuation, the standard of value is Fair Market Value.

FAIR MARKET VALUE

Fair Market Value is the estimated cash or cash equivalent value of the Subject Interest in the Subject Practice. As used herein, the definition of Fair Market Value is "...the price, expressed in terms of cash equivalents, at which property would change hands between a hypothetical willing and able buyer and a hypothetical willing and able seller, each acting at arms-length in an open and unrestricted market, when neither is under compulsion to buy or to sell and when both have reasonable knowledge of relevant facts." [5] Furthermore, the conclusion is based on the following assumptions:

- The Subject Interest will be sold only for cash or cash equivalents.
- The Subject Interest will be held on the market for a reasonable period.

PREMISE OF VALUE

The premise of value is an assumption regarding the most likely outcome for the business operations beyond the transaction date. If the business will continue operations after the transaction date, the business is regarded as a going concern. Alternatively, if the business will cease operations and sell its assets to cover its obligations, the business is regarded as entering liquidation. The Company is expected to continue operations into the near future and has been valued as a going concern.

ASSUMPTIONS AND LIMITING CONDITIONS

We are subject to the assumptions and limiting conditions listed specifically in the Assumptions and Limiting Conditions Appendix.

APPRAISER'S QUALIFICATIONS

A current, detailed curriculum vitae of the appraiser is included in the Appendix. The appraiser has previously appraised ownership interests in other financial services companies and is in good standing with their accrediting organization.

PRINCIPAL SOURCES OF INFORMATION

Principal sources of information used in this analysis are noted in the Principal Sources of Information Appendix and are indicated in the footnotes throughout this appraisal report.

5. International Glossary of Business Valuation Terms, jointly published by American Society of Appraisers, CBV Institute, RICS, & Taqueem. https://www.appraisers.org/docs/default-source/default-document-library/international-business-valuation-glossary_en_final.pdf?sfvrsn=e37c69d4_2

COMPANY NAME	HFG Trust
TOTAL NUMBER OF OFFICE LOCATIONS	3 - California, Oregon, Washington
PRIMARY COMPANY ADDRESS	8131 W. Grandridge Boulevard, Suite 201 Kennewick, WA 99336
FORM OF OWNERSHIP	S Corporation
NUMBER OF SHARES AUTHORIZED	-
NUMBER OF SHARES ISSUED AND OUTSTANDING	-
CLASSES OF STOCK ISSUED	1
BROKER-DEALER	None
NAME OF PRIMARY CUSTODIAN	Pershing LLC;Charles Schwab & Co. Inc.;Other

CURRENT OWNERS

NAME	SECURITY LICENSES	DESIGNATIONS	INSURANCE LICENSES	YEARS IN INDUSTRY	% OWNERSHIP – CLASS 1
Drew Westermeyer	Exempt	CPA	None	8	-%
William Wang	Exempt	CFP	None	14	1%
Ty Haberling	None	CFP	None	-	20%
Lee Adams	None	None	None	-	20%
Darrick Dietrich	None	None	None	-	6%
Bruce Ratchford	None	None	None	-	20%
Nicole Berg	None	None	None	-	1%
Remaining Shareholders	None	None	None	-	32%

FINANCIAL STATEMENT ANALYSIS

In developing our assessment of risk in the Company, we've analyzed and adjusted the financial statements provided by the Client, compared those financial statements to companies of a similar size and practice type to HFG Trust, and used the adjusted statements to forecast the Company's future cash flows.

Adjustments to the financial statements are often made to achieve two different objectives. First, adjustments are made to realize the true economic performance of the company in the history period being considered. Second, adjustments are made to provide a basis for projecting or forecasting future cash flows to be used to estimate value. These adjustments fall into two categories, defined below:

- **Normalizing Adjustments** are made to remove non-operating and non-recurring assets, liabilities, revenues, and expenses. The financial statements are adjusted to reflect the business's regular ongoing financial position and operating performance. The capital structure may be modified to incorporate a different use of financial leverage. Working capital may be adjusted as necessary to support anticipated needs. Normalizing adjustments are appropriate when valuing either controlling or non-controlling ownership interests.

  Common Examples: Adjusting compensation for new hires to an annualized amount, adjusting cash-on-hand to cover anticipated operating expenses, removing miscellaneous income, etc.

  Our analysis of the financial statements includes normalizing adjustments. Normalizing adjustments are shown on the Base Year balance sheet and the Base Year income statement.

- **Control Adjustments** are appropriate when valuing controlling ownership interests where the ownership level has the authority and ability to execute the changes. These adjustments may be appropriate when valuing minority interests when the minority shareholder should expect the controlling owner to act prudently and make such changes.

  Common Examples: Adjusting compensation, changing the Company's rent expense to market rates, recasting owners' compensation, etc.

  Our analysis of the financial statements includes control adjustments. Control adjustments are shown on the Base Year balance sheet.

A complete list of financial statements analyzed is included in the Principal Sources of Information Appendix.

ESTABLISHING A "BASE YEAR"

The two types of financial adjustments described above are applied to the Company's most recent financial statements to recognize the true economic performance of the Company over a twelve-month period. The adjusted twelve-month period is called the "Adjusted Base Year" and is used as the foundation for forecasting the Company's future cash flows. The unadjusted twelve-month period selected is referred to as the "Unadjusted Base Year."

HISTORICAL AND ADJUSTED BALANCE SHEETS

The Company's unadjusted balance sheets are shown below.

EXHIBIT I UNADJUSTED BALANCE SHEETS

	2019	%	2020	%	2021	%	2022	%	2023	%	2024	%
ASSETS												
CURRENT ASSETS	$218,000	6%	$438,000	10%	$677,000	12%	$1,079,000	17%	$2,434,000	32%	$6,198,763	67%
FIXED ASSETS	$3,646,000	94%	$3,806,000	90%	$4,969,000	88%	$5,120,000	83%	$5,096,000	68%	$3,068,030	33%
TOTAL ASSETS	$3,864,000	100%	$4,244,000	100%	$5,646,000	100%	$6,199,000	100%	$7,530,000	100%	$9,266,792	100%
LIABILITIES AND EQUITY												
CURRENT LIABILITIES	$232,000	6%	$291,000	7%	$228,000	4%	$133,000	2%	$144,000	2%	$306,461	3%
LONG TERM LIABILITIES	-	-%	-	-%	$300,000	5%	$233,000	4%	$170,000	2%	-	-%
TOTAL LIABILITIES	$232,000	6%	$291,000	7%	$528,000	9%	$366,000	6%	$314,000	4%	$306,461	3%
EQUITY	$3,632,000	94%	$3,953,000	93%	$5,118,000	91%	$5,833,000	94%	$7,216,000	96%	$8,960,331	97%
TOTAL LIABILITIES AND EQUITY	$3,864,000	100%	$4,244,000	100%	$5,646,000	100%	$6,199,000	100%	$7,530,000	100%	$9,266,792	100%

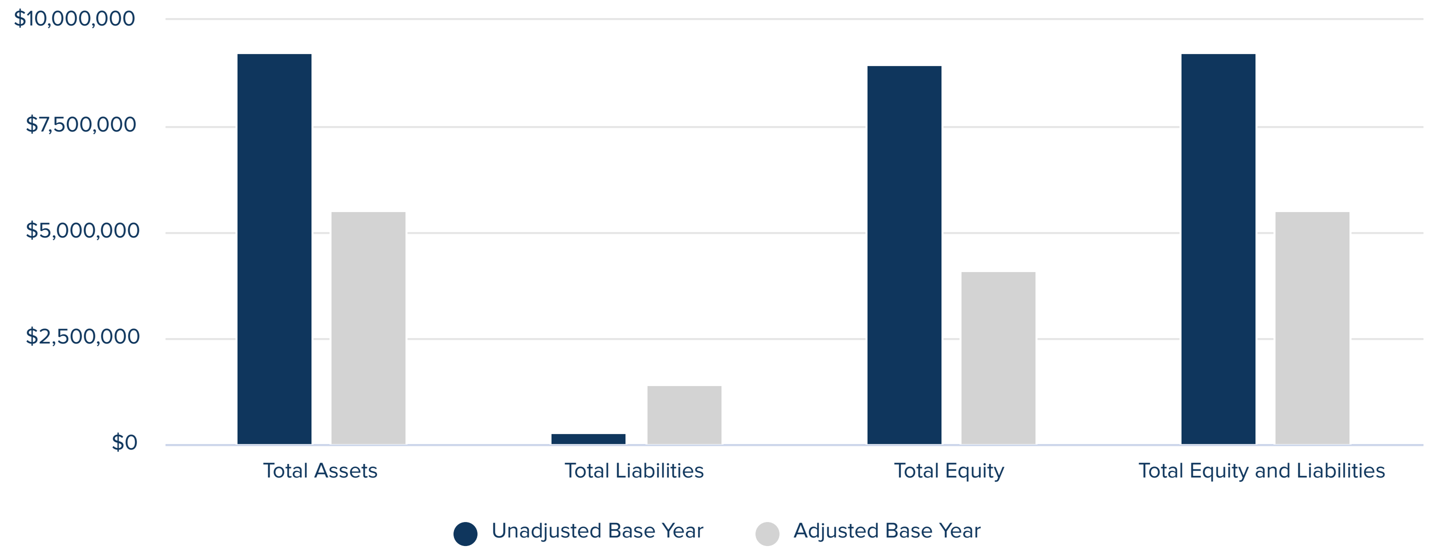
BALANCE SHEET ADJUSTMENTS

The balance sheets were examined to determine if they represent the normal economic performance of the Company. The adjusted balance sheet statements are shown below.

EXHIBIT I ADJUSTED BALANCE SHEETS

	UNADJUSTED BASE YEAR	ADJUSTMENTS	ADJUSTED BASE YEAR
ASSETS			
CURRENT ASSETS	$6,198,763	$(3,725,711)	$2,473,052
FIXED ASSETS	$3,068,030	-	$3,068,030
TOTAL ASSETS	$9,266,792	$(3,725,711)	$5,541,081
LIABILITIES AND EQUITY			
CURRENT LIABILITIES	$306,461	$1,113,374	$1,419,836
LONG TERM LIABILITIES	-	-	-
TOTAL LIABILITIES	$306,461	$1,113,374	$1,419,836
EQUITY	$8,960,331	$(4,839,085)	$4,121,246
TOTAL LIABILITIES AND EQUITY	$9,266,792	$(3,725,711)	$5,541,081

EXHIBIT I BALANCE SHEET ADJUSTMENTS SUMMARY



BALANCE SHEET ADJUSTMENTS SUMMARY

The following adjustments were made to the balance sheet:

- We have adjusted the current assets of the firm to reflect the working capital allocation to HFG Trust .
- Included 75% of the purchase price from PIMS acquistion as a current liability and assumed that either the Company will 1) satisfy this liability with the excess cash on it's books or 2) would grant the value equivilent in the Company's equity preceeding the Valuation Date.
- Adjusted Total Equity to account for the adjustments to total assets and liabilities.

EXHIBIT | VALUE ADJUSTMENTS

ADJUSTMENT	ADJUSTMENT DESCRIPTION	ADJUSTMENT AMOUNT
EXCESS CASH	Non-Operational Asset	$3,102,518
LONG-TERM LIABILITIES	The long-term portion of the debt in the Company's capital structure	-
TOTAL		$3,102,518

The base value calculations in the approaches described in this report derive the Company's market value of invested capital (MVIC). This number represents total firm value as it captures all of the operations of the subject company, including its long-term debt. To convert the MVIC to the value of the Company's equity, non-operational assets, like excess cash on the Company's balance sheet or outstanding personal debts owed to the Company, need to be added back to the MVIC and long-term debt needs to be subtracted from the MVIC. The Fair Market Value adjustments shown above are applied to the MVIC in the value calculations shown later in this report.

CAPITAL EXPENDITURES AND DEPRECIATION

Companies in the industry in which HFG Trust operates require a minimal amount of physical assets to sustain their operations and support growth. Based on conversations with the Client and our analysis of the Company's balance sheet, we've estimated that the annual capital expenditures required in the Base Year to support the Company's forecasted growth is $75,000.

We've assumed the Company will depreciate 100 percent of its fixed assets in the year the assets are acquired. The purchase of fixed assets is shown in the cash flow forecast as capital expenditures.

The capital expenditures ("CapEx") and depreciation components of the forecast are shown below in the Capital Expenditure Forecast.

EXHIBIT | CAPITAL EXPENDITURE FORECAST

	BY	FY1	FY2	FY3	FY4	FY5
CAPEX	$75,000	$90,265	$100,041	$110,177	$120,687	$131,588
DEPRECIATION	$19,047	$90,265	$100,041	$110,177	$120,687	$131,588
% OF CAPEX	25%	100%	100%	100%	100%	100%

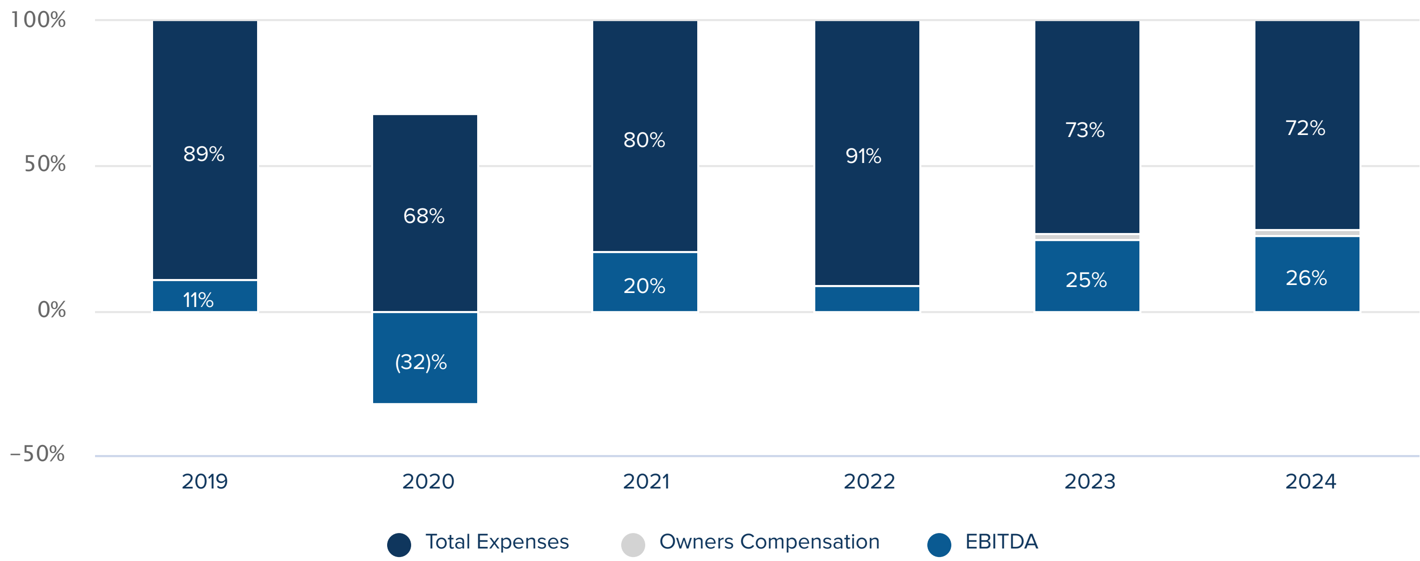
HISTORICAL AND ADJUSTED INCOME STATEMENTS

The Company's unadjusted income statements are shown below.

EXHIBIT I UNADJUSTED INCOME STATEMENTS

	2019	%	2020	%	2021	%	2022	%	2023	%	2024	%
GROSS REVENUE	$4,120,000	100%	$4,525,000	100%	$6,130,000	100%	$7,702,000	100%	$8,150,872	100%	$9,277,624	100%
DIRECT EXPENSES	-	-%	-	-%	-	-%	-	-%	$3,252,249	40%	$3,362,302	36%
GROSS PROFITS	$4,120,000	100%	$4,525,000	100%	$6,130,000	100%	$7,702,000	100%	$4,898,623	60%	$5,915,322	64%
SG&A EXPENSES	$3,661,000	89%	$8,458,000	187%	$4,879,000	80%	$7,028,000	91%	$2,738,294	34%	$3,321,836	36%
EBOC	$459,000	11%	$(3,933,000)	(87.0)%	$1,251,000	20%	$674,000	9%	$2,160,329	27%	$2,593,487	28%
OWNERS COMP	-	-%	-	-%	-	-%	-	-%	$139,621	2%	$162,476	2%
EBITDA	$459,000	11%	$(3,933,000)	(87.0)%	$1,251,000	20%	$674,000	9%	$2,020,708	25%	$2,431,011	26%
DEP. & AMORT.	$49,000	1%	$36,000	1%	$82,000	1%	$30,000	0%	$20,495	0%	$19,047	0%
EBIT	$410,000	10%	$(3,969,000)	(88.0)%	$1,169,000	19%	$644,000	8%	$2,000,212	25%	$2,411,964	26%
OTHER INCOME/ EXPENSES	$2,000	0%	$2,000	0%	$(6,000)	(0.0)%	$15,000	0%	$120,952	1%	$235,297	3%
EBT	$412,000	10%	$(3,967,000)	(88.0)%	$1,163,000	19%	$659,000	9%	$2,121,165	26%	$2,647,261	29%
TAXES	-	-%	-	-%	-	-%	-	-%	$128,464	2%	$145,329	2%
NET INCOME	$412,000	10%	$(3,967,000)	(88.0)%	$1,163,000	19%	$659,000	9%	$1,992,701	24%	$2,501,932	27%

EXHIBIT I HISTORICAL REVENUE DISTRIBUTION



INCOME STATEMENT ADJUSTMENT

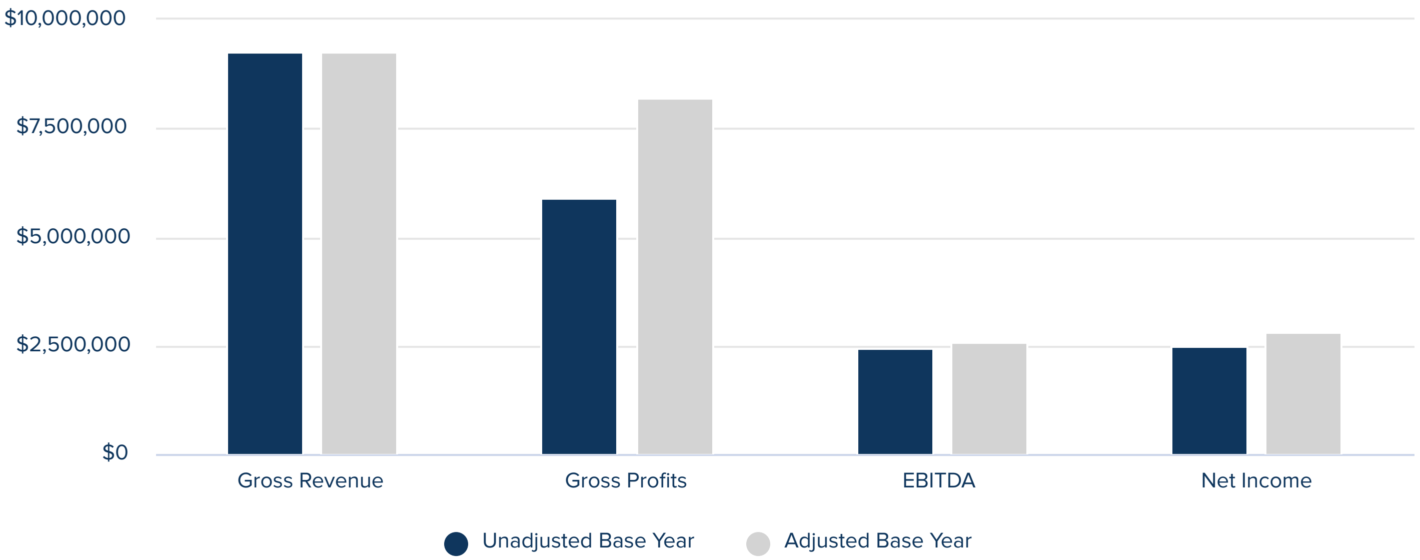
For this engagement, only the most recent income statement was examined to determine if it represents the normal economic performance of the Company.

The adjusted income statement for the Company is shown below in the Adjusted Income Statement exhibit. The adjusted income statement represents the Base Year with normalized revenues and expenses.

EXHIBIT I ADJUSTED INCOME STATEMENT

	UNADJUSTED BASE YEAR	ADJUSTMENTS	ADJUSTED BASE YEAR
GROSS REVENUE	$9,277,624	-	$9,277,624
DIRECT EXPENSES	$3,362,302	$(2,308,181)	$1,054,121
GROSS PROFITS	$5,915,322	$2,308,181	$8,223,503
SG&A EXPENSES	$3,321,836	$(453,092)	$2,868,744
EBOC	$2,593,487	$2,761,273	$5,354,760
OWNERS COMP	$162,476	$2,613,377	$2,775,853
EBITDA	$2,431,011	$147,896	$2,578,907
DEP. & AMORT.	$19,047	-	$19,047
EBIT	$2,411,964	$147,896	$2,559,860
OTHER INCOME/EXPENSES	$235,297	-	$235,297
EBT	$2,647,261	$147,896	$2,795,157
TAXES	$145,329	$(145,329)	-
NET INCOME	$2,501,932	$293,225	$2,795,157

EXHIBIT I INCOME STATEMENT ADJUSTMENTS SUMMARY



INCOME STATEMENT ADJUSTMENTS SUMMARY

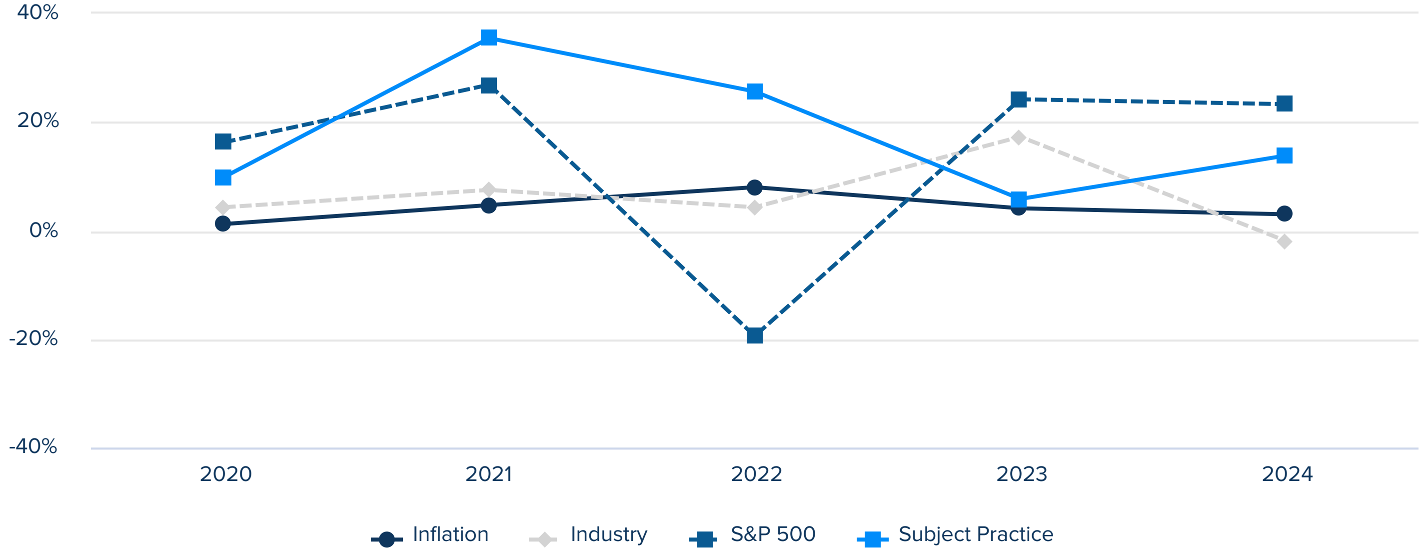
The following adjustments were made to the income statements:

- Licensed Employee Salaries and Bonuses were annualized to reflect the payroll expense for all non-owner advisors active in the Company as of the Valuation Date using compensation data provided by the Client.
- Admin Salaries and Bonuses were annualized to reflect the payroll expense for all administrative employees active in the Company as of the Valuation Date using compensation data provided by the Client.
- Employee Benefits were adjusted based on the compensation data provided by the Client.
- Removed fixed asset purcahses, totaling $10,052, per conversation with the Client.
- Payroll Taxes were adjusted based on the compensation data provided by the Client.
- Removed $232,885 of "allocated expenses" that will not be continuing, per conversation with the Client.
- Removed country club dues, totaling $3,493.
- Owner Compensation was adjusted based on the compensation data provided by the Client.
- Removed local taxes from the income statement. We've assumed that a hypothetical buyer would analyze the Company on the basis of its pre-tax earnings.

HISTORICAL GROWTH

Additionally, the historic growth of a financial services practice, as well as the firm's computed growth rate, is analyzed when assessing the overall Cash Flow Quality of the Company. The History of Industry and Economy exhibit compares the Company to the historical inflation the Standard and Poor's 500 index growth rate, and industry growth rate. [6 7]

EXHIBIT | HISTORICAL GROWTH



DESCRIPTION	2020	2021	2022	2023	2024
Inflation	1.2%	4.7%	8.0%	4.1%	3.0%
Industry	4.3%	7.5%	4.3%	17.3%	(1.9)%
S&P 500	16.3%	26.9%	(19.4)%	24.2%	23.3%
Subject Practice	9.9%	35.5%	25.7%	5.9%	13.9%

6. IBISWorld Industry Report – See the Principal Sources of Information Appendix
7. Business Valuation Resources, economic Outlook Update – See the Principal Sources of Information Appendix

FINANCIAL FORECASTS

One of the earliest statements that needs to be considered in valuing closely held stock comes from the Internal Revenue Service. *Revenue Ruling 59-60 Section 3.03* states, "Valuation of securities is, in essence, a prophesy as to the future and must be based on facts available at the required date of appraisal."[8] Three specific forecasts are necessary to project the probable future of the Company:

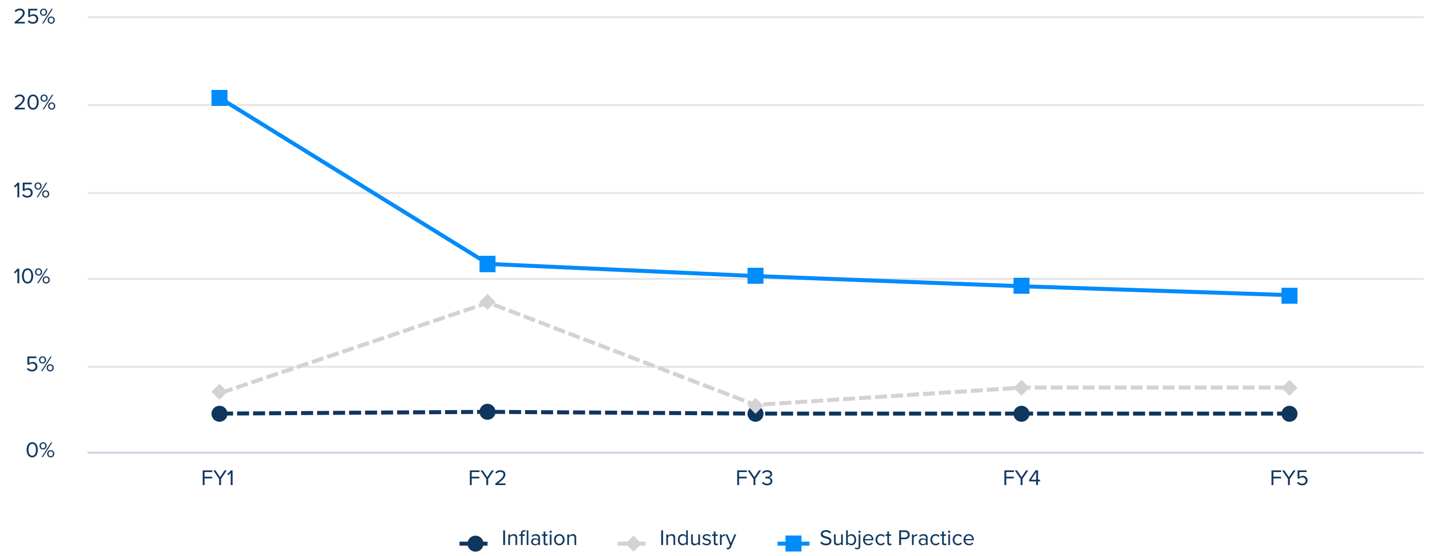
- Revenue Forecast: what are the future sales prospects for the Company and how likely is the business to realize those incomes?
- Expense Forecast: what are the likely and necessary expenses to be incurred in the effort to secure and complete the future sales of the Company?
- Capital Forecast: what capital requirements will be necessary to realize the expected future operations of the Company?

The risks inherent in these three forecasts are then considered in the development of the discount rate, selection of the pricing multiple, and the establishment of the anticipated sales and expense growth demonstrated later in this report.

REVENUE FORECAST

The Forecast of Industry and Economy exhibit below shows the investment advice industry is expected to see an average growth of 4.4 percent. Business Valuation Resources estimates the gross domestic product (GDP) and inflation growth to be 1.9 percent and 2.2 percent, respectively. Lastly, the forecasted revenue growth of the Company is estimated below based on conversations with management and an analysis of all relevant considerations and opportunities for growth observed in this analysis.

EXHIBIT I FORECAST OF INDUSTRY AND ECONOMY



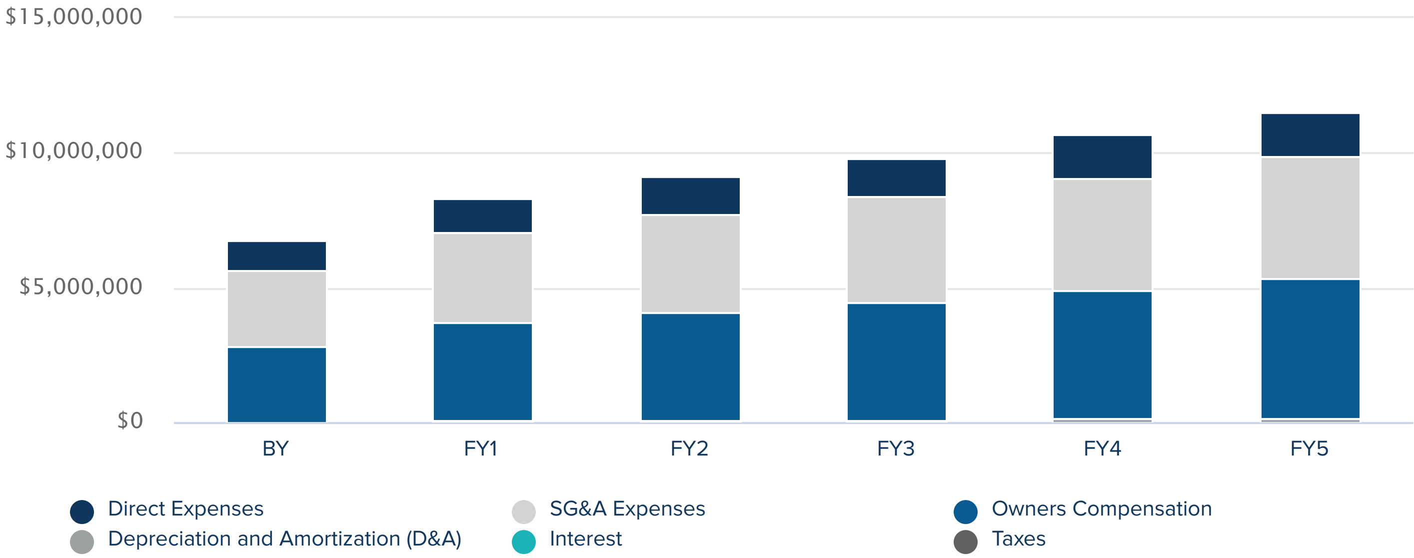
DESCRIPTION	FY1	FY2	FY3	FY4	FY5
Inflation	2.2%	2.3%	2.2%	2.2%	2.2%
Industry	3.4%	8.6%	2.7%	3.7%	3.7%
Subject Practice	20.4%	10.9%	10.1%	9.6%	9.0%

8. Internal Revenue Service, Revenue Ruling 59-60, Section 3.03.

EXPENSE FORECAST

Forecasted Expenses, which follows, shows a summary of the adjusted Base Year and forecasted expenses. Using information and guidance from the client, we have forecasted the operational expenses necessary to support the growth of the Company as shown below. A five-year period is used for the forecast in this analysis. Our detailed expense forecast is included in the Cash Flow Forecast Detail. A summary of our expense forecast is outlined below[9].

EXHIBIT I EXPENSE FORECAST



YEAR	DIRECT EXPENSES	SG&A EXPENSES	OWNERS COMPENSATION	D&A	INTEREST EXPENSE	TAXES	TOTAL
BY	$1,054,121	$2,868,744	$2,775,853	$19,047	$3,937	-	$6,721,702
FY1	$1,253,931	$3,374,516	$3,609,273	$90,265	-	-	$8,327,985
FY2	$1,356,043	$3,665,165	$3,981,278	$100,041	-	-	$9,102,527
FY3	$1,461,017	$3,888,254	$4,366,499	$110,177	-	-	$9,825,947
FY4	$1,570,049	$4,201,980	$4,766,069	$120,687	-	-	$10,658,786
FY5	$1,683,306	$4,532,346	$5,180,565	$131,588	-	-	$11,527,806

9. Direct expenses include advisor compensation, any applicable referral fees paid, any applicable broker-dealer overrides and fees, and any applicable affiliation fees to a Registered Investment Advisor or Office of Supervisory Jurisdiction. Sales, General, & Administrative (SG&A) expenses include core operating expenses such as occupancy costs, non-advisor payroll, advertising, travel, etc.

CAPITAL FORECAST

The final of our three forecasts considers HFG Trust's working capital needs. Working capital is defined as the difference between a company's current assets, such as cash and accounts receivable, and its current liabilities, such as short-term revolving debt and accounts payable.

Independent financial advisory businesses require minimal tangible assets to render services to their clients and generate new business. These companies have defined billing mechanisms that provide a continuous stream of revenue for services rendered and products sold, usually on a monthly or quarterly basis. However, independent advisory companies have characteristics which compel their owners to carry sufficient working capital, such as relying on revenue streams that are sensitive to downturns in the financial markets, the possibility of client chargebacks, and turnover risk for companies who have multiple relationship managers servicing the household base. Most of the working capital in independent financial advisory companies is in the form of cash on hand, a line of credit, or a combination of the two.

What constitutes as adequate working capital for a business in the industry in which the Company operates will depend on the Company's operating margin, it's use of revolving debt, and it's growth prospects. Based on our discussion with management, the Company has adequate working capital as of the Valuation Date. Working capital has been forecast at the rate of the Company's revenue growth shown above in the Forecast of Industry and Economy exhibit.

Changes in working capital (WC) in our ten-year forecast are calculated by taking the working capital in the first year of the forecast and subtracting it from the forecasted working capital needs in the subsequent year. The working capital in the final year of the forecast is calculated by taking an average of the working capital from the previous four years. This calculation and our working capital forecast is shown below in the Working Capital Forecast.

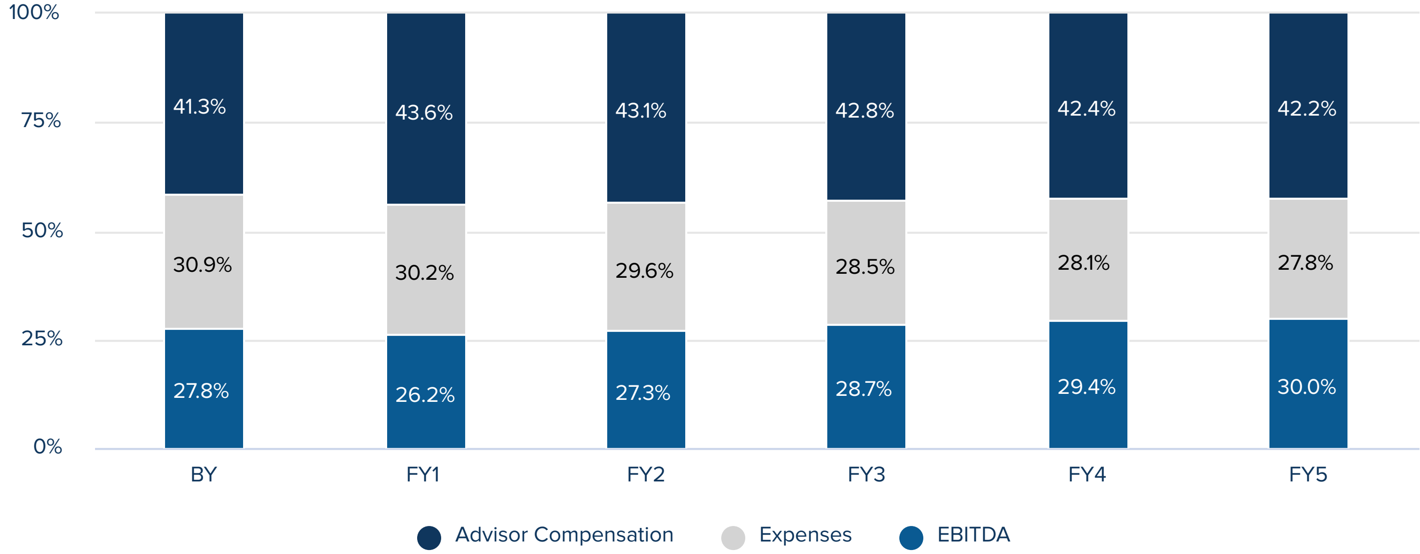
EXHIBIT I WORKING CAPITAL FORECAST

YEAR	WORKING CAPITAL	CHANGES IN WC
BY	$4,155,734	$(207,787)
FY1	$4,363,521	$(218,176)
FY2	$4,581,697	$(229,085)
FY3	$4,810,782	$(240,539)
FY4	$5,051,321	$(252,566)
FY5	$5,303,887	$(235,092)

BENEFIT STREAM FORECASTED

The future economic benefit stream that will be valued in the income approach is net cash flows to invested capital. A summary of the forecasted revenue, expenses, and earnings is shown below[10]. A detailed forecast is shown in the Cash Flow Forecast Detail.

EXHIBIT I FORECAST SUMMARY



YEAR	REVENUE	ADVISOR COMPENSATION	EXPENSES	EBITDA
BY	$9,277,624	$3,829,974	$2,868,744	$2,578,907
FY1	$11,165,978	$4,863,204	$3,374,516	$2,928,258
FY2	$12,375,197	$5,337,321	$3,665,165	$3,372,711
FY3	$13,629,019	$5,827,516	$3,888,254	$3,913,248
FY4	$14,929,227	$6,336,118	$4,201,980	$4,391,129
FY5	$16,277,678	$6,863,871	$4,532,346	$4,881,461

10. Advisor Compensation" equals all owner and non-owner advisor payroll, including base compensation, bonuses and/or commissions. "Expenses" equal the balance of the Company's total expenses less Advisor Compensation and can include both Direct Expenses and SG&A expenses from the "Expense Forecast" exhibit.

All business valuation is a function of the expected future economic benefits that will flow to the owner adjusted for the risk that those benefits may not be received at the times and amounts expected. There are three generally accepted approaches to business valuation: the income approach, the asset approach, and the market approach. Within each approach, there are various methods for calculating indications of potential value. Our choice of methods is determined by the characteristics of the business and the subject interest to be appraised, the availability of reliable information requisite to the various methods and the function and use of the appraisal. For this report, we have selected the following valuation methods:

- The Income Approach – using the Discounted Cash Flow Method ("DCF")
- The Market Approach – using the Direct Market Data Method ("DMDM")

The asset approach has been considered but has not been used in this analysis or conclusion of value. Minimal tangible assets other than working capital are present in this industry, therefore, a hypothetical buyer would evaluate the Subject Interest based primarily upon the aggregate earnings and cash flow generating capability of the Company's combined assets, rather than based on individual asset values.

INCOME APPROACH - DISCOUNTED CASH FLOW METHOD

The valuation principal of future benefits is the theoretical foundation for the income approach. The essence of this principal is that value is a reflection of a set of anticipated future benefits. As it pertains to valuing closely-held businesses, there are three future benefits that attract investment in the ownership of a business: 1) dividends or distributions paid to the owners of the business, 2) capital appreciation of the ownership interest over time, and 3) a combination of the two, commonly expressed in the future cash flows of the business in which the buyer is making an investment. [11]

The concept of the Discounted Cash Flow Method is to forecast the future cash flow of the Company for a number of future years, and then discount those benefits back to their present values using a risk-adjusted discount rate. There are two components to the benefit stream:

1. Expected benefits received during the specific forecast period. This benefit stream is typically cash-flow based, net cash flow to invested capital (NCFIC), or net cash flow to equity (NCFE).
2. The expected benefits received after the specific forecast period (terminal value). [12] The solution is the sum of the present values of each of the individual cash flows, the income, and the terminal value.

This method assumes that the future cash flows of the enterprise may not be uniform. The method requires that a forecast of future cash flows be made and that an appropriate discount rate be selected.

SELECTION OF THE ECONOMIC INCOME

The economic income selected for use in the income approach is the net cash flow to invested capital (NCFIC). This stream of income best represents the economic benefit to all providers of capital. [13] "Net cash flow to invested capital provides the most accurate measure of cash return to capital providers, and it is the level of earnings for which the most reliable rates of return are available. Other measures of return are generally less accurate, are more susceptible to manipulation, and usually must rely on less defendable rates of return." [14]

DEVELOPMENT OF A SUITABLE DISCOUNT RATE

A discount rate is a rate of return used to convert a future monetary sum into a present value. [15] This rate of return represents the marketplace return needed to attract a capital investment to the Company, given the benefits and risks inherent in such an investment. For the purposes of this report, we have used a discount rate of 22.25 percent that represents the Weighted Average Cost of Capital (WACC) for the Company. The WACC considers a balance of the cost of interest-bearing debt and of equity. The income stream selected, NCFIC, includes returns to both debt holders and shareholders of the Company and, as such, the WACC is selected as the discount rate that best matches the benefit stream being discounted.

CALCULATING THE COST OF EQUITY

The first step in calculating the Company's WACC is to calculate the cost of equity capital. We have calculated the cost of equity capital for the Company using the Buildup Model promulgated by Kroll, LLC. The premise of the Buildup Model is that the marketplace return required on the interest being valued is equal to the return on a risk-free investment plus an additional return for the risk on equity. There are two levels of risk measured using the Buildup Model: Systematic and Unsystematic risk.

11. Trugman, Gary R., Understanding Business Valuation: A Practical Guide to Valuing Small to Medium Sized Businesses, 5th Edition. New York, NY: AICPA, 2017)
12. The terminal value represents the present value of all expected future income as of the terminal year.
13. Pratt, Valuing Small Businesses and Professional Practices, 239.
14. Evans, Reconciling Initial Value Estimates and Determining Value Conclusions, 16.
15. Trugman, Gary, Understanding Business Valuation, 4th ed., (New York: AICPA) 2012.

SYSTEMATIC RISK

The systematic risk component of the equity discount rate is broken into four components: the Risk-Free-Rate, Equity Risk Premiums, Size Premium, and Industry Risk Premium.

Risk-Free Rate – The Risk-Free Rate is the return an investor would expect to obtain from a low-risk guaranteed investment, such as the yield to maturity of long-term treasury bonds. The surrogate for the risk-free rate of return most commonly used by business valuators in the U.S. is the U.S. Treasury 20-year bond rate. The 20-year bond rate is used because it is thought to best represent the investment horizon for a privately held business. During times of economic uncertainty, a normalized risk free rate is used.

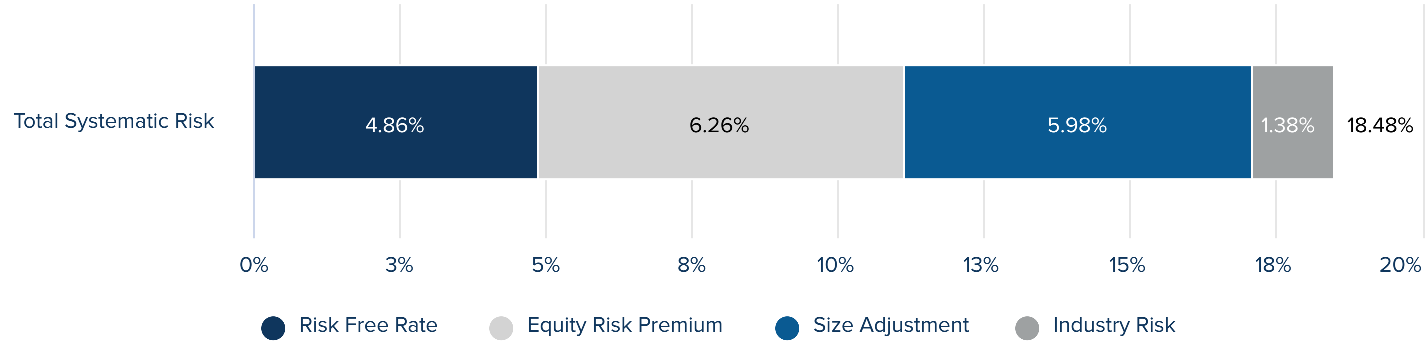
Equity Risk Premiums – Equity Risk Premiums are the amount that an investment needs to return for the risk of investing in a security that is more at risk than the risk-free rate. Specifically, these securities are those traded on the large public exchanges.

Size Premium - The Equity Risk premium then needs to be adjusted for size. Ibbotson's analysis of the ten market segments (deciles) shows a clear trend that size matters to investors and smaller companies require higher rates of return in order to attract investors. The smallest, or tenth decile, includes companies in the public markets with capitalization values of $209 million and below. This decile is further subdivided into four quarters labeled 10w, 10x, 10y, and 10z. The smallest of these 10z includes all of the companies with less than $1.963 million in market capitalization. However, this group also includes a disproportionate share of companies that are either startups or failing companies under severe financial stress. For this analysis, group 10y was used.

Industry Risk Premium - In addition to the equity risk premiums, there is an industry risk premium that recognizes the difference in investment risk between companies in specific industries and the market as a whole. The industry risk premium selected below is indicative of the risk inherent in the Investment Advice industry (GICS 40203010) .

The industry risk premium is then added to the risk-free rate, equity risk premium and the size premium to calculate the total systematic risk in the cost of equity discount rate, as shown below. Total systematic risk considers all of the factors from the marketplace that are not unique to the investment itself.

EXHIBIT I SUMMARY OF SYSTEMATIC RISK

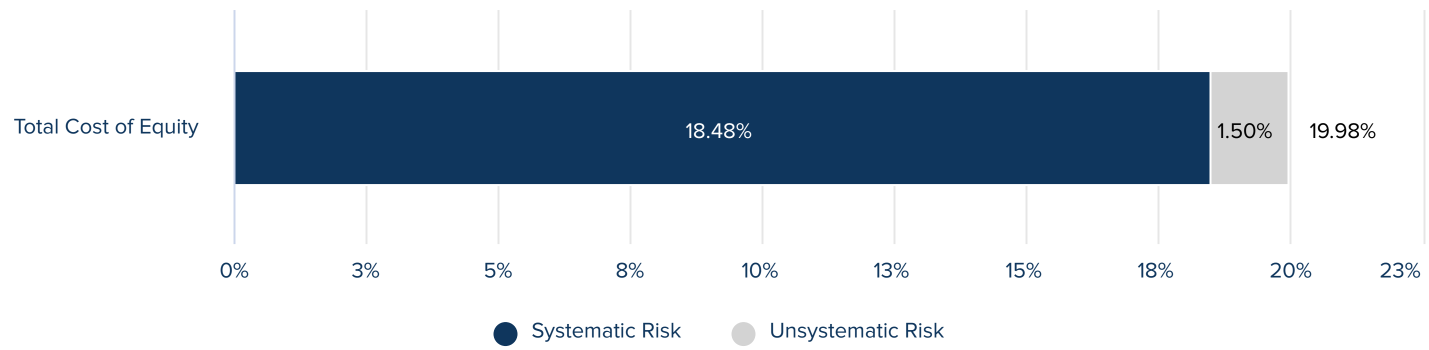


UNSYSTEMATIC RISK

Unsystematic risk evaluates attributes that are unique to the Company's operations. Unsystematic risk factors considered in the cost of equity discount rate are captured in the Company Specific Risk Premium (CSR). The selected CSR of 1.50 percent considers the Company's competition, financial strength, management ability and depth, the stability of the Company's earnings, stability of the Company's client base, and national and local economic effects. The CSR also considers projection risk in the cashflow forecast performed in the Financial Forecasts section.

The systematic and unsystematic risk elements are then combined to calculate the cost of equity discount rate of 19.98 percent as shown below:

EXHIBIT | TOTAL COST OF EQUITY



CALCULATING THE WEIGHTED AVERAGE COST OF CAPITAL

Using the cost of equity capital calculated above, we have calculated the Company's weighted average cost of capital The income stream, NCFIC, includes returns to both debt holders and shareholders of the Company and, as such, the WACC is selected as the discount rate that best matches the benefit stream being discounted.

The WACC is composed of the following inputs:

EXHIBIT I WACC INPUTS

INPUTS	RATES	DESCRIPTION
COST OF EQUITY CAPITAL	19.98%	Calculated using Ibbotson Build-Up Method above.
% COMMON EQUITY IN CAPITAL STRUCTURE	74.20%	Target capital structure for companies in the same industry as the Subject Interest - GICS code 40203010
% DEBT IN CAPITAL STRUCTURE	25.80%	
COST OF DEBT	8.37%	Prime rate plus SBA max rate over prime for loans >$50k loan repaid in 7 or less years
EFFECTIVE TAX RATE	26.22%	Represents a blend of the federal corporate tax rate and an average of the state corporate tax rates.
TOTAL WEIGHTED AVERAGE COST OF CAPITAL	22.25%	Represents the target return to both holders of equity and debt capital in the Company.

The discount rates observed for publicly traded companies used to derive the equity risk premium were all for corporations that paid taxes on their earnings as C-Corporations. As the Company is a pass-through entity, it does not pay taxes at an entity level like the publicly traded companies used to derive the equity risk premium. For purposes of calculating the pre-tax discount rate for the Company, the appraiser has used the federal tax rate for C Corporations in effect as of the Valuation Date, which is 26.2 percent, to remain consistent with the types of companies from which the elements of the equity discount rate were sourced.

The calculation of the pre-tax WACC is as follows:

$$\text{Pre-tax WACC} = \text{After-tax WACC} / (1-t)$$

Where:

$$\text{After-tax WACC} = 16.42\%$$

$$t = \text{Effective Tax Rate} = 26.22\%$$

For the Company:

$$\text{Pre-tax WACC} = 16.42\% / (1-26.22\%) = 22.25\%$$

INCOME APPROACH CALCULATIONS

There are two main elements to the income approach calculations under the discounted cash flow method: 1) the present value calculation over the life of the forecast; and 2) the terminal value at the end of the forecasted period.

PRESENT VALUE - FY1 - FY5

The present value is the value, as of a specified date, of future economic benefits and/or proceeds from sale, calculated using an appropriate discount rate. This discount rate is used to calculate a time-adjusted discount factor to estimate the value of an economic benefit stream forecasted in a future period. We calculated this discount factor using the cost of equity calculated above. We've used the mid-year convention in our discount factor calculation based on the assumption that earnings are realized relatively uniformly over the course of the year rather than being received all at the end of the year. [16]

PRESENT VALUE - TERMINAL YEAR

The terminal value is the value of the business beyond the forecast period when future cash flows can be reasonably forecast. The most common estimate to this value is the capitalized value of the benefit stream in the year following the terminal year. [17]

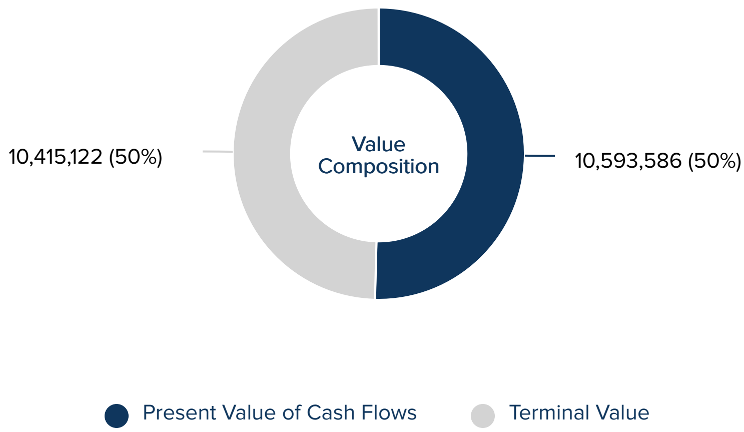
To calculate the Company's terminal value, we've used a capitalization rate based upon the discount rate calculated above. The capitalization rate is calculated by subtracting the long-term sustainable growth rate from the discount rate. We've selected a long-term growth rate of 4.00 percent. The capitalization rate used to calculate the present value of the terminal value is 18.25 percent.

The terminal value must be discounted to present value using the present value equation described above. The appropriate discount factor for application to the terminal value is the discount factor used for the last year of the present value equation (in this case, Future Year 5).

Once the present values of FY1 through FY5 and terminal year are calculated, they are added together and the resulting value represents the income approach estimation of value for the Company. The calculation of the present value using the Discounted Cash Flow method is shown below.

16. This requires that the "n" be reduced by 0.5 to represent equal cash flow throughout the year.
17. Grabowski, 2015 Valuation Handbook: Guide to Cost of Capital, 10.10.

EXHIBIT | DISCOUNTED CASH FLOW METHOD



FORECAST PERIOD	BENEFIT STREAM	DISCOUNT FACTOR	PRESENT VALUE
FY1	2,619,817	0.90	2,369,414
FY2	3,043,585	0.74	2,251,623
FY3	3,562,533	0.61	2,155,804
FY4	4,017,875	0.50	1,988,781
FY5	4,514,781	0.40	1,827,963
TERMINAL VALUE	25,723,713	0.40	10,415,122
MVIC			21,008,708
ADD: EXCESS CASH			3,102,518
LESS: INTEREST BEARING DEBT			-
FAIR MARKET VALUE			24,111,226

The net cash flows for Future Year 1 through 5 were discussed in the Forecasted Benefit Stream section of the Company Overview. The discount factor for each period is calculated using the discount rate described above and the mid-year convention. The discount factor for the terminal value is the same discount factor used in Future Year 5. The sum of the present values from each year, including the terminal value, is the market value of invested capital (MVIC).

The conversion of MVIC to Fair Market Value of equity is accomplished by adding excess cash and subtracting interest-bearing debt as of the Valuation Date.

The Fair Market Value of the Company using the Discounted Cash Flow method as of December 31, 2024 is (rounded): $24,110,000

MARKET APPROACH - DIRECT MARKET DATA METHOD

The valuation principal of substitution is the theoretical foundation for the market approach. In essence, the principle of substitution postulates that no prudent buyer would pay more for something than that buyer would pay for an equally desirable substitute. Logically, if the two items of interest are identical except for the price, a wiling buyer will be inclined to choose whatever item has a lower price. [18]

In this vein, the DMDM develops a value based on the transaction values for which similar privately held businesses have been sold. [19] This method assumes that if one takes a group of transactions of similarly structured businesses, the central tendency of the value ratios in such groups represents the value determined in a free and open market. The size of the group has been demonstrated to require more than five transactions. [20] The method is also dependent upon the statistical relevance or variability within the transaction data to the value relationships being estimated.

We have reviewed the FP Transitions database to select comparable transactions for application under the DMDM. [21]

FP TRANSITIONS DATA

The Transaction Elements Exhibit provides an overview showing the number of transactions, multiples considered, measures of central tendency, and measure of dispersion calculated by their coefficient of variation and coefficient of determination as derived from the FP Transitions transactions database. We selected transactions of financial services practices generating between $1,500,000 and $21,000,000 in revenues that sold between 2022 and the valuation date with between 90 and 100 percent recurring revenue. Our search produced 21 comparable transactions.

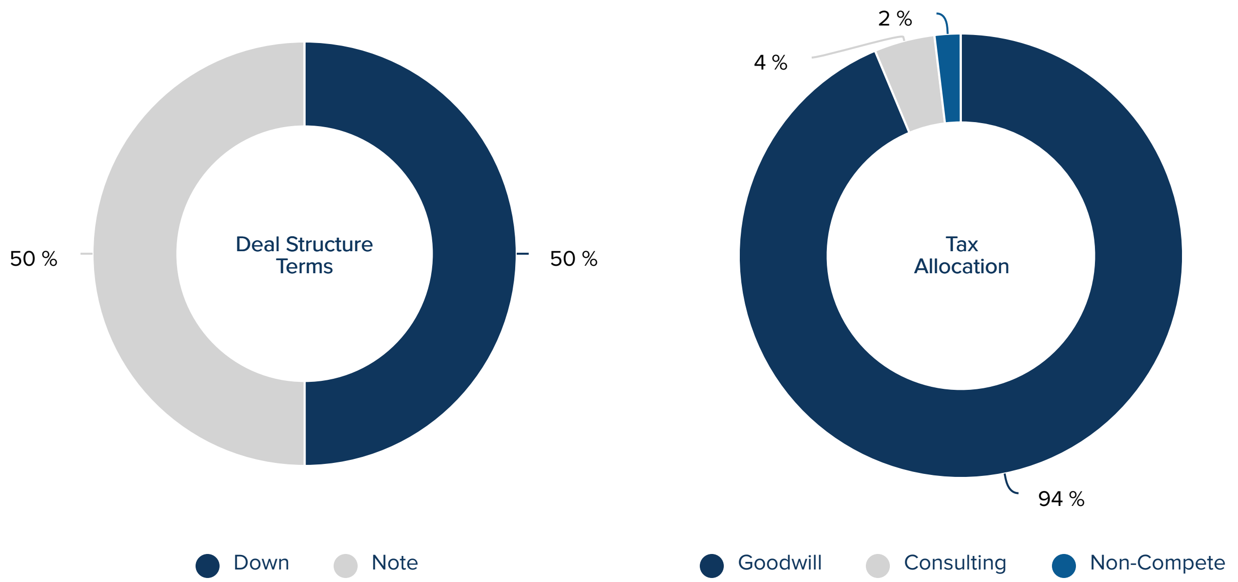
The characteristics of these transactions include:

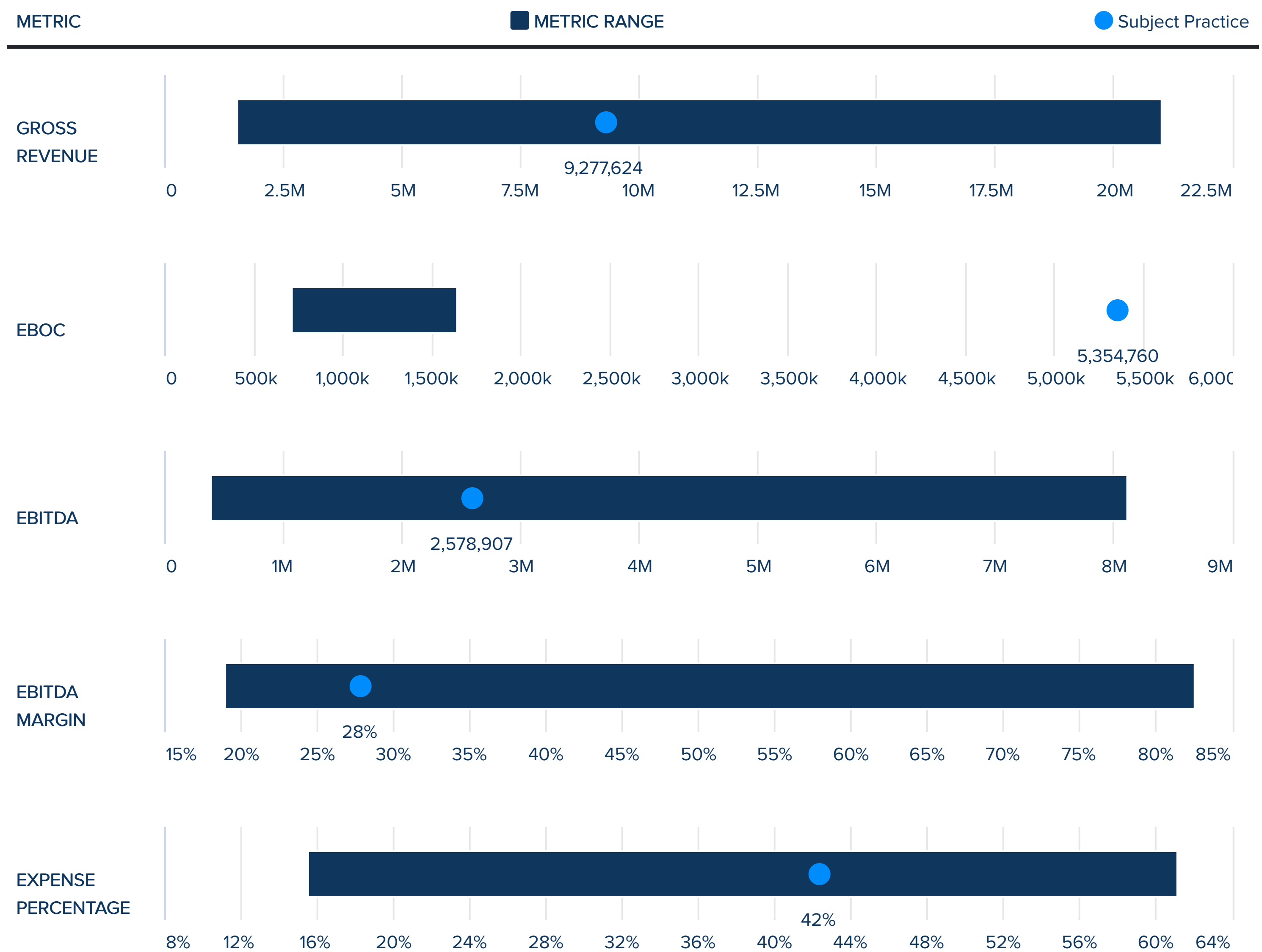
- Transactions that are an asset sale where the assets are delivered free and clear of all liens and obligations;
- The Seller receives a down payment of cash at closing;
- The balance of the purchase price was paid on a promissory note with personal guarantees of the buyer;
- Value attributed to the seller's agreement to provide a non-compete for a period of five years and the non-solicitation of clients and staff for a period of ten years;
- Value attributed to the seller's agreement to provide post-closing transition support via a consulting agreement in an effort to reduce client attrition;
- An adjustment at the end of the consulting agreement to the purchase price if less than 90 percent of the revenue is retained by the buyer;

18. Trugman, Gary R., Understanding Business Valuation: A Practical Guide to Valuing Small to Medium Sized Businesses, 5th Edition. New York, NY: AICPA, 2017
19. Raymond C. Miles, Transaction Data to Value Closely Held Business, Institute of Business Appraisers, 1995.
20. Raymond C. Miles, How to Use the IBA Market Data Base, Part VII, How Many Guideline Transactions are Needed? (Plantation, FL: Institute of Business Appraisers, 1995).
21. FP Transitions is a company that provides valuation, brokerage and consulting services to registered representatives and registered investment advisors has collected transaction data since 1999. The data includes details, not only of the structure of the sale, but many operating parameters in regards to sources of revenue. This data matches exceptionally well to the characteristics of the Subject Interest and demonstrates high correlations between the sources of revenue and the market prices observed.

These characteristics and the relative size of the Company's benefit streams to the selected comparable transactions are summarized below:

EXHIBIT I TRANSACTION ELEMENTS





CALCULATIONS USING THE DIRECT MARKET DATA METHOD

The selection of the most suitable pricing multiples was influenced by: 1) the statistical quality of the transaction data available [22] , 2) the Company's financial standing as compared to the transaction data set 3) the transaction contemplated by this analysis given the purpose for the valuation and standard of value employed, and 4) our economic and industry analysis.

The range of pricing multiple(s), the selected pricing multiples and their weightings, and the value calculations using the DMDM are shown below:

EXHIBIT I SELECTED MARKET MULTIPLES

MULTIPLE	MULTIPLE RANGE (● selected multiple)	MULTIPLE VALUE	WEIGHT
EBITDA		11.00	

The Most Probable Selling Price (MPSP) of Assets is achieved by applying the pricing multiple to the appropriate benefit stream (e.g., multiplying the Company's gross revenue by a gross revenue multiple). When more than one multiple is selected, the value produced by applying the selected multiple is then multiplied by the assigned weighting.

The multiples in this data set assume a financed transaction as opposed to the acquiring party receiving cash or cash equivalents at the time of sale. In order to bring the resulting value in line with the standard of value used in this report to a cash or cash equivalent basis, a present value calculation must be performed on the financed portion of the purchase price. Finally, the amount available to debt holders must be subtracted and excess cash must be added to the value of the Company, respectively. This calculation is shown below.

DESCRIPTION	EBITDA
MULTIPLE SELECTED	11.00
SELECTED WEIGHTING	100%
COMPANY INCOME PARAMETER	$2,578,907
INDICATED VALUE	$28,367,974
MOST PROBABLE SELLING PRICE OF ASSETS	$28,367,974
LESS: COST OF SELLER FINANCING	$(4,757,875)
CASH PRICE OF ASSETS	$23,610,099
ADD: EXCESS CASH	$3,102,518
LESS: DEBT	-
FAIR MARKET VALUE OF EQUITY	$26,712,617

This calculation and details regarding the statistical analysis performed on the comparable transactions is shown in the Statistical Analysis of Transactions Appendix.

The Fair Market Value of the Company using the DMDM, as of December 31, 2024, is (rounded): $26,710,000.

22. Details regarding the statistical metrics analyzed in the selection of the pricing multiples shown here can be found in the Statistical Analysis of Transactions appendix attached to this report.

The following exhibit, Indications of Value, shows the different approaches used to determine the value of the Subject Interest by each of the methods discussed in the Valuation of the Subject Interest section.

The **income approach** is considered a strong indicator of the risk-adjusted substitutes available to the prudent investor. It is developed using customary methods and reasonably acceptable data. This approach produces a value that considers the expenses, owner's compensation, working capital, and capital expenditures necessary to sustain the future estimated growth of the going concern. We have selected the value produced under the income approach as the determinant of value for the Subject Interest. The value produced under this method is representative of the future economic benefits an acquirer of the Subject Interest would expect to receive under the context of an internal sale of equity at arm's-length.

The **market approach** includes synergies in the transactions where these practices are sold. These synergies are shown in the market multiples. When valuing the Company as a going concern, which is done with the income approach, no synergies are created. The market approach is often a good indication of viable alternatives to a buyer in the marketplace. As value is a matter of perspective and purpose, we have selected applicable weightings based on the respective confidence in each method used. We have considered, but not selected the value produced under the market approach as a determinant of value for the Subject Interest. The value produced by the Market Approach assumes synergies which do not exist within an internal sale of equity.

EXHIBIT I INDICATIONS OF VALUE

APPROACH	100% FAIR MARKET VALUE OF EQUITY
MARKET APPROACH (0% WEIGHTING)	$26,710,000
INCOME APPROACH (100% WEIGHTING)	$24,110,000
FAIR MARKET VALUE OF SUBJECT INTEREST (ROUNDED)	$24,110,000

VALUE CONCLUSION

The conclusion is that the Fair Market Value of a 100.00 percent marketable, illiquid ownership interest in the Equity of HFG Trust as of December 31, 2024 on a cash or cash equivalent basis, is (rounded):

$24,110,000

ASSUMPTIONS AND LIMITING CONDITIONS

1. The valuation process is not a finding of fact. It is a good faith finding of opinion. The opinion is supported by a reasonable amount of research and analysis but is ultimately only the informed and unbiased judgment of the appraiser.
2. We have relied on management's representations without independent investigation as though they fairly and accurately represent the financial condition and activities of the Company.
3. Neither our engagement nor this report can be relied upon to disclose any fraud, misrepresentation, deviations from Generally Accepted Accounting Principles, or other errors or irregularities.
4. This report and appraisal are made for the purpose and function set forth above in the section entitled "Purpose of the Appraisal", and its use for any other purpose invalidates the result of the appraisal.
5. This appraisal relies upon information provided by others and/or obtained from sources that are believed in good faith to be reliable. No opinion, warranty, or guaranty of the reliability of the data relied upon is implied or expressed by the use of that data here.
6. The estimate of the Fair Market Value established by this report may rely on estimated values for some assets of the subject firm if independent appraisals for those assets are not available. Where such values are used in this appraisal, no warranty is made with respect to these values. If these values are incorrect, the resulting estimate of the value of the subject ownership interest may be affected.
7. This appraisal is not a legal or tax opinion. Its purpose is to estimate value accordingly to the applicable standard of value. The appraiser assumes no responsibility whatsoever for legal or tax matters relative to its finding. Values are stated without reference to applicable legal or tax claims unless so noted.
8. Throughout this analysis, we may have relied upon the forecasts and projections of business activity and financial performance. We have examined these projections to test their fundamental reasonableness but offer no opinion as to the reliability of these projections and forecasts.
9. We have no knowledge of issues related to litigation, regulatory compliance, environmental hazards, or other agreements about the owners or third parties, which would have a negative material impact on the value or transferability of the interest being valued unless otherwise noted in the report.
10. This report is not to be construed, directly or indirectly, as a recommendation to invest, divest, or to lend; it is strictly our independent opinion for the purpose described herein, based upon the information, explanations and materials provided to us and subject to the assumptions and qualifications noted herein. Potential investors and/or lenders should perform or obtain their own analysis of the Company's financial position for their particular purposes.
11. This report is not intended for general circulation or publication, nor may it be reproduced or used for any purpose other than that specifically noted herein, without our written permission in each specific instance. We do not assume any responsibility or liability for losses incurred by the Company, the directors, shareholders, or owners thereof, or to other parties, as a result of the circulation, publication, production, or use of this report contrary to the provisions of this paragraph.
12. We reserve the right to review all calculations included or referred to herein and to revise our opinion in the light of any facts, trends or changing conditions that existed at the Valuation Date of which we are made aware subsequent to the date hereof. However, we will not be under any obligation to do so, unless prior arrangements have been made in writing relative to such additional services.
13. It is agreed that the client does not hold the appraiser responsible in case of a loan default as this is an opinion of value and not an opinion to lend funds. It is also recommended that the lender and borrower obtain a second opinion to limit their liability or loss.
14. The appraiser was engaged subject to time and budget limitations. While the appraiser's research, process, and analysis were both adequate and reasonable for the scope of the project, they were not unlimited in scope. The appraiser has assumed that all necessary licenses, leases, and other intangibles that are necessary to generate the level of income shown used in the valuation will transfer to the proposed buyer.

APPRAISER QUALIFICATIONS

Aaron D. Wells, CVA

Director of Valuations

FP Transitions, LLC

Executive Summary

For the past eight years, I have served as a valuation professional, business broker and practice management consultant for financial advisors in the independent financial services industry. I have helped business owners navigate the sale of their practice, and answer the question, "What is my business worth?" I have earned the Certified Valuation Analyst (CVA) accreditation from the National Association of Certified Valuators and Analysts (NACVA). My appraisal expertise is centered on mergers and acquisitions, gift taxes, internal transfers of equity, and bank loans. I have valued over 700 financial services practices for mergers and acquisitions purposes and completed over 50 analyses of equity value.

Certifications

Uniform Standards of Professional Appraisal Practice 2021

The American Society of Appraisers

Certified Valuation Analyst 2019

National Association of Certified Valuators and Analysts

Certified Business Intermediary (Inactive) 2018

International Business Brokers Association

Professional Experience

FP Transitions, LLC | Lake Oswego, Oregon 2015 – 2020, 2022 - Present

FP Transitions is the nation's leading valuation, brokerage, and consulting firm in the financial services industry.

Director of Valuations (February 2023 – Present)

- Consult clients on methods for building and realizing value in their businesses.
- Support and defend FP Transitions' value conclusions and calculations.
- Develop new appraisal models and deliverables specific to the financial services industry.
- Contribute to FP Transitions thought leadership on the subjects of business valuation, benchmarking, and business management.
- Manage a team of appraisers and analysts focused on business appraisal for tax and non-tax purposes, compensation consulting, and cash flow management.

Senior Business Appraiser (January 2022 – February 2023)

- Review, analyze, compare and adjust financial statements.
- Estimate value of businesses for tax and non-tax purposes.
- Analyze micro and macro-economic factors affecting businesses from all industries.
- Consult with clients on valuation processes, value drivers, and deal structures.

Business Appraiser (January 2019– March 2020)

- Estimate value of businesses.
- Provide financial analysis for mergers and acquisitions.
- Contribute to FP Transitions publications and market research.
- Assisted in the completion of approximately 400 valuation reports.

Valuations Analyst (October 2017 – January 2019)

- Review, analyze, compare and adjust financial statements.
- Consulted with business owners concerning market trends, industry benchmarking, and value drivers within financial advisory practices.
- Modeled deal structures for M&A activities.
- Coached clients on methods for building additional value.

Transaction Consultant (May 2016 – October 2017)

- Managed transactions between buyers and sellers of financial service practices.
- Coordinated financing with third party lenders.
- Coached buyers and sellers on tax considerations, third party financing, and business transfer.
- Served as the lead consultant on 20 deals totaling over $7,000,00 in value.

LPL Financial | Fort Mill, South Carolina 2020 - 2021

LPL Financial is a leading independent broker-dealer and RIA custodian. As of 2021, LPL Financial had over $1 trillion in brokerage and advisory client assets, serviced or custodied, serviced over 19,000 financial professionals and 800 financial institutions, and was ranked 466 on the Fortune 500 list.

Assistant Vice President, Finance (July 2021 – November 2021)

- Consulted with LPL's financial advisors subscribed to the CFO Solutions service as an outsourced CFO and practice management consultant. Areas of focus include compensation consulting and planning, expense management, exit planning, and valuation.

Senior Financial Analyst (April 2020 – July 2021)

- Created and maintained financial models for KPI tracking, budgeting, cash flow management, and business valuation used by a team of outsourced CFOs under LPL's CFO Solutions service.
- Served as the Valuations Subject Matter Expert to the CFO Solutions team. Developed a valuation basics training that was required learning by all members of the CFO Solutions team.

Education

Anderson University | Anderson, Indiana 2014

Bachelor of Arts in Music Business

Publications

Sullivan, Julia and Wells, Aaron "Methodology: Market Approach" in *Trends in Transactions Valuation Study*, 14-18. Lake Oswego, Oregon. FP Transitions 2019

Sullivan, Julia and Wells, Aaron, "Methodology: Income Approach" in *Trends in Transactions Valuation Study*, 48-52. Lake Oswego, Oregon. FP Transitions 2019

APPRAISER CERTIFICATION

I certify that to the best of my knowledge and belief:

The statements of fact in this report are true and correct.

The reported analyses, calculations, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, calculations and conclusions.

I have no present or prospective interest in the property that is the subject of this report, any personal interest with respect to the parties involved, nor any bias with respect to the property that is the subject of this report or to the parties involved in this assignment.

FP Transitions has not performed an appraisal of the Subject Interest within the three years immediately preceding this equity appraisal.

My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the Client, the amount of the value calculation, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.

My analyses, calculations, and conclusions were developed, and this report was prepared in conformity with the Uniform Standards of Professional Appraisal Practice and the Professional Standards set forth by the National Association of Certified Valuators and Analysts, in effect as of the date of this report.

John McClory provided assistance to the appraiser signing this valuation report.

Authorized reports will have the appraiser’s signature in blue ink. Copies that do not have such a signature are unauthorized and are incomplete.

PRINCIPAL SOURCES OF INFORMATION

1. Internal Profit & Loss Statements for the twelve months ending, December 31, 2023, December 31, 2022, December 31, 2021, December 31, 2020, and December 31, 2019.
2. Year-End Profit & Loss Statement as of December 31, 2024.
3. Internal Balance Sheets for December 31, 2024, December 31, 2023, December 31, 2022, December 31, 2021, December 31, 2020, and December 31, 2019.
4. An FP Transitions Valuation Questionnaire completed by management.
5. Form ADV Part 2 - HFG Trust.
6. Appraisal Foundation, *Uniform Standards of Professional Appraisal Practice*, (Washington: Appraisal Foundation), January 1, 2024.
7. Business Valuation Resources, Economic Outlook Update: 3rd Quarter 2024.
8. Business Valuation Resources, DealStats Private & Public Company Transaction Comparables.
9. Federal Reserve Bank, "Interest Rates: U.S. Government Securities, 20 Year Bond," Federal Reserve Statistical Release H-15, www.federalreserve.gov.
10. Federal Reserve Board, The Beige Book, Aug. 26, 2024, http://www.federalreserve.gov, Federal Reserve Districts, Second District – New York.
11. Fishman, Jay E., Shannon Pratt, William J. Morrison, *Standards of Value: Theory and Applications*, 2nd ed., Hoboken: Wiley, 2013.
12. JP Morgan Chase & Co., "Historical Prime Rate", 2022, www.jpmorganchase.com/about/our-business/historical-prime-rate.
13. Berdousis, Demetrios, IBISWorld Industry Report 52394 Portfolio Management & Investment Advice in the US, Los Angeles: IBISWorld, October 2024.
14. Pratt, Shannon, Robert F. Reilly and Robert P. Schweihs, *Valuing Small Businesses and Professional Practices*, 3rd ed., New York: McGraw-Hill, 1998.
15. Pratt, Shannon, Roger Grabowski, *Cost of Capital: Applications and Examples*, 5th ed., Hoboken: Wiley, 2014.
16. Pratt, Shannon P., and Alina V. Niculita, *Valuing a Business*, 5th ed., New York: McGraw-Hill, 2008.
17. Revenue Ruling 59-60, U.S. Internal Revenue Service, 1959.
18. Trugman, Gary, *Understanding Business Valuation*, 4th ed., New York: AICPA, 2012.
19. FP Transitions Database.
20. Yahoo! Finance, http://finance.yahoo.com.
21. Verbal and written explanations and answers provided by management.
22. Kroll Cost of Capital Navigator, United States, 2025. www.kroll.com/en/cost-of-capital.
23. Other sources specified herein.

STATISTICAL ANALYSIS OF TRANSACTIONS

In developing the value of the Subject Interest produced by the Direct Market Data Method, we perform a statistical analysis of the comparable transaction data using a selection of metrics to determine the fidelity of the data available.

The selected statistical metrics, such as the count of the number of useful data points, standard deviation, coefficient of variation (CV), and coefficient of determination (R2) are included as indicators we selected to determine the most suitable pricing multiple. The statistical elements analyzed in the selection and weighting of the chosen pricing multiples are listed below:

- The **Count** represents the number of data points available for each specific earnings stream. The larger the sample of transactions, the more confidence we have in the data. The count influences the choice and weighting of selected multiples.
- **Standard deviation** is listed to show the variation of the set of values. The lower the standard deviation, the closer to the mean, or average. A high standard deviation indicates the data is dispersed over a wide range of values. We will put more emphasis on a multiple with a low standard deviation due to the lack of volatility in the data set.
- The **coefficient of variation** (CV), also referred to as relative standard deviation, is a ratio of standard deviation to the mean. The CV is a spread that looks for the volatility in the data, similar to the standard deviation, but allows use for statistical comparison from one data series to another, even if the means are very different from one another. The lower the CV, the more confidence we have in the data, as the risk of dispersion and variability is diminished.
- The **coefficient of determination** (R2) indicates the variability and correlation between one variable in relationship to another. The stronger the R2 (1.0 being perfect correlation between the dependent and independent variable), the more statistical relevance the data has. The higher the coefficient of determination, the stronger the relationship between the benefit stream and the sales price, leading to a greater amount of confidence in the data set.

The range of the multiples observed and the statistical measures indicated above for each set of multiples is shown in the table below:

DESCRIPTION	EBITDA
COUNT	18
MAXIMUM	15.51
90TH PERCENTILE	11.32
75TH PERCENTILE	10.62
MEAN	8.47
MEDIAN	8.90
25TH PERCENTILE	6.66
MINIMUM	3.01
STANDARD DEVIATION	3.18
COEFFICIENT OF VARIATION	0.38
COEFFICIENT OF DETERMINATION	0.95

The selected multiples, their respective weightings, and the value produced by the Direct Market Data Approach is show below:

DESCRIPTION	EBITDA
MULTIPLE SELECTED	11.00
SELECTED WEIGHTING	100%
COMPANY INCOME PARAMETER	$2,578,907
INDICATED VALUE	$28,367,974
MOST PROBABLE SELLING PRICE OF ASSETS	$28,367,974
LESS: COST OF SELLER FINANCING	$(4,757,875)
CASH PRICE OF ASSETS	$23,610,099
ADD: EXCESS CASH	$3,102,518
LESS: DEBT	-
FAIR MARKET VALUE OF EQUITY	$26,712,617

CONSOLIDATED INCOME STATEMENT ADJUSTMENT DETAIL

	UNADJUSTED BASE YEAR	ADJUSTMENT	ADJUSTED BASE YEAR
INCOME			
GROSS REVENUE	$9,277,624	-	$9,277,624
DIRECT EXPENSES			
BD OVERRIDE	-	-	-
BD/CUSTODIAN FEE	-	-	-
OSJ/RIA OVERRIDE	-	-	-
LICENSED EMPLOYEE SALARIES (NON-OWNER)	-	$517,904	$517,904
LICENSED EMPLOYEE BONUSES (NON-OWNER)	$3,362,302	$(2,826,085)	$536,217
REFERRAL FEES PAID	-	-	-
TOTAL DIRECT EXPENSES	$3,362,302	$(2,308,181)	$1,054,121
GROSS PROFITS	$5,915,322	$2,308,181	$8,223,503
SG&A EXPENSES			
ADMIN SALARIES	$1,335,434	$(222,068)	$1,113,366
TELEPHONE AND INTERNET	$6,670	-	$6,670
EMPLOYEE BENEFITS	$389,305	$18,039	$407,344
TECHNOLOGY	$557,623	$(10,052)	$547,570
TOTAL PAYROLL TAXES	$301,948	$(2,633)	$299,315
MARKETING, ADVERTISING, AND BUS DEV	$77,927	-	$77,927
OCCUPANCY COST (RENT/UTILITIES)	$161,307	-	$161,307
TRAVEL	$19,903	-	$19,903
OFFICE EXPENSES	$36,867	-	$36,867
OTHER BUSINESS RELATED EXPENSES	$431,359	$(232,885)	$198,474
DISCRETIONARY EXPENSES	$3,493	$(3,493)	-
TOTAL OVERHEAD	$3,321,836	$(453,092)	$2,868,744
EBOC	$2,593,487	$2,761,273	$5,354,760
OWNER'S COMPENSATION	$162,476	$2,613,377	$2,775,853
EBITDA	$2,431,011	$147,896	$2,578,907
DEPRECIATON	$19,047	-	$19,047
AMORTIZATION	-	-	-
EBIT	$2,411,964	$147,896	$2,559,860
INTEREST INCOME	$224,774	-	$224,774
MISC. INCOME	$14,461	-	$14,461
INTEREST EXPENSE	$3,937	-	$3,937
EBT	$2,647,261	$147,896	$2,795,157
TAXES	$145,329	$(145,329)	-
NET INCOME	$2,501,932	$293,225	$2,795,157

ADJUSTMENTS SUMMARY

- Licensed Employee Salaries and Bonuses were annualized to reflect the payroll expense for all non-owner advisors active in the Company as of the Valuation Date using compensation data provided by the Client.
- Admin Salaries and Bonuses were annualized to reflect the payroll expense for all administrative employees active in the Company as of the Valuation Date using compensation data provided by the Client.
- Employee Benefits were adjusted based on the compensation data provided by the Client.
- Removed fixed asset purcahses, totaling $10,052, per conversation with the Client.
- Payroll Taxes were adjusted based on the compensation data provided by the Client.
- Removed $232,885 of "allocated expenses" that will not be continuing, per conversation with the Client.
- Removed country club dues, totaling $3,493.
- Owner Compensation was adjusted based on the compensation data provided by the Client.
- Removed local taxes from the income statement. We've assumed that a hypothetical buyer would analyze the Company on the basis of its pre-tax earnings.

CASH FLOW FORECAST DETAIL

	BY	FY1	FY2	FY3	FY4	FY5
GROSS REVENUE	$9,277,624	$11,165,978	$12,375,197	$13,629,019	$14,929,227	$16,277,678
DIRECT EXPENSES	$1,054,121	$1,253,931	$1,356,043	$1,461,017	$1,570,049	$1,683,306
GROSS PROFITS	$8,223,503	$9,912,047	$11,019,154	$12,168,001	$13,359,178	$14,594,372
SG&A EXPENSES	$2,868,744	$3,374,516	$3,665,165	$3,888,254	$4,201,980	$4,532,346
EBOC	$5,354,760	$6,537,531	$7,353,989	$8,279,748	$9,157,198	$10,062,026
OWNERS COMP	$2,775,853	$3,609,273	$3,981,278	$4,366,499	$4,766,069	$5,180,565
EBITDA	$2,578,907	$2,928,258	$3,372,711	$3,913,248	$4,391,129	$4,881,461
DEPRECIATION	$19,047	$90,265	$100,041	$110,177	$120,687	$131,588
AMORTIZATION	-	-	-	-	-	-
EBIT	$2,559,860	$2,837,993	$3,272,670	$3,803,072	$4,270,441	$4,749,873
INTEREST INCOME	$224,774	-	-	-	-	-
INTEREST EXPENSE	$3,937	-	-	-	-	-
EBT	$2,795,157	$2,837,993	$3,272,670	$3,803,072	$4,270,441	$4,749,873
TAXES	-	-	-	-	-	-
NET INCOME	$2,795,157	$2,837,993	$3,272,670	$3,803,072	$4,270,441	$4,749,873
+Non-Cash Items	$19,047	$90,265	$100,041	$110,177	$120,687	$131,588
-Δ Working Capital	$(207,787)	$(218,176)	$(229,085)	$(240,539)	$(252,566)	$(235,092)
-Capital Expenditures	$75,000	$90,265	$100,041	$110,177	$120,687	$131,588
+After Tax Interest	$2,905	-	-	-	-	-
NET CASH FLOW TO INVESTED CAPITAL	$2,534,322	$2,619,817	$3,043,585	$3,562,533	$4,017,875	$4,514,781