

**DAIRY QUEEN MONTANA/NORTH DAKOTA LLC**

Statements of Cash Flows  
For the Years Ended December 31, 2023 and 2022

	<b>2023</b>	<b>2022</b>
<b>Cash Flows From Operating Activities</b>		
Net income	\$ 1,431,685	\$ 1,440,294
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	9,941	7,932
(Increase) decrease in:		
Accounts receivable	(90,168)	13,160
Note receivable	20,666	9,912
Increase (decrease) in:		
Accounts payable	65,114	(24,582)
Accrued liabilities	86	5,591
Contract liabilities	(10,326)	14,299
<b>Net Cash Flows From Operating Activities</b>	<b>1,426,998</b>	<b>1,466,606</b>
<b>Cash Flows From Investing Activities</b>		
Purchase of property & equipment	(3,857)	(1,849)
Purchase of held-to-maturity securities	(741,611)	-
<b>Net Cash Flows From Investing Activities</b>	<b>(745,468)</b>	<b>(1,849)</b>
<b>Cash Flows From Financing Activities</b>		
Members' distributions	(1,095,101)	(1,728,292)
<b>Net Cash Flows From Financing Activities</b>	<b>(1,095,101)</b>	<b>(1,728,292)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(413,571)</b>	<b>(263,535)</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>1,430,600</b>	<b>1,694,135</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 1,017,029</b>	<b>\$ 1,430,600</b>
<b><u>Supplemental Disclosure of Cash Flow Information:</u></b>		
Cash Paid During the Year for Interest	<b>\$ -</b>	<b>\$ 8</b>

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

## DAIRY QUEEN MONTANA/NORTH DAKOTA LLC

Notes to Financial Statements  
For the Years Ended December 31, 2023 and 2022

### 1. ORGANIZATION

Dairy Queen Montana/North Dakota LLC (the Company) is a Montana limited liability company. The limited liability company is a term company. The term specified for the limited liability company is fifty years, terminating December 31, 2052. The Company is engaged in one business segment -- developing, licensing, franchising, and servicing a system of retail stores featuring over-the-counter sales of dairy desserts, food, and beverages. The Company is a licensed territory operator of American Dairy Queen Corporation for the states of Montana and North Dakota. The Company had 73 and 71 operating stores in 2023 and 2022, respectively.

Following a change to the ownership structure during 2013, income and losses from operations are allocated 25% to the Muriel Brown Trust, 37.5% to Willis Brown FBO James Brown, and 37.5% to Willis Brown FBO Christy Brown. Prior to 2013, income and losses from operations were allocated 25% to the Muriel Brown Trust, 12.69% to the Willis Brown Bypass Trust, and 62.31% to the Willis Brown QTIP Trust. A detailed description of the allocations can be found in the operating agreement.

The operating agreement includes a provision whereby the members have no further obligation to contribute additional amounts of capital to the Company. In addition, the liability of the members of the Company is limited to the members' total capital contribution.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Basis of Accounting** - The financial statements of the Company are prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America and, accordingly, reflect all significant receivables, payables, and other accrued assets and liabilities.

**Cash and Cash Equivalents** - Cash and cash equivalents consist of cash on deposit and interest bearing investments due on demand.

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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.

**Property & Equipment** - Property and equipment are carried at cost. Depreciation of property and equipment is provided for using the straight-line method for financial reporting purposes over the estimated useful lives of the assets, which are generally from three to five years. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized. The cost of maintenance and repairs are charged to expense as incurred; significant renewals or betterments are capitalized.

**Franchise Costs** - The Company amortizes its franchise cost using the straight line method over a period of forty years from the acquisition date of June 1, 1963. No amortization is allowed for income tax purposes. Franchise costs were fully amortized at December 31, 2023 and 2022.

(Continued)

## DAIRY QUEEN MONTANA/NORTH DAKOTA LLC

Notes to Financial Statements  
For the Years Ended December 31, 2023 and 2022

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740** - ASC 740 addresses financial accounting and reporting for the effects of income taxes that result from an entity's activities during the current and preceding years. The Company is not a taxpaying entity, thus, no provision for income taxes has been recorded in the financial statements. All tax effects of the Company are passed through to the Members. Dairy Queen Montana/North Dakota LLC files income tax returns in the United States federal jurisdiction and in the Montana, North Dakota, and New York state jurisdictions. Federal tax authorities generally have the right to examine and audit a tax return within three years from when a return was due or was filed, whichever is later. The state tax authorities generally have the right to examine and audit a tax return within three years from when a return was due or was filed, whichever is later in North Dakota and New York, and five years after the later of the date the return is filed or the date the return is due in Montana. The Company recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. As of December 31, 2023 and 2022, the Company has recognized interest and penalties in the amount of \$0 and \$0, respectively. The Company had no accruals for interest and penalties as of December 31, 2023 and 2022.

**Revenue Recognition** - The Company's sources of revenue from contracts with customers include sales royalties, transfer fees, treat center commissions, and initial franchise fees. Substantially all of the Company's revenue is from contracts with customers. During 2020 the Company adopted FASB ASU 2014-09. The core principle of the guidance is that an entity should recognize revenue for the transfer of promised goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods and services.

The Company recognizes revenue in several ways outlined in each operating agreement, such as, start-up fees, transfer fees, and commissions. The Company recognizes revenue from initial franchise fees paid by licensees over the term of the franchise agreement, generally twenty years. Services provided in connection with the initial franchise fees includes processing the Licensee's application and assisting the Licensee with opening the store. The Company has determined that the initial franchise fees are highly dependent upon and interrelated with the franchise right granted in the franchise agreement. During 2023 and 2022, the Company received revenue from new store start-up fees from 0 and 1 stores, respectively. Direct costs related to each store opening are expensed as incurred.

The Company recognizes revenue from transfer fees earned from contracts with customers related to the transfer of the right to operate a location from an existing licensee to a prospective licensee. Revenue from transfer fees is recognized when the licensee transfers ownership to a different owner, as outlined in each operating agreement, as that is the point in time at which provisional consent for the transfer of the license is granted by the Company to the prospective licensee. Direct costs related to each transfer are expensed as incurred. During 2023 and 2022, the Company received transfer revenue for the transfer of ownership of 5 stores and 2 stores, respectively.

Commissions are earned on the sales at various "Treat Center" locations, operated under an agreement with American Dairy Queen, are not subject to the same fee structure as the other locations. Direct costs related to commissions are expensed as incurred. Continuing fees are recognized as earned, with an appropriate provision for estimated uncollectible amounts charged to administrative expense.

Various economic factors affect revenues and cash flows from the Company's contracts with customers. These factors include competition from other restaurant companies, change in consumer taste and preferences, and the fact that the Company's financial results are impacted to a large extent by the operating results of licensees.

(Continued)

## DAIRY QUEEN MONTANA/NORTH DAKOTA LLC

Notes to Financial Statements  
For the Years Ended December 31, 2023 and 2022

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Royalty Income** - The Company receives royalty income from franchises operating in its territory. The amount of revenue received varies among the different franchises based upon the type of store and the original agreement. Royalties are generally based upon a percentage of gross revenues and/or a flat fee per gallon of ice cream sold. Revenue is recognized as store sales occur, generally monthly, and are due in the month subsequent to when the sales occurred.

**Accounts Receivable and Allowance for Credit Losses** - Accounts receivable represent royalties owed to the Company from individual store locations as part of its contracts with customers. Accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Net accounts receivable unrelated to contracts with customers are expected to be collected in full within one year of the date of the balance sheet. Allowances, if applicable, are made based on management's assessment of the credit history with stores having outstanding balances and current relationships with them, on the financial statements for any accounts estimated to be uncollectible. At December 31, 2023 and 2022, the allowance for credit losses was \$0 and \$0, respectively, and the Company recognized bad debt recovery of \$0 and \$0 respectively. See note 7 below for more information.

**Operating Expenses** - Operating, selling, and general and administrative expenses include all operating costs of the Company.

**Advertising Costs** - Advertising costs are included in administrative expenses and are expensed as incurred.

**Concentration of Credit Risk** - At times the Company maintains cash deposits in excess of FDIC coverage limits. At December 31, 2023 and 2022, the total cash deposits in excess of FDIC limits were \$627,285 and \$1,180,600, respectively. The Company has not experienced any losses as of December 31, 2023 and 2022.

### 3. SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 11, 2024, the date on which the financial statements were available to be issued.

### 4. DEFINED CONTRIBUTION PLAN

Until February 2014, the Company had a SIMPLE IRA plan in which all employees could participate. Under the SIMPLE IRA plan, the Company matched employees' contributions based on a percentage of salary contributed by participants up to 3%.

In March 2014, the Company converted their SIMPLE IRA plan to a contributory profit sharing plan as defined under Section 401(k) of the U.S. Internal Revenue Code covering all employees. During 2023 and 2022, the Company made contributions to this plan at a rate of 3% of salary and an additional .50% for each additional percentage point contributed by the employee above 3%. For example, if an employee contributes 4%, the Company contributes 3.50%. There is no vesting period with respect to the employer contributions. Employer contributions during the years ended December 31, 2023 and 2022 were \$27,689 and \$25,316, respectively.

(Continued)

## DAIRY QUEEN MONTANA/NORTH DAKOTA LLC

Notes to Financial Statements  
For the Years Ended December 31, 2023 and 2022

### 5. COMPENSATED ABSENCES

Employees of the Company are entitled to paid vacation, paid sick days, and personal days off, depending on job classification, length of service, and other factors. It is impracticable to estimate the amount of compensation for future absences, and accordingly, no liability has been recorded in the accompanying financial statements. The company's policy is to recognize the costs of compensated absences when actually paid to employees.

### 6. STORE INCENTIVE PROGRAMS

The Company periodically offers an incentive program for franchisees who improve their existing stores or build a new store. The programs typically offer an incentive equal to the lesser of a percentage of specific capital costs of improving or building a restaurant or a specified incentive dollar limit. The Company recognized \$20,765 and \$31,416 in operating expenses for cash incentives paid to licensees for the years ended December 31, 2023 and 2022.

### 7. CHANGE IN ACCOUNTING PRINCIPLE

Effective January 1, 2023, the Company adopted ASU 2016-13, *Financial Instruments - Credit Losses* (Topic 326): *Measurement of Credit Losses on Financial Instruments*, inclusive of the following additional ASU's, which amend and clarify guidance on Topic 326: ASU 2018-19, *Codification Improvements to Topic 326, Financial Instruments - Credit Losses*, ASU 2019-04, *Codification Improvements to Topic 326, Financial Instruments - Credit Losses*, ASU 2019-05, *Financial Instruments - Credit Losses* (Topic 326): *Targeted Transition Relief*, ASU 2019-10, *Financial Instruments - Credit Losses* (Topic 326), ASU 2019-11, *Codification Improvements to Topic 326, Financial Instruments - Credit Losses*, ASU 2020-02, *Financial Instruments - Credit Losses* (Topic 326), ASU 2020-03, *Codification Improvements to Financial Statements*, and ASU 2022-02, *Financial Instruments - Credit Losses* (Topic 326): *Troubled Debt Restructurings and Vintage Disclosures*.

As of December 31, 2023, the Company has assessed their accounts receivable for expected credit losses based on the new requirements of Topic 326. The methodologies utilized by the Company to estimate possible credit losses include the following: an aging matrix approach to estimate credit losses on accounts receivable; historical loss data, current economic conditions, and reasonable forecasts are considered; and, classification of accounts receivable into relevant risk categories based on customer creditworthiness.

After thorough analysis, the Company has determined that there is no expected credit loss for their accounts receivable. This conclusion is based on the following factors: the Company's accounts receivable consists of selective, creditworthy customers with a history of timely payments, the Company maintains effective collection procedures and closely monitors credit quality, and the overall economic environment in the industry remains stable with no indications of significant credit risk.

Thus, the allowance for credit losses related to accounts receivable has been recognized as zero in the financial statements. This reflects the Company's assessment that the credit risk associated with their accounts receivable is minimal. The Company will continue to monitor credit risk and adjust its estimates if necessary. See note 2 above, and note 8 below, for more information.

(Continued)

**DAIRY QUEEN MONTANA/NORTH DAKOTA LLC**

Notes to Financial Statements  
For the Years Ended December 31, 2023 and 2022

**8. CONTRACTS WITH CUSTOMERS**

Contract balances with customers consist of the following:

	<u>Balance at</u> <u>December 31, 2022</u>	<u>Balance at</u> <u>December 31, 2023</u>
<i>Operating Agreements</i>		
Accounts receivable, net	339,061	429,229
Contract liabilities	134,122	123,796

*Operating Agreements*

The Company recognizes revenue related to its' operating agreements as described in Note 2. The contracts outline payments related to Sales Royalties and Treat Center Commissions, transfer fees and initial franchise fees. Receivables have been recorded for sales royalties earned for which payment has not been received, net of an allowance for Sales Royalties estimated to be uncollectible. Contract liabilities have been recorded for the payment of initial franchise fees received in advance of satisfaction of performance obligations.

The following schedule sets forth the anticipated timeline for revenue recognition on unsatisfied performance obligations under existing contracts with customers as of December 31, 2023:

2024	\$	9,784
2025		9,201
2026		9,201
2027		9,201
2028		9,201
Thereafter		<u>77,208</u>
	\$	<u><u>123,796</u></u>

**9. RELATED PARTY TRANSACTIONS**

From time to time, the Company will advance funds to its members. No such transactions occurred during 2023 or 2022.

**10. NOTE RECEIVABLE**

During 2020, one of the individual stores signed a promissory note to the Company related to the underpayment of prior year sales royalties. The note was payable in thirty-six monthly installments of \$1,610, with interest compounded monthly at 0.51%, and matured in August of 2023. Interest income recorded in the statement of activities related to the note for the year ended December 31, 2023 and 2022 was \$285 and \$1,346, respectively.

During 2022, a payback agreement was reached with the new franchisees for the Dickinson store, for amounts owed by the prior franchisee. This note matured in October of 2023. No interest was income was recorded for this agreement.

(Continued)

## DAIRY QUEEN MONTANA/NORTH DAKOTA LLC

Notes to Financial Statements  
For the Years Ended December 31, 2023 and 2022

### 11. HELD-TO-MATURITY SECURITIES

The Company holds U.S. Treasury bills classified as held-to-maturity. These securities appear on the balance sheet as held-to-maturity securities and represent short-term debt instruments issued by the U.S. government. Specifically, there are three treasury bills: a 13-week bill, a 26-week bill, and a 52-week bill, each with face values of \$250,000. The carrying amount of these treasury bills is reported at amortized cost, reflecting the original purchase price adjusted for discounts. As of December 31, 2023, the amortized cost of the 13 - week, 26 - week, and 52 - week bills was \$249,078, \$245,962, and \$246,571, respectively. Given their low risk nature, no credit loss risk has been assessed for these U.S. government investments.

# LEE & COMPANY

*A Professional Corporation*

CERTIFIED PUBLIC ACCOUNTANTS

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The accompanying financial statements and report are intended for the original recipient. They must be presented in their entirety and may not be modified in any manner.

**DAIRY QUEEN MONTANA/NORTH DAKOTA LLC**  
**FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED**  
**DECEMBER 31, 2022 AND 2021**

**DAIRY QUEEN MONTANA/NORTH DAKOTA LLC**

**FINANCIAL STATEMENTS**  
For the Years Ended December 31, 2022 and 2021

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# LEE & COMPANY

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CERTIFIED PUBLIC ACCOUNTANTS

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## **INDEPENDENT AUDITOR'S REPORT**

To the Members  
Dairy Queen Montana/North Dakota LLC  
Missoula, Montana

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of Dairy Queen Montana/North Dakota LLC, which comprise the balance sheet as of December 31, 2022 and 2021, and the related statements of income, members' capital, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Dairy Queen Montana/North Dakota LLC as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Dairy Queen Montana/North Dakota LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Dairy Queen Montana/North Dakota LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements may be considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Dairy Queen Montana/North Dakota LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Dairy Queen Montana/North Dakota LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



Missoula, Montana  
June 14, 2023

**DAIRY QUEEN MONTANA/NORTH DAKOTA LLC**

Balance Sheets  
December 31, 2022 and 2021

	<b>2022</b>	<b>2021</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 1,430,600	\$ 1,694,135
Accounts receivable, net	339,061	352,221
Note receivable - current	20,666	17,980
<b>Total Current Assets</b>	1,790,327	2,064,336
<b>Property &amp; Equipment</b>		
Office equipment	37,582	35,733
Automobiles	22,321	22,321
Less accumulated depreciation	(48,812)	(40,880)
<b>Total Property &amp; Equipment, Net</b>	11,091	17,174
<b>Other Assets</b>		
Franchise rights	41,900	41,900
Less accumulated amortization	(41,900)	(41,900)
Note receivable - noncurrent	-	12,598
<b>Total Other Assets</b>	-	12,598
<b>Total Assets</b>	\$ 1,801,418	\$ 2,094,108
<b>Liabilities and Members' Capital</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 219,132	\$ 243,714
Accrued liabilities	14,647	9,056
Contract liabilities - current	10,701	9,451
<b>Total Current Liabilities</b>	244,480	262,221
<b>Long-Term Liabilities</b>		
Contract liabilities - noncurrent	123,421	110,372
<b>Members' Capital</b>		
<b>Total Liabilities and Members' Capital</b>	\$ 1,801,418	\$ 2,094,108

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

**DAIRY QUEEN MONTANA/NORTH DAKOTA LLC**

Statements of Income  
For the Years Ended December 31, 2022 and 2021

	<b>2022</b>	<b>2021</b>
<b>Revenues</b>		
Royalties	\$ 3,252,300	\$ 3,118,864
Transfer fees	5,500	19,799
Treat center commissions	15,344	14,671
Initial franchise fees earned	10,701	9,451
<b>Total Revenues</b>	<b>3,283,845</b>	<b>3,162,785</b>
<b>Operating Expenses</b>		
Royalty fee	816,864	786,096
Wages	635,928	634,618
Payroll taxes and benefits	172,410	169,061
Professional services	48,250	61,298
Contract service	22,729	24,206
Travel	31,241	23,172
Store incentives	31,416	18,551
Telephone	15,589	15,459
Website	10,838	14,061
Administrative expense	23,075	8,032
Depreciation	7,932	6,693
Insurance	5,085	5,531
Promotional expense	2,538	4,693
Office supplies	3,081	3,853
Meetings and conventions	9,488	2,884
Rent	3,257	2,609
Store design assistance	5,556	-
Repairs and maintenance	475	1,805
Postage and delivery	1,202	682
<b>Total Operating Expenses</b>	<b>1,846,954</b>	<b>1,783,304</b>
<b>Income from Operations</b>	<b>1,436,891</b>	<b>1,379,481</b>
<b>Other Income</b>		
Interest income	3,403	2,459
Other income	-	6,201
<b>Total Other Income</b>	<b>3,403</b>	<b>8,660</b>
<b>Net Income</b>	<b>\$ 1,440,294</b>	<b>\$ 1,388,141</b>

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

**DAIRY QUEEN MONTANA/NORTH DAKOTA LLC**

Statements of Changes in Members' Capital  
For the Years Ended December 31, 2022 and 2021

	<u>Muriel Brown Trust</u>	<u>Willis Brown FBO James Brown</u>	<u>Willis Brown FBO Christy Brown</u>	<u>Total</u>
<b>Members' Capital Balances December 31, 2020</b>	\$ 1,359,158	\$ 211,062	\$ 211,154	\$ 1,781,374
Net income	347,035	520,553	520,553	1,388,141
Distributions	-	(729,000)	(719,000)	(1,448,000)
<b>Members' Capital Balances December 31, 2021</b>	1,706,193	2,615	12,707	1,721,515
Net income	360,074	540,110	540,110	1,440,294
Distributions	-	(859,000)	(869,292)	(1,728,292)
<b>Members' Capital Balances December 31, 2022</b>	<u>\$ 2,066,267</u>	<u>\$ (316,275)</u>	<u>\$ (316,475)</u>	<u>\$ 1,433,517</u>

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

**DAIRY QUEEN MONTANA/NORTH DAKOTA LLC**

Statements of Cash Flows  
For the Years Ended December 31, 2022 and 2021

	<b>2022</b>	<b>2021</b>
<b>Cash Flows From Operating Activities</b>		
Net income	\$ 1,440,294	\$ 1,388,141
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	7,932	6,693
Change in allowance for doubtful accounts	-	(43,898)
(Increase) decrease in:		
Accounts receivable	13,160	57,428
Note receivable	9,912	16,936
Increase (decrease) in:		
Accounts payable	(24,582)	8,235
Accrued liabilities	5,591	(3,274)
Contract liabilities	14,299	15,549
<b>Net Cash Flows From Operating Activities</b>	<b>1,466,606</b>	<b>1,445,810</b>
<b>Cash Flows From Investing Activities</b>		
Purchase of property & equipment	(1,849)	(6,191)
<b>Net Cash Flows From Investing Activities</b>	<b>(1,849)</b>	<b>(6,191)</b>
<b>Cash Flows From Financing Activities</b>		
Members' distributions	(1,728,292)	(1,448,000)
<b>Net Cash Flows From Financing Activities</b>	<b>(1,728,292)</b>	<b>(1,448,000)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(263,535)</b>	<b>(8,381)</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>1,694,135</b>	<b>1,702,516</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 1,430,600</b>	<b>\$ 1,694,135</b>
<b><u>Supplemental Disclosure of Cash Flow Information:</u></b>		
Cash Paid During the Year for Interest	\$ 8	\$ -

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

## DAIRY QUEEN MONTANA/NORTH DAKOTA LLC

Notes to Financial Statements  
For the Years Ended December 31, 2022 and 2021

### 1. ORGANIZATION

Dairy Queen Montana/North Dakota LLC (the Company) is a Montana limited liability company. The limited liability company is a term company. The term specified for the limited liability company is fifty years, terminating December 31, 2052. The Company is engaged in one business segment -- developing, licensing, franchising, and servicing a system of retail stores featuring over-the-counter sales of dairy desserts, food, and beverages. The Company is a licensed territory operator of American Dairy Queen Corporation for the states of Montana and North Dakota. The Company had 71 and 70 operating stores in 2022 and 2021, respectively.

Following a change to the ownership structure during 2013, income and losses from operations are allocated 25% to the Muriel Brown Trust, 37.5% to Willis Brown FBO James Brown, and 37.5% to Willis Brown FBO Christy Brown. Prior to 2013, income and losses from operations were allocated 25% to the Muriel Brown Trust, 12.69% to the Willis Brown Bypass Trust, and 62.31% to the Willis Brown QTIP Trust. A detailed description of the allocations can be found in the operating agreement.

The operating agreement includes a provision whereby the members have no further obligation to contribute additional amounts of capital to the Company. In addition, the liability of the members of the Company is limited to the members' total capital contribution.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Basis of Accounting** - The financial statements of the Company are prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America and, accordingly, reflect all significant receivables, payables, and other accrued assets and liabilities.

**Cash and Cash Equivalents** - Cash and cash equivalents consist of cash on deposit and interest bearing investments due on demand.

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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.

**Property & Equipment** - Property and equipment are carried at cost. Depreciation of property and equipment is provided for using the straight-line method for financial reporting purposes over the estimated useful lives of the assets, which are generally from three to five years. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized. The cost of maintenance and repairs are charged to expense as incurred; significant renewals or betterments are capitalized.

**Franchise Costs** - The Company amortizes its franchise cost using the straight line method over a period of forty years from the acquisition date of June 1, 1963. No amortization is allowed for income tax purposes. Franchise costs were fully amortized at December 31, 2022 and 2021.

(Continued)

## DAIRY QUEEN MONTANA/NORTH DAKOTA LLC

Notes to Financial Statements  
For the Years Ended December 31, 2022 and 2021

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740 - ASC 740** addresses financial accounting and reporting for the effects of income taxes that result from an entity's activities during the current and preceding years. The Company is not a taxpaying entity, thus, no provision for income taxes has been recorded in the financial statements. All tax effects of the Company are passed through to the Members. Dairy Queen Montana/North Dakota LLC files income tax returns in the United States federal jurisdiction and in the Montana, North Dakota, and New York state jurisdictions. Federal tax authorities generally have the right to examine and audit a tax return within three years from when a return was due or was filed, whichever is later. The state tax authorities generally have the right to examine and audit a tax return within three years from when a return was due or was filed, whichever is later in North Dakota and New York, and five years after the later of the date the return is filed or the date the return is due in Montana. The Company recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. As of December 31, 2022 and 2021, the Company has recognized interest and penalties in the amount of \$0 and \$0, respectively. The Company had no accruals for interest and penalties as of December 31, 2022 and 2021.

**Revenue Recognition** - The Company's sources of revenue from contracts with customers include sales royalties, transfer fees, treat center commissions, and initial franchise fees. Substantially all of the Company's revenue is from contracts with customers. During 2020 the Company adopted FASB ASU 2014-09. The core principle of the guidance is that an entity should recognize revenue for the transfer of promised goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods and services.

The Company recognizes revenue in several ways outlined in each operating agreement, such as, start-up fees, transfer fees, and commissions. The Company recognizes revenue from initial franchise fees paid by licensees over the term of the franchise agreement, generally twenty years. Services provided in connection with the initial franchise fees includes processing the Licensee's application and assisting the Licensee with opening the store. The Company has determined that the initial franchise fees are highly dependent upon and interrelated with the franchise right granted in the franchise agreement. During 2022 and 2021, the Company received revenue from new store start-up fees from 1 and 1 stores, respectively. Direct costs related to each store opening are expensed as incurred.

The Company recognizes revenue from transfer fees earned from contracts with customers related to the transfer of the right to operate a location from an existing licensee to a prospective licensee. Revenue from transfer fees is recognized when the licensee transfers ownership to a different owner, as outlined in each operating agreement, as that is the point in time at which provisional consent for the transfer of the license is granted by the Company to the prospective licensee. Direct costs related to each transfer are expensed as incurred. During 2022 and 2021, the Company received transfer revenue for the transfer of ownership of 2 stores and 4 stores, respectively.

Commissions are earned on the sales at various "Treat Center" locations, operated under an agreement with American Dairy Queen, are not subject to the same fee structure as the other locations. Direct costs related to commissions are expensed as incurred. Continuing fees are recognized as earned, with an appropriate provision for estimated uncollectible amounts charged to administrative expense.

Various economic factors affect revenues and cash flows from the Company's contracts with customers. These factors include competition from other restaurant companies, change in consumer taste and preferences, and the fact that the Company's financial results are impacted to a large extent by the operating results of licensees.

(Continued)

## DAIRY QUEEN MONTANA/NORTH DAKOTA LLC

Notes to Financial Statements  
For the Years Ended December 31, 2022 and 2021

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Royalty Income** - The Company receives royalty income from franchises operating in its territory. The amount of revenue received varies among the different franchises based upon the type of store and the original agreement. Royalties are generally based upon a percentage of gross revenues and/or a flat fee per gallon of ice cream sold. Revenue is recognized as store sales occur, generally monthly, and are due in the month subsequent to when the sales occurred.

**Accounts Receivable and Allowance for Doubtful Accounts** - Accounts receivable represent royalties owed to the Company from individual store locations as part of its contracts with customers. Accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Net accounts receivable unrelated to contracts with customers are expected to be collected in full within one year of the date of the balance sheet. Allowances have been made based on management's assessment of the credit history with stores having outstanding balances and current relationships with them, on the financial statements for any accounts estimated to be uncollectible. At December 31, 2022 and 2021, the allowance for doubtful accounts was \$0 and \$0, respectively and the Company recognized bad debt recovery of \$0 and \$0 respectively.

**Operating Expenses** - Operating, selling, general and administrative expenses include all operating costs of the Company.

**Advertising Costs** - Advertising costs are included in administrative expenses and are expensed as incurred.

**Concentration of Credit Risk** - At times the Company maintains cash deposits in excess of FDIC coverage limits. At December 31, 2022 and 2021, the total cash deposits in excess of FDIC limits were \$1,180,600 and \$1,444,135, respectively. The Company has not experienced any losses as of December 31, 2022 and 2021.

### 3. SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 14, 2023, the date on which the financial statements were available to be issued.

### 4. DEFINED CONTRIBUTION PLAN

Until February 2014, the Company had a SIMPLE IRA plan in which all employees could participate. Under the SIMPLE IRA plan, the Company matched employees' contributions based on a percentage of salary contributed by participants up to 3%.

In March 2014, the Company converted their SIMPLE IRA plan to a contributory profit sharing plan as defined under Section 401(k) of the U.S. Internal Revenue Code covering all employees. During 2022 and 2021, the Company made contributions to this plan at a rate of 3% of salary and an additional .50% for each additional percentage point contributed by the employee above 3%. For example, if an employee contributes 4%, the Company contributes 3.50%. There is no vesting period with respect to the employer contributions. Employer contributions during the years ended December 31, 2022 and 2021 were \$25,316 and \$25,183, respectively.

(Continued)

**DAIRY QUEEN MONTANA/NORTH DAKOTA LLC**

Notes to Financial Statements  
For the Years Ended December 31, 2022 and 2021

**5. COMPENSATED ABSENCES**

Employees of the Company are entitled to paid vacation, paid sick days, and personal days off, depending on job classification, length of service, and other factors. It is impracticable to estimate the amount of compensation for future absences, and accordingly, no liability has been recorded in the accompanying financial statements. The company's policy is to recognize the costs of compensated absences when actually paid to employees.

**6. STORE INCENTIVE PROGRAMS**

The Company periodically offers an incentive program for franchisees who improve their existing stores or build a new store. The programs typically offer an incentive equal to the lesser of a percentage of specific capital costs of improving or building a restaurant or a specified incentive dollar limit. The Company recognized \$31,416 and \$18,551 in operating expenses for cash incentives paid to licensees for the years ended December 31, 2022 and 2021.

**7. CONTRACTS WITH CUSTOMERS**

Contract balances with customers consist of the following:

	<u>Balance at</u> <u>December 31, 2021</u>	<u>Balance at</u> <u>December 31, 2022</u>
<i>Operating Agreements</i>		
Accounts receivable, net	352,221	339,061
Contract liabilities	119,823	134,122

*Operating Agreements*

The Company recognizes revenue related to its' operating agreements as described in Note 2. The contracts outline payments related to Sales Royalties and Treat Center Commissions, transfer fees and initial franchise fees. Receivables have been recorded for sales royalties earned for which payment has not been received, net of an allowance for Sales Royalties estimated to be uncollectible. Contract liabilities have been recorded for the payment of initial franchise fees received in advance of satisfaction of performance obligations.

The following schedule sets forth the anticipated timeline for revenue recognition on unsatisfied performance obligations under existing contracts with customers as of December 31, 2022:

2023	\$	10,326
2024		9,784
2025		9,201
2026		9,201
2027		9,201
Thereafter		86,409
	<u>\$</u>	<u>134,122</u>

(Continued)

**DAIRY QUEEN MONTANA/NORTH DAKOTA LLC**

Notes to Financial Statements  
For the Years Ended December 31, 2022 and 2021

**8. RELATED PARTY TRANSACTIONS**

From time to time, the Company will advance funds to its members. No such transactions occurred during 2022 or 2021.

**9. NOTE RECEIVABLE**

During 2020, one of the individual stores signed a promissory note to the Company related to the underpayment of prior year sales royalties. The note is payable in thirty-six monthly installments of \$1,610, with interest compounded monthly at 0.51%, and matures in August of 2023. Interest income recorded in the statement of activities related to the note for the year ended December 31, 2022 and 2021 was \$1,346 and \$2,390, respectively. The Company expects to collect \$12,599 of principal in 2023.

During 2022, a payback agreement was reached with the new franchisees for the Dickinson store, for amounts owed by the prior franchisee. As of December 31, 2022, the new franchisee owed \$8,067 under this agreement and had paid \$0 in interest.

# LEE & COMPANY

*A Professional Corporation*

CERTIFIED PUBLIC ACCOUNTANTS

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**The accompanying financial statements and report are intended for the original recipient. They must be presented in their entirety and may not be modified in any manner.**

**NOTICE**

**THE FOLLOWING FINANCIAL STATEMENT IS PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS OR HER OPINION WITH REGARD TO THEIR CONTENT OR FORM.**

DAIRY QUEEN MT/ND, LLC  
**Balance Sheet**  
 As of April 30, 2024

	Apr 30, 24	Apr 30, 23
<b>ASSETS</b>		
Current Assets		
Checking/Savings	1,713,953.23	1,226,558.41
Other Current Assets	666,340.61	590,338.44
Total Current Assets	2,380,293.84	1,816,896.85
Fixed Assets	25,806.92	12,710.01
Other Assets	0.00	0.00
<b>TOTAL ASSETS</b>	<b>2,406,100.76</b>	<b>1,829,606.86</b>
<b>LIABILITIES &amp; EQUITY</b>		
Liabilities		
Current Liabilities	563,022.97	519,618.97
Total Liabilities	563,022.97	519,618.97
Equity	1,843,077.79	1,309,987.89
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>2,406,100.76</b>	<b>1,829,606.86</b>

DAIRY QUEEN MT/ND, LLC  
**Profit & Loss**  
 January through April 2024

	Jan - Apr 24	Jan - Apr 23
Ordinary Income/Expense		
Income	1,128,254.33	951,379.86
Cost of Goods Sold	275,580.17	238,373.80
Gross Profit	852,674.16	713,006.06
Expense	414,272.93	353,378.32
Net Ordinary Income	438,401.23	359,627.74
Other Income/Expense	33,736.44	2,842.51
Net Income	472,137.67	362,470.25

**EXHIBIT K**

**IDQ'S FINANCIAL STATEMENTS**

**International Dairy Queen, Inc.  
(A wholly-owned subsidiary of Berkshire Hathaway)**

**(As of December 31, 2023 and 2022, and for the three years  
in the period ended December 31, 2023)**

# International Dairy Queen, Inc. and Subsidiaries

(A Wholly Owned Subsidiary of Berkshire Hathaway Inc.)

Consolidated Financial Statements as of December 31, 2023 and  
2022 and for the Years Ended December 31, 2023, 2022, and 2021  
and Independent Auditor's Report



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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
International Dairy Queen, Inc.  
Minneapolis, Minnesota

### **Opinion**

We have audited the consolidated financial statements of International Dairy Queen, Inc. and subsidiaries (the "Company"), a wholly owned subsidiary of Berkshire Hathaway, Inc., which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the related consolidated statements of operations and comprehensive income, stockholder's equity, and cash flows for each of the three years in the period ended December 31, 2023, and the related notes to the consolidated financial statements (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023, in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and

therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

*Deloitte & Touche LLP*

February 9, 2024

**INTERNATIONAL DAIRY QUEEN, INC. AND SUBSIDIARIES**  
**(A Wholly Owned Subsidiary of Berkshire Hathaway Inc.)**  
**Consolidated Balance Sheets**

*In thousands*

	<b>Assets</b>	
	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<b>Current assets</b>		
Cash and cash equivalents	\$ 27,032	\$ 20,207
Notes and accounts receivable—less allowance of \$903 and \$1,292 in 2023 and 2022, respectively	50,742	49,560
Income tax receivable	1,292	2,901
Cash pooling receivable from affiliate	55,807	54,191
Inventories	118	97
Prepaid expenses	<u>2,604</u>	<u>879</u>
Total current assets	<u>137,595</u>	<u>127,835</u>
<b>Noncurrent assets</b>		
Property and equipment, net	12,309	12,228
Goodwill	92,214	92,162
Intangibles, net	80,049	77,184
Operating lease assets	5,799	6,439
Other	<u>32,547</u>	<u>32,343</u>
Total noncurrent assets	<u>222,918</u>	<u>220,356</u>
Total assets	<u>\$ 360,513</u>	<u>\$ 348,191</u>
	<b>Liabilities and Stockholder's Equity</b>	
<b>Current liabilities</b>		
Accounts payable	\$ 24,348	\$ 20,467
Committed advertising	35,618	31,190
Unredeemed gift card liabilities	97,376	89,560
Other liabilities	38,613	28,517
Current portion of operating lease liabilities	<u>962</u>	<u>928</u>
Total current liabilities	<u>196,917</u>	<u>170,662</u>
<b>Noncurrent liabilities</b>		
Deferred franchise income	2,816	2,745
Deferred income taxes—net	17,337	19,352
Long-term operating lease liabilities	8,365	9,300
Other long-term liabilities	<u>41,702</u>	<u>36,621</u>
Total noncurrent liabilities	<u>70,220</u>	<u>68,018</u>
Total liabilities	<u>267,137</u>	<u>238,680</u>
<b>Commitments and contingencies</b>		
<b>Stockholder's equity</b>		
Class A common stock, \$0.01 par value—authorized and outstanding, 1,000 shares	-	-
Additional paid-in capital	152,197	152,197
Retained deficit	(56,286)	(40,170)
Accumulated other comprehensive loss	<u>(2,535)</u>	<u>(2,516)</u>
Total stockholder's equity	<u>93,376</u>	<u>109,511</u>
Total liabilities and stockholder's equity	<u>\$ 360,513</u>	<u>\$ 348,191</u>

See accompanying notes to consolidated financial statements.

**INTERNATIONAL DAIRY QUEEN, INC. AND SUBSIDIARIES**  
**(A Wholly Owned Subsidiary of Berkshire Hathaway Inc.)**  
**Consolidated Statements of Operations and Comprehensive Income**

*In thousands*

	Years ended December 31		
	2023	2022	2021
<b>Revenues</b>			
Service fees	\$ 188,908	\$ 173,116	\$ 167,579
Other fees and franchise sales	45,918	46,482	43,653
Sales of advertising kits	9,751	13,939	10,104
Sales of company-owned restaurants	3,412	3,146	3,265
Other	<u>272</u>	<u>254</u>	<u>143</u>
Total revenues	<u>248,261</u>	<u>236,937</u>	<u>224,744</u>
<b>Costs and expenses</b>			
Costs of other fees and franchise sales	2,971	4,919	3,000
Cost of sales of advertising kits	9,090	12,647	9,662
Costs of company-owned restaurants	3,805	3,593	3,397
Selling, general, and administrative	<u>111,911</u>	<u>99,868</u>	<u>96,285</u>
Total costs and expenses	<u>127,777</u>	<u>121,027</u>	<u>112,344</u>
<b>Operating income</b>	120,484	115,910	112,400
Net interest income	<u>3,370</u>	<u>1,249</u>	<u>451</u>
Income before income taxes	123,854	117,159	112,851
Provision for income taxes	<u>29,970</u>	<u>28,340</u>	<u>28,522</u>
<b>Net income</b>	<u>\$ 93,884</u>	<u>\$ 88,819</u>	<u>\$ 84,329</u>
<b>Comprehensive income, net of tax</b>			
Net income	\$ 93,884	\$ 88,819	\$ 84,329
Other comprehensive (loss) income — changes in cumulative translation adjustment	<u>(19)</u>	<u>(800)</u>	<u>(339)</u>
<b>Comprehensive income</b>	<u>\$ 93,865</u>	<u>\$ 88,019</u>	<u>\$ 83,990</u>

See accompanying notes to consolidated financial statements.

**INTERNATIONAL DAIRY QUEEN, INC. AND SUBSIDIARIES**  
**(A Wholly Owned Subsidiary of Berkshire Hathaway Inc.)**  
**Consolidated Statements of Changes in Stockholder's Equity**

*In thousands*

	<u>Common stock and additional paid-in capital</u>	<u>Retained (deficit) earnings</u>	<u>Accumulated other comprehensive loss</u>	<u>Total stockholder's equity</u>
Balance—December 31, 2020	152,197	(18,318)	(1,377)	132,502
Net income	-	84,329	-	84,329
Other comprehensive (loss) income, net	-	-	(339)	(339)
Dividends	<u>-</u>	<u>(110,000)</u>	<u>-</u>	<u>(110,000)</u>
Balance—December 31, 2021	152,197	(43,989)	(1,716)	106,492
Net income	-	88,819	-	88,819
Other comprehensive (loss) income, net	-	-	(800)	(800)
Dividends	<u>-</u>	<u>(85,000)</u>	<u>-</u>	<u>(85,000)</u>
BALANCE—December 31, 2022	152,197	(40,170)	(2,516)	109,511
Net income	-	93,884	-	93,884
Other comprehensive (loss) income, net	-	-	(19)	(19)
Dividends	<u>-</u>	<u>(110,000)</u>	<u>-</u>	<u>(110,000)</u>
BALANCE—December 31, 2023	<u>\$ 152,197</u>	<u>\$ (56,286)</u>	<u>\$ (2,535)</u>	<u>\$ 93,376</u>

See accompanying notes to consolidated financial statements.

**INTERNATIONAL DAIRY QUEEN, INC. AND SUBSIDIARIES**  
**(A Wholly Owned Subsidiary of Berkshire Hathaway Inc.)**  
**Consolidated Statements of Cash Flows**

*In thousands*

	Years ended December 31		
	2023	2022	2021
<b>Operating activities</b>			
Net income	\$ 93,884	\$ 88,819	\$ 84,329
<b>Adjustments to reconcile net income to net cash provided by operating activities</b>			
Depreciation and amortization	3,351	2,860	2,825
Gain on sale of capital assets	(551)	(337)	(268)
Deferred income taxes	(2,015)	(418)	(2,467)
<b>Changes in assets and liabilities:</b>			
Notes and accounts receivable	(1,118)	(1,425)	(5,901)
Inventories, prepaid expenses, and other assets	(1,266)	7,861	1,292
Accounts payable, accruals, and other liabilities	24,916	(9,453)	26,690
Income taxes	1,588	(3,866)	280
Long term liabilities	5,146	(3)	6,704
Net cash provided by operating activities	<u>123,935</u>	<u>84,038</u>	<u>113,484</u>
<b>Investing activities</b>			
Purchase of franchise rights and other intangibles	(20)	-	(1,400)
Capital expenditures and intangible software	(6,439)	(4,047)	(2,407)
Proceeds from the disposal of property and equipment	731	411	366
Net advances to affiliate pursuant to cash pooling arrangement	(1,616)	(54,191)	-
Net cash used in investing activities	<u>(7,344)</u>	<u>(57,827)</u>	<u>(3,441)</u>
<b>Financing activities</b>			
Dividends paid	(110,000)	(85,000)	(110,000)
Net cash used in financing activities	<u>(110,000)</u>	<u>(85,000)</u>	<u>(110,000)</u>
Effect of exchange rate changes on cash	234	(1,602)	(1,018)
Net increase (decrease) in cash and cash equivalents	6,825	(60,391)	(975)
Cash and cash equivalents, beginning of year	<u>20,207</u>	<u>80,598</u>	<u>81,573</u>
Cash and cash equivalents, end of year	<u>\$ 27,032</u>	<u>\$ 20,207</u>	<u>\$ 80,598</u>
<b>Supplementary disclosures to consolidated statements of cash flows</b>			
Cash paid for income taxes, net	<u>\$ 30,386</u>	<u>\$ 32,656</u>	<u>\$ 31,445</u>

See accompanying notes to consolidated financial statements.