

MEMORANDUM

To: The Approved Claimants of The Founding Partners Receivership

From: Ed Cooper, Director Berkowitz Pollack Brant

Re: Estimated Taxable Income

Date: 4/12/2024

The Receiver has requested that we provide an estimate of taxable income for the Receivership for taxable year ended December 31, 2023, and the first quarter ended March 31, 2024, with the most current information available as of this date. Accordingly, the following information is provided solely as an estimate of taxable income and is subject to change as more information is received:

As of the date of this Memorandum, the projected amount of taxable income for the Tax Year 2023 & 1 QTR-2024 are as follows:

Estimated Fund Income	Tax Year-2023	1 QTR-2024
Ordinary Income/(loss):	(2,999)	
Interest Income:	4,455,634	1,894,163
Royalties:	152	
Net Long Term Capital Gain:	11,476	
Other Income:		127,326,426
Portfolio Deductions:	278,118	
Total Taxable Income	4,186,145	129,220,589

For your convenience, each approved claimant's claim percentage can be found on the Receivership website¹ under "Selected Court Filings" within the document titled "Receiver's Motion for Court Approval of Second Interim Distribution of Funds", Schedule A, column 5, "Proposed Distribution %". Certain approved claimants may have more than one claim number and accordingly the percentages should be combined.

Further, the Receivership intends to report the settlement income received in 2024 in a manner consistent with how the 2021 settlement income was reported.

¹ <https://www.foundingpartners-receivership.com/documents/filings>

The following is the footnote that was attached to each approved claimants' Form K-1 provided for tax year 2021:

63.60% of the amount reported on the line item "Other Income" is taxable income from the settlement and has been allocated to the recovery of financial losses related to loans which are capital in nature ("Loan Recovery"). In 2014, the investors were allocated a short-term capital loss from a bad debt expense and this item represents a recovery of the 2014 short-term capital loss. The taxability and character of this gain may be subject to the tax benefit rule under IRC Section 111. See "Recoveries" section of IRS Publication 525.

36.40% of the amount reported on the line item "Other Income" is taxable income from the settlement and has been allocated to a recovery of a "Loss of value" of your interest, if any, in Promise Healthcare Group (PHG Recovery). In 2014, "Electing Investors" chose to receive a proportional share of membership interests in PHG (F/K/A FP Designee, LLC), which was a court approved distribution to Electing Investors only. See "Loss of Value" section of IRS Publication 4345, Settlements – Taxability.

If you are an Investor who did not elect to receive PHG Interests, you received a larger allocation of the 2014 bad debt deduction. Consequently, you should combine the PHG Recovery and the Loan Recovery and treat the combined amount as a Loan Recovery as described above.

This Memorandum is for informational purposes only. It is not—and should not be deemed as—any form of tax or financial advice. Please consult your own tax advisor regarding planning and application for your specific circumstances.