Coastal Foods, Inc.
Balance Sheet
For Year Ending December 31, 2014

Unaudited

	Actual
ASSETS	
Current Assets	
Cash and cash equivalents	**63,351**
Accounts Receivable, net	**1,267,764**
Inventory	**3,367,103**
Due from Affiliates	**-**
Prepaid expenses and other current assets	**446,451**
Total Current Assets	**5,144,669**
Property, plant and equipment, net	**2,128,325**
Investment in Affiliates	**-**
Other long-term assets	**61,912**
Total Other Assets	**2,190,237**
TOTAL ASSETS	**7,334,906**
LIABILITIES & EQUITY	
Current Liabilities	
Accounts Payable, trade	**2,769,292**
Due to Affiliates	**-**
Accrued liabilities	**9,317,477**
Current portion of debt	**3,962,591**
Current portion of long-term debt	
Total Current Liabilities	
Long term debt	**14,018,670**
Total Liabilities	**30,068,030**
Equity	
Common Stock	**650,252**
Opening Balance Equity	**-**
Additional Paid in Capital	**11,630,998**
Retained Earnings	**(33,731,617)**
Net Income	**(1,282,757)**
Total Equity	**(22,733,124)**
TOTAL LIABILITIES & EQUITY	**7,334,906**

Coastal Foods, Inc.
Income Statement
For Year Ending December 31, 2014

Unaudited

	Actual (YTD)
Income	
Sales	26,506,813
Sales Returns & Allowances	-
Sales Discounts	(415,852)
Total Income	26,090,961
Cost of Goods Sold	
Materials	13,743,792
Direct Labor	5,600,752
Contract Labor	42,368
Freight Out-Finished Goods	648,480
Total Cost Of Goods Sold	20,035,392
Gross Margin	6,055,569
Operating Expenses	
Indirect Labor	440,626
Indirect Expenses	1,062,273
R & M Factory	602,327
Total Operating Expenses	2,105,226
Operating Income (Loss)	3,950,343
G & A Expenses	
Admin Salaries & Wages	1,210,843
Admin Expenses	1,242,782
Total G & A Expense	2,453,625
Net Ordinary Income (EBITDA)	1,496,718
Proceeds from Sale of Assets	-
Depreciation Expense	441,988
Interest Expense	2,051,429
Taxes - Property	118,062
Penalties & Fines	81,784
Other Income/Expense	86,212
Total Other Expense	2,779,475
Net Income (Loss)	**(1,282,757)**

*** Accrual Basis**

The Company's financial instruments include cash, account receivables, other assets and accounts payable.

NOTE 1 - ASSETS

- The current value of all assets is recorded at the lower of cost or market value.
- The value of property, plant and equipment is recorded at cost net of depreciation. Depreciation is recorded using the straight line method of depreciation over all estimated lives of five to ten years.
- Monthly adjustments are made to value inventory at book value based on physical counts.
- The company grants credit to customers in the normal course of operation. Accounts receivables are recorded at the invoiced amount without regard to allowance for bad debts or discounts. Uncollectible accounts are expensed in the period they are determined to be uncollectible.
- Financial instruments which have an inherent credit risk include cash and accounts receivable. The company maintains its demand deposits in commercial banks with balances maintained within the applicable limits of federal deposit insurance.

NOTE 2 – EQUIPMENT

Property, plant and equipment consists of the following:

1. Furniture & Fixtures	$ 22,831
2. Office Equipment	43,762
3. Machinery & Equipment	6,041,472
4. Leasehold Improvements	2,020,444
Less accumulated depreciation	6,000,183
	$2,128,326

NOTE 3 – LIABILITIES

- Accounts payable-trade are recorded at the invoiced amount without regard to ageing. Certain trade liabilities are the subject of litigation in which sums in excess of those recorded are being sought from the Company. No opinion of counsel has been sought by the Company concerning the likelihood of an unsuccessful result of the litigation or the range of liability from such litigation in the event of an unsuccessful outcome.
- Interest is accrued at simple interest rates on several notes which may be converted in whole or in part to the Company's common stock at an undetermined future date.

NOTE 4 - NOTES PAYABLE

- Unsecured note with scheduled payments of $ 6,942.52 and $ 2,049.28. The outstanding balance of the combined indebtedness is $438,240. The loan was obtained from a private investor and the loan proceeds were used to supplement monthly operational expenses.

NOTE 5 – CAPITAL STOCK

- Capital stock consists of 20,000,000 shares of common stock authorized, 7,702,523 shares issued and outstanding. Shares previously reported as outstanding in the name of Michael Robertson have been retired to the treasury.

NOTE 6 – RETAINED EARNINGS

- Retained Earnings was adjusted for prior years in the amount of $ 2,123,746 for interest owed to a private investor due to insufficient amounts that were not accrued for on the note.

Coastal Foods, Inc.
Cash Flow Statement
For Year Ending December 31, 2014

Net Income			$ (1,282,757)
Cash Flow From Operating Activities:			
Adjustments to reconcile net income (loss) to net cash			
Depreciation	$ 441,988		
Other Fees	-		
Disposal of Asset			
Changes in Assets and Liabilities			
Accounts Receivable	(243,645)		
Accounts Payable	1,364,639		
Inventory	(2,191,042)		
Interest Payable	2,105,920		
Total Other Assets	72,460		
Total Other Liabilities	(496,219)		
		$ 1,054,100	
Cash Flow From Investing Activities:			
Purchase of Property, Plant & Equipment			
Deposits	4,600		
Machinery & Equipment	$ (37,360)		
		(32,760)	
Cash Flow From Financing Activities:			
Net Borrowings	$ 53,038		
		53,038	
Beginning Cash & Equivalents			271,731
Ending Cash Equivalents			$ 63,351