

Coastal Foods, Inc.
Balance Sheet
For Quarter Ending March 31, 2015

Unaudited

	Actual
ASSETS	
Current Assets	
Cash and cash equivalents	21,611
Accounts Receivable, net	1,541,493
Inventory	3,173,080
Due from Affiliates	-
Prepaid expenses and other current assets	545,210
Total Current Assets	5,281,395
Property, plant and equipment, net	2,062,559
Investment in Affiliates	-
Other long-term assets	61,912
Total Other Assets	2,124,471
TOTAL ASSETS	7,405,866
LIABILITIES & EQUITY	
Current Liabilities	
Accounts Payable, trade	2,800,893
Due to Affiliates	-
Accrued liabilities	9,909,057
Current portion of debt	3,962,591
Current portion of long-term debt	
Total Current Liabilities	
Long term debt	14,008,869
Total Liabilities	30,681,411
Equity	
Common Stock	650,252
Opening Balance Equity	-
Additional Paid in Capital	11,630,998
Retained Earnings	(35,014,374)
Net Income	(542,421)
Total Equity	(23,275,545)
TOTAL LIABILITIES & EQUITY	7,405,866
 * Accrual Basis	 -

Coastal Foods, Inc.

Income Statement

For Quarter Ending March 31, 2015

Unaudited

	Actual (YTD)
Income	
Sales	5,982,214
Sales Returns & Allowances	-
Sales Discounts	(69,709)
Total Income	<u>5,912,504</u>
Cost of Goods Sold	
Materials	3,536,986
Direct Labor	1,053,307
Contract Labor	7,825
Freight Out-Finished Goods	157,066
Total Cost Of Goods Sold	<u>4,755,184</u>
Gross Margin	<u>1,157,320</u>
Operating Expenses	
Indirect Labor	87,861
Indirect Expenses	249,048
R & M Factory	106,284
Total Operating Expenses	<u>443,193</u>
Operating Income (Loss)	<u>714,127</u>
G & A Expenses	
Admin Salaries & Wages	287,166
Admin Expenses	302,590
Total G & A Expense	<u>589,756</u>
Net Ordinary Income (EBITDA)	124,371
Proceeds from Sale of Assets	-
Depreciation Expense	102,243
Interest Expense	521,286
Taxes - Property	28,500
Penalties & Fines	4,024
Other Income/Expense	10,740
Total Other Expense	<u>666,792</u>
Net Income (Loss)	<u><u>(542,421)</u></u>

* Accrual Basis

Coastal Foods, Inc.
Cash Flow Statement
For Quarter Ending March 31, 2015

Net Income	\$	(542,421)
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Cash Flow From Operating Activities:

Adjustments to reconcile net income (loss) to net cash

Depreciation	\$	102,243
Other Fees		-
Disposal of Asset		

Changes in Assets and Liabilities

Accounts Receivable		(273,729)
Accounts Payable		(458,046)
Inventory		66,682
Interest Payable		469,208
Total Other Assets		28,582
Total Other Liabilities		437,020
	\$	371,959

Cash Flow From Investing Activities:

Purchase of Property, Plant & Equipment

Deposits		-
Machinery & Equipment	\$	(36,477)
		(36,477)

Cash Flow From Financing Activities:

Net Borrowings	\$	(9,801)
		(9,801)

Beginning Cash & Equivalents		(11,649)
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Ending Cash Equivalents	\$	21,611
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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	6,072,699
4. Leasehold Improvements	2,025,694
Less accumulated depreciation	<u>6,102,426</u>
	\$2,062,560

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 \$431,439. 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.