

Newberry Specialty Bakers, Inc.

Balance Sheet

For Quarter Ending June 30, 2016

Unaudited

	Actual
ASSETS	
Current Assets	
Cash and cash equivalents	230,368
Accounts Receivable, net	1,713,794
Inventory	1,534,255
Due from Affiliates	(1,328,373)
Prepaid expenses and other current assets	187,124
Total Current Assets	<u>2,337,168</u>
Property, plant and equipment, net	1,725,262
Investment in Affiliates	-
Other long-term assets	23,428
Total Other Assets	<u>1,748,690</u>
TOTAL ASSETS	<u><u>4,085,858</u></u>
LIABILITIES & EQUITY	
Current Liabilities	
Accounts Payable, trade	2,413,659
Due to Affiliates	-
Accrued liabilities	1,818,395
Current portion of debt	-
Current portion of long-term debt	2,709,881
Total Current Liabilities	<u>2,709,881</u>
Long term debt	13,977,110
Total Liabilities	<u>20,919,044</u>
Equity	
Common Stock	117,715
Opening Balance Equity	-
Additional Paid in Capital	13,163,535
Retained Earnings	(28,946,898)
Net Income	(1,167,538)
Total Equity	<u>(16,833,186)</u>
TOTAL LIABILITIES & EQUITY	<u><u>4,085,858</u></u>
 * Accrual Basis	 -

Newberry Specialty Bakers, Inc.

Income Statement

For Quarter Ending June 30, 2016

Unaudited

	Actual (MTD)	Actual (YTD)
Income		
Sales	6,801,482	13,882,459
Sales Returns & Allowances	-	-
Sales Discounts	(190,516)	(570,476)
Total Income	6,610,966	13,311,982
Cost of Goods Sold		
Materials	3,648,365	7,490,633
Direct Labor	1,242,324	2,694,973
Contract Labor	1,772	1,772
Freight Out-Finished Goods	160,677	255,420
Total Cost Of Goods Sold	5,053,140	10,442,799
Gross Margin	1,557,826	2,869,183
Operating Expenses		
Indirect Labor	86,888	185,763
Indirect Expenses	307,184	579,572
R & M Factory	249,646	515,240
Total Operating Expenses	643,718	1,280,575
Operating Income (Loss)	914,108	1,588,608
G & A Expenses		
Admin Salaries & Wages	457,879	911,433
Admin Expenses	449,205	933,135
Total G & A Expense	907,084	1,844,568
Net Ordinary Income (EBITDA)	7,024	(255,960)
Other Income	-	-
Depreciation Expense	405,668	811,336
Interest Expense	-	18,335
Taxes - Property	22,030	46,030
Penalties & Fines	25,296	25,296
Other Expense	16,207	10,582
Total Other Expense	469,200	911,578
Net Income (Loss)	(462,176)	(1,167,538)

* Accrual Basis

Newberry Specialty Bakers, Inc.
Cash Flow Statement
For Quarter Ending June 30, 2016

Net Income \$ (1,167,538)

Cash Flow From Operating Activities:

Adjustments to reconcile net income (loss) to net cash

Depreciation	\$	(811,336)
Other Fees		-
Disposal of Asset		

Changes in Assets and Liabilities

Accounts Receivable		1,445,790
Accounts Payable		466,617
Inventory		(98,204)
Interest Payable		(78,194)
Total Other Assets		767,182
Total Other Liabilities		762,186
		2,454,042

\$ 2,454,042

Cash Flow From Investing Activities:

Purchase of Property, Plant & Equipment

Deposits		(10,660)
Machinery & Equipment	\$	(610,209)
		(620,869)

(620,869)

Cash Flow From Financing Activities:

Net Borrowings	\$	(1,184,244)
		(1,184,244)

(1,184,244)

Beginning Cash & Equivalents 662,152

Ending Cash Equivalents \$ 393,544

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	\$ 32,052
2. Office Equipment	43,762
3. Machinery & Equipment	7,007,733
4. Leasehold Improvements	2,234,587
Less accumulated depreciation	7,592,872
	\$1,725,262

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 \$ 285,653. 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, 11,402,523 shares issued and outstanding as of December 31, 2015.