

Newberry Specialty Bakers, Inc.

Balance Sheet

For Quarter Ending September 30, 2016

Unaudited

	Actual
ASSETS	
Current Assets	
Cash and cash equivalents	27,726
Accounts Receivable, net	1,399,388
Inventory	2,231,535
Due from Affiliates	-
Prepaid expenses and other current assets	(754,470)
Total Current Assets	2,904,178
Property, plant and equipment, net	1,363,132
Investment in Affiliates	-
Other long-term assets	23,428
Total Other Assets	1,386,560
TOTAL ASSETS	4,290,738
LIABILITIES & EQUITY	
Current Liabilities	
Accounts Payable, trade	3,347,203
Due to Affiliates	-
Accrued liabilities	1,632,666
Current portion of debt	-
Current portion of long-term debt	2,709,881
Total Current Liabilities	
Long term debt	13,920,357
Total Liabilities	21,610,108
Equity	
Common Stock	117,715
Opening Balance Equity	-
Additional Paid in Capital	13,163,535
Retained Earnings	(28,946,898)
Net Income	(1,653,721)
Total Equity	(17,319,369)
TOTAL LIABILITIES & EQUITY	4,290,738
 * Accrual Basis	 -

Newberry Specialty Bakers, Inc.
Income Statement
For Quarter Ending September 30, 2016

Unaudited

	Actual (MTD)	Actual (YTD)
Income		
Sales	6,240,315	20,122,773
Sales Returns & Allowances	-	-
Sales Discounts	(234,862)	(915,338)
Total Income	6,005,453	19,207,436
Cost of Goods Sold		
Materials	2,660,550	10,009,920
Direct Labor	1,498,639	4,193,612
Contract Labor	-	1,772
Freight Out-Finished Goods	231,435	486,855
Total Cost Of Goods Sold	4,390,623	14,692,160
Gross Margin	1,614,830	4,515,276
Operating Expenses		
Indirect Labor	101,279	287,042
Indirect Expenses	393,637	1,050,384
R & M Factory	301,297	830,150
Total Operating Expenses	796,213	2,167,576
Operating Income (Loss)	818,617	2,347,700
G & A Expenses		
Admin Salaries & Wages	456,222	1,367,655
Admin Expenses	390,900	1,300,152
Total G & A Expense	847,121	2,667,807
Net Ordinary Income (EBITDA)	(28,504)	(320,107)
Other Income	-	-
Depreciation Expense	405,668	1,217,004
Interest Expense	-	18,335
Taxes - Property	25,357	71,387
Penalties & Fines	1,505	26,801
Other Expense	5,706	88
Total Other Expense	438,236	1,333,614
Net Income (Loss)	(466,740)	(1,653,721)

* Accrual Basis

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

Net Income \$ (1,654,765)

Cash Flow From Operating Activities:

Adjustments to reconcile net income (loss) to net cash

Depreciation \$ (1,217,004)

Other Fees -

Disposal of Asset

Changes in Assets and Liabilities

Accounts Receivable (137,020)

Accounts Payable 737,145

Inventory (788,589)

Interest Payable (81,194)

Total Other Assets 2,107,138

Total Other Liabilities 1,043,929

\$ 1,664,406

Cash Flow From Investing Activities:

Purchase of Property, Plant & Equipment

Deposits (10,660)

Machinery & Equipment \$ (653,747)

(664,407)

Cash Flow From Financing Activities:

Net Borrowings \$ (229,660)

(229,660)

Beginning Cash & Equivalents 662,152

Ending Cash Equivalents \$ 27,726

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	\$ 33,567
2. Office Equipment	43,762
3. Machinery & Equipment	6,958,612
4. Leasehold Improvements	2,325,731
Less accumulated depreciation	7,998,540
	\$1,363,132

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.