CHERUBIM BUILDERS GROUP, LLC
AND DESIGNER LANE, LLC

Combined Financial Statements

As of and For the Year Ended December 31, 2012

(With Independent Auditor's Report)

CHERUBIM BUILDERS GROUP, LLC AND DESIGNER LANE, LLC

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Hartman Leito & Bolt
HL&B
Accountants and Consultants

INDEPENDENT AUDITOR'S REPORT

To the Members
Cherubim Builders Group, LLC
and Designer Lane, LLC
Fort Worth, Texas

We have audited the combined financial statements of Cherubim Builders Group, LLC and Designer Lane, LLC (collectively the "Companies"), which comprise the combined balance sheet as of December 31, 2012, and the related combined statements of income, changes in members' equity and cash flows for the year then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of the Companies as of December 31, 2012, and the results of their combined operations, changes in members' equity and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Hartman Leito & Bolt LLP

February 26, 2014
Fort Worth, TX

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CHERUBIM BUILDERS GROUP, LLC AND DESIGNER LANE, LLC
Combined Balance Sheet
December 31, 2012

ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$	179,110
Contract receivables		294,863
Costs and estimated earnings in excess of billings on uncompleted contracts		115,152
Total current assets		589,125
PROPERTY AND EQUIPMENT, AT COST:		
Leasehold improvments		14,468
Machinery and equipment		240,160
Office furniture, fixtures, and equipment		114,434
Vehicles		177,365
		546,427
Less - accumulated depreciation		515,716
Property and equipment, net		30,711
Total assets	$	619,836
LIABILITIES AND MEMBERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	$	200,037
Due to related parties		23,464
Billings in excess of costs and estimated earnings on uncompleted contracts		218,420
Current portion of long-term debt		12,191
Line of credit		120,000
Total current liabilities		574,112
Long-term debt, net of current portion		45,332
Total liabilities		619,444
COMMITMENTS AND CONTINGENCIES		-
MEMBERS' EQUITY		392
Total liabilities and members' equity	$	619,836

The accompanying notes are an integral part of the combined financial statements.

CHERUBIM BUILDERS GROUP, LLC AND DESIGNER LANE, LLC
Combined Statement of Income
For the Year Ended December 31, 2012

Revenues earned	$ 6,056,324
Cost of contract revenues	5,414,455
Gross profit	641,869
Selling, general and administrative expenses	520,611
Operating income	121,258
Other income (expense):	
Interest expense	(8,408)
Other income	321
Income before state income tax provision	113,171
State income tax provision	4,060
Net income	$ 109,111

The accompanying notes are an integral part of the combined financial statements.

CHERUBIM BUILDERS GROUP, LLC AND DESIGNER LANE, LLC
Combined Statement of Changes in Members' Equity
For the Year Ended December 31, 2012

	Retained Earnings
Balances at January 1, 2012	$ 53,281
Net income	109,111
Distributions	(162,000)
Balances at December 31, 2012	$ 392

The accompanying notes are an integral part of the combined financial statements.

CHERUBIM BUILDERS GROUP, LLC AND DESIGNER LANE, LLC
Combined Statement of Cash Flows
For the Year Ended December 31, 2012

CASH FLOWS FROM OPERATING ACTIVITIES:	
Net income	$ 109,111
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	33,566
Changes in operating assets and liabilities:	
Decrease in:	
Contract receivables	48,697
Costs and estimated earnings in excess of billings on uncompleted contracts	11,921
Increase (decrease) in:	
Accounts payable and accrued expenses	(31,547)
Due to related parties	(131,456)
Billings in excess of costs and estimated earnings on uncompleted contracts	128,128
Net cash provided by operating activities	168,420
CASH FLOWS FROM INVESTING ACTIVITIES-	
Purchase of property and equipment	(33,319)
Net cash used in investing activities	(33,319)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Proceeds on long-term debt	26,929
Net draws on line of credit	120,000
Distributions to members	(162,000)
Principal payments on long-term debt	(80,184)
Net cash used in financing activities	(95,255)
Net increase in cash	39,846
CASH AT BEGINNING OF YEAR	139,264
CASH AT END OF YEAR	$ 179,110
SUPPLEMENTAL DISCLOSURE:	
Cash paid for interest	$ 8,408
Cash paid for taxes	$ 4,060

The accompanying notes are an integral part of the combined financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Description of Companies and Principles of Combination

The accompanying combined financial statements include Cherubim Builders Group, LLC and its wholly owned subsidiaries Watermasters Restoration, Inc. and Metroplex Home Repair Inc. dba Gregg Construction (the "Company") and Designer Lane, LLC, affiliated through common ownership (collectively referred to as the "Companies"). The Companies are organized, each with its own business model, for the purpose of providing general contracting services in the construction industry. Cherubim Builders Group, LLC and subsidiaries specialize in water, fire and storm restoration and reconstruction services and servicing the insurance industry. Designer Lane, LLC specializes in turnkey renovation service with three principle areas of focus: kitchen, bathrooms and outdoor living areas. Both companies serve primarily the Dallas-Fort Worth, Texas area.

The combined financial statements include the financial statements of the Companies, which are related through common ownership and management. All significant intercompany balances and transactions have been eliminated.

(b) Revenue and Cost Recognition

Contract revenue is recorded using the cost-to-cost percentage of completion method. Under this method, revenue is recognized by applying the percentage of completion to the projected total revenue. Revisions in cost and revenue estimates are reflected in the accounting period in which the facts that require the revision become known. Contract costs include all direct material and labor costs and those indirect costs related to contract performance, such as indirect labor, supplies, tools, repairs and depreciation costs.

General and administrative costs are charged to expense as incurred. Provisions for estimated losses on uncompleted contracts are made during the period in which such losses are determined.

The asset, "Costs and estimated earnings in excess of billings on uncompleted contracts," represents revenues recognized in excess of amounts billed on uncompleted contracts. The liability, "Billings in excess of costs and estimated earnings on uncompleted contracts," represents billings in excess of revenues recognized on uncompleted contracts.

(c) Use of Estimates

The process of preparing combined financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the combined financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

(d) Cash Equivalents

The Companies considers all highly liquid investments with original maturities of three months or less from the date of purchase to be cash equivalents.

(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Receivables

Contract receivables consist of uncollateralized customer obligations due under normal trade terms requiring payment within 30 days of the invoice date. Contract receivables are typically applied to a specific identified invoice. Management will establish a reserve for bad debts from time to time to cover any potential uncollectible accounts. At December 31, 2012, there were no such accounts deemed to be potentially uncollectible by management.

(f) Property and Equipment

Property and equipment are recorded at cost less accumulated depreciation. Depreciation and amortization expense is provided for on the straight-line method over the estimated useful lives of the assets, generally three to five years. Maintenance and repairs are charged to expense as incurred and expenditures for major improvements are capitalized. When assets are retired or otherwise disposed of, the property accounts are relieved of costs and accumulated depreciation and any resulting gain or loss is credited or charged to operations.

(g) Income Taxes

The Companies are treated as pass-through entities for federal income tax purposes. The accompanying combined financial statements do not include a provision for federal income taxes, which are the responsibility of the individual members.

The Companies are subject to income tax under the Texas State Margin Tax and certain other states. Deferred income taxes are provided for the tax effects of differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes when material. Valuation reserves are provided for the deferred tax assets when realization of the assets is not reasonably assured.

The statute of limitations related to federal income tax returns is closed for all tax years up to and including 2008. The expiration of the statute of limitations related to the various state income tax returns varies by state. Currently, the Companies are not under examination for income tax purposes by any taxing jurisdiction.

The Companies follow the guidance of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) topic *Accounting for Uncertainty in Income Taxes*. Under this guidance, an entity must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more-likely-than-not that the position will be sustained. The Companies do not believe there are any unrecognized tax benefits that should be recorded. The Companies recognize interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses, if any. For 2012, there were no interest or penalty expenses.

(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Concentration of Credit Risk

The Companies maintain cash and cash equivalents with a credit quality financial institution. The cash balances did not exceed the FDIC insurance limit at December 31, 2012.

Contract receivables at December 31, 2012 include receivables from one customer that represents approximately 39% of the outstanding balance.

The Companies' principal market is the United States. In 2012, all of the Companies revenues were generated from the United States.

(i) Impairment of Long-Lived Assets

The Companies periodically review the carrying value of its long-lived assets, including property and equipment, whenever events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognized to the extent fair value of a long-lived asset is less than the carrying amount. Fair value is determined based upon the estimated future cash inflows attributable to the asset less estimated future cash outflows. No such losses were recognized during the year ended December 31, 2012.

(j) Warranty

The Companies policy is to warrant all materials and labor for up to twelve months. Management believes that based on its historical experience and due to the short duration of the warranty period that an estimated liability is not necessary. The Companies periodically assesses the adequacy of this presumption and adjusts the liability if necessary.

(k) Recent Accounting Pronouncements

The Companies management has evaluated the recently issued accounting pronouncements through the date these financial statements were available to be issued and has determined the application of these pronouncements will have no material impact on the Companies' financial position and results of operations.

2. COST AND ESTIMATED EARNINGS ON UNCOMPLETED CONTRACTS

Cost, estimated earnings, and billings on uncompleted contracts at December 31, are summarized as follows:

Cost incurred on uncompleted contracts	$ 396,061
Estimated earnings thereon	110,150
	506,211
Less: Billings to date	609,479
	$(103,268)

(Continued)

2. COST AND ESTIMATED EARNINGS ON UNCOMPLETED CONTRACTS (Continued)

Included in the accompanying balance sheet under the following captions:

Costs and estimated earnings in excess of billings on uncompleted contracts	$ 115,152
Billings in excess of costs and estimated earnings on uncompleted contracts	(218,420)
	$(103,268)

3. LONG-TERM DEBT

Long-term debt consisted of the following at December 31:

Note payable to finance company, due December 2016, payable in monthly installments of $1,398 including interest at 6.74%, secured by vehicle of the Companies	$ 57,523
Less: Current portion of long-term debt	12,191
Long-term debt, net of current portion	$ 45,332

A summary of long-term maturities of long-term debt at December 31, 2012 is as follows:

2013	$ 12,191
2014	14,184
2015	15,170
2016	15,978
	$ 57,523

4. COMMITMENTS AND CONTINGENCIES

Rent expenses incurred under an operating lease for facilities was $17,500 for the year ended December 31, 2012. This lease is a month to month lease.

The Companies carry a broad range of insurance coverage, including business, auto liability, and general liability, workers compensation, and an umbrella policy. The Companies have not incurred significant uninsured losses relating to any of these policies.

5. LINE OF CREDIT

At December 31, 2012, the Companies had an available line of credit with a bank in the amount of $150,000 expiring June 18, 2013 with interest at the Wall Street Journal prime rate plus 1%, collateralized by the Companies' receivables. As of December 31, 2012, the Companies had drawn $120,000 on this line.

(Continued)

6. RELATED PARTY TRANSACTIONS

From time to time the members make short term advances to the Companies. Included in due to related parties at December 31, 2012 is $23,464 due to members for such advances.

7. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of the Companies cash and cash equivalents, receivables, and accounts payable approximate their fair value.

8. BACKLOG (Unaudited)

Backlog represents the amount of revenue the Companies expect to realize from uncompleted contracts in progress at year end, and from contractual agreements on which work has not yet begun. The following schedule summarizes changes in backlog on contracts:

Backlog balance at January 1	$ 444,041
New contracts during the period ended December 31	6,226,313
Contract revenues earned during the period ended December 31	(6,056,324)
Backlog balance at December 31	$ 614,030

9. SUBSEQUENT EVENTS

Effective January 1, 2013, the members of Designer Lane, LLC transferred their respective interests in Designer Lane, LLC to Cherubim Builders Group, LLC in exchange for similar interests in Cherubim Builders Group, LLC.

On January 11, 2013, the Companies increased the available bank line of credit to $450,000 and extended the expiration date to January 11, 2014, under essentially the same interest rate and repayment terms.

The date to which events occurring after December 31, 2012, the date of the most recent combined balance sheet, have been evaluated for possible adjustment to the combined financial statements or disclosure is February 26, 2014, which is the date on which the combined financial statements were available to be issued.