

Newberry Specialty Bakers, Inc.

Balance Sheet

For Year Ending December 31, 2016

Unaudited

	Actual
ASSETS	
Current Assets	
Cash and cash equivalents	328,140
Accounts Receivable, net	1,043,271
Inventory	2,162,173
Due from Affiliates	-
Prepaid expenses and other current assets	465,696
Total Current Assets	3,999,279
Property, plant and equipment, net	2,050,887
Investment in Affiliates	-
Other long-term assets	23,428
Total Other Assets	2,074,315
TOTAL ASSETS	6,073,594
LIABILITIES & EQUITY	
Current Liabilities	
Accounts Payable, trade	4,989,020
Due to Gulf Coast Bank	-
Accrued liabilities	1,382,017
Current portion of debt	-
Current portion of long-term debt	2,714,257
Total Current Liabilities	
Long term debt	13,883,232
Total Liabilities	22,968,525
Equity	
Common Stock	117,715
Opening Balance Equity	-
Additional Paid in Capital	13,445,815
Retained Earnings	(29,213,997)
Net Income	(1,244,464)
Total Equity	(16,894,931)
TOTAL LIABILITIES & EQUITY	6,073,594
* Accrual Basis	-

Newberry Specialty Bakers, Inc.

Income Statement

For Year Ending December 31, 2016

Unaudited

	Actual (QTD)	Actual (YTD)
Income		
Sales	7,406,306	27,529,079
Sales Returns & Allowances	-	-
Sales Discounts	(325,872)	(1,241,210)
Total Income	7,080,434	26,287,869
Cost of Goods Sold		
Materials	4,132,135	14,141,848
Direct Labor	1,547,289	5,741,052
Contract Labor	150	1,772
Freight Out-Finished Goods	269,630	756,485
Total Cost Of Goods Sold	5,949,204	20,641,157
Gross Margin	1,131,230	5,646,712
Operating Expenses		
Indirect Labor	87,614	374,656
Indirect Expenses	290,627	1,345,518
R & M Factory	(105,246)	721,512
Total Operating Expenses	272,995	2,441,686
Operating Income (Loss)	858,234	3,205,027
G & A Expenses		
Admin Salaries & Wages	451,020	1,818,674
Admin Expenses	577,591	1,878,668
Total G & A Expense	1,028,611	3,697,343
Net Ordinary Income (EBITDA)	(170,376)	(492,316)
Other Income	-	-
Depreciation Expense	(664,115)	552,889
Interest Expense	-	18,335
Taxes - Property	23,009	94,518
Penalties & Fines	-	26,801
Other Expense	59,518	59,606
Total Other Expense	(581,588)	752,148
Net Income (Loss)	411,212	(1,244,464)

* Accrual Basis

Newberry Specialty Bakers, Inc.
Cash Flow Statement
For Year Ending December 31, 2016

Net Income \$ (1,244,464)

Cash Flow From Operating Activities:

Adjustments to reconcile net income (loss) to net cash

Depreciation	\$	552,889
Other Fees		1,754,974
Disposal of Asset		

Changes in Assets and Liabilities

Accounts Receivable		63,429
Accounts Payable		820,783
Inventory		(760,256)
Interest Payable		(84,194)
Total Other Assets		206,602
Total Other Liabilities		611,481
		611,481
	\$	3,165,709

Cash Flow From Investing Activities:

Purchase of Property, Plant & Equipment

Deposits		(10,660)
Machinery & Equipment	\$	(508,699)
		(519,359)

Cash Flow From Financing Activities:

Net Borrowings	\$	(1,273,746)
		(1,273,746)

Beginning Cash & Equivalents		659,667
		659,667

Ending Cash Equivalents	\$	128,140
		128,140

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	7,000,936
4. Leasehold Improvements	2,331,356
Less accumulated depreciation	7,358,734
	\$2,050,887

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 and secured notes with scheduled payments of \$ 1,103,416 principal and \$201,250.93 interest were made during fiscal year ending December 31, 2016. The outstanding balance of the combined indebtedness is 2,714,257 current portion and \$ 13,883,232 long term portion. The loans were obtained from private investors 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, 2016.