

TWINVEE POWERCATS, INC.

INTERIM FINACIAL STATEMENTS

QUARTER ENDED MARCH 31, 2017

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CPA
Family Group LLC

ACCOUNTANT'S REPORT

Stockholders of
TwinVee PoweCats, Inc.
West Palm Beach, Florida

We have compiled the accompanying consolidated balance sheets of TwinVee PowerCats, Inc. and Subsidiaries as of March 31, 2017 and December 31, 2016, and the related consolidated statements of operations, stockholders' equity and cash flows. We have not audited or reviewed the accompanying consolidated financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

We are not independent with respect to TwinVee PowerCats, Inc.

/s/ Gretchen Espinosa, CPA

June 6th, 2017

TWINVEE POWERCATS, INC.
CONSOLIDATED BALANCE SHEETS - UNAUDITED

	March 31	December 31
	2017	2016
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 95,311	\$ 68,402
Accounts receivable	423,814	355,134
Accounts receivable - related parties	1,000	63,225
Due from officer	(66,808)	101,440
Note receivable	250,000	250,000
Note receivable - related party	1,023,139	492,302
Inventory	2,186,948	2,778,328
Total current assets	<u>3,913,404</u>	<u>4,108,831</u>
PROPERTY AND EQUIPMENT, net	<u>578,727</u>	<u>669,375</u>
OTHER ASSETS:		
Real estate held for development and sale	611,745	620,995
Intangibles, net	859,362	859,362
Total other assets	<u>1,471,107</u>	<u>1,480,357</u>
Total assets	<u><u>\$ 5,963,238</u></u>	<u><u>\$ 6,258,563</u></u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 1,584,172	\$ 1,588,997
Other current liabilities	-	294,121
Current portion of notes payable, net	46,000	43,806
Total current liabilities	<u>1,630,172</u>	<u>1,926,924</u>
LONG-TERM LIABILITIES:		
Notes payable, net - less current portion	<u>1,796,381</u>	<u>1,906,958</u>
Total liabilities	<u>3,426,553</u>	<u>3,833,882</u>
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY:		
Common stock; \$0.01 par value; 100,000,000 shares authorized; 50,000,000 and 12,000,385 shares issued and outstanding	120,003	120,003
Additional paid-in capital	7,914,134	7,914,134
Accumulated deficit	<u>(54,974,528)</u>	<u>(5,609,456)</u>
Total stockholders' equity	<u>(46,940,391)</u>	<u>2,424,681</u>
Total liabilities and stockholders' equity	<u><u>\$ (43,513,838)</u></u>	<u><u>\$ 6,258,563</u></u>

See accountant's report and accompanying notes to consolidated financial statements.

TWINVEE POWERCATS, INC
CONSOLIDATED STATEMENTS OF OPERATIONS
UNAUDITED

	Three Months Ended March 31,	
	2017	2016
REVENUE:		
Service income	\$ -	\$ 4,000
Real estate sales	164,708	1,424,042
Management fees - related party	15,000	25,000
Other Income	-	15,750
Boat sales	1,653,110	2,209,294
Membership buyout	-	-
Net revenue	<u>1,832,818</u>	<u>3,678,086</u>
Cost of Revenue		
Real estate sales	14,636	387,266
Boat sales	584,800	1,579,281
Membership Buyout	-	49,000
Gross profit	<u>1,233,382</u>	<u>1,662,539</u>
OPERATING EXPENSES:		
Salaries and wages	804,464	345,923
General and administrative expenses	197,927	83,599
Rent	37,223	89,034
Professional fees	27,342	17,676
Property taxes	12,327	(17,964)
Depreciation and amortization expense	1,645	9,553
Total operating expenses	<u>1,080,928</u>	<u>527,821</u>
INCOME (LOSS) FROM OPERATIONS	<u>152,454</u>	<u>1,134,718</u>
OTHER INCOME (EXPENSES):		
Other Income	-	-
Interest expense	(40,453)	(50,018)
Interest income	2	15,234
Net other (expenses) income	<u>(40,451)</u>	<u>(34,784)</u>
INCOME (LOSS) BEFORE PROVISION FOR INCOME TAXES	112,003	1,099,934
INCOME TAX PROVISION	<u>-</u>	<u>-</u>
NET INCOME	<u>\$ 112,003</u>	<u>\$ 1,099,934</u>
NET INCOME (LOSS) PER SHARE - BASIC AND DILUTED	<u>\$ 0.002</u>	<u>\$ 0.09</u>
WEIGHTED A VERAGE SHARES OUTSTANDING - BASIC AND DILUTED	<u>50,000,000</u>	<u>12,000,385</u>

See accountant's report and accompanying notes to consolidated financial statements

TWINVEE POWERCATS, INC
STATEMENT OF STOCKHOLDERS' EQUITY - UNAUDITED

	<u>Common Stock</u>		<u>Additional Paid-in Capital</u>	<u>Accumulated Deficit</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>			
Balance - December 31, 2016	12,000,385	120,003	7,914,134	(5,609,455)	1,502,317
Conversion of notes payable to common stock					-
Net income				112,003	112,003
Balance - March 31, 2017	<u>12,000,385</u>	<u>\$ 120,003</u>	<u>\$ 7,914,134</u>	<u>\$ (5,497,452)</u>	<u>\$ 1,614,320</u>

See accountant's report and accompanying notes to consolidated financial statements.

TWINVEE POWERCATS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS - UNAUDITED

	Three Months Ended March 31	
	<u>2017</u>	<u>2016</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Net income	\$ 112,003	\$ 1,099,935
Adjustment to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	1,645	9,553
Accrued interest on note receivable - related party	-	(12,445)
Changes in operating assets and liabilities:		
Increase in trade accounts receivable	(6,455)	(1,485,666)
Decrease in real estate held for development and sale	5,387	384,527
Decrease in accounts payable and accrued expenses	(298,947)	(20,887)
Decrease in inventory	585,995	657,269
Net cash provided by operating activities	<u>399,628</u>	<u>632,286</u>
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	-	(29,165)
Proceeds from sale of assets	98,252	416,936
Advance to officer	168,248	(25,000)
(Proceeds from) repayments of notes receivable	<u>(530,837)</u>	<u>(503,470)</u>
Net cash used in investing activities	<u>(264,337)</u>	<u>(140,699)</u>
CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from (repayments of) issuance of notes payable	<u>(108,382)</u>	<u>(444,931)</u>
Net cash used in financing activities	<u>(108,382)</u>	<u>(444,931)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	26,909	46,655
CASH AND CASH EQUIVALENTS, Beginning of period	<u>68,402</u>	<u>477,158</u>
CASH AND CASH EQUIVALENTS, End of period	<u><u>\$ 95,311</u></u>	<u><u>\$ 523,813</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Interest paid	<u>\$ 40,453</u>	<u>\$ 50,018</u>
Income taxes paid	<u>\$ -</u>	<u>\$ -</u>
SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES:		
Settlement of note payable by principal stockholder	<u>\$ -</u>	<u>\$ -</u>

See accountant's report and accompanying notes to consolidated financial statements.

TWINVEE POWERCATS, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Three months ended March 31, 2017 and 2016

Note 1 - Organization and Basis of Presentation

On February 1, 2015 ValueRich, consummated a business purchase agreement to acquire 100% of the stock and ownership of Twin Vee Catamarans, Inc. Twin Vee Catamarans was originally founded in 1994, the company designs, manufactures and sells recreational and commercial twin-hull powerboats under the "Twin Vee" brand name. Over the past 22 years, Twin Vee has concentrated on perfecting the high-speed, twin-displacement hull design also known as a "catamaran powerboat."

From February 2015, through to the present, ValueRich divested much of its real estate holdings. The company has sold all its single-family lots located in the Ravello residential development and the Company's Via Visconti development lots are currently under contract with NVL Ryan Homes, a National homebuilder. The Via Visconti single-family lots are projected to be purchased under a contractual take down schedule over the next couple of years. The sale of the real estate assets has positioned the Company to focus on its Twin Vee boat manufacturing business.

Twin Vee PowerCats markets and sells its power catamaran boats in the United States and abroad. Our boats are used for deep water, bay and lake fishing, water sports, as well as general recreational and pleasure boating. Twin Vee is one of the most recognized brand names in the power catamaran category. The Twin Vee portfolio of PowerCats is manufactured to the highest specifications in quality, performance and styling.

Twin Vee PowerCats, from hull to upholstery, are handcrafted by our skilled workforce at our corporate headquarters in Fort Pierce, Florida. Twin Vee occupies over 120,000 square feet of manufacturing space as well as 7 acres of land. The Company uses the highest quality materials from industry-preferred suppliers, and all our boats are extensively tested prior to sale. We continue to make significant investments in improving design, engineering, manufacturing, and operational processes as we strive to build the highest quality boats.

Note 2 – Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements. The Company bases its estimates on historical experience, management expectations for future performance, and other assumptions as appropriate. Key areas affected by estimates include the assessment of the recoverability of long-lived assets, which is based on such factors as estimated future cash flows. The Company re-evaluates its estimates on an ongoing basis; actual results may vary from those estimates.

Principles of Consolidation

The consolidated financial statements ("financial statements") include the accounts of ValueRich, Inc. and its wholly-owned subsidiaries; Tesoro Preserve Development, LLC, Tesoro Preserve Opportunity Fund, LLC, Tesoro Club, LLC, VR Circle Holdings, LLC, VR Premier Holdings, LLC, VRPT, LLC, JAMO

Development, LLC, Via Visconti, LLC, NOBO Group, LLC and Twin Vee PowerCats and have been prepared in accordance with U.S. generally accepted accounting principles. All intercompany transactions and balances have been eliminated in consolidation.

Investment in Real Estate Held for Development and Sale

Costs incurred that are directly attributable to the acquisition, development, and construction of real estate are capitalized. The carrying amount of real estate held for development and sale is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the real estate may not be recoverable. An impairment loss is recognized if the carrying amount of the real estate is not recoverable. The carrying amount is not recoverable if it exceeds the undiscounted sum of cash flows expected to result from the disposition of the real estate. If the carrying value is not recoverable, an impairment loss is recorded equal to the excess of the carrying amount of the real estate over its fair value. There have been no events or changes in circumstances that indicate that the carrying amount of the real estate may not be recoverable.

Revenue Recognition

The Company recognizes revenue and profit in full on the sale of real estate when 1) a sale is consummated as indicated by a binding agreement, the exchange of all consideration, arrangement of permanent financing, if any, and all conditions precedent to the closing having been met; 2) the buyer's commitment to pay has been demonstrated and collectability of the sales price is reasonably assured or the amount that will not be collected can be reasonably estimated; 3) any receivable from the buyer is collateralized by the property and not subject to subordination other than by existing or contemplated liens; and 4) the Company has transferred the usual risks and rewards of ownership to the buyer, is not obligated to perform significant activities after the sale without compensation, and does not otherwise have substantial continuing involvement in the property.

The Company recognizes consulting and management fee revenue when persuasive evidence of an arrangement exists, performance has occurred according to the terms of the relevant agreement, the price is fixed and determinable, and collectability is reasonably assured.

Concentration of Credit Risk

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist of cash and cash equivalents. The Company places its cash and cash equivalents with high quality financial institutions, which at times may exceed the FDIC insurance limit.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and cash in time deposits, certificates of deposit and all highly liquid debt instruments with original maturities of three months or less.

Property, Plant and Equipment

Property and equipment are stated at historical cost and are depreciated using the straight-line method over their estimated useful lives. The useful life and depreciation method are reviewed periodically to ensure that the depreciation method and period are consistent with the anticipated pattern of future economic

benefits. Expenditures for maintenance and repairs are charged to operations as incurred while renewals and betterments are capitalized. Gains and losses on disposals are included in the results of operations.

The Company provides for depreciation over the assets' estimated lives as follows:

Building	40 years
Computers, software and equipment	3 years
Furniture and fixtures	5 years
Leasehold improvements	Lesser of lease life or economic life

Impairment or Disposal of Long-lived Assets

The Company applies the provisions of Accounting Standards Codification ("ASC") Topic 360, "Property, Plant, and Equipment," which addresses financial accounting and reporting for the impairment or disposal of long-lived assets. ASC 360 requires impairment losses to be recorded on long-lived assets used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amounts. In that event, a loss is recognized based on the amount by which the carrying amount exceeds the fair market value of the long-lived assets. Loss on long-lived assets to be disposed of is determined in a similar manner, except that fair market values are reduced for the cost of disposal. The Company has determined that there were no impairments of its long-lived assets during the three months ended March 31, 2017 and 2016.

Income Taxes

Income taxes are provided based upon the asset and liability method of accounting in accordance with ASC Topic 740 "Income Taxes". The Company is required to compute deferred income tax assets for net operating losses carried forward. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be realized or settled. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date. The realization of deferred tax assets is assessed throughout the year and a valuation allowance is recorded if necessary to reduce net deferred tax assets to the amount more likely than not to be realized. The potential benefits of net operating losses ("NOLs") have not been recognized in these financial statements because the Company cannot be assured it is more likely than not it will utilize the net operating losses carried forward in future years.

The Company has an NOL carry forward for income tax reporting purposes that may be offset against future taxable income. Current tax laws limit the amount of loss available to be offset against future taxable income when a substantial change in ownership occurs. Accordingly, the amount available to offset future taxable income may be limited. No tax benefit has been reported in the financial statements, because the Company is uncertain if they will ever be in a position to utilize the NOL carry forward. Accordingly, the potential tax benefits of the loss carry forward are offset by a valuation allowance of the same amount.

The Company is current in its filing of federal income tax returns. The Company believes that the statutes of limitations for its federal income tax returns are open for years after 2010. The Company is not currently under examination by the Internal Revenue Service or any other taxing authority.

The Company's practice is to recognize interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. As of March 31, 2017 and 2016, the Company had no accrued interest or penalties.

Basic and Diluted Losses Per Share

Earnings per share is calculated in accordance with the FASB ASC 260, "Earnings Per Share." Basic earnings per share is based upon the weighted average number of common shares outstanding. Diluted earnings per share is based on the assumption that all dilutive convertible shares and stock options were converted or exercised. There were no potentially dilutive securities outstanding as of March 31, 2017 and 2016.

Stock-Based Compensation

The Company records stock-based compensation in accordance with ASC Topic 718, "Compensation – Stock Compensation." ASC 718 requires companies to measure compensation cost for stock-based employee compensation at fair value at the grant date and recognize the expense over the employee's requisite service period. Under ASC 718, the Company's volatility is based on the historical volatility of the Company's stock or the expected volatility of similar companies. The expected life assumption is primarily based on historical exercise patterns and employee post-vesting termination behavior. The risk-free interest rate for the expected term of the option is based on the U.S. Treasury yield curve in effect at the time of grant.

The Company uses the Black-Scholes option-pricing model, which was developed for use in estimating the fair value of options. Option-pricing models require the input of highly complex and subjective variables including the expected life of options granted and the Company's expected stock price volatility over a period equal to or greater than the expected life of the options. Because changes in the subjective assumptions can materially affect the estimated value of the Company's employee stock options, it is management's opinion that the Black-Scholes option-pricing model may not provide an accurate measure of the fair value of the Company's employee stock options. Although the fair value of employee stock options is determined in accordance with ASC 718 using an option-pricing model, that value may not be indicative of the fair value observed in a willing buyer/willing seller market transaction.

The Company recognized in the statement of operations the grant-date fair value of stock options and other equity-based compensation issued to employees and non-employees. The Company did not recognize any stock-based compensation expense during the three months ended March 31, 2017 and 2016.

Recently Issued Accounting Standards

Management does not believe that any other recently issued, but not yet effective, accounting standards if currently adopted would have a material effect on the accompanying consolidated financial statements.

Note 3 – Note Receivable – Related Party

On January 19, 2010, the Company entered into a four year 8% note receivable agreement with Tesoro Preserve Property Owners Association Inc. (“the POA”) evidencing amounts advanced to the POA. The Note Receivable requires monthly payments of principal and interest totaling \$15,000 commencing on February 19, 2010. The note agreement required an initial payment of principal in the amount of \$120,000. Effective February 2016, the POA was sold to another party and the debt was fully satisfied.

Note 4 – Notes Payable

Notes payable as of March 31, 2017 and December 31, 2016 consist of the following:

	<u>2017</u>	<u>2016</u>
On July 22, 2010, the Company issued a note payable in the amount of \$25,000 pursuant to a private placement offering (“Offering”) by its wholly owned subsidiary, Tesoro Preserve Opportunity Fund, LLC (“the Fund”). The proceeds of the note were used to acquire “build ready” home lots, located within the Tesoro Preserve Development that are either bank owned, in foreclosure, or impaired by liens. The note bears interest at an annual rate of 8% and matures in June 2013 unless repaid early as allowed by the terms of the note. The holder of note is entitled to 50% of a pro rate share of the profits of the Fund after repayment of all outstanding principle and interest to all investors in the Offering. Pursuant to the Offering, the Company will issue to the holder of the note, 10,000 shares of common stock. The Company allocated \$1,589 of the net proceeds from the note to the common stock based on their relative fair value on the date of the note issuance. The fair value of the common stock was based on quoted market prices and the amount allocated to the common stock is recorded as a discount, which will be amortized into expense over the three-year term of the note.	25,000	25,000
Roger & Carol Martin, Co-Trustees, Profit Sharing Plan Note	357,378	440,623
VR Circle Note	224,000	224,000
During the year ended December 31, 2013, the Company issued notes payable with an aggregate face value of \$758,872. The notes are secured by real estate, bear interest at an annual rate of 10% and mature three years from issuance.	144,901	252,891

In February 2015 the company entered into an agreement to purchase TwinVee Catamarans. The Company issued a notes payable of \$1,000,000 at an interest rate of 5% with a balloon payment due in March 2019 and \$1,500,000 due in installments before February 2016.

	942,214	961,878
ViaVisconti Loan	0	236,800
TwinVee PowerCats Loan	148,889	156,668
Total	<u>1,842,382</u>	<u>2,297,860</u>
Less current portion	<u>(46,000)</u>	<u>(43,806)</u>
	<u>\$ 1,796,382</u>	<u>\$ 2,250,822</u>

Future minimum payments of principal are as follows:

Twelve months ending March 31,	
2016	\$ 46,000
2017	\$ 893,319
2018	\$ 903,063

Note 5 – Related Party Transactions

Management Fees

Effective July 1, 2011, the Company's wholly owned subsidiary entered into a real estate management agreement, pursuant to which the Company provides management services to the POA for a monthly fee of \$15,000. In July 2015, The Company adjusted the agreement to \$5,000 a month, this agreement was retroactively dated to begin January 1, 2015. The Company transferred ownership rights of the POA effective February 2016 and will no longer charge the management fee going forward.

Note 6 – Litigation

The Company is not engaged in any litigation at this time.

Note 7 - Income Taxes

The actual income tax expense for the three months ending March 31, 2017 and December 31 2016 differs from the statutory tax expense for the year (computed by applying the U.S. federal corporate tax rate of 34% to income before provision for income taxes) as follows:

	<u>2017</u>	<u>2016</u>
Federal taxes at statutory rate	34.00%	34.00%
State income taxes, net of federal tax benefit	3.60	3.60
Other permanent differences	(0.08)	(0.08)
Change in valuation allowance	<u>(37.52)</u>	<u>(37.52)</u>
Total	<u>=</u>	<u>=</u>

The Company's deferred tax assets as of March 31, 2016 and December 31, 2016 are as follows:

	<u>2017</u>	<u>2016</u>
Deferred tax assets:		
Stock based compensation	\$ 0	50,391
Net operating loss carryover	<u>2,962,124</u>	<u>2,911,733</u>
	2,962,124	2,962,124
Less: Valuation allowance	<u>(2,962,124)</u>	<u>(2,962,124)</u>
Net deferred tax asset	\$ <u>=</u>	\$ <u>=</u>

As of March 31, 2017, the Company has available approximately \$5,500,000 of operating loss carryforwards, which may be used in the future filings of the Company's tax returns to offset future taxable income for United States income tax purposes. Net operating losses begin to expire in the year 2025. As of March 31, 2017, the Company has determined that due to the uncertainty regarding profitability in the near future, a 100% valuation allowance is needed with regards to the deferred tax assets. Changes in the estimated tax benefit that will be realized from the tax loss carry forwards and other temporary differences will be recognized in the financial statement in the years in which those changes occur.

The U.S. Federal jurisdiction and Florida are the major tax jurisdictions where the company files income tax returns. The Company does not anticipate U.S. Federal or State examinations by tax authorities for years before 2009.

Note 8 – Subsequent Events

None