

Somogyi AgTech, LLC dba Anikona Farm

FINANCIAL STATEMENTS

(SEE INDEPENDENT ACCOUNTANTS' COMPILATION REPORT)

For the Years Ended December 31, 2015 and 2014

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Clark, Raymond & Company, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

To the Member
Somogyi AgTech, LLC dba Anikona Farm
Holualoa, Hawaii

Management is responsible for the accompanying financial statements of Somogyi AgTech, LLC dba Anikona Farm which comprise the statements of assets, liabilities, and members' equity as of December 31, 2015 and 2014 and the related statements of revenues, expenses, and changes in members' equity for the years then ended in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

A statement of cash flows for the years ended December 31, 2015 and 2014 has not been presented. Accounting principles generally accepted in the United States of America require that such a statement be presented when financial statements purport to present financial position and results of operations.

A handwritten signature in black ink, appearing to be 'A. C.', written over a horizontal line.

Clark, Raymond & Company, PLLC
November 17, 2016

Somogyi AgTech, LLC dba Anikona Farm
Statements of Assets, Liabilities and Members' Equity
December 31, 2015 and 2014

| | <u>ASSETS</u> | <u>2015</u> | <u>2014</u> |
|--|---------------|--------------------|-----------------------|
| Property, at cost | | | |
| Coffee and fruit trees | \$ | 182,400 | \$ 182,400 |
| Less: accumulated depreciation | | <u>(13,680)</u> | <u>(4,560)</u> |
| Total Property, net | | 168,720 | 177,840 |
| Total Assets | \$ | <u>168,720</u> | <u>\$ 177,840</u> |
| <u>LIABILITIES AND MEMBERS' EQUITY</u> | | | |
| Members' Equity | \$ | <u>168,720</u> | <u>\$ 177,840</u> |
| Total Liabilities and Members' Equity | \$ | <u>168,720</u> | <u>\$ 177,840</u> |

See Independent Accountants' Compilation Report

Somogyi AgTech, LLC dba Anikona Farm

Statements of Revenues, Expenses, and Changes in Members' Equity

For the Years Ended December 31, 2015 and 2014

| | 2015 | 2014 |
|---------------------------------------|-------------------|-------------------|
| Income | \$ 1,361 | \$ - |
| Operating Expenses: | | |
| Depreciation | 13,889 | 40,393 |
| Processing | 12,132 | - |
| Taxes | 7,234 | - |
| Small tools and equipment | 7,085 | - |
| Marketing | 5,720 | - |
| Repairs and maintenance | 5,200 | 10,200 |
| Vehicle expense | 897 | - |
| Miscellaneous | 44 | - |
| Total Operating Expenses | <u>52,201</u> | <u>50,593</u> |
| Income from Operations | (50,840) | (50,593) |
| Other Income (Expense): | | |
| Interest expense | <u>(10,303)</u> | <u>-</u> |
| Total Other Income (Expense) | <u>(10,303)</u> | <u>-</u> |
| Net Loss | (61,143) | (50,593) |
| Members' Equity - Beginning of Period | 177,840 | - |
| Members' Contributions, net | <u>52,023</u> | <u>228,433</u> |
| Members' Equity - End of Period | <u>\$ 168,720</u> | <u>\$ 177,840</u> |

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Somogyi AgTech, LLC dba Anikona Farm

Notes to Financial Statements

For the Years Ended December 31, 2015 and 2014

Note 1 – Significant Accounting Policies

Principal Business

Somogyi AgTech, LLC dba Anikona Farm (the "Company") is a Hawaii Limited Liability Company that was formed in 2014 and is primarily engaged in coffee bean farming. The Company is a boutique family coffee plantation that maintains its coffee and fruit trees in Holualoa, Hawaii. The products are marketed primarily to customers in the state of Hawaii. The members of the Company report the activity of the Company on Schedule F of their personal tax returns. These financial statements incorporate certain allocations of costs incurred by the members that relate to both the Company and other financial interests of the members.

Property and Equipment

Property and equipment are stated at cost and are depreciated over an estimated useful life of 20 years for all coffee and fruit trees. Depreciation is calculated using the straight-line method. The Company generally capitalizes expenditures for property and equipment that are greater than \$2,500 with an expected life of one year or more and for expenditures that materially increase the asset lives and charges ordinary maintenance and repairs to expense as incurred. Gains or losses on retirements or dispositions are included in income in the year of disposal. Depreciation expense totaled \$13,889 and \$40,393 in 2015 and 2014, respectively.

Revenue Recognition

The Company recognizes revenue upon delivery and customer acceptance of the product. The Company's policy for presenting taxes assessed by government authorities on revenue producing transactions is not to include such taxes in revenue.

Allocated Expenses

Mortgage interest and real estate taxes are paid in full by the members of the Company and are allocated to the Company in accordance with the relative business and personal usage of the entire parcel.

Income Taxes

The Company was formed under the Hawaii State Limited Liability Act, and has relied on the Act's default provisions whereby the Limited Liability Company will be treated as a partnership by the Internal Revenue Service. Thus, the members of the LLC's are taxed individually on their shares of the LLC's income. Therefore, no provision or liability for federal income taxes has been included in these financial statements.

The Company is subject to FASB ASC 740-10 "Uncertainty in Income Taxes", which prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken on a tax return. The Company does not believe it has any exposure related to tax positions taken as of December 31, 2015 and 2014. Therefore, no estimated income tax liability has been recorded at December 31, 2015 and 2014.

With certain exceptions, the Company is no longer subject to U.S. federal income tax examinations for the years before 2014, nor is it subject to Hawaii business and occupation tax examination by state tax authorities for the year ended before 2014.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

See Independent Accountants' Compilation Report

Somogyi AgTech, LLC dba Anikona Farm

Notes to Financial Statements

For the Years Ended December 31, 2015 and 2014

Subsequent Events

The company has evaluated subsequent events through November 17, 2016, the date the financial statements were available to be issued.

See Independent Accountants' Compilation Report