

**HANA MAKGEOLLI, LLC**  
**FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

# HANA MAKGEOLLI, LLC

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# HANA MAKEGEOLLI LLC

## BALANCE SHEETS

DECEMBER 31, 2020 AND 2019

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|                                    | 2020                | 2019              |
|------------------------------------|---------------------|-------------------|
| <b>Assets</b>                      |                     |                   |
| <b>Current Assets</b>              |                     |                   |
| Cash                               | \$ 13,466           | \$ 113,659        |
| Accounts receivable                | 3,214               | --                |
| Inventories                        | 4,546               | --                |
| Deposits and other current assets  | <u>          --</u> | <u>261,589</u>    |
| <b>Total Current Assets</b>        | 21,226              | 375,248           |
| <b>Property and Equipment, Net</b> | 332,864             | --                |
| <b>Other Asset</b>                 |                     |                   |
| Security deposits                  | <u>13,800</u>       | <u>13,800</u>     |
| <b>Total Assets</b>                | <u>\$ 367,890</u>   | <u>\$ 389,048</u> |

*No assurance is provided on these financial statements.*

# HANA MAKGEOLLI, LLC

## BALANCE SHEETS

DECEMBER 31, 2020 AND 2019

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|  | 2020              | 2019              |
|--|-------------------|-------------------|
| <b>Liabilities and Members' Equity</b>           |                   |                   |
| <b>Current Liabilities</b>                       |                   |                   |
| Accounts payable and accrued expenses            | \$ 37,900         | \$ --             |
| Convertible promissory notes                     | --                | 110,000           |
| Accrued interest on convertible promissory notes | --                | 7,424             |
| <b>Total Current Liabilities</b>                 | 37,900            | 117,424           |
| <b>Other Liabilities</b>                         |                   |                   |
| Long-term debt, net of current maturities        | 160,206           | 104,852           |
| <b>Total Liabilities</b>                         | 198,106           | 222,276           |
| <b>Commitments and Contingencies</b>             |                   |                   |
| <b>Members' Equity</b>                           | 169,784           | 166,772           |
| <b>Total Liabilities and Members' Equity</b>     | <u>\$ 367,890</u> | <u>\$ 389,048</u> |

*No assurance is provided on these financial statements.*

# HANA MAKGEOLLI, LLC

## STATEMENTS OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2020 AND 2019

|                                     | 2020                | 2019               |
|-------------------------------------|---------------------|--------------------|
| <b>Sales</b>                        | \$ 35,631           | \$ --              |
| <b>Less excise taxes</b>            | <u>(100)</u>        | <u>--</u>          |
| <b>Net Sales</b>                    | 35,531              | --                 |
| <b>Cost of Sales</b>                | <u>16,927</u>       | <u>--</u>          |
| <b>Gross Profit</b>                 | <u>18,604</u>       | <u>--</u>          |
| <b>Operating Expenses</b>           |                     |                    |
| Selling, general and administrative | 153,965             | 63,890             |
| Depreciation and amortization       | <u>37,877</u>       | <u>--</u>          |
| <b>Total Operating Expenses</b>     | <u>191,842</u>      | <u>63,890</u>      |
| <b>Loss from Operations</b>         | <u>(173,238)</u>    | <u>(63,890)</u>    |
| <b>Other Income (Expense)</b>       |                     |                    |
| Interest expense                    | (9,203)             | (9,370)            |
| Interest income                     | 3                   | 22                 |
| Other income                        | <u>1,000</u>        | <u>--</u>          |
| <b>Total Other Expense</b>          | <u>(8,200)</u>      | <u>(9,348)</u>     |
| <b>Net Loss</b>                     | <u>\$ (181,438)</u> | <u>\$ (73,238)</u> |

*No assurance is provided on these financial statements.*

# HANA MAKGEOLI, LLC

## STATEMENTS OF CHANGES IN MEMBERS' EQUITY

### FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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|                                    |    |                       |
|------------------------------------|----|-----------------------|
| <b>Balance</b> - January 1, 2019   | \$ | --                    |
| Net loss                           |    | (73,238)              |
| Contributions                      |    | <u>240,010</u>        |
| <b>Balance</b> - December 31, 2019 |    | 166,772               |
| Net loss                           |    | (181,438)             |
| Contributions                      |    | 65,000                |
| Conversion of debt to equity       |    | <u>119,450</u>        |
| <b>Balance</b> - December 31, 2020 | \$ | <u><u>169,784</u></u> |

*No assurance is provided on these financial statements.*

# HANA MAKEGEOLLI LLC

## STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

|   | 2020         | 2019        |
|---|--------------|-------------|
| <b>Cash Flows from Operating Activities</b>                                 |              |             |
| Net loss  | \$ (181,438) | \$ (73,238) |
| Adjustments to reconcile net loss to net cash used in operating activities: |              |             |
| Depreciation and amortization   | 38,805       | 232         |
| Changes in operating assets and liabilities:                                |              |             |
| Accrued interest expense  | 3,633        | 8,828       |
| Accounts receivable   | (3,214)      | --          |
| Inventories   | (4,546)      | --          |
| Other current assets  | 151          | (151)       |
| Security deposits   | --           | (13,800)    |
| Accounts payable  | 37,900       | --          |
| Total Adjustments   | 72,729       | (4,891)     |
| <b>Cash Flows Used in Operating Activities</b>                              | (108,709)    | (78,129)    |
| <b>Cash Flows from Investing Activities</b>                                 |              |             |
| Deposits on property and equipment  | 261,438      | (261,438)   |
| Purchase of property and equipment  | (370,741)    | --          |
| <b>Net Cash Used in Investing Activities</b>                                | (109,303)    | (261,438)   |
| <b>Cash Flows from Financing Activities</b>                                 |              |             |
| Proceeds from long-term debt  | 52,819       | 213,216     |
| Member contributions  | 65,000       | 240,010     |
| <b>Net Cash Provided by Financing Activities</b>                            | \$ 117,819   | \$ 453,226  |

*No assurance is provided on these financial statements.*

# HANA MAKEGEOLLI LLC

## STATEMENTS OF CASH FLOWS (CONTINUED)

### FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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|  | 2020             | 2019              |
|--|------------------|-------------------|
| <b>Net (Decrease) Increase in Cash</b>                   | \$ (100,193)     | \$ 113,659        |
| <b>Cash - Beginning</b>                                  | <u>113,659</u>   | <u>--</u>         |
| <b>Cash - Ending</b>                                     | <u>\$ 13,466</u> | <u>\$ 113,659</u> |
| <b>Supplemental Disclosures of Cash Flow Information</b> |                  |                   |
| Cash paid during the years for:                          |                  |                   |
| Interest   | \$ 4,642         | \$ 310            |
| Non-cash financing activities:                           |                  |                   |
| Conversion of convertible debt to equity                 | \$ 110,000       | \$ --             |

*No assurance is provided on these financial statements.*

# HANA MAKGEOLLI, LLC

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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### NOTE 1 - ORGANIZATION AND NATURE OF BUSINESS

Hana Makgeolli, LLC (the “Company”) is a New York Limited Liability Company formed on November 15, 2017. The Company engages in the production, marketing and sale of artisanal Korean rice wine. The Company derives its revenues from the retail sale of Korean rice wine from the Company’s tasting room in Brooklyn, NY and wholesale to local liquor stores in Brooklyn and the metro New York region, as well as direct-to-consumer sales to various states outside of New York through the Company’s website.

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### *BASIS OF PRESENTATION*

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”).

#### *USE OF ESTIMATES*

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### *ACCOUNTS RECEIVABLE AND ALLOWANCE FOR DOUBTFUL ACCOUNTS*

The allowance for doubtful accounts reflects management's best estimate of probable losses inherent in the accounts receivable balance. Management determines the allowance based on known troubled accounts, historical experience and other available evidence. Accounts receivable and the related allowance account are charged off when accounts receivable are deemed uncollectible. At December 31, 2020, an allowance for doubtful accounts was not provided since in the opinion of management, all accounts are deemed collectible.

#### *CONCENTRATIONS OF CREDIT AND MARKET RISK*

Financial instruments that potentially subject the Company to significant concentrations of credit or market risk consist primarily of cash and accounts receivable.

The Company places its cash deposits with financial institutions that at times may be uninsured or in deposit accounts that exceed the Federal Deposit Insurance Corporation insurance limits.

*No assurance is provided on these financial statements.*

# HANA MAKGEOLLI, LLC

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *CONCENTRATIONS OF CREDIT AND MARKET RISK (CONTINUED)*

The Company has not experienced any losses in such accounts and management believes the Company is not exposed to any significant credit risk.

The Company sells primarily to individuals and local liquor stores. Receivables arising from these sales are not collateralized; however, credit risk is minimized as a result of the large and diverse nature of the Company's customer base. No individual customers represented more than 10% of the Company's revenues for the years ended December 31, 2020.

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continued to spread throughout the United States and the World. The Company monitored the outbreak of COVID-19 and the related business and travel restrictions and changes to behavior intended to reduce its spread, and its impact on operations, financial position, cash flows, inventory, supply chains, and customer payments, in addition to the impact of on its employees. Due to the rapid development and fluidity of this situation, the magnitude and duration of the pandemic and its impact on the Company's operations and liquidity is uncertain as of the date of this report. While there could ultimately be a material impact on operations and liquidity of the Company, at the time of issuance, the impact could not be determined.

#### *INVENTORIES*

Inventories consist of raw materials, makgeolli in process, retail inventory and finished goods and are stated at the lower of cost (first-in, first-out) or net realizable value. The cost of finished products and work in progress comprises raw materials, other production materials, direct labor, other direct costs and an allocation of fixed and variable overhead based on normal operating capacity. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated completion and selling costs.

Inventories are written down on a case-by-case basis if the anticipated net realizable value declines below the carrying amount of the inventories. The calculation of the net realizable value takes into consideration specific characteristics of each inventory category, such as expiration date, remaining shelf life, slow-moving indicators, among others.

*No assurance is provided on these financial statements.*

# HANA MAKGEOLLI, LLC

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *PROPERTY AND EQUIPMENT*

Property, equipment and leasehold improvements are stated at cost, net of accumulated depreciation and amortization. Depreciation of fixed assets is computed principally using the straight-line method over the lesser of the estimated useful lives or the lease terms of the related asset. Major improvements are capitalized, while replacements and maintenance and repairs that do not extend the lives of the assets, are charged directly to expense as incurred. Upon the disposition of property and equipment, the cost of the asset and the related accumulated depreciation are eliminated from the accounts and any resulting gain or loss is recognized as a component of income or loss.

#### *VALUATION OF LONG-LIVED ASSETS*

The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. These circumstances include, but are not limited to (1) a significant decrease in the market value of an asset, (2) a significant adverse change in the extent or manner in which an asset is used, or (3) an accumulation of costs significantly in excess of the amount originally expected for the acquisition of an asset.

The Company measures the carrying amount of the asset against its estimated undiscounted future cash flows. If the sum of the expected future net cash flows is less than the carrying value of the asset being evaluated, an impairment loss is recognized. The impairment loss would be calculated as the amount by which the carrying value of the asset exceeds its fair value. For the years ended December 31, 2020 and 2019, there was no impairment of the Company's long-lived assets.

#### *DEFERRED LOAN COSTS*

The Company follows the requirements of ASU 2015-03, *Simplifying the Presentation of Debt Issuance Costs*, to present debt issuance costs as a reduction of the carrying amount of the debt rather than as an asset. Amortization of the debt issuance costs of \$928 is reported as interest expense in the income statement and was previously presented as amortization expense.

*No assurance is provided on these financial statements.*

# HANA MAKGEOLLI, LLC

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *REVENUE RECOGNITION*

The Company has adopted Accounting Standards Codification (ASC) 606, *Revenue from Contracts with Customers* (ASC 606) with a date of initial application of January 1, 2020.

Under ASC 606, revenue is recognized when a customer obtains control of promised goods or services, in an amount that reflects the consideration, which the entity expects to receive in exchange for those goods, or services. To determine revenue recognition for arrangements that an entity determines are within the scope of ASC 606, the Company performs the following five steps: (i) identify the contracts(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) the entity satisfied a performance obligation.

The Company only continues with the five-step model to contracts when it is probably that the entity will collect the consideration it is entitled to in exchange for the goods or services it transfers to the customer. At contract inception, once the contract is determined to be within the scope of ASC 606, the Company assesses whether each promised good or service is distinct. The Company then recognizes as revenue the amount of the transaction price that is allocated to the respective performance obligation when (or as) the performance obligation is satisfied.

Net sales include product sales, less discounts and excise and sales taxes. The Company recognizes rice wine revenue at a point in time when the customer can benefit from the product.

*No assurance is provided on these financial statements.*

# HANA MAKGEOLLI, LLC

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *REVENUE RECOGNITION (CONTINUED)*

The Company elects to present and account shipping and handling activities in sales as fulfillment costs rather than separate performance obligations.

Revenues generated from the Company's tasting room are recognized upon the sale of the products to customers at a point in time and are included in sales on the accompanying statements of operations.

All revenue is earned at a point in time.

#### *EXCISE TAXES*

The Company is responsible for compliance with the Alcohol and Tobacco Tax and Trade Bureau of the U.S. Treasury Department (the "TTB") regulations, which includes making timely and accurate excise tax payments. The Company is subject to periodic compliance audits by the TTB. Individual states also impose excise taxes on alcohol beverages in varying amounts. The Company calculates its excise tax expense based upon units shipped and on its understanding of the applicable excise tax laws. Excise taxes are recorded as a reduction of sales in the accompanying statements of operations.

#### *COST OF SALES*

The Company includes the costs of the inventory sold during the year including labor and other overhead costs.

#### *ADVERTISING AND PROMOTION EXPENSES*

Advertising and promotion costs are expensed as incurred and are included in selling, general and administrative expenses in the accompanying statements of operations.

#### *SHIPPING COSTS*

Freight billed to customers is included in sales revenue and costs incurred to ship the Company's product are included in costs of sales in the accompanying statements of operations. Shipping costs were not significant for the years ended December 31, 2020 and 2019.

*No assurance is provided on these financial statements.*

# HANA MAKGEOLLI, LLC

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *INCOME TAXES*

The Company is a limited liability company treated as a partnership for income tax purposes and accordingly is not subject to income taxes in any jurisdiction. The members of the partnership are taxed on their proportionate share of the Company's taxable income. Accordingly, no provision or liability for Federal and State income taxes has been included in the accompanying financial statements. However, where applicable, the provision includes income taxes for the city of New York.

Management has concluded that the Company is a pass-through entity and there are no uncertain tax positions that would require recognition in the financial statements. If the Company were to incur an income tax liability in the future, interest on any income tax liability would be reported as interest expense and penalties on any income tax liability would be reported as income taxes. Management's conclusions regarding uncertain tax positions may be subject to review and adjustment at a later date based upon ongoing analyses of tax laws, regulations and interpretations thereof as well as other factors.

#### *RECENT ACCOUNTING PRONOUNCEMENTS*

In February of 2016, the FASB issued ASU 2016-02 – Leases (Topic 842). The updated guidance requires lessees to recognize a right-of-use asset and corresponding liability on the balance sheet for all leases, except for leases covering a period of fewer than 12 months. The liability is to be measured as the present value of the future minimum lease payments taking into account renewal options if applicable plus initial incremental direct costs such as commissions. The minimum payments are discounted using the rate implicit in the lease or, if not known, the lessee's incremental borrowing rate. The guidance will be effective for the Company for its annual reporting period beginning January 1, 2021. The Company is currently evaluating the effect that adopting this new accounting guidance will have on its financial statements.

#### *SUBSEQUENT EVENTS*

The Company has evaluated subsequent events to determine events or transaction occurring subsequent to the period which would require potential adjustment or disclosure in the financial statements.

*No assurance is provided on these financial statements.*

# HANA MAKGEOLLI, LLC

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

### NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31, 2020 and 2019:

|   | 2020             | 2019         | Estimated<br>Useful Lives |
|---|------------------|--------------|---------------------------|
| Leasehold improvements                          | \$253,638        | \$ --        | Lease term                |
| Machinery and equipment                         | <u>117,103</u>   | <u>--</u>    | 5 years                   |
|   | 370,741          | --           |                           |
| Less: Accumulated depreciation and amortization | <u>37,877</u>    | <u>--</u>    |                           |
| <b>Property and Equipment, Net</b>              | <u>\$332,864</u> | <u>\$ --</u> |                           |

Depreciation and amortization of property and equipment totaled \$37,877 and \$-- for the years ended December 31, 2020 and 2019, respectively.

### NOTE 4 - LONG-TERM DEBT

Long-term debt at December 31, 2020 and 2019 consists of the following:

|   | 2020             | 2019             |
|---|------------------|------------------|
| Loan payable with Empire State Certified Development Corporation – through March 2022, the Company is required to make interest only payments with interest at 7% per annum. Starting in April 2022, monthly installments of \$1,866 including interest at 7% per annum are due through March 2030. The loan payable is collateralized by the substantially all of the assets of the Company and is guaranteed by the Company and two of its members. | \$135,317        | \$ 82,498        |
| Promissory note payable with an individual, which accrues interest at 5% per annum, and is due and payable in January 2024.   | <u>33,011</u>    | <u>31,404</u>    |
| <b>Total Long-Term Debt</b>   | 168,328          | 113,902          |
| Less: Unamortized debt issuance costs   | <u>8,122</u>     | <u>9,050</u>     |
| <b>Total Long-Term Debt, Less Unamortized Debt Issuance Costs</b>   | 160,206          | 104,852          |
| Less: current maturities  | <u>-</u>         | <u>--</u>        |
| <b>Total Long-Term Debt, Net, Less Current Maturities</b>   | <u>\$160,206</u> | <u>\$104,852</u> |

*No assurance is provided on these financial statements.*

# HANA MAKGEOLLI, LLC

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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#### NOTE 4 - LONG-TERM DEBT (CONTINUED)

Maturities of long-term debt at December 31, 2020 are as follows:

| For the Year Ending<br>December 31, | Long-Term<br>Debt | Unamortized debt<br>issuance costs |
|-------------------------------------|-------------------|------------------------------------|
| 2021                                | \$ --             | \$ 928                             |
| 2022                                | 8,703             | 928                                |
| 2023                                | 13,850            | 928                                |
| 2024                                | 47,876            | 928                                |
| 2025                                | 15,955            | 928                                |
| Thereafter                          | <u>81,944</u>     | <u>3,482</u>                       |
| <b>Total</b>                        | <u>\$ 168,328</u> | <u>\$ 8,122</u>                    |

#### NOTE 5 - CONVERTIBLE PROMISSORY NOTES

The total amount of the notes outstanding as of December 31, 2019 was \$110,000. Under the terms of these Notes, interest accrued at an annual rate equal to six percent (6%) and was payable at the maturity date of December 15, 2023, unless otherwise converted as described herein. If a Qualified Financing occurs prior to the maturity date, the then outstanding principal of the Notes and all accrued and unpaid interest thereon will automatically convert, without any action on the part of the noteholder. The number of conversion interests to be issued upon such conversion shall be equal to the quotient obtained by dividing the outstanding principal and unpaid accrued interest on a Note to be converted on the date of conversion by the conversion price defined as the product of 85% and the price paid per share for interests as defined in the Notes. On April 10, 2020, the Notes and accrued interest converted into membership interests.

#### NOTE 6 - COMMITMENTS AND CONTINGENCIES

##### *OPERATING LEASES*

The Company has a lease commitment under a non-cancelable operating lease expiring in April 2029, principally for facilities and storage. The Company pays property taxes, insurance and other expenses related to the leased facility. The lease contains escalating rent provisions.

*No assurance is provided on these financial statements.*

# HANA MAKGEOLLI, LLC

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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#### NOTE 6 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

##### *OPERATING LEASES (CONTINUED)*

Rent expense for the years ended December 31, 2020 and 2019 totaled \$56,442 and \$25,300, respectively

Minimum annual rental commitment under the non-cancelable operating lease at December 31, 2020, is as follows:

| For the Years<br>Ended December 31, | Amount                  |
|-------------------------------------|-------------------------|
| 2021                                | \$ 56,856               |
| 2022                                | 59,874                  |
| 2023                                | 61,671                  |
| 2024                                | 63,528                  |
| 2025                                | 65,436                  |
| Thereafter                          | <u>226,311</u>          |
| <b>Total</b>                        | <u><b>\$533,676</b></u> |

*No assurance is provided on these financial statements.*

**HANA MAKEGEOLLI LLC**  
**SCHEDULES OF COST AND SALES**  
**DECEMBER 31, 2020 AND 2019**

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|                                | 2020            | 2019            |
|--------------------------------|-----------------|-----------------|
| <b>Inventory</b> – Beginning   | \$           -- | \$           -- |
| Purchases                      | 16,806          | --              |
| Shipping supplies              | 4,667           | --              |
| Total Goods Available for Sale | 21,473          | --              |
| <b>Inventory</b> – Ending      | 4,546           | --              |
| <b>Total Cost of Sales</b>     | \$   16,927     | \$           -- |

*No assurance is provided on these financial statements.*

# HANA MAKEGEOLLI LLC

## SCHEDULES OF SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

DECEMBER 31, 2020 AND 2019

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|   | 2020              | 2019             |
|---|-------------------|------------------|
| <b>Selling, General and Administrative Expenses</b>       |                   |                  |
| Salaries  | \$ 5,861          | \$ --            |
| Payroll taxes   | 748               | --               |
| Advertising   | 88                | --               |
| Bank charges  | 1,644             | 190              |
| Insurance   | 5,233             | 3,170            |
| Professional fees   | 6,163             | 9,601            |
| Office expense  | 3,666             | 5,627            |
| Rent  | 56,442            | 25,300           |
| Property taxes  | 8,624             | 10,982           |
| Travel and entertainment                                  | --                | 1,575            |
| Permits and licenses                                      | --                | 3,226            |
| Repairs and maintenance                                   | 29,853            | 650              |
| Supplies  | 30,063            | 2,612            |
| Utilities   | 5,580             | 957              |
|   | <hr/>             | <hr/>            |
| <b>Total Selling, General and Administrative Expenses</b> | <b>\$ 153,965</b> | <b>\$ 63,890</b> |

*No assurance is provided on these financial statements.*