

BARR NECESSITIES, INC.

Financial Statements and Report
Unaudited
December 31, 2020

Barr Necessities, Inc.

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These financial statements are prepared in good faith in accordance with generally accepted accounting principles (GAAP). They are unaudited by any financial services or accounting firm.

Barr Necessities, Inc.

Balance Sheet

As of December 31

	2020	2019
Assets		
Current assets		
Cash	\$ 119,384	\$ 179
Accounts receivable	19,260	8,737
Inventory	20,597	14,239
Prepaid expense	20,923	-
Other current assets	1,516	-
<i>Total current assets</i>	<u>181,680</u>	<u>23,155</u>
Total assets	<u>\$ 181,680</u>	<u>\$ 23,155</u>
Liabilities and shareholder's equity		
Current liabilities		
Accounts payable	48,419	39,344
Sales tax payable	479	-
<i>Total current liabilities</i>	<u>48,898</u>	<u>39,344</u>
Non-current liabilities		
Long-term loans payable	129,088	132,686
Note payable	100,000	-
<i>Total non-current liabilities</i>	<u>229,088</u>	<u>132,686</u>
Total liabilities	<u>277,986</u>	<u>172,030</u>
Shareholder's equity		
Capital contributions	25,309	- 110,503
Retained earnings	- 38,372	- 38,372
Net income/loss	- 83,243	-
<i>Total shareholder's equity</i>	<u>- 96,306</u>	<u>- 148,875</u>
Total liabilities and shareholder's equity	<u>\$ 181,680</u>	<u>\$ 23,155</u>

Barr Necessities, Inc.

Income Statement

For the year ended December 31

	2020	2019
Sales income	\$ 184,508	\$ 129,509
Cost of Goods Sold	81,120	100,582
Gross Profit	<u>103,388</u>	<u>28,927</u>
Expenses		
Advertising and Marketing	41,999	7,637
General and Administrative	115,375	50,790
Selling and Logistics	29,257	2,130
Total expenses	<u>186,631</u>	<u>60,557</u>
Net operating income	- 83,243	- 31,630
Net income/loss	<u>\$ -83,243</u>	<u>\$ -31,630</u>

Barr Necessities, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2020

Cash flows from operating activities

Net loss	\$	-83,243
Increase/decrease in accounts receivable	-	10,523
Increase/decrease in inventory	-	6,358
Increase/decrease in prepaid expense	-	20,923
Increase/decrease in other current assets	-	1,516
Increase/decrease in accounts payable		9,075
Increase/decrease in sales tax payable		479
Net cash used in operating activities	-	<u>113,009</u>

Cash flows from investing activities

Net cash used in investing activities		<u>-</u>
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Cash flows from financing activities

Proceeds from long-term loans payable	-	3,598
Proceeds from note payable		100,000
Capital contributions		174,829
Distribution to shareholders	-	39,017
Net cash proceeds from financing activities		<u>232,214</u>

Net change in cash

Cash, beginning balance		179
Cash, ending balance	\$	<u><u>119,384</u></u>

Barr Necessities, Inc.

Statement of Changes in Shareholder's Equity
For the Year Ended December 31, 2020

Balance, January 1, 2020	\$	-148,875
Capital contributions during the year		174,829
Net income/loss	-	83,243
Drawings	-	39,017
Balance, December 31, 2020	\$	<u>-96,306</u>

Barr Necessities, Inc.

Notes to Financial Statements

1. Organization and Nature of Business

Barr Necessities, Inc. was incorporated in the state of Delaware on January 14, 2020. The Company began operations in 2018 and has continued those operations to the present. The Company sells cookies of different flavors.

2. Summary of Significant Accounting Policies

Accounting Principles

The financial statements are prepared in accordance with US generally accepted accounting principles (GAAP).

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires the Company to make estimates and judgements that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent liabilities. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results from which form the basis for making judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Cash

Cash consists of all cash balances and highly liquid investments with original maturities of 90 days or less upon acquisition. The Company has not held any cash equivalents, such as money market funds. As of December 31, 2020, deposits with each bank up to \$250 thousand were insured by the Federal Deposit Insurance Corporation ("FDIC"). The Company held no deposits in excess of FDIC limits as of December 31, 2020. The Company has not experienced losses in such accounts, and the Company believes it is not exposed to any significant risk on its cash balances.

Fair Value of Financial Instruments

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The authoritative guidance for fair value measurements established a framework for measuring fair value and established a three-level valuation hierarchy for disclosure of fair value measurements as follows:

Level 1 – Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets. The Company's Level 1 assets consist of its marketable securities.

Level 2 – Observable quoted prices for similar assets or liabilities in active markets and observable quoted prices for identical assets or liabilities in markets that are not active.

Level 3 – Unobservable inputs that are not corroborated by market data.

Cash, accounts payable, and accrued expenses are reflected at carrying value, which approximates fair value due to the short-term maturity. The fair values of amounts due to affiliates are not determinable due to the related-party nature of the balances.