

**HAWAIIAN OLA BREWING CORPORATION DBA HAWAII CIDER**

Financial Statements For The Period of Inception through December 31, 2016

December 8, 2017



## **Independent Auditor's Report**

To Management  
Hawaiian Ola Brewing Corporation  
Kailua-Kona, HI

We have audited the accompanying balance sheet of Hawaiian Ola Brewing Corporation as of December 31, 2016, and the related statements of income, retained earnings, and cash flows for the period then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hawaiian Ola Brewing Corporation as of December 31, 2016, and the results of its operations and its cash flows for the period then ended in accordance with accounting principles generally accepted in the United States of America.

Jason M. Tyra, CPA, PLLC  
Dallas, TX  
December 8, 2017

**HAWAIIAN OLA BREWING CORPORATION DBA HAWAII CIDER**  
**BALANCE SHEET**  
**DECEMBER 31, 2016**

**ASSETS**

**CURRENT ASSETS**

Cash	\$ 244,325
Related Party Receivables	11,648

TOTAL CURRENT ASSETS	255,973
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**NON-CURRENT ASSETS**

Fixed Assets, Net	423,339
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TOTAL NON-CURRENT ASSETS	423,339
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TOTAL ASSETS	679,312
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**LIABILITIES AND SHAREHOLDERS' EQUITY**

**CURRENT LIABILITIES**

Accrued Rent	10,417
Related Party Payable	32,175

TOTAL CURRENT LIABILITIES	42,592
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**NON-CURRENT LIABILITIES**

Note Payable	791,038
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TOTAL LIABILITIES	833,630
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**SHAREHOLDERS' EQUITY**

Common Stock (10,000,000 shares authorized, 4,860,000 shares issued, no par value)	1,000
Retained Earnings (Deficit)	(155,318)

TOTAL SHAREHOLDERS' EQUITY	(154,318)
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TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 679,312
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**HAWAIIAN OLA BREWING CORPORATION DBA HAWAII CIDER**  
**INCOME STATEMENT**  
**FOR THE PERIOD OF INCEPTION THROUGH DECEMBER 31, 2016**

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**Operating Income**

Sales, Net	\$ -
Cost of Goods Sold	-

**Gross Profit**

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**Operating Expense**

General & Administrative	43,567
Product Development	31,400
Rent	36,043
Advertising	3,269

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114,279

**Net Income from Operations**

(114,279)

**Other Income (Expense)**

Interest Expense	(41,038)
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**Net Income**

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\$ (155,318)

**HAWAIIAN OLA BREWING CORPORATION DBA HAWAII CIDER**  
**STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD OF INCEPTION THROUGH DECEMBER 31, 2016**

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**Cash Flows From Operating Activities**

Net Income (Loss) For The Period	\$ (155,318)
Change in Related Party Receivables	(11,648)
Change in Accrued Rent	10,417

<b>Net Cash Flows From Operating Activities</b>	(156,549)
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**Cash Flows From Investing Activities**

Change in Fixed Assets	(423,339)
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<b>Net Cash Flows From Investing Activities</b>	(423,339)
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**Cash Flows From Financing Activities**

Change in Related Party Loan	32,175
Change in Note Payable	750,000
Issuance of Common Stock	1,000

<b>Net Cash Flows From Investing Activities</b>	783,175
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<b>Cash at Beginning of Period</b>	-
<b>Net Increase (Decrease) In Cash</b>	203,286
<b>Cash at End of Period</b>	\$ 203,286

HAWAIIAN OLA CORPORATION DBA HAWAII CIDER  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016

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NOTE A- ORGANIZATION AND NATURE OF ACTIVITIES

Hawaiian Ola Brewing Corporation ("the Company") is a corporation organized under the laws of the State of Hawaii. The Company brews and sells alcoholic beverages through retail partners and its taproom, which is open to the public.

The Company will conduct an equity crowdfund offering during the fourth quarter of calendar year 2017, and first quarter of 2018, for the purpose of raising operating capital. The Company's ability to continue as a going concern or to achieve management's objectives may be dependent on the outcome of the offering or management's other efforts to raise operating capital.

NOTE B- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP"). The period depicted includes December 22, 2015 (inception) through December 31, 2015.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include all cash balances, and highly liquid investments with maturities of three months or less when purchased.

Fixed Assets

The Company capitalizes long-lived assets with an original value of \$1,000 or more. The Company's fixed assets consist of furniture, leasehold improvements, and barrels used in the manufacture of the Company's products. Depreciation is calculated on a straight-line basis over management's estimate of each asset's useful life.

Revenue

The Company recognizes revenue when persuasive evidence of an arrangement exists, delivery has occurred, or services have been rendered, the fee for the arrangement is fixed or determinable and collectability is reasonably assured.

HAWAIIAN OLA BREWING CORPORATION DBA HAWAII CIDER  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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Rent

The Company occupies a brewery and taproom space under a non-cancellable operating lease. Future minimum payments due under the lease are as follows:

12/01/2016 to 11/30/2018	\$6,294 per month
12/01/2018 to 11/30/2019	\$6,483 per month
12/01/2019 to 11/30/2020	\$6,678 per month
12/01/2020 to 05/31/2021	\$6,872 per month

Advertising

The Company records advertising expenses in the year incurred.

Income Taxes

The Company is subject to tax filing requirements as a corporation in the federal jurisdiction of the United States. The Company's federal tax filing for 2016 will remain subject to review by the Internal Revenue Service until 2020. The Company incurred a net operating loss for the year ended December 31, 2016. Net operating losses will be carried forward to reduce income tax in future years. Due to management's uncertainty as to the timing and valuation of the benefits associated with the net operating loss carryforwards, the Company has not recorded an allowance for them in the financial statements. Net operating losses expire if unused after twenty tax years.

The Company is subject to income tax filing requirements in the State of Hawaii. The Company's tax filing in the State of Hawaii for 2016 will remain subject to review by that State until 2020.

NOTE C- DEBT

In 2016, the Company issued convertible promissory notes totaling \$750,000 to a single lender in exchange for cash to fund startup operations. The notes accrue interest at the rate of 8%, or 15% per year, and mature in May of 2019. The notes are convertible to equity at a 60% discount to market value in the event of non-payment at maturity, or one of certain specified liquidity events.

As of December 31, 2016, notes payable includes accrued and unpaid interest of \$41,038.

NOTE D- RELATED PARTY TRANSACTIONS

"Related party receivable," and "related party payable" represents expenses paid by or for the Company on behalf of or by an affiliate under common management. These amounts are unsecured, non-interest bearing, and payable at a time in the next fiscal year to be determined by management.

HAWAIIAN OLA BREWING CORPORATION DBA HAWAII CIDER  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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NOTE E- CONCENTRATIONS OF RISK

Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents. The Company places its cash and cash equivalents with a limited number of high quality financial institutions and at times may exceed the amount of insurance provided on such deposits.

NOTE F- SUBSEQUENT EVENTS

Management considered events subsequent to the end of the period but before December 8, 2017, the date that the financial statements were available to be issued.