

The Cookie Department, Inc.
Consolidated Statements of Assets, Liabilities and Equity
2018 and 2019

	2018	2019
ASSETS		
Current Assets		
Bank Accounts	\$ 73,810.68	14,023.77
Accounts Receivable	\$ 46,554.32	55,738.75
Total Inventory Asset	\$ 25,008.66	14,094.93
Undeposited Funds	\$ 630.51	1,042.86
Total Current Assets	\$ 146,004.17	84,900.31
Fixed Assets		
Fixed Assets (Net of Depreciation)	\$ 5,846.72	4,729.82
Total Fixed Assets	5,846.72	4,729.82
Other Assets		
Deposits & Amortization	\$ (3,531.89)	(3,531.89)
Loan to Shareholder - AR	\$ 62,117.00	62,821.00
Total Other Assets	\$ 58,585.11	59,289.11
TOTAL ASSETS	\$ 210,436.00	148,919.24

The Cookie Department, Inc.
Consolidated Statements of Assets, Liabilities and Equity
2018 and 2019

LIABILITIES AND EQUITY

Liabilities

Current Liabilities

Accounts Payable	\$	27,195.73	12,180.57
Total Credit Cards	\$	41,890.98	47,165.82
Total Other Current Liabilities	\$	33,125.69	37,926.33
Total Current Liabilities	\$	102,212.40	97,272.72

Long-Term Liabilities

Convertible Notes	\$	295,784.61	325,571.09
Other Long-Term Liabilities	\$	37,307.30	23,976.45
Total Long-Term Liabilities	\$	333,091.91	349,547.54
Total Liabilities	\$	435,304.31	446,820.26

Equity

Adjustment to Shareholder Equity	\$	(53,831.81)	(76,636.16)
Total Capital Stock	\$	27,500.00	27,500.00
Opening Balance Equity {3}	\$	37,500.20	37,500.20
Retained Earnings	\$	(140,745.24)	(236,036.70)
Net Income	\$	(95,291.46)	(50,228.36)
Total Equity	\$	(224,868.31)	(297,901.02)
TOTAL LIABILITIES AND EQUITY	\$	210,436.00	148,919.24

The Cookie Department, Inc.
Consolidated Statements of Revenues and Expenses
2018 and 2019

	2018	2019
Income		
Total Income	\$ 343,692.72	242,343.82
Total Cost of Goods Sold	\$ 232,977.13	178,020.54
Gross Profit	\$ 110,715.59	64,323.28
Expenses		
Depreciation Expense	\$ 590.21	1,136.88
Total Operating Expenses	\$ 182,114.82	100,519.25
Total Taxes Paid	\$ 800.00	1,364.97
Total Expenses	\$ 185,770.46	103,021.10
Net Operating Income	\$ (75,054.87)	(38,697.82)
Other Income and Expenses		
Other Income	\$ 83.75	0.09
Other Expenses	\$ 20,320.34	11,530.63
Net Other Income	\$ (20,236.59)	(11,530.54)
Net Income	\$ (95,291.46)	(50,228.36)

The Cookie Department, Inc.
Statement of Cash Flows
2018 and 2019

	2018	2019
OPERATING ACTIVITIES		
Net Income	\$ (95,291.46)	(50,228.36)
Adjustments to reconcile Net Income to Net Cash provided by operations:		
Accounts Receivable	\$ 41,449.67	(9,184.43)
Inventory Asset	\$ (9,104.60)	174.25
Inventory Asset:Finished Product On Hand	\$ 593.16	5,212.70
Inventory Asset:Packaging Inventory	\$ (8,390.88)	5,526.78
Prepaid Creative Services	\$ 8,013.49	0.00
Accumulated Depreciation	\$ 590.21	1,136.88
Accounts Payable	\$ (19,802.67)	(15,015.16)
American Express -71004	\$ 2,989.04	(740.50)
Best Buy Credit Card 8827	\$ (478.67)	17.98
Capital One Credit Card	\$ (716.00)	716.00
Chase Credit Card 2850	\$ 250.23	422.93
US Bank Credit Card 5090	\$ 4,509.52	5,530.47
Wells Fargo Business Card 4862	\$ 1,920.27	(672.04)
Fundbox Invoice Advances	\$ 0.00	7,444.50
Loan Payable - Bob Grossman	\$ (5,000.00)	(2,400.00)
Payroll Liabilities	\$ 0.00	70.41
Payroll Liabilities:State	\$ 0.00	(314.27)
Total Adjustments to reconcile Net Income to Net Cash provided by operations:	\$ 16,822.77	(2,073.50)
Net cash provided by operating activities	\$ (78,468.69)	(52,301.86)
INVESTING ACTIVITIES		
Computers & Equipment	\$ 0.00	(19.98)
Printing Plates	\$ (3,750.00)	0.00
Loan to Shareholder - AR	\$ 861.00	(704.00)
Net cash provided by investing activities	\$ (2,889.00)	(723.98)
FINANCING ACTIVITIES		
Convertible Notes	78,925.81	29,786.48
Irene Unterberger Website Development Loan	\$ (3,999.96)	(3,000.05)
Loan Payable - Pam Marcus	\$ (1,000.00)	0.00
Micro Loan - OBDC	\$ (8,647.57)	(10,330.80)
Adjustment to Shareholder Equity	\$ 43,447.42	(22,804.35)
Net cash provided by financing activities	\$ 108,725.70	(6,348.72)
Net cash increase for period	\$ 27,368.01	(59,374.56)

The Cookie Department, Inc
Notes to Consolidated Financial Statements
December 31, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared in accordance with the Financial Reporting Framework for Small- and Medium-Sized Entities issued by the American Institute of Certified Public Accountants, which is a special purpose framework and not U.S. generally accepted accounting principles (U.S. GAAP). The accounting principles that compose the framework are appropriate for the preparation and presentation of small- and medium-sized entity financial statements, based on the needs of the financial statement users and cost and benefit considerations. This special purpose framework, unlike U.S. GAAP, does not require the recognition of deferred taxes. We have chosen the option to recognize only current income tax assets and liabilities.

Nature of Operations

The Cookie Department, Inc is engaged in the development, manufacturing, and distribution of fully functional cookies across the United States.

Cash and Cash Equivalents

For the purposes of the consolidated statements of cash flows all liquid bank checking and savings are reported.

Accounts Receivable

Accounts receivable from providing product are based on invoiced prices. Normal invoices are due 15 days after the issuance of the invoice though concessions are made with larger distributors to extend the due date. Delinquent receivables are written off in rare circumstances such as bankruptcy.

Inventory

Inventory consisting of film, packaging, and finished product is stated at the lower of cost (FIFO method) or net realizable value.

Property and Equipment

Property and Equipment are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range 3 to 7 years. Expenditures for repairs and maintenance are charged to the proper expense account as incurred.

2. ACCOUNTS RECEIVABLE

The following is a summary of accounts receivable.

	2018	2019
Accounts Receivable	\$ 46,554.32	55,738.75

3. PROPERTY AND EQUIPMENT

Fixed Assets

The following is a summary of fixed assets.

	2018	2019
Fixed Assets		
Accumulated Depreciation	(1,313.86)	(2,450.74)
Computers & Equipment	3,410.58	3,430.56
Furniture and Fixtures	0.00	0.00
Packaging Equipment	0.00	0.00
Printing Plates	3,750.00	3,750.00
Total Fixed Assets	5,846.72	4,729.82

Other Assets

The following is a summary of other assets.

	2018	2019
Other Assets		
Deposits & Amortization		
Accumulated Amortization	(8,013.49)	(8,013.49)
Deposit - Gas & Cylinders	360.43	360.43
Deposit - Packing Machine	3,621.17	3,621.17
Deposit - Rent	500.00	500.00
Loan to Shareholder - AR	\$ 62,117.00	62,821.00
Total Other Assets	\$ 58,585.11	59,289.11

The loan to shareholder account is the net of funds loaned to the shareholder, expenses deemed to be non-business related, and COGS adjustments that the shareholder wished to take on.

4. FINANCING ACTIVITIES

Credit Cards

The following is a summary of all credit cards.

	2018	2019
Credit Cards		
American Express -71004	6,545.64	5,805.14
Best Buy Credit Card 8827	1,058.30	1,076.28
Capital One Credit Card	(716.00)	0.00
Chase Credit Card 2850	23,646.26	24,069.19
US Bank Credit Card 5090	5,055.47	10,585.94
Wells Fargo Business Card 4862	6,301.31	5,629.27
Total Credit Cards	\$ 41,890.98	47,165.82

Other Current Liabilities

The following is a summary of other current liabilities.

	2018	2019
Other Current Liabilities		
Fundbox Invoice Advances	0.00	7,444.50
Loan Payables	33,366.00	30,966.00
Payroll Liabilities	\$ (240.31)	(484.17)
Total Other Current Liabilities	\$ 33,125.69	37,926.33

Convertible Notes

The following is a summary of convertible notes.

	2018	2019
Convertible Notes		
Convertible Note - Andrea Kirschner	16,639.73	16,639.73
Convertible Note - Barry Labov	56,030.13	56,030.13
Convertible Note - Charles Lawrence	10,928.77	10,928.77
Convertible Note - Danielle Woods	11,043.84	11,043.84
Convertible Note - David Ramone	107,413.70	107,413.70
Convertible Note - Noah Alper	10,986.30	10,986.30
Convertible Note - Renae Scott	5,463.56	5,463.56
Convertible Note - Wilson Tsai	10,978.08	10,978.08
Convertible Note Wefunder	66,300.50	96,086.98
Total Convertible Notes	\$ 295,784.61	325,571.09

Other Long-Term Liabilities

The following is a summary of other long-term liabilities.

	2018	2019
Other Long-Term Liabilities		
Irene Unterberger	3,000.05	3,000.05
Loan Payable - Pam Marcus	18,475.00	18,475.00
Micro Loan - OBDC	15,832.25	5,501.45
Total Other Long-Term Liabilities	\$ 37,307.30	26,976.50

Adjustment to Shareholder Equity

	2018	2019
Adjustment to Shareholder Equity	\$ (53,831.81)	(76,636.16)

The accumulated adjustment made to shareholder equity is the result of an automated adjustment put into the books by QuickBooks when the use of their inventory system was discontinued. The \$76,636.16 is the net of price and cost adjustments made to the products list, which impacted all years rather than only the current, and the removal of discontinued products from the products list. New inventory systems, which better fit the needs of the company, are now in place.

Other Income and Expense

The following is a summary of other income and expense.

	2018	2019
Other Income and Expenses		
Cash Back Rewards	78.06	0.00
Interest Income	5.69	0.09
Interest Expense	(20,320.34)	(11,530.63)
Total Other Income and Expenses	\$ (20,236.59)	(11,530.54)