

**BLUE HERON CATERING, INC.**

**FINANCIAL STATEMENTS (UNAUDITED)**  
**AND**  
**INDEPENDENT ACCOUNTANT'S REVIEW REPORT**

**DECEMBER 31, 2017 AND 2016**

**HARSHWAL & COMPANY LLP**  
**Certified Public Accountants**  
**266 17th Street, Suite 200**  
**Oakland, CA 94612**  
**(510) 452-5051**

**BLUE HERON CATERING, INC.**

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## **INDEPENDENT ACCOUNTANT'S REVIEW REPORT**

To the Board of Directors  
Blue Heron Catering, Inc.  
Oakland, California

We have reviewed the accompanying balance sheet of Blue Heron Catering, Inc. as of December 31, 2017 and 2016 and the related statements of income and equity, and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### **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.

### **Accountant's Responsibility**

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

**Accountant's Conclusion**

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

**Harshwal & Company, LLP**  
**Certified Public Accountants**

*Harshwal & Company LLP*

**Oakland, California**  
**October 24, 2018**

## **FINANCIAL STATEMENTS**

**BLUE HERON CATERING, INC.**  
**BALANCE SHEET**  
**DECEMBER 31, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>		
Current assets:		
Cash & bank	\$ (39,366)	\$ (66,256)
Inventory assets	7,000	7,000
Advance payroll taxes	21,474	12,989
Accounts receivables	5,592	(4,667)
Other assets	103	70
Goodwill, net	<u>2,666</u>	<u>5,333</u>
Total current assets	<u>(2,531)</u>	<u>(45,531)</u>
Non current assets:		
Property and equipment, net	<u>21,165</u>	<u>23,894</u>
Total non current assets	<u>21,165</u>	<u>23,894</u>
Total assets	<u>18,634</u>	<u>(21,637)</u>
<b>LIABILITIES AND EQUITY</b>		
Current liabilities:		
Account payable	81,393	99,312
Payroll & taxes	12,843	1,168
Credit card payables	54,822	45,115
Sales tax payable	44,658	17,948
Customer deposit	70,151	57,673
Unearned income	3,239	3,222
N/P Buy out	24,982	44,993
Loans from officer	<u>10,634</u>	<u>10,634</u>
Total liabilities	<u>302,722</u>	<u>280,065</u>
Equity:		
Equity balance	<u>(284,088)</u>	<u>(301,702)</u>
Total equity	<u>(284,088)</u>	<u>(301,702)</u>
Total liabilities and equity	<u>\$ 18,634</u>	<u>\$ (21,637)</u>

The accompanying notes are an integral part of these financial statements

**BLUE HERON CATERING, INC.**  
**STATEMENTS OF INCOME**  
**FOR THE YEAR ENDED DECEMBER 31, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
<b>REVENUES FROM:</b>		
Business activities	\$ 486,324	\$ 261,107
Social / private activities	222,643	389,834
Wedding arrangements	530,738	425,321
B-side sales	2,939	-
Cafe activities	509,119	501,265
Outpost sales	220	-
Reservation fess	18,000	2,420
Other income	<u>3,033</u>	<u>4,475</u>
Total revenues	<u>1,773,016</u>	<u>1,584,422</u>
<b>EXPENSES</b>		
Cost of goods sold	559,827	526,967
Salary & wages	926,779	822,572
Advertisement & promotion	2,474	4,764
Bank charges	32,526	24,997
Commissions	3,155	954
Educational charges	1,585	6,495
Insurance charges	44,116	53,752
Interest expenses	17,132	14,105
Legal & accounting charges	1,305	4,350
Licenses & permits	2,234	2,075
Office supplies	2,263	2,442
Professional fees	1,161	2,530
Printing & stationery	2,402	3,558
Rent charges	60,655	61,735
Repairs & maintenance	9,849	6,751
Taxes	11,819	3,013
Telephone & internet	2,546	2,753
Transportation	10,277	9,414
Uniforms, towels & linens	14,680	9,048
Utilities	17,818	16,634
Security & alarms	1,326	1,214
Depreciation & amortisation	11,157	10,241
Miscellaneous expenses	<u>16,626</u>	<u>14,684</u>
Total expenses	<u>1,753,712</u>	<u>1,605,048</u>
Net income/(loss)	<u>\$ 19,304</u>	<u>\$ (20,626)</u>

The accompanying notes are an integral part of these financial statements

**BLUE HERON CATERING, INC**  
**STATEMENT OF EQUITY**  
**FOR THE YEAR ENDED MARCH 31, 2017 AND 2016**

	<u><b>2017</b></u>	<u><b>2016</b></u>
Net income/(loss)	\$ 19,304	\$ (20,626)
Capital stock	(14,406)	(2,475)
Distribution - Debbie	(110,200)	(110,200)
Distribution - Elizabeth	(100,000)	(100,000)
Retained earnings	<u>(78,786)</u>	<u>(68,401)</u>
Member's equity, ending	\$ <u><u>(284,088)</u></u>	\$ <u><u>(301,702)</u></u>

The accompanying notes are an integral part of these financial statements



**BLUE HERON CATERING, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
<b>Cash flows from operating activities</b>		
Net income	\$ 19,304	\$ (20,626)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	11,157	10,241
Changes in operating assets and liabilities		
Accounts receivables	(10,259)	4,667
Other assets	(34)	(70)
Goodwill	-	(8,000)
Advance payroll taxes	(8,485)	(12,989)
Accounts payable	(17,919)	99,312
Payroll & taxes	11,676	1,168
Credit card payables	9,707	45,115
Sales tax payables	26,710	17,948
Customers deposits	12,478	57,673
N/P buyout	(20,011)	44,993
Unearned income	17	3,222
Inventory assets	<u>-</u>	<u>(7,000)</u>
Net cash provided by operating activities	<u>34,341</u>	<u>235,654</u>
<b>Cash flows from investing activities</b>		
Purchase of equipment	(5,761)	(31,468)
Loan from officers	<u>-</u>	<u>10,634</u>
Net cash used by investing activities	<u>(5,761)</u>	<u>(20,834)</u>
<b>Cash flows from financing activities</b>		
Addition/(Withdrawal) of equity capital	<u>(1,690)</u>	<u>(281,076)</u>
Net cash used by financing activities	<u>(1,690)</u>	<u>(281,076)</u>
Net increase/(decrease) in cash and cash equivalents	26,890	(66,256)
Cash and cash equivalents - beginning of year	<u>(66,256)</u>	<u>-</u>
Cash and cash equivalents - end of year	<u>\$ (39,366)</u>	<u>\$ (66,256)</u>

The accompanying notes are an integral part of these financial statements

**BLUE HERON CATERING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017 AND 2016**

**NOTE 1: NATURE OF ACTIVITIES**

Blue Heron Catering, Inc. was formed on February 18, 2004 located in Oakland, California, under the General Corporation Law of California. Blue Heron Catering Inc. organizes weddings, family, corporate and business events. Blue Heron Inc. also provides catering services, consultation, guidance and free tasting in Oakland.

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accountings**

Blue Heron Catering, Inc. prepares its financial statements in accordance with generally accepted accounting principles, which involves the application of accrual accounting: consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

**Cash and Cash Equivalents**

All highly liquid debt instruments with a maturity of one year or less are considered to be cash equivalents.

**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 could differ from those estimates.

**Fixed Assets**

Fixed assets purchased by Blue Heron Catering, Inc, are recorded at cost when purchased. Depreciation is provided on a straight-line basis over the estimated useful lives of the respective assets, ranging from three to ten years.

**NOTE 3: CASH AND CASH EQUIVALENTS**

As of December 31, 2017 and 2016, the organization's cash & bank balance consists of the following:

	<u>2017</u>	<u>2016</u>
Bank of West Checking Account	\$ 43,013	\$ 27,235
Bank of West	257	14,290
Cash drawer	2,259	336
N/P Bank of West	(62,961)	(75,597)
N/P Cannery 0004-2	<u>(21,934)</u>	<u>(32,520)</u>
Total cash & bank	<u>\$ (39,366)</u>	<u>\$ (66,256)</u>

**BLUE HERON CATERING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017 AND 2016**

**NOTE 4: FIXED ASSETS**

The details of the fixed assets and its accumulated depreciation as of and for the year ended December 31, 2017 and 2016 are as follows:

	<u>2017</u>	<u>2016</u>
Machinery & equipment	\$ 87,594	\$ 87,248
Office furniture	1,113	1,113
Computer hardware	24,714	19,299
Vehicles	<u>55,005</u>	<u>55,005</u>
Total assets	168,426	162,665
Less: Accumulated depreciation	<u>(147,261)</u>	<u>(138,771)</u>
Fixed assets, net	<u>\$ 21,165</u>	<u>\$ 23,894</u>

Depreciation expenses for the year ended December 31, 2017 and 2016 are as follows:

	<u>2017</u>	<u>2016</u>
Depreciation expenses	<u>\$ 8,490</u>	<u>\$ 7,574</u>

**NOTE 5: GOODWILL**

As of December 31, 2017 and 2016, Goodwill and its accumulated amortization consists of following balances:

	<u>2017</u>	<u>2016</u>
Goodwill	\$ 40,000	\$ 40,000
Accumulated Amortization	<u>(37,334)</u>	<u>(34,667)</u>
Goodwill, net	<u>\$ 2,666</u>	<u>\$ 5,333</u>

Amortization expenses for the year ended December 31, 2017 and 2016 are as follows:

	<u>2017</u>	<u>2016</u>
Amortization expenses	<u>\$ 2,667</u>	<u>\$ 2,667</u>

**BLUE HERON CATERING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017 AND 2016**

**NOTE 6: ACCOUNTS PAYABLES AND CREDIT CARD PAYABLE**

As of December 31, 2017 and 2016, the organization's accounts payables and credit card payables consist of following:

	<u>2017</u>	<u>2016</u>
Accounts payable	\$ <u>81,393</u>	\$ <u>99,312</u>
Credit cards payable		
Capitol One-3639(8898)	24,102	27,733
Capitol One-4033	-	4,836
Citi Visa (Amex)	4,276	5,406
Costco	2,476	211
Bank of West	23,295	6,929
76 Fleet Card	<u>673</u>	<u>-</u>
Total credit cards payable	<u>54,822</u>	<u>45,115</u>
Total accounts & credit cards payable	<u>\$ <u>136,215</u></u>	<u>\$ <u>144,427</u></u>

**NOTE 7: UNEARNED REVENUE**

As of December 31, 2017 and 2016, the organization's unearned revenue consists of following:

	<u>2017</u>	<u>2016</u>
Prepaid gift cards	\$ 3,193	\$ 3,176
HAHS admission fees	<u>46</u>	<u>46</u>
Total unearned revenue	<u>\$ <u>3,239</u></u>	<u>\$ <u>3,222</u></u>

**NOTE 8: LOAN TO/FROM OFFICER**

As of December 31, 2017 and 2016, the organization Loan To/From consists of following:

	<u>2017</u>	<u>2016</u>
Loan from Elizabeth Fazzio	\$ 1,640	\$ 1,640
Loan from Debbie Pfisterer	7,273	7,273
Loan from others	<u>1,722</u>	<u>1,722</u>
Total loan from officers	<u>\$ <u>10,635</u></u>	<u>\$ <u>10,635</u></u>

**BLUE HERON CATERING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017 AND 2016**

**NOTE 9: EQUITY CAPITAL**

The details of the member's equity as of and for the year ended December 31, 2017 and 2016 are as follows:

	<u>2017</u>	<u>2016</u>
Fund balance	\$ (14,406)	\$ (2,475)
Distributions-Debbie	(110,200)	(110,200)
Distributions-Elizabeth	(100,000)	(100,000)
Retained earnings	(78,786)	(68,401)
Net income	<u>19,304</u>	<u>(20,626)</u>
Total equity capital	<u>\$ (284,088)</u>	<u>\$ (301,702)</u>

**NOTE 10: COST OF GOODS SOLD**

The details of cost of goods sold as of and for the year ended December 31, 2017 and 2016 are as follows:

	<u>2017</u>	<u>2016</u>
Food	\$ 353,965	\$ 348,255
Coffee	13,840	4,179
Alcoholic/non alcoholic beverages	40,467	31,423
Diminishable goods	12,540	793
Decorations/centrepieces	1,168	4,785
Rentals	28,995	71,393
Cleaning supplies	1,606	-
Sub-contractor	3,060	-
Gifts card	392	-
Linen	68,408	11,680
Vehicle rental	612	1,121
Outside staffing	8,607	4,546
Site fees/other fees	11,643	13,166
Event services	12,372	9,119
Other costs	<u>2,152</u>	<u>26,507</u>
Total cost of goods sold	<u>\$ 559,827</u>	<u>\$ 526,967</u>

**NOTE 11: EVALUATION OF SUBSEQUENT EVENTS**

The management of Blue Heron Catering, Inc. have reviewed the results of operations for the period of time from its year end December 31, 2017 through October 24, 2018, the date the financial statements were available to be issued and have determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor have any subsequent events occurred, the nature of which would require disclosure.