

New Moon Clothing, Inc.  
Independent Accountant's Review Report  
and Financial Statements  
December 31, 2018

## TABLE OF CONTENTS

|  | <u>Page(s)</u> |
|--|----------------|
| Independent Accountant's Review Report ..... | 1 and 2        |
| FINANCIAL STATEMENTS                         |                |
| Balance Sheet.....                           | 3              |
| Statement of Operations.....                 | 4              |
| Statement of Stockholders' Equity .....      | 5              |
| Statement of Cash Flows .....                | 6              |
| Notes to the Financial Statements.....       | 7 to 10        |



## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To Carole Murphy, Stockholder of  
New Moon Clothing, Inc.  
Butte, Montana

We have reviewed the accompanying financial statements of the New Moon Clothing, Inc. dba Purse for the People (a Public Benefit Corporation), which comprise the balance sheet as of December 31, 2018, and the related statements of operations, stockholders' equity, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of 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 engagement 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 provided 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 accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter with Respect to a Going Concern Uncertainty**

The accompanying financial statements have been prepared assuming that New Moon Clothing, Inc. will continue as a going concern. As discussed in Note 3, New Moon Clothing, Inc. has not operated profitably since inception raising an uncertainty about its ability to continue as a going concern. Management's evaluation of the conditions and plans regarding these matters are discussed in Note 4. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our conclusion is not modified with respect to this matter.

*Peterson CPA Group, P.C.*

Missoula, Montana  
April 9, 2019

FINANCIAL STATEMENTS

NEW MOON CLOTHING, INC.

BALANCE SHEET

As of December 31, 2018

ASSETS

CURRENT ASSETS

|                      |               |
|----------------------|---------------|
| Inventory            | \$ 29,322     |
| TOTAL CURRENT ASSETS | <u>29,322</u> |

NON-CURRENT ASSETS

|                         |              |
|-------------------------|--------------|
| Equipment, net          | 2,439        |
| Other assets            | <u>3,050</u> |
| TOTAL NONCURRENT ASSETS | <u>5,489</u> |

|              |                  |
|--------------|------------------|
| TOTAL ASSETS | <u>\$ 34,811</u> |
|--------------|------------------|

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES

|                           |              |
|---------------------------|--------------|
| Credit cards payable      | \$ 2,331     |
| TOTAL CURRENT LIABILITIES | <u>2,331</u> |

|                   |              |
|-------------------|--------------|
| TOTAL LIABILITIES | <u>2,331</u> |
|-------------------|--------------|

STOCKHOLDERS' EQUITY

|   |                  |
|---|------------------|
| Common stock; no par or stated value; 500,000 shares<br>authorized; 200,000 shares issued and outstanding | 1,000            |
| Additional paid in capital  | 298,920          |
| Accumulated deficit   | <u>(267,440)</u> |
| TOTAL STOCKHOLDERS' EQUITY  | <u>32,480</u>    |

|  |                  |
|--|------------------|
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | <u>\$ 34,811</u> |
|--|------------------|

See the Independent Accountant's Review Report  
The notes to the financial statements are an integral part of this statement

**NEW MOON CLOTHING, INC.**  
**STATEMENT OF OPERATIONS**  
**For the Year Ended December 31, 2018**

|                               |                           |
|-------------------------------|---------------------------|
| NET SALES                     | \$ 2,047                  |
| COST OF GOODS SOLD            | <u>4,519</u>              |
| GROSS PROFIT                  | (2,472)                   |
| OPERATING EXPENSES            |                           |
| General and administrative    | 69,319                    |
| Other operating expenses      | 10,730                    |
| Depreciation and amortization | <u>1,975</u>              |
| TOTAL OPERATING EXPENSES      | <u>82,024</u>             |
| NET LOSS                      | <u><u>\$ (84,496)</u></u> |

See the Independent Accountant's Review Report  
The notes to the financial statements are an integral part of this statement

**NEW MOON CLOTHING, INC.**  
**STATEMENT OF STOCKHOLDERS' EQUITY**  
**For the Year Ended December 31, 2018**

|                                    | <u>Common Stock</u>           |                 | <u>Additional<br/>Paid-In Capital</u> | <u>Accumulated<br/>Deficit</u> | <u>Total</u>     |
|------------------------------------|-------------------------------|-----------------|---------------------------------------|--------------------------------|------------------|
|                                    | <u>Shares<br/>Outstanding</u> | <u>Amount</u>   |                                       |                                |                  |
| Beginning Balance, January 1, 2018 | 200,000                       | \$ 1,000        | \$ 223,334                            | \$ (182,944)                   | \$ 41,390        |
| Capital contributed                | -                             | -               | 75,586                                | -                              | 75,586           |
| Net loss                           | -                             | -               | -                                     | (84,496)                       | (84,496)         |
| Ending Balance, December 31, 2018  | <u>200,000</u>                | <u>\$ 1,000</u> | <u>\$ 298,920</u>                     | <u>\$ (267,440)</u>            | <u>\$ 32,480</u> |

See the Independent Accountant's Review Report  
The notes to the financial statements are an integral part of this statement



**NEW MOON CLOTHING, INC.**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended December 31, 2018**

**CASH FLOWS FROM OPERATING ACTIVITIES**

|  |                |
|--|----------------|
| Net loss   | \$ (84,496)    |
| Adjustments to reconcile net income to net cash<br>provided by operating activities: |                |
| Depreciation and amortization expense  | 1,975          |
| Changes in operating assets and liabilities:   |                |
| Inventory  | 4,519          |
| Accounts payable   | <u>(7,664)</u> |
| Net cash flows from operating activities   | (85,666)       |

**CASH FLOWS FROM INVESTING ACTIVITIES**

|  |                |
|--|----------------|
| Cash paid for purchases of fixed assets  | <u>(2,273)</u> |
| Net cash flows from investing activities | (2,273)        |

**CASH FLOWS FROM FINANCING ACTIVITIES**

|  |               |
|--|---------------|
| Cash received from capital contributions | <u>75,586</u> |
| Net cash flows from financing activities | <u>75,586</u> |

|                                 |          |
|---------------------------------|----------|
| NET INCREASE (DECREASE) IN CASH | (12,353) |
|---------------------------------|----------|

|                           |               |
|---------------------------|---------------|
| CASH AT BEGINNING OF YEAR | <u>12,353</u> |
|---------------------------|---------------|

|                     |                    |
|---------------------|--------------------|
| CASH AT END OF YEAR | <u><u>\$ -</u></u> |
|---------------------|--------------------|

See the Independent Accountant's Review Report  
The notes to the financial statements are an integral part of this statement

**NEW MOON CLOTHING, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2018**

**NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Organization**

New Moon Clothing, Inc. is a Public Benefit Corporation located in Butte, Montana. The company is subject to the requirements and laws of the State of Montana. New Moon Clothing, Inc. (New Moon) was organized primarily to sell and distribute fashionable, yet eco-conscious purses. New Moon considers the environment in every choice made and follows standards that provide long-term solutions to the everyday challenges native citizens of the forest face while maintaining healthy thriving forests.

Because New Moon sees beauty in the eye of the beholder, they've developed a customized design system that lets the customer create a design of their own. New Moon eliminates waste and overproduction with their new and innovative manufacturing process.

New Moon has been authorized to issue 500,000 shares of common stock, with 200,000 of those shares being issued and outstanding at December 31, 2018.

**B. Basis of Presentation**

The accompanying financial statements are presented in accordance with accounting principles generally accepted in the United States of America (GAAP), as codified by the Financial Accounting Standards Board.

**C. Risks and Uncertainties**

New Moon is subject to various risks and uncertainties in the ordinary course of business that could have adverse impacts on its operating results and financial condition. Future operations could be affected by changes in economic conditions.

**D. Cash and Cash Equivalents**

For purposes of the statement of cash flows, New Moon considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

From time to time, certain bank accounts subject to coverage by the Federal Deposit Insurance Corporation (FDIC) may exceed their insured limits. At December 31, 2018, no bank accounts exceeded FDIC limits. Accordingly, New Moon believes it is not exposed to any significant credit risk on its bank accounts.

**NEW MOON CLOTHING, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2018**

**NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Inventory**

Inventory, which consists primarily of purses, purse material, and teak furniture products for sale, is valued at the lower of cost or market using the first in first out method. In addition, also included in inventory is the cost of the prototype designs, to be expensed as the prototypes are sold.

**F. Equipment and Depreciation**

Equipment is recorded at acquisition cost. Straight-line depreciation is used to depreciate these assets over their estimated useful life for financial statement purposes generally ranging from 3 years to 7 years. Equipment costs exceeding \$500 are generally capitalized. Depreciation expense totaled \$174 for the year ended December 31, 2018.

The following table summarizes activity in equipment and depreciation for 2018:

|                          | January 1,<br>2018 | Additions       | December 31,<br>2018 |
|--------------------------|--------------------|-----------------|----------------------|
| Equipment                | \$ 850             | \$ 2,273        | \$ 3,123             |
| Accumulated depreciation | (510)              | (174)           | (684)                |
|                          | <u>\$ 340</u>      | <u>\$ 2,099</u> | <u>\$ 2,439</u>      |

**G. Compensated Absences**

Compensated absences for sick pay and vacation time have not been accrued since they cannot be reasonably estimated. New Moon's policy is to recognize these costs when actually paid. Management believes this policy does not yield results materially different from the accrual method of accounting.

**H. Revenue**

New Moon recognizes revenue from product sales at the point of sale, net of any applicable sales taxes. Discounts provided to customers at the point of sale are recognized as a reduction in sales as the product is sold.

**I. Cost of Sales**

Cost of sales includes the cost of inventory sold during the period, net of discounts and allowances, shipping and handling costs, and sales taxes.



**NEW MOON CLOTHING, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2018**

**NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**J. Income Taxes**

New Moon has elected under the Internal Revenue Code to be taxed as a S corporation with the consent of its shareholder. In lieu of corporation income taxes, shareholders of an S corporation are taxed on their proportionate share of New Moon's taxable income. Therefore, no provision or liability for income taxes has been included in the financial statements.

The United States Congress enacted the Tax Cut and Jobs Act (TCJA) on December 22, 2017. This law provides for a comprehensive overhaul of the corporate income tax code effective January 1, 2018. This new legislation eliminated or reduced certain corporate income tax deductions. New Moon's financial statements and tax positions were not materially affected by provisions of the TCJA.

**K. Advertising**

New Moon expenses advertising costs as incurred. Advertising expenses totaled \$21,871 in 2018.

**L. Estimates**

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

**M. Subsequent Events**

Management has evaluated subsequent events through April 9, 2019, which is the date the financial statements were available for issue.

**NOTE 2. RELATED PARTY TRANSACTIONS**

In 2018, a shareholder incurred expenses of \$75,586 in conjunction with operations of the Company. The shareholder contributed the expenses incurred to the corporation, which resulted in contributed capital of \$75,586.

**NEW MOON CLOTHING, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2018**

**NOTE 3. GOING CONCERN**

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. New Moon is a business that has limited resources, with sufficient cash flows being obtained through owner contributions into the business. New Moon's ability to continue as a going concern for the next twelve months is dependent upon its ability to generate sufficient cash flows from operations to meet its obligations and/or to obtain additional capital funding. Management has plans to raise additional capital and to increase sales. No assurance can be given that New Moon will be successful in these efforts. These factors, among others, raise substantial doubt about the ability of New Moon to continue as a going concern for a reasonable period of time. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should New Moon be unable to continue as a going concern.