

## **Offering Memorandum: Part II of Offering Document (Exhibit A to Form C)**

Fusion Properties Management Group, Inc. d/b/a Fusion Farms  
267 San Francisco Street  
Old San Juan, Puerto Rico 00901  
<https://www.fusionfarmspr.com/>

Up to \$106,640.00 in Common Stock at \$430.00  
Minimum Target Amount: \$9,890.00

A crowdfunding investment involves risk. You should not invest any funds in this offering unless you can afford to lose your entire investment.

In making an investment decision, investors must rely on their own examination of the issuer and the terms of the offering, including the merits and risks involved. These securities have not been recommended or approved by any federal or state securities commission or regulatory authority. Furthermore, these authorities have not passed upon the accuracy or adequacy of this document.

The U.S. Securities and Exchange Commission does not pass upon the merits of any securities offered or the terms of the offering, nor does it pass upon the accuracy or completeness of any offering document or literature.

These securities are offered under an exemption from registration; however, the U.S. Securities and Exchange Commission has not made an independent determination that these securities are exempt from registration.

advance in the way food supplies will be grown in the future.

### *Competitors and Industry*

1. Baru Fresh Invest - is hydroponic farming in Volcan Baru. Hydroponic farming allows crops to grow faster, all year round, using less water and minimal labor while eliminating crop failures. Volcan Baru, in the beautiful highlands of Panama, is the ideal location to install greenhouses and grow berries, which are in high local and global demand. 2. Lily Pad Farm in San Marcos, TX. Their farm sits on roughly two acres of land, surrounded by cattle ranches, out in the beautiful countryside. Their farm consists of three greenhouses that contain commercial aquaponic production systems, which are modeled after the University of the Virgin Island's (UVI) system. 3. Green AG Inc. dba Green Organic Farms. Green AG, Inc was developed to create indoor, climate controlled organic farms using vertical growing and drip irrigation water technology. There are over 4 years of history in the technology. The Green AG technology employs vertical density, climate control and where necessary, harvested water from the atmosphere and energy developed from waste, solar or gas. We think Green AG has less operating costs than other forms of farming and produces a far more consistent, better tasting and lower cost to produce organic, non tree crop than any other method in existence.

### *Current Stage and Roadmap*

The Plan: We have defined in detail the elements and specifications in a new Integrated Agro model gleaned from research and existing CEA facilities around the globe. FF has created detailed plans and specifications, including component details, definition and quantities of fish, plant and other species integral to the indoor model. In addition to creating a sustainable model for agriculture and attendant revenue streams derived from commercial farming of plants and animals, CEA models also have potential for derivative herb and health supplements as well as medicinal products that are natural and non-toxic. The Technology: The FF model is intended to create an efficient design based on the current elements, adding advanced technology through engineering rigor that will enhance performance and scalability. Sensory and software components that automate the management and daily operation of the system will be included in this design. Data capture will play a vital role in the success of the model and FF will incorporate the most innovative technologies available within the budget allowed. The Model: Based on the scale of the model and specs, the plan will include both indoor and outdoor facility use, including but not limited to: • Water use and conservation: Irrigation, flow design, rain water harvesting • Vertical and horizontal grow designs • Fish farming tank with observation window • Test beds for introducing new fruit and vegetable production. • Renewable energy use: solar and wind (grid-tie and off grid with battery storage) • Technology and automation • Community room: field trips, observation, research, events, tours, etc. The system will be built onsite in Puerto Rico. These plans include creating a state of the art sustainable agriculture facility, which can be used to educate and instruct participants (onsite and virtual instruction) in the principles of sustainable agriculture as embodied in the model. This will assist in propagation of the model and attract those

interested in sustainable agriculture who may have new and additional thoughts and ideas that can be integrated into model design, creating dynamic sustainable knowledge and IP. This creates an additional revenue model for subscribers to benefit from updates on innovations and improvements. System Design Consultants: Fusion Farms has engaged Dennis McClung and his team at Garden Pool to design the system according to the specifications required to succeed in Puerto Rico. Garden Pool is a federally recognized 501©3 international public charity dedicated to research and education of sustainable ways to grow food. Their mission is to develop better ways to grow food and help others do the same. Their operations are based in Mesa, Arizona; their work is global. Dennis McClung is the founder, a designer, and a teacher at Garden Pool. Dennis invented the Garden Pool, wrote the book, developed and manages our web presence. Dennis has also designed several other Garden Pool systems, including the Fantasy Farm, and created many unique GP innovations, such as the 5 Gallon UV Sterilization Bucket. Dennis is the project manager of volunteer builds and is the course instructor for the GP Certified Designers. Dennis believes that sustainable food production helps improve entire communities. Dennis, a full-time volunteer, is the primary researcher and serves as the President and CEO of Garden Pool.

## **The Team**

### **Officers and Directors**

**Name:** Kendell Lang

Kendell Lang's current primary role is with the Issuer.

Positions and offices currently held with the issuer:

- **Position:** Chairman and CEO  
**Dates of Service:** October 30, 2016 - Present  
**Responsibilities:** Overall financial and operational responsibility

Other business experience in the past three years:

- **Employer:** Fusion Holdings International  
**Title:** Chairman  
**Dates of Service:** January 01, 2009 - Present  
**Responsibilities:** Chairman of the Board, oversight of management operations

**Name:** Lisa Jander

Lisa Jander's current primary role is with the Issuer.

Positions and offices currently held with the issuer:

- **Position:** Executive Director and Co-Founder

**Dates of Service:** October 30, 2016 - Present

**Responsibilities:** Strategic Relationships, Hiring, Project Management, Construction oversight, overall production responsibility

Other business experience in the past three years:

- **Employer:** Self-Employed

**Title:** Author

**Dates of Service:** January 06, 2007 - January 06, 2017

**Responsibilities:** Lisa wrote the book titled "Dater's Ed: The Driver's Ed Model for Dating"

## **Risk Factors**

The SEC requires the company to identify risks that are specific to its business and its financial condition. The company is still subject to all the same risks that all companies in its business, and all companies in the economy, are exposed to. These include risks relating to economic downturns, political and economic events and technological developments (such as hacking and the ability to prevent hacking). Additionally, early-stage companies are inherently more risky than more developed companies. You should consider general risks as well as specific risks when deciding whether to invest.

These are the risks that relate to the Company:

### ***Uncertain Risk***

An investment in the Company (also referred to as "we", "us", "our", or "Company") involves a high degree of risk and should only be considered by those who can afford the loss of their entire investment. Furthermore, the purchase of any of the Common Stock should only be undertaken by persons whose financial resources are sufficient to enable them to indefinitely retain an illiquid investment. Each investor in the Company should consider all of the information provided to such potential investor regarding the Company as well as the following risk factors, in addition to the other information listed in the Company's Form C. The following risk factors are not intended, and shall not be deemed to be, a complete description of the commercial and other risks inherent in the investment in the Company.

### ***Our business projections are only projections***

There can be no assurance that the Company will meet our projections. There can be no assurance that the Company will be able to find sufficient demand for our product, that people think it's a better option than a competing product, or that we will be able to provide the service at a level that allows the Company to make a profit and still attract business.

### ***Any valuation at this stage is difficult to assess***

The valuation for the offering was established by the Company. Unlike listed



companies that are valued publicly through market-driven stock prices, the valuation of private companies, especially startups, is difficult to assess and you may risk overpaying for your investment.

***The transferability of the Securities you are buying is limited***

Any Common Stock purchased through this crowdfunding campaign is subject to SEC limitations of transfer. This means that the stock/note that you purchase cannot be resold for a period of one year. The exception to this rule is if you are transferring the stock back to the Company, to an “accredited investor,” as part of an offering registered with the Commission, to a member of your family, trust created for the benefit of your family, or in connection with your death or divorce.

***Your investment could be illiquid for a long time***

You should be prepared to hold this investment for several years or longer. For the 12 months following your investment there will be restrictions on how you can resell the securities you receive. More importantly, there is no established market for these securities and there may never be one. As a result, if you decide to sell these securities in the future, you may not be able to find a buyer. The Company may be acquired by an existing player in the educational software development industry. However, that may never happen or it may happen at a price that results in you losing money on this investment.

***If the Company cannot raise sufficient funds it will not succeed***

The Company, is offering Common Stock in the amount of up to \$1,070,000 in this offering, and may close on any investments that are made. Even if the maximum amount is raised, the Company is likely to need additional funds in the future in order to grow, and if it cannot raise those funds for whatever reason, including reasons relating to the Company itself or the broader economy, it may not survive. If the Company manages to raise only the minimum amount of funds, sought, it will have to find other sources of funding for some of the plans outlined in “Use of Proceeds.”

***We may not have enough capital as needed and may be required to raise more capital.***

We anticipate needing access to credit in order to support our working capital requirements as we grow. Although interest rates are low, it is still a difficult environment for obtaining credit on favorable terms. If we cannot obtain credit when we need it, we could be forced to raise additional equity capital, modify our growth plans, or take some other action. Issuing more equity may require bringing on additional investors. Securing these additional investors could require pricing our equity below its current price. If so, your investment could lose value as a result of this additional dilution. In addition, even if the equity is not priced lower, your ownership percentage would be decreased with the addition of more investors. If we are unable to find additional investors willing to provide capital, then it is possible that we will choose to cease our sales activity. In that case, the only asset remaining to generate a return on your investment could be our intellectual property. Even if we are not forced to cease our sales activity, the unavailability of credit could result in the Company performing below expectations, which could adversely impact the value of your investment.

***Terms of subsequent financings may adversely impact your investment***

We will likely need to engage in common equity, debt, or preferred stock financings in the future, which may reduce the value of your investment in the Common Stock.

Interest on debt securities could increase costs and negatively impact operating results. Preferred stock could be issued in series from time to time with such designation, rights, preferences, and limitations as needed to raise capital. The terms of preferred stock could be more advantageous to those investors than to the holders of Common Stock. In addition, if we need to raise more equity capital from the sale of Common Stock, institutional or other investors may negotiate terms that are likely to be more favorable than the terms of your investment, and possibly a lower purchase price per share.

***Management Discretion as to Use of Proceeds***

Our success will be substantially dependent upon the discretion and judgment of our management team with respect to the application and allocation of the proceeds of this Offering. The use of proceeds described below is an estimate based on our current business plan. We, however, may find it necessary or advisable to re-allocate portions of the net proceeds reserved for one category to another, and we will have broad discretion in doing so.

***Projections: Forward Looking Information***

Any projections or forward looking statements regarding our anticipated financial or operational performance are hypothetical and are based on management's best estimate of the probable results of our operations and will not have been reviewed by our independent accountants. These projections will be based on assumptions which management believes are reasonable. Some assumptions invariably will not materialize due to unanticipated events and circumstances beyond management's control. Therefore, actual results of operations will vary from such projections, and such variances may be material. Any projected results cannot be guaranteed.

***We are reliant on one main type of service***

All of our current services are variants on one type of service, providing a platform for online capital formation. Our revenues are therefore dependent upon the market for online capital formation.

***We may never have an operational product or service***

It is possible that there may never be an operational Fusion Farms or that the product may never be used to engage in transactions. It is possible that the failure to release the product is the result of a change in business model upon Company's making a determination that the business model, or some other factor, will not be in the best interest of Company and its stockholders/members/creditors.

***Some of our products are still in prototype phase and might never be operational products***

It is possible that there may never be an operational product or that the product may never be used to engage in transactions. It is possible that the failure to release the product is the result of a change in business model upon the Company's making a

determination that the business model, or some other factor, will not be in the best interest of the Company and its stockholders.

***Developing new products and technologies entails significant risks and uncertainties***

We are currently in the research and development stage and have only manufactured a prototype for our vanadium flow battery. Delays or cost overruns in the development of our vanadium flow batteries and failure of the product to meet our performance estimates may be caused by, among other things, unanticipated technological hurdles, difficulties in manufacturing, changes to design and regulatory hurdles. Any of these events could materially and adversely affect our operating performance and results of operations.

***Minority Holder; Securities with Voting Rights***

The Common Stock that an investor is buying has voting rights attached to them. However, you will be part of the minority shareholders of the Company and therefore will have a limited ability to influence management's decisions on how to run the business. You are trusting in management discretion in making good business decisions that will grow your investments. Furthermore, in the event of a liquidation of our company, you will only be paid out if there is any cash remaining after all of the creditors of our company have been paid out.

***You are trusting that management will make the best decision for the company***

You are trusting in management discretion. Therefore you must trust the management of the Company to make good business decisions that grow your investment.

***Insufficient Funds***

The company might not sell enough securities in this offering to meet its operating needs and fulfill its plans, in which case it will cease operating and you will get nothing. Even if we sell all the common stock we are offering now, the Company will (possibly) need to raise more funds in the future, and if it can't get them, we will fail. Even if we do make a successful offering in the future, the terms of that offering might result in your investment in the company being worth less, because later investors might get better terms.

***Our new product could fail to achieve the sales projections we expected***

Our growth projections are based on an assumption that with an increased advertising and marketing budget our products will be able to gain traction in the marketplace at a faster rate than our current products have. It is possible that our new products will fail to gain market acceptance for any number of reasons. If the new products fail to achieve significant sales and acceptance in the marketplace, this could materially and adversely impact the value of your investment.

***We are an early stage company and have not yet generated any profits***

Fusion Farms was formed on October 30, 2017. Accordingly, the Company has a limited history upon which an evaluation of its performance and future prospects can be made. Our current and proposed operations are subject to all business risks associated with new enterprises. These include likely fluctuations in operating results



as the Company reacts to developments in its market, managing its growth and the entry of competitors into the market. We will only be able to pay dividends on any shares once our directors determine that we are financially able to do so. Fusion Farms has incurred a net loss and has had limited revenues generated since inception. There is no assurance that we will be profitable in the next 3 years or generate sufficient revenues to pay dividends to the holders of the shares.

***We are an early stage company and have limited revenue and operating history***

The Company has a short history, few customers, and effectively no revenue. If you are investing in this company, it's because you think that Fusion Farms is a good idea, that the team will be able to successfully market, and sell the product or service, that we can price them right and sell them to enough peoples so that the Company will succeed. Further, we have never turned a profit and there is no assurance that we will ever be profitable.

***The loss of one or more of our key personnel, or our failure to attract and retain other highly qualified personnel in the future, could harm our business***

To be successful, the Company requires capable people to run its day to day operations. As the Company grows, it will need to attract and hire additional employees in sales, marketing, design, development, operations, finance, legal, human resources and other areas. Depending on the economic environment and the Company's performance, we may not be able to locate or attract qualified individuals for such positions when we need them. We may also make hiring mistakes, which can be costly in terms of resources spent in recruiting, hiring and investing in the incorrect individual and in the time delay in locating the right employee fit. If we are unable to attract, hire and retain the right talent or make too many hiring mistakes, it is likely our business will suffer from not having the right employees in the right positions at the right time. This would likely adversely impact the value of your investment.

***Our ability to sell our product or service is dependent on outside government regulation which can be subject to change at any time***

Our ability to sell product is dependent on the outside government regulation such as the FDA (Food and Drug Administration), FTC (Federal Trade Commission) and other relevant government laws and regulations. The laws and regulations concerning the selling of product may be subject to change and if they do then the selling of product may no longer be in the best interest of the Company. At such point the Company may no longer want to sell product and therefore your investment in the Company may be affected.

***We rely on third parties to provide services essential to the success of our business***

We rely on third parties to provide a variety of essential business functions for us, including manufacturing, shipping, accounting, legal work, public relations, advertising, retailing, and distribution. It is possible that some of these third parties will fail to perform their services or will perform them in an unacceptable manner. It is possible that we will experience delays, defects, errors, or other problems with their work that will materially impact our operations and we may have little or no recourse



to recover damages for these losses. A disruption in these key or other suppliers' operations could materially and adversely affect our business. As a result, your investment could be adversely impacted by our reliance on third parties and their performance.

## Ownership and Capital Structure; Rights of the Securities

### Ownership

The following table sets forth information regarding beneficial ownership of the company's holders of 20% or more of any class of voting securities as of the date of this Offering Statement filing.

Stockholder Name	Number of Securities Owned	Type of Security Owned	Percentage
Kendell Lang	9,400	Common stock	94.0

### The Company's Securities

The Company has authorized equity stock. As part of the Regulation Crowdfunding raise, the Company will be offering up to 248 of Common Stock.

#### *Common Stock*

The amount of security authorized is 20,000 with a total of 10,000 outstanding.

#### *Voting Rights*

one share one vote

#### *Material Rights*

There are no material rights associated with Common Stock.

### What it means to be a minority holder

As a minority holder of Common Stock of the company, you will have limited rights in regards to the corporate actions of the company, including additional issuances of securities, company repurchases of securities, a sale of the company or its significant assets, or company transactions with related parties. Further, investors in this offering may have rights less than those of other investors, and will have limited influence on the corporate actions of the company.

### Dilution

Investors should understand the potential for dilution. The investor's stake in a company could be diluted due to the company issuing additional shares. In other words, when the company issues more shares, the percentage of the company that you own will go down, even though the value of the company may go up. You will own a smaller piece of a larger company. This increase in number of shares outstanding could result from a stock offering (such as an initial public offering, another crowdfunding round, a venture capital round, angel investment), employees exercising stock options, or by conversion of certain instruments (e.g. convertible bonds, preferred shares or warrants) into stock.

If the company decides to issue more shares, an investor could experience value dilution, with each share being worth less than before, and control dilution, with the total percentage an investor owns being less than before. There may also be earnings dilution, with a reduction in the amount earned per share (though this typically occurs only if the company offers dividends, and most early stage companies are unlikely to offer dividends, preferring to invest any earnings into the company).

### **Transferability of securities**

For a year, the securities can only be resold:

- In an IPO;
- To the company;
- To an accredited investor; and
- To a member of the family of the purchaser or the equivalent, to a trust controlled by the purchaser, to a trust created for the benefit of a member of the family of the purchaser or the equivalent, or in connection with the death or divorce of the purchaser or other similar circumstance.

### **Recent Offerings of Securities**

We have made the following issuances of securities within the last three years:

The Company has not had any recent offering of securities in the last three years.

## **Financial Condition and Results of Operations**

### **Financial Condition**

*You should read the following discussion and analysis of our financial condition and results of our operations together with our financial statements and related notes appearing at the end of this Offering Memorandum. This discussion contains forward-looking statements reflecting our current expectations that involve risks and uncertainties. Actual results and the timing of events may differ materially from those contained in these forward-looking statements due to a number of factors, including those discussed in the section entitled "Risk Factors" and elsewhere in this Offering Memorandum.*

### **Results of Operations**

**How long can the business operate without revenue:**

We can operate the business for one (1) year without revenue.

**Foreseeable major expenses based on projections:**

Facility construction costs and equipment will be the major expenses.

**Future operational challenges:**

Maintaining a disease-free ecosystem to ensure healthy fish and crop harvests.

**Future challenges related to capital resources:**

The results of our first year harvests and associated income will determine the financial viability of our enterprise and future funding will be completely dependent on those first year results.

**Future milestones and events:**

Have the right selection of produce, selling that produce the right price and having an operational structure that proves our model to be economically viable will determine our ultimate success.

**Liquidity and Capital Resources**

**What capital resources are currently available to the Company? (Cash on hand, existing lines of credit, shareholder loans, etc...)**

10,000 in cash from the founders

**How do the funds of this campaign factor into your financial resources? (Are these funds critical to your company operations? Or do you have other funds or capital resources available?)**

These funds are critical to the operation of our company. We are working on grants from the USDA for both the REAP program and the VAN program, so additional capital is possible from those programs for which Fusion Farms is qualified and going through the application process. Fusion Farms is also qualified and applying for incentives available through the Puerto Rico Industrial Development Company for Federal Grants associated with Urban Renewal for our Solar project which qualifies us for up to \$250,000 in grant funding. We also qualify for Federal Funding to reimburse us for up to 75% of the costs of training new employees, so that will be a reimbursement after costs incurred.

**Are the funds from this campaign necessary to the viability of the company? (Of the total funds that your company has, how much of that will be made up of funds raised from the crowdfunding campaign?)**

The Company requires the campaign funds in order to be viable as an entity. Although we have qualified for grants and loan guarantees from the USDA, all of these programs are reimbursement-based programs where the money must be spent in advance and then reimbursed once evidence of payment and invoices are submitted. The USDA is providing us with a loan guarantee and is currently working with our commercial bank, Oriental Bank, who is reviewing our application for a \$500,000 Ag Producer Loan.

**How long will you be able to operate the company if you raise your minimum? What expenses is this estimate based on?**

We will be able to operate for one (1) month if we receive the minimum funding. The expense estimate is based upon our CPA and Lawyer reviewed financial projections



which are available for review.

**How long will you be able to operate the company if you raise your maximum funding goal?**

We will be able to operate for one (1) year if we receive the maximum funding.

**Are there any additional future sources of capital available to your company?**

**(Required capital contributions, lines of credit, contemplated future capital raises, etc...)**

We have the ability to apply for SARE grants once we have completed initial operations. We also have the option to take participate in a REG A+ Offering once we are through our initial harvest.

## **Indebtedness**

The Company does not have any material terms of indebtedness.

## **Related Party Transactions**

The Company has not conducted any related party transactions

## **Valuation**

**Pre-Money Valuation:** \$4,300,000.00

**Valuation Details:** Based on CPA valuation of projected cash flows. We are projecting gross annual income of \$10,199,955. We are projecting operating costs of \$4,081,978 leaving us with an estimated annual net income of \$6,111,976. Valuation of agricultural operations range from 6 to 12 times annual profit, so the valuation after year 1 is between \$36,670,000 and \$73,340,000. Looking at this another way, \$6,111,976 in net income shows a 16% return on a projected value of \$36,670,000.

## **Use of Proceeds**

If we raise the Target Offering Amount of \$9,890.00 we plan to use these proceeds as follows:

- *StartEngine Platform Fees*  
6.0%
- *Operations*  
94.0%
  - Materials List for aquaponics • Materials Ordered for aquaponics • Select Site • Close on Site • Order materials for construction of aquaponics enclosed space

If we raise the over allotment amount of \$106,640.00, we plan to use these proceeds as follows:

- *StartEngine Platform Fees*  
6.0%
- *Operations*  
94.0%
  - Clean and Prep Site for Install • Insulate, build walls, build storage • Test mechanicals • Repair roof • Secure building • Design and launch website 5-8 Month • Materials Delivered for Aquaponics system • Dennis McCLung comes with team to build, train, launch aquaponics • Stock fish • Plant seedlings • Hire staff 3-4 people

The Company may change the intended use of proceeds if our officers believe it is in the best interests of the company.

## Regulatory Information

### Disqualification

No disqualifying event has been recorded in respect to the company or its officers or directors.

### Compliance Failure

The company has not previously failed to comply with the requirements of Regulation Crowdfunding.

### Ongoing Reporting

The Company will file a report electronically with the SEC annually and post the report on its website no later than February 28 (120 days after Fiscal Year End). Once posted, the annual report may be found on the Company's website at <https://www.fusionfarmspr.com/> (<https://www.fusionfarmspr.com/annualreport>).

The Company must continue to comply with the ongoing reporting requirements until:

- (1) it is required to file reports under Section 13(a) or Section 15(d) of the Exchange Act;
- (2) it has filed at least one (1) annual report pursuant to Regulation Crowdfunding and has fewer than three hundred (300) holders of record and has total assets that do not exceed \$10,000,000;
- (3) it has filed at least three (3) annual reports pursuant to Regulation Crowdfunding;
- (4) it or another party repurchases all of the securities issued in reliance on Section 4(a)(6) of the Securities Act, including any payment in full of debt securities or any complete redemption of redeemable securities; or

(5) it liquidates or dissolves its business in accordance with state law.

## **Updates**

Updates on the status of this Offering may be found at:  
[www.startengine.com/fusionfarms](http://www.startengine.com/fusionfarms)

## **Investing Process**

See Exhibit E to the Offering Statement of which this Offering Memorandum forms a part.

**EXHIBIT B TO FORM C**

**FINANCIAL STATEMENTS AND INDEPENDENT ACCOUNTANT'S REVIEW FOR Fusion  
Properties Management Group, Inc. d/b/a Fusion Farms**

*/See attached/*



FUSION PROPERTIES MANAGEMENT GROUP, INC.  
D/B/A FUSION FARMS

FINANCIAL STATEMENTS

FOR THE YEARS ENDING ON  
DECEMBER 31, 2016 AND 2017

FUSION PROPERTIES MANAGEMENT GROUP, INC.  
D/B/A FUSION FARMS  
FINANCIAL STATEMENTS  
FOR THE YEARS ENDING ON  
DECEMBER 31, 2016 AND 2017

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Table of Content

	<u>Page Num.</u>
Balance Sheet .....	2
Income Statement and Retained Earnings Statement --	3
Cash Flows Statement .....	4
Statement of Stockholders Equity.....	5
Notes to Financial Statements .....	6 - 8


## CEO'S REPORT

Board of Directors of  
FUSION PROPERTIES MANAGEMENT GROUP, INC.  
D/B/A FUSION FARMS  
PO Box 103  
Rincon, PR 00677

I, Kendell R. Lang, the Chief Executive Officer of Fusion Properties Management Group, Inc., d/b/a Fusion Farms, hereby certify that the financial statements of Fusion Properties Management Group, Inc. and notes thereto for the periods ending December 31, 2016 (first Fiscal Year End of Review) and December 31, 2017 (second Fiscal Year End of Review) included in this Form C offering statement are true and complete in all material respects and that the information below reflects accurately the information reported on our federal income tax returns.

Fusion Properties Management Group, Inc., has not yet filed its federal tax return for 2016/2017.

IN WITNESS THEREOF, this Principal Executive Officer's Financial Statement Certification has been executed as of the 5<sup>th</sup> day of December, 2018.

 (Signature)

Chief Executive Officer (Title)

December 5, 2018 (Date)

FUSION PROPERTIES MANAGEMENT GROUP, INC.  
D/B/A FUSION FARMS  
Balance Sheet  
December 31, 2016 and 2017

	<u>2016</u>	<u>2017</u>
<b>Assets</b>		
<b>Current Assets:</b>		
Cash and equivalents	\$ 0	\$ 0
Inventory	0	0
Total current assets	0	0
<b>Others Assets:</b>		
Machinery and equipment	0	0
Vehicle	0	0
Property improvements & betterments	0	0
Investments	0	0
Accumulated depreciation	0	0
Deposits	0	0
Total others assets	0	0
Total Assets	\$ 0	\$ 0
<b>Liabilities and Capital</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 0	\$ 0
Payroll and sales taxes payable	0	0
Provision for income tax	0	0
Loan payable - current portion	0	0
Total current liabilities	0	0
<b>Non Current Liabilities</b>		
Loan payable - non current portion	0	0
Total Liabilities	0	0
<b>Capital</b>		
Common stocks	0	0
Retained Earnings	0	0
Total Capital	0	0
Total Liabilities and Capital	\$ 0	\$ 0



FUSION PROPERTIES MANAGEMENT GROUP, INC.  
D/B/A FUSION FARMS  
Statement of Income and Retained Earnings  
For the years ending on December 31, 2016 and 2017

	<u>2016</u>	<u>2017</u>
Revenues		
Sales	\$ 0	\$ 0
Cost of goods sold	0	0
Gross profit	0	0
Operating Expenses		
Salaries and fringe benefits	\$ 0	\$ 0
Professional services	0	0
Rent	0	0
Leases and rentals	0	0
Repair and maintenance	0	0
Electric expenses	0	0
Gas expenses	0	0
Water expenses	0	0
Phone and communications expenses	0	0
Advertising	0	0
Supplies and materials	0	0
Meals and entertainment	0	0
Vehicles expenses	0	0
Bank charges	0	0
Suscriptions and memberships	0	0
Insurance	0	0
Sales and distribution	0	0
Other tax and licenses	0	0
Property tax	0	0
Office expenses	0	0
Depreciation	0	0
Miscellaneous expenses	0	0
Total operating expenses	0	0
Net income from operations	0	0
Others Income and (Expenses)		
Interest expenses	0	0
Net income before taxes	0	0
Income tax	(0)	(0)
Net income	0	0
Retained earnings, Beginning of the period	0	0
Dividends or distributions	(0)	(0)
Retained earnings, Ending of the period	\$ 0	\$ 0

# FUSION PROPERTIES MANAGEMENT GROUP, INC.

## Cash Flows

For the years ending on  
December 31, 2016 and 2017

### Cash Flow of Operating Activities

	<u>2016</u>	<u>2017</u>
Net income	\$ 0	\$ 0
Depreciation	0	0
Adjustment to reconcile net income with cash obtained from operating activities		
Changes in operating assets and liabilities		
(Increase) decrease in:		
Inventory	0	0
Decrease (Increase) in:		
Accounts payable and accumulated expenses	0	0
Net cash used from operational activities	0	0

### Cash Flow from Investment Activities

Disbursements purchase of equipment, furniture and improvements	(0)	(0)
Investments	(0)	(0)
Deposits	(0)	0
Net cash used in investment activities	(0)	(0)

### Cash Flow of Financial Activities

Proceeds from common stock	0	0
Proceeds from loan	0	0
Funds used in note payable	(0)	(0)
Distributions or dividends paid	(0)	(0)
Net cash obtained in financial activities	(0)	(0)

Net Increase in Cash 0 0

### Cash:

At the beginning of the period	0	0
At the end of the period	\$ 0	\$ 0

### Supplementary disclosure of cash flow information:

Interest paid	\$ 0	\$ 0
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FUSION PROPERTIES MANAGEMENT GROUP, INC.  
D/B/A FUSION FARMS

STATEMENT OF STOCKHOLDER EQUITY  
FOR THE YEARS ENDING ON  
December 31, 2016 AND 2017

	Common stock		Additional Paid-in Capital	Retained Earnings	Total Stockholders' Equity
	Shares	Amount			
Inception	-	\$ -	\$ -	\$ -	\$ -
Issuance of founders stock	10,000	1	-	-	1
Contributed capital	-	-	-	-	-
Net income (loss)	-	-	-	-	-
December 31, 2016	10,000	\$ 1	\$ -	\$ -	\$ 1
Net income (loss)	-	-	-	-	-
December 31, 2017	-	\$ -	\$ -	\$ -	\$ -

FUSION PROPERTIES MANAGEMENT GROUP, INC.  
D/B/A FUSION FARMS

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDING ON  
December 31, 2016 AND 2017

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NOTE 1 - NATURE OF OPERATIONS

FUSION PROPERTIES MANAGEMENT GROUP, INC. was formed on December 31, 2016 ("Inception") in the unincorporated United States territory of Puerto Rico. The financial statements of FUSION PROPERTIES MANAGEMENT GROUP, INC. (which may be referred to as the "Company", "we," "us," or "our") are prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The Company's headquarters are located in Mayaguez, Puerto Rico.

*Nature of the Business*

FUSION PROPERTIES MANAGEMENT GROUP, INC. is start-up for-profit corporation organized under the laws of the Commonwealth of Puerto Rico.

The corporation is established for the administration and operation of comprehensive farming ecosystem using both indoor and outdoor resources, as well as a variety of synergistic fish and plant components.

As a start-up, there is no operating history and no history of income.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

*Use of Estimates*

The preparation of financial statements in conformity with U.S. GAAP requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities, and the reported amount of expenses during the reporting periods. Actual results could materially differ from these estimates. It is reasonably possible that changes in estimates will occur in the near term.

*Fair Value of Financial Instruments*

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants as of the measurement date. Applicable accounting guidance provides an established hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available.

Observable inputs are inputs that market participants would use in valuing the asset or liability and are developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company's assumptions about the factors that market participants would use in valuing the asset or liability. There are three levels of inputs that may be used to measure fair value:

Level 1 - Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 - Include other inputs that are directly or indirectly observable in the marketplace.

Level 3 - Unobservable inputs which are supported by little or no market activity.

The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

Fair-value estimates discussed herein are based upon certain market assumptions and pertinent information available to management as of December 31, 2016 and 2017. The respective carrying value of certain on-balance-sheet financial instruments approximated their fair values.

#### *Cash and Cash Equivalents*

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

#### *Revenue Recognition*

The Company will recognize revenues from the sale of various agricultural products grown in the indoor vertical farm currently in design when (a) persuasive evidence that an agreement with a qualified distributor exists; (b) the service has been performed; (c) the prices are fixed and determinable and not subject to refund or adjustment; and (d) collection of the amounts due is reasonably assured.

#### *Income Taxes*

The corporation intends to use a tax rate corresponding to for-profit corporations under the Internal Revenue Code of Puerto Rico. Specifically, the corporation intends to use an assumption of a 4% tax rate assuming the obtainment of an Act 20 and Act 22 decree.

The Company is subject to tax in Puerto Rico, an unincorporated territory of the United States ("U.S.") which has entered into certain tax treaties with the U.S. The Company is not subject to U.S. Federal, state and local income tax examinations by tax authorities for all periods since Inception. The Company currently is not under examination by any tax authority.

*Concentration of Credit Risk*

The Company maintains its cash with a major financial institution located in Puerto Rico which it believes to be creditworthy. Balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At times, the Company may maintain balances in excess of the federally insured limits.

NOTE 3 - DEBT

The Company maintains no inventory, PP&E, Accrued Liabilities, and holds no Debt.

NOTE 4 - COMMITMENTS AND CONTINGENCIES

We are currently not involved with or know of any pending or threatening litigation against the Company or any of its officers.

NOTE 5 - STOCKHOLDERS' EQUITY

*Common Stock*

We have authorized the issuance of 20,000 shares of our common stock with no par value. As of December 31, 2017, the company has currently issued 10,000 shares of our common stock.

NOTE 6 - RELATED PARTY TRANSACTIONS

THE COMPANY HAS NO RELATED PARTY TRANSACTIONS.

NOTE 7 - SUBSEQUENT EVENTS

The Company has evaluated subsequent events that occurred after December 31, 2017 through November 29, 2018, the issuance date of these financial statements. There have been no other events or transactions during this time which would have a material effect on these financial statements.



**EXHIBIT C TO FORM C**

**PROFILE SCREENSHOTS**

*[See attached]*

Fusion Farms is a Title II-Regulation Crowdfunding Campaign and is actively accepting investments.

PLAY VIDEO



Fusion Farms

Hurricane-protected Aquaponics Farm

Smart Farm Mayaguez, PR Aquaculture Accepting International Investment

Overview

Team

Terms

Updates

Comments

Share

\$4  
Days Left

16  
Investors

\$12,900.00

Raised of \$0.00K - \$107K goal

Invest Now

\$433.00 minimum investment

## Disrupting Puerto Rico's Farming Model

Invest in Fusion Farms

Fusion Farms is located in a qualified Opportunity Zone and is the first hurricane-protected, indoor, vertical produce farm located in Puerto Rico.

Our 11,500 square foot concrete building has the capacity for 86,640 total plant net pots which translates to a production capacity of 1,183,000+ ounces of produce per month.

Our pilot project will utilize deep-water rafts to grow mint, basil and microgreens in Phase 1 without soil under LED lights in a controlled environment. Our business model below shows the ability to generate \$414,000+ per month in Net Profit from both produce and fish harvest.

Our grid-tie solution using renewable energy such as solar, battery backup and generators means that Fusion Farms will not be dependent on the power company and can minimize energy costs.

Tilapia housed in tanks outdoors will be the engine of nutrient-rich water to fuel the plant growth and deliver seed-to-harvest produce in as little as 21 days. Our carousel grow cycle means we can grow our produce year-round with consistent results.

Fusion Farms represents a "fusion" of innovation, talent, impact, urban farming, and food security for the island of Puerto Rico.



### "We are standing"



### Why Puerto Rico?

Post-Hurricane Maria, Puerto Rico imports 95% of its fresh produce.

With 30 inches of rain in some areas and wind gusts up to 175 mph, Maria devastated Puerto Rico's struggling agriculture. It is clear, Puerto Rico needs a new sustainable agricultural model to feed a population of over 3 million people.

Fusion Farms creates a solution for the island of Puerto Rico and for its communities that face environmental, climate and economic challenges, using a micro-grid, sustainable Controlled Environment Aquaponics (CEA) facility implementing vertical farming systems that use 1/10th of the water compared to traditional farming techniques.

Here are the main problems for which we have created this solution:

- 99% or more of the food consumed on the island of Puerto Rico is shipped in, traveling a minimum of 1,500 miles for weeks at a time.\*
- 48% of the population live below the federally defined poverty line.\*
- 27% of Puerto Ricans are on some form of government subsidies.\*
- Puerto Rico Industrial Development Corporation (PRIDCO) has tens of millions of square feet of empty buildings, abandoned in the ongoing economic downturn.
- Ongoing economic crisis, no new jobs, intellectual flight from the island, 39% labor participation rate.\*\*
- 80% of farms were destroyed by Hurricane Maria, just one of two devastating hurricanes where recovery still continues.

Fusion Farms has submitted an application to PRIDCO, which was approved on September 26, 2018. The application is to lease 11,500 square feet of a fully concrete, hurricane-protected industrial warehouse space to be converted to a micro-grid Controlled Environment Aquaponics facility in Mayaguez, Puerto Rico using renewable energy.

Fusion Farms is pioneering the urban farming solution for an island that is starving for food sovereignty. The impact this will have on the island is immeasurable.

We are grateful for the support you provide to make a difference in the agricultural climate and future for Puerto Rico.

\*Source

\*\*Source

\*\*Source

We don't measure our day by the harvest we reap...

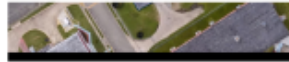
but by the seeds of hope that we plant.

### Our Business is Sustainable Aquaponics

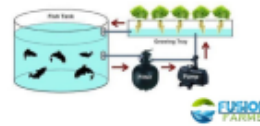
Fusion Farms (FF) combines elements of hydroponics, aquaculture and renewable energy in a fully contained and controlled environment. Sustainable Closed Environment Aquaponics (SCEA) provides a unique combination of technologies and agriculture for the production of a variety of food products, as well as fish, in a CEA facility. Extensive scientific



research on aquaponic ecosystems has paved the way for repeatable, scalable food production, which represents an innovative advance in the way food supplies will be grown in the future.



The most simple definition of Aquaponics is the combination of aquaculture (raising fish) and hydroponics (the soil-less growing of plants) that grows fish and plants together in one integrated system. The fish waste provides an organic food source for the plants, and the plants naturally filter the water for the fish. The third participants are microbes (beneficial bacteria). These bacteria convert ammonia from the fish waste first into nitrites, and then into nitrates. Nitrates are the form of nitrogen that plants can uptake and use to grow. Solid fish waste is turned into vermicompost that also acts as food for the plants. In combining both hydroponic and aquaculture systems, aquaponics capitalizes on their benefits and eliminates the drawbacks of each.



## The Offering

### Investment

\$430/share of Common Stock | When you invest you are betting the company's future value will exceed \$4.4M.

### Picks

10% Bonus for Early StartEngine Shareholders

\*Maximum subject to adjustment for bonus shares. See 10% Bonus below

*"Our solution is the 'fusion' of hydroponic growing of agricultural products combined with aquaculture of Tilapia based on the implementation of a comprehensive eco-system consisting of a self-sustaining, renewable, organic Controlled Environment Aquaponics ('CEA')"*

— Kendall Long, Founder



### How Far We've Come...

As a startup, we have completed our market research, conducted a Feasibility Study, prepared our Business Plan, identified our initial property, negotiated our initial lease, designed the renovation of our initial property, negotiated strategic partnerships in support of our Business Plan, hired consultants to provide cost estimates for all aspects of the renovation, and retained our CPA to review and sign off on our financial projections. We are now ready to accept investment funding that will allow all this planning to be put into action.

We designed a system specific to the feasibility studies, energy needs and food production requirements for what is projected as to be a sustainable and profitable project. The plan includes the use of tilapia, floating rafts, vertical grow towers, rainwater collection, solar, and advanced technology controls.

We have drafted our initial 3D Design for the property; the image to the left provides a visual rendering of the proposed construction and layout.

Our financial projections included in the prospectus have been reviewed and signed by Lidia Cynthia J. Rijo Sánchez, CPA/ABV.

We have the enthusiastic support of the University of Puerto Rico — Mayagüez and we are pleased that Dr. Rene Esteves and Dr. Luis Mejía are on our advisory board and they are integrating internships for their students from their Department of Agriculture.

*Fusion Farms represents a "fusion" of innovation, talent, impact, urban farming, and food security for the island of Puerto Rico.*

—Lisa Jander, Co-Founder

### Our System

Based on the scale of the model and specs, the plan will include both indoor and outdoor facility use, including but not limited to:

- Water use and conservation: irrigation, flow design, rainwater harvesting
- Vertical and horizontal grow designs
- Fish farming tanks with observation windows
- Testbeds for introducing new fruit and vegetable production.
- Renewable energy use: solar and wind (grid tie microgrid with battery storage)
- Technology and automation
- Community use: field trips, observation, research, events, tours, etc.

### The Technology

The FF model is intended to create an efficient design based on the current elements, adding advanced technology through engineering rigor that will enhance performance and scalability.

Sensory and software components that automate the management and daily operation of the system will be included in this design. Data capture will play a vital role in the success of the model and FF will incorporate the most innovative technologies available within the budget allowed.



### The Advantages of Our Pilot Program

By using the Fusion Farms model as a test facility to prove out an effective model, community members will benefit from the transparency of trial and error leading to success. Feasibility, cost containment, use of natural resources, data capture, research, and profitability will all be vital to a thriving program.

The system will be built onsite in Mayagüez with plans to expand to other parts of the island. Because these plans include creating a state of the art sustainable agriculture facility, Fusion Farms can be used to educate and instruct participants in the principles of sustainable agriculture as embodied in the model.

This will assist in the propagation of the model and attract those interested in sustainable agriculture who may have new and additional thoughts and ideas that can be integrated into the model design, creating dynamic sustainable knowledge and IP. This creates an additional revenue model for subscribers to benefit from updates on innovations and improvements.

### Planting Timeline



Aquaponics allows crops to grow faster, year-round, using less water and minimal labor while minimizing crop failures. Fusion Farms, in the beautiful Mayaguez district of Western Puerto Rico, is the ideal location to use an existing concrete, hurricane-protected PRIDCO building to grow non-GMO produce high in local demand.

You now have the opportunity to own a share from a CEA facility growing these agricultural products. This is a complete turnkey, hands-off investment opportunity: you invest in the CEA operations but we handle the installation, planting, and harvesting. Our farm team then capitalizes on the maximum sales in the local marketplace through Distributors, Farmers Markets, Direct to Consumer and through local Chefs and Restaurants.

#### Pilot - Year 1:

- 6 mint varieties - 45% Production
- 6 basil varieties - 45% Production
- Microgreens - 10% Production
- Whole Tilapia - Ancillary Product

#### Year 2 - reconfirm market demand and feasibility

- Butter Lettuce
- Cilantro
- Plant fruit trees and Moringa
- Living Bamboo wall along the perimeter

#### Year 3 - Develop outdoor expansion under hoops

- Strawberries
- Green beans
- Chard
- Peppers
- Tomatoes



*"The first wealth is health."*

-Emerson



### Market Supply and Demand

#### Current Distribution:

- Over 80% of fresh produce is imported
- Only 37% of farms in Puerto Rico have been restored since Hurricane Maria as of December 2016
- Over-inflated prices due to import fees and taxes
- Food often travels over 1,500 miles
- Food is depleted of nutrient value and is poor quality, as the photos to the left demonstrate

#### Current Demand:

- Locally Grown
- Non-GMO Organic standards
- Better tasting
- Farm-to-Table fresh products
- Consistent quality
- Stable pricing
- New varieties
- More nutritional value
- Food Sovereignty
- Easy Local Access
- Food consumers can trust

### Aquaculture

Outdoor fish farming is used to implement the most advanced sustainable methods of growing, producing and harvesting seafood.

We have chosen tilapia as our nutrient source to grow healthy produce without using chemicals or pesticides. Our fish will be located outside to minimize humidity and maximize food production space inside.

Though the tilapia is less than 5% of our revenue stream, it is our primary source of nutrient value for the plants we grow.



### Renewable Energy

#### Solar

The power supply in Puerto Rico has proven to be unreliable and extremely costly. To provide a hurricane-protected facility, we will be using LED lights and other operational equipment which will be powered by solar, battery backup and diesel generators on a micro-grid system.

- MICRO-GRID 400w Solar Power System on both the roof and the Shade Pergola for the fish
- Net Zero Agreement with PREPA for autonomy and grid-connected backup
- Solar battery storage
- Diesel Backup generator
- Supplement wind power generation considered when economically feasible through real-time data collection

#### Rainwater Collection

The application of an appropriate rainwater harvesting technology will make possible the utilization of rainwater as a valuable and necessary water resource. We will harvest rainwater to provide an additional water source for the fish tanks as well as the filtration system for the plants. The roof is designed to capture maximum rainfall to allow for water security when needed.

### Food Distribution

- Secured relationships with top, local distributors to deliver to restaurants and grocery stores in refrigerated trucks
- Will pursue relationships with cruise lines
- Will hire locals to distribute produce to farmers markets
- Create membership for weekly deliveries through Social Media
- Will use the excess to create canned goods such as mint jelly and pesto to ensure no waste
- Will be positioned for exporting when economically viable
- Will distribute excess to food banks on the island
- Will pursue relationships with Costco, Walmart, Sam's Club at optimum volume requirements



**Your Investment and Ours**



Fusion Farms has taken every precaution to protect our investment and yours:

- Qualified Opportunity Zone
- Hurricane protection in a concrete building
- Energy autonomy using solar, battery and generators
- Bio-secure netting to prevent pests and disease
- Non-GMO practice to deliver nutritious produce without chemicals or genetic alterations
- Flood protection - elevated building and fish tanks with high margin
- University partnerships with University of Puerto Rico, Mayaguez, University of Arizona, Arizona State University and Santa Fe Community College in New Mexico
- Providing internships for agriculture students to employ and groom for Phase 2
- Scalable for additional locations in multiple locations around the island
- No import delays
- Very low food miles from farm to table
- Consistency through quality control and controlled environment
- Providing jobs for Puerto Rico
- Superior team to implement and grow a successful and profitable business model

## Business Model and Investor Benefits

When construction is complete, our facility will have the following production capacity:

### Indoor System:

- Vertical Rack Grow System (leafy green vegetables)
- 144 Total Racks, five (5) shelves per rack
- 80,640 Total Plant Capacity
- Three (3) Initial Agricultural Products:
- Basil (85 Racks with Capacity to produce 507,080 ounces per month)
- Mint (85 Racks with Capacity to produce 672,657 ounces per month)
- Microgreens (14 Racks with Capacity to produce 3,423 ounces per month)

### Outdoor System:

- Fish Tanks (eight (8) fish tanks under shade)
- Each Tank is 4,000 gallons holding up to 750 Tilapia
- 6,000 Total Fish Capacity
- 800 to 1,000 Whole, Live Fish Capacity per month

### Market Pricing:

- Basil - current market retail price \$1.25 per ounce (wholesale price \$0.65 per ounce)
- Mint - current retail price \$1.25 per ounce (wholesale price \$0.75 per ounce)
- Microgreens - current retail price \$3.75 per ounce (wholesale price \$3.50 per ounce)
- Fish - current retail price \$2.00 per pound for whole, live Tilapia

### Market Demand:

We have relationships with leading food distributors throughout Puerto Rico[\*]. We have substantiated market pricing (retail and wholesale), as well as market demand through these distributors who have confirmed the high market demand for our agricultural products from their customers.

Revenue Capacity	Monthly
Basil	\$329,601.99
Mint	\$504,492.84
Microgreens	\$11,979.55
Tilapia	\$5,021.88
Sub-total Revenues	\$849,996.25

Cost of Goods Sold (34%)	\$288,998.78
Gross Monthly Profit (Loss)	\$560,997.53
Gross Monthly Margin (%)	66%

General & Administrative Expenses (19%)	\$127,499.44
---	--------------

EBITDA (Monthly)	\$433,498.09
------------------	--------------

Financial Expenses	\$2,083.53
--------------------	------------

Monthly Profit (Loss)	
-----------------------	--

Before Taxes	\$431,414.76
--------------	--------------

Tax (4%)	\$17,256.59
----------	-------------

Net Profit (Loss)	\$414,158.17
-------------------	--------------

% Monthly Net Profit/Sales	48%
----------------------------	-----

Investors Return On Investment	
Initial Investment	\$107,000
Investor Percent Ownership	2.5%
	\$10,325.80

MONTHLY ROI	9.6%
-------------	------

So, when we achieve production at our full capacity, we project we will be able to generate revenues and resulting profits that show an annual return of \$387 for every \$430 invested, approximately 92% annualized ROI.

[\*] \*Sources: [CLICK HERE TO VISIT REFERENCE PAGE](#)



## Opportunity Zone

If you have generated a substantial capital gain from your investments in 2018 - congratulations! However, you may also be able to offset other taxable income with the sale of qualified small business stock.





increasing our range has been a starting point.

The good news is that the introduction of Opportunity Zones by the Tax Cuts and Jobs Act in December 2017 can provide you with an investment vehicle to defer capital gain tax while using the funds from such gain to invest in opportunities like Fusion Farms.

As noted on the Grant Thornton April 18, 2018 Tax Alert, Puerto Rico was designated as a Qualified Opportunity Zone under the U.S. Tax Cuts and Jobs Act of 2017 (the "Act"). By providing for short- and long-term capital gains tax deferral and the potential for significant step-up in basis, the Act aims to spur long-term investments in low-income urban and rural communities throughout the U.S. and Puerto Rico by investing in a qualified opportunity fund.

[Learn More About Our Qualified Opportunity Zone](#)



#### Our Commitment

1. To implement a design in which all elements are preserved, re-used or recycled when possible
2. Use clean waste-to-energy for sustainable primary power/energy requirements creating a low carbon footprint
3. Focus on repeatable, scalable methods to expand commercialization of the model
4. Provide Puerto Rico with all-natural, non-GMO produce
5. Use green/advanced construction materials when available for use in a wide range of regions and environments.
6. Create a resource for community development and learning onsite
7. Follow "best practices" from upper-level management to all employees and staff.
8. Maintain all certification for food handling and food safety
9. Impact the Puerto Rican community by proving out a way to reach food sovereignty

*Fusion Farms is dedicated to impacting Puerto Rico in a positive way; we are passionate about our farming solution and that there has been no better time to invest in the future of farming.*

#### What Makes Our Team Special



#### Strategic Partners

##### University of Puerto Rico, Mayaguez:

Fusion Farms has partnered with Dr. Rene Esteves and his colleague, Professor Luis R. Mejia-Maynei at the University of Puerto Rico Mayaguez to assist with the design and operation of the Aquaponic system. Rene Esteves, PhD, is currently serving a dual role as the Extension Leader for the University of Puerto Rico (UPR) Sea Grant College Program which is headed by Dr. Ruperto Chaparro. Dr. Esteves is also the Aquaculture Specialist for the UPR Agricultural Extension Service. Previously he's served as Puerto Rico's Fisheries Liaison for the National Marine Fisheries Service of the National Oceanic and Atmospheric Administration. Dr. Esteves is a coral reef fish ecologist whose research interests have focused on larval connectivity of commercially important fish species, changes to coral reef fish community structure due to disturbances and fisheries independent assessments. His double role in the UPR is in part meant to strengthen informal education in small sustainable recirculating aquaculture projects that would both increase food security and offer alternative income for low-income rural coastal communities.

##### University of Arizona:

Dr. Shane C. Burgess is Vice President for Agriculture, Life and Veterinary Sciences, and Cooperative Extension, Charles Sander Dean of the College of Agriculture and Life Sciences, and Director of the Arizona Experiment Station at the University of Arizona. He has 188 refereed publications, trained 38 graduate students and has received nearly \$55M in competitive funding since 1967. His division has a total budget of \$135M with over 3,900 students and more than 1,700 employees. He currently serves on the Agribusiness and Water Council of Arizona Executive Committee, the Board of Directors for Arizona Farm Bureau, and the Governor's Agricultural Best Management Practices Committee for the Arizona Department of Environmental Quality.

THE UNIVERSITY OF ARIZONA



*"We need to grow food," said Pedro Casas. "It doesn't matter how but we need to grow it. If we don't teach our kids these things you don't turn that spark on. Education about agriculture was and still is very low on the island, we need to get into the schools."*



#### Operational Farm Design Consultants:

Fusion Farms has been working with Jorge Casas to focus on the day-to-day operations of the CSA Farm. Jorge and Pedro were successfully operating one of the largest CSA Greenhouse facilities in PR until it was destroyed by Hurricane Maria.

Jorge understands what it takes to operate an aquaponics farm and will be helping us recruit interns and new hires and make sure they are trained. The entrepreneur brothers set up an expanding distribution network to serve themselves and dozens of other farmers around the island and to help drive the food revolution. With the farming boom comes more farm laborers, drivers and retail workers, and urban produce markets are opening up across Puerto Rico. One such, O-Mint in the San Juan suburbs, opened in April 2016 with the Casas brothers as partners.

#### Tropical Fruit Farm Design Consultant:

Fusion Farms has been working with Sadhu Govardhan, founder of Govardhan Gardens to focus on the unique challenges of growing tropical fruits native to tropical ecosystems in and around a CSA facility. Sadhu Govardhan is an independent thinker, eco-organic farmer, tropical rare fruit connoisseur, bamboo specialist, and researcher. Sadhu will provide inputs into crop selection for maximum diversification, as well as assist us in designing a living bamboo wall for shade and security.

#### Aquaculture Design Consultant

Fusion Farms has been working with Dr. Mike McGee of Caribe Fisheries, Inc. to design the fish component of the system. Fusion Farms will be working with Pedro Roberto to create the



THAT'S HOW WE'VE BEENING, FROM AROUND 1970 TO THE PRESENT. THE hatchlings and original Tilapia stock for our CSA.

Dr. McGee owns and operates Caribe Fisheries Inc. a tropical aquaculture farm in Lajas, PR. He is involved in all phases of aquaculture and particularly those which may be important to improving productivity and quality of life in PR. Most recently he introduced a new aquaculture species to this hemisphere, the Basa catfish. Puerto Rico is currently the only nation in the western hemisphere to culture this food fish. Exports from Vietnam to other countries of the world are over \$1,000,000,000 a year and there is good potential in all tropical regions of the western hemisphere to culture this valuable species(1). He also offers training and workshops related to aquaculture. He is working with Fusion Farms and other institutions to increase awareness of aquaculture in PR.

\*Source

Dr. Michael V. McGee has extensive experience and training in the areas of aquaculture, aquatic ecology, water chemistry and fisheries science. For the past 18 years he has successfully developed and operated his own aquaculture-agriculture business Caribe Fisheries Inc. located in the Lajas Valley. Caribe Fisheries produces ornamental and food fish species, freshwater shrimp, aquatic plants, vegetables and herbs for sale in Puerto Rico.



## Lcda. Cynthia J. Rijo Sánchez, CPA / CR Law & Accounting Services

Cynthia J. Rijo Sánchez is a Lawyer, Notary Public and Certified Public Accountant in the Commonwealth of Puerto Rico. She obtained her Bachelor's Degree in Business Administration with a concentration in Accounting from the University of Puerto Rico, Mayaguez Campus, graduating with Magna Cum Laude honors. She obtained her Juris Doctor at the Interamerican University of Puerto Rico graduating with honors Summa Cum Laude.

After working for 3 years in Virginia, as an auditor for the Department of Defense of the United States and having participated in several internships, Cynthia opened her private practice during the month of February 2014. Since then she has provided legal and accounting services to individuals, companies, churches and other nonprofit organizations.

She is currently the President-elect of the Association of Certified Public Accountants of Puerto Rico of the Mayaguez Chapter.

## Invest in Fusion Farms Today!

### Understanding the Opportunity

We believe it's possible to make high returns per square foot with a variety of crops. Please see our CPA reviewed and signed financial projections to understand our financial model. More importantly, the food produced will be fresh, natural, nutritious and grown locally.

Feasibility studies will determine the best crop for the island as well as the system. Many factors will influence the system design as well as the food production outputs. Faster growing times with year-round production will greatly enhance the ability to deliver wholesome foods to the communities in Puerto Rico including restaurants, grocery stores, farmers markets, and other retail distribution.

### We Will...

- Create a farm in a building
- Bring people and communities together
- Regenerate unused real estate
- Create viable examples of Urban Agriculture
- Create a "nothing is wasted" approach
- Create lower energy solutions to manufacture, transport and maintain sustainable food supplies; all with a smaller carbon footprint
- Create as many outputs as possible from minimal inputs
- produce alternative plant food sources fish in proteins and other powerful elements
- Connect food sources with nutraceutical alternative for homeopathic and herbal medicine
- Reconnect people with growing food; excite, inspire and engage!



*Thank you for being a part of our journey and for helping to make this venture a success!*



We believe indoor aquaponics is disruptive and forward thinking and will create new opportunities for Puerto Ricans to learn a different farming model that minimizes the impact of external conditions in order to grow the fresh produce the island needs.

If Puerto Rico were able to replace 50% of its agricultural imports with locally grown produce, it would represent about \$3.15 billion that would stay in the island's economy and around 85,000 new jobs in the agricultural sector.



Source

By using the Fusion Farms model as a test facility to prove out an effective model, community members will benefit from the transparency of trial and error leading to success. Feasibility, cost containment, use of natural resources, data capture, research, and profitability will all be vital to a thriving program.





## Meet Our Team



### Kendell Lang

**Co-Founder**  
Kendell Lang is the Chief Executive Officer of Fusus Farms, an innovative hurricane-protected indoor vertical farm solution for the re-utilization of vacant PRIDCO buildings in Puerto Rico. Fusus Farms has been in the formulation stages for decades, starting from Mr. Lang's Bachelor of Science degree in biology from college where he completed his senior thesis on aquaculture. That early exposure to technology innovation applied to nature has kept alive the vision and passion which today has culminated in Fusus Farms. As a seasoned leader, Mr. Lang brings a unique approach to building teams. He is a life coach with a focus on people, process and results. He has broad industry success in accounting, finance, real estate, construction, brokerage, professional services, product design, high-tech manufacturing, e-commerce and information technology.



### Lisa Jander

**Co-Founder**  
Lisa Jander is a Certified Life and Relationship Coach, Public Speaker and Author of a book titled, "Dater's Ed," for parents. Becoming an author was a by-product of the passion she has for mentoring teens and young adults and has parlayed into her responsibility for the educational foundation and community outreach opportunities for Fusus Farms. Lisa is a self-confessed "hardcore" and loves every kind of power tool. As a former kitchen designer for Home Depot, Lisa has extensive design, project management and construction experience which lends to her many contributions to not only the startup of Fusus Farms but the efficient and effective ongoing operations. As a Co-Founder, Lisa provides overall project management and tool tracking to organize all the myriad parts of this amazing puzzle.



**Dr. Rene Esteves**  
Aquaculture Specialist  
Rene Esteves, PhD is currently serving a dual role as the Extension Leader for the University of Puerto Rico (UPR) Sea Grant College Program which is headed by Dr. Ruperto Chaparro. Dr. Esteves is also the Aquaculture Specialist for the UPR Agricultural Extension Service. Previously he's served as Puerto Rico's Fisheries Liaison for the National Marine Fisheries Service of the National Oceanic and Atmospheric Administration. Dr. Esteves is a coral reef fish ecologist whose research interests have focused on larval connectivity of commercially important fish species, changes to coral reef fish community structure due to disturbances and fisheries independent assessments. His double role in the UPR is in part meant to strengthen informal education in small sustainable recirculating aquaculture projects that would both increase food security and offer alternative income for low-income rural coastal communities.



**Prof. Luis R. Mejia Mayre**  
Auxiliary Dean for New Center for Agribusiness Development (NuCeDA) Department of Agricultural  
Prof. Luis R. Mejia Mayre is the Auxiliary Dean for New Center for Agribusiness Development (NuCeDA) Department of Agricultural Economics and Rural Sociology. In August 2009, the Board of the College of Agricultural Sciences (Dean, Director, Associate Deans, Director of International Programs and Director of the Office of Planning and Budget) approved the creation of the New Center for Agribusiness Development (NuCeDA). This was officially inaugurated on Thursday, November 12, 2009, in the Office # 306, of Building C, of the old dormitories of the Campus. NuCeDA is a work space assigned to the Department of Agricultural Economics and Rural Sociology of the College of Agricultural Sciences, that making use of teaching and research, will make more effective the management of preparing agribusinesses and agribusiness, in skills that contribute to the development of a sustainable agriculture. Among other matters, the Center facilitates the allocation of human and physical resources, in an integrated department, with teaching and non-teaching staff, working in the three units of the CA- Faculty: Agricultural Experimental Station and Agricultural Extension Service. The interaction between the three units mentioned, includes the participation of graduate students, who learn by doing while working in the SEA.



**Dr. Ruperto Chaparro**  
Director, University of Puerto Rico (UPR) Sea Grant College Program  
Agriculture is a business that develops in a competitive market system, in which success is measured to a large extent, based on the maximization of profit. To achieve this goal we must recognize that knowledge about technical aspects of crop or animal production is not a sufficient condition for the farm to make a profit. Education in managerial aspects of agriculture or agricultural business is essential to promote the development of competitive agricultural and agroindustrial enterprises. The management that is being done, through NuCeDA, sharing information and knowledge with farmers and potential farmers, is of greater importance, when we recognize that the operation of an agricultural business is somewhat different from that of other types of companies. Puerto Rico Sea Grant entered college status in 1989 and is based at the University of Puerto Rico. Their mission is to fund scientific research to address the priorities of Puerto Rican communities. During September 2017, Puerto Rico was devastated by back-to-back major hurricanes that resulted in the worst natural catastrophe affecting the region in a century. Fishing facilities or "villas pesqueras" including boat ramps and piers were in many cases completely destroyed. Boats were lost, gasoline and diesel fuel were nowhere to be found, and there was no electric power. In addition, many fishers' houses and communities were flooded and/or destroyed by the storm. Puerto Rico Sea Grant actively assisted fishers by providing guidance about available post-hurricane assistance and benefits from federal, state and private entities.



**Dr. Shane Burgess**  
Vice President for Agriculture, Life and Veterinary Sciences, and Cooperative Extension, Charles Sander Dean of the College of Agriculture and Life Sciences, and Director of the Arizona Experiment Station at the University of Arizona  
Dr. Shane C. Burgess, MRCVS, FLS has worked around the world as a practicing veterinarian and scientist. His areas of research expertise include cancer biology, virology, parasitology, immunology, biopharmaceuticals and computational biology. He has 183 refereed publications, trained 38 graduate students and has received nearly \$55M in competitive funding since 1997. Dr. Burgess is currently Vice President for Agriculture, Life and Veterinary Sciences, and Cooperative Extension, Charles Sander Dean of the College of Agriculture and Life Sciences, and Director of the Arizona Experiment Station at the University of Arizona. The division has a total budget of \$135M with over 2,500 students and more than 1,700 employees. He currently serves on the Agri-Business and Water Council of Arizona Executive Committee, the Board of Directors for Arizona Farm Bureau, the Governor's Agricultural Best Management Practices Committee for the Arizona Department of Environmental Quality, the ARS Institute Director's Advisory Board, the Tucson Arizona's Internal Advisory Board, Arizona STEM Diploma Project Advisory, Pima Foundation's Arizona Bioscience Roadway Steering Committee, Reid Park Zoological Society Board of Directors, Arizona-Sonora Desert Museum Board of Trustees, Pima County Agricultural Science Advisory Commission, Farm Foundation Round Table Steering Committee, and is a member of the National Academies of Sciences, Engineering, and Medicine Board on Agriculture and Natural Resources. Dr. Burgess also serves on a number of university-level planning and strategy committees.



**Charlie Shultz**  
Lead Faculty in the Controlled Environment Agriculture Program.  
Charlie Shultz is a faculty member in the School of Trade, Technology, Sustainability and Professional Studies. He is Lead Faculty in the Controlled Environment Agriculture Program, including Hydroponics and aquaponics. Charlie began working with fish and plants in an undergraduate at Virginia Tech while earning two B.S. degrees, in Biology and Fishery Science. After a short stint at the University of Georgia working with transgenic fish for bioimaging purposes, he found his calling at the University of the Virgin Islands in St. Croix, U.S. Virgin Islands. There he specialized in developing aquaponics using shrimp and a variety of plant crops, as well as other fish production systems. After 14 years, Charlie returned to the mainland U.S. for graduate school at Kentucky State University where he researched indoor aquaponics production including an energy analysis and production potential using various lighting technologies. Charlie spent the following two years working at Lethbridge College in Alberta, Canada, addressing bottlenecks in the upcoming commercial aquaponics sector. Following that grant-funded position, Charlie ran a commercial aquaponics facility in San Marcos, Texas. The drive to continue research, teaching and extension brought Charlie to SPCC.

**Jorge and Pedro Casas**  
Founders, Agroparicos Casacha de PI  
Fusion Farms has been working with Jorge Casas to focus on the day-to-day operations of the CEA farm. On a hillside near Caguas, about 20 mins south of San Juan's old town, brothers Pedro and Jorge Casas worked in two giant greenhouses, tending crops of organic mint, citrus, rosemary and basil. The farm, Agroparicos Casacha de PI, was renovated in 2016, in part through a \$280,000 loan from the Farm Service Agency of USDA. Jorge and Pedro were successfully operating one of the largest CEA Greenhouse facilities in PR until it was destroyed by Hurricane Maria. Jorge understands what it takes to operate an aquaponics farm and will be helping us recruit interns and new hires and make sure they are trained. The entrepreneur brothers set up an expanding distribution network, to serve themselves and dozens of other farmers around the island and to help drive the food revolution. With the farming boom come more farm laborers, drivers and retail workers, and urban produce markets are springing up across Puerto Rico. One such, O-MMI in the San Juan suburbs, opened in April 2014 with the Casas brothers as partners.

**Dr. Michael McGee**  
Founder, Caribe Fisheries  
Dr. McGee owns and operates Caribe Fisheries Inc, a tropical aquaculture farm in Lajas, PR. He is involved in all phases of aquaculture and particularly those which may be important to improving productivity and quality of life in PR. Most recently he introduced a new aquaculture species to this hemisphere, the Basu catfish, *Puerto Rico* is currently the only nation in the western hemisphere to culture this food fish. Exports from Vietnam to other countries of the world are over \$1,000,000,000 a year and there is good potential in all tropical regions of the western hemisphere to culture this valuable species. He also offers training and workshops related to aquaculture. He is working with Fusion Farms and other institutions to increase awareness of aquaculture in PR. Caribe Fisheries was established in 1980 by Dr. Michael McGee. The main business is ornamental fish for wholesale distribution in Puerto Rico and for export. In addition, Caribe Fisheries produces fish and shrimp seeds for sale to other aquaculture farms. Caribe Fisheries continues to work with governments, universities and individuals as consultants to help develop aquaculture in Puerto Rico, Central and South America. Dr. Michael V. McGee has extensive experience and training in the areas of aquaculture, aquatic ecology, water chemistry and fisheries science. For the past 18 years he has successfully developed and operated his own aquaculture-agriculture business Caribe Fisheries Inc, located in the Lajas Valley. Caribe Fisheries produces ornamental and food fish species, freshwater shrimp, aquatic plants, vegetables and herbs for sale in Puerto Rico.

**Sadhu Govardhan**  
Founder, Govardhan Gardens  
Fusion Farms has been working with Sadhu Govardhan, founder of Govardhan Gardens to focus on the unique challenges of growing tropical fruits native to tropical ecosystems in and around a CEA facility. Sadhu Govardhan is an independent thinker, eco-organic farmer, tropical rare fruit connoisseur and researcher. Sadhu will provide inputs into crop selection for maximum diversification, as well as recommendations for the outdoor living canopy on the property around the building.

**Fusion Farms Puerto Rico Team**  
Garden Pools Design Team  
Garden Pool is a federally recognized 501(c)(3) international public charity dedicated to research and education of sustainable ways to grow food. Our mission is to develop better ways to grow food and help others do the same. Our operations are based in downtown Mesa, Arizona. We're working on bringing the GP system to the rest of the world!

**Dennis**  
Founder  
Dennis is the founder, a designer, and a teacher at Garden Pool. Dennis invented the Garden Pool, wrote the book, developed and manages our web presence. Dennis has also designed several other Garden Pool systems, including the Fantasy Farm, and created many unique GP innovations, such as the 5 Gallon UV Sterilization Bucket. Dennis is the project manager of volunteer builds and is the course instructor for the GP Certified Designers. Dennis believes that sustainable food production helps improve entire communities. Dennis, a full-time volunteer, is the primary researcher and serves as the President and CEO of Garden Pool.

**Garnelle**  
Co-Founder  
Garnelle is the Co-Founder of Garden Pool and Operations Director. She oversees the day to day operations of the Garden Pool Store and our Local Programs. She is our resident animal expert. She grew up on a farm in the mid-west and loves growing eggs, herbs and fruit trees in the desert.

**Heather**  
Smart Farm Game Designer  
My name is Heather, and I'm in my senior year at ASU. I'm majoring in Sustainability, as well as working towards being an ASU-certified game designer. I thoroughly enjoy the design challenges presented by integrating the real and digital world, and in the team lead on the Garden Pool Game, my main responsibilities will be creating and integrating the Puerto Rico Climate Smart Farm as a playable level in the video game.

**Minghan**  
Economics Analyst  
My name is Minghan Li, and I am a graduated student from ASU with a economics degree. Sustainability is one of the main concerns of economy development. Our current project is a good example of how we can reach certain production output with a sustainable focus. For this project, I am helping with data collection and business statistics.

**Trevor**  
Designer, Estimator  
I am Trevor Peterson and am currently a senior student at ASU majoring in Sustainability with a minor in construction management. My focus and passion lies within design, as I enjoy the creative aspects of the projects that I collaborate on. Specifically to this project, I will be taking large part in all design and estimation aspects. This will be done largely through my expertise in 3D modeling.

**Tyler**  
3D Model Designer  
My name is Tyler Clark, and I'm an interdisciplinary student at ASU with concentrations in sustainability and design studies, with a minor in urban planning. I'm passionate about architecture and landscape architecture, and my dream is to design parks and help integrate parks into cities. For this project I'll be helping with 3D modeling and rendering. Some of my professional work can be found at [dktdesigns.com](http://dktdesigns.com)

## Offering Summary

Company	Fusion Properties Management Group, Inc. d/b/a Fusion Farms
Corporate Address	2009 Calle Jaime Rodriguez, Mayaguez, Puerto Rico 00982
Offering Minimum	\$9,890.00
Offering Maximum	\$106,640.00
Minimum Investment Amount (per investor)	\$430.00
Terms	
Offering Type	Equity
Security Name	Common Stock
Minimum Number of Shares Offered	23
Maximum Number of Shares Offered	248
Price per Share	\$430.00
Pre-Money Valuation	\$4,300,000.00

\*Minimum subject to adjustment for bonus shares. See 10% Bonus below

**The 10% Bonus for StartEngine Shareholders**

Rusion Properties Management Group, Inc. will offer 10% additional bonus shares for all investments that are committed, within 24 hours of this offering going live, by StartEngine Crowdfunding Inc. shareholders who invested over \$1,000 in the StartEngine Reg A offering which closed earlier this year.

StartEngine shareholders who invested \$1,000 or more in that StartEngine Reg A offering will receive a 10% bonus on this offering within a 24-hour window of this offering's launch date. This means you will receive a bonus for any shares you purchase. For example, if you buy 10 shares of Common Stock at \$430 / share, you will receive 11 Common Stock, meaning you'll own 11 shares for \$4,300. Fractional shares will not be distributed and share bonuses will be determined by rounding down to the nearest whole share.

This 10% bonus is only valid for one year from the time StartEngine Crowdfunding Inc. investors received their countersigned StartEngine Crowdfunding Inc. subscription agreement.

**Irregular Use of Proceeds**

The Company will not incur any irregular use of proceeds.

<a href="#">Offering Details</a>
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SHOW MORE

## Risks

A crowdfunding investment involves risk. You should not invest any funds in this offering unless you can afford to lose your entire investment. In making an investment decision, investors must rely on their own examination of the issuer and the terms of the offering, including the merits and risks involved. These securities have not been recommended or approved by any federal or state securities commission or regulatory authority. Furthermore, these authorities have not passed upon the accuracy or adequacy of this document. The U.S. Securities and Exchange Commission does not pass upon the merits of any securities offered or the terms of the offering, nor does it pass upon the accuracy or completeness of any offering document or literature. These securities are offered under an exemption from registration; however, the U.S. Securities and Exchange Commission has not made an independent determination that these securities are exempt from registration.

## Updates

## Southern California Roadshow

10 days ago



We are in Southern California from February 20th until March 4th, so if you want to meet up to have a direct in-person conversation, please email [CEO@FusionFarmsPR.com](mailto:CEO@FusionFarmsPR.com) and we'll get a meeting scheduled!



## Qualified Small Business Stock (QSBS)

16 days ago

As published at <https://www.investopedia.com/terms/q/qbs-qualified-small-business-stock.asp>, Fusion Farms is a Qualified Small Business Stock. The Internal Revenue Code (IRC) Section 1202 defines a qualified small business (QSB). This is separate and apart from being a Qualified Opportunity Zone investment, so this may be of special interest to prospective investors.

## What is a Qualified Small Business Stock (QSBS)

A qualified small business stock (QSBS) is the stock, or share, of a qualified small business (QSB), as defined by the Internal Revenue Code (IRC). A qualified small business is a domestic and active C-corporation whose gross assets, valued at original cost, do not exceed \$50 million on and immediately after its stock issuance.

## Tax Implications for Qualified Small Business Stocks

Tax treatment for a QSB stock depends on when the stock was acquired and the length of its holding. The Protecting Americans from Tax Hikes Act (Patriot Act), allows investors to exclude 100% of capital gains on qualified small business stock (QSBS) if the stock qualifies under Section 1202 of the IRC. The exclusion has a cap of \$10 million, or 10 times the adjusted basis of the stock, whichever is greater. Again, this is separate and apart from the benefits an investor might get from Fusion Farms being a Qualified Opportunity Zone investment.

## What is Section 1244 Stock?

Section 1244 of the Internal Revenue Code is the small business stock provision enacted to allow shareholders of domestic small business corporations to deduct a loss on the disposal of such stock as an ordinary loss rather than as a capital loss, which is limited to only \$3,000 annually.

Normally, stock is treated as a capital asset and if disposed of at a loss, the loss is deducted as a capital loss. The general rule for net capital losses (losses that exceed gains) is that they are subject to an annual deduction limit of only \$3,000. Any excess over \$3,000 must be carried over to the next year.

A loss on Section 1244 stock, on the other hand, is deductible as an ordinary loss up to \$50,000 (\$100,000 on a joint return, even if only one spouse has a Section 1244 loss). **A big difference!**


What this means is that **in the unlikely** - but possible - scenario that Fusion Farms doesn't succeed (and create tax-free profits for them upon sale, or greatly reduced taxes as an Act 22 investor), investors can deduct their losses from ordinary income (for mainland investors).

Note that ordinary losses are normally 100% deductible. However, while a loss on Section 1244 stock is treated as an ordinary loss, the deduction is limited to the amounts stated above.

## ANGELSPAN

### QSB §1244, §1202, & §1045

Qualified Small Business (QSB) treatment on angel investments are often overlooked as tax codes that can incentivize investors by reducing the after-tax risk and raising the after-tax returns.

SEC 1244 loss treatment	SEC 1202 gains treatment	1045 Exchange gains rollover
Losses are above the (AGI) line deductions	Profits from exits are 100% tax free	\$1202 gains can be reinvested tax free
Shareholders can deduct QSB stock as ordinary losses should the startup fail. With charitable donations treated as below the line deductions, a startup investment is a better tax break!	Permanent tax exclusion of 100% of gains on the sale or exchange of QSB stock acquired after September 27, 2010 and held more than 5 years. \$10 million limit on exclusion for each transaction.	Shareholders can roll over capital gains from the sale of QSB stock pre-tax if other QSB stock is purchased. Five-year holding period for 100% tax exclusion under §1202 can be met with holding period of new investments.
REQUIREMENTS		
Applies to individuals investing in a C-corp startup. Must invest in the first \$1M of capital in an equity-like instrument.	Applies to individuals investing in a C-corp startup. Startup must make a product (not a service business).	Applies to individuals investing in a C-corp startup. Must reinvest with 60 days from exit into another QSB.
© 2016 AngelSpan  info@angelspan.com		

## Solar Power System - Newest Design

18 days ago

As you know from our prior updates, we have been placed on the top of the list of applicants to receive a \$250,000 grant from PRDCO for our Solar Power Plant. We worked with three different solar companies to get bids, the best of which was part of our submission/application to PRDCO. We are very excited about the design, so we thought we would share some pictures of a similar system which was constructed for another company here in Puerto Rico prior to Hurricane Maria.





This is what we're calling the Fish Pergola, which will be the structural support for the additional solar tiles and which will also act as shade for the Fish Tanks.



#### Minimum Funding Goal Achieved!

22 days ago

Dear new Fusion Farms Owners and Followers,

Thanks to you we've now exceeded our Minimum Funding Goal!

We've now achieved our first big goal and have some exciting news! We just received confirmation yesterday from PRDGO that we, as Anthony Cordona said, are **"at the TOP of the list for approval of our solar grant application"**. This means we are first in line to be granted \$250,000 for our Solar Power System! We also got confirmation from our representative at the USDA that we do not have to have (although we're still continuing our application) our Certificación Beneficiaria de Agricultura (certification as a dedicated agriculture company from the Puerto Rico Department of Agriculture), so with the USDA back to work after the government shutdown that furloughed all the workers, we are able to proceed with our application for their loan guarantee. We have confirmed that our commercial banker, Oriental Bank, is coordinating on our \$250,000 equipment loan for the USDA loan guarantee, so we should have an answer on that in the next month as well.

**Become an  
impact investor  
in Fusion Farms**





Be sure to stay tuned for more exciting announcements! This will be FUN and MEANINGFUL!  
If you are considering an investment in Fusion Farms, now is a fantastic time to take action and join our growing family! Please also share this exciting opportunity with friends and loved ones so they can take advantage too! We are incredibly grateful and humbled by your support so far!

THANK YOU!!  
Kendell and Lisa

#### Investor Update - Minimum Campaign Achieved!

24 days ago

Hello Everyone!

Thanks to every who has invested in Fusion Farms so far! We have just exceeded our minimum \$10k and looking to keep the momentum going. Please keep spreading the word!



Beyond the funds invested, this campaign is resulting in so many other positive developments:

#### Press

We have a slew of press coverage coming out over the next few weeks in local and national publications. Stay tuned!

#### Cryptocurrency Payments



We have been approved to accept Bitcoin and Ethereum as forms of payment for investors who are looking to use those to purchase stock. Encouraged by this additional form of payment, along with the fact that we're a qualified Opportunity Zone investment, we are orienting and accelerating the marketing of our investment to reach cryptocurrency holders who have capital gains they are looking to shelter. Go to <https://www.fusionfarmspr.com/get-involved/puerto-rico-qualified-opportunity-zone/> to learn more.

#### PRIDCO INCENTIVE APPLICATION

We have been qualified as one of eight applicants being considered for a \$250,000 solar grant, so we hope to be an awarded recipient and we'll make that announcement as soon as we hear back from PRIDCO!

Thank you again for your support. You are helping us make Food Sovereignty in Puerto Rico a reality!

Kendell Larp, Co-founder & CEO

#### Investor Presentation - Progress Report

20 days ago



This is our Investor Presentation and Progress Update about Fusion Farms as of February 1, 2016. We had a tremendous number of Registrations and we are sharing the video for those who want to watch it again and for those who couldn't attend the live presentation. Thank you to all those who have invested and we look forward to welcoming those who are still in the evaluation process. Please feel free to reach out to us at [CEO@FusionFarmsPR.com](mailto:CEO@FusionFarmsPR.com)

#### Fusion Farms Building Video - Update

29 days ago

Just a quick update to introduce you to us standing in front of our building in Mayaguez, Puerto Rico. This is the building where all the magic is going to happen!



#### In the News! Help Get Us From \$5k to \$50k!!

about 1 month ago

Hello Our Fusion Farm Followers!

Firstly... a huge thanks to all those who have invested over the first few days of our Campaign Launch. We appreciate your support more than you can imagine! We are now just over \$5k which is phenomenal in the first few days! If you're considering investing, this week is a great time to do it and if you're looking for more information, you're in luck! We are hosting a Zoom Video Presentation where we'll give you an update, share some progress and be available to ask questions. You have to [REGISTER](#) to join the Presentation, so please [CLICK HERE TO REGISTER](#)



We are excited about the upcoming Presentation, so mark your calendars for Friday, February 1, 2019, at 4:00 pm AST/3:00 pm EST. We'll be coming to you live from Puerto Rico!  
Second, for those who might have missed our prior update, we want to share a recent story published at [AltruismToday.com](#)

Please let us know if you have any questions and as always, please visit the [Fusion Farms Website](#).

All our best,

Kendell & Lisa  
Co-Founders  
Fusion Farms

#### Hurricane-Protected Sustainable Aquaponic Indoor Vertical Farm Operation - Mayaguez, Puerto Rico

about 1 month ago

**Fusion Farms** is pleased to invite you to a Zoom Video meeting where you can meet the Founders and ask questions about the Campaign.

Please join us this Friday, February 1st, at 3:00 PM EST to hear more about the Fusion Farms Title II - Regulation Crowdfunding Campaign which is now actively accepting investments. <https://bit.ly/2Wk29Hw>

You can only attend the presentation by first registering for the webinar at this link:

<https://zoom.us/join/register/59f747f730c9d377c24e00bf6ac02b6>

A recording of the webinar will be made available to those unable to attend live. Feel free to email us any questions you would like answered during the webinar.

**When:** Feb 1, 2019

**TIME:** 4:00 PM Puerto Rico  
3:00 PM EST  
12:00 Noon PST

Remember, you need to **REGISTER** in advance for this meeting:

<https://zoom.us/join/register/59f747f730c9d377c24e00bf6ac02b6>

After registering, you will receive a confirmation email containing information about joining the meeting.

#### AGENDA:

We will be presenting the business of Fusion Farms, talking about our current status and hosting a Town Hall to answer any questions.

This meeting is limited to the first 100 individuals who register, so please make sure and register right away at <https://zoom.us/join/register/59f747f730c9d377c24e00bf6ac02b6>.

#### AltruismToday Press Story About Fusion Farms

about 1 month ago

We are pleased to share this published story about Fusion Farms at <https://altruismtoday.com/aquaculture-and-vertical-hydroponic-farming-for-puerto-rico/#share>

Comments (0 total)

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#### Important Message

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Investment opportunities posted and accessible through the site are of three types:

1. Regulation A offerings (JOBS Act Title IV), known as Regulation A+, which are offered to non-accredited and accredited investors alike. No broker-dealer, funding portal or investment adviser is involved in these offerings. These offerings are made through StartEngine Crowdfunding, Inc. 2. Regulation D offerings (JOBS Act Title II), which are offered only to accredited investors. No broker-dealer, funding portal, or investment adviser is involved in these offerings. These offerings are made through StartEngine Crowdfunding, Inc. 3. Regulation Crowdfunding offerings (JOBS Act Title III), which are offered to non-accredited and accredited investors alike. These offerings are made through StartEngine Capital, LLC. Some of these offerings are open to the general public, however there are important differences and risks. You can learn more in our [Learn](#) section.

Canadian investors:

Investment opportunities posted and accessible through the site will not be offered to Canadian resident investors.

Potential investors are strongly advised to consult their legal, tax and financial advisors before investing. The securities offered on this site are not offered in jurisdictions where public solicitation of offerings are not permitted. It is solely your responsibility to comply with the laws and regulations of your country of residence.





## EXHIBIT D TO FORM C

### VIDEO TRANSCRIPT

#### Video 1: Fusion Farms: The Vision

The basic purpose of the video is to introduce prospective investors to what happened to Puerto Rico after Hurricane Maria devastated the Island on September 19, 2017. All the statistics and facts in the video are documented in the resource section of the narrative, so all the information in the video is sourced to the originating facts.

September 19, 2017

Hurricane Maria – Category 5

Wind speed up to 175 mph

Total Island Devastation

Power Grid and Water Supply wiped out

80% of farms destroyed

Now, over 90% of food is imported

Farmers have left the island looking for work

Something needs to change

We believe Puerto Rico can Thrive!

Introducing Fusion Farms: Mayagüez, Puerto Rico

Indoor Vertical Aquaponics Farms: 11,500 sq ft vacant concrete building

Hurricane Protected: Sustainable, Closed-Environment, Renewable Energy

Food Sovereignty/Urban Farming in Puerto Rico

Fusion Farms Vision: Hurricane-protected, closed loop, indoor farming

Renewable Energy: Off-grid – solar-geothermal- rainwater harvesting

Bio-secure Viewing Room: global research – education- schools-community

Office: Business Administration

Control Room: Lab – Data Collection – Systems Control

Kitchen: Cooking and Nutrition Classes

Bio-secure Staff Lounge: Creating Jobs for Puerto Rico

143 Vertical Racks: Non-GMO, All Natural Healthy Produce Grown Locally

Outdoor Aquaponics: Fish provide nutrient-rich water to feed the plants

A healthy future for Puerto Rico: Thank you for your support

WE DON'T MEASURE OUR DAY BY THE HARVEST WE REAP BUT BY THE SEEDS OF HOPE THAT WE PLANT.

Fusion Farms "Growing Puerto Rico": [www.FusionFarmsPR.com](http://www.FusionFarmsPR.com) Invest in the future Puerto Rico

### **Video 2: Fusion Farms DRONE Approach**

This is the approach to our building via DRONE

## STARTENGINE SUBSCRIPTION PROCESS (Exhibit E)

### Platform Compensation

- As compensation for the services provided by StartEngine Capital, the issuer is required to pay to StartEngine Capital a fee consisting of a 6-8% (six to eight percent) commission based on the dollar amount of securities sold in the Offering and paid upon disbursement of funds from escrow at the time of a closing. The commission is paid in cash and in securities of the Issuer identical to those offered to the public in the Offering at the sole discretion of StartEngine Capital. Additionally, the issuer must reimburse certain expenses related to the Offering. The securities issued to StartEngine Capital, if any, will be of the same class and have the same terms, conditions and rights as the securities being offered and sold by the issuer on StartEngine Capital's website.

### Information Regarding Length of Time of Offering

- Investment Cancellations: Investors will have up to 48 hours prior to the end of the offering period to change their minds and cancel their investment commitments for any reason. Once within 48 hours of ending, investors will not be able to cancel for any reason, even if they make a commitment during this period.
- Material Changes: Material changes to an offering include but are not limited to: A change in minimum offering amount, change in security price, change in management, material change to financial information, etc. If an issuer makes a material change to the offering terms or other information disclosed, including a change to the offering deadline, investors will be given five business days to reconfirm their investment commitment. If investors do not reconfirm, their investment will be cancelled and the funds will be returned.

### Hitting The Target Goal Early & Oversubscriptions

- StartEngine Capital will notify investors by email when the target offering amount has hit 25%, 50% and 100% of the funding goal. If the issuer hits its goal early, and the minimum offering period of 21 days has been met, the issuer can create a new target deadline at least 5 business days out. Investors will be notified of the new target deadline via email and will then have the opportunity to cancel up to 48 hours before new deadline.
- Oversubscriptions: We require all issuers to accept oversubscriptions. This may not be possible if: 1) it vaults an issuer into a different category for financial statement requirements (and they do not have the requisite financial statements); or 2) they reach \$1.07M in investments. In the event of an oversubscription, shares will be allocated at the discretion of the issuer.
- If the sum of the investment commitments does not equal or exceed the target offering amount at the offering deadline, no securities will be sold in the offering, investment commitments will be cancelled and committed funds will be returned.
- If a StartEngine issuer reaches its target offering amount prior to the deadline, it may conduct an initial closing of the offering early if they provide notice of the new offering deadline at least five business days prior to the new offering deadline (absent a material change that would require an extension of the offering and reconfirmation of the investment commitment). StartEngine will notify investors when the issuer meets its

target offering amount. Thereafter, the issuer may conduct additional closings until the offering deadline.

#### Minimum and Maximum Investment Amounts

- In order to invest, to commit to an investment or to communicate on our platform, users must open an account on StartEngine Capital and provide certain personal and non-personal information including information related to income, net worth, and other investments.
- Investor Limitations: Investors are limited in how much they can invest on all crowdfunding offerings during any 12-month period. The limitation on how much they can invest depends on their net worth (excluding the value of their primary residence) and annual income. If either their annual income or net worth is less than \$107,000, then during any 12-month period, they can invest up to the greater of either \$2,200 or 5% of the lesser of their annual income or net worth. If both their annual income and net worth are equal to or more than \$107,000, then during any 12-month period, they can invest up to 10% of annual income or net worth, whichever is less, but their investments cannot exceed \$107,000.

**EXHIBIT F TO FORM C**

**ADDITIONAL CORPORATE DOCUMENTS**



**FUSION PROPERTIES MANAGEMENT GROUP, INC.  
D/B/A FUSION FARMS**

PROSPECTIVE FINANCIAL STATEMENTS  
&  
INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

FOR THE YEARS ENDING ON  
DECEMBER 31, 2019, 2020 AND 2021

FUSION PROPERTIES MANAGEMENT GROUP, INC.  
D/B/A FUSION FARMS  
PROSPECTIVE FINANCIAL STATEMENTS  
FOR THE YEARS ENDING ON  
DECEMBER 31, 2019, 2020 AND 2021

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**Table of Content**

	<u>Page Num.</u>
Independent Accountant's Compilation Report -----	1
Projected Balance Sheet -----	2
Projected Income Statement and Retained Earnings Statement --	3
Projected Cash Flows Statement -----	4
Notes to Prospective Financial Statements -----	5 - 6
Significant Assumptions -----	7 - 11

## INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

Board of Directors of  
FUSION PROPERTIES MANAGEMENT GROUP, INC.  
D/B/A FUSION FARMS  
PO Box 103  
Rincon, PR 00677

We have compiled the accompanying projected balance sheet, statements of income, retained earnings, and cash flows of FUSION PROPERTIES MANAGEMENT GROUP, INC. DBA FUSION FARMS as of December 31, 2019, 2020 and 2021, and for the year then ending, in accordance with attestation standards established by the American Institute of Certified Public Accountants. The accompanying projection, and this report, were prepared for the purpose of obtaining capital financing to start a new business.

A compilation is limited to presenting in the form of a projection information that is the representation of management and does not include evaluation of the support for the assumptions underlying the projection. We have not examined the projection and, accordingly, do not express an opinion or any other form of assurance on the accompanying statements or assumptions. Furthermore, even if the company obtains the capital financing to start the project, there will usually be differences between the projected and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

The accompanying projection and this report are intended solely for the information and use of investors and financial institution to obtain capital financing to start a new business and is not intended to be and should not be used by anyone other than these specified parties.

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MAYAGÜEZ, PUERTO RICO  
NOVEMBER 10, 2018

Stamp number E341283 of the  
Certified Public Accountants  
Association of Puerto Rico is  
attached to the original.



CYNTHIA J. RIJO, C.P.A.  
LICENSE NUMBER 6,497  
EXPIRES ON DECEMBER 1, 2020



FUSION PROPERTIES MANAGEMENT GROUP, INC.  
D/B/A FUSION FARMS  
Projected Balance Sheet  
December 31, 2019, 2020 and 2021

	<u>2019</u>	<u>2020</u>	<u>2021</u>
<b>Assets</b>			
Current Assets:			
Cash and equivalents	\$ 1,362,117	\$ 2,635,352	\$ 3,028,862
Inventory	501,900	552,090	607,299
Total current assets	1,864,017	3,187,442	3,636,161
Others Assets:			
Machinery and equipment	1,364,600	1,585,700	1,828,910
Vehicle	139,400	386,900	544,200
Property improvements & betterments	788,000	1,200,500	1,769,200
Invesments	2,000,000	4,250,000	7,000,000
Accumulated depreciation	(146,278)	(382,298)	(717,034)
Deposits	4,000	4,000	4,000
Total others assets	4,149,722	7,044,802	10,429,276
Total Assets	<u>\$ 6,013,739</u>	<u>\$ 10,232,244</u>	<u>\$ 14,065,437</u>
<b>Liabilities and Capital</b>			
Current Liabilities			
Accounts payable	\$ 10,017	\$ 15,019	\$ 19,994
Payroll and sales taxes payable	32,375	35,613	39,174
Provision for income tax	246,313	267,671	291,176
Loan payable - current portion	4,523	4,899	5,306
Total current liabilities	293,228	323,201	355,649
Non Current Liabilities			
Loan payable - non current portion	491,300	486,401	481,095
Total Liabilities	784,528	809,602	836,745
Capital			
Common stocks	500,000	500,000	500,000
Retained Earnings	4,729,210	8,922,642	12,728,692
Total Capital	5,229,210	9,422,642	13,228,692
Total Liabilities and Capital	<u>\$ 6,013,739</u>	<u>\$ 10,232,244</u>	<u>\$ 14,065,437</u>

Please refer to the compilation report. The accompanying notes and significant assumptions are an integral part of this statement

FUSION PROPERTIES MANAGEMENT GROUP, INC.  
D/B/A FUSION FARMS  
Projected Statement of Income and Retained Earnings  
For the years ending on December 31, 2019, 2020 and 2021

	<u>2019</u>	<u>2020</u>	<u>2021</u>
Revenues			
Sales	\$ 10,199,955	\$ 11,219,950	\$ 12,341,945
Cost of goods sold	<u>2,007,600</u>	<u>2,208,360</u>	<u>2,429,196</u>
Gross profit	8,192,355	9,011,590	9,912,749
Operating Expenses			
Salaries and fringe benefits	\$ 565,500	\$ 622,050	\$ 684,255
Professional services	181,000	199,100	219,010
Rent	36,000	39,600	43,560
Leases and rentals	175,000	192,500	211,750
Repair and maintenance	250,000	275,000	302,500
Electric expenses	12,000	13,200	14,520
Gas expenses	6,000	6,600	7,260
Water expenses	12,000	13,200	14,520
Phone and communications expenses	6,000	6,600	7,260
Advertising	263,000	289,300	318,230
Supplies and materials	45,000	49,500	54,450
Meals and entertainment	5,000	7,500	10,000
Vehicles expenses	80,000	88,000	96,800
Bank charges	600	660	726
Subscriptions and memberships	1,000	1,500	2,000
Insurance	50,000	55,000	60,500
Sales and distribution	186,000	204,600	225,060
Other tax and licenses	15,800	17,380	19,118
Property tax	12,000	13,200	14,520
Office expenses	1,200	1,320	1,452
Depreciation	146,278	236,020	334,736
Miscellaneous expenses	<u>25,000</u>	<u>27,500</u>	<u>30,250</u>
Total operating expenses	2,074,378	2,359,330	2,672,477
Net income from operations	6,117,976	6,652,260	7,240,272
Others Income and (Expenses)			
Interest expenses	<u>39,849</u>	<u>39,502</u>	<u>39,127</u>
Net income before taxes	6,157,826	6,691,763	7,279,399
Income tax	<u>(246,313)</u>	<u>(267,671)</u>	<u>(291,176)</u>
Net income	5,911,513	6,424,092	6,988,223
Retained earnings, Beginning of the period	0	4,729,210	8,922,642
Dividends or distributions	<u>(1,182,303)</u>	<u>(2,230,660)</u>	<u>(3,182,173)</u>
Retained earnings, Ending of the period	<u>\$ 4,729,210</u>	<u>\$ 8,922,642</u>	<u>\$ 12,728,692</u>



# FUSION PROPERTIES MANAGEMENT GROUP, INC.

## Projected Cash Flows

For the years ending on

December 31, 2019, 2020 and 2021

### Cash Flow of Operating Activities

	<u>2019</u>	<u>2020</u>	<u>2021</u>
Net income	\$ 5,911,513	\$ 6,424,092	\$ 6,988,223
Depreciation	146,278	236,020	334,736
Adjustment to reconcile net income with cash obtained from operating activities			
Changes in operating assets and liabilities			
(Increase) decrease in:			
Inventory	(501,900)	(50,190)	(55,209)
Decrease (Increase) in:			
Accounts payable and accumulated expenses	288,705	29,597	32,042
Net cash used from operational activities	5,844,596	6,639,519	7,299,792

### Cash Flow from Investment Activities

Disbursements purchase of equipment, furniture and improvements	(2,292,000)	(881,100)	(969,210)
Investments	(2,000,000)	(2,250,000)	(2,750,000)
Deposits	(4,000)	0	0
Net cash used in investment activities	(4,296,000)	(3,131,100)	(3,719,210)

### Cash Flow of Financial Activities

Proceeds from common stock	500,000	0	0
Proceeds from loan	500,000	0	0
Funds used in note payable	(4,177)	(4,523)	(4,899)
Distributions or dividends paid	(1,182,303)	(2,230,660)	(3,182,173)
Net cash obtained in financial activities	(186,479)	(2,235,184)	(3,187,072)

Net Increase in Cash	1,362,117	1,273,235	393,510
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### Cash:

At the beginning of the period	0	1,362,117	2,635,352
At the end of the period	<u>\$ 1,362,117</u>	<u>\$ 2,635,352</u>	<u>\$ 3,028,862</u>

### Supplementary disclosure of cash flow information:

Interest paid	<u>\$ 39,849</u>	<u>\$ 39,502</u>	<u>\$ 39,127</u>
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FUSION PROPERTIES MANAGEMENT GROUP, INC.  
D/B/A FUSION FARMS

NOTES TO THE PROSPECTIVE FINANCIAL STATEMENTS  
FOR THE YEARS ENDING ON  
DECEMBER 31, 2019, 2020 AND 2021

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**Note 1 – Summary of Significant Accounting Practices**

The summary of significant accounting practices of FUSION PROPERTIES MANAGEMENT GROUP, INC. is presented to help users in understanding prospective financial statements. The prospective financial statements and notes are a representation of the management of the for-profit corporation, who are responsible for the integrity and objectivity of the same.

**Nature of the Business**

FUSION PROPERTIES MANAGEMENT GROUP, INC. is a for-profit corporation organized under the laws of the Commonwealth of Puerto Rico.

The corporation is established for the administration and operation of comprehensive farming ecosystem using both indoor and outdoor resources, as well as a variety of synergistic fish and plant components.

**Basis of the presentation of the financial statements**

FUSION PROPERTIES MANAGEMENT GROUP, INC. prepared the prospective financial statements according to generally accepted accounting principles. These principles require that business accounting be recorded under the accumulation method. Under this method, income and profits are recognized when they accrued and expenses and losses when they are incurred.

**Use of Estimates**

The preparation of the prospective financial statements in accordance with generally accepted accounting principles includes the use of estimates that affect the financial statements. Therefore, the current results may vary from the estimates.

FUSION PROPERTIES MANAGEMENT GROUP, INC.  
D/B/A FUSION FARMS

NOTES TO THE PROSPECTIVE FINANCIAL STATEMENTS  
FOR THE YEARS ENDING ON  
DECEMBER 31, 2019, 2020 AND 2021

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**Inventory**

The inventory is valued at the lowest cost or market. The cost was determined using the "first-in first-out" method. The inventory turn-over fluctuates between 21 and 75 days.

**Fixed Assets**

The acquisition of equipment and machinery and repairs, maintenance and improvements that substantially increase the useful life of the assets are capitalized. FUSION PROPERTIES MANAGEMENT GROUP, INC. uses the straight-line method over an estimated useful life of assets to compute depreciation.

**Note 2 – Account Payables**

Accounts payable represent amounts payable to suppliers in the ordinary course of business. The amounts are expected to be paid during the subsequent year.

**Note 3 – Income Tax**

The corporation uses a tax rate corresponding to for-profit corporations under the Internal Revenue Code of Puerto Rico. Specifically, the corporation used an assumption of a 4% tax rate assuming the obtention of an Act 20 and Act 22 decree.

**Note 4 – Significant Assumptions**

The preparation of the Prospective Financial Statements (EFP) includes a summary of significant assumptions reflecting conditions that directors and management expect to exist. The assumptions are based on information about circumstances and conditions existing at the time of preparation and were used to project the income and expenses of the corporation for profit.

## SUMMARY OF SIGNIFICANT ASSUMPTIONS

FUSION PROPERTIES MANAGEMENT GROUP, INC.  
D/B/A FUSION FARMS  
Summary of Significant Assumptions  
For the years ending on  
December 31, 2019, 2020 and 2021

Number 1: Income and Cost of Sales		Year	Year	Year
From January 1, 2019 @ December 31, 2021		2019	2020	2021
Revenues	Sales of:			
Item 1	Tomatos	\$ 36,890.60	\$ 40,359.66	\$ 44,395.63
Item 2	Bell Peppers	8,890.67	9,779.71	10,757.71
Item 3	Cucumbers	11,919.79	13,111.77	14,422.95
Item 4	Cilantro	27,892.31	30,681.54	33,749.69
Item 5	Basil	91,521.64	100,673.80	110,741.18
Item 6	Mint	7,437,949.01	8,181,743.91	8,999,918.30
Item 7	Microgreens	2,585,090.79	2,843,599.87	3,127,959.85
Item 8	Tiapia	0.00	0.00	0.00
Total Revenues		\$ 10,199,954.81	\$ 11,219,950.29	\$ 12,341,941.531
Supplementary data:				
a. See assumption # 10 (Production and Sales Projection)				
Cost of Goods Sold				
Item 1	Seed & Soil Materials	\$ 740,000.00	\$ 814,000.00	\$ 895,400.00
Item 2	Direct Labor - Farm Employees	1,267,600.00	1,391,360.00	1,533,796.00
Total Cost of Goods Sold		\$ 2,007,600.00	\$ 2,205,360.00	\$ 2,429,196.00
Supplementary data:				
a. See assumption # 11 (Devalued Materials for CGS)				
Number 2: Employees		Year	Year	Year
From January 1, 2019 @ December 31, 2021		2019	2020	2021
1. Direct Farm Payroll		2019	2020	2021
a. Managers salaries	\$	360,000.00	\$ 396,000.00	\$ 435,600.00
b. Hourly payroll		320,000.00	352,000.00	387,200.00
c. Temporary workers		180,000.00	198,000.00	217,800.00
d. Fringe benefits		258,000.00	283,800.00	312,180.00
e. Workers compensation insurance		103,200.00	113,520.00	124,872.00
f. Payroll taxes		34,400.00	37,840.00	41,624.00
g. Payroll service fees		12,000.00	13,200.00	14,520.00
Sub-total Direct Labor Cost (Transfer to Cost of Goods Sold)		1,267,600.00	1,391,360.00	1,533,796.00
2. Volunteer Expenses		75,000.00	82,500.00	90,750.00
3. Administrative Payroll		120,000.00	132,000.00	145,200.00
4. Training and Professional Development		240,000.00	264,000.00	290,400.00
5. Fringe Benefits (Item 2, 3 & 4)		130,500.00	143,550.00	157,905.00
Sub-total Administrative Salaries (Transfer to Operating Expenses)		565,500.00	622,050.00	684,255.00
Total Employees Salaries and Benefits	\$	3,666,200.00	\$ 4,032,820.00	\$ 4,436,102.00



FUSION PROPERTIES MANAGEMENT GROUP, INC.  
D/B/A FUSION FARMS  
Summary of Significant Assumptions  
For the years ending on  
December 31, 2019, 2020 and 2021

Number 3: Professional Services From January 1, 2019 @ December 31, 2021		Year 2019	Year 2020	Year 2021
Item 1	Accounting	\$ 36,000.00	\$ 39,600.00	\$ 43,560.00
	Consulting	24,000.00	26,400.00	29,040.00
	Contractors	60,000.00	66,000.00	72,600.00
	Legal	36,000.00	39,600.00	43,560.00
	Others	25,000.00	27,500.00	30,250.00
	Total Servicios Profesionales	<u>\$ 181,000.00</u>	<u>\$ 199,100.00</u>	<u>\$ 219,010.00</u>
Numero 4: Other Operating Expenses From January 1, 2019 @ December 31, 2021		Year 2019	Year 2020	Year 2021
Item 1	Rent (Facilities)	\$ 36,000.00	\$ 39,600.00	\$ 43,560.00
Item 2	Equipment leases (Long-term)	125,000.00	137,500.00	151,250.00
Item 3	Rentals (Short-term or daily)	50,000.00	55,000.00	60,500.00
Item 4	Repair and maintenance	250,000.00	275,000.00	302,500.00
Item 5	Electric	12,000.00	13,200.00	14,520.00
Item 6	Gas expenses	6,000.00	6,600.00	7,260.00
Item 7	Water expenses	12,000.00	13,200.00	14,520.00
Item 8	Communication (Telephone, internet, etc.)	6,000.00	6,600.00	7,260.00
Item 9	Advertising and marketing	263,000.00	289,300.00	318,230.00
Item 10	Supplies and materials	45,000.00	49,500.00	54,450.00
Item 11	Meals and entertainment	5,000.00	7,500.00	10,000.00
Item 12	Vehicle expenses	80,000.00	88,000.00	96,800.00
Item 13	Bank charge	600.00	660.00	726.00
Item 14	Suscriptions and membership	1,000.00	1,500.00	2,000.00
Item 15	Insurance	50,000.00	55,000.00	60,500.00
Item 16	Sales and distribution	186,000.00	204,600.00	225,060.00
Item 17	Other tax and licenses	15,800.00	17,380.00	19,118.00
Item 18	Property tax	12,000.00	13,200.00	14,520.00
Item 19	Office expenses	1,200.00	1,320.00	1,452.00
Item 20	Miscellaneous expenses	25,000.00	27,500.00	30,250.00
Total Other Operating Expenses		<u>\$ 1,181,600.00</u>	<u>\$ 1,302,160.00</u>	<u>\$ 1,434,176.00</u>
Supplementary data:				
Estimated amounts based on estimates and business experience.				
Number 5: Fixed Assets From January 1, 2019 @ December 31, 2021		Year 2019	Year 2020	Year 2021
Line: Acquisition of Fixed Assets				
Item 1	Machinery and equipment	\$ 659,300.00	\$ 1,37,500.00	\$ 151,250.00
	Computer and office equipment	31,000.00	34,100.00	37,510.00
	Tools	95,000.00	104,500.00	114,950.00
	Tractor	75,000.00	82,500.00	90,750.00
	Truck	59,700.00	60,500.00	66,550.00
	Other	45,000.00	49,500.00	54,450.00
	Property improvements & betterments	581,500.00	412,500.00	453,750.00
		<u>\$ 1,546,500.00</u>	<u>\$ 881,100.00</u>	<u>\$ 969,210.00</u>
a. See project cost distribution				
Number 6: Depreciation From January 1, 2019 @ December 31, 2021		Year 2019	Year 2020	Year 2021
Current Depreciation				
Item 1	Computer and electronic equipment (3 yrs)	\$ 10,333.33	\$ 21,700.00	\$ 34,203.33
	Machinery and equipment (10 yrs)	65,930.00	79,680.00	94,805.00
	Vehicles (5 yrs)	26,940.00	55,540.00	87,000.00
	Other (10 yrs)	14,000.00	29,400.00	46,340.00
	Property Betterments (20 yrs)	29,075.00	49,700.00	72,387.50
	Total Depreciation	<u>\$ 146,278.33</u>	<u>\$ 236,020.00</u>	<u>\$ 334,736.83</u>
Accumulated Depreciation				
	Equipment purchased in previous years	\$ 0.00	\$ 146,278.33	\$ 382,298.33
	Equipment purchased in current year	146,278.33	236,020.00	334,736.83
	Total Accumulated Depreciation	<u>\$ 146,278.33</u>	<u>\$ 382,298.33</u>	<u>\$ 717,035.17</u>

FUSIONPROPERTIES MANAGEMENT GROUP, INC.  
D/B/A FUSION FARMS  
Summary of Significant Assumptions  
For the years ending on  
December 31, 2019, 2020 and 2021

Number 7: Project Cost		Quantity
Item:		
1. Machinery and Equipment	\$	534,300.00
2. Building Design and Construction		206,500.00
3. Vehicles (SUV)		4,700.00
4. Building lease and utilities deposit		4,000.00
5. Working Capital		250,500.00
Total	\$	<u>1,000,000.00</u>
Supplementary Data		

Number 8: Source of Funding		Quantity
Item:		
1. Stockholders' initial investment	\$	500,000.00
2. Loan Payable to Financial Institution		500,000.00
Total	\$	<u>1,000,000.00</u>
Supplementary Data		

Number 9: Loan Payable (\$ 500,000 loan at 8% interest rate for 30 years)			
	Year	Year	Year
	2019	2020	2021
Item:			
1. Interest payment	\$ 39,849.06	\$ 39,502.39	\$ 39,126.94
2. Principal payment	4,176.78	4,523.45	4,896.90
Total disbursements	\$ 44,025.84	\$ 44,025.84	\$ 44,025.84
3. Balance at December 31, 2019, 2020 and 2021	\$ 495,823.22	\$ 491,299.77	\$ 486,400.87

FUSION PROPERTIES MANAGEMENT GROUP, INC.  
D/B/A FUSION FARMS  
Summary of Significant Assumptions  
For five years ending on  
December 31, 2019, 2020 and 2021

Number 10: Production and Sales Projection Detail										
	%	Tomatoes	Bell Peppers	Cucumbers	Cilantro	Basil	Mint	Microgreens	Tilapia	
Number of Racks Allocated (as % of Total Racks)	100%	1.00%	1.00%	1.00%	2.00%	5.00%	80.00%	10.00%		
Number of Racks Allocated	880	8.8	8.8	8.8	17.6	44	704	88		
Production per Month KG										
Production per Month Ounces		12,230	8,232	12,416	2,324	10,169	619,829	143,616		
Price per KG										
Price per Ounce		\$0.25	\$0.09	\$0.08	\$1.00	\$0.75	\$1.00	\$1.50		
Revenue per Month		\$3,058	\$741	\$993	\$2,324	\$7,627	\$619,829	\$215,424		
Annual Increase	10%									
Projected Sales Year 2019	Total									
Projected Sales Year 2020	\$10,199,954.81	\$36,690.60	\$8,890.67	\$11,919.79	\$27,892.31	\$91,521.64	\$7,437,949.01	\$2,585,090.79		
Projected Sales Year 2021	\$11,219,950.29	\$40,359.66	\$9,779.74	\$13,111.77	\$30,681.54	\$100,673.80	\$8,181,743.91	\$2,843,599.87		
	\$12,341,945.32	\$44,395.63	\$10,757.71	\$14,422.95	\$33,749.69	\$110,741.18	\$8,999,918.30	\$3,127,959.85		
Number 11: Detailed Materials for Cost of Goods Sold										
				Year 2019	Year 2020	Year 2021				
Seed & Soil Materials										
Organic fertilizers and natural pesticides				\$ 115,000	\$ 126,500	\$ 139,150				
Seed/seedlings				125,000	137,500	151,250				
Water preparation				125,000	137,500	151,250				
Supplies				175,000	192,500	211,750				
Other				200,000	220,000	242,000				
Total Materials for Cost of Goods Sold (COGS)				\$ 740,000	\$ 814,000	\$ 895,400				

FUSION PROPERTIES MANAGEMENT GROUP, INC.  
D/B/A FUSION FARMS  
Summary of Significant Assumptions  
For the years ending on  
December 31, 2019, 2020 and 2021

Number 12: Loan Amortization Table						
<div> <div>Loan Amount</div> <div>\$</div> <div>500,000</div> </div> <div> <div>Annual Interest</div> <div></div> <div>8.00%</div> </div> <div> <div>Term</div> <div></div> <div>30</div> </div> <div> <div>First Payment Date</div> <div></div> <div>1/1/2019</div> </div> <div> <div>Frequency</div> <div></div> <div>Monthly</div> </div> <div>Summary</div> <div> <div>Rate (per period)</div> <div></div> <div>0.667%</div> </div> <div> <div>Payment (per period)</div> <div></div> <div>\$3,668.82</div> </div>						
No.	Date	Monthly Payment	Additional Payment	Interest	Principal	Balance
						\$500,000.00
1	1/1/2019	3,668.82	0.00	3,333.33	335.49	499,664.51
2	2/1/2019	3,668.82	0.00	3,331.10	337.72	499,326.79
3	3/1/2019	3,668.82	0.00	3,328.85	339.97	498,986.82
4	4/1/2019	3,668.82	0.00	3,326.58	342.24	498,644.58
5	5/1/2019	3,668.82	0.00	3,324.30	344.52	498,300.06
6	6/1/2019	3,668.82	0.00	3,322.00	346.82	497,953.24
7	7/1/2019	3,668.82	0.00	3,319.69	349.13	497,604.11
8	8/1/2019	3,668.82	0.00	3,317.36	351.46	497,252.65
9	9/1/2019	3,668.82	0.00	3,315.02	353.80	496,898.85
10	10/1/2019	3,668.82	0.00	3,312.66	356.16	496,542.69
11	11/1/2019	3,668.82	0.00	3,310.28	358.54	496,184.15
12	12/1/2019	3,668.82	0.00	3,307.89	360.93	495,823.22
13	1/1/2020	3,668.82	0.00	3,305.49	363.33	495,459.89
14	2/1/2020	3,668.82	0.00	3,303.07	365.75	495,094.14
15	3/1/2020	3,668.82	0.00	3,300.63	368.19	494,725.95
16	4/1/2020	3,668.82	0.00	3,298.17	370.65	494,355.30
17	5/1/2020	3,668.82	0.00	3,295.70	373.12	493,982.18
18	6/1/2020	3,668.82	0.00	3,293.21	375.61	493,606.57
19	7/1/2020	3,668.82	0.00	3,290.71	378.11	493,228.46
20	8/1/2020	3,668.82	0.00	3,288.19	380.63	492,847.83
21	9/1/2020	3,668.82	0.00	3,285.65	383.17	492,464.66
22	10/1/2020	3,668.82	0.00	3,283.10	385.72	492,078.94
23	11/1/2020	3,668.82	0.00	3,280.53	388.29	491,690.65
24	12/1/2020	3,668.82	0.00	3,277.94	390.88	491,299.77
25	1/1/2021	3,668.82	0.00	3,275.33	393.49	490,906.28
26	2/1/2021	3,668.82	0.00	3,272.71	396.11	490,510.17
27	3/1/2021	3,668.82	0.00	3,270.07	398.75	490,111.42
28	4/1/2021	3,668.82	0.00	3,267.41	401.41	489,710.01
29	5/1/2021	3,668.82	0.00	3,264.73	404.09	489,305.92
30	6/1/2021	3,668.82	0.00	3,262.04	406.78	488,899.14
31	7/1/2021	3,668.82	0.00	3,259.33	409.49	488,489.65
32	8/1/2021	3,668.82	0.00	3,256.60	412.22	488,077.43
33	9/1/2021	3,668.82	0.00	3,253.85	414.97	487,662.46
34	10/1/2021	3,668.82	0.00	3,251.08	417.74	487,244.72
35	11/1/2021	3,668.82	0.00	3,248.30	420.52	486,824.20
36	12/1/2021	3,668.82	0.00	3,245.49	423.33	486,400.87