

Management Report

Cusa Tea and Coffee

For the period ended December 31, 2022



Prepared on

March 14, 2023

Table of Contents

Profit and Loss.....3

Balance Sheet.....6

Profit and Loss

January - December 2022

| | Total |
|---|---------------------|
| INCOME | |
| 40001 Gross Revenue | |
| 40000 Sales | |
| 40100 Distributor/Whole Sales | 143,283.90 |
| 40200 DTC Sales | 1,066,601.93 |
| 40300 Swag | 4,972.86 |
| Total 40000 Sales | 1,214,858.69 |
| 42000 Shipping Income | |
| 42200 DTC Shipping Income - Shopify | 220,919.39 |
| Total 42000 Shipping Income | 220,919.39 |
| Total 40001 Gross Revenue | 1,435,778.08 |
| 46000 Discounts & Promotions | |
| 46300 OI/MCB/Scan Discounts | -21,623.72 |
| 46900 DTC Discounts | -140,959.32 |
| Total 46000 Discounts & Promotions | -162,583.04 |
| 47000 Returns | -14,653.75 |
| Total Income | 1,258,541.29 |
| COST OF GOODS SOLD | |
| 51000 Cost of Goods Sold | 624,865.07 |
| 51100 Shipping & Freight | 139,444.27 |
| 51101 Customs & Duties | 62,682.65 |
| 51500 Production | 200.00 |
| 51600 Inventory Shrinkage | 41,884.68 |
| Total 51000 Cost of Goods Sold | 869,076.67 |
| 51400 Packaging | 16,962.48 |
| Total Cost of Goods Sold | 886,039.15 |
| GROSS PROFIT | 372,502.14 |
| EXPENSES | |
| 61000 Employees Labor & Benefits | |
| 61200 Marketing Payroll Expense | 187,310.90 |
| 61210 Marketing Payroll Taxes | 13,775.52 |
| 61300 Operations Payroll Expenses | 70,857.77 |
| 61310 Operations Payroll Taxes | 5,874.52 |
| 61400 G&A Payroll Expenses | 135,000.00 |
| 61410 G&A Payroll Taxes | 9,848.43 |
| 61700 Health Care Insurance | 24,680.26 |
| 61800 Employee benefits | 18,511.63 |
| 61900 Payroll Fees | 947.00 |
| 61950 Employee Events | 295.38 |
| Total 61000 Employees Labor & Benefits | 467,101.41 |
| 62000 Sales Expenses | |
| 62009 Freight out | 229,068.92 |

| | Total |
|---|-------------------|
| 62200 Sales Travel Expense | 1,846.77 |
| 62220 Sales Meals 50% | 291.82 |
| 62230 Travel Meals | 142.15 |
| 62500 Sales Commission | 8,742.83 |
| 62600 Warehousing - Rent | 26,181.75 |
| Total 62000 Sales Expenses | 266,274.24 |
| 63000 Marketing | |
| 63100 Marketing - Tradeshow | 16,419.93 |
| 63101 Advertising/Promotional | 43,948.82 |
| 63103 Sales Samples | 169,474.71 |
| 63110 Print Advertising | 9,706.71 |
| 63120 Online Advertising | 430,515.76 |
| 63130 Graphic Design | 2,076.84 |
| 63140 Agencies | 137,440.74 |
| 63200 Marketing Travel Expense | 1,412.28 |
| 63210 Marketing Lodging | 393.57 |
| 63215 Marketing Ground Transportation | 122.97 |
| 63220 Marketing Meals | 534.42 |
| 63500 Research and Development | 327.60 |
| Total 63000 Marketing | 812,374.35 |
| 64220 Professional services | |
| 64221 Legal Fees | -4,062.00 |
| 64222 Sales Development | 379.00 |
| 64223 Accounting Expense | 80,808.25 |
| 64224 Fundraising One Time Expenses | 54,155.50 |
| Total 64220 Professional services | 131,280.75 |
| 65000 General & Administrative | |
| 65120 Automobile Expense | 1,295.61 |
| 65130 Bank Service Charges | 1,454.59 |
| 65131 PayPal Fees | 14,559.12 |
| 65132 QBO/WalMart Payment Fees | 2,793.43 |
| 65133 Shopify Credit Card Fees | 22,416.69 |
| 65140 Software | 45,585.46 |
| 65145 Recruiting | 109.87 |
| 65150 Licenses, Dues & Fees | 554.77 |
| 65201 Rent | 64,285.31 |
| 65210 Office Expense | 306.32 |
| 65211 Insurance | 13,352.93 |
| 65212 Amazon Fees | 62,923.82 |
| 65213 Charitable Contributions | 3,841.39 |
| 65230 Telephone & Internet | 5,773.55 |
| 652520 Utilities | 2,302.02 |
| 65500 Taxes Paid | 30.00 |
| Total 65000 General & Administrative | 241,584.88 |

| | Total |
|-----------------------------|---------------------|
| Total Expenses | 1,918,615.63 |
| NET OPERATING INCOME | -1,546,113.49 |
| OTHER INCOME | |
| 70001 Rental Income | 21,515.50 |
| 70002 Debt forgiveness | 1,000.00 |
| Total Other Income | 22,515.50 |
| OTHER EXPENSES | |
| 67000 Depreciation Expense | 10,465.89 |
| 67100 Other Expense | -2,798.68 |
| 71000 Interest Expense | 167,750.38 |
| Total Other Expenses | 175,417.59 |
| NET OTHER INCOME | -152,902.09 |
| NET INCOME | \$ -1,699,015.58 |

Balance Sheet

As of December 31, 2022

| | Total |
|--|---------------------|
| ASSETS | |
| Current Assets | |
| Bank Accounts | |
| 10100 Chase Checking | 83,418.11 |
| 10103 PayPal Account | 1,217.42 |
| 10200 Savings | 7.00 |
| 10300 Shopify In Transit | 3,900.59 |
| 10400 Stripe In Transit | 146.68 |
| 10500 Amazon In Transit | 12,327.67 |
| 10600 Outdoorly In Transit | 21.34 |
| 10700 Expert Voice In Transit | 5,357.81 |
| 10800 Walmart In Transit | 8.65 |
| Total Bank Accounts | 106,405.27 |
| Accounts Receivable | |
| 12000 Accounts Receivable (A/R) | 20,597.64 |
| 12900 Allowance for Doubtful Accounts | -8,241.03 |
| Total 12000 Accounts Receivable (A/R) | 12,356.61 |
| Total Accounts Receivable | 12,356.61 |
| Other Current Assets | |
| 13000 Inventory Asset | 207,602.68 |
| 13600 Inventory Freight In | 31,140.40 |
| Total 13000 Inventory Asset | 238,743.08 |
| 13005 Consignment Inventory | 17,035.41 |
| 13100 Prepaid Inventory | 310,755.23 |
| 14500 Prepaid Expenses | 21,813.55 |
| 14510 Deposits | 6,500.00 |
| Total Other Current Assets | 594,847.27 |
| Total Current Assets | 713,609.15 |
| Fixed Assets | |
| 15000 Fixed Assets | |
| 15001 Vehicles | 57,495.29 |
| 15010 Leasehold Improvements | 1,179.96 |
| 15020 Fixed Asset Office Equipment | 9,220.85 |
| 15030 Fixed Asset Furniture | 3,658.24 |
| 15200 Accumulated Depreciation | -52,407.94 |
| Total 15000 Fixed Assets | 19,146.40 |
| Total Fixed Assets | 19,146.40 |
| TOTAL ASSETS | \$732,755.55 |

LIABILITIES AND EQUITY

Liabilities

Current Liabilities

| | Total |
|--|----------------------|
| Accounts Payable | |
| 20000 Accounts Payable (A/P) | 59,586.98 |
| Total Accounts Payable | 59,586.98 |
| Credit Cards | |
| 22000 Credit Cards | |
| 22003 Capital One Cashback Card | 101,796.65 |
| Total 22000 Credit Cards | 101,796.65 |
| Total Credit Cards | 101,796.65 |
| Other Current Liabilities | |
| 20200 Note Payable | 97,458.12 |
| 20305 Kickfurther Payable | 99,150.34 |
| 20350 Bridge Loan | 400,000.00 |
| 20400 Royalty Payable | 68,940.23 |
| 20500 Accrued Liabilities | 23,167.16 |
| 20510 Deferred Revenue (Gift Cards) | 850.92 |
| 21500 Sales Tax Payable | 308.91 |
| 21725 Guideline 401(k) Liability | 1,312.50 |
| 21900 Accrued Vacation & Sick Time | 4,984.78 |
| Total Other Current Liabilities | 696,172.96 |
| Total Current Liabilities | 857,556.59 |
| Long-Term Liabilities | |
| 20310 SBA Loan | 105,575.66 |
| 20320 Long-term debt | 334,648.80 |
| 20505 Accrued Interest Payable | 123,112.85 |
| 20520 Deposits from Rental Tenants | 600.00 |
| 22100 Deferred Rent | 3,971.33 |
| 24000 Convertible Debt due 2023 | 1,142,360.30 |
| Total Long-Term Liabilities | 1,710,268.94 |
| Total Liabilities | 2,567,825.53 |
| Equity | |
| 39000 Retained Earnings | -3,343,449.40 |
| Additional Paid in Capital | 1,256.00 |
| Common Stock | 1,000.00 |
| Common Stock-APIC | 51,600.00 |
| Series A Preferred - APIC | 2,013,379.00 |
| Series A Preferred - Par | 339.00 |
| Series A-1 Preferred - Par | 116.00 |
| Series A-1 Preferred -APIC | 506,528.00 |
| Series A-2 Preferred - Par | 174.00 |
| Series A-2 Preferred -APIC | 633,003.00 |
| Net Income | -1,699,015.58 |
| Total Equity | -1,835,069.98 |
| TOTAL LIABILITIES AND EQUITY | \$732,755.55 |