



**Bao Bros., LLC**

**CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 12/31/2019**

**Bao Bros. Bistro**  
**Balance Sheet**  
As of December 31, 2019

|                                     | <u>Total</u>        |
|-------------------------------------|---------------------|
| <b>ASSETS</b>                       |                     |
| Current Assets                      |                     |
| Bank Accounts                       |                     |
| TOTAL BUS CHK (5579)                | 1,672.98            |
| Total Bank Accounts                 | \$ 1,672.98         |
| Other Current Assets                |                     |
| Other Current Assets                | 19,275.56           |
| Total Other Current Assets          | \$ 19,275.56        |
| Total Current Assets                | \$ 20,948.54        |
| Fixed Assets                        |                     |
| Kitchen Equipment                   | 20,308.82           |
| Total Fixed Assets                  | \$ 20,308.82        |
| <b>TOTAL ASSETS</b>                 | <b>\$ 41,257.36</b> |
| <b>LIABILITIES AND EQUITY</b>       |                     |
| Liabilities                         |                     |
| Current Liabilities                 |                     |
| Credit Cards                        |                     |
| Bao Bros. Chase CC (8448)           | 321.50              |
| Total Credit Cards                  | \$ 321.50           |
| Total Current Liabilities           | \$ 321.50           |
| Total Liabilities                   | \$ 321.50           |
| Equity                              |                     |
| Members' Overall Equity             | 0.00                |
| C. Garcia Jr. Overall Equity        | 48,846.04           |
| Total Members' Overall Equity       | \$ 48,846.04        |
| Retained Earnings                   | 0.00                |
| Net Income                          | -7,910.18           |
| Total Equity                        | \$ 40,935.86        |
| <b>TOTAL LIABILITIES AND EQUITY</b> | <b>\$ 41,257.36</b> |

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# **Bao Bros. Bistro** **Income Statement** January - December 2019

|                             | <u>Total</u>        |
|-----------------------------|---------------------|
| <b>Income</b>               |                     |
| <b>Total Income</b>         |                     |
| <b>Gross Profit</b>         | <b>\$ 0.00</b>      |
| <b>Expenses</b>             |                     |
| Bank Charges & Fees         | 136.00              |
| Insurance                   | 850.84              |
| Job Supplies                | 25.16               |
| Meals & Entertainment       | 599.30              |
| Office Supplies & Software  | 1,225.43            |
| Recipe Testing              | 487.86              |
| Restaurant Research         | 322.21              |
| Taxes & Licenses            | 35.00               |
| Training Expenses           | 1,116.00            |
| Travel                      | 4,393.11            |
| <b>Total Expenses</b>       | <b>\$ 9,190.91</b>  |
| <b>Net Operating Income</b> | <b>-\$ 9,190.91</b> |
| <b>Other Income</b>         |                     |
| Other Income                | 1,280.73            |
| <b>Total Other Income</b>   | <b>\$ 1,280.73</b>  |
| <b>Net Other Income</b>     | <b>\$ 1,280.73</b>  |
| <b>Net Income</b>           | <b>-\$ 7,910.18</b> |

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# Bao Bros. Bistro

## Statement of Cash Flows

January - December 2019

|   | <u>Total</u>         |
|---|----------------------|
| <b>OPERATING ACTIVITIES</b>   |                      |
| Net Income  | -7,910.18            |
| Adjustments to reconcile Net Income to Net Cash provided by operations:       | 0.00                 |
| Other Current Assets  | -19,275.56           |
| Bao Bros. Chase CC (8448)   | 321.50               |
| Total Adjustments to reconcile Net Income to Net Cash provided by operations: | <u>-\$ 18,954.06</u> |
| Net cash provided by operating activities                                     | <u>-\$ 26,864.24</u> |
| <b>INVESTING ACTIVITIES</b>   |                      |
| Kitchen Equipment   | -20,308.82           |
| Net cash provided by investing activities                                     | <u>-\$ 20,308.82</u> |
| <b>FINANCING ACTIVITIES</b>   |                      |
| Members' Overall Equity:C. Garcia Jr. Overall Equity                          | 48,846.04            |
| Net cash provided by financing activities                                     | <u>\$ 48,846.04</u>  |
| Net cash increase for period  | <u>\$ 1,672.98</u>   |
| Cash at end of period   | <u>\$ 1,672.98</u>   |

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**Bao Bros. Bistro**  
**Statement of Members' Equity**  
**As of December 31, 2019**

|                              | Membership Units |             | Additional Paid-In<br>Capital | Accumulated<br>Deficit | Total         |
|------------------------------|------------------|-------------|-------------------------------|------------------------|---------------|
|                              | Units            | Amount      |                               |                        |               |
| Balance February 19, 2019    | -                | \$ -        | \$ -                          | \$ -                   | \$ -          |
| Issuance of Membership Units | 1,000,000        | \$ 1,500.00 | \$ -                          | \$ -                   | \$ 1,500.00   |
| Unit Compensation Expense    | -                | \$ -        | \$ 47,364.04                  | \$ -                   | \$ 47,364.04  |
| Net Loss                     | -                | \$ -        | \$ -                          | \$ (7,910.18)          | \$ (7,910.18) |
| Balance December 31, 2019    | 1,000,000        | \$ 1,500.00 | \$ 47,364.04                  | \$ (7,910.18)          | \$ 40,953.86  |

# Notes to the Consolidated Financial Statements

## Summary of Significant Accounting Policies

### **The Company**

The consolidated financial statements have been prepared to present the financial position and results of operations of Bao Bros., LLC (the "Company"). The financial statements only include information from inception (February 19, 2019) through December 31, 2019.

Bao Bros., LLC was formed in the State of Texas on February 19, 2019.

### **Fiscal Year**

The Company operates on a December 31st year-end.

### **Principles of Consolidation and Basis of Accounting**

The consolidated financial statements include the accounts of Bao Bros., LLC. The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States ("GAAP").

### **Use of Estimates**

The preparation of the financial statement in conformity with accounting principles generally accepted in the United States of America requires the use of management's estimates. These estimates are subjective in nature and involve judgments that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at fiscal year-end. Actual results could differ from those estimates.

### **Risks and Uncertainties**

The Company has a limited operating history. The Company's business and operations are sensitive to general business and economic conditions in the United States. A host of factors beyond the Company's control could cause fluctuations in these conditions. Adverse conditions may include, recession, downturn or otherwise, local competition or changes in consumer taste. These adverse conditions could affect the Company's financial condition and the results of its operations.

### **Other Current Assets**

The Company includes startup expenses such as legal fees, professional services fees, permits without expiration (building permits, etc.), and prepaid expenses (deposits, etc.) under other current assets.

### **Fixed Assets**

Leasehold improvements, furniture and fixtures, and kitchen equipment (including shipping and handling for such equipment) are included in fixed assets.

### **Other Income**

The Company records income such as cash back rewards as other income.

### **Recipe Testing**

Recipe testing and development costs are expensed as incurred. Total expense related to recipe testing was \$487.86 for the year ending December 31, 2019.

### **Restaurant Research**

Research costs on competitors are expensed as incurred. Total expense related to research was \$322.21 for the year ending December 31, 2019.

### **Training Expenses**

Training expenses are expensed as incurred and include attending food service industry conferences/shows, acquiring required certificates, purchasing relevant literature, and attending classes for members and employees.

### **Commitments and Contingencies**

The Company is not currently involved with and does not know of any pending or threatening litigation against the Company or its members.