

BARR NECESSITIES, INC.

Financial Statements and Report
Unaudited
December 31, 2020

Barr Necessities, Inc.Table of Contents

| | <u>Page No.</u> |
|--|-----------------|
| Letter of Introduction | 3 |
| Financial Statements: | |
| Balance Sheet | 4 |
| Income Statement | 5 |
| Statement of Cash Flows | 6 |
| Statement of Changes in Shareholder's Equity | 7 |
| Notes to Financial Statements | 8 |



These financial statements are prepared in good faith in accordance with generally accepted accounting principles (GAAP). They are unaudited by any financial services or accounting firm.

Barr Necessities, Inc.

Balance Sheet

As of December 31

| | 2020 | 2019 |
|---|-------------------|------------------|
| Assets | | |
| <i>Current assets</i> | | |
| Cash | \$ 119,384 | \$ 179 |
| Accounts receivable | 19,260 | 8,737 |
| Inventory | 20,597 | 14,239 |
| Prepaid expense | 20,923 | - |
| Other current assets | 1,516 | - |
| <i>Total current assets</i> | 181,680 | 23,155 |
| Total assets | \$ 181,680 | \$ 23,155 |
| Liabilities and shareholder's equity | | |
| <i>Current liabilities</i> | | |
| Accounts payable | 48,419 | 39,344 |
| Sales tax payable | 479 | - |
| <i>Total current liabilities</i> | 48,898 | 39,344 |
| <i>Non-current liabilities</i> | | |
| Long-term loans payable | 129,088 | 132,686 |
| Note payable | 100,000 | - |
| <i>Total non-current liabilities</i> | 229,088 | 132,686 |
| Total liabilities | 277,986 | 172,030 |
| Shareholder's equity | | |
| Capital contributions | 25,309 | - 110,503 |
| Retained earnings | - 38,372 | - 38,372 |
| Net income/loss | - 83,243 | - |
| <i>Total shareholder's equity</i> | - 96,306 | - 148,875 |
| Total liabilities and shareholder's equity | \$ 181,680 | \$ 23,155 |

Barr Necessities, Inc.

Income Statement

For the year ended December 31

| | 2020 | 2019 |
|------------------------------------|-------------------|-------------------|
| <i>Sales income</i> | \$ 184,508 | \$ 129,509 |
| <i>Cost of Goods Sold</i> | 81,120 | 100,582 |
| Gross Profit | 103,388 | 28,927 |
| <i>Expenses</i> | | |
| Advertising and Marketing | 41,999 | 7,637 |
| General and Administrative | 115,375 | 50,790 |
| Selling and Logistics | 29,257 | 2,130 |
| <i>Total expenses</i> | 186,631 | 60,557 |
| <i>Net operating income</i> | - 83,243 | - 31,630 |
| Net income/loss | \$ -83,243 | \$ -31,630 |

Barr Necessities, Inc.

Statement of Cash Flows

For the Year Ended December 31, 2020

Cash flows from operating activities

| | | |
|--|----|----------------|
| Net loss | \$ | -83,243 |
| Increase/decrease in accounts receivable | - | 10,523 |
| Increase/decrease in inventory | - | 6,358 |
| Increase/decrease in prepaid expense | - | 20,923 |
| Increase/decrease in other current assets | - | 1,516 |
| Increase/decrease in accounts payable | | 9,075 |
| Increase/decrease in sales tax payable | | 479 |
| Net cash used in operating activities | - | <u>113,009</u> |

Cash flows from investing activities

| | | |
|--|--|----------|
| Net cash used in investing activities | | <u>-</u> |
|--|--|----------|

Cash flows from financing activities

| | | |
|--|---|----------------|
| Proceeds from long-term loans payable | - | 3,598 |
| Proceeds from note payable | | 100,000 |
| Capital contributions | | 174,829 |
| Distribution to shareholders | - | 39,017 |
| Net cash proceeds from financing activities | | <u>232,214</u> |

Net change in cash

| | | |
|-----------------------------|-----------|-----------------------|
| Cash, beginning balance | | 179 |
| Cash, ending balance | \$ | <u><u>119,384</u></u> |

Barr Necessities, Inc.Statement of Changes in Shareholder's Equity
For the Year Ended December 31, 2020

| | | |
|---------------------------------------|-----------|----------------|
| Balance, January 1, 2020 | \$ | -148,875 |
| Capital contributions during the year | | 174,829 |
| Net income/loss | - | 83,243 |
| Drawings | - | 39,017 |
| Balance, December 31, 2020 | \$ | -96,306 |

Barr Necessities, Inc.

Notes to Financial Statements

1. Organization and Nature of Business

Barr Necessities, Inc. was incorporated in the state of Delaware on January 14, 2020. The Company began operations in 2018 and has continued those operations to the present. The Company sells cookies of different flavors.

2. Summary of Significant Accounting Policies***Accounting Principles***

The financial statements are prepared in accordance with US generally accepted accounting principles (GAAP).

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires the Company to make estimates and judgements that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent liabilities. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results from which form the basis for making judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Cash

Cash consists of all cash balances and highly liquid investments with original maturities of 90 days or less upon acquisition. The Company has not held any cash equivalents, such as money market funds. As of December 31, 2020, deposits with each bank up to \$250 thousand were insured by the Federal Deposit Insurance Corporation ("FDIC"). The Company held no deposits in excess of FDIC limits as of December 31, 2020. The Company has not experienced losses in such accounts, and the Company believes it is not exposed to any significant risk on its cash balances.

Fair Value of Financial Instruments

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The authoritative guidance for fair value measurements established a framework for measuring fair value and established a three-level valuation hierarchy for disclosure of fair value measurements as follows:

Level 1 – Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets. The Company's Level 1 assets consist of its marketable securities.

Level 2 – Observable quoted prices for similar assets or liabilities in active markets and observable quoted prices for identical assets or liabilities in markets that are not active.

Level 3 – Unobservable inputs that are not corroborated by market data.

Cash, accounts payable, and accrued expenses are reflected at carrying value, which approximates fair value due to the short-term maturity. The fair values of amounts due to affiliates are not determinable due to the related-party nature of the balances.