

APPENDIX B:
FINANCIAL STATEMENTS
(Unaudited)

The Spaghetti Shack

Profit and Loss

January - December 2021

	<u>Total</u>
Income	
Discounts given	300.00
Services	
Reimbursement	0.01
Total Services	<u>\$ 0.01</u>
Total Income	<u>\$ 300.01</u>
Gross Profit	<u>\$ 300.01</u>
Expenses	
Advertising & marketing	2,577.95
Business licenses	1,292.00
General business expenses	191.06
Bank fees & service charges	86.01
Buildout	28,058.93
Total General business expenses	<u>\$ 28,336.00</u>
Insurance	1,721.25
Legal & accounting services	
Accounting fees	295.00
Legal fees	280.00
Total Legal & accounting services	<u>\$ 575.00</u>
Meals	
Team meals	166.62
Total Meals	<u>\$ 166.62</u>
Office expenses	237.45
Small tools & equipment	1,870.00
Software & apps	164.15
Total Office expenses	<u>\$ 2,271.60</u>
Rent	
Building & land rent	8,375.32
Total Rent	<u>\$ 8,375.32</u>
Utilities	
Electricity	2,660.75
Phone service	1,211.61
Total Utilities	<u>\$ 3,872.36</u>
Total Expenses	<u>\$ 49,188.10</u>
Net Operating Income	<u>-\$ 48,888.09</u>
Other Expenses	
Vehicle expenses	
Parking & tolls	9.00
Total Vehicle expenses	<u>\$ 9.00</u>
Total Other Expenses	<u>\$ 9.00</u>
Net Other Income	<u>-\$ 9.00</u>

Net Income	<hr/>	- \$ 48,897.09
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The Spaghetti Shack

Balance Sheet

As of December 31, 2021

	<u>Total</u>
ASSETS	
Current Assets	
Bank Accounts	
Midfirst	2,509.65
Total Bank Accounts	<u>\$ 2,509.65</u>
Total Current Assets	<u>\$ 2,509.65</u>
Fixed Assets	
Tools, machinery, and equipment	15,593.26
Total Fixed Assets	<u>\$ 15,593.26</u>
TOTAL ASSETS	<u>\$ 18,102.91</u>
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
Short-term loans from partners	31,000.00
Total Other Current Liabilities	<u>\$ 31,000.00</u>
Total Current Liabilities	<u>\$ 31,000.00</u>
Total Liabilities	<u>\$ 31,000.00</u>
Equity	
Partner investments	36,000.00
Retained Earnings	
Net Income	-48,897.09
Total Equity	<u>-\$ 12,897.09</u>
TOTAL LIABILITIES AND EQUITY	<u>\$ 18,102.91</u>

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The Spaghetti Shack

Statement of Cash Flows

January - December 2021

	<u>Total</u>
OPERATING ACTIVITIES	
Net Income	-48,897.09
Adjustments to reconcile Net Income to Net Cash provided by operations:	
Short-term loans from partners	31,000.00
Total Adjustments to reconcile Net Income to Net Cash provided by operations:	<u>\$ 31,000.00</u>
Net cash provided by operating activities	<u>-\$ 17,897.09</u>
INVESTING ACTIVITIES	
Tools, machinery, and equipment	-15,593.26
Net cash provided by investing activities	<u>-\$ 15,593.26</u>
FINANCING ACTIVITIES	
Partner investments	36,000.00
Net cash provided by financing activities	<u>\$ 36,000.00</u>
Net cash increase for period	<u>\$ 2,509.65</u>
Cash at end of period	<u>\$ 2,509.65</u>

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The Spaghetti Shack

Profit and Loss

January - December 2022

	<u>Total</u>
Income	
Discounts given	158.85
Sales	297,748.98
Services	1,536.51
Reimbursement	200.00
Total Services	\$ 1,736.51
Total Income	\$ 299,644.34
Cost of Goods Sold	
Cost of goods sold	
Supplies & materials - COGS	124,080.55
Total Cost of goods sold	\$ 124,080.55
Total Cost of Goods Sold	\$ 124,080.55
Gross Profit	\$ 175,563.79
Expenses	
Advertising & marketing	7,676.81
Fundraiser Reimbursement	216.77
Total Advertising & marketing	\$ 7,893.58
Bad Debt	2,780.00
Business licenses	1,350.00
Commissions & fees	25.32
Contributions to charities	30.00
Employee benefits	
Health insurance & accident plans	551.42
Total Employee benefits	\$ 551.42
Entertainment	795.92
General business expenses	570.35
Bank fees & service charges	602.00
Buildout	85,283.20
Cash for Drawer	1,097.50
Decorations	122.49
Memberships & subscriptions	379.55
Training	594.00
Unknown Expense	2,852.31
Total General business expenses	\$ 91,501.40
Insurance	1,960.48
Workers Compensation insurance	118.75
Total Insurance	\$ 2,079.23
Legal & accounting services	
Accounting fees	250.00
Legal fees	1,364.98
Notary Fees	10.00

Total Legal & accounting services	\$	1,624.98
Meals		46.06
Team meals		411.02
Total Meals	\$	457.08
Office expenses		1,124.10
Office supplies		182.11
Shipping & postage		47.26
Small tools & equipment		5,441.36
Software & apps		986.38
Total Office expenses	\$	7,781.21
Payroll expenses		730.00
Salaries & wages		108,702.38
Total Payroll expenses	\$	109,432.38
Rent		
Building & land rent		40,821.88
Total Rent	\$	40,821.88
Repairs & maintenance		830.68
Supplies		1,049.77
Supplies & materials		8,666.47
Total Supplies	\$	9,716.24
Taxes paid		35,322.07
Payroll taxes		5,169.03
Sales Tax		3,526.15
Total Taxes paid	\$	44,017.25
Uncategorized Expense		50.70
Utilities		4,417.99
Electricity		4,366.08
Internet & TV services		500.88
Laundry Service		2,584.87
Phone service		1,218.85
Security System		614.92
Total Utilities	\$	13,703.59
Total Expenses	\$	335,442.86
Net Operating Income	-\$	159,879.07
Other Expenses		
Vehicle expenses		
Parking & tolls		7.00
Vehicle gas & fuel		205.50
Vehicle repairs		75.28
Total Vehicle expenses	\$	287.78
Total Other Expenses	\$	287.78
Net Other Income	-\$	287.78
Net Income	-\$	160,166.85

The Spaghetti Shack

Balance Sheet

As of December 31, 2022

	Total
ASSETS	
Current Assets	
Bank Accounts	
Cash	585.65
Desert Financial Checking	13,852.37
Desert Financial Saving	25.00
Midfirst	-6,530.38
Total Bank Accounts	\$ 7,932.64
Total Current Assets	\$ 7,932.64
Fixed Assets	
Tools, machinery, and equipment	15,593.26
Total Fixed Assets	\$ 15,593.26
TOTAL ASSETS	\$ 23,525.90
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
Short-term business loans	
DoorDash Loan	1,184.72
Square Loan	5,123.84
Total Short-term business loans	\$ 6,308.56
Short-term loans from partners	185,951.41
Total Other Current Liabilities	\$ 192,259.97
Total Current Liabilities	\$ 192,259.97
Total Liabilities	\$ 192,259.97
Equity	
Opening balance equity	4,329.87
Partner investments	36,000.00
Retained Earnings	-48,897.09
Net Income	-160,166.85
Total Equity	-\$ 168,734.07
TOTAL LIABILITIES AND EQUITY	\$ 23,525.90

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The Spaghetti Shack

Statement of Cash Flows

January - December 2022

	<u>Total</u>
OPERATING ACTIVITIES	
Net Income	-160,166.85
Adjustments to reconcile Net Income to Net Cash provided by operations:	
Short-term business loans:DoorDash Loan	1,184.72
Short-term business loans:Square Loan	5,123.84
Short-term loans from partners	154,951.41
Total Adjustments to reconcile Net Income to Net Cash provided by operations:	<u>\$ 161,259.97</u>
Net cash provided by operating activities	<u>\$ 1,093.12</u>
FINANCING ACTIVITIES	
Opening balance equity	4,329.87
Net cash provided by financing activities	<u>\$ 4,329.87</u>
Net cash increase for period	<u>\$ 5,422.99</u>
Cash at beginning of period	2,509.65
Cash at end of period	<u>\$ 7,932.64</u>

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I, Joseph Palomarez, certify that:

1. The financial statements of Spaghetti Shack Tempe LLC included in this Form are true and complete in all material respects; and
2. The tax return information of Spaghetti Shack Tempe LLC included in this Form reflects accurately the information reported on the tax return for Spaghetti Shack Tempe LLC for the fiscal year ended 2021 (most recently available as of the Date of this Form C).

Signature Joseph Palomarez

Name: Joseph Palomarez

Title: Managing Partner