

**AMMOSQUARED, LLC
FINANCIAL STATEMENTS
(UNAUDITED)**

and

**INDEPENDENT ACCOUNTANTS'
COMPILATION REPORT**

**For the Seven Months Ended July 31, 2019
and the Year Ended December 31, 2018**

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INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

To Management
Ammosquared, LLC
Nampa, Idaho

Management is responsible for the accompanying financial statements of Ammosquared, LLC (an Idaho Limited Liability Company), which comprise the balance sheets as of July 31, 2019 and December 31, 2018, and the related statements of income and member's equity, and cash flows for the seven months ended July 31, 2019 and the year ended December 31, 2018, in accordance with accounting principles generally accepted in the United States of America. We have performed the compilation engagements in accordance with the Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. We do not express an opinion, a conclusion, nor provided any assurance on these financial statements.

Accounting principles generally accepted in the United States of America require that fixed assets be depreciated over their estimated useful lives. The Company has computed depreciation on several fixed assets in accordance with the Modified Accelerated Cost Recovery System required for federal income tax purposes, which does not allocate depreciation to expense over the estimated useful lives of the assets. Management has not determined the effect of this departure on the financial statements.

Management has elected to omit substantially all the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financials statements, they might influence the user's conclusions about the Company's financial position, results of operations, and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters

Idaho Tax & Accounting

Boise, Idaho
November 13, 2019

AMMOSQUARED, LLC
BALANCE SHEETS
JULY 31, 2019 AND DECEMBER 31, 2018

	7/31/2019	12/31/2018
ASSETS		
CURRENT ASSETS:		
Cash	\$ 189	\$ 2,077
Inventory	-	51,245
Receivable from Ammosquared, Inc.	100	-
	289	53,322
FURNITURE & EQUIPMENT, at cost		
Furniture and equipment	-	1,357
Less accumulated depreciation	-	(996)
Furniture and equipment - net	-	361
TOTAL	\$ 289	\$ 53,683
 LIABILITIES AND MEMBER'S EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ -	\$ 19,929
Credit cards payable	-	22,696
Customer deposits	-	100,408
	-	143,033
MEMBER'S EQUITY:	289	(89,350)
TOTAL	\$ 289	\$ 53,683

AMMOSQUARED, LLC
STATEMENTS OF INCOME AND MEMBER'S EQUITY
FOR THE PERIODS ENDED JULY 31, 2019 AND DECEMBER 31, 2018

	<u>7/31/2019</u>	<u>12/31/2018</u>
REVENUE	\$ 204,258	\$ 274,625
DIRECT COSTS		
Product costs	165,745	217,661
Shipping costs	<u>24,940</u>	<u>38,418</u>
Total direct costs	<u>190,685</u>	<u>256,079</u>
GROSS PROFIT	<u>13,573</u>	<u>18,546</u>
GENERAL AND ADMINISTRATIVE EXPENSES:		
Rent	9,084	11,683
Dues and subscriptions	8,809	9,767
Advertising	7,360	12,594
Merchant processing fees	7,139	10,727
Management fee	6,200	-
Utilities and telephone	3,024	4,396
Legal and professional fees	2,387	13,643
Office	1,216	1,587
Supplies	1,361	4,710
Education and seminars	1,060	916
Insurance	846	2,556
Hosting	474	919
Taxes and licenses	298	89
Travel	231	2,181
Depreciation	166	279
Meals and entertainment	152	49
Bank fees	<u>21</u>	<u>676</u>
Total general and administrative expenses	<u>49,828</u>	<u>76,772</u>
LOSS FROM OPERATIONS	<u>(36,255)</u>	<u>(58,226)</u>

AMMOSQUARED, LLC
STATEMENTS OF INCOME AND MEMBER'S EQUITY (CONTINUED)
FOR THE PERIODS ENDED JULY 31, 2019 AND DECEMBER 31, 2018

	7/31/2019	12/31/2018
LOSS FROM OPERATIONS	(36,255)	(58,226)
OTHER INCOME (EXPENSE)		
Gain on sale of goodwill	120,000	-
Gain on sale of supplies	1,335	-
Loss on sale of equipment	(95)	-
Credit card rewards	164	633
Interest Income	1	4
Interest expense	(4,724)	(2,323)
Total other income (expense)	116,681	(1,686)
NET INCOME (LOSS)	\$ 80,426	\$ (59,912)

CHANGES IN MEMBER'S EQUITY

	7/31/2019	12/31/2018
BALANCE AT BEGINNING OF PERIOD	\$ (89,350)	\$ (27,803)
NET INCOME (LOSS)	80,426	(59,912)
MEMBER CONTRIBUTIONS	19,022	-
MEMBER DISTRIBUTIONS	(9,809)	(1,635)
BALANCE AT END OF PERIOD	\$ 289	\$ (89,350)

AMMOSQUARED, LLC
STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED JULY 31, 2019 AND DECEMBER 31, 2018

	7/31/2019	12/31/2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 241,643	\$ 315,350
Cash paid to suppliers and employees	(249,645)	(313,308)
Interest paid	(4,724)	(2,323)
Interest received	1	4
Other income	164	633
	<u>(12,561)</u>	<u>356</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on note payable	(1,518)	-
Proceeds from note payable	22,000	-
Member distributions	(9,809)	(1,635)
	<u>10,673</u>	<u>(1,635)</u>
NET DECREASE IN CASH	<u>(1,888)</u>	<u>(1,279)</u>
CASH AT BEGINNING OF PERIOD	2,077	3,356
	<u>\$ 189</u>	<u>\$ 2,077</u>
CASH AT END OF PERIOD	<u>\$ 189</u>	<u>\$ 2,077</u>

AMMOSQUARED, LLC
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE PERIODS ENDED JULY 31, 2019 AND DECEMBER 31, 2018

	7/31/2019	12/31/2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	\$ 80,426	\$ (59,912)
Adjustments to reconcile net income (loss) to net cash (used in) provided by operating activities:		
Depreciation	166	279
Gain on sale of goodwill	(120,000)	-
Gain on sale of supplies	(1,335)	-
Loss on sale of equipment	95	-
Change in assets and liabilities, net of effects from non-cash investing and financing activities:		
(Increase) decrease in assets:		
Inventory	(19,467)	(2,991)
Prepaid expenses	(2,525)	-
Increase (decrease) in liabilities:		
Accounts payable	2,725	9,457
Credit cards payable	9,969	12,798
Customer deposits	37,385	40,725
Net cash (used in) provided by operating activities	\$ (12,561)	\$ 356

SUPPLEMENTAL SCHEDULE OF NON-CASH ACTIVITIES:

JULY 31, 2019

To record asset sale to Ammosquared, Inc., and related removal of assets and liabilities.

Receivable from Ammosquared, Inc.	100	
Accumulated depreciation	1,162	
Accounts payable	28,196	
Credit cards payable	13,643	
Customer deposits	137,793	
American Express loan payable	20,482	
Loss on sale of equipment	95	
Cash		5,542
Inventory		70,712
Prepaid expense		2,525
Furniture and equipment		1,357
Gain on sale of goodwill		120,000
Gain on sale of supplies		1,335