

MORTY'S BARK & BREW, LLC
COMPILED FINANCIAL STATEMENTS

Periods Ended
November 30, 2021 and December 31, 2020

(Unaudited)

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT ACCOUNTANT'S COMPILATION REPORT	1
FINANCIAL STATEMENTS	
Balance sheets as of November 30, 2021 and December 31, 2020	2
Statements of income (loss) and member's equity for the 11-month period ended November 30, 2021 and from inception (May 5, 2020) to December 31, 2020	3
Statements of cash flows for the 11-month period ended November 30, 2021 and from inception (May 5, 2020) to December 31, 2020	4
Notes to financial statements	5 - 6



INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

To the Member of
Morty's Bark & Brew, LLC
Brooklyn Park, Minnesota

Management is responsible for the accompanying financial statements of Morty's Bark & Brew, LLC, which comprise the balance sheets as of November 30, 2021 and December 31, 2020, and the related statements of income (loss) and member's equity and cash flows for the eleven-month period ended November 30, 2021 and period from inception (May 5, 2020) to December 31, 2020, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with 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 provide any assurance on these financial statements.

Myslajek Kemp & Spencer, Ltd.

Minneapolis, Minnesota
December 27, 2021

MORTY'S BARK & BREW, LLC

BALANCE SHEETS

As of November 30, 2021 and December 31, 2020

	<i>ASSETS</i>	
	<u>2021</u>	<u>2020</u>
Current assets		
Cash and cash equivalents	<u>\$ 79,093</u>	<u>\$ 2,164</u>
Total assets	<u><u>\$ 79,093</u></u>	<u><u>\$ 2,164</u></u>
	 <i>LIABILITIES AND MEMBER'S EQUITY</i>	
	<u>2021</u>	<u>2020</u>
Current liabilities		
Accounts payable	<u>\$ 3,022</u>	<u>\$ -</u>
Total liabilities	3,022	-
Member's equity	<u>76,071</u>	<u>2,164</u>
Total liabilities and member's equity	<u><u>\$ 79,093</u></u>	<u><u>\$ 2,164</u></u>

See accompanying independent accountant's compilation report.

MORTY'S BARK & BREW, LLC

STATEMENTS OF INCOME (LOSS) AND MEMBER'S EQUITY

For the eleven month period ended November 30, 2021 and for the period from inception (May 5, 2020) to December 31, 2020

	<u>2021</u>	<u>2020</u>
Gross sales	\$ -	\$ -
Cost of sales	<u>-</u>	<u>-</u>
Gross profit	-	-
Operating expenses		
Advertising and marketing	21,193	4,072
Start-up and education	7,633	6,327
Dues and subscriptions	1,713	2,075
Legal and professional fees	1,345	1,691
Office and other expenses	1,970	711
Phone and utilities	-	1,240
Donations	262	-
Travel and entertainment	<u>104</u>	<u>-</u>
Total operating expenses	<u>34,220</u>	<u>16,116</u>
Net loss	\$ (34,220)	\$ (16,116)
Member's equity - beginning of period	2,164	-
Member contributions	<u>108,127</u>	<u>18,280</u>
Member's equity - end of period	<u>\$ 76,071</u>	<u>\$ 2,164</u>

See accompanying independent accountant's compilation report.

MORTY'S BARK & BREW, LLC

STATEMENTS OF CASH FLOWS

For the eleven month period ended November 30, 2021 and for the period from inception (May 5, 2020) to December 31, 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Net loss	\$ (34,220)	\$ (16,116)
Adjustments to reconcile net loss to net cash from operating activities:		
Change in:		
Accounts payable	3,022	-
Net cash from operating activities	(31,198)	(16,116)
Cash flows from investing activities		
Net cash from investing activities	-	-
Cash flows from financing activities		
Proceeds from member contributions	108,127	18,280
Net cash from financing activities	108,127	18,280
Net increase in cash	76,929	2,164
Cash, beginning of period	2,164	-
Cash, end of period	<u>\$ 79,093</u>	<u>\$ 2,164</u>

See accompanying independent accountant's compilation report.

MORTY'S BARK & BREW, LLC

NOTES TO FINANCIAL STATEMENTS
November 30, 2021 and December 31, 2020

Note 1 – Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Morty's Bark & Brew, LLC (the "Company") was founded in May 2020. The Company has plans to construct an indoor/outdoor beer hall and dog park in a northern suburb of the Twin Cities. The Company's operations are devoted to giving back to local and international organizations. The Company's mission is to improve behaviors, holistic health & wellness, and safety of dogs and their humans. In addition, the Company sells Morty's branded merchandise.

Basis of Accounting

The accompanying financial statements are prepared using the accrual method of accounting in accordance with generally accepted accounting principles in the United States of America ("GAAP") as set forth in the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC").

Cash and Cash Equivalents

Cash and cash equivalents primarily consist of cash on hand and bank deposits. All highly liquid investments with a maturity of three months or less at the date of purchase are considered to be cash equivalents. The Company places its temporary cash with high quality financial institutions. At times, such cash balances may be in excess of the FDIC insurance limit.

Revenue Recognition

The Company will recognize brew hall and other merchandising revenue at a single point in time when control is transferred to the customer and the performance obligation(s) has (have) been satisfied. This will occur on the date of purchase (for sales on site) or shipment (for online sales of merchandise).

Advertising Costs

Advertising costs are expensed as incurred. The Company uses advertising to promote its operating activities and raise awareness for its mission. Advertising expense was \$21,193 for the eleven-month period ended November 30, 2021 and \$4,072 for the period from inception (May 5, 2020) to December 31, 2020.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Accordingly, actual results could differ from those estimates used in the preparation of these financial statements.

Income Taxes

The Company is treated as a disregarded entity (single member LLC) for federal and state income tax purposes. As such, the Company's income, losses, and credits are included on the income tax return of its member. Therefore, no provision or liability for income taxes are included in these financial statements.

MORTY'S BARK & BREW, LLC

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

November 30, 2021 and December 31, 2020

Date of Management's Review

Management has evaluated subsequent events through December 27, 2021, the date which the financial statements were available to be issued.

The Company is in the process of securing a Small Business Administration loan to help finance the construction of the indoor/outdoor beer hall and dog park. In doing so, the Company plans to crowdfund an amount between \$170,000 and \$250,000 to fund the required down payment for the property. Management expects the crowdfunding to commence in January 2022.

Note 2 – Risks and Uncertainties

The COVID-19 virus outbreak in the United States has resulted in significant economic uncertainties. As of December 27, 2021, the Company has not experienced significant disruption in its operations as a result of this health crisis. However, a prolonged crisis could change those circumstances and might result in a negative financial impact to the Company. The likelihood and extent of any such financial impact cannot be reasonably estimated at this time.