

Javalution Coffee Company/CLR Roasters

Consolidated

3rd Qtr 2009

Total Income

Javalution	644,121.23
CLR Roasters	549,943.70
Consolidated	1,194,064.93

Cost of Goods Sold

Javalution	362,072.20
CLR Roasters	393,217.78
Consolidated	755,289.98

Gross Profits

Javalution	282,049.03
CLR Roasters	156,725.92
Consolidated	438,774.95

Expenses

Javalution	342,777.98
CLR Roasters	283,375.66
Consolidated	626,153.64

Net Ordinary Income

Javalution	(60,728.95)
CLR Roasters	(126,649.74)
Consolidated	(187,378.69)

Javalution Coffee Company

Balance Sheet

As of September 30, 2009

	Sep 30, 09
ASSETS	
Current Assets	
Checking/Savings	
Bank of America - CD	1,667.86
Bank of America - Petty Cash	972.49
Checking Bank of America	55,700.18
Petty Cash	361.90
Total Checking/Savings	58,702.43
Accounts Receivable	
Accounts Receivable	42,051.37
Total Accounts Receivable	42,051.37
Other Current Assets	
Allowance for bad debts	-1,141.54
Debt Issuance Cost	5,208.00
Due from CLR Roasters LLC	
Interest Receivable	7,742.21
Lease Receivable	18,814.54
Due from CLR Roasters LLC - Other	258,526.80
Total Due from CLR Roasters LLC	285,083.55
Inventory	138,456.97
Investment in CLR	
Equity in Investee	-278,811.93
Investment in CLR - Other	1,112,377.75
Total Investment in CLR	833,565.82
Reserve 10% - Meritus System	10,582.00
Reserve 10% -Authorize-Meritus	8,603.85
Undeposited Funds	3,865.88
Total Other Current Assets	1,284,224.53
Total Current Assets	1,384,978.33
Fixed Assets	
Booth Displays	7,062.11
Computer Equipment	81,562.68
Distribution Equipment	1,800.00
Furniture and Fixtures	32,769.17
Less Accumulated Depreciation	-118,102.94
Machine and Equipment	101,599.65
Tradeshaw Equipment	6,167.73
Total Fixed Assets	112,858.40
Other Assets	
Pre-Paid Expenses-Alliance/CLR	3,428.64
Total Other Assets	3,428.64
TOTAL ASSETS	1,501,265.37
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable	112,067.15
Total Accounts Payable	112,067.15
Credit Cards	
Credit Card(2) at American Exp	294.52
Total Credit Cards	294.52
Other Current Liabilities	
Accrued expense	6,250.00
Accrued Incentive Bonus Pool	16,346.44

Javalution Coffee Company
Balance Sheet
As of September 30, 2009

	Sep 30, 09
Accrued Interest Payable	
Accrued interest - CBT Holdings	1,875.00
Accrued Interest -12%	31,843.23
Accrued Interest Payable - Other	8,247.03
Total Accrued Interest Payable	41,965.26
Accrued interest related Party	8,800.66
Accrued Salaries	89,580.84
Accrued Sales Tax Payable	6,677.75
Convertible Debenture	
12% Debt discount	-763,921.16
Convertible Debenture - Other	1,037,500.00
Total Convertible Debenture	273,578.84
Dividend Payable	186,806.71
Due to Related Party	-14,380.86
Loan Payable	926,500.00
Loan Payable - Related Party	50,000.00
MLM Commissions	
Commission to the Field	68,150.84
Founder's Pool Payable	8,901.17
Total MLM Commissions	77,052.01
Sales Tax Payable	14.40
Total Other Current Liabilities	1,669,192.05
Total Current Liabilities	1,781,553.72
Long Term Liabilities	
Capital Lease -Bank of West	110,049.28
Notes payable	375,000.00
Total Long Term Liabilities	485,049.28
Total Liabilities	2,266,603.00
Equity	
Capital Stock-No Par	
Preferred Stock-No Par	1,552,580.00
Capital Stock-No Par - Other	8,688,263.38
Total Capital Stock-No Par	10,240,843.38
Dividend Paid	-474,286.71
Paid-in Capital	1,680,203.00
Retained Earnings	-11,359,738.97
Net Income	-852,358.33
Total Equity	-765,337.63
TOTAL LIABILITIES & EQUITY	1,501,265.37

Javalution Coffee Company

Profit & Loss

July through September 2009

	Jul - Sep 09
Ordinary Income/Expense	
Income	
Sales Income	644,121.23
Total Income	644,121.23
Cost of Goods Sold	
Cost of Goods Sold	9,741.96
Freight Costs	-4,218.86
MLM-Commissions	
Commissions to the Field	342,946.55
Founder's Pool Commissions	13,602.55
Total MLM-Commissions	356,549.10
Total COGS	362,072.20
Gross Profit	282,049.03
Expense	
Bank Service Charges	23,085.51
Business Fees	823.16
Car/Truck Lease	
Car Rental	10.00
Gas	46.04
Parking	561.00
Taxi	22.00
Tolls	8.00
Car/Truck Lease - Other	4,800.00
Total Car/Truck Lease	5,447.04
Commissions	13,500.00
Computer Expense	1,972.27
Contract Labor	250.00
Contract Services	
Stock Transfer Agent	302.90
Total Contract Services	302.90
Depreciation Expense	5,997.00
Dues and Subscriptions	1,125.48
Filling Fee	300.00
Freight	181.77
Incentive Bonus Pool	16,713.05
Insurance	
Auto Insurance	2,223.00
Health	14,227.97
Lease Equipment	503.71
Total Insurance	16,954.68
Licenses and Permits	
Dues	157.50
Fees	70.00
Total Licenses and Permits	227.50
MLM Back Office System	2,084.18
Office Expense	26.50
Office Supplies	518.76
Officer Compensation	63,153.80
Payroll Expenses	
Bonus	700.00
Child Support	0.00
Gross Wages	43,351.97
Payroll Services	643.38
Payroll Taxes	3,478.40
Worker's Comp	204.19
Total Payroll Expenses	48,377.94
Postage and Shipping	227.56
Printing and Reproduction	1,644.17

Javalution Coffee Company
Profit & Loss
July through September 2009

	Jul - Sep 09
Professional Fees	
Accounting Fees	6,250.00
Legal Fees	12,187.88
Total Professional Fees	18,437.88
Relocation	14,335.89
Rent	
Electricity Usage	507.52
Rent - Other	13,061.33
Total Rent	13,568.85
Repairs and Maintenance	
Computer Repairs	395.00
Repairs and Maintenance - Other	193.34
Total Repairs and Maintenance	588.34
Sales Taxes	201.69
Selling Expenses	
Advertising Expenses	
Creative Services	12,557.10
Infomercial Development	8,289.32
Marketing	
Investor Relations	2,500.00
Marketing - Other	-2,891.80
Total Marketing	-391.80
Print Advertising	18,111.50
Advertising Expenses - Other	600.00
Total Advertising Expenses	39,166.12
Total Selling Expenses	39,166.12
Telephone and Fax	
Internet	492.57
Mobile	1,922.73
Service	4,831.73
Total Telephone and Fax	7,247.03
Travel & Entertainment	
Airfare	6,295.45
Lodging	5,187.10
Meals & Entertainment	11,910.69
Total Travel & Entertainment	23,393.24
Website Development	8,936.55
Total Expense	328,788.86
Net Ordinary Income	-46,739.83
Other Income/Expense	
Other Income	
Other Income	394.21
Total Other Income	394.21
Other Expense	
Other Expenses	8,240.21
Total Other Expense	8,240.21
Net Other Income	-7,846.00
Net Income	-54,585.83

Javalution Coffee Company
Statement of Cash Flows
 July through September 2009

	<u>Jul - Sep 09</u>
OPERATING ACTIVITIES	
Net Income	-54,585.83
Adjustments to reconcile Net Income to net cash provided by operations:	
Accounts Receivable	33,333.78
Inventory	-19,728.64
Investment in CLR	-54,032.13
Reserve 10% - Meritus System	-10,582.00
Reserve 10% -Authorize-Meritus	-8,603.85
Accounts Payable	-24,017.43
Accrued Incentive Bonus Pool	3,713.05
Accrued Interest Payable	-25,449.80
Accrued Salaries	-37,400.00
Due to Related Party	-46,168.06
Loan Payable	177,500.00
MLM Commissions:Commission to the Field	21,039.20
MLM Commissions:Founder's Pool Payable	2,342.33
Sales Tax Payable	14.40
Net cash provided by Operating Activities	-42,624.98
INVESTING ACTIVITIES	
Less Accumulated Depreciation	5,997.00
Machine and Equipment	-1,599.65
Net cash provided by Investing Activities	4,397.35
FINANCING ACTIVITIES	
Capital Lease -Bank of West	-9,222.47
Net cash provided by Financing Activities	-9,222.47
Net cash increase for period	-47,450.10
Cash at beginning of period	110,018.41
Cash at end of period	<u><u>62,568.31</u></u>

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Accrual Basis

CLR Roasters LLC

Balance Sheet

As of September 30, 2009

	Sep 30, 09
ASSETS	
Current Assets	
Checking/Savings	
Bank of America - Petty Cash (Bank of America - Petty Cash)	231.39
CLR Bank of America (CLR Bank of America)	7,579.57
Total Checking/Savings	7,810.96
Accounts Receivable	
1200 · Accounts Receivable	
Allowance for Bad Debts (Allowance for Bad Debts)	-4,684.00
1200 · Accounts Receivable - Other	217,824.55
Total 1200 · Accounts Receivable	213,140.55
Total Accounts Receivable	213,140.55
Other Current Assets	
1120 · Inventory Asset	95,070.60
Total Other Current Assets	95,070.60
Total Current Assets	316,022.11
Fixed Assets	
15002 · Manufacturing Equipment	
6010 · Equipment Upgrades (Warehouse Upgrade)	8,430.11
15002 · Manufacturing Equipment - Other	421,717.00
Total 15002 · Manufacturing Equipment	430,147.11
15003 · Javafit Flow Equipment (Javafit Mixing and Production Flow Equipment)	40,351.11
15004 · Office Equipment	5,272.27
15005 · Leased Manufacturing Equipment (Leased Manufacturing Equipment)	95,420.00
17000 · Accumulated Depreciation (Accumulated depreciation on equipment, buildings and improvements)	-161,558.34
6175 · Equipment Purchase (Equipment Purchase)	134,164.27
Total Fixed Assets	543,796.42
Other Assets	
16000 · Intangible Assets	
Accumulated Amortization (Accumulated Amortization)	-18,146.00
16000 · Intangible Assets - Other	72,298.00
Total 16000 · Intangible Assets	54,152.00
16005 · Security Deposit	19,225.00
6011 · Utility Service Upgrade (600 AMP Service)	8,159.16
Total Other Assets	81,536.16
TOTAL ASSETS	941,354.69
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2000 · Accounts Payable	120,413.17
Total Accounts Payable	120,413.17
Other Current Liabilities	
Accrued Expenses (Accrued Expenses)	
Accrued Incentive Bonus Pool (Accrued Incentive Bonus Pool)	34,882.12
Total Accrued Expenses (Accrued Expenses)	34,882.12
Due to David Briskie (Due to David Briskie)	47,830.02
Due to Javalution Coffee (Due to Javalution Coffee)	
Accrued Interest - JAVA (Accrued Interest - JAVA)	7,742.21
Due to Javalution Coffee-lease	28,046.08
Due to Javalution Coffee (Due to Javalution Coffee) - Other	285,526.80
Total Due to Javalution Coffee (Due to Javalution Coffee)	321,315.09
Total Other Current Liabilities	404,027.23
Total Current Liabilities	524,440.40

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Accrual Basis

CLR Roasters LLC
Balance Sheet
As of September 30, 2009

	Sep 30, 09
Long Term Liabilities	
Long Term Liability (Long Term Liability)	
Banc of America Leasing & Capit (Banc of America Leasing & Capital, LLC)	82,098.35
The CIT Group (The CIT Group)	110,764.84
Total Long Term Liability (Long Term Liability)	192,863.19
Total Long Term Liabilities	192,863.19
Total Liabilities	717,303.59
Equity	
Additional Paid in Capital (Additional Paid in Capital)	
Capital Contribution - TCBTR	601,918.62
Javalution Capital Contribution (Capital Contribution)	1,058,245.62
Additional Paid in Capital (Additional Paid in Capital) - Other	-1,160,592.49
Total Additional Paid in Capital (Additional Paid in Capital)	499,571.75
Noncontrolling Interest (Minority Interest)	52,602.45
1110 · Retained Earnings (Retained Earnings)	-62,610.21
Net Income	-265,512.89
Total Equity	224,051.10
TOTAL LIABILITIES & EQUITY	941,354.69

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Accrual Basis

CLR Roasters LLC
Profit & Loss
 July through September 2009

Jul - Sep 09

Ordinary Income/Expense
Income

4010 · Sales (Sales)	552,248.43
4020 · Other Sales (Other Sales)	2,090.14
4040 · sales discount- others	-4,394.87

Total Income

549,943.70

Cost of Goods Sold

5000 · Cost of Goods Sold (Cost of Goods Sold)	
5010 · Roasting Fee (Roasting Fee)	5,386.00
5015 · Direct labor	25,885.95
6001 · Freight In (Freight In)	
6000 · Freight (Freight)	478.08
6001 · Freight In (Freight In) - Other	3,100.00
Total 6001 · Freight In (Freight In)	3,578.08
5000 · Cost of Goods Sold (Cost of Goods Sold) - Other	358,367.75
Total 5000 · Cost of Goods Sold (Cost of Goods Sold)	393,217.78

Total COGS

393,217.78

Gross Profit

156,725.92

Expense

Amortization Expense (Amortization Expense)	4,602.00
Lease Expense (Lease Expense)	9,231.54
6002 · Freight Out (Freight Out)	29,043.63
6020 · Marketing Expense (Marketing Expense)	562.50
6180 · Insurance (Insurance)	
6181 · Health Insurance (Health Insurance)	2,792.31
6182 · Car Insurance (Car Insurance)	729.19
6183 · Flood Insurance (Flood Insurance)	597.00
6184 · Workers Compensation (Workers Compensation)	1,025.00
6185 · Liability Insurance (Liability Insurance)	4,283.53
Total 6180 · Insurance (Insurance)	9,427.03
6270 · Professional Fees (Professional Fees)	
6280 · Legal Fees (Legal Fees)	4,088.45
6285 · General Contractors (General Contractors)	750.00
6286 · Sub Contractors (Sub Contractors)	30,000.00
6287 · Accounting (Accounting Fees)	3,410.00
Total 6270 · Professional Fees (Professional Fees)	38,248.45
6290 · Rent (Rent)	
6295 · Rent Taxes (Rent Taxes)	1,860.63
6290 · Rent (Rent) - Other	26,580.45
Total 6290 · Rent (Rent)	28,441.08
6300 · Repairs (Repairs and Maintenance)	
6305 · Warehouse Repairs (Warehouse Repairs)	39.52
6320 · Computer Repairs (Computer Repairs)	430.00
6330 · Equipment Repairs (Equipment Repairs)	5,120.95
Total 6300 · Repairs (Repairs and Maintenance)	5,590.47
6337 · Coffee Equipment Repairs (Coffee Equipment Repairs)	
6338 · Service Contract (Service Contract)	268.56
6339 · Installations (Installations)	2,421.86
6337 · Coffee Equipment Repairs (Coffee Equipment Repairs) - Other	4,231.39
Total 6337 · Coffee Equipment Repairs (Coffee Equipment Repairs)	6,921.81
6350 · Travel & Entertainment (Travel and Entertainment)	
6360 · Entertainment (Entertainment)	672.00
6370 · Meals (Meals)	219.37
6380 · Travel (Travel)	690.40
6395 · Lodging (Lodging)	277.83
Total 6350 · Travel & Entertainment (Travel and Entertainment)	1,859.60
6400 · Utilities (Utilities)	
6405 · Gas and Electric (Gas and Electric)	11,137.08
6420 · Garbage (Garbage)	1,239.12
Total 6400 · Utilities (Utilities)	12,376.20

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Accrual Basis

CLR Roasters LLC
Profit & Loss
 July through September 2009

	Jul - Sep 09
6560 · Payroll Expenses	
6561 · Officer's Salaries (Officer's Salaries)	38,076.96
6562 · Gross Wages (Gross Wages)	8,884.62
6567 · Payroll Services (Payroll Services)	422.74
Total 6560 · Payroll Expenses	47,384.32
6570 · Payroll Taxes (Payroll Taxes)	
6571 · Payroll Taxes (Payroll Taxes)	4,603.58
Total 6570 · Payroll Taxes (Payroll Taxes)	4,603.58
6770 · Supplies (Supplies)	
6780 · Marketing (Marketing Supplies)	256.80
6790 · Office (Office Supplies)	797.46
6770 · Supplies (Supplies) - Other	315.60
Total 6770 · Supplies (Supplies)	1,369.86
6810 · Telephone Expense (Telephone and long distance charges, faxing, and other fees Not equipment	
6815 · Telephone (Telephone)	2,738.85
6818 · Wireless Card (Wireless Card)	385.39
Total 6810 · Telephone Expense (Telephone and long distance charges, faxing, and other fees Not equ	3,124.24
6910 · Automobile Expense (Automobile Expense)	2,534.51
6911 · Fuel Charges (Fuel Charges)	69.25
6914 · Advertising and Promotion (Advertising, marketing, graphic design, and other promotional exp	385.00
6915 · Commissions Expense (Commissions Expense)	279.00
6920 · Bank Service Charges (Bank Service Charges)	1,908.22
6921 · Warehouse Surcharge (Warehouse Surcharge)	3,231.26
6922 · Warehouse Supplies (Warehouse Supplies)	1,540.43
6937 · Sunpass (Sunpass)	80.00
6940 · Cleaning & Sanitation (Cleaning & Sanitation)	660.00
6943 · Trade Show (Trade Show)	1,824.20
6950 · Depreciation Expense (Depreciation Expense)	42,148.89
6960 · Dues and Subscriptions (Dues and Subscriptions)	962.28
6970 · Equipment Rental (Equipment Rental)	980.47
6972 · Licenses and Permits (Licenses)	625.00
6973 · Pest Control Services (Pest Control Services)	770.40
6975 · Maintenance (Maintenance)	192.60
6978 · Postage and Delivery (Postage and Delivery)	271.10
6979 · Printing and Reproduction (Printing and Reproduction)	1,028.84
6981 · Medical Expenses (Medical Expenses)	387.00
6983 · Incentive Bonus Pool (Incentive Bonus Pool)	8,878.40
6988 · Miles Traveled (Miles Traveled)	1,294.00
6989 · Car Allowance (Car Allowance)	1,500.00
Total Expense	274,337.16
Net Ordinary Income	-117,611.24
Other Income/Expense	
Other Expense	
6200 · Interest Expense (Interest Expense)	
6210 · Finance Charge (Finance Charge)	9,013.61
Total 6200 · Interest Expense (Interest Expense)	9,013.61
Total Other Expense	9,013.61
Net Other Income	-9,013.61
Net Income	-126,624.85

CLR Roasters LLC
Statement of Cash Flows
 July through September 2009

	<u>Jul - Sep 09</u>
OPERATING ACTIVITIES	
Net Income	-126,624.85
Adjustments to reconcile Net Income to net cash provided by operations:	
1200 · Accounts Receivable	3,220.18
1120 · Inventory Asset	4,259.41
2000 · Accounts Payable	-2,762.61
Accrued Expenses:Accrued Incentive Bonus Pool	8,878.40
Due to Javalution Coffee	27,000.00
Due to Javalution Coffee:Due to Javalution Coffee-lease	9,231.54
Due to Related Party	19,215.43
Net cash provided by Operating Activities	-57,582.50
INVESTING ACTIVITIES	
15003 · Javafit Flow Equipment	-776.80
17000 · Accumulated Depreciation	42,148.89
6175 · Equipment Purchase	-6,483.80
16000 · Intangible Assets:Accumulated Amortization	4,602.00
16005 · Security Deposit	-225.00
Net cash provided by Investing Activities	39,265.29
FINANCING ACTIVITIES	
Long Term Liability:Banc of America Leasing & Capit	-5,014.22
Long Term Liability:The CIT Group	18,596.56
Net cash provided by Financing Activities	13,582.34
Net cash increase for period	-4,734.87
Cash at beginning of period	12,545.83
Cash at end of period	<u><u>7,810.96</u></u>