

OFFICER'S FINANCIAL CERTIFICATION

I, William Goldberg, certify that:

(1) the financial statements of Oak and Grist Distilling Company, L.L.C. included in this Form are true and complete in all material respects; and

(2) reviewed financial statements by a public accountant are not available.

IN WITNESS WHEREOF, this Officer's Financial Certification has been executed as of the Date below.

Company: Oak and Grist Distilling Company, L.L.C.

By: William Goldberg
William Goldberg (Dec 30, 2020 10:13 EST)

Printed: William Goldberg

Title: President

Oak & Grist Distilling Company LLC
Balance Sheet
As of December 31, 2018

	Total
ASSETS	
Current Assets	
Bank Accounts	
Business Account (0677) (deleted)	6,621.28
OG Checking	16,682.28
Total Bank Accounts	\$ 23,303.56
Accounts Receivable	
Accounts Receivable (A/R)	6,485.58
Total Accounts Receivable	\$ 6,485.58
Other Current Assets	
Inventory Asset	
Aging Spirits	70,761.89
Barrels	6,830.00
Gain	1,500.00
Total Inventory Asset	\$ 79,091.89
Items Purchased for Resale	1,571.00
Uncategorized Asset	2,148.31
Undeposited Funds	954.51
Total Other Current Assets	\$ 83,765.71
Total Current Assets	\$ 113,554.85
Fixed Assets	
Accumulated Depreciation	-354,269.80
Computer Equipment	2,252.36
Distillery Equipment	496,797.65
Distillery Truck	15,312.50
Total Fixed Assets	\$ 160,092.71
Other Assets	
Construction Deposits	0.00
Equipment-Not in Service	0.00
Total Other Assets	\$ 0.00
TOTAL ASSETS	\$ 273,647.56
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable (A/P)	4,007.50
Total Accounts Payable	\$ 4,007.50
Credit Cards	
Distillery Card	8,028.78
Total Credit Cards	\$ 8,028.78
Other Current Liabilities	
North Carolina Dept. of Revenue Payable	341.20
Payroll Tax Liability	575.40
Square Tips	1,328.26
Unassigned Tax Agency for Apps Payable	0.00
Total Other Current Liabilities	\$ 2,244.86
Total Current Liabilities	\$ 14,281.14
Long-Term Liabilities	
Due to York Construction	140,291.36
Total Long-Term Liabilities	\$ 140,291.36
Total Liabilities	\$ 154,572.50
Equity	
Investment	680,406.06
Opening Balance Equity	0.00
Retained Earnings	-383,263.26
Net Income	-178,067.74
Total Equity	\$ 119,075.06
TOTAL LIABILITIES AND EQUITY	\$ 273,647.56

Oak & Grist Distilling Company LLC
Profit and Loss
January - December 2018

	Total
Income	
Discounts	-502.80
Refunds-Allowances	4,842.14
Sales	24,264.53
Square Income	27,620.03
Total Income	\$ 56,223.90
Cost of Goods Sold	
Supplies & Materials - COGS	35,732.36
Total Cost of Goods Sold	\$ 35,732.36
Gross Profit	\$ 20,491.54
Expenses	
Advertising	3,411.67
Bank Charges	51.00
Charitable Contributions	1,856.32
Commissions & fees	303.55
Depreciation Exp	64,134.00
Dues & Subscriptions	2,946.04
Equipment	7,775.43
Freight & Delivery	400.00
Insurance	9,139.00
Job Materials	200.81
Legal & Professional Fees	6,506.82
Meals and Entertainment	239.72
Office Expenses	1,181.98
Other General and Admin Expenses	496.16
Payroll Expenses	26,565.12
Postage & Delivery Expense	2.00
Professional/Product Development	3,037.08
Promotional	3,568.73
Repair & Maintenance	2,693.76
Security	342.00
Square Fees	711.13
Subcontractors	5,373.37
Supplies	24,384.30
Taxes & Licenses	8,339.60
Travel	925.13
Travel Meals	133.47
Uncategorized Expense	8,028.78
Utilities	15,212.31
Total Expenses	\$ 197,959.28
Net Operating Income	-\$ 177,467.74
Other Expenses	
Miscellaneous	600.00
Total Other Expenses	\$ 600.00
Net Other Income	-\$ 600.00
Net Income	-\$ 178,067.74

Oak & Grist Distilling Company LLC
Statement of Cash Flows
January - December 2018

		Total
OPERATING ACTIVITIES		
Net Income		-178,067.74
Adjustments to reconcile Net Income to Net Cash provided by operations:		
Accounts Receivable (A/R)		-6,032.58
Inventory Asset: Aging Spirits		-1,651.77
Items Purchased for Resale		-1,571.00
Uncategorized Asset		-2,148.31
Accumulated Depreciation		64,134.00
Accounts Payable (A/P)		4,007.50
Distillery Card		8,028.78
North Carolina Dept. of Revenue Payable		341.20
Payroll Tax Liability		-306.68
Square Tips		987.40
Unassigned Tax Agency for Apps Payable		-510.08
Total Adjustments to reconcile Net Income to Net Cash provided by operations:	\$	65,278.46
Net cash provided by operating activities	-\$	112,789.28
FINANCING ACTIVITIES		
Investment		50,113.25
Net cash provided by financing activities	\$	50,113.25
Net cash increase for period	-\$	62,676.03
Cash at beginning of period		86,934.10
Cash at end of period	\$	24,258.07

Oak & Grist Distilling Company
Statement of Unitholders' Equity
For the year Ending December 31, 2018

	<u>Common Stock</u>	<u>Retained Earnings</u>	<u>Total Unitholders' Capital</u>
Balance as of Jan 01, 2018	1235965	-\$205,195.52	\$630,292.81
Issuance of common stock	38571		\$50,113.25
Net income		-\$178,067.74	
Balance as of Dec 31, 2018	<u>1274536</u>	<u>-\$383,263.26</u>	<u>\$680,406.06</u>

Oak & Grist Distilling Company LLC Balance Sheet

As of December 31, 2019

	Total
ASSETS	
Current Assets	
Bank Accounts	
OG Checking	79,143.35
Total Bank Accounts	\$ 79,143.35
Accounts Receivable	
Accounts Receivable (A/R)	6,333.42
Total Accounts Receivable	\$ 6,333.42
Other Current Assets	
Inventory Asset	470.78
Aging Spirits	100,188.66
Barrels	10,940.00
Gain	1,500.00
Packaging	7,366.76
Total Inventory Asset	\$ 120,466.20
Items Purchased for Resale	4,285.16
Uncategorized Asset	0.00
Undeposited Funds	260.01
Total Other Current Assets	\$ 125,011.37
Total Current Assets	\$ 210,488.14
Fixed Assets	
Accumulated Depreciation	-404,784.92
Computer Equipment	5,262.11
Distillery Equipment	498,871.11
Distillery Truck	15,312.50
Total Fixed Assets	\$ 114,660.80
Other Assets	
Construction Deposits	0.00
Equipment-Not in Service	16,577.00
Total Other Assets	\$ 16,577.00
TOTAL ASSETS	\$ 341,725.94
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable (A/P)	0.00
Total Accounts Payable	\$ 0.00
Credit Cards	
Distillery Card	7,520.99
Total Credit Cards	\$ 7,520.99
Other Current Liabilities	
North Carolina Dept. of Revenue Payable	0.00
Payroll Tax Liability	1,785.87
Sales Tax Payable	552.60
Square Tips	0.00
Unassigned Tax Agency for Apps Payable	0.00
Total Other Current Liabilities	\$ 2,338.47
Total Current Liabilities	\$ 9,859.46
Long-Term Liabilities	
Due to York Construction	140,291.36
Total Long-Term Liabilities	\$ 140,291.36
Total Liabilities	\$ 150,150.82
Equity	
Investment	935,268.68
Opening Balance Equity	0.00
Retained Earnings	-561,331.00
Net Income	-182,362.56
Total Equity	\$ 191,575.12
TOTAL LIABILITIES AND EQUITY	\$ 341,725.94

Oak & Grist Distilling Company LLC
Profit and Loss
 January - December 2019

	Total
Income	
Discounts	-134.15
Other Income	255.00
Sales	20,011.59
Sales of Product Income	23,429.41
Square Income	47,094.12
Total Income	\$ 90,655.97
Cost of Goods Sold	
Purchases - COS	1,099.37
Supplies & Materials - COGS	28,286.67
Total Cost of Goods Sold	\$ 29,386.04
Gross Profit	\$ 61,269.93
Expenses	
Advertising	8,386.25
Auto Expense	237.06
Bank Charges	571.22
Charitable Contributions	2,165.86
Commissions & fees	762.83
Depreciation Exp	50,515.12
Dues & Subscriptions	3,437.20
Equipment	3,081.44
Freight & Delivery	600.00
Insurance	11,689.00
Interest Expense	160.43
Legal & Professional Fees	20,306.01
Meals and Entertainment	2,036.08
Office Expenses	5,873.58
Payroll Expenses	47,399.58
Postage & Delivery Expense	333.03
Professional/Product Development	164.00
Promotional	8,636.71
Repair & Maintenance	15,137.69
Small Equipment > \$2,500	142.00
Square Fees	1,335.86
Subcontractors	1,035.00
Supplies	6,099.69
Taxes & Licenses	13,782.82
Taxes - Property	14,422.58
Travel	2,701.34
Travel Meals	117.45
Uncategorized Expense	950.00
Utilities	20,196.06
Web Expenses	990.00
Total Expenses	\$ 243,265.89
Net Operating Income	-\$ 181,995.96
Other Expenses	
Miscellaneous	148.64
Penalties & Settlements	217.96
Total Other Expenses	\$ 366.60
Net Other Income	-\$ 366.60
Net Income	-\$ 182,362.56

Oak & Grist Distilling Company LLC
Statement of Cash Flows
January - December 2019

	Total
OPERATING ACTIVITIES	
Net Income	-182,362.56
Adjustments to reconcile Net Income to Net Cash provided by operations:	
Accounts Receivable (A/R)	152.16
Inventory Asset	-470.78
Inventory Asset:Aging Spirits	-29,426.77
Inventory Asset:Barrels	-4,110.00
Inventory Asset:Packaging	-7,366.76
Items Purchased for Resale	-2,714.16
Uncategorized Asset	2,148.31
Accumulated Depreciation	50,515.12
Computer Equipment	-3,009.75
Distillery Equipment	-2,073.46
Equipment-Not in Service	-16,577.00
Accounts Payable (A/P)	-4,007.50
Distillery Card	-507.79
North Carolina Dept. of Revenue Payable	-341.20
Payroll Tax Liability	1,210.47
Sales Tax Payable	552.60
Square Tips	-1,328.26
Unassigned Tax Agency for Apps Payable	0.00
Total Adjustments to reconcile Net Income to Net Cash provided by operations:	-\$ 17,354.77
Net cash provided by operating activities	-\$ 199,717.33
FINANCING ACTIVITIES	
Investment	254,862.62
Opening Balance Equity	0.00
Net cash provided by financing activities	\$ 254,862.62
Net cash increase for period	\$ 55,145.29
Cash at beginning of period	24,258.07
Cash at end of period	\$ 79,403.36

Oak & Grist Distilling Company
Statement of Unitholders' Equity
For the year Ending December 31, 2019
(unaudited)

	<u>Common Stock</u>	<u>Retained Earnings</u>	<u>Total Unitholders' Capital</u>
Balance as of Jan 01, 2019	1274536	-\$383,263.26	\$680,406.06
Issuance of common stock	151388		\$254,862.62
Net income		-\$182,362.56	
Balance as of Dec 31, 2019	<u>1425924</u>	<u>-\$561,331.00</u>	<u>\$935,268.68</u>

Oak & Grist Distilling Company
NOTES TO FINANCIAL STATEMENTS
For the years ending December 31, 2018 & December 31, 2019
(unaudited)

NOTE 1 – Nature of Operations

Oak & Grist Distilling Company, (which may be referred to as the “Company,” “we,” “us,” or “our”). The company is a craft liquor distillery. The Company incorporated on December 14, 2015 in the state of North Carolina. The Company did not begin operations until 2017.

Since inception, the Company has relied on funds received from its founders, investors, and sales to fund its operations. As of December 31, 2019, the Company had \$79,143.35 in working capital and will likely incur losses prior to generating positive working capital. These matters raise concern about the Company’s ability to continue as a going concern (see note 6). During the next 12 months, the Company intends to fund. Its operations with funding from a crowdfunding campaign (see note 7), and funds from revenue producing activities, if and when such can be realized. If the Company cannot. Secure. Additional short-term capital, the Company may cease operations. These financial statements and related notes hereto do not include any adjustments that might result from these uncertainties.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accounting and reporting. Policies of the Company conform to. accounting principles. Generally. Accepted in the United States of America (“GAAP”). The accompanying unaudited financial statements do not include all the information and notes required by GAAP for complete financial statements. In the opinion of management, all adjustments considered necessary for the fair presentation of the unaudited financial statements for the years presented have been included.

Use of Estimates

The company did not use any estimates in the preparation of the financial statements in. conformity with GAAP.

Risks and Uncertainties

The company has a limited operating history. The Company’s business and operations are sensitive to general business and economic conditions in the United States. A host of factors beyond the Company’s control could cause fluctuations in these conditions. Adverse conditions may include recession, downturn or otherwise, local competition or changes in consumer taste. These adverse conditions could affect the Company’s

financial condition and the results of its operations. As of December 31, 2019, the Company is operating as a going concern. See Note 1 and Note 6 for additional information.

Cash and Cash Equivalents

As of December 31, 2019, the Company has \$79,143.35 cash on hand.

Receivables and Credit Policy

Trade receivables from customers are uncollateralized customer obligations due under normal trade terms, requiring payment before services are rendered or net 30 days. Trade receivables are stated at the amount billed to the customer. Payments of trade receivables are allocated to the specific invoices identified on the customer's remittance advice. The Company, by policy, routinely assesses the financial strength of its customers. As a result, the Company believes its accounts receivable credit risk exposure is limited, and it has not experienced significant write downs in its accounts receivables balances.

Property and Equipment

Property and equipment are recorded at cost. Expenditures for renewals and improvements that significantly add to the productive capacity or extend the useful life of an asset are capitalized. Expenditures for maintenance and repairs are expensed as incurred. When equipment is retired or sold, the cost and related accumulated depreciation are eliminated from the balance sheet accounts and the resultant gain or loss is reflected in income.

The Company reviews the carrying value of property and equipment for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results, trends and prospects, the manner in which property is used, and the effects of obsolescence, demand, competition, and other economic factors.

As of December 31, 2019, the Company has acquired \$536,002.72 in fixed assets which have been capitalized in accordance with generally accepted accounting principles.

Income Taxes

Income taxes are provided for the tax effects of transactions reporting in the financial statements and consist of taxes currently due plus deferred taxes related primarily to differences between the basis of receivables, property and equipment, intangible assets,

and accrued expenses for financial and income tax reporting. The deferred tax assets and liabilities represent the future tax return and consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized.

The Company is taxed as “LLC” Limited Liability Company.

The Company evaluates its tax positions that have been taken or are expected to be taken on income tax returns to determine if an accrual is necessary for uncertain tax positions. As of December 31, 2019, the unrecognized tax benefits accrual was zero. The company will recognize future. Accrued interest and penalties related to unrecognized tax benefits in income tax expense if incurred.

Revenue Recognition

The Company recognizes revenue when delivery has occurred, or services have been rendered. As of December 31, 2019, the Company has recognized \$166,292.26 in sales.

Advertising Expenses

The Company expenses advertising costs as they are incurred.

Organizational Costs

In accordance with FASB ASC 720, organizational costs, including accounting fees, legal fee, and costs of incorporation, are expensed as incurred.

Inventory Asset Costs

The company applies raw material costs to Inventory Assets as expenses occur during the production of the Company’s goods. Those associated costs for products and materials sold are reported on financials at the time of sale as Supplies and Materials – Cost of Goods Sold. Reported Inventory Assets do not reflect the full value of goods produced. Actual value of goods produced is dependent and determined by the amount of time goods produced are matured for, industry accepted pricing, and changes in Cost of Goods Sold.

Concentration of Credit Risk

The Company maintains its cash with a major financial institution located in the United States of America, which it believes to be credit worthy. The Federal Deposit Insurance Corporation insures. Balances up to \$250,000. At times, the Company may maintain balances in excess of the federally insured limits.

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, "Revenue from Contracts with Customers". Under this guidance, revenue is recognized when promised goods or services are transferred to customers in an amount that reflects the consideration expected to be received for those goods or services. The updated standard will replace most existing revenue recognition guidance under U.S. GAAP when it becomes effective and permits the use of either the retrospective or cumulative effect transition method. Early adoption is not permitted. The updated standard for nonpublic entities will be effective after December 15, 2019, and interim periods within annual periods beginning after December 15, 2020. We are currently evaluating the effect that the updated standard will have on our financial statements and related disclosures.

In February 2016, FASB issued ASU No. 2016-02, Leases, that requires organizations that lease assets, referred to as "lessees", to recognize on the balance sheet the assets and liabilities for the rights and obligations created by those leases with lease terms of more than 12 months. ASU 2016-02 will also require disclosures to help investors and other financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases and will include qualitative and quantitative requirements. The new standard for nonpublic entities will be effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020, and early application is permitted. We are currently evaluating the effect that the updated standard will have on our financial statements and related disclosures.

The FASB issues ASUs to amend the authoritative literature in ASC. There have been a number of ASUs to date, including those above, that amend the original text of ASC. Management believes that those issued to date either (i) provide supplemental guidance, (ii) are technical corrections, (iii) are not applicable to us or (iv) are not expected to have a significant impact on our balance sheet.

NOTE 3 – Income Tax Provision

The Company has filed its income tax return for all periods of operation ending December 31, 2019, which will remain subject to examination by the Internal Revenue Service under the statute of limitations for a period of three years from the date it is filed.

NOTE 4 – Commitments and Contingencies

Legal Matters

The Company is not currently involved with and does not know of any pending or threatening litigation against the Company.

NOTE 5 – Equity

Issuance of Common Stock

The has been a total of 425,924 issued units of common units as of December 31, 2019

NOTE 6 – GOING CONCERN

These financial statements are prepared on a going concern basis. The Company Incorporated on December 15, 2015 and is in the fourth year of operations in the United States. The Company's ability to continue to operate is dependent upon management's plan to raise additional funds (see NOTES 1 and 7) and achieve and sustain profitable operations. The financial statements do not include any adjustments that might be necessary if the company is not able to continue as a going concern.

NOTE 7 – Subsequent Events

Anticipated Crowdfunding Offering

The Company is offering units of equity (the "Equity"). The Company is in the process of raising a minimum of \$50,000.72 in this offering and up to \$249,998.98 maximum.

The Crowdfunding Offering is being made through Localstake (the "Intermediary"). The Company will pay a placement fee to the intermediary of 5% on all gross proceeds received by the Company from the sale of the sale of Class B units in the offering.

Issuance of Debt

The Company has issued promissory notes totaling \$140,291.36. The notes have an interest rate of 1.5% and matures June 30, 2047.

Issuance of Equity

The Company has issued a total of 425,924 common units at a price of \$1.75 per unit from December 2015 through December 2019. The Company has also issued 1,000,000 preferred units at a price of between \$.025 and \$1.70 from December 2015 through December 2019.

Management's Evaluation

Management has evaluated subsequent events through December 31, 2019, the date the financial statements were available to be issued. Based on this evaluation, no additional material events were identified which require adjustment or disclosure in the financial statements.