SPONZILLI HOLDINGS CORP., SUBSIDIARIES AND AFFILIATE

CONSOLIDATED FINANCIAL REPORT
DECEMBER 31, 2013

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Sponzilli Holdings Corp., Subsidiaries and Affiliate
345 Passaic Ave
Fairfield, NJ 07004

We have reviewed the accompanying consolidated balance sheet of Sponzilli Holdings Corp., Subsidiaries and Affiliate (the "Company") as of December 31, 2013, and the related statements of income, changes in stockholders' equity and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the consolidated financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the consolidated financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the consolidated financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying consolidated financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Wiss & Company
WISS & COMPANY, LLP

Livingston, New Jersey
September 23, 2015

SPONZILLI HOLDINGS CORP., SUBSIDIARIES AND AFFILIATE

CONSOLIDATED BALANCE SHEET

DECEMBER 31, 2013

ASSETS

CURRENT ASSETS:		
Cash	$	1,150,624
Accounts receivable		1,250,612
Due from shareholders		450,360
Other loans receivable		38,957
Total Current Assets		2,890,553
PROPERTY AND EQUIPMENT, AT COST		3,760,734
Less: Accumulated depreciation		2,090,375
		1,670,359
	$	4,560,912

LIABILITIES AND EQUITY

CURRENT LIABILITIES:		
Accounts payable	$	367,377
Notes payable to banks		146,013
Mortgages and equipment note payable		720,845
Due to shareholders		292,158
Sales taxes payable		125,810
Security deposits		10,330
Total Current Liabilities		1,662,533
COMMITMENTS AND CONTINGENCIES		
EQUITY:		
Common stock - no par value, authorized 1,000 shares, 100 shares issued and outstanding		1,000
Additional paid-in capital		39,871
Retained earnings		2,627,690
Total Equity of Sponzilli Holdings Corp, and Subsidiaries		2,668,561
Non-controlling interest		229,818
	$	4,560,912

See independent accountants' review report and notes to consolidated financial statements.

SPONZILLI HOLDINGS CORP., SUBSIDIARIES AND AFFILIATE

CONSOLIDATED STATEMENT OF INCOME

YEAR ENDED DECEMBER 31, 2013

REVENUES	$	9,230,723
COST OF SALES		4,561,640
GROSS PROFIT		4,669,083
OPERATING EXPENSES		865,807
GENERAL AND ADMINISTRATIVE EXPENSES		2,574,771
CONSOLIDATED NET INCOME		1,228,505
LESS: NET LOSS OF NON-CONTROLLING INTEREST		(18,499)
NET INCOME ATTRIBUTABLE TO SPONZILLI HOLDINGS CORP.	$	1,247,004

See independent accountants' review report and notes to consolidated financial statements.

SPONZILLI HOLDINGS CORP., SUBSIDIARIES AND AFFILIATE

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED DECEMBER 31, 2013

	Total	Common Stock	Additional Paid-in Capital	Retained Earnings	Non-controlling Interest
BALANCES, DECEMBER 31, 2012	$ 2,304,874	$ 1,000	$ 39,871	$ 2,015,686	$ 248,317
YEAR ENDED DECEMBER 31, 2013					
Net income (loss)	1,228,505	-	-	1,247,004	(18,499)
Distributions to stockholders	(635,000)	-	-	(635,000)	-
BALANCES, DECEMBER 31, 2013	$ 2,898,379	$ 1,000	$ 39,871	$ 2,627,690	$ 229,818

See independent accountants' review report and notes to consolidated financial statements.

SPONZILLI HOLDINGS CORP., SUBSIDIARIES AND AFFILIATE

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2013

CASH FLOWS FROM OPERATING ACTIVITIES:	
Consolidated net income	$ 1,228,505
Adjustments to reconcile consolidated net income to net cash flows from operating activities:	
Depreciation	279,366
Bad debts	86,326
Loss on disposals of equipment and property	39,748
Changes in operating assets and liabilities:	
Accounts receivable	686,268
Other loans receivable	18,001
Accounts payable	(290,549)
Sales taxes payable	2,791
Net cash flows from operating activities	2,050,456
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of property and equipment	(118,660)
Due from shareholders	(372,444)
Net cash flows from investing activities	(491,104)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Principal repayments of note payable	(776,827)
Proceeds from note payable	354,248
Due to shareholders	(155,902)
Distributions to shareholders	(635,000)
Proceeds from issuance of common stock	2,000
Net cash flows from financing activities	(1,211,481)
NET CHANGE IN CASH	347,871
CASH, BEGINNING OF YEAR	802,753
CASH, END OF YEAR	$ 1,150,624
SUPPLEMENTAL CASH FLOW INFORMATION -	
Interest paid	$ 50,954
NON-CASH INVESTING/FINANCING ACTIVITY -	
Purchase of property and equipment financed by notes payable	$ 182,175

See independent accountants' review report and notes to consolidated financial statements.

Note 1 - Nature of the Business and Summary of Significant Accounting Policies:

Principles of Consolidation - The consolidated financial statements of Sponzilli Holdings Corp., Subsidiaries and Affiliate (the "Company"), include the accounts of Sponzilli Landscaping, Inc., and wholly-owned subsidiaries, The Hydroseeding Pro, Inc., S-3 Services, LLC and Sponzilli Associates, LLC (collectively the "Subsidiaries") and Sponzilli Family Limited Partnership (the "Affiliate"). These entities are controlled by the same owners. The Affiliate is subject to the Company's control on bases other than voting interests and is hereinafter referred to as variable interest entity ("VIE"). The Financial Accounting Standards Board issued Accounting Standards Codification 810 ("ASC 810") which concludes that a company's exposure to economic risks and potential rewards from variable interest entities' assets and activities are the best evidence of control. This VIE, for which the Company is the primary beneficiary, is consolidated and reflected as non-controlling interest. The financial position and results of operations presented in the accompanying consolidated financial statements do not represent those of a single legal entity. All intercompany transactions and accounts have been eliminated in consolidation.

Limited Liability Company and Partnership - Each member's and partner's liability in S-3 Services, LLC, Sponzilli Associates, LLC and Sponzilli Family Limited Partnership is limited to their respective member and/or partner equity plus any debt for which a personal guarantee has been given. Under the terms of the Limited Liability and Partnership entity operating agreements, the Companies' existences are perpetual.

Nature of the Business - The Companies provide commercial and residential construction, maintenance, landscaping and snow removal services primarily in the states of New Jersey and New York. The Affiliate owns the facility which leases the space to all of the Subsidiaries for business operations.

Estimates and Uncertainties - The preparation of consolidated financial statements in conformity with generally accepted accounting principles 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 period. Actual results, as determined at a later date, could differ from those estimates.

Revenue Recognition - The Company performs all services or delivers all products prior to recognizing revenue. Service revenue is recognized at the time services are provided to the customer. Prior to recognizing revenue for residential construction, a customer's fee is either fixed or determinable under the terms of the written contract. Residential construction contracts are short term in nature and revenue is recognized upon completion of the contract. The Company determines that collectability is reasonably assured prior to recognizing revenue. Collectability is assessed on a customer by customer basis based on criteria outlined by management.

Concentration of Credit Risk - The Company maintains its cash balances in financial institutions, which are insured by the Federal Deposit Insurance Corporation up to $250,000 each. At times, such balances may be in excess of the FDIC insurance limit.

Concentration of Business Transacted with a Lender - As discussed in Note 3 and 4, the Company has substantially all of its outstanding bank debt with one bank which consists of a line-of-credit and two mortgages. Also as discussed in Notes 3 and 4, as of December 31, 2013, the Company was not in compliance with its reporting covenants and financial covenants under the terms of its bank debt. Although the bank has not expressed any intent to do so, a termination of the Company's line of credit and acceleration of the payment of the Company's outstanding debt balances as a result of its non-compliance with these covenants, could affect operations adversely.

Receivables - The Company records trade receivables at net realizable value. Generally, the Company does not require collateral to support its accounts receivable. An evaluation of collectability is made of the balance owed by each customer. Based on the level of past due accounts and relationships with and economic status of its customers, the Company believes the accounts receivable will be fully realized and that no provision for estimated uncollectible accounts is necessary at December 31, 2013.

Property, Plant and Equipment - Property, plant and equipment are stated at cost. Buildings, fixtures and equipment are depreciated primarily using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the period of the respective lease using the straight-line method. In general, the estimated useful lives used in computing depreciation and amortization are: buildings and major improvements - 39 years; autos – 3 years, trucks, furniture and fixtures, machinery and equipment – 5 to 7 years.

Repairs and maintenance costs are expensed as incurred; major renewals and betterments are capitalized. When assets are disposed of, the assets and related allowances for depreciation are eliminated from the accounts and any resulting gain or loss is reflected in operations.

Advertising - Advertising costs are expensed as incurred and totaled $416,559 in 2013.

Sales Taxes - The Company does business in various states and counties within those states which impose a sales tax on all of the Company's sales and equipment rentals to non-exempt customers within those states and counties. The Company collects that sales tax and remits the entire amount to the states. The Company's accounting policy excludes the tax collected and remitted to the states from revenue and cost of sales.

Income Taxes - Sponzilli Holding Corp., Sponzilli Landscaping, Inc and The Hydroseeding Pro, Inc. elected under provisions of the Internal Revenue Code and under New Jersey statutes to be taxed as S Corporations. Under these provisions, all earnings and losses of the Company for federal and New Jersey income tax reporting purposes are reported on the income tax returns of the shareholders. Accordingly, no provision has been made for federal income taxes. The Company continues to be subject to New Jersey income taxes at reduced rates.

S-3 Services, LLC and Sponzilli Associates, LLC and Sponzilli Family Limited Partnership are limited liability companies and a limited partnership, respectively, and are not subject to income taxes. No provision has been made for federal and state income taxes since these taxes are the personal responsibility of the members and partners of the respective entities.

The most significant jurisdictions in which the Companies are required to file income tax returns include the U.S. federal jurisdiction, the states of New Jersey and New York, and the City of New York. The Companies are no longer subject to U.S. federal income tax examinations for year ends prior to December 31, 2010. With limited exceptions, the Companies are no longer subject to state income tax examinations for year ends prior to December 31, 2009.

Subsequent Events - Management has reviewed and evaluated all events and transactions from December 31, 2013 through September 23, 2015, the date that the consolidated financial statements were available for issuance. The effects of those events and transactions that provide additional pertinent information about conditions that existed at the balance sheet date, have been recognized in the accompanying consolidated financial statements.

Note 2 - Property and Equipment:

Property and equipment consist of the following as of December 31, 2013:

Land	$ 200,000
Building	783,561
Equipment	1,644,306
Furniture and fixtures	240,107
Vehicles	750,154
Computer equipment	16,814
Building improvements	125,792
	3,760,734
Less: Accumulated depreciation	2,090,375
	$ 1,670,359

Depreciation expense related to property and equipment was $279,366 in 2013.

Note 3 - Notes Payable to Banks:

a) The Company has a line of credit with a bank that provides for a maximum borrowing of $1,000,000. The outstanding balance under the line of credit was $108,673 at December 31, 2013. The line of credit is collateralized by substantially all of the Company's assets and is reviewed by the bank on an annual basis for renewal. Advances on the line are payable on demand and bears interest at a rate of 3.25%. The line of credit is personally guaranteed by the members and partners of the Company, and has cross-default provisions covering all of the Company's bank debt. As of December 31, 2013, the Company was not in compliance with its reporting and financial covenants, (See Notes 1 and 4). Accordingly, management has classified all of its outstanding debt to the bank as current liabilities in the accompanying Balance Sheet as of December 31, 2013.

b) The Company has various other notes due to banks totaling $37,340 due within one year.

Note 4 - Debt:

The mortgages on the building owned by the VIE are guaranteed by the members and partners of the Company. As of December 31, 2013, the Company was not in compliance with its reporting and financial covenants, (see Notes 1 and 3). Accordingly management has classified the debt listed below as current liabilities in the accompanying balance sheet as of December 31, 2013.

A summary of debt as of December 31, 2013 is as follows:

Mortgage payable to bank in, 60 monthly payments of $9,333 through October 2018 (interest included in payment). The loan bears interest at 3.75% and is secured by the building purchased.	$	501,342
Mortgage payable to bank in, 36 monthly payments of $8,828 through October 2015 (interest included in payment). The loan bears interest at 3.74% and is secured by the assets of the Company. The mortgage is also personally guaranteed by the members and partners of the Company.		195,211
Note payable to bank in, 36 monthly payments of $736 through September 2016. The loan bears no interest and is secured by the truck purchased.		24,292
	$	720,845

Note 5 - Due from/to Shareholders:

Amounts due from and to shareholders of the Company consist of loans receivable and payable of approximately $450,360 and $292,158, respectively. The loans receivable and payable, which have no formal repayment terms, are due on demand, and are non-interest bearing.

Note 6 - Variable Interest Entity:

The VIE rents property to the Company for business operations. All rent and related expenses are eliminated upon consolidation.

Selected financial information regarding the Company's VIE as of December 31, 2013 is as follows:

	Sponzilli Family Limited Partnership
Total Assets	$ 889,397
Total Liabilities	$ 659,579
Total Equity	$ 229,818
Revenues	$ 180,800
Net Loss	$ (18,499)