

**COLORS OAKLAND, LLC**

Reviewed Financial Statements For The Period From August 8, 2019 (Inception) to August 31, 2019



## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To Management  
Colors Oakland, LLC  
Oakland, CA

We have reviewed the accompanying financial statements of Colors Oakland, LLC (a limited liability company), which comprise the balance sheet as of August 31, 2019, and the related statements of income, changes in members' equity and cash flows for the interim period then ended, and the related notes to the financial statements. 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 financial statements as a whole. Accordingly, we do not express such an opinion.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

### Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### Accountant's Conclusion

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

A handwritten signature in blue ink, appearing to read 'J. Tyra', is positioned above the printed name.

Jason M. Tyra, CPA, PLLC  
Dallas, TX  
October 3, 2019

**COLORS OAKLAND, LLC  
BALANCE SHEET  
AUGUST 31, 2019**

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**ASSETS**

**CURRENT ASSETS**

Cash

\$ -

TOTAL CURRENT ASSETS

-

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TOTAL ASSETS

-

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**LIABILITIES AND MEMBERS' EQUITY**

**MEMBERS' EQUITY**

Contributed Capital

-

Member's Capital (Deficit)

-

TOTAL MEMBERS' EQUITY

-

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TOTAL LIABILITIES AND MEMBERS' EQUITY

\$ -

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**COLORS OAKLAND, LLC**  
**INCOME STATEMENT**  
**REVIEWED FINANCIAL STATEMENTS FOR THE PERIOD AUGUST 8, 2019 (INCEPTION) TO AUGUST 31, 2019**

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<b>Operating Income</b>	
Sales	\$ -
Less: Cost of Sales	-
<b>Gross Profit</b>	<hr style="width: 100%; border: 0.5px solid black;"/> -
<b>Operating Expense</b>	
General & Administrative	-
Selling & Marketing	-
Salaries & Wages	-
	<hr style="width: 100%; border: 0.5px solid black;"/>
	-
<b>Net Income</b>	<hr style="width: 100%; border: 0.5px solid black;"/> <u><u>\$ -</u></u>

**COLORS OAKLAND, LLC**  
**STATEMENT OF CASH FLOWS**  
**REVIEWED FINANCIAL STATEMENTS FOR THE PERIOD AUGUST 8, 2019 (INCEPTION) TO AUGUST 31, 2019**

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<b>Cash Flows From Operating Activities</b>	
Net Income (Loss) For The Period	\$ -
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<b>Net Cash Flows From Operating Activities</b>	-
<b>Cash Flows From Financing Activities</b>	
Contributed Capital	-
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<b>Net Cash Flows From Investing Activities</b>	-
<b>Cash at Beginning of Period</b>	-
<b>Net Increase (Decrease) In Cash</b>	-
<b>Cash at End of Period</b>	<hr/> <hr/> <b>\$ -</b>

**COLORS OAKLAND, LLC**  
**STATEMENT OF CHANGES IN MEMBERS' EQUITY**  
**REVIEWED FINANCIAL STATEMENTS FOR THE PERIOD AUGUST 8, 2019 (INCEPTION) TO AUGUST 31, 2019**

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	Members' Capital & Contributions	Total Members' Equity
Balance at August 8, 2019	\$ -	\$ -
Net Income	-	-
Balance at August 31, 2019	\$ -	\$ -

COLORS OAKLAND, LLC  
NOTES TO FINANCIAL STATEMENTS (REVIEWED)  
FROM AUGUST 8, 2019 (INCEPTION) TO AUGUST 31, 2019

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NOTE A- ORGANIZATION AND NATURE OF ACTIVITIES

Colors Oakland, LLC (“the Company”) is a limited liability company organized under the laws of the State of California. The Company operates an upscale restaurant located in Oakland, California.

The Company is currently in the process of building out its restaurant and will conduct an equity crowdfunding offering during 2019 for the purpose of raising capital.

NOTE B- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“US GAAP”).

Significant Risks and Uncertainties

The Company is subject to customary risks and uncertainties including, but not limited to, dependence on key personnel, costs of services provided by third parties, the need to obtain additional financing, and limited operating history.

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 period. Actual results could differ from those estimates. Significant estimates inherent in the preparation of these financial statements include, but are not limited to, estimates of useful lives.

Cash and Cash Equivalents

Cash and cash equivalents include all cash balances, and highly liquid investments with maturities of three months or less when purchased.

Revenue

The Company recognizes revenue when persuasive evidence of an arrangement exists, delivery has occurred, or services have been rendered, the fee for the arrangement is fixed or determinable and collectability is reasonably assured.

Fixed Assets

The Company capitalizes assets with an expected useful life of one year or more, and an original purchase price of \$2,500 or more. Depreciation is calculated on a straight-line basis over management’s estimate of each asset’s useful life.

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Rent

The Company occupies retail space under a non-cancellable operating lease for a term of ten years from August 2019. The monthly rental payment amounts to approximately \$9,924. Future minimum payments due under the lease are as follows:

- 2019: \$39,695
- 2020: \$119,085
- 2021: \$119,085
- 2022: \$119,085
- 2023: \$119,085
- 2024: \$79,392

The space is partially owned by Restaurant Opportunities Center. The Company will use this space for its day-to-day operations. When not in use, the space will be rented out to Restaurant Opportunities Center for cooking classes. Restaurant Opportunities Center is owned by Saru Jayaraman, who is a member of the Company's management team.

Advertising

The Company records advertising expenses in the year incurred.

Income Taxes

The Company applies ASC 740 Income Taxes ("ASC 740"). Deferred income taxes are recognized for the tax consequences in future years of differences between the tax bases of assets and liabilities and their financial statement reported amounts at each period end, based on enacted tax laws and statutory tax rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized. The provision for income taxes represents the tax expense for the period, if any and the change during the period in deferred tax assets and liabilities. ASC 740 also provides criteria for the recognition, measurement, presentation and disclosure of uncertain tax positions. A tax benefit from an uncertain position is recognized only if it is "more likely than not" that the position is sustainable upon examination by the relevant taxing authority based on its technical merit.

The Company is subject to tax filing requirements as a partnership in the federal jurisdiction of the United States. All items of income and expense are reported by the Company's members on their individual tax returns.

The Company is subject to franchise and income tax filing requirements in the State of California.

Recently Adopted Accounting Pronouncements

From time to time, new accounting pronouncements are issued by the Financial Accounting Standards Board, or FASB, or other standard setting bodies and adopted by the Company as of the specified effective date. Unless otherwise discussed, the Company believes that the impact of recently issued standards that



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are not yet effective will not have a material impact on its financial position or results of operations upon adoption.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, or ASU 2016-02, which supersedes the guidance in ASC 840, *Leases*. The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today. This guidance is effective for annual reporting periods beginning after December 15, 2019 for non-public entities. The adoption of ASU 2016-02 had no material impact on the Company's financial statements and related disclosures.

#### NOTE D- LLC MEMBER LIABILITY

The Company is a limited-liability company. As such, the financial liability of members of the Company for the financial obligations of the Company is limited to each member's contribution of capital.

#### NOTE E- SUBSEQUENT EVENTS

Management considered events subsequent to the end of the period but before October 3, 2019, the date that the financial statements were available to be issued.