

<b>EVELO</b>			
<b>Balance Sheet</b>			
<b>As of December 31, 2018</b>			
	<b>Total</b>		
	<b>As of Dec 31, 2018</b>	<b>As of Dec 31, 2017 (PY)</b>	<b>Change</b>
<b>ASSETS</b>			
<b>Current Assets</b>			
Total Bank Accounts	\$ 288,079	\$ 505,168	-\$ 217,089
Bicycle Inventory	\$ 412,053	\$ 382,582	\$ 29,471
Deposits on Inventory	\$ 161,858	\$ 208,192	-\$ 46,334
Parts & Accessories Inv	\$ 131,252	\$ 101,871	\$ 29,381
Receivable	\$ 0	\$ 2,284	-\$ 2,284
Prepaid Insurance	\$ 0	\$ 11,270	-\$ 11,270
Undeposited Funds	\$ 69,128	\$ 6,114	\$ 63,014
<b>Total Current Assets</b>	<b>\$ 1,062,370</b>	<b>\$ 1,217,481</b>	<b>-\$ 155,112</b>
<b>Fixed Assets</b>			
Fixed Assets	\$ 20,640	\$ 27,916	-\$ 7,277
Security Deposits	\$ 3,100	\$ 3,100	\$ 0
<b>Total Assets</b>	<b>\$ 1,086,110</b>	<b>\$ 1,248,497</b>	<b>-\$ 162,389</b>
<b>Liabilities</b>			
<b>Accounts Payable</b>			
Accounts Payable	\$ 31,658	\$ -	\$ 31,658
<b>Credit Cards</b>			
Credit Cards	\$ 67,713	\$ 42,280	\$ 25,433
<b>Accrued expenses</b>			
Accrued expenses	\$ 1,599	\$ -	\$ 1,599
<b>Accrued wages</b>			
Accrued wages	\$ 11,640	\$ 4,685	\$ 6,955
<b>NYBDC - Short Term</b>			
NYBDC - Short Term	\$ 2,507	\$ 29,100	\$ (26,593)
<b>Layaway Payments</b>			
Layaway Payments	\$ -	\$ 657	\$ (657)
<b>Marketing &amp; Advertising Payable</b>			
Marketing & Advertising Payable	\$ 216	\$ 3,852	\$ (3,636)
<b>Refund payable</b>			
Refund payable	\$ -	\$ 13,371	\$ (13,371)
<b>Sales Tax Agency Payable</b>			
Sales Tax Agency Payable	\$ 1,228	\$ (487)	\$ 1,715
<b>Shipping to Customers Payable</b>			
Shipping to Customers Payable	\$ 4,609	\$ 11,623	\$ (7,013)
<b>Shopify Loan</b>			
Shopify Loan	\$ 64,101	\$ -	\$ 64,101
<b>Total Current Liabilities</b>	<b>\$ 185,271</b>	<b>\$ 105,080</b>	<b>\$ 80,190</b>
<b>Investor Loans</b>			
Investor Loans	337,500	337,500	0
<b>Bluevine Line of Credit</b>			
Bluevine Line of Credit	14,259		14,259
<b>Fundation Line of Credit</b>			
Fundation Line of Credit	67,467		67,467
<b>NYBDC - Loan #2</b>			
NYBDC - Loan #2	51,912	51,912	0
<b>Total Long Term Liabilities</b>	<b>471,138</b>	<b>389,412</b>	<b>81,726</b>
<b>Total Liabilities</b>	<b>656,409</b>	<b>494,492</b>	<b>161,916</b>
<b>Equity</b>			
<b>Capital Stock</b>			
Capital Stock	200	200	0
<b>Paid-In Capital Preferred Stock</b>			
Paid-In Capital Preferred Stock	1,740,687	1,740,687	0
<b>Preferred Stock</b>			
Preferred Stock	161	161	0
<b>Retained Earnings</b>			
Retained Earnings	-1,024,804	-550,955	-473,848
<b>Net Income</b>			
Net Income	-286,544	-436,088	149,544
<b>Total Equity</b>	<b>\$ 429,701</b>	<b>\$ 754,005</b>	<b>-\$ 324,304</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 1,086,110</b>	<b>\$ 1,248,497</b>	<b>-\$ 162,388</b>

<b>EVELO</b>			
<b>Profit and Loss</b>			
<b>January - December 2018</b>			
	<b>Total</b>		
	<b>Jan - Dec 2018</b>	<b>Jan - Dec 2017 (PY)</b>	<b>Change</b>
<b>Sales Revenue</b>	<b>\$ 3,036,164</b>	<b>\$ 2,786,819</b>	<b>\$ 249,345</b>
<b>Cost of Goods Sold</b>	<b>\$ 1,673,618</b>	<b>\$ 1,433,694</b>	<b>\$ 239,924</b>
<b>Gross Profit</b>	<b>\$ 1,362,546</b>	<b>\$ 1,353,125</b>	<b>\$ 9,421</b>
<b>Expenses:</b>			
<b>Accounting</b>	\$ 0	\$ 10,500	-\$ 10,500
<b>Call Center</b>	\$ 0	\$ 7,606	-\$ 7,606
<b>Charitable Contributions</b>	\$ 1,014	\$ 0	\$ 1,014
<b>Corporate Expense</b>	\$ 810	\$ 0	\$ 810
<b>Customer Reward</b>	\$ 85	\$ 0	\$ 85
<b>Depreciation Expense</b>	\$ 0	\$ 25	-\$ 25
<b>Employee Relocation</b>	\$ 0	\$ 2,742	-\$ 2,742
<b>Employee Travel Benefit</b>	\$ 412	\$ 0	\$ 412
<b>Fundraising Expenses</b>	\$ 0	\$ 28,248	-\$ 28,248
<b>Human Resources</b>	\$ 690,873	\$ 652,079	\$ 38,794
<b>Insurance Expenses</b>	\$ 40,651	\$ 36,247	\$ 4,404
<b>Interest Expense</b>	\$ 76,194	\$ 66,922	\$ 9,272
<b>Legal</b>	\$ 13,617	\$ 32,936	-\$ 19,319
<b>Marketing</b>	\$ 248,564	\$ 343,150	-\$ 94,586
<b>Merchant Fees</b>	\$ 134,855	\$ 112,828	\$ 22,027
<b>Miscellaneous Expense</b>	\$ 1,989	-\$ 6,100	\$ 8,089
<b>Payroll Taxes &amp; Expenses</b>	\$ 48,106	\$ 25,724	\$ 22,382
<b>Shipping</b>	\$ 193,583	\$ 212,200	-\$ 18,617
<b>Rent Expense</b>	\$ 20,899	\$ 36,340	-\$ 15,440
<b>Research &amp; Development</b>	\$ 11,206	\$ 42,529	-\$ 31,324
<b>Taxes</b>	\$ 5,636	\$ 1,385	\$ 4,251
<b>Telephone Expense</b>	\$ 5,738	\$ 16,660	-\$ 10,922
<b>Travel Expenses</b>	\$ 9,424	\$ 10,749	-\$ 1,324
<b>Total Utilities</b>	\$ 8,216	\$ 9,218	-\$ 1,002
<b>Warehousing &amp; Fulfillment Costs</b>	\$ 102,951	\$ 63,205	\$ 39,746
<b>Web Services</b>	\$ 38,808	\$ 33,805	\$ 5,003
<b>Other Expenses</b>	\$ 8,845	\$ 50,216	-\$ 41,371
<b>Total Expenses</b>	<b>\$ 1,662,476</b>	<b>\$ 1,789,214</b>	<b>-\$ 126,738</b>
<b>Net Operating Income</b>	<b>-\$ 299,929</b>	<b>-\$ 436,088</b>	<b>\$ 136,159</b>
<b>Other Income</b>			
<b>Extraordinary Income (1)</b>	13,386	0	13,386
<b>Net Income</b>	<b>-286,543</b>	<b>-436,088</b>	<b>149,545</b>
<b>Notes:</b>			
1. Insurance gain on theft of bikes from HQ			

<b>EVELO</b>	
<b>Statement of Cash Flows</b>	
<b>January - December 2018</b>	
	<b>Total</b>
<b>OPERATING ACTIVITIES</b>	
Net Income	-\$ 286,544
Adjustments to reconcile Net Income to Net Cash provided by operations:	\$ 24,402
<b>Net cash provided by operating activities</b>	<b>-\$ 262,142</b>
<b>INVESTING ACTIVITIES</b>	
	\$ 0
<b>FINANCING ACTIVITIES</b>	
CELTIC BANK LINE OF CREDIT	\$ 14,259
Shopify Loan	\$ 64,101
FUNDATION LINE OF CREDIT	\$ 67,467
Retained Earnings	-\$ 37,761
<b>Net cash provided by financing activities</b>	<b>\$ 108,066</b>
<b>Net cash increase for period</b>	<b>-\$ 154,075</b>
Cash at beginning of period	\$ 511,282
Cash at end of period	\$ 357,207

<b>Statement of Changes in Shareholder Equity</b>						
<b>January - December 2018</b>						
Item	Note	Capital Stock	Additional Paid-in Capital	Preferred Stock	Retained Earnings	Total
Balance 1/1/18		\$ 200	\$ 1,740,687	\$ 161	\$ (1,024,804)	\$ 716,244
Net Income	A	-	-	-	\$ (286,543)	\$ (286,543)
Balance 12/31/18		\$ 200	\$ 1,740,687	\$ 161	\$ (1,311,347)	\$ 429,701
Notes:						
A: During the 12 months of 2018 EVELO incurred a net loss from operations						

## **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **Basis of Presentation**

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles in the USA ("US GAAP")

### **Use of Estimates**

The preparation of the financial statements requires us to make certain assumptions that affect certain amounts and disclosures. Accordingly, actual results could differ from these estimates. The only significant estimates contained in these statements are for the useful life of equipment and the estimated value of inventory on hand.

### **Cash and Cash Equivalents**

Cash includes all cash on hand as of the statement date(s).

### **Inventory**

Inventory is carried at historical cost and includes amounts billed and paid for stock for which we have not yet taken delivery. We believe that losses due to obsolescence are likely to be rare, thus no amount has been recorded in the statements for impairment of inventory on hand.

### **Equipment**

EVELO's policy is to capitalize assets with an original value of \$1,000 or greater. The fixed assets consist of office equipment and prototype models. Depreciation is calculated on a straight-line basis, however, no assets requiring depreciation were on the books in 2018.

### **Short Term Borrowings**

As of 12/31/18 the balance on the NYBDC loan was \$54,419. This loan has monthly principal and interest payments of \$2,507 and a maturity date of 3/31/21. The balance of the Shopify Loan was \$64,101 and is paid back at 10% of daily sales proceeds. The balance of the Bluevine line of credit was \$14,259 and is paid back with weekly payments of \$833. The balance of the Fundation line of credit was \$67,467 and has monthly principal and interest payments of \$4,716.

Note: In January of 2019 EVELO took on an additional Shopify Loan of \$120,000 (to be paid back at 10% of daily sales once first Shopify loan is paid off around April of 2019) and a Credibly loan of \$100,000 with weekly principal and interest payments of \$1,526,

### **Long Term Borrowings**

During 2017 EVELO added 10 individual investor inventory loans totaling \$337,500. These carry monthly interest only payments at 9% and mature in 36 months. In early 2019 an additional \$50,000 was added.