

Red Eye Louie's, Inc.

Unaudited Financial Statements

For the years ended December 31, 2024 and 2023



CAP CONSULTING, LLC

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

March 27, 2025

To: Board of Directors, RED EYE LOUIE'S, INC.

Re: 2024-2023 Financial Statement Review

We have reviewed the accompanying financial statements of RED EYE LOUIE'S, INC. (the "Company"), which comprise the balance sheet(s) as of December 31, 2024 and 2023, and the related statements of income, owners' equity/deficit and cash flows for the calendar year periods thus 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 limited in scope compared to 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.

CHAD A. POIST, CPA

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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.

Going Concern

As discussed in the Notes and Additional Disclosures, certain conditions indicate there is substantial doubt as to whether the Company may continue as a going concern. The accompanying financial statements do not include any adjustments which might be necessary should the Company be unable to continue as a going concern. Our conclusion is not modified with respect to that matter.

Sincerely,

CAP Consulting, LLC

RED EYE LOUIE'S, INC.
BALANCE SHEET
As of December 31, 2024 and 2023
See Accountant's Review Report and Notes to the Financial Statement
(Unaudited)

ASSETS	2024	2023
Current Assets		
Cash and cash equivalents	\$ 68,670	\$ 78,105
Accounts receivable	130,055	160,340
Inventory	582,480	638,494
Total current assets	781,205	876,939
 Fixed assets, net of accumulated depreciation	 13,166	 16,701
Total Assets	<u>\$ 794,371</u>	<u>\$ 893,640</u>
 LIABILITIES AND OWNERS' EQUITY		
Current Liabilities		
Accounts payable	\$ 16,073	\$ 21,072
Other current liabilities	4,866	-3,861
Total Current Liabilities	20,939	17,211
 Notes payable, long-term	130,780	149,194
Notes payable, related party	2,500	108,603
 Total Liabilities	154,219	275,008
 OWNERS' EQUITY		
Common Stock (20,000,000 shares of \$0.0001 par stock authorized, 15,000,000 and 1,000 shares issued and outstanding as of December 31, 2024 and 2023, respectively), net of common stock receivable	261,687	261,687
Retained earnings	378,465	356,945
Total Owners' Equity	640,152	618,632
Total Liabilities and Owners' Equity	<u>\$ 794,371</u>	<u>\$ 893,640</u>

RED EYE LOUIE'S, INC.
STATEMENT OF OPERATIONS
For Years Ending December 31, 2024 and 2023
See Accountant's Review Report and Notes to the Financial Statements
(Unaudited)

	<u>2024</u>	<u>2023</u>
Revenues, net	\$ 1,322,564	\$ 1,692,010
Less: Cost of goods sold	831,462	1,257,583
Gross profit	<u>491,102</u>	<u>434,427</u>
Operating expenses		
Selling, general and administrative	377,110	319,148
Selling expenses and commissions	67,119	81,229
Marketing and adverting	16,626	26,788
Total operating expenses	<u>460,855</u>	<u>427,165</u>
Net operating Income (Loss)	<u>30,247</u>	<u>7,272</u>
Interest income (expense)	0	0
Tax provision (benefit)	(8,727)	-2,787
Net Income (Loss)	<u><u>\$ 21,520</u></u>	<u><u>\$ 4,485</u></u>

RED EYE LOUIE'S, INC.
STATEMENT OF OWNERS' EQUITY
For Years Ending December 31, 2024 and 2023
See Accountant's Review Report and Notes to the Financial Statements
(Unaudited)

	Retained Earnings	Total Owners' Equity
Balance as of January 1, 2023	352,460	614,147
Conversion from Vodquila LLC to Red Eye Louie's Inc.		0
Net income (loss)	4,485	4,485
Balance as of December 31, 2023	356,945	618,632
Share issuances to founder	0	0
Net income (loss)	21,520	21,520
Balance as of December 31, 2024	378,465	640,152

RED EYE LOUIE'S, INC.
STATEMENT OF CASH FLOWS
For Years Ending December 31, 2024 and 2023
See Accountant's Review Report and Notes to the Financial Statements
(Unaudited)

	2024	2023
Operating Activities		
Net Income (Loss)	\$ 21,520	\$ 4,485
Adjustments to reconcile net income (loss) to net cash provided by operations:		
(Increase) Decrease in accounts receivable	30,285	(32,250)
(Increase) Decrease in inventory	56,013	83,202
(Increase) Decrease in other current assets	0	0
Increase (Decrease) in accounts payable	(4,998)	(27,785)
Increase (Decrease) in other current liabilities	8,727	(403)
Net cash used in operating activities	111,547	27,249
Investing Activities		
Accumulated depreciation	6,734	3,535
Purchase of fixed assets	(3,199)	0
Net cash used in investing activities	3,535	3,535
Financing Activities		
Capital fund raising	0	9,183
Proceeds/(pay down) from long-term notes payable	(124,517)	(146,922)
Net change in cash from financing activities	(124,517)	(137,739)
Net change in cash and cash equivalents	\$ (9,435)	\$ (106,955)
Cash and cash equivalents at beginning of period	\$ 78,105	\$ 185,060
Cash and cash equivalents at end of period	\$ 68,670	\$ 78,105

RED EYE LOUIE'S, INC.
NOTES TO FINANCIAL STATEMENTS
See Accountant's Review Report
AS OF DECEMBER 31, 2024
(UNAUDITED)

NOTE 1 - NATURE OF OPERATIONS

RED EYE LOUIE'S, INC. (which may be referred to as the "Company", "we," "us," or "our") was incorporated in Alabama on February 18, 2011 as Vodquila LLC until converting to a corporation and changing its name in April 2018. The Company produces, distributes and provides e-commerce retail of alcoholic beverages and is headquartered in Alabama.

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 ("US 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 preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and footnotes thereto. Actual results could materially differ from these estimates. It is reasonably possible that changes in estimates will occur in the near term.

Significant estimates inherent in the preparation of the accompanying financial statements include valuation of provision for refunds and chargebacks, equity transactions and contingencies.

Risks and Uncertainties

The Company's business and operations are sensitive to general business and economic conditions in the United States and other countries that the Company operates in. 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.

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.

Cash and Cash Equivalents

The Company considers short-term, highly liquid investment with original maturities of three months or less at the time of purchase to be cash equivalents. Cash consists of funds held in the Company's checking account. As of December 31, 2024 and December 31, 2023 the Company had \$68,670 and \$78,105.

Fixed Assets

Property and equipment is 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 charged to expense. When equipment is retired or sold, the cost and related accumulated depreciation are eliminated from the accounts and the resultant gain or loss is reflected in income.

Depreciation is provided using the straight-line method, based on useful lives of the assets which range from three to forty years.

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 the property is used, and the effects of obsolescence, demand, competition, and other economic factors. As of December 31, 2024 and 2023, the Company had net fixed assets of \$13,166 and \$16,701, and had not yet begun to depreciate the fixed assets acquired in 2019.

Fair Value Measurements

Generally accepted accounting principles define fair value as the price that would be received to sell an asset or be paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price) and such principles also establish a fair value hierarchy that prioritizes the inputs used to measure fair value using the following definitions (from highest to lowest priority):

- Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
- Level 2 - Observable inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, including quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data by correlation or other means.
- Level 3 - Prices or valuation techniques requiring inputs that are both significant to the fair value measurement and unobservable.

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, inventory, 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 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. Any deferred tax items of the Company have been fully valued based on the determination of the Company that the utilization of any deferred tax assets is uncertain.

The Company complies with FASB ASC 740 for accounting for uncertainty in income taxes recognized in a company's financial statements, which prescribes a recognition threshold and measurement process for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. FASB ASC 740 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. Based on the Company's evaluation, it has been concluded that there are no significant uncertain tax positions requiring recognition in the Company's financial statements. The Company believes that its income tax positions would be sustained on audit and does not anticipate any adjustments that would result in a material change to its financial position.

Inventory

The Company records inventory at the lower of the cost of the inventory purchased or the ascertainable market price with adjustments made periodically for obsolescence, shrinkage and loss. The Company had the inventory balances as of December 31, 2024 and 2023 of \$582,480 and \$638,494, respectively.

Revenue Recognition

The Company recognizes revenue in accordance with ASC 606 when it has satisfied the performance obligations under an arrangement with the customer reflecting the terms and conditions under which products or services will be provided, the fee is fixed or determinable, and collection of any related receivable is probable. ASC Topic 606, "Revenue from Contracts with Customers" establishes principles for reporting information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts to provide goods or services to customers. Revenues are recognized when control of the promised goods or services are transferred to a customer, in an amount that reflects the consideration that the Company expects to receive in exchange for those goods or services. The Company applies the following five steps in order to determine the appropriate amount of revenue to be recognized as it fulfills its obligations under each of its agreements: 1) identify the contract with a customer; 2) identify the performance obligations in the contract; 3) determine the transaction price; 4) allocate the transaction price to performance obligations in the contract; and 5) recognize revenue as the performance obligation is satisfied.

The Company earns revenues through the sale of its products. The Company records the revenue when the products have been delivered to their customers.

Accounts Receivable

Trade receivables due from customers are uncollateralized customer obligations due under normal trade terms requiring payment within 30 days from the invoice date. 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 or, if unspecified, are applied to the earliest unpaid invoices. As of December 31, 2024 and 2023, the Company had \$130,055 and \$160,340 of accounts receivable, respectively.

The Company estimates an allowance for doubtful accounts based upon an evaluation of the current status of receivables, historical experience, and other factors as necessary. It is reasonably possible that the Company's estimate of the allowance for doubtful accounts will change. The Company does not believe that any of the accounts receivable balance is reasonably uncollectible at this time.

Advertising

The Company expenses advertising costs as they are incurred.

Recent Accounting Pronouncements

In June 2019, FASB amended ASU No. 2019-07, Compensation - Stock Compensation, to expand the scope of Topic 718, Compensation - Stock Compensation, to include share-based payment transactions for acquiring goods and services from nonemployees. 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 the financial statements and related disclosures.

In August 2019, amendments to existing accounting guidance were issued through Accounting Standards Update 2019-15 to clarify the accounting for implementation costs for cloud computing arrangements. The amendments specify that existing guidance for capitalizing implementation costs incurred to develop or obtain internal-use software also applies to implementation costs incurred in a hosting arrangement that is a service contract. The guidance is effective for fiscal years beginning after December 15, 2020, and interim periods within fiscal years beginning after December 15, 2021, and early application is permitted. We are currently evaluating the effect that the updated standard will have on the 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 financial statements.

NOTE 3 - GOING CONCERN

These financial statements are prepared on a going concern basis. The Company began operation in 2013 and incurred a loss since inception. The Company's ability to continue is dependent upon management's plan to raise additional funds and achieve 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 4-DEBT

The Company has borrowed certain sums to finance its growth. The Company maintains a line of credit with Servis 1st Bank as well as an interest-free loan from its founder and chief executive, Mr. Chander Arora.

NOTE 5 - INCOME TAX PROVISION

The Company has filed its corporate income tax return for the period ended December 31, 2024 and 2023. The income tax returns 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. The Company incurred a loss during the period from Inception through December 31, 2019 and the deferred tax asset from such losses have been fully valued based on their uncertainty in being used.

NOTE 6 - COMMITMENTS AND CONTINGENCIES

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

NOTE 7-EQUITY

The Company has a single class of common stock. The Company has authorized 20,000,000 common shares with \$0.0001 par value. As of December 31, 2024 and 2023, the Company had 15,000,000 and 1,000 shares issued and outstanding all of which are beneficially owned by the Company's founder and chief executive officer, Mr. Arora. Each share of common stock is entitled to a single vote in corporate matters.

NOTE 8 - RELATED PARTY TRANSACTIONS

The Company pays its chief executive, Mr. Arora, receives a salary of \$2,000 per week. Additionally, Mr. Arora has loaned the Company approximately \$2,500 as of the date of these financial statements. The loan does not bear interest and has a maturity date of December 28, 2025.

As these transactions are between related parties, there is no guarantee that the terms, pricing and conditions of the transactions are comparable to market rates.

NOTE 9 - SUBSEQUENT EVENTS

Anticipated Crowdfunded Offering

The Company is offering (the "Crowdfunded Offering") up to \$1,070,000 of securities. The Company must receive commitments from investors totaling the minimum amount by the offering deadline listed in the Form C, as amended in order to receive any funds. The securities offered include up to 1,070,000 shares of common stock. The Company received capital funding of \$261,687 representing \$1 par value and no voting rights.

The Crowdfunded Offering is being made through StartEngine and its FINRA approved Regulation CF portal. StartEngine is being compensated under customary terms for facilitating the Crowdfunded Offering.

Management's Evaluation

Management has evaluated subsequent events through April 27, 2021, 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.