

BELLA VIA COFFEE, INC.

FINANCIAL STATEMENTS

EXHIBIT B

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04/20/06
Accrual Basis

Bella Via Coffee, Inc.
Balance Sheet
As of March 31, 2006

Mar 31, 06

ASSETS	
Current Assets	
Checking/Savings	25,415.95
1000 · BVI	
Total Checking/Savings	25,415.95
Other Current Assets	
1100 · Receivables	27,500.00
1100.1 · Franchise Fees receivable	
1100.2 · Lease pmts receivable NA	
1100.21 · Imperial Hwy	54,000.00
1100.22 · Pacific Coast Hwy	87,159.03
Total 1100.2 · Lease pmts receivable NA	141,159.03
1100.3 · Supplies	1,014.77
1100.4 · Utilities Receivable	720.77
1100.5 · Woodland Hills retrofit	3,391.60
Total 1100 · Receivables	173,786.17
Total Other Current Assets	173,786.17
Total Current Assets	199,202.12
Other Assets	
1101 · Trademarks/Domains/etc.	584.50
1102 · StartUp	520.00
1103 · Design BellaVia	3,397.10
1104 · Equipment · Training	8,443.50
1105 · Accumulated Amortization	-300.00
Total Other Assets	12,645.10
TOTAL ASSETS	211,847.22
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	47,234.02
2000 · Accounts Payable	
Total Accounts Payable	47,234.02
Total Current Liabilities	47,234.02
Long Term Liabilities	
2200 · construction Deposit	
2200.01 · Const. Dep. NA	
2200.1 · Imperial Hwy	
2200.11 · Construction	-134,675.06
2200.12 · Land Development	-192,779.33
2200.13 · Equipment	-66,639.44
2200.14 · Project Managemet	-30,000.00
2200.15 · Direct paid items	-12,362.03
Total 2200.1 · Imperial Hwy	-436,455.86
2200.2 · PCH Kiosk	
2200.21 · Construction	-36,450.00
2200.22 · Land Development	-11,012.34
2200.23 · Equipment	-11,200.00
2200.24 · Project Managemet	-4,275.83
2200.25 · Direct paid Items	-9,292.28
Total 2200.2 · PCH Kiosk	-72,230.45
2200.01 · Const. Dep. NA · Other	550,000.00
Total 2200.01 · Const. Dep. NA	41,313.69

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Accrual Basis

Bella Via Coffee, Inc.
Balance Sheet
As of March 31, 2006

	Mar 31, 06
2200.3 · Woodland Hills retrofit	
2200.34 · Lease (post sale/prior open)	-17,205.00
Total 2200.3 · Woodland Hills retrofit	-17,205.00
2200. Construction Deposit - Other	138,400.00
Total 2200 · Construction Deposit	162,508.69
Total Long Term Liabilities	162,508.69
Total Liabilities	209,742.71
Equity	-96,710.89
2500 · Retained Earnings	-96,710.89
2510 · Capital Contributions	
2510.1 · Capital Cont Borruel	100,000.00
2510.2 · Capital Cont. Espinosa	50.00
2510.3. Capital Cont. Johnson	50.00
Total 2510 · Capital Contributions	100,100.00
Net Income	-1,284.60
Total Equity	2,104.51
TOTAL LIABILITIES & EQUITY	211,847.22

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Accrual Basis

Bella Via Coffee, Inc.
Profit & Loss
January through March 2006

	<u>Jan - Mar 06</u>
Ordinary Income/Expense	
Expense	
8120 . Bank Service Charges	25.00
6235 . Marketing	399.60
6270 . Professional Fees	
6270.3 . Attorney fees	<u>60.00</u>
Total 6270 . Professional Fees	60.00
6330 . Taxes	<u>80000</u>
Total Expense	<u>1,28460</u>
Net Ordinary Income	<u>-1,284.60</u>
Net Income	<u><u>-1,284.60</u></u>

BELLA VIA COFFEE, INC.

FINANCIAL STATEMENTS

AND

AUDITORS' REPORT

* * *

DECEMBER 31, 2005 AND 2004

GOODRICH-BARON-GOODYEAR_{LLP}
CERTIFIED PUBLIC ACCOUNTANTS

GOODRICH·BARON·GOODYEAR LLP
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Bella Via Coffee, Inc.

We have audited the accompanying balance sheets of Bella Via Coffee, Inc. as of December 31, 2005 and 2004, and the related statements of operations and accumulated deficit, and cash flows for the year ended December 31, 2005 and for the period February 25, 2004 (inception) to December 31, 2004. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bella Via Coffee, Inc. as of December 31, 2005 and 2004, and the results of its operations and its cash flows, for the year ended December 31, 2005 and for the period February 25, 2005 (inception) to December 31, 2004 in conformity with accounting principles generally accepted in the United States of America.

April 19, 2006

Goodrich Baron Goodyear LLP

BELLAVIA COFFEE, INC.
BALANCE SHEETS
DECEMBER 31, 2005 AND 2004

ASSETS

	<u>2005</u>	<u>2004</u>
CURRENT ASSETS		
Cash	\$ 466	\$ 391,523
Franchise fee receivable	<u>27,500</u>	<u>27,500</u>
Total current assets	27,966	419,023
EQUIPMENT, at cost less accumulated depreciation of 5844	<u>7,600</u>	
	<u>\$ 35,566</u>	<u>\$ 419,023</u>

LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)

CURRENT LIABILITIES		
Net franchisee deposit	\$ 3,701	\$ 356,767
Payable to related party	<u>33,940</u>	<u>-</u>
Total current liabilities	<u>37,641</u>	<u>356,767</u>
STOCKHOLDERS' EQUITY (DEFICIT)		
Common stock		
Authorized - 1,000,000 shares, no par value		
Issued and outstanding - 10,000 shares	10,000	10,000
Additional paid in capital	90,100	90,100
Accumulated deficit	<u>(102,175)</u>	<u>(37,444)</u>
	<u>(2,075)</u>	<u>62,656</u>
	<u>35,566</u>	<u>\$ 419,423</u>

See accompanying notes to financial statements

BELLAVIA COFFEE, INC.
STATEMENT OF INCOME AND ACCUMULATED DEFICIT
FOR THE YEAR ENDED DECEMBER 31, 2005 AND
FOR THE PERIOD FEBRUARY 25, 2004 (INCEPTION) TO DECEMBER 31, 2004

	<u>2005</u>	<u>2004</u>
FRANCHISE FEE INCOME	\$ _____	\$ 117,500
OPERATING EXPENSES		
Accounting	1,200	750
Automobile	367	13
Bank service charges	35	15
Contributions	-	123
Depreciation	844	-
Dues and subscriptions	2,375	2,982
Gifts	-	500
Licenses and permits	675	1,885
Legal and professional	20,741	102,137
Marketing	8,471	12,002
Meals and entertainment	848	7,303
Office	240	-
Organization costs	-	4,503
Outside services	20,747	-
Printing and reproduction	-	818
Real estate site development	-	7,554
Research and development	-	423
Supplies	3,332	625
Telephone	-	214
Travel	3,656	13,497
	<u>63,531</u>	<u>155,344</u>
LOSS BEFORE INCOME TAX EXPENSE	(63,531)	(37,844)
INCOME TAX EXPENSE	<u>(800)</u>	-
NET LOSS AND ACCUMULATED DEFICIT	(64,331)	(37,844)
ACCUMULATED DEFICIT, beginning of period	<u>(37,844)</u>	-
ACCUMULATED DEFICIT, end of period	<u>\$ (102,175)</u>	<u>\$ (37,844)</u>

See accompanying notes to financial statements

BELLA VIA COFFEE, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2005 AND
FOR THE PERIOD U 2 0 4 (INCEPTION) TO DECEMBER 31, 2004

	<u>2005</u>	<u>2004</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (64,331)	\$ (37,844)
Adjustments to reconcile net loss to net cash (used by) provided by operations:		
Depreciation	844	
Increase in franchise fee receivable		(27,500)
Increase in payable to related party	33,940	
Increase (decrease) in net franchise deposit	<u>(353,066)</u>	<u>356,767</u>
Net cash (used by) provided by operating activities	<u>(382,613)</u>	<u>291,423</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	<u>(8,444)</u>	
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of common stock		10,000
Amounts contributed as additional paid in capital		<u>90,100</u>
Net cash provided by financing activities		<u>100,100</u>
NET IDECREASE) INCREASE IN CASH	(391,057)	391,523
CASH, beginning of period	<u>391,523</u>	
CASH, end of period	<u>\$ 466</u>	<u>\$ 391,523</u>

See accompanying notes to financial statements

BELLA VIA COFFEE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization - Bella Via Coffee, Inc. was incorporated in California on February 25, 2004. The corporation was organized for the purpose of franchising fast food restaurants under the name "Bella Via Coffee" and providing goods and services in connection with this business.

Income taxes - The Company's stockholders have elected, under the Internal Revenue Code and California law to be taxed as an S corporation. In lieu of corporate income taxes, the stockholders are taxed individually on the Company's taxable income. Accordingly, no provision or liability for federal income taxes has been made in the accompanying financial statement.

NOTE 2 - NET FRANCHISEE DEPOSIT

Net franchisee deposit consists of the following:

Funds advanced for site construction	\$550,000
Construction costs paid	(420,286)
Expenses advanced	<u>(126.013)</u>
	<u>\$ 3,701</u>

NOTE 3 - PAYABLE TO RELATED ENTITY

An entity related through common ownership has advanced funds for operating expenses of the company.

NOTE 4 - RECLASSIFICATIONS

Certain 2004 amounts have been reclassified for comparative purposes.

BELLA VIA COFFEE, INC.

LIST OF FRANCHISEES

EXHIBIT C