

EXHIBIT A
FINANCIAL STATEMENTS

LIQUID CAPITAL OF AMERICA CORP.

**FINANCIAL STATEMENTS
DECEMBER 31, 2005 and 2004**

Liquid Capital of America Corp.
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December 31, 2005 and 2004

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MERCURIO & BRIDGFORD, P.A.

CERTIFIED PUBLIC ACCOUNTANTS
713 SOUTH ORANGE AVENUE
SARASOTA, FLORIDA 34236
TEL: (941) 953-4585
FAX: (941) 964-9138
EMAIL: merbr@mbcpas.com

JOHN J. MERCURIO, C.P.A.
JONATHAN S. BRIDGFORD, C.P.A.
CARL G. SMITH, C.P.A.

MEMBERS
AMERICAN INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS
FLORIDA INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS

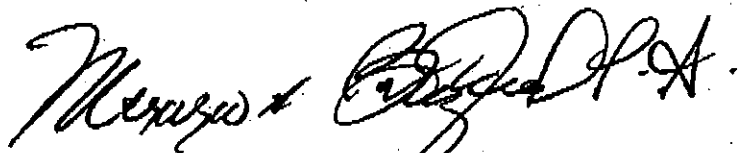
Board of Directors and Shareholder
Liquid Capital of America Corp.

Independent Auditors' Opinion

We have audited the accompanying balance sheet of Liquid Capital of America Corp. (a development stage enterprise in 2004) as of December 31, 2005 and 2004 and the related statements of operations, stockholders equity and cash flows for the year and seven months then ended, respectively. 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 audit.

We conducted our audit 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 audit provides 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 Liquid Capital of America Corp. (a development stage enterprise in 2004) as of December 31, 2005 and 2004 and the results of its operations and its cash flows for the year and seven months then ended, respectively, in conformity with accounting principles generally accepted in the United States of America.



Mercurio & Bridgford, P.A.
March 15, 2006

Liquid Capital of America Corp.

Balance Sheet
As of December 31, 2005 and 2004

ASSETS

	<u>2005</u>	<u>2004</u>
Current assets		
Cash	\$ 75,385	\$ 3,503
Accounts receivable	117,000	0
Pre-paid income tax	0	228
Pre-paid expenses	3,495	250
Shareholder advances	15,191	27,450
Due from Liquid Capital Exchange, Inc.	4,500	0
Note receivable	0	73,017
Deposit	0	250
Total current assets	<u>\$ 215,571</u>	<u>\$ 104,698</u>
Property and equipment		
Equipment (net of \$428 accumulated depreciation in 2005)	<u>1,126</u>	<u>0</u>
TOTAL ASSETS	<u>\$ 216,697</u>	<u>\$ 104,698</u>

LIABILITIES AND SHAREHOLDER EQUITY

Current liabilities		
Accounts payable	\$ 162,915	\$ 3,516
Payroll taxes payable	0	2,866
Total current liabilities	<u>\$ 162,915</u>	<u>\$ 6,382</u>
Shareholder equity		
Common stock (1000 shares authorized, issued and outstanding, no par value)	\$ 150,000	\$ 150,000
Retained earnings (deficit)	(96,218)	(51,684)
Total Shareholders equity	<u>\$ 53,782</u>	<u>\$ 98,316</u>
TOTAL LIABILITIES AND SHAREHOLDER EQUITY	<u>\$ 216,697</u>	<u>\$ 104,698</u>

The accompanying notes are an integral part of these financial statements.

Liquid Capital of America Corp.

Statement of Operations
 For the year ended December 31, 2005 and
 The period June 4, 2004 (inception) to December 31, 2004

	<u>2005</u>	<u>2004</u>
Revenues		
Franchise sales	\$ 630,000	\$ 0
Franchise marketing fees	<u>5,500</u>	<u>0</u>
Total revenue	<u>\$ 635,500</u>	<u>\$ 0</u>
Expenses		
Advertising and marketing	\$ 74,075	\$ 453
Auto expense	14	0
Bank charges	3,721	257
Commissions	184,080	0
Master franchise fees	225,000	0
Office and general	19,164	432
Occupancy costs	3,089	650
Professional fees	31,777	29,967
Salaries and payroll taxes	110,930	21,391
Telephone and communications	3,279	40
Training and license packages	18,158	0
Travel	6,645	790
Depreciation	<u>428</u>	<u>0</u>
Total expenses	<u>\$ 680,360</u>	<u>\$ 53,980</u>
Net loss from operations	(\$ 44,860)	(\$ 53,980)
Other revenue		
Interest	\$ 286	\$ 2,299
Foreign exchange	<u>40</u>	(<u>3</u>)
Net loss before provision for income taxes	(\$ 44,534)	(\$ 51,684)
Provision for income taxes	<u>0</u>	<u>0</u>
NET LOSS	(\$ 44,534)	(\$ 51,684)
Retained earnings (deficit) – beginning	(<u>51,684</u>)	<u>0</u>
RETAINED EARNINGS (DEFICIT) – END OF YEAR	(<u>\$ 96,218</u>)	(<u>\$ 51,684</u>)

The accompanying notes are an integral part of these financial statements

Liquid Capital of America Corp.

Statement of Stockholder Equity
 For the year ended December 31, 2005 and
 the period June 4, 2004 (inception) to December 31, 2004

	<u>Common Stock</u>		<u>Additional Paid in Capital</u>	<u>2005 Income (Loss)</u>	<u>Income (loss) Accumulated during development stage</u>	<u>Total</u>
	<u>Number of shares</u>	<u>Amount</u>				
Issuance of 1000 shares common stock for cash at \$150 per share June 4, 2004	1000	\$ 150,000	\$ 0			\$ 150,000
Net income (loss) June 4, 2004 (inception) to December 31, 2004					(\$ 51,684)	(51,684)
Balance at December 31, 2004	1000	\$ 150,000	\$ 0		(\$ 51,684)	\$ 98,316
Net income (loss) for the year ended December 31, 2005				(44,534)		(44,534)
Balance at December 31, 2005	<u>1000</u>	<u>\$ 150,000</u>	<u>\$ 0</u>	<u>(\$ 44,534)</u>	<u>(\$ 51,684)</u>	<u>\$ 53,782</u>

The accompanying notes are an integral part of these financial statements.

Liquid Capital of America Corp.

Statement of Cash Flows
For the year ended December 31, 2005
and the period June 4, 2004 (inception) to December 31, 2004

	<u>2005</u>	<u>2004</u>
Cash flows from operating activities:		
Net income (loss)	(\$ 44,534)	(\$ 51,684)
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation	428	0
Increase in accounts receivable	(117,000)	0
Decrease (Increase) in prepaid income tax	228	(228)
Increase in prepaid expenses	(3,245)	(250)
Decrease (Increase) in related party advances (net)	7,759	(27,450)
Decrease (Increase) in deposit	250	(250)
Increase in accounts payable	159,399	3,516
(Decrease) Increase in payroll taxes payable	(<u>2,866</u>)	<u>2,866</u>
Net cash provided (used) by operations	\$ <u>419</u>	(\$ <u>73,480</u>)
Cash flows used by investing activities:		
Purchase of fixed assets	(\$ 1,554)	\$ 0
Purchase of note receivable	0	(150,000)
Principal collections of note receivable	<u>73,017</u>	<u>76,983</u>
Net cash provided (used) by investing activities	\$ <u>71,463</u>	(\$ <u>73,017</u>)
Cash flows from financing activities:		
Issuance of common stock	\$ <u>0</u>	\$ <u>150,000</u>
Net cash provided by financing activities	\$ <u>0</u>	\$ <u>150,000</u>
NET INCREASE IN CASH	\$ 71,882	\$ 3,503
Cash – beginning of period	<u>3,503</u>	<u>0</u>
Cash – end of period	\$ <u>75,385</u>	\$ <u>3,503</u>
Supplemental cash flow information:		
Interest paid	\$ 0	\$ 0
Income taxes paid	0	228

The accompanying notes are an integral part of these financial statements.

Liquid Capital of America Corp.

Notes to the Financial Statements
December 31, 2005 and 2004

Summary of Significant Accounting and Reporting Policies

Liquid Capital of America Corp. (the company) is incorporated in the state of Delaware. The company commenced on June 4, 2004 and was a development stage enterprise during 2004. The company sells franchises, provides support services to the franchisees and earns ongoing royalty fees in the business of accounts receivable factoring. The company is a wholly owned subsidiary of Liquid Capital Corp. a Canadian corporation.

Liquid Capital of America Corp. prepares its financial statements in accordance with generally accepted accounting principles of the United States of America, which requires management to make estimates and assumptions that affect the reported amounts. Actual results could differ from those estimates.

Cash is defined as cash on deposit at financial institutions available upon demand.

Property and equipment are stated at cost and depreciated on a straight line basis over their estimated useful lives. Components of equipment are as follows:

	Estimated useful life	Cost	Accumulated depreciation Dec. 31, 2005
Equipment	5 yr	\$ 539	90
Software	1 yr	1,015	338
		<u>\$ 1,554</u>	<u>428</u>

Trade accounts receivable consist of proceeds due from the sale of franchises. All trade accounts receivable were collected subsequent to the balance sheet date. Therefore, no allowance for doubtful accounts has been established at December 31, 2005.

Note 1 – Credit Risk

Statements of Financial Accounting Standards No. 105 requires the disclosure of concentration of credit risk, regardless of the degree of risk, even if remote. Financial instruments which subject the company to concentrations of credit risk consist principally of cash on deposit in excess of insured limits. Cash is held in a Canadian bank which does not provide federal insurance on deposits.

	2005	2004
Cash	\$ 75,385	\$ 3,503
Insured amount	742	1,226
Uninsured cash	<u>\$ 74,643</u>	<u>\$ 2,277</u>

Liquid Capital of America, Corp.

Notes to Financial Statements
December 31, 2005 and 2004

The company deposits its cash with a large multi-national financial institution and believes any risk to be minimal.

Note 2 – Income Taxes

The company incurred a taxable loss of \$44,534 and \$51,684 for the period ended December 31, 2005 and 2004 respectively. These losses will be carried forward to future years to offset future taxable income. A deferred tax asset has not been recorded, due to the indeterminate nature of future taxable income. These losses carry forward for a period of 20 years or until utilized.

Note 3 – Contingent Liability

The company has guaranteed the debt performance of its parent corporation, Liquid Capital Corp. (a Canadian corporation) with respect to certain debts. The guaranteed debt of the parent is due to a company that is related to the parent by ownership. As of December 31, 2004 the amount of debt guaranteed is a \$499,000 line of credit of which \$477,870 is outstanding. As of December 31, 2005 the amount of debt guaranteed on behalf of the parent company is \$504,342 of a \$515,907 line of credit.

Note 4 – Related Party

The company has entered into a inter-company license agreement with its parent company. Under this agreement the parent grants nonexclusive license and rights to use trademarks and the nonexclusive right to license the use of trademarks to franchisees of the company in connection with the establishment and operation of Liquid Capital businesses in the United States. For the periods ended December 31, 2005 and 2004, the company incurred \$225,000 and \$0, respectively, of expenses relating to this agreement.

On August 4, 2004 the company invested its surplus cash of \$150,000 in an Accord Financial Corp. Demand Note. The note is repayable on demand with interest at the United States base lending rate as quoted by the Bank of Nova Scotia less one percent. Accord Financial Corp. is related to the parent by an ownership interest. As of December 31, 2005 and 2004 the outstanding balance was \$0 and \$73,017 respectively.

During the period ended December 31, 2005 and 2004 the company advanced monies to its shareholder Liquid Capital Corp, a Canadian Corporation. These advances are non-interest bearing, unsecured and due upon demand. The balance of advances due at December 31, 2005 and 2004 are \$15,191 and \$27,450, respectively.

Liquid Capital of America, Corp.

Notes to Financial Statements
December 31, 2005 and 2004

During 2005, the company advanced funds to Liquid Capital Exchange, Inc., a related company. These advances are non-interest bearing, unsecured and due upon demand. As of December 31, 2005 the balance was \$4,500.

Note 5 – Lease Agreement

On December 7, 2005 the company entered into a lease agreement for office space in McKinney, Texas. The lease requires a rental payment of \$3,145 per month to be adjusted annually for the tenants share of the excess, if any, of the actual operating expenses. As of the date of this report, the scheduled annual rental payments are as follows:

2006	\$ 37,740
2007	\$ 37,740
2008	\$ 37,740

The lease term expires December 31, 2008.

Note 6-Franchise Sales

The following reflects information regarding significant changes in the ownership of franchises for the year ended December 31, 2005. No franchises were sold during 2004:

Number of Franchises sold	17
Number of Franchises purchased	0
Number of Franchises outlets in operation	17
Number of Franchise owned outlets	0

LIQUID CAPITAL OF AMERICA CORP.
(A Development Stage Enterprise)

FINANCIAL STATEMENTS
DECEMBER 31, 2004

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MERCURIO & BRIDGFORD, P.A.

CERTIFIED PUBLIC ACCOUNTANTS
713 SOUTH ORANGE AVENUE
SARASOTA, FLORIDA 34236
TEL: (941) 953-4585
FAX: (941) 364-9138
EMAIL: merbr@mbcpas.com

JOHN J. MERCURIO, C.P.A.
JONATHAN S. BRIDGFORD, C.P.A.
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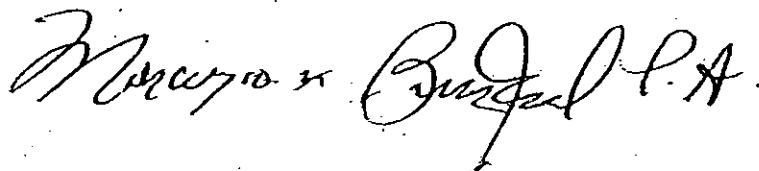
Board of Directors and Shareholder
Liquid Capital of America Corp.

Independent Auditors' Opinion

We have audited the accompanying balance sheet of Liquid Capital of America Corp. (a development stage enterprise) as of December 31, 2004 and the related statements of operations, stockholders equity and cash flows for the seven months then ended. 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 audit.

We conducted our audit 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 audit provides 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 Liquid Capital of America Corp. (a development stage enterprise) as of December 31, 2004, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



Mercurio & Bridgford, P.A.
January 25, 2005

Liquid Capital of America Corp.
(A Development Stage Enterprise)

Balance Sheet
As of December 31, 2004

ASSETS

Current assets		
Cash	\$	3,503
Pre-paid income tax		228
Pre-paid expenses		250
Shareholder advances		27,450
Note receivable		73,017
Deposit		250
Total current assets	\$	<u>104,698</u>
 TOTAL ASSETS		 \$ <u>104,698</u>

LIABILITIES AND SHAREHOLDER EQUITY

Current liabilities		
Accounts payable	\$	3,516
Payroll taxes payable		<u>2,866</u>
Total current liabilities	\$	6,382
 Shareholder equity		
Common stock (1000-shares authorized, issued and outstanding, no par value)	\$	150,000
Retained earnings (deficit)	(<u>51,684)</u>
		<u>98,316</u>
 TOTAL LIABILITIES AND SHAREHOLDER EQUITY		 \$ <u>104,698</u>

The accompanying notes are an integral part of these financial statements.

Liquid Capital of America Corp.
(A Development Stage Enterprise)

Statement of Operations
For the period June 4, 2004 (inception) to December 31, 2004

Revenues		\$ 0
Expenses		
Advertising and marketing	\$ 453	
Bank charges	257	
Office and general	432	
Occupancy cost	650	
Professional fees	29,967	
Salaries and payroll taxes	21,391	
Telephone	40	
Travel	<u>790</u>	
Total expenses		<u>53,980</u>
Net loss from operations		(\$ 53,980)
Other revenue		
Interest	2,299	
Foreign exchange	<u>(3)</u>	<u>2,296</u>
Net loss before provision for income tax		(\$ 51,684)
Provision for income taxes		<u>0</u>
NET LOSS		(\$ 51,684)
Retained earnings – June 4, 2004 (Inception)		<u>0</u>
RETAINED EARNINGS (DEFECIT) – DECEMBER 31, 2004		<u>(51,684)</u>

The accompanying notes are an integral part of these financial statements.

Liquid Capital of America Corp.
(A Development Stage Enterprise)

Statement of Stockholder Equity
For the period June 4, 2004 (inception) to December 31, 2004

	Common Stock		Additional	Income (loss)	Total
	Number of	Amount	Paid in	Accumulated	
	shares		Capital	during development	
				stage	
					Total
Issuance of 1000 shares common stock for cash at \$150 per share June 4, 2004	1000	\$ 150,000	\$ 0		\$ 150,000
Net income (loss) June 4, 2004 (inception) to December 31, 2004				(\$ 51,684)	(51,684)
Balance at December 31, 2004	1000	\$ 150,000	\$ 0	(\$ 51,684)	\$ 98,316

The accompanying notes are an integral part of these financial statements.

Liquid Capital of America Corp.
(A Development Stage Enterprise)

Statement of Cash Flows
For the period June 4, 2004 (inception) to December 31, 2004

Cash flows from operating activities:		
Net income (loss)	(\$ 51,684)	
Adjustments to reconcile net loss to net cash used by operating activities:		
Increase in prepaid income tax	(\$ 228)	
Increase in prepaid expenses	(250)	
Increase in shareholder advances (net)	(27,450)	
Increase in deposit	(250)	
Increase in accounts payable	3,516	
Increase in payroll taxes payable	<u>2,866</u>	
Net cash used by operations		(\$ 73,480)
Cash flows used by investing activities:		
Purchase of note receivable	(\$ 150,000)	
Principal collections of note receivable	<u>76,983</u>	
Net cash used by investing activities		(73,017)
Cash flows from financing activities:		
Issuance of common stock	\$ <u>150,000</u>	
Net cash provided by financing activities		\$ <u>150,000</u>
NET INCREASE IN CASH		\$ 3,503
Cash – June 4, 2004 (inception)		<u>0</u>
Cash – December 31, 2004		<u>\$ 3,503</u>
Supplemental cash flow information:		
Interest paid	\$ 0	
Income taxes paid	228	

The accompanying notes are an integral part of these financial statements.

**Liquid Capital of America Corp.
(A Development Stage Enterprise)**

**Notes to the Financial Statements
December 31, 2004**

Summary of Significant Accounting and Reporting Policies

Liquid Capital of America Corp. (the company) is a development stage enterprise incorporated in the state of Delaware. The company intends to sell franchises, provide support services to the franchisees and earn ongoing royalty fees in the business of accounts receivable factoring. The company is a wholly owned subsidiary of Liquid Capital Corp. a Canadian corporation.

Liquid Capital of America Corp. prepares its financial statements in accordance with generally accepted accounting principles of the United States of America, which requires management to make estimates and assumptions that affect the reported amounts. Actual results could differ from those estimates.

Cash is defined as cash on deposit at financial institutions available upon demand.

Note 1 – Credit Risk

Statements of Financial Accounting Standards No. 105 requires the disclosure of concentration of credit risk, regardless of the degree of risk, even if remote. Financial instruments which subject the company to concentrations of credit risk consist principally of cash on deposit in excess of insured limits. Cash is held in a Canadian bank which does not provide federal insurance on deposits.

Cash	\$	3,503
Insured amount		<u>1,226</u>
Uninsured cash	\$	<u>2,277</u>

The company deposits its cash with a large multi-national financial institution and believes any risk to be minimal.

Note 2 – Income Taxes

The company incurred a taxable loss of \$51,684 for the period ended December 31, 2004. This loss will be carried forward to future years to offset future taxable income. Due to the development stage nature of the company, a deferred tax asset has not been recorded.

Note 3 – Contingent Liability

The company has guaranteed the debt performance of its parent corporation, Liquid Capital Corp. (a Canadian corporation) with respect to certain debts. The guaranteed debt of the parent is due to a company that is related to the parent by ownership. As of December 31, 2004 the amount of debt guaranteed by Liquid Capital of America Corp. on behalf of its parent company is \$477,870 outstanding of \$499,00 line of credit.

**Liquid Capital of America Corp.
(A Development Stage Enterprise)**

**Notes to Financial Statements
December 31, 2004**

Note 4 – Related Party

During the period ended December 31, 2004 the company has entered into an exclusive services agreement with a company related to its parent. This agreement relates to services to be provided to future customers and franchisees to assist in the business of accounts receivable factoring. Fees for these services are based upon gross sales and accounts receivable factoring activity. In addition, the agreement calls for the vendor to pay the company certain fees with respect to full factoring transactions.

On August 4, 2004 the company invested its surplus cash of \$150,000 in an Accord Financial Corp. Demand Note. The note is repayable on demand with interest at the United States base lending rate as quoted by the Bank of Nova Scotia less one percent. Accord Financial Corp. is related to the parent by an ownership interest. As of December 31, 2004 the outstanding balance was \$73,017.

During the period ended December 31, 2004 the company advanced monies to its shareholder Liquid Capital Corp, a Canadian Corporation. These advances are non-interest bearing, unsecured and due upon demand.

Note 5 – Lease Agreement

On October 19, 2004 the company entered into a lease agreement for office space in Fort Lauderdale, Florida. The lease requires a rental payment of \$250 per month and is on a month-to-month basis.