***DANIEL M COHEN***
***985 Ocean Drive***
***Cape May, New Jersey 08204***

# *STATEMENT OF FINANCIAL CONDITION*

***JUNE 30, 2013***

Daniel Cohen (ACF)

Digitally signed by Daniel Cohen (ACF)
DN: cn=Daniel Cohen (ACF), o=Atlantic Capes Fisheries, Inc., ou=Atlantic Capes Fisheries, Inc., email=dcohen@atlanticcapes.com, c=US
Date: 2013.08.19 10:23:18 -04'00'

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## ***ASSETS***

| | |
|---|---|
| Cash (see Schedule I) | $ 63,846 |
| Marketable securities | 10,000 |
| Investment in closely-held businesses (see Schedule II) | 99,018,288 |
| Real estate (see Schedule III) | 5,125,000 |
| Vested interest in retirement plans: | |
| 401(k) | 445,000 |
| IRA | 205,000 |
| Note receivable – related to Wells Fargo mortgage (see below) | 229,165 |
| Personal possessions | 25,000 |
| | $ 105,121,299 |

## ***LIABILITIES AND NET WORTH***

| | |
|---|---|
| Liabilities | |
| Mortgage note payable – Fulton Mortgage Company; secured by 647 Phil Ellena St | $ 349,178 |
| Home equity note payable – Sun National Bank; secured by 1044 New York Ave | 1,000 |
| Notes payable – various closely held businesses controlled by Daniel M Cohen; payable on demand | 7,186,955 |
| Mortgage note payable – Wells Fargo Bank, NA; borrowed on behalf of an employee of a closely-held business; secured by employee's residence (related to Note receivable above) | 229,165 |
| Total Liabilities | 7,766,298 |
| Contingent liabilities (see Schedule IV) | - |
| Net worth | 97,355,001 |
| | $ 105,121,299 |

## Schedule I: Cash

| | |
|---|---|
| Sturdy Savings Bank - Checking | $1,138 |
| Sun National Bank – Checking | 40,138 |
| Cape Savings Bank – Checking | 22,570 |
| | $ 63,846 |

## Schedule II: Investment in closely-held businesses

| | Net book value | Unrealized appreciation of operating assets | | Estimated going-concern value | Ownership interest | Estimated fair market value of ownership interest |
|---|---|---|---|---|---|---|
| Atlantic Capes Fisheries, Inc | $ (3,446,851) | n/a | | $ 4,000,000 | 100.00% | $ 553,149 |
| Fishermen's Energy, LLC | - | - | | n/a | 48.20% | - |
| Fishing Vessel Enterprises, Inc | 31,637,869 | $ 54,083,192 | (1) | n/a | 100.00% | 85,721,061 |
| Martin Fish Company, LLC | - | - | (7) | n/a | 1.00% | - |
| Maxie, Inc | 32,240 | 3,950,000 | (2) | n/a | 33.33% | 1,327,413 |
| Oceanside Realty, Inc | 1,171,382 | 1,692,774 | (3) | n/a | 100.00% | 2,864,156 |
| Ocean Smart Seafood, LLC | 8,966,217 | (8,966,217) | (8) | n/a | 1.00% | - |
| Pt Pleasant Packing, Inc | 1,245,692 | n/a | | n/a | 100.00% | 1,245,692 |
| Sea Harvest, Inc | 9,303,246 | (4,179,925) | (4) | n/a | 100.00% | 5,123,321 |
| Sea Products, Inc | 142,043 | 4,300,000 | (5) | n/a | 33.33% | 1,480,681 |
| SHIP I, LLC | 181,636 | 1,926,809 | (6) | n/a | 33.33% | 702,815 |
| | | | | | | $ 99,018,288 |

***Schedule III: Real estate***

| | Estimated fair market value | Ownership interest | Estimated fair market value of ownership interest |
|---|---|---|---|
| 1044 New York Ave, Cape May, NJ - residence | $ 1,000,000 | 50.00% | $ 500,000 |
| 647 W Phil Ellena St, Philadelphia, PA- jointly owned residence | 1,400,000 | 50.00% | 700,000 |
| Channel Dr, Pt Pleasant, NJ (200-202, 209, 211 & 301)-commercial rental | 3,925,000 | 100.00% | 3,925,000 |
| | | | $ 5,125,000 |

***Schedule IV: Contingent liabilities***

Atlantic Capes Fisheries, Inc. and related companies have financings with Farm Credit East, First Niagara, Sturdy Bank, and Cape Bank NA. As of June 30, 2013 the balances of these financings were:

| | |
|---|---|
| Farm Credit East - LOC | $ 45,959,889 |
| Farm Credit East – Fixed Asset | 18,958,330 |
| Farm Credit East – Fixed Asset | 4,794,884 |
| First Niagara – Fixed Asset | 4,673,028 |
| Sturdy Bank – LOC | 2,000,000 |
| Cape Bank, NA – LOC | 7,000,000 |
| Total Contingent Liabilities | $ 83,386,131 |

Daniel Cohen is the personal guarantor of $ 23,673,028 of these obligations.

**Footnotes:**

(1) Fishing Vessel Enterprises, Inc

| | |
|---|---|
| Fishing vessels & fishing licenses | |
| *Per Athearn Marine Agency valuations as of December 31, 2012* | |
| F/V Adrianna | $ 4,050,000 |
| F/V Adventuress | 3,000,000 |
| F/V Anticipation | 4,800,000 |
| F/V Atlantic Bounty | 4,100,000 |
| F/V Barbara Anne | 4,450,000 |
| F/V Jersey Girl | 4,600,000 |
| F/V Lady Evelyn | 3,900,000 |
| F/V Lady Roslyn | 4,175,000 |
| F/V Miss Sue Ann | 3,150,000 |
| F/V Norreen Marie | 3,800,000 |
| F/V Pacific Capes | 1,800,000 |
| F/V Pontos | 4,900,000 |
| F/V Silver Sea | 4,400,000 |
| F/V Synergy | 400,000 |
| F/V Thunder Bay | 4,900,000 |
| F/V Travis & Natalie | 3,750,000 |
| *Values per marine surveys* | |
| F/V Enterprise | 1,500,000 |
| F/V Lori Ann | 2,400,000 |
| M/V Miss Betty | 500,000 |
| | 64,575,000 |
| Less: net book value | 10,491,808 |
| | $ 54,083,192 |

(2) Maxie, Inc

| | |
|---|---|
| Estimated fair market value of real estate & improvements, 985 Ocean Dr, Cape May, NJ | $ 4,000,000 |
| Less: net book value | 50,000 |
| | $ 3,950,000 |

(2) Oceanside Realty, Inc

| | |
|---|---|
| Estimated fair market value of real estate & improvements, Lot #205, Channel Dr, Pt Pleasant, NJ | $ 2,325,000 |
| Less: net book value | 632,226 |
| | $ 1,692,774 |

**Footnotes:**

(4) Sea Harvest, Inc

| | |
|---|---|
| Estimated liquidation value of improvements to leased vessels | $ - |
| Less: net book value | 4,179,925 |
| | $ (4,179,925) |

(5) Sea Products, Inc

| | |
|---|---|
| Fishing vessel & fishing licenses | |
| *Per valuation dated December 31, 2012* | |
| F/V Francis M Lee Sr | $ 4,300,000 |
| Less: net book value | - |
| | $ 4,300,000 |

(6) SHIP I, LLC

| | |
|---|---|
| Estimated liquidation value of improvements to real estate, 985 Ocean Dr, Cape May, NJ | $ - |
| Estimated fair market value of real estate & improvements, 31 Greene St, New York, NY | 2,100,000 |
| | 2,100,000 |
| Less: net book value | 173,191 |
| | $ 1,926,809 |

(7) Martin Fish Company, LLC
This company was formed in 2012 to acquire a commercial fish dock in Ocean City, Maryland. Daniel M Cohen owns 1% and the Daniel Cohen Family Trust owns the remaining 99%. Most of the purchase price was financed. The majority of the down payment was advanced to this new entity by Atlantic Capes Fisheries, Inc. This new company presently only conducts limited operations, so its present estimated market value, net of its borrowings, is indeterminable.

(8) Ocean Smart Seafood Limited Liability Company
This company was formed in 2012 to acquire a Canadian aquiculture operation (Island Scallops, Ltd). Daniel M Cohen owns 1% and the Daniel Cohen Family Trust owns the remaining 99%. The net book value in 2012 was based primarily upon the value of scallop inventory (third party audit at end of year) and tenure value (from third party valuation at time of purchase of ISL). In the summer of 2013 a disease of unknown origin reduced inventories of all year classes in the ocean grow-out (2010, 2011, and 2013) by 90%. The company is currently researching with Canada DFO and US academia (Rutgers University) the causes of the mortality. Management is currently assessing options to recover from these unforeseen losses. For the purposes of this financial statement, Daniel Cohen believes it prudent to conservatively discount the value of the inventory and tenures, until a recovery plan is implemented by Ocean Smart and ISL.