

ANNUAL REPORT

TESORO ENTERPRISES, INC.

DECEMBER 31, 2015

TESORO ENTERPRISES, INC. AND SUBSIDIARIES
CONSOLIDATED AND CONDENSED BALANCE SHEETS
(PRELIMINARY / UNAUDITED)

<u>ASSETS</u>	DECEMBER 31, 2015	DECEMBER 31, 2014	DECEMBER 31, 2013
Current Assets:			
Cash	\$ 53,603	\$ 57,922	\$ 46,096
Accounts Receivable - trade	34,018	104,609	28,407
Inventory	-	56,079	56,079
Other Current Assets	1,539	4,206	4,000
Total Current Assets	89,160	222,816	134,582
Property, Plant and Equipment:, net	2,500	20,717	11,577
Other Assets	14,185	12,638	3,699
Total Assets	\$ 105,845	\$ 256,171	\$ 149,858
Current Liabilities:			
Accounts Payable - trade	\$ 22,189	\$ 178,335	\$ 84,392
Credit card and Accounts Receivable Financing	107,631	42,968	8,858
Due to Related Party.net	310,482	317,280	317,154
Current portion of long term debt	10,125	10,125	10,125
Other miscellaneous payable and accrued	716	40,917	80,819
Total Current Liabilities:	451,143	589,625	501,348
Convertible Debentures	29,500	4,500	4,500
Bank loans and lines	56,853	73,511	60,706
	-	-	-
Other Liabilities	-	5,000	-
Total liabilities	\$ 537,496	\$ 672,636	\$ 566,554
7,000,000, 7,000,000 and 7,000,000 issued and outstanding, respectively	700	700	700
4,521,079,108, 4,521,079,108 and 4,521,079,108 issued and outstanding, respectively	452,108	452,108	452,108
Additional paid in capital	46,076	46,076	46,076
Accumulated deficit	(926,309)	(912,464)	(912,607)
Less Treasury stock, 37,500,000, 26,420,000 and 27,300,000 shares, respectively, at cost	(4,226)	(2,885)	(2,973)
Total stockholders' deficit	(431,651)	(416,465)	(416,696)
Total Liabilities and Stockholder's Equity	\$ 105,845	\$ 256,171	\$ 149,858

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See notes to consolidated and condensed financial statements.

TESORO ENTERPRISES, INC. AND SUBSIDIARIES
CONSOLIDATED AND CONDENSED STATEMENT OF OPERATIONS

(PRELIMINARY / UNAUDITED)

	YEAR ENDED DECEMBER 31, 2015	YEAR ENDED DECEMBER 31, 2014	YEAR ENDED DECEMBER 31, 2013
	<u> </u>	<u> </u>	<u> </u>
Net Sales	\$ 350,768	\$ 390,799	\$ 319,488
Cost of Goods Sold	<u>207,124</u>	<u>293,034</u>	<u>212,570</u>
Gross Profit	143,644	97,765	106,918
Operating Expenses:			
Sales and marketing	7,274	8,594	6,455
	-	-	-
General and administrative	65,519	84,478	150,835
	-	-	-
Total operating expenses	<u>72,793</u>	<u>93,072</u>	<u>157,290</u>
Income (Loss) from operations	70,851	4,693	(50,372)
Interest expense	(84,696)	(4,550)	(7,353)
	<u> </u>	<u> </u>	<u> </u>
Income (Loss) Before Income Taxes	<u>(13,845)</u>	<u>143</u>	<u>(57,725)</u>
Income Taxes	<u>-</u>	<u>-</u>	<u>-</u>
Net Income (Loss)	<u>\$ (13,845)</u>	<u>\$ 143</u>	<u>\$ (57,725)</u>

See notes to consolidated and condensed financial statements.

TESORO ENTERPRISES, INC. AND SUBSIDIARIES
CONSOLIDATED AND CONDENSED STATEMENTS OF CASH FLOWS

(PRELIMINARY / UNAUDITED)

	YEAR ENDED DECEMBER 31, 2015	YEAR ENDED DECEMBER 31, 2014	YEAR ENDED DECEMBER 31, 2013
Cash flows from operating activities:			
Net loss	\$ (13,845)	\$ 143	\$ (57,725)
Adjustments to reconcile net income to net cash: used in operating activities:			
Depreciation	-	-	-
Changes in operating assets and liabilities:			
(Increase) Decrease in:			
Current Assets	129,337	(76,408)	10,069
Other Assets	(1,547)	(8,939)	4,481
Increase (Decrease) in:			
Current Liabilities	(138,482)	45,309	112,073
Other Liabilities	(5,000)	5,000	-
Net cash provided by (used in) operating activities	\$ (29,537)	\$ (34,895)	\$ 68,898
Cash flows from investing activities:			
Acquisitions of property and equipment	18,217	(9,140)	-
(Acquisition) advances on Life Insurance cash value	-	-	-
Net cash used in investing activities	\$ 18,217	\$ (9,140)	\$ -
Cash flows from financing activities:			
Preferred stock sales	-	-	-
Common stock sales / issues	-	-	-
Common stock issues convertible debentures - net	-	-	-
Acquisition of Treasury stock	(1,341)	88	-
Convertible debenture proceeds (repayments) - net	25,000	-	-
Loan proceeds (repayments) - net	(16,658)	55,773	(33,552)
	-	-	-
Net cash (used in) provided by financing activities	\$ 7,001	\$ 55,861	\$ (33,552)
Net Increase (Decrease) in Cash	\$ (4,319)	\$ 11,826	\$ 35,346
Cash, Beginning	57,922	46,096	10,750
Cash, Ending	\$ 53,603	\$ 57,922	\$ 46,096

See notes to consolidated and condensed financial statements.

TESORO ENTERPRISES, INC. AND SUBSIDIARIES
CONSOLIDATED AND CONDENSED STATEMENTS OF STOCKHOLDERS' EQUITY

(PRELIMINARY / UNAUDITED)

	Common Stock		Preferred Stock		Treasury Stock		Paid in Capital	Accumulated Deficit	Total
	Shares	Amount	Shares	Amount	Shares	Amount			
December 31, 2012	4,521,079,108	\$ 452,108	7,000,000	\$ 700	(27,300,000)	\$(2,973)	\$46,076	\$ (854,882)	\$(358,971)
Preferred shares - sale			-	-	-	-	-	-	-
Shares issued:									
Sales									
Issues for services	-	-					-		-
Debenture issues	-	-					-		-
Debenture Conversions	-	-					-		-
Acquisition of Treasury Stock	-	-			-	-	-		-
Net loss	-	-					-	(57,725)	(57,725)
December 31, 2013	4,521,079,108	\$ 452,108	7,000,000	\$ 700	(27,300,000)	\$(2,973)	\$46,076	\$ (912,607)	\$(416,696)
Preferred shares - sale			-	-	-	-	-	-	-
Shares issued:									
Sales									
Issues for services	-	-					-		-
Debenture issues	-	-					-		-
Debenture Conversions	-	-					-		-
Acquisition of Treasury Stock	-	-			(120,000)	(12)	-		(12)
Distribution of Treasury Stock					1,000,000	100			100
Net loss	-	-					-	143	143
December 31, 2014	4,521,079,108	\$ 452,108	7,000,000	\$ 700	(26,420,000)	\$(2,885)	\$46,076	\$ (912,464)	\$(416,465)
Preferred shares - sale			-	-	-	-	-	-	-
Shares issued:									
Sales									
Issues for services	-	-					-		-
Debenture issues	-	-					-		-
Debenture Conversions	-	-					-		-
Acquisition of Treasury Stock	-	-			(11,080,000)	(1,341)			(1,341)
Distribution of Treasury Stock									-
Net loss	-	-						(13,845)	(13,845)
December 31, 2015	4,521,079,108	\$ 452,108	7,000,000	\$ 700	(37,500,000)	\$(4,226)	\$46,076	\$ (926,309)	\$(431,651)

See notes to consolidated and condensed financial statements.

TESORO ENTERPRISES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED AND CONDENSED FINANCIAL STATEMENTS
DECEMBER 31, 2015

(PRELIMINARY / UNAUDITED)

LIQUIDITY AND PROFITABILITY CONSIDERATIONS

The accompanying consolidated and condensed financial statements have been prepared assuming that Tesoro Enterprises, Inc. ("TEI"), either directly or through its subsidiary Fashion Floor Covering and Tile, Inc. ("FFC&T") and the Joseph M. Zarcone Company ("JZM") (collectively "Company") will continue as a going concern. The Company lost (\$13,845) in the Year ended December 31, 2015, made a small profit of \$143 in 2014, and lost (\$57,725) in 2013. As reflected in the consolidated and condensed balance sheet at December 31, 2015, the Company had a working capital deficit of \$361,983 and total liabilities exceeded total assets by \$431,651.

The Company has a limited source of revenue and is dependent on its ability to raise working capital from shareholders or other sources to sustain operations. These factors, along with other matters as set forth herein, raise substantial doubt that the company will be able to continue as a going concern.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Operations

Tesoro Enterprises, Inc., an Oklahoma corporation ("TEI/Company") was incorporated November 12, 2009.

Simultaneously with the November 12, 2009 incorporation, TEI entered into a share exchange agreement with Fashion Floor Covering and Tile, Inc. ("FFC&T"), whereby the sole stockholder of FFC&T received 500,000 shares of TEI restricted shares of common stock in exchange for all the outstanding shares of FFC&T. FFC&T is a full line (wood, carpet and tile) retail dealer and installer of floor and hard wall covering materials. FFC&T has been in business for over twenty-five years under the same ownership and management. TEI is not, nor has it ever been, a shell company.

An Important Note about This Report

TEI is not subject to the reporting requirements of the Securities and Exchange Commission and as such, this report has not been filed with the SEC, is not available on the SEC's EDGAR system, and does not purport to meet the requirements for companies that are subject to the Securities and Exchange Act's reporting requirements. TEI does intend in this report to provide accurate financial and other information of interest to investors. Our Annual Report and other periodic reports to shareholders and attorney letter with respect to current information are available on the Company's website, www.tesoroenterprises.us and at www.otcm Markets.com . Interested persons may also request copies directly from the Company; please direct requests and inquiries to Chief Executive Officer, 426 Danbury Road, Wilton, CT 06897. Telephone: (203) 763-1169.

TESORO ENTERPRISES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED AND CONDENSED FINANCIAL STATEMENTS
DECEMBER 31, 2015

(PRELIMINARY / UNAUDITED)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Principles of Consolidation

The consolidated financial statements include Tesoro Enterprises, Inc. ("TEI") and its wholly owned subsidiaries Fashion Floor Covering and Tile, Inc. ("FFC&T") and, effective April 1, 2014, J.M. Zarcone, LLC. ("JZM"). JZM is an electrical contractor performing residential and commercial electrical service and installation projects. The transaction was executed with an exchange of shares.

Basis of Presentation

The accompanying consolidated and condensed financial statements have been prepared assuming that the company will continue as a going concern. The Company has limited sources of revenue and is dependent on its ability to raise working capital from shareholders or other sources to sustain operations. These factors, along with other matters as set forth herein, raise substantial doubt that the company will be able to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

The financial information included herein is preliminary and unaudited; however, such information reflects all adjustments, which are, in the opinion of management, necessary for a fair presentation of the Company's financial position, results of operations, changes in stockholders' equity / deficit and cash flows for the periods. All such adjustments are of a normal, recurring nature.

The accompanying consolidated and condensed financial statements of the Company have been prepared in accordance with United States generally accepted accounting principles, however, because they are preliminary and unaudited, certain information and footnote disclosure required by accounting principles generally accepted in the United States of America for complete financial statements have been omitted.

The Consolidated and Condensed Balance Sheets at December 31, 2015, December 31, 2014, and 2013, and the Consolidated and Condensed Statements of Operations and Cash Flows for the Years ended December 31, 2015, 2014 and 2013, respectively, have been derived from the unaudited financial statements of the Company at that date(s), and do not include all of the information and footnotes required by U.S. generally accepted accounting principles for complete financial statements.

NOTE 2 ACCOUNTS RECEIVABLE

Accounts receivable at December 31, 2015, 2014 and 2013 are \$34,018, \$104,609 and \$28,407, respectively. These amounts are current and represent normal trade receivables. There is no provision for doubtful accounts and none is required.

TESORO ENTERPRISES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED AND CONDENSED FINANCIAL STATEMENTS
DECEMBER 31, 2015

(PRELIMINARY / UNAUDITED)

NOTE 3 INVENTORY

Inventories at December 31, 2015, December 31, 2014 and 2013 are \$-0-, 56,079 and \$56,079, respectively. Beginning in 2015, the Company no longer requires any significant inventory to support ongoing business and has not replaced the previous inventories as they have been consumed in normal business operations. Supplier lead times and availability has eliminated the requirement to carry merchandise in stock.

NOTE 4 DEBT

Convertible Debentures

The Company has secured working capital through the periodic purchase of the company's equity by sophisticated accredited investors under convertible debentures (the 504 Offering). As of December 31, 2015, 2014 and 2013, the outstanding balances were \$4,500, \$4,500 and \$4,500, respectively. The interest rates are 4%. During the Year ended December 31, 2015, 2014 and 2013, the company raised \$-0-, \$-0-, and \$-0-, respectively, through the issuance of various convertible debentures. The company filed a form "D" with the Securities and Exchange Commission on August 26, 2009 (renewed on July 17, 2010 and on August 23, 2011). The form "D" filing provides that the Company may raise up to one million dollars in any consecutive twelve month period from accredited investors. Please see the company's filings at www.otcmarkets.com.

Related Party

As of December 31, 2015, 2014 and 2013, the Company had outstanding unsecured advances from Deerwood Capital, LLC for \$230,196, \$236,994 and \$236,868, respectively, and, from Henry J. Boucher, Jr., Chief Executive Officer of the Company of \$80,286, \$80,286 and \$80,286, respectively. The advances are due upon demand, carry no interest and are expected to be repaid prior to December 31, 2016.

On November 9, 2015, the Company issued a convertible debenture to a current shareholder. The face value of the debenture is \$25,000.00. The term of the debenture is two (2) years from the date of issue (November 8, 2017). The annual interest rate is 5%. The debenture, and any accrued interest, is convertible into unregistered and restricted common stock of the Company at a price of \$0.0005 per share at the debenture holder's discretion. The debenture carries two additional options; the first option is to purchase an additional \$25,000 worth of common stock at \$0.0005, and the second option is to purchase \$25,000.00 worth of common stock at \$0.001 per share. All options expire coincident with the term of the debenture. Any common stock issued, in accordance with the terms of the debenture, are eligible for "piggy back" registration.

TESORO ENTERPRISES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED AND CONDENSED FINANCIAL STATEMENTS
DECEMBER 31, 2015

(PRELIMINARY / UNAUDITED)

NOTE 4 DEBT (Continued)

Credit card and Accounts Receivable Financing

	<u>December 31,</u> <u>2015</u>	<u>December 31,</u> <u>2014</u>	<u>December 31,</u> <u>2013</u>
Credit cards - Revolving	\$ 60,843	\$ 20,918	\$ 8,858
Accounts Receivable Financing - 1	20,997	12,150	-
Accounts Receivable Financing - 2	4,376	9,900	-
Accounts Receivable Financing - 3	19,400	-	-
	<u>\$ 107,631</u>	<u>\$ 44,982</u>	<u>\$ 10,871</u>

Bank Loans and Lines:

	<u>December 31,</u> <u>2015</u>	<u>December 31,</u> <u>2014</u>	<u>December 31,</u> <u>2013</u>
Bankwell Bank	\$ 53,044	\$ 69,702	\$ 56,897
Bank of America	13,934	13,934	13,934
	66,978	83,636	70,831
Less current portion:	<u>(10,125)</u>	<u>(10,125)</u>	<u>(10,125)</u>
	<u>\$ 56,853</u>	<u>\$ 73,511</u>	<u>\$ 60,706</u>

TESORO ENTERPRISES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED AND CONDENSED FINANCIAL STATEMENTS
DECEMBER 31, 2015

(PRELIMINARY / UNAUDITED)

NOTE 4 DEBT (Continued)

In February, 2013, FFCT converted its revolving line of credit with Bankwell Bank (previously, The Wilton Bank) to a term loan payable over 5 years at a monthly payment of \$843.73. The interest rate is 4% per annum. The maturity date is January 28, 2018. As security for the loan, TEI guarantees the loan and a personal guarantee is provided by Henry J. Boucher, Jr., Chief Executive Officer of the Company.

FFCT has a revolving line of credit with Bank of America. The interest rate is variable – Prime + 1% per annum, renewable yearly. As security for the line of credit, TEI guarantees the loan and a personal guarantee is provided by Henry J. Boucher, Jr., Chief Executive Officer of the Company.

NOTE 5 STOCKHOLDERS' EQUITY

At December 31, 2015, the outstanding common stock of the company was 4,521,079,108 shares, During the Year ended December 31, 2015, 2014 and 2013, the Company issued -0-, -0- and -0- common shares, respectively.

At December 31, 2015, the outstanding preferred stock of the company was 7,000,000 shares, all held by Deerwood Capital, LLC., a company controlled by Henry J. Boucher, Jr., Chief Executive Officer of the Company. During the Year ended December 31, 2015, 2014 and 2013, the Company issued -0-, -0- and -0- preferred shares, respectively.

During the Year ended December 31, 2015, 2014 and 2013, the Company acquired 11,080,000, 120,000, and -0-, free trading shares of common stock, respectively at \$.0001, \$.0001 and -0-, per share, at a total cost of \$1,341, \$12 and -0-, respectively. During the year ended December 31, 2014, the company distributed 1,000,000 Treasury shares in conjunction with the acquisition of JZM (See note 1.) Treasury Shares are held by the Company, at cost.

On November 9, 2015, the Company issued a convertible debenture to a current shareholder. The face value of the debenture is \$25,000.00. The term of the debenture is two (2) years from the date of issue (November 8, 2017). The annual interest rate is 5%. The debenture, and any accrued interest, is convertible into unregistered and restricted common stock of the Company at a price of \$0.0005 per share at the debenture holder's discretion. The debenture carries two additional options; the first option is to purchase an additional \$25,000 worth of common stock at \$0.0005, and the second option is to purchase \$25,000.00 worth of common stock at \$0.001 per share. All options expire coincident with the term of the debenture. Any common stock issued, in accordance with the terms of the debenture, are eligible for "piggy back" registration.

In each of these share issues, with the exception of the 504 Offering, all of the shares were issued pursuant to Section 4(2) of the Securities and Exchange Act of 1933, as amended, each of the persons acquiring the securities were provided with information, including financial information, concerning the Company, and each had the opportunity to ask questions concerning the company, its securities and its business, among other things.

TESORO ENTERPRISES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED AND CONDENSED FINANCIAL STATEMENTS
DECEMBER 31, 2015

(PRELIMINARY / UNAUDITED)

NOTE 6 INCOME TAXES

TEI's federal and state income tax filings are current through 2014. There are no income tax liabilities accrued as of December 31, 2015, and no income tax liabilities are currently expected for the year ended December 31, 2015.

NOTE 7 RELATED PARTY TRANSACTIONS

At September 30, 2015, the outstanding preferred stock of the company was 7,000,000 shares, all held by Deerwood Capital, LLC., a company controlled by Henry J. Boucher, Jr., Chief Executive Officer of the Company.

During the Year ended December 31, 2015, 2014 and 2013, the Company acquired 11,080,000, 120,000, and -0-, free trading shares of common stock, respectively at \$.0001, \$.0001 and -0-, per share, at a total cost of \$1,341, \$12 and -0-, respectively. During the year ended December 31, 2014, the company distributed 1,000,000 Treasury shares in conjunction with the acquisition of JZM (See note 1.) Treasury Shares are held as Treasury stock, at cost.

On November 9, 2015, the Company issued a convertible debenture to a current shareholder. The face value of the debenture is \$25,000.00. The term of the debenture is two (2) years from the date of issue (November 8, 2017). The annual interest rate is 5%. The debenture, and any accrued interest, is convertible into unregistered and restricted common stock of the Company at a price of \$0.0005 per share at the debenture holder's discretion. The debenture carries two additional options; the first option is to purchase an additional \$25,000 worth of common stock at \$0.0005, and the second option is to purchase \$25,000.00 worth of common stock at \$0.001 per share. All options expire coincident with the term of the debenture. Any common stock issued, in accordance with the terms of the debenture, are eligible for "piggy back" registration.

8 SUBSEQUENT EVENTS

As of September 09, 2016, the outstanding common stock of the company was 4,510,379,108 shares, of which, 37,500,000 shares are held in Treasury at a total cost of \$4,226. The free trading common shares were 3,635,754,513.

As of September 09, 2016, the outstanding Series A Preferred Stock of the company was 7,000,000 shares and the free trading preferred shares were -0-.