

GivSum Inc.

(a Delaware Corporation)

Unaudited Financial Statements

Period of January 31, 2021 to
December 31, 2021

Reviewed by:



TaxDrop LLC
A New Jersey CPA Company

Financial Statements

GivSum Inc.

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CPA & Advisor

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

April 15, 2022

To: Board of Directors of GivSum Inc.
Attn: Shawn Wehan, CEO

Re: 2021 Financial Statement Review

We have reviewed the accompanying financial statements of GivSum Inc. (the "Company"), which comprise the balance sheet as of December 31, 2021 and the related statements of income, equity, and cash flows for the period of January 31, 2021 to December 31, 2021, 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.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements of GivSum Inc. for them to be in accordance with accounting principles generally accepted in the United States of America.

Sincerely,

The logo for TaxDrop, featuring the word "TaxDrop" in a bold, sans-serif font. A small green square is positioned below the letter "D", with a green line extending from the bottom of the "D" to the square.

TaxDrop LLC

A New Jersey CPA Company

GIVSUM, INC.
BALANCE SHEET
Year Ended December 31, 2021
(Unaudited)

ASSETS	2021
Current Assets	
Cash and cash equivalents	90,553
Total Current Assets	90,553
Other Assets	
Prepays	2,317
Total Other Assets	2,317
Total Assets	\$ 92,870
LIABILITIES AND STOCKHOLDERS' EQUITY	
Current Liabilities	
Accounts Payable	72,365
Accrued Liabilities	0
Payroll Liabilities	1,924
Total Current Liabilities	74,290
Long-Term Liabilities	
Convertible Notes	0
Related Party Loans	28,300
PPP Loan	6,269
Total Long-Term Liabilities	34,569
Total Liabilities	108,858
Common Stock, \$0.0001 par value; 50,000,000 authorized; 9,104,080 issued and outstanding as of December 31, 2021	910
Additional Paid in capital - common stock	-
Subscription receivable	(5,561)
Preferred Stock, \$0.0001 par value; 20,000,000 authorized; 5,614,531 issued and outstanding as of December 31, 2021	3,677
Additional Paid in capital - preferred stock	1,946,802
Additional Paid-In Capital - Stock Options	3,270
Additional Paid-In Capital - Warrants	44,207
Retained Earnings (see Note 10 for prior year adjustment)	(2,009,293)
Total Stockholders' Equity	(15,988)
Total Liabilities and Stockholders' Equity	\$ 92,870

The accompanying footnotes are an integral part of the financial statements.

GIVSUM, INC.
INCOME STATEMENT
Year Ended December 31, 2021
(Unaudited)

	2021
Revenues	39,967
Cost of revenues	<hr/>
Net Profit	39,967
Operating Expenses	
General and administrative	239,824
Payroll	319,965
Professional Services	29,187
Advertising	2,718
Total Operating Expenses	<hr/> 591,694 <hr/>
Other Income	
Other income/expense	92,273
Total Operating Expenses	<hr/> 92,273 <hr/>
Net Income (Loss)	<hr/> (459,453) <hr/>

The accompanying footnotes are an integral part of the financial statements.

GIVSUM, INC.
STATEMENT OF STOCKHOLDERS' EQUITY
Year Ended December 31, 2021
(Unaudited)

	<u>Common Stock</u>		<u>Additional Paid-In Capital - Common Stock</u>	<u>Preferred Stock</u>		<u>Additional Paid-In Capital - Preferred Stock</u>	<u>Subscription receivable</u>	<u>Additional Paid-In Capital - Stock Options</u>	<u>Additional Paid-In Capital - Warrants</u>	<u>Retained Earnings</u>	<u>Total Stockholders' Deficit</u>
	<u>Shares</u>	<u>Par Value</u>		<u>Shares</u>	<u>Par Value</u>						
Balance as of December 31, 2020	9,104,080	910	-	5,213,786	3,276	1,353,936	(910)	3,270	35,065	(1,549,840)	(154,293)
Issuance Preferred Stock	-	-	-	400,745	401	592,866	(4,651)		9,142	-	597,758
Net loss	-	-	-	-	-	-	-	-		(459,453)	(459,453)
Balance as of December 31, 2021	9,104,080	910	-	5,614,531	3,677	1,946,802	(5,561)	3,270	44,207	(2,009,293)	(15,988)

The accompanying footnotes are an integral part of the financial statements.

GIVSUM, INC.
STATEMENTS OF CASH FLOWS
Year Ended December 31, 2021
(Unaudited)

	2021
Cash Flows from Operating Activities	
Net Income (Loss)	\$ (459,453)
Adjustments to reconcile net income (loss) to net cash provided by operations:	
Depreciation & Amortization	
Changes in operating assets and liabilities:	
Increase (Decrease) in Prepaid Expenses	(209)
Increase (Decrease) in Accounts Payable	(21,022)
Increase (Decrease) in Payroll Liabilities	795
Net cash provided by (used in) operating activities	(479,889)
Cash Flows from Investing Activities	
Net cash used in investing activities	
Cash Flows from Financing Activities	
Subscription receivable from member	(4,651)
Convertible note	
Issuance of Preferred Stocks	593,267
Issuance of Warrants	9,142
Repayment related party loans	3,840
PPP Loan	(47,341)
Net cash used in financing activities	554,257
Net change in cash and cash equivalents	74,367
Cash and cash equivalents at beginning of period	16,185
Cash and cash equivalents at end of period	\$ 90,553

The accompanying footnotes are an integral part of the financial statements.

GIVSUM, INC.
NOTES TO FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2021

NOTE 1 – NATURE OF OPERATIONS

Givsum, Inc. (which may be referred to as the “Company”, “we,” “us,” or “our”) was registered in Delaware on March 27, 2015. The Company is a robust fundraising and engagement platform for nonprofit organizations, which includes a real-time online auction component. The Company’s headquarters are in Newport Beach, California. The company began operations in 2015.

Since Inception, the Company has relied on contributions from owners, the issuance of convertible notes, and securing loans to fund its operations. As of December 31, 2021, the Company had negative working capital and will likely incur additional losses prior to generating positive working capital. These matters raise substantial concern about the Company’s ability to continue as a going concern (see Note 8). During the next twelve months, the Company intends to fund its operations with funding from a crowdfunding campaign (see Note 10), and funds from revenue producing activities, if and when such can be realized. If the Company cannot secure additional short-term capital, it may cease operations. These financial statements and related notes thereto do not include any adjustments that might result from these uncertainties.

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"). Any reference in these notes to applicable guidance is meant to refer to U.S. GAAP as found in the Accounting Standards Codification (“ASC”) and Accounting Standards Updates (“ASU”) of the Financial Accounting Standards Board (“FASB”).

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 has a limited operating history. The Company's business and operations are sensitive to general business and economic conditions in the United States. 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, 2021, the Company had \$90,553 of cash on hand, respectively.

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.

There is no income tax provision for the periods ending December 31, 2021 as the Company had no taxable income.

The Company evaluates its tax positions that have been taken or are expected to be taken on income tax returns to determine if an accrual is necessary for uncertain tax positions. As of December 31, 2021, the unrecognized tax benefits accrual was zero.

Revenue Recognition

Effective January 1, 2019, the Company adopted Accounting Standards Codification 606, Revenue from Contracts with Customers ("ASC 606"). Revenue is recognized when performance obligations under the terms of the contracts with our customers are satisfied. Prior to the adoption of ASC 606, we recognized revenue when persuasive evidence of an arrangement existed, delivery of products had occurred, the sales price was fixed or determinable and collectability was reasonably assured. The Company generates revenues by selling various levels of subscriptions through the platform. The Company's payments are generally collected upfront. For years ending December 31, 2021, the Company recognized \$39,370 in revenue, net of fees, returns, and sales allowances.

Organizational Costs

In accordance with FASB ASC 720, organizational costs, including accounting fees, legal fee, and costs of incorporation, are expensed as incurred.

Advertising

The Company expenses advertising costs as they are incurred. Such costs approximated \$2,718, respectively, for the years ended December 31, 2021.

Recent Accounting Pronouncements

In February 2019, FASB issued ASU No. 2016-02, Leases, that requires organizations that lease assets, referred to as "lessees", to recognize on the balance sheet the assets and liabilities for the rights and obligations created by those leases with lease terms of more than 12 months. ASU 2019-02 will also require disclosures to help investors and other financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases and will include qualitative and quantitative requirements. The new standard for nonpublic entities will be effective for fiscal years beginning after December 15, 2020, and interim periods within those fiscal years, 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 June 2018, FASB amended ASU No. 2018-07, 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 2018, amendments to existing accounting guidance were issued through Accounting Standards Update 2018-15 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 – LOANS

PPP Loan

In April 2021, the Company entered into a Paycheck Protection Program Loan ("PPP Loan") through the Small Business Administration through First Republic for a total of \$36,195. Additionally, the Company entered into a Paycheck Protection Program Loan ("PPP Loan") through the Small Business Administration through First Republic for a total of \$53,610 in April 2020. The Company has been granted forgiveness for a partial portion of the loan for costs incurred for payroll costs, payment on a covered rent obligation, and any covered utility payment. The SBA forgave \$86,370 and the Company was responsible for the remaining balance of \$6,269 with \$33 of accrued interest on that balance.

NOTE 4 – RELATED PARTY

The Company received advances from related parties in the form of loans. As of December 31, 2021, the balance of the advances from related parties was \$28,300, respectively. These advances have no interest rate or specified maturity date.

NOTE 5 – INCOME TAXES

The Company has filed its income tax return for the period ended December 31, 2021, which 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 is taxed as a C Corporation.

NOTE 6 – EQUITY

The Company authorized a total of 70,000,000 shares across the following two classes: 50,000,000 shares shall be common stock at \$0.0001 par value and 20,000,000 shares of preferred stock at \$0.0001 par value. Of the 50,000,000 shares of Common Stock, 8,200,000 are specifically designated as “Non-Voting Common Stock” and 23,000,000 are hereby designated as “Voting Common Stock”. Of the 20,000,000 shares of Preferred Stock, 3,000,000 are specifically designated as “Series A Preferred Stock”, 2,000,000 are hereby designated as “Series A-1 Preferred Stock” (“Series A-1 Preferred Stock”), and (iii) 1,450,000 are hereby designated as “Series A-2 Preferred Stock”).

In 2021, there were no additional shares of common stock issued. As of December 31, 2021, 9,104,080 shares of common stock were issued and outstanding, carrying forward from prior year balances.

In 2021, the Company issued an additional 400,745 shares of preferred stock for total consideration of \$592,866 received in a combination of cash and services. Some of the shares were issued with a detachable warrant for future right to purchase up to 1,340,144 units. These warrants have not yet been exercised, and expire three years after their respective issue date. At the time of issuance, the Company’s fair value per unit was approximately \$0.04 per unit. As of December 31, 2021, about 5,614,531 shares of preferred stock were issued and outstanding.

NOTE 7 – EQUITY-BASED COMPENSATION

In 2016, the Company adopted a 2016 Stock Incentive Plan (“2016 Plan”) which permits the grant or option of shares to its employees for up to 2,000,000 shares of common stock.

The Company believes that such awards will help the Company attract, retain and motivate its management and other persons, including officers, directors, key employees and consultants, will encourage and reward such persons’ contributions to the performance of the Company and will align their interests with the interests of the Company’s stockholders. Stock awards are generally granted or optioned at a price not less than the market price of the Company’s stock at the date of grant or option date. Stock awards generally vest upon grant. As of December 31, 2021, 1,513,334 options to purchase stock were issued, outstanding and fully vested, carrying forward from issuances in prior years. No additional stock options were issued during 2021.

NOTE 8 – COMMITMENTS AND CONTINGENCIES

The Company is not currently involved with and does not know of any pending or threatening litigation against the Company as of December 31, 2021.

COVID-19

In January 2020, the World Health Organization has declared the outbreak of a novel coronavirus (COVID-19) as a “Public Health Emergency of International Concern,” which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets. The coronavirus outbreak and government responses are creating disruption in global supply chains and adversely impacting many industries. The outbreak could have a continued material adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material adverse impact of the coronavirus outbreak. Nevertheless, the outbreak presents uncertainty and risk with respect to the Company, its performance, and its financial results.

NOTE 9 – GOING CONCERN

These financial statements are prepared on a going concern basis. The Company began operation in 2015 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 10 – SUBSEQUENT EVENTS

Prior Year Restatement

In 2020, the Company issued 327,135 of Series A Preferred (187,334) and Series A-1 Preferred (139,801) for a fair market value of \$112,400. The Company originally reported cash received on the balance sheet but upon further consideration, the Company provided preferred share equity in exchange for advisory services. There was no impact from this restatement on the year ended December 31, 2021, other than adjustment to the beginning retained earnings balance.

Crowdfunded Offering

The Company is offering (the “Crowdfunded Offering”) up to \$1,070,000 in Simple Agreements for Future Equity (SAFEs). The Company is attempting to raise a minimum amount of \$25,000 in this offering and up to \$1,070,000 maximum. 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 Crowdfunded Offering is being made through WeFunder Portal LLC. The Intermediary will be entitled to receive a 7.5% commission fee in this offering. The Crowdfunded Offering launched in 2022 and is still active, having raised approximately \$591,000 as of April 19, 2022.

Convertible Note

In 2022, the Company issued an convertible note for \$50,000 with maturity date of January 2025, with an interest rate of 5% for valuation cap of \$10,000,000 and 20% conversion discount.

Management’s Evaluation

Management has evaluated subsequent events through April 15, 2022, 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.