

# Form C

## Cover Page

Name of issuer:

Tap Systems Inc.

Legal status of issuer:

Form: **Corporation**  
Jurisdiction of Incorporation/Organization: **DE**  
Date of organization: **2/3/2015**

Physical address of issuer:

177 E Colorado Boulevard  
Pasadena CA 91105

Website of issuer:

<https://www.tapwithus.com/>

Name of intermediary through which the offering will be conducted:

Wefunder Portal LLC

CIK number of intermediary:

0001670254

SEC file number of intermediary:

007-00033

CRD number, if applicable, of intermediary:

283503

Amount of compensation to be paid to the intermediary, whether as a dollar amount or a percentage of the offering amount, or a good faith estimate if the exact amount is not available at the time of the filing, for conducting the offering, including the amount of referral and any other fees associated with the offering:

6.5% of the offering amount upon a successful fundraise. If total funds raised in this offering exceed \$2.5M, 6.0% will be paid instead of 6.5%.

Any other direct or indirect interest in the issuer held by the intermediary, or any arrangement for the intermediary to acquire such an interest:

No

Type of security offered:

Common Stock  
 Preferred Stock  
 Debt  
 Other

If Other, describe the security offered:

Target number of securities to be offered:

114,286

Price:

\$2.00000

Method for determining price:

Dividing pre-money valuation \$51,271,714.00 (or \$44,862,749.75 for investors in the first \$1,300,001.50) by number of shares outstanding on fully diluted basis.

Target offering amount:

\$200,000.50

Oversubscriptions accepted:

Yes  
 No

If yes, disclose how oversubscriptions will be allocated:

Pro-rata basis  
 First-come, first-served basis  
 Other

If other, describe how oversubscriptions will be allocated:

As determined by the issuer

Maximum offering amount (if different from target offering amount):

\$4,999,999.50

Deadline to reach the target offering amount:

4/30/2023

NOTE: If the sum of the investment commitments does not equal or exceed the target offering amount at the offering deadline, no securities will be sold in the offering, investment commitments will be cancelled and committed funds will be returned.

Current number of employees:

|                          | Most recent fiscal year-end: | Prior fiscal year-end: |
|--------------------------|------------------------------|------------------------|
| Total Assets:            | \$701,005.00                 | \$688,067.00           |
| Cash & Cash Equivalents: | \$424,689.00                 | \$282,590.00           |
| Accounts Receivable:     | \$0.00                       | \$1,238.00             |
| Short-term Debt:         | \$662,075.00                 | \$755,178.00           |
| Long-term Debt:          | \$6,129,869.00               | \$5,363,027.00         |
| Revenues/Sales:          | \$705,434.00                 | \$885,346.00           |
| Cost of Goods Sold:      | \$206,795.00                 | \$553,845.00           |
| Taxes Paid:              | \$0.00                       | \$0.00                 |
| Net Income:              | (\$1,644,240.00)             | (\$1,924,505.00)       |

Select the jurisdictions in which the issuer intends to offer the securities:

AL, AK, AZ, AR, CA, CO, CT, DE, DC, FL, GA, HI, ID, IL, IN, IA, KS, KY, LA, ME, MD, MA, MI, MN, MS, MO, MT, NE, NV, NH, NJ, NM, NY, NC, ND, OH, OK, OR, PA, RI, SC, SD, TN, TX, UT, VT, VA, WA, WV, WI, WY, BS, GU, PR, VI, 1V

## Offering Statement

Respond to each question in each paragraph of this part. Set forth each question and any notes, but not any instructions thereto, in their entirety. If disclosure in response to any question is responsive to one or more other questions, it is not necessary to repeat the disclosure. If a question or series of questions is inapplicable or the response is available elsewhere in the Form, either state that it is inapplicable, include a cross-reference to the responsive disclosure, or omit the question or series of questions.

Be very careful and precise in answering all questions. Give full and complete answers so that they are not misleading under the circumstances involved. Do not discuss any future performance or other anticipated event unless you have a reasonable basis to believe that it will actually occur within the foreseeable future. If any answer requiring significant information is materially inaccurate, incomplete or misleading, the Company, its management and principal shareholders may be liable to investors based on that information.

### THE COMPANY

1. Name of issuer:

Tap Systems Inc.

### COMPANY ELIGIBILITY

2.  Check this box to certify that all of the following statements are true for the issuer.

- Organized under, and subject to, the laws of a State or territory of the United States or the District of Columbia.
- Not subject to the requirement to file reports pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934.
- Not an investment company registered or required to be registered under the Investment Company Act of 1940.
- Not ineligible to rely on this exemption under Section 4(a)(6) of the Securities Act as a result of a disqualification specified in Rule 503(a) of Regulation Crowdfunding.
- Has filed with the Commission and provided to investors, to the extent required, the ongoing annual reports required by Regulation Crowdfunding during the two years immediately preceding the filing of this offering statement (or for such shorter period that the issuer was required to file such reports).
- Not a development stage company that (a) has no specific business plan or (b) has indicated that its business plan is to engage in a merger or acquisition with an unidentified company or companies.

**INSTRUCTION TO QUESTION 2: If any of these statements are not true, then you are NOT eligible to rely on this exemption under Section 4(a)(6) of the Securities Act.**

3. Has the issuer or any of its predecessors previously failed to comply with the ongoing reporting requirements of Rule 202 of Regulation Crowdfunding?

Yes  No

### DIRECTORS OF THE COMPANY

4. Provide the following information about each director (and any persons occupying a similar status or performing a similar function) of the issuer.

| Director             | Principal Occupation  | Main Employer         | Year Joined as Director |
|----------------------|-----------------------|-----------------------|-------------------------|
| David Schick         | CEO                   | Tap Systems Inc.      | 2015                    |
| Sabrina Kemeny, PhD. | President & Secretary | Tap Systems Inc.      | 2015                    |
| Alec Marshall        | Managing Partner      | ISilicone Drive       | 2019                    |
| Eli Schick           | Managing Member       | Amidon Nurse Staffing | 2019                    |

For three years of business experience, refer to [Appendix D: Director & Officer Work History](#).

### OFFICERS OF THE COMPANY

5. Provide the following information about each officer (and any persons occupying a similar status or performing a similar function) of the issuer.

| Officer              | Positions Held | Year Joined |
|----------------------|----------------|-------------|
| David Schick         | CEO            | 2015        |
| Sabrina Kemeny, PhD. | President      | 2015        |
| Sabrina Kemeny, PhD. | Secretary      | 2015        |

For three years of business experience, refer to [Appendix D: Director & Officer Work History](#).

*INSTRUCTION TO QUESTION 5: For purposes of this Question 5, the term officer means a president, vice president, secretary, treasurer or principal financial officer, comptroller or principal accounting officer.*

#### PRINCIPAL SECURITY HOLDERS

6. Provide the name and ownership level of each person, as of the most recent practicable date, who is the beneficial owner of 20 percent or more of the issuer's outstanding voting equity securities, calculated on the basis of voting power.

| Name of Holder | No. and Class of Securities Now Held         | % of Voting Power Prior to Offering |
|----------------|--|-------------------------------------|
| David Schick   | 5574454.0 Stock, Warrants, Convertible Notes | 34.3                                |

*INSTRUCTION TO QUESTION 6: The above information must be provided as of a date that is no more than 120 days prior to the date of filing of this offering statement.*

*To calculate total voting power, include all securities for which the person directly or indirectly has or shares the voting power, which includes the power to vote or to direct the voting of such securities. If the person has the right to acquire voting power of such securities within 60 days, including through the exercise of any option, warrant or right, the conversion of a security, or other arrangement, or if securities are held by a member of the family, through corporations or partnerships, or otherwise in a manner that would allow a person to direct or control the voting of the securities (or share in such direction or control — as, for example, a co-trustee) they should be included as being "beneficially owned." You should include an explanation of these circumstances in a footnote to the "Number of and Class of Securities Now Held." To calculate outstanding voting equity securities, assume all outstanding options are exercised and all outstanding convertible securities converted.*

#### BUSINESS AND ANTICIPATED BUSINESS PLAN

7. Describe in detail the business of the issuer and the anticipated business plan of the issuer.

**For a description of our business and our business plan, please refer to the attached Appendix A, Business Description & Plan**

*INSTRUCTION TO QUESTION 7: Wefunder will provide your company's Wefunder profile as an appendix (Appendix A) to the Form C in PDF format. The submission will include all Q&A items and "read more" links in an un-collapsed format. All videos will be transcribed.*

*This means that any information provided in your Wefunder profile will be provided to the SEC in response to this question. As a result, your company will be potentially liable for misstatements and omissions in your profile under the Securities Act of 1933, which requires you to provide material information related to your business and anticipated business plan. Please review your Wefunder profile carefully to ensure it provides all material information, is not false or misleading, and does not omit any information that would cause the information included to be false or misleading.*

#### RISK FACTORS

**A crowdfunding investment involves risk. You should not invest any funds in this offering unless you can afford to lose your entire investment.**

**In making an investment decision, investors must rely on their own examination of the issuer and the terms of the offering, including the merits and risks involved. These securities have not been recommended or approved by any federal or state securities commission or regulatory authority. Furthermore, these authorities have not passed upon the accuracy or adequacy of this document.**

**The U.S. Securities and Exchange Commission does not pass upon the merits of any securities offered or the terms of the offering, nor does it pass upon the accuracy or completeness of any offering document or literature.**

**These securities are offered under an exemption from registration; however, the U.S. Securities and Exchange Commission has not made an independent determination that these securities are exempt from registration.**

8. Discuss the material factors that make an investment in the issuer speculative or risky:

##### Uncertain Risk

An investment in the Company (also referred to as "we", "us", "our", or "Company") involves a high degree of risk and should only be considered by those who can afford the loss of their entire investment. Furthermore, the purchase of any of the Common Stock should only be undertaken by persons whose financial resources are sufficient to enable them to indefinitely retain an illiquid investment. Each investor in the Company should consider all of the information provided to such potential investor regarding the Company as well as the following risk factors, in addition to the other information listed in the Company's Form C. The following risk factors are not intended, and shall not be deemed to be, a complete description of the commercial and other risks inherent in the investment in the Company.

Our business projections are only projections

There can be no assurance that the Company will meet our projections. There can be no assurance that the Company will be able to find sufficient demand for our product, or even if we do, that we will be able to make a profit. To date, the Company has not had any profits.

Any valuation at this stage is difficult to assess

The valuation for the offering was established by the Company. Unlike listed companies that are valued publicly through market-driven stock prices, the valuation of private companies, especially startups, is difficult to assess and you may risk overpaying for your investment.

The transferability of the Securities you are buying is limited

Any Common Stock purchased through this crowdfunding campaign is subject to SEC limitations on transfer. This means that the stock/note that you purchase cannot be resold for a period of one year. (Furthermore, you should be prepared to hold this investment for several years or longer. -- see the following Risk Factor.) The exception to this rule is if you are transferring the stock back to the Company, to an "accredited investor," as part of an offering registered with the Commission, to a member of your family, trust created for the benefit of your family, or in connection with your death or divorce.

Your investment could be illiquid for a long time

You should be prepared to hold this investment for several years or longer. For the 12 months following your investment there will be restrictions on how you can resell the securities you receive. More importantly, there is no established market for these securities and there may never be one. As a result, if you decide to sell these securities in the future, you may not be able to find a buyer. While the Company may be acquired by an established player in the industry, that may

never happen or it may happen at a price that results in you losing money on this investment.

If the Company cannot raise sufficient funds it will not succeed

The Company is offering Common Stock in the amount of up to \$5,000,000 in this offering, and may close on any investments that are made. Even if the maximum amount is raised, the Company is likely to need additional funds in the future in order to grow, and if it cannot raise those funds for whatever reason, including reasons relating to the Company itself, the broader economy, or otherwise, it may not survive. If the Company manages to raise only the minimum amount of funds sought in this offering, it will have to find other sources of funding for some of the plans outlined in "Use of Proceeds."

We may not have enough capital as needed and may be required to raise more capital

We anticipate needing access to credit in order to support our working capital requirements as we grow. Although interest rates are low, it is still a difficult environment for obtaining credit on favorable terms. If we cannot obtain credit, on favorable terms, when we need it, we could be forced to raise additional equity capital, modify our growth plans, or take some other action. Issuing more equity may require bringing on additional investors. Securing these additional investors could require pricing our equity below its current price. If so, your investment could lose value as a result of this additional dilution. In addition, even if the equity is not priced below its current price, your ownership percentage would be decreased as a result of the addition of more investors. If we are unable to find additional investors willing to provide capital, then it is possible that we will choose to cease our sales activity. In that case, the only asset remaining to generate a return on your investment could be our intellectual property. Even if we are not forced to cease our sales activity, the unavailability of credit could result in the Company performing below expectations, which could adversely impact the value of your investment.

Terms of subsequent financings may adversely impact your investment

We will likely need to engage in common equity, debt, or preferred stock financings in the future, which may reduce the value of your investment in the Common Stock. Interest on debt securities could increase costs and negatively impact operating results. Preferred stock could be issued from time to time with such designation, rights, preferences, and limitations as needed to raise capital. The terms of preferred stock could be more advantageous to those investors than to the holders of Common Stock. In addition, if we need to raise more equity capital from the sale of Common Stock, institutional or other investors may negotiate terms that are likely to be more favorable than the terms of your investment, and possibly a lower purchase price per share.

Management Discretion as to Use of Proceeds

Our success will be substantially dependent upon the discretion and judgment of our management team with respect to the application and allocation of the proceeds of this Offering. The use of proceeds described below is an estimate based on our current business plan. We, however, may find it necessary or advisable to significantly re-allocate portions of the net proceeds reserved for one category to another, and we will have broad discretion in doing so.

Projections: Forward Looking Information Any projections or forward looking statements regarding our anticipated financial or operational performance are hypothetical and are based on management's best estimate of the probable results of our operations and will not have been reviewed by our independent accountants. These projections will be based on assumptions which management believes are reasonable. Some assumptions invariably will not materialize due to unanticipated events and circumstances beyond management's control. Therefore, actual results of operations will vary from such projections, and such variances may be material. Any projected results cannot be guaranteed.

Developing new products and technologies entails significant risks and uncertainties

Delays or cost overruns in the production and shipping of our Tap Strap and future products, if any, and failure of the products to meet our performance estimates may be caused by, among other things, unanticipated technological hurdles, difficulties in manufacturing, changes to design and regulatory hurdles. Any of these events could materially and adversely affect our operating performance and results of operations.

Minority Holder; Securities with Voting Rights

The Common Stock that an investor is buying has voting rights attached to them. However, these voting rights will be exercised by the Lead Investor in this Offering. In any event, you will be part of the minority shareholders of the Company and therefore will have a limited ability to influence management's decisions on how to run the business. You are trusting in management discretion in making good business decisions that will grow your investments. Furthermore, in the event of a liquidation of our company, you will only be paid out if there is any cash remaining after all of the creditors of the Company have been paid out.

Insufficient Funds

The Company might not sell enough shares in this offering to meet its operating needs and fulfill its plans, and even if we sell all the Common Stock we are offering now, the Company may need to raise more funds in the future, and if we are unable to do so, we will fail. Even if we do make a successful offering in the future, the terms of that offering might result in your investment in the Company being worth less, because later investors might receive better terms and/or because your ownership will be diluted.

Our new product could fail to achieve the sales projections we expected

Our growth projections are based on an assumption that with an increased advertising and marketing budget our products will be able to more rapidly gain traction in the marketplace. However, it is possible that the Tap Strap and future products, if any, will fail to gain significant market acceptance for any number of reasons. If they fail to achieve significant sales and acceptance in the marketplace, it could materially and adversely impact the value of your investment.

We are an early stage company and have not yet generated any profits

Tap Systems was formed on February 3, 2015. Accordingly, the Company has a limited history upon which an evaluation of its performance and future prospects can be made. Our current and proposed operations are subject to all of the business risks associated with new enterprises. These include likely fluctuations in operating results as the Company reacts to developments in its market, managing its growth and the entry of competitors into the market. We will only be able to pay dividends on any shares once our directors determine that we are financially

able to do so. Tap Systems has incurred a net loss and has had limited revenues generated since inception. There is no assurance that we will be profitable in the future or generate sufficient revenues to support our operations or to pay dividends to the holders of the shares.

Our trademarks, copyrights and other intellectual property could be unenforceable or ineffective

One of the Company's most valuable assets is its intellectual property. The Company owns four issued U.S. patents and three pending U.S. patents, two of which have been allowed, as well as a pending European patent application and a pending PTC (international) patent application. The company also owns registered and common law trademarks, copyrights, Internet domain names, and trade secrets.

Intellectual property is a complex and uncertain field of law. It is possible that competitors will be able to design around our intellectual property, find prior art to invalidate it, or render the patents unenforceable through some other mechanism. If competitors are able to bypass our intellectual property protection without obtaining a sublicense, it is likely that the Company's value will be materially and adversely impacted. This could also impair the Company's ability to compete in the marketplace. Moreover, if our trademarks or copyrights are deemed unenforceable, the Company will lose any marketing advantages provided by such trademarks or copyrights as well as any potential revenue it might be able to raise by entering into sublicenses. This would cut off a significant potential revenue stream for the Company.

The loss of one or more of our key personnel, or our failure to attract and retain other highly qualified personnel in the future, could harm our business

To be successful, the Company requires capable people to run its day to day operations. As the Company grows, it will need to attract and hire additional employees in sales, marketing, design, development, operations, finance, legal, human resources and other areas. Depending on the economic environment and the Company's performance, we may not be able to locate or attract qualified individuals for such positions when we need them. We may also make hiring mistakes, which can be costly in terms of resources spent in recruiting, hiring and investing in the incorrect individual and in the time delay in locating the right employee fit. If we are unable to attract, hire and retain the right talent or make too many hiring mistakes, it is likely that our business will suffer from not having the right employees in the right positions at the right time. This would likely adversely impact the value of your investment.

We rely on third parties to provide services essential to the success of our business

We rely on third parties to provide a variety of essential business functions for us, including manufacturing, shipping, accounting, legal work, public relations, advertising, retailing, and distribution. It is possible that some of these third parties will fail to perform their services or will perform them in an unacceptable manner. It is possible that we will experience delays, defects, errors, or other problems with their work that will materially impact our operations and we may have little or no recourse to recover damages for these losses. A disruption in these key or other suppliers' operations could materially and adversely affect our business. As a result, your investment could be adversely impacted by our reliance on third parties and their performance.

#### Litigation

The Company is currently a party to a lawsuit, venued in Israel, brought by Ran Poliakine through a company wholly-owned by him, Six Eye Interactive Ltd. Mr. Poliakine was one of Tap Systems' three co-founders and this lawsuit relates, directly or indirectly, to his termination by the Company's Board of Directors in December 2017. On January 31, 2018, Six Eye Interactive filed a lawsuit in the District Court of Jerusalem (Israel) alleging breach of contract and naming as Defendants the Company, its senior management and its wholly-owned Israeli subsidiary. Subsequently, on April 18, 2018, the Company and its subsidiary filed a counterclaim against Six Eye Interactive. The case is currently pending and the parties have been in intermittent settlement discussions over the past year as part of a mediation process scheduled by the court.

The Company believes that the foregoing lawsuit is without merit, has retained counsel and has been vigorously defending against plaintiff's claims. The Company does not believe that it will result in any material adverse outcome to the Company. However, this matter is subject to inherent uncertainties and management's view of this matter may change in the future.

An additional lawsuit, arising out of Mr. Poliakine's termination by the Company's Board of Directors in December 2017, is pending in the Jerusalem Regional Labor Court. While related to the above suit, neither the Company nor its senior management nor its Israeli subsidiary are parties to this action. On February 4, 2018, Six Eye Interactive filed this suit, naming as Defendants seven of Six Eye's former employees, some of whom went on to work at the Company. This suit alleges that these former employees breached certain obligations to Six Eye. Currently, this case is effectively on hold, pending mediation of the suit described above.

Additionally, in the normal course of business, the Company could become involved in various lawsuits and legal proceedings. Adverse outcomes in some or all of these claims may result in significant monetary damages or injunctive relief that could adversely affect our ability to conduct our business.

The Company Does Not Anticipate Paying Any Cash Dividends for the Foreseeable Future

To date, the Company has not paid any dividends to its shareholders. It currently intends to retain future earnings, if any, to support its business and does not intend to pay any dividends to its shareholders in the foreseeable future.

The Shares that you are Purchasing will be Equity Interests in the Company and will not Constitute Indebtedness

The Shares will rank junior to all existing and future indebtedness and non-equity claims on the Company with respect to assets available to satisfy those claims. In addition, the terms of your Shares will not limit the amount of debt or other obligations the Company may incur in the future. Accordingly, the Company could incur substantial amounts of additional debt and other obligations that will rank senior to your Shares.

The Company's Success is Heavily Dependent on Certain Key Personnel

The Company's Success is Heavily Dependent on Certain Key Personnel

The Company is dependent on David Schick, who is its CEO, and Sabrina Kemeny, who is its president, in order to execute its business plan. The loss of either Mr. Schick or Dr. Kemeny would have a material adverse impact on the Company's business, financial condition, cash flow and results of operations. The Company currently does not have an employment agreement with either Mr. Schick or Dr. Kemeny. While the Company intends to enter into such agreements with both individuals, there can be no assurance that it will do so or that they will continue to be employed by the Company for any particular period of time. Furthermore, the Company has not purchased any key person insurance policies with respect to Mr. Schick or Dr. Kemeny. Therefore, if either were to die or become disabled, the Company would not receive any financial compensation to assist it with such person's absence. While the Company intends to purchase such insurance coverage on both individuals, there can be no assurance that it will do so or that such coverage would be available at a reasonable cost or at all.

We are not Subject to Sarbanes-Oxley Regulations and Lack the Financial Controls and Safeguards Required of Public Companies

We do not have the internal infrastructure necessary, and are not required, to complete an attestation about our financial controls that would be required of public companies under Section 404 of the Sarbanes-Oxley Act of 2002. There can be no assurance that there are no significant deficiencies or material weaknesses in the quality of our financial controls. Furthermore, we expect to incur additional expenses and diversion of management's time if and when it becomes necessary to perform the system and process evaluation, testing and remediation required in order to comply with the management certification and auditor attestation requirements.

We May Not be Able to Adapt to New Content Distribution Platforms and to Changes in Consumer Behavior Resulting from these New Technologies

We must successfully adapt to technological advances in our industry, including the emergence of alternative mobile communication platforms. Our ability to exploit new platforms and technologies will affect our ability to maintain or grow our business and may increase our capital expenditures. Additionally, we must adapt to changing consumer behavior driven by these advances. Such changes may impact the revenue and profits that we are able to generate.

This offering involves "rolling closings," which may mean that earlier investors may not have the benefit of information that later investors have

Once we meet our target amount for this offering, we may request that WeFunder instruct the escrow agent to disburse offering funds to us. At that point, investors whose subscription agreements have been accepted will become our shareholders. All early-stage companies are subject to a number of risks and uncertainties, and it is not uncommon for material changes to be made to the offering terms, or to companies' businesses, plans or prospects, sometimes on short notice. When such changes happen during the course of an offering, we must file an amendment to our Form C with the SEC, and investors whose subscriptions have not yet been accepted will have the right to withdraw their subscriptions and receive the return of their moneys. Investors whose subscriptions have already been accepted, however, will already be our shareholders and will have no such right.

Our outstanding loan agreements are secured by the Company's Assets and may affect our ability to borrow in the future.

There are currently outstanding convertible loans to the Company in the aggregate amount of \$4,890,000, consisting of aggregate loans of \$4,750,000 borrowed by the Company from its CEO, a loan of \$100,000 borrowed by the Company from a former officer, and a loan of \$40,000 borrowed by the Company from outside investors. The Company's obligations under the majority of these loans are secured by a first priority security interest in all of the Company's personal property and other assets. The applicable loan and security agreements limit the Company's ability to grant or allow the imposition of any other lien or security interest upon the collateral. This may restrict or limit the ability of the Company to borrow additional funds until such time as these currently outstanding loans are repaid in full or converted into equity.

In the event that the Company goes public, Mr. Schick may be unable to continue to serve as its CEO

Approximately 15 years ago, our CEO entered into an agreement with the SEC whereby he would not serve in the future as an officer or director of a publicly traded company. Unless that bar is rescinded, in the event that the Company goes public, Mr. Schick could not continue to serve as its CEO. This could have a material adverse effect on the Company and its business.

Our future success depends on the efforts of a small management team.

The loss of services of the members of the management team may have an adverse effect on the company. There can be no assurance that we will be successful in attracting and retaining other personnel we require to successfully grow our business.

Our future success depends on the efforts of a small management team. The loss of services of the members of the management team may have an adverse effect on the company. There can be no assurance that we will be successful in attracting and retaining other personnel we require to successfully grow our business.

*INSTRUCTION TO QUESTION 8: Avoid generalized statements and include only those factors that are unique to the issuer. Discussion should be tailored to the issuer's business and the offering and should not repeat the factors addressed in the legends set forth above. No specific number of risk factors is required to be identified.*

## The Offering

### USE OF FUNDS

9. What is the purpose of this offering?

The Company intends to use the net proceeds of this offering for working capital and general corporate purposes, which includes the specific items listed in Item 10 below. While the Company expects to use the net proceeds from the Offering in the manner described above, it cannot specify with certainty the particular uses of the net proceeds that it will receive from from this Offering. Accordingly, the Company will have broad discretion in using these proceeds.

10. How does the issuer intend to use the proceeds of this offering?

If we raise: **\$200,001**

Use of Proceeds: Funds will be used as follows: 60% for Research & Development costs; 25.5% for Sales & Marketing costs; 8% for General & Administrative costs; and 6.5% for the Wefunder intermediary fee.

If we raise: **\$5,000,000**

Use of Proceeds: In the event that the Company raises its maximum for the offering, it will be able to augment its marketing efforts, as well as its R&D. This will enable faster product improvements, as well as more rapid expansion of the customer base.

Funds will be used as follows: 40% for Research & Development costs; 25.5% for Sales & Marketing costs; 18% for General & Administrative costs; 10% for line-of-credit repayment; and 6.5% for the Wefunder intermediary fee.

*INSTRUCTION TO QUESTION 10: An issuer must provide a reasonably detailed description of any intended use of proceeds, such that investors are provided with an adequate amount of information to understand how the offering proceeds will be used. If an issuer has identified a range of possible uses, the issuer should identify and describe each probable use and the factors the issuer may consider in allocating proceeds among the potential uses. If the issuer will accept proceeds in excess of the target offering amount, the issuer must describe the purpose, method for allocating oversubscriptions, and intended use of the excess proceeds with similar specificity. Please include all potential uses of the proceeds of the offering, including any that may apply only in the case of oversubscriptions. If you do not do so, you may later be required to amend your Form C. Wefunder is not responsible for any failure by you to describe a potential use of offering proceeds.*

#### DELIVERY & CANCELLATIONS

11. How will the issuer complete the transaction and deliver securities to the investors?

Book Entry and Investment in the Co-Issuer. Investors will make their investments by investing in interests issued by one or more co-issuers, each of which is a special purpose vehicle ("SPV"). The SPV will invest all amounts it receives from investors in securities issued by the Company. Interests issued to investors by the SPV will be in book entry form. This means that the investor will not receive a certificate representing his or her investment. Each investment will be recorded in the books and records of the SPV. In addition, investors' interests in the investments will be recorded in each investor's "Portfolio" page on the Wefunder platform. All references in this Form C to an Investor's investment in the Company (or similar phrases) should be interpreted to include investments in a SPV.

12. How can an investor cancel an investment commitment?

**NOTE: Investors may cancel an investment commitment until 48 hours prior to the deadline identified in these offering materials.**

The intermediary will notify investors when the target offering amount has been met. If the issuer reaches the target offering amount prior to the deadline identified in the offering materials, it may close the offering early if it provides notice about the new offering deadline at least five business days prior to such new offering deadline (absent a material change that would require an extension of the offering and reconfirmation of the investment commitment).

If an investor does not cancel an investment commitment before the 48-hour period prior to the offering deadline, the funds will be released to the issuer upon closing of the offering and the investor will receive securities in exchange for his or her investment.

If an investor does not reconfirm his or her investment commitment after a material change is made to the offering, the investor's investment commitment will be cancelled and the committed funds will be returned.

**An Investor's right to cancel.** An Investor may cancel his or her investment commitment at any time until 48 hours prior to the offering deadline.

If there is a material change to the terms of the offering or the information provided to the investor about the offering and/or the Company, the investor will be provided notice of the change and must re-confirm his or her investment commitment within five business days of receipt of the notice. If the investor does not reconfirm, he or she will receive notifications disclosing that the commitment was cancelled, the reason for the cancellation, and the refund amount that the investor is required to receive. If a material change occurs within five business days of the maximum number of days the offering is to remain open, the offering will be extended to allow for a period of five business days for the investor to reconfirm.

If the investor cancels his or her investment commitment during the period when cancellation is permissible, or does not reconfirm a commitment in the case of a material change to the investment, or the offering does not close, all of the investor's funds will be returned within five business days.

Within five business days of cancellation of an offering by the Company, the Company will give each investor notification of the cancellation, disclose the reason for the cancellation, identify the refund amount the investor will receive, and refund the investor's funds.

**The Company's right to cancel.** The Investment Agreement you will execute with us provides the Company the right to cancel for any reason before the offering deadline.

If the sum of the investment commitments from all investors does not equal or exceed the target offering amount at the time of the offering deadline, no securities will be sold in the offering, investment commitments will be cancelled and committed funds will be returned.

## Ownership and Capital Structure

#### THE OFFERING

13. Describe the terms of the securities being offered.

Priced Round: \$51,271,714 pre-money valuation

See exact security attached as [Appendix B, Investor Contracts](#)

Tap Systems Inc. is offering up to 2,592,857 shares of Common Stock, at a price per share of \$2.00.

Investors in the first \$1,300,001.5 of the offering will receive stocks at a price per share of \$1.75, and a pre-money valuation of \$44,862,749.75.

The campaign maximum is \$4,999,999.50 and the campaign minimum is \$200,000.50.

#### Securities Issued by the SPV

Instead of issuing its securities directly to investors, the Company has decided to issue its securities to the SPV, which will then issue interests in the SPV to investors. The SPV has been formed by Wefunder Admin, LLC and is a co-issuer with the Company of the securities being offered in this offering. The Company's use of the SPV is intended to allow investors in the SPV to achieve the same economic exposure, voting power, and ability to assert State and Federal law rights, and receive the same disclosures, as if they had invested directly in the Company. The Company's use of the SPV will not result in any additional fees being charged to investors.

The SPV has been organized and will be operated for the sole purpose of directly acquiring, holding and disposing of the Company's securities, will not borrow money and will use all of the proceeds from the sale of its securities solely to purchase a single class of securities of the Company. As a result, an investor investing in the Company through the SPV will have the same relationship to the Company's securities, in terms of number, denomination, type and rights, as if the investor invested directly in the Company.

#### Voting Rights

If the securities offered by the Company and those offered by the SPV have voting rights, those voting rights may be exercised by the investor or his or her proxy. The applicable proxy is the Lead Investor, if the Proxy (described below) is in effect.

#### Proxy to the Lead Investor

The SPV securities have voting rights. With respect to those voting rights, the investor and his, her, or its transferee or assignees (collectively, the "Investor"), through a power of attorney granted by Investor in the Investor Agreement, has appointed or will appoint the Lead Investor as the Investor's true and lawful proxy and attorney (the "Proxy") with the power to act alone and with full power of substitution, on behalf of the Investor to: (i) vote all securities related to the Company purchased in an offering hosted by Wefunder Portal, and (ii) execute, in connection with such voting power, any instrument or document that the Lead Investor determines is necessary and appropriate in the exercise of his or her authority. Such Proxy will be irrevocable by the Investor unless and until a successor lead investor ("Replacement Lead Investor") takes the place of the Lead Investor. Upon notice that a Replacement Lead Investor has taken the place of the Lead Investor, the Investor will have five (5) calendar days to revoke the Proxy. If the Proxy is not revoked within the 5-day time period, it shall remain in effect.

#### Restriction on Transferability

The SPV securities are subject to restrictions on transfer, as set forth in the Subscription Agreement and the Limited Liability Company Agreement of Wefunder SPV, LLC, and may not be transferred without the prior approval of the Company, on behalf of the SPV.

14. Do the securities offered have voting rights?

- Yes  
 No

15. Are there any limitations on any voting or other rights identified above?

See the above description of the Proxy to the Lead Investor.

16. How may the terms of the securities being offered be modified?

This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and may be amended only by a writing executed by all parties.

#### RESTRICTIONS ON TRANSFER OF THE SECURITIES BEING OFFERED:

The securities being offered may not be transferred by any purchaser of such securities during the one year period beginning when the securities were issued, unless such securities are transferred:

1. to the issuer;
2. to an accredited investor;
3. as part of an offering registered with the U.S. Securities and Exchange Commission; or
4. to a member of the family of the purchaser or the equivalent, to a trust controlled by the purchaser, to a trust created for the benefit of a member of the family of the purchaser or the equivalent, or in connection with the death or divorce of the purchaser or other similar circumstance.

**NOTE:** The term "accredited investor" means any person who comes within any of the categories set forth in Rule 501(a) of Regulation D, or who the seller reasonably believes comes within any of such categories, at the time of the sale of the securities to that person.

The term "member of the family of the purchaser or the equivalent" includes a child, stepchild, grandchild, parent, stepparent, grandparent, spouse or spousal equivalent, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law of the purchaser, and includes adoptive relationships. The term "spousal equivalent" means a cohabitant occupying a relationship generally equivalent to that of a spouse.

#### DESCRIPTION OF ISSUER'S SECURITIES

17. What other securities or classes of securities of the issuer are outstanding? Describe the material terms of any other outstanding securities or classes of securities of the issuer.

| Class of Security | Securities<br>(or Amount)<br>Authorized | Securities<br>(or Amount)<br>Outstanding | Voting<br>Rights             |
|-------------------|---|--|------------------------------|
| Common<br>Stock   | 50,000,000                              | 16,270,607                               | Yes <input type="checkbox"/> |

|                          | <b>Securities Reserved for<br/>Issuance upon Exercise or Conversion</b> |
|--------------------------|---|
| <b>Class of Security</b> |   |
| Warrants:                | 5,412,620   |
| Options:                 | 428,630   |

Describe any other rights:

There is a single class of securities (Common Stock). There are an additional 3,924,000 shares to be issued upon Loan Conversions.

18. How may the rights of the securities being offered be materially limited, diluted or qualified by the rights of any other class of security identified above?

The holders of a majority-in-interest of voting rights in the Company could limit the Investor's rights in a material way. For example, those interest holders could vote to change the terms of the agreements governing the Company's operations or cause the Company to engage in additional offerings (including potentially a public offering).

These changes could result in further limitations on the voting rights the Investor will have as an owner of equity in the Company, for example by diluting those rights or limiting them to certain types of events or consents.

To the extent applicable, in cases where the rights of holders of convertible debt, SAFES, or other outstanding options or warrants are exercised, or if new awards are granted under our equity compensation plans, an Investor's interests in the Company may be diluted. This means that the pro-rata portion of the Company represented by the Investor's securities will decrease, which could also diminish the Investor's voting and/or economic rights. In addition, as discussed above, if a majority-in-interest of holders of securities with voting rights cause the Company to issue additional equity, an Investor's interest will typically also be diluted.

Based on the risk that an Investor's rights could be limited, diluted or otherwise qualified, the Investor could lose all or part of his or her investment in the securities in this offering, and may never see positive returns.

Additional risks related to the rights of other security holders are discussed below, in Question 20.

19. Are there any differences not reflected above between the securities being offered and each other class of security of the issuer?

No.

20. How could the exercise of rights held by the principal shareholders identified in Question 6 above affect the purchasers of the securities being offered?

As holders of a majority-in-interest of voting rights in the Company, the **shareholders** may make decisions with which the Investor disagrees, or that negatively affect the value of the Investor's securities in the Company, and the Investor will have no recourse to change these decisions. The Investor's interests may conflict with those of other investors, and there is no guarantee that the Company will develop in a way that is optimal for or advantageous to the Investor.

For example, **the shareholders** may change the terms of the Articles of Incorporation for the company, change the terms of securities issued by the Company, change the management of the Company, and even force out minority holders of securities. **The shareholders** may make changes that affect the tax treatment of the Company in ways that are unfavorable to you but favorable to them. They may also vote to engage in new offerings and/or to register certain of the Company's securities in a way that negatively affects the value of the securities the Investor owns. Other holders of securities of the Company may also have access to more information than the Investor, leaving the Investor at a disadvantage with respect to any decisions regarding the securities he or she owns. **The shareholders** have the right to redeem their securities at any time. **Shareholders** could decide to force the Company to redeem their securities at a time that is not favorable to the Investor and is damaging to the Company. Investors' exit may affect the value of the Company and/or its viability. In cases where the rights of holders of convertible debt, SAFES, or other outstanding options or warrants are exercised, or if new awards are granted under our equity compensation plans, an Investor's interests in the Company may be diluted. This means that the pro-rata portion of the Company represented by the Investor's securities will decrease, which could also diminish the Investor's voting and/or economic rights. In addition, as discussed above, if a majority-in-interest of holders of securities with voting rights cause the Company to issue additional stock, an Investor's interest will typically also be diluted.

Based on the risks described above, the Investor could lose all or part of his or her investment in the securities in this offering, and may never see positive returns.

21. How are the securities being offered being valued? Include examples of methods for how such securities may be valued by the issuer in the future, including during subsequent corporate actions.

The offering price for the securities offered pursuant to this Form C has been determined arbitrarily by the Company, and does not necessarily bear any relationship to the Company's book value, assets, earnings or other generally accepted valuation criteria. In determining the offering price, the Company did not employ investment banking firms or other outside organizations to make an independent appraisal or evaluation. Accordingly, the offering price should not be considered to be indicative of the actual value of the securities offered hereby.

In the future, we will perform valuations of our common stock that take into account factors such as the following:

1. unrelated third party valuations of our common stock;
2. the price at which we sell other securities, such as convertible debt or preferred Stock, in light of the rights, preferences and privileges of our those securities relative to those of our common stock;
3. our results of operations, financial position and capital resources;
4. current business conditions and projections;
5. the lack of marketability of our common stock;
6. the hiring of key personnel and the experience of our management;
7. the introduction of new products;
8. the risk inherent in the development and expansion of our products;
9. our stage of development and material risks related to our business;
10. the likelihood of achieving a liquidity event, such as an initial public offering or a sale of our company given the prevailing market conditions and the nature

- and history of our business;
11. industry trends and competitive environment;
  12. trends in consumer spending, including consumer confidence;
  13. overall economic indicators, including gross domestic product, employment, inflation and interest rates; and
  14. the general economic outlook.

We will analyze factors such as those described above using a combination of financial and market-based methodologies to determine our business enterprise value. For example, we may use methodologies that assume that businesses operating in the same industry will share similar characteristics and that the Company's value will correlate to those characteristics, and/or methodologies that compare transactions in similar securities issued by us that were conducted in the market.

22. What are the risks to purchasers of the securities relating to minority ownership in the issuer?

An Investor in the Company will likely hold a minority position in the Company, and thus be limited as to its ability to control or influence the governance and operations of the Company.

The marketability and value of the Investor's interest in the Company will depend upon many factors outside the control of the Investor. The Company will be managed by its officers and be governed in accordance with the strategic direction and decision-making of its Board Of Directors, and the Investor will have no independent right to name or remove an officer or member of the Board Of Directors of the Company.

Following the Investor's investment in the Company, the Company may sell interests to additional investors, which will dilute the percentage interest of the investor in the Company. The Investor may have the opportunity to increase its investment in the Company in such a transaction, but such opportunity cannot be assured.

The amount of additional financing needed by the Company, if any, will depend upon the maturity and objectives of the Company. The declining of an opportunity or the inability of the Investor to make a follow-on investment, or the lack of an opportunity to make such a follow-on investment, may result in substantial dilution of the Investor's interest in the Company.

23. What are the risks to purchasers associated with corporate actions, including additional issuances of securities, issuer repurchases of securities, a sale of the issuer or of assets of the issuer or transactions with related parties?

Additional issuances of securities. Following the Investor's investment in the Company, the Company may sell interests to additional investors, which will dilute the percentage interest of the Investor in the Company. The Investor may have the opportunity to increase its investment in the Company in such a transaction, but such opportunity cannot be assured. The amount of additional financing needed by the Company, if any, will depend upon the maturity and objectives of the Company. The declining of an opportunity or the inability of the Investor to make a follow-on investment, or the lack of an opportunity to make such a follow-on investment, may result in substantial dilution of the Investor's interest in the Company.

Issuer repurchases of securities. The Company may have authority to repurchase its securities from shareholders, which may serve to decrease any liquidity in the market for such securities, decrease the percentage interests held by other similarly situated investors to the Investor, and create pressure on the Investor to sell its securities to the Company concurrently.

A sale of the issuer or of assets of the issuer. As a minority owner of the Company, the Investor will have limited or no ability to influence a potential sale of the Company or a substantial portion of its assets. Thus, the Investor will rely upon the executive management of the Company and the Board of Directors of the Company to manage the Company so as to maximize value for shareholders. Accordingly, the success of the Investor's investment in the Company will depend in large part upon the skill and expertise of the executive management of the Company and the Board of Directors of the Company. If the Board Of Directors of the Company authorizes a sale of all or a part of the Company, or a disposition of a substantial portion of the Company's assets, there can be no guarantee that the value received by the Investor, together with the fair market estimate of the value remaining in the Company, will be equal to or exceed the value of the Investor's initial investment in the Company.

Transactions with related parties. The Investor should be aware that there will be occasions when the Company may encounter potential conflicts of interest in its operations. On any issue involving conflicts of interest, the executive management and Board of Directors of the Company will be guided by their good faith judgement as to the Company's best interests. The Company may engage in transactions with affiliates, subsidiaries or other related parties, which may be on terms which are not arm's-length, but will be in all cases consistent with the duties of the management of the Company to its shareholders. By acquiring an interest in the Company, the Investor will be deemed to have acknowledged the existence of any such actual or potential conflicts of interest and to have waived any claim with respect to any liability arising from the existence of any such conflict of interest.

24. Describe the material terms of any indebtedness of the issuer:

*Loan*

|  |                            |
|--|----------------------------|
| <b>Lender</b>                              | PPP Loan                   |
| <b>Issue date</b>                          | 02/01/21                   |
| <b>Amount</b>                              | \$19,075.00                |
| <b>Outstanding principal plus interest</b> | \$19,075.00 as of 09/30/21 |
| <b>Interest rate</b>                       | 1.0% per annum             |
| <b>Maturity date</b>                       | 02/02/26                   |
| <b>Current with payments</b>               | Yes                        |

*PPP loan - forgiven in its entirety as of October 2021.*

*Loan*

|                   |              |
|-------------------|--------------|
| <b>Lender</b>     | SBA Loan     |
| <b>Issue date</b> | 05/18/21     |
| <b>Amount</b>     | \$150,000.00 |

**Outstanding principal plus interest** \$151,334.07 as of 09/30/21  
**Interest rate** 3.75% per annum  
**Maturity date** 05/19/51  
**Current with payments** Yes

*SBA Loan*

*Loan*

**Lender** Amazon (Line of Credit)  
**Issue date** 07/27/21  
**Amount** \$73,000.00  
**Outstanding principal plus interest** \$47,520.86 as of 09/30/21  
**Interest rate** 6.99% per annum  
**Maturity date** 07/28/22  
**Current with payments** Yes

*Amazon Line of Credit in the amount of \$73,000, of which approximately 48k has been drawn down as of 9/30/21*

*Loan*

**Lender** SBA Loan  
**Issue date** 08/23/21  
**Amount** \$350,000.00  
**Outstanding principal plus interest** \$351,330.48 as of 09/30/21  
**Interest rate** 3.75% per annum  
**Maturity date** 08/24/51  
**Current with payments** Yes

*SBA Loan*

*Convertible Note*

**Issue date** 04/29/16  
**Amount** \$100,000.00  
**Interest rate** 0.0% per annum  
**Discount rate** 0.0%  
**Uncapped Note** Yes  
**Maturity date** 04/20/18

*The conversion price applicable to these convertible loans is \$1.25 per share. To date, the lender has not made an election with respect to the conversion of the principal amount of his loan into shares of common stock of the Company.*

*Convertible Note*

**Issue date** 04/24/19  
**Amount** \$4,750,000.00  
**Interest rate** 0.0% per annum  
**Discount rate** 0.0%  
**Uncapped Note** Yes  
**Maturity date** 02/20/22

*The conversion price applicable to these convertible loans is \$1.25 per share. In addition, for a portion of the loans, warrant coverage is provided, as follows: for each share issued to the lender upon conversion, the Company is also to issue to the Lender, at no additional cost to Lender, one warrant to purchase an additional share of the Company's common stock at a strike price of \$1.25.*

*Furthermore, for a portion of the loans, anti-dilution protection has been granted as follows: Until such time as the Loan has been fully repaid or fully converted into shares of common stock of the Company, if the Company issues any securities (other than the issuance, vesting or exercise of any securities issued pursuant to a stock option plan approved by shareholders) for a consideration per share (the "New Issuance Price") less than \$1.25 (the foregoing a "Dilutive Issuance"), then immediately after such Dilutive Issuance, the conversion price then in effect as well as the warrant strike price shall be reduced to the New Issuance Price.*

*Finally, early repayment of the loan can be triggered in the event that: (a) the Company consolidates with or merges with or into another entity or person, (b) the Company sells all or substantially all of its assets to another entity or person, (c) a majority of the Company's equity securities are sold to another entity or person, or (d) an initial public offering of the Company's Common Stock, having gross proceeds of not less than \$5,000,000 takes place; or (e) the Company defaults in the performance of any of its obligations under the applicable loan agreement.*

*Convertible Note*

**Issue date** 11/13/19  
**Amount** \$40,000.00  
**Interest rate** 0.0% per annum  
**Discount rate** 10.0%  
**Uncapped Note** Yes  
**Maturity date** 10/28/21

*Convertible Note*

*INSTRUCTION TO QUESTION 24: name the creditor, amount owed, interest rate, maturity date, and any other material terms.*

25. What other exempt offerings has the issuer conducted within the past three years?

| Offering Date | Exemption       | Security Type    | Amount Sold | Use of Proceeds    |
|---------------|-----------------|------------------|-------------|--------------------|
| 4/2019        | Section 4(a)(2) | Convertible Note | \$4,750,000 | General operations |
| 5/2019        | Section 4(a)(2) | Common stock     | \$600,000   | General operations |
| 11/2019       | Regulation      | Common stock     | \$1,067,513 | General            |

|         | Crowdfunding              |                           | operations         |
|---------|---------------------------|---------------------------|--------------------|
| 11/2019 | Section 4(a)(2)           | Convertible Note \$40,000 | General operations |
| 3/2020  | Regulation D, Rule 506(c) | Common stock \$395,503    | General operations |
| 10/2020 | Regulation D, Rule 506(c) | Common stock \$1,065,000  | General operations |

26. Was or is the issuer or any entities controlled by or under common control with the issuer a party to any transaction since the beginning of the issuer's last fiscal year, or any currently proposed transaction, where the amount involved exceeds five percent of the aggregate amount of capital raised by the issuer in reliance on Section 4(a)(6) of the Securities Act during the preceding 12-month period, including the amount the issuer seeks to raise in the current offering, in which any of the following persons had or is to have a direct or indirect material interest:

- any director or officer of the issuer;
  - any person who is, as of the most recent practicable date, the beneficial owner of 20 percent or more of the issuer's outstanding voting equity securities, calculated on the basis of voting power;
  - if the issuer was incorporated or organized within the past three years, any promoter of the issuer;
  - or (4) any immediate family member of any of the foregoing persons.
- Yes  
 No

For each transaction specify the person, relationship to issuer, nature of interest in transaction, and amount of interest.

**Name** Dovid Schick; Sabrina Kemeny; Ran Polliakine  
**Amount Invested** \$775,000.00  
**Transaction type** Priced round  
**Issue date** 05/01/15  
**Relationship** Related parties are the Company's Founders

**Name** Ran Polliakine  
**Amount Invested** \$100,000.00  
**Transaction type** Convertible note  
**Issue date** 04/29/16  
**Interest rate** 0.0% per annum  
**Discount rate** 0.0%  
**Maturity date** 04/20/18  
**Uncapped note** Yes  
**Relationship** Co-Founder of the Company

**Name** David Schick  
**Amount Invested** \$4,750,000.00  
**Transaction type** Convertible note  
**Issue date** 04/24/19  
**Interest rate** 0.0% per annum  
**Discount rate** 0.0%  
**Maturity date** 02/20/22  
**Uncapped note** Yes  
**Relationship** Chief Executive Officer

**Name** David Schick  
**Amount Invested** \$600,000.00  
**Transaction type** Priced round  
**Issue date** 05/29/19  
**Relationship** Chief Executive Officer

*INSTRUCTIONS TO QUESTION 26. The term transaction includes, but is not limited to, any financial transaction, arrangement or relationship (including any indebtedness or guarantee of indebtedness) or any series of similar transactions, arrangements or relationships.*

*Beneficial ownership for purpose of paragraph (2) shall be determined as of a date that is no more than 120 days prior to the date of filing of this offering statement and using the same calculation described in Question 6 of this Question and Answer format.*

*The term "member of the family" includes any child, stepchild, grandchild, parent, stepparent, grandparent, spouse or spousal equivalent, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law of the person, and includes adoptive relationships. The term "spousal equivalent" means a cohabitant occupying a relationship generally equivalent to that of a spouse.*

*Compute the amount of a related party's interest in any transaction without regard to the amount of the profit or loss involved in the transaction. Where it is not practicable to state the approximate amount of the interest, disclose the approximate amount involved in the transaction.*

## FINANCIAL CONDITION OF THE ISSUER

27. Does the issuer have an operating history?

- Yes  
 No

28. Describe the financial condition of the issuer, including, to the extent material, liquidity, capital resources and historical results of operations.

### Management's Discussion and Analysis of Financial Condition and Results of Operations

You should read the following discussion and analysis of our financial condition and results of operations together with our financial statements and the related notes and other financial information included elsewhere in this offering. Some of the information contained in this discussion and analysis, including information

The information contained in this discussion and analysis, including information regarding the strategy and plans for our business, includes forward-looking statements that involve risks and uncertainties. You should review the "Risk Factors" section for a discussion of important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis.

#### Overview

We have developed a wearable that allows fast, accurate input and control for any digital device, including augmented and virtual reality wearables.

#### Milestones

Tap Systems Inc. was incorporated in the State of Delaware in February 2015 before redomiciling to California on March 15, 2016.

Since then, we have:

- Tap solves a critical problem in the multi-billion dollar AR and VR industry.
- Tap has over \$2 million in sales to date, tens of thousands of customers, and a 4 star Amazon rating
- Our founders have successfully exited from previous startups via IPOs and acquisitions.
- We have raised over \$13 million to date from founders, investors, and individuals.
- Our 2018 crowdfunding offering sold out, and was oversubscribed by almost 50%.
- Facebook, Apple, Google & other leading companies are investing billions in developing AR/VR systems.
- The AR/VR market is projected to be almost \$300 billion by 2024.

#### Historical Results of Operations

- *Revenues & Gross Margin.* For the period ended December 31, 2021, the Company had revenues of \$705,434 compared to the year ended December 31, 2020, when the Company had revenues of \$885,346.
- *Assets.* As of December 31, 2021, the Company had total assets of \$701,005, including \$424,689 in cash. As of December 31, 2020, the Company had \$688,067 in total assets, including \$282,590 in cash.
- *Net Loss.* The Company has had net losses of \$1,644,240 and net losses of \$1,924,505 for the fiscal years ended December 31, 2021 and December 31, 2020, respectively.
- *Liabilities.* The Company's liabilities totaled \$6,791,944 for the fiscal year ended December 31, 2021 and \$6,118,205 for the fiscal year ended December 31, 2020.

#### Related Party Transaction

Refer to Question 26 of this Form C for disclosure of all related party transactions.

#### Liquidity & Capital Resources

To-date, the company has been financed with \$8mm in equity and \$5mm in convertibles.

After the conclusion of this Offering, should we hit our minimum funding target, our projected runway is 8 months before we need to raise further capital.

We plan to use the proceeds as set forth in this Form C under "Use of Funds". We don't have any other sources of capital in the immediate future.

We will likely require additional financing in excess of the proceeds from the Offering in order to perform operations over the lifetime of the Company. We plan to raise capital in 12 months. Except as otherwise described in this Form C, we do not have additional sources of capital other than the proceeds from the offering. Because of the complexities and uncertainties in establishing a new business strategy, it is not possible to adequately project whether the proceeds of this offering will be sufficient to enable us to implement our strategy. This complexity and uncertainty will be increased if less than the maximum amount of securities offered in this offering is sold. The Company intends to raise additional capital in the future from investors. Although capital may be available for early-stage companies, there is no guarantee that the Company will receive any investments from investors.

#### Runway & Short/Mid Term Expenses

Tap Systems Inc. cash in hand is \$389,247, as of June 2021. Over the last three months, revenues have averaged \$55,241/month, cost of goods sold has averaged \$17,999/month, and operational expenses have averaged \$172,317/month, for an average burn rate of \$135,075 per month. Our intent is to be profitable in 18 months.

We began shipping the Tap Strap to customers in February 2018. Prior to that point, we had no revenues, and all manufacturing expenses were capitalized. Starting in February of 2018, the Company began to recognize revenue for the sale of our product, which amounted to \$885K for the year 2020.

In first six months of 2021, even impacted by Covid19 and the damage of 2K devices by extreme weather conditions during an ocean-shipment in November 2020, the net revenue in the first six months in 2021 is approximately \$331K, which represents a decrease of about \$30K, or 8%, as compared with the same period in 2020.

In the first six months of 2021, our expenses decreased about 9%, or approximately \$97K. The decrease in expenses reflects decreased spending on sales and marketing activities. We expect that our R&D expenses will grow modestly over the coming year; however, we expect that our sales and marketing expenses will increase significantly as we expand our sales activities.

In the next 6 months we expect our revenues to reach approximately \$750,000, with expenses during the same period running at about \$900,000. We believe we'll need approximately \$3.5M in total capital to eventually reach break-even by Q4 2023. These projections cannot be guaranteed.

Since its inception in 2015, the Company has raised 8MM through the sale of equity in the form of common stock. In addition, the Company has borrowed 5MM in the form of interest-free convertible loans made to the Company by its CEO, which may be converted into common stock at a price of \$1.25 per share.

Additionally, the Company has obtained two PPP loans in the aggregate amount of \$41K, which have been forgiven in March 2021 and October 2021, respectively; and SBA Economic Injury Disaster Loans in the aggregate principal amount of \$500K with an interest rate of 3.75% for a term of 30 years.

The Company is currently consuming cash on a monthly basis. Absent any other source of funds, the funds to be raised in future Offerings are necessary for the continued viability of the Company.

Furthermore, to the extent necessary and depending on its eligibility, the Company may apply for lines of credit or other credit facilities from banks or other financial institutions. The Company also has an investor who has committed \$100k in equity purchases per month through 2021 which will help cover short-term burn.

*INSTRUCTIONS TO QUESTION 28. The discussion must cover each year for which financial statements are provided. For issuers with no prior operating history, the discussion should focus on financial milestones and operational, liquidity and other challenges. For issuers with an operating history, the discussion should focus on whether historical results and cash flows are representative of what investors should expect in the future. Take into account the proceeds of the offering and any other known or pending sources of capital. Discuss how the proceeds from the offering will affect liquidity, whether receiving these funds and any other additional funds is necessary to the viability of the business, and how quickly the issuer anticipates using its available cash. Describe the other available sources of capital to the business, such as lines of credit or required contributions by shareholders. References to the issuer in this Question 28 and these instructions refer to the issuer and its predecessors, if any.*

## FINANCIAL INFORMATION

29. Include financial statements covering the two most recently completed fiscal years or the period(s) since inception, if shorter:

Refer to [Appendix C, Financial Statements](#)

I, David Schick, certify that:

- (1) the financial statements of Tap Systems Inc. included in this Form are true and complete in all material respects ; and
- (2) the tax return information of Tap Systems Inc. included in this Form reflects accurately the information reported on the tax return for Tap Systems Inc. filed for the most recently completed fiscal year.

*David Schick*  
CEO

## STAKEHOLDER ELIGIBILITY

30. With respect to the issuer, any predecessor of the issuer, any affiliated issuer, any director, officer, general partner or managing member of the issuer, any beneficial owner of 20 percent or more of the issuer's outstanding voting equity securities, any promoter connected with the issuer in any capacity at the time of such sale, any person that has been or will be paid (directly or indirectly) remuneration for solicitation of purchasers in connection with such sale of securities, or any general partner, director, officer or managing member of any such solicitor, prior to May 16, 2016:

(1) Has any such person been convicted, within 10 years (or five years, in the case of issuers, their predecessors and affiliated issuers) before the filing of this offering statement, of any felony or misdemeanor:

- i. in connection with the purchase or sale of any security?  Yes  No
- ii. involving the making of any false filing with the Commission?  Yes  No
- iii. arising out of the conduct of the business of an underwriter, broker, dealer, municipal securities dealer, investment adviser, funding portal or paid solicitor of purchasers of securities?  Yes  No

(2) Is any such person subject to any order, judgment or decree of any court of competent jurisdiction, entered within five years before the filing of the information required by Section 4A(b) of the Securities Act that, at the time of filing of this offering statement, restrains or enjoins such person from engaging or continuing to engage in any conduct or practice:

- i. in connection with the purchase or sale of any security?  Yes  No
- ii. involving the making of any false filing with the Commission?  Yes  No
- iii. arising out of the conduct of the business of an underwriter, broker, dealer, municipal securities dealer, investment adviser, funding portal or paid solicitor of purchasers of securities?  Yes  No

(3) Is any such person subject to a final order of a state securities commission (or an agency or officer of a state performing like functions); a state authority that supervises or examines banks, savings associations or credit unions; a state insurance commission (or an agency or officer of a state performing like functions); an appropriate federal banking agency; the U.S. Commodity Futures Trading Commission; or the National Credit Union Administration that:

- i. at the time of the filing of this offering statement bars the person from:
  - A. association with an entity regulated by such commission, authority, agency or officer?  Yes  No
  - B. engaging in the business of securities, insurance or banking?  Yes  No
  - C. engaging in savings association or credit union activities?  Yes  No
- ii. constitutes a final order based on a violation of any law or regulation that prohibits fraudulent, manipulative or deceptive conduct and for which the order was entered within the 10-year period ending on the date of the filing of this offering statement?  Yes  No

(4) Is any such person subject to an order of the Commission entered pursuant to Section 15(b) or 15B(c) of the Exchange Act or Section 203(e) or (f) of the Investment Advisers Act of 1940 that, at the time of the filing of this offering statement:

- i. suspends or revokes such person's registration as a broker, dealer, municipal securities dealer, investment adviser or funding portal?  Yes  No
- ii. places limitations on the activities, functions or operations of such person?  Yes  No
- iii. bars such person from being associated with any entity or from participating in the offering of any penny stock?  Yes  No

(5) Is any such person subject to any order of the Commission entered within five years before the filing of this offering statement that, at the time of the filing of this offering statement, orders the person to cease and desist from committing or causing a violation or future violation of:

- i. any scienter-based anti-fraud provision of the federal securities laws, including without limitation Section 17(a)(1) of the Securities Act, Section 10(b) of the Exchange Act, Section 15(c)(1) of the Exchange Act and Section 206(1) of the Investment Advisers Act of 1940 or any other rule or regulation thereunder?  Yes  No
- ii. Section 5 of the Securities Act?  Yes  No

(6) Is any such person suspended or expelled from membership in, or suspended or barred from association with a member of, a registered national securities exchange or a registered national or affiliated securities association for any act or omission to act constituting conduct inconsistent with just and equitable principles of trade?

Yes  No

(7) Has any such person filed (as a registrant or issuer), or was any such person or was any such person named as an underwriter in, any registration statement or Regulation A offering statement filed with the Commission that, within five years before the filing of this offering statement, was the subject of a refusal order, stop order, or order suspending the Regulation A exemption, or is any such person, at the time of such filing, the subject of an investigation or proceeding to determine whether a stop order or suspension order should be issued?

Yes  No

(8) Is any such person subject to a United States Postal Service false representation order entered within five years before the filing of the information required by Section 4A(b) of the Securities Act, or is any such person, at the time of filing of this offering statement, subject to a temporary restraining order or preliminary injunction with respect to conduct alleged by the United States Postal Service to constitute a scheme or device for obtaining money or property through the mail by means of false representations?

Yes  No

**If you would have answered "Yes" to any of these questions had the conviction, order, judgment, decree, suspension, expulsion or bar occurred or been issued after May 16, 2016, then you are NOT eligible to rely on this exemption under Section 4(a)(6) of the Securities Act.**

*INSTRUCTIONS TO QUESTION 30: Final order means a written directive or declaratory statement issued by a federal or state agency, described in Rule 503(c)(3) of Regulation Crowdfunding, under applicable statutory authority that provides for notice and an opportunity for hearing, which constitutes a final disposition or action by that federal or state agency.*

*No matters are required to be disclosed with respect to events relating to any affiliated issuer that occurred before the affiliation arose if the affiliated entity is not (i) in control of the issuer or (ii) under common control with the issuer by a third party that was in control of the affiliated entity at the time of such events.*

## OTHER MATERIAL INFORMATION

31. In addition to the information expressly required to be included in this Form, include:

- (1) any other material information presented to investors; and
- (2) such further material information, if any, as may be necessary to make the required statements, in the light of the circumstances under which they are made, not misleading.

The Lead Investor. As described above, each investor that has entered into the Investor Agreement will grant a power of attorney to make voting decisions on behalf of that investor to the Lead Investor (the "Proxy"). The Proxy is irrevocable unless and until a Successor Lead Investor takes the place of the Lead Investor, in which case, the investor has a five (5) calendar day period to revoke the Proxy. Pursuant to the Proxy, the Lead Investor or his or her successor will make voting decisions and take any other actions in connection with the voting on investors' behalf.

The Lead Investor is an experienced investor that is chosen to act in the role of Lead Investor on behalf of investors that have a Proxy in effect. The Lead Investor will be chosen by the Company and approved by Wefunder Inc. and the identity of the initial Lead Investor will be disclosed to investors before investors make a final investment decision to purchase the securities related to the Company.

The Lead Investor can quit at any time or can be removed by Wefunder Inc. for cause or pursuant to a vote of investors as detailed in the Lead Investor Agreement. In the event the Lead Investor quits or is removed, the Company will choose a Successor Lead Investor who must be approved by Wefunder Inc. The identity of the Successor Lead Investor will be disclosed to investors, and those that have a Proxy in effect can choose to either leave such Proxy in place or revoke such Proxy during a 5-day period beginning with notice of the replacement of the Lead Investor.

The Lead Investor will not receive any compensation for his or her services to the SPV. The Lead Investor may receive compensation if, in the future, Wefunder Advisors LLC forms a fund ("Fund") for accredited investors for the purpose of investing in a non-Regulation Crowdfunding offering of the Company. In such a circumstance, the Lead Investor may act as a portfolio manager for that Fund (and as a supervised person of Wefunder Advisors) and may be compensated through that role.

Although the Lead Investor may act in multiple roles with respect to the Company's offerings and may potentially be compensated for some of its services, the Lead Investor's goal is to maximize the value of the Company and therefore maximize the value of securities issued by or related to the Company. As a result, the Lead Investor's interests should always be aligned with those of investors. It is, however, possible that in some limited circumstances the Lead investor's interests could diverge from the interests of investors, as discussed in section 8 above.

Investors that wish to purchase securities related to the Company through Wefunder Portal must agree to give the Proxy described above to the Lead Investor, provided that if the Lead Investor is replaced, the investor will have a 5-day period during which he or she may revoke the Proxy. If the Proxy is not revoked during this 5-day period, it will remain in effect.

Tax Filings. In order to complete necessary tax filings, the SPV is required to include information about each investor who holds an interest in the SPV, including each investor's taxpayer identification number ("TIN") (e.g., social security number or employer identification number). To the extent they have not already done so, each investor will be required to provide their TIN within the earlier of (i) two (2) years of making their investment or (ii) twenty (20) days prior to the date of any distribution from the SPV. If an investor does not provide their TIN within this time, the SPV reserves the right to withhold from any proceeds otherwise payable to the investor an amount necessary for the SPV to satisfy its tax withholding obligations as well as the SPV's reasonable estimation of any penalties that may be charged by the IRS or other relevant authority as a

result of the investor's failure to provide their TIN. Investors should carefully review the terms of the SPV Subscription Agreement for additional information about tax filings.

*INSTRUCTIONS TO QUESTION 30: If information is presented to investors in a format, media or other means not able to be reflected in text or portable document format, the issuer should include:*

- (a) a description of the material content of such information;
- (b) a description of the format in which such disclosure is presented; and
- (c) in the case of disclosure in video, audio or other dynamic media or format, a transcript or description of such disclosure.

## ONGOING REPORTING

32. The issuer will file a report electronically with the Securities & Exchange Commission annually and post the report on its website, no later than:

120 days after the end of each fiscal year covered by the report.

33. Once posted, the annual report may be found on the issuer's website at:

<http://www.tapwithus.com/investors>

The issuer must continue to comply with the ongoing reporting requirements until:

1. the issuer is required to file reports under Exchange Act Sections 13(a) or 15(d);
2. the issuer has filed at least one annual report and has fewer than 300 holders of record;
3. the issuer has filed at least three annual reports and has total assets that do not exceed \$10 million;
4. the issuer or another party purchases or repurchases all of the securities issued pursuant to Section 4(a)(6), including any payment in full of debt securities or any complete redemption of redeemable securities; or the issuer liquidates or dissolves in accordance with state law.

## APPENDICES

[Appendix A: Business Description & Plan](#)

Appendix B: Investor Contracts

[SPV Subscription Agreement - Early Bird](#)  
[Early Bird Tap Systems Reg CF Subscription Agreement 11.8.21](#)  
[SPV Subscription Agreement](#)  
[Tap Systems Reg CF Subscription Agreement 11.8.21](#)

Appendix C: Financial Statements

[Financials 1](#)  
[Financials 2](#)

Appendix D: Director & Officer Work History

[Alec Marshall](#)  
[David Schick](#)  
[Eli Schick](#)  
[Sabrina Kemeny, PhD.](#)

Appendix E: Supporting Documents

[ttw\\_communications\\_84039\\_213419.pdf](#)  
[ttw\\_communications\\_84039\\_213405.pdf](#)

## Signatures

*Intentional misstatements or omissions of facts constitute federal criminal violations. See 18 U.S.C. 1001.*

The following documents will be filed with the SEC:

[Cover Page XML](#)

[Offering Statement \(this page\)](#)

[Appendix A: Business Description & Plan](#)

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[ttw\\_communications\\_84039\\_213419.pdf](#)  
[ttw\\_communications\\_84039\\_213405.pdf](#)

*Pursuant to the requirements of Sections 4(a)(6) and 4A of the Securities Act of 1933 and Regulation Crowdfunding (§ 227.100 et seq.), the issuer certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form C and has duly caused this Form to be signed on its behalf by the duly authorized undersigned.*

Tap Systems Inc.

By

*Dovid Schick*

CEO and Co-Founder

Pursuant to the requirements of Sections 4(a)(6) and 4A of the Securities Act of 1933 and Regulation Crowdfunding (§ 227.100 et seq.), this Form C and Transfer Agent Agreement has been signed by the following persons in the capacities and on the dates indicated.

*Eli Schick*

Board Member  
4/27/2022

*Sabrina Kemeny*

President  
4/27/2022

*R. Alec Marshall*

Board Member  
4/26/2022

*Dovid Schick*

CEO and Co-Founder  
4/26/2022

*The Form C must be signed by the issuer, its principal executive officer or officers, its principal financial officer, its controller or principal accounting officer and at least a majority of the board of directors or persons performing similar functions.*

I authorize Wefunder Portal to submit a Form C to the SEC based on the information I provided through this online form and my company's Wefunder profile.

As an authorized representative of the company, I appoint Wefunder Portal as the company's true and lawful representative and attorney-in-fact, in the company's name, place and stead to make, execute, sign, acknowledge, swear to and file a Form C on the company's behalf. This power of attorney is coupled with an interest and is irrevocable. The company hereby waives any and all defenses that may be available to contest, negate or disaffirm the actions of Wefunder Portal taken in good faith under or in reliance upon this power of attorney.