

TFS, Inc. (the “Company”) a Delaware Corporation

Financial Statements (unaudited) and
Independent Accountant’s Review Report

Years ended November 30, 2020 & 2021



INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To Management
TFS, Inc.

We have reviewed the accompanying financial statements of the Company which comprise the statement of financial position as of November 30, 2020, & 2021 and the related statements of operations, statement of changes in shareholder equity, and statement of cash flows for the years then ended, 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 less in scope than 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 controls 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 in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Going Concern

As discussed in Note 8, certain conditions indicate that the Company may be unable to continue as a going concern. The accompanying financial statements do not include any adjustments that might be necessary should the Company be unable to continue as a going concern. Management has evaluated these conditions and plans to generate revenues and raise capital as needed to satisfy its capital needs.

Vince Mongio, CPA, CIA, CFE, MACC
Miami, FL
October 11, 2022

Vincenzo Mongio

Statement of Financial Position

	As of November 30,	
	2021	2020
ASSETS		
Current Assets		
Cash and Cash Equivalents	54,651	128,942
Accounts Receivable	-	22,000
Total Current Assets	54,651	150,942
TOTAL ASSETS	54,651	150,942
LIABILITIES AND EQUITY		
Liabilities		
Current Liabilities		
Credit Card Payables	4,237	3,240
PPP Loan	-	28,700
Other Liabilities	97	-
Total Current Liabilities	4,334	31,940
TOTAL LIABILITIES	4,334	31,940
EQUITY		
Preferred Stock	25	25
Additional Paid In Capital	499,975	499,975
Accumulated Deficit	(449,682)	(380,998)
Total Equity	50,318	119,002
TOTAL LIABILITIES AND EQUITY	54,651	150,942

Statement of Operations

	Year Ended November 30,	
	2021	2020
Premium Subscription Revenue	115,678	72,640
Ad Sales	61,120	32,356
Gross Profit	176,798	104,996
Operating Expenses		
Advertising and Marketing	53,973	285,941
General and Administrative	220,787	218,373
Total Operating Expenses	274,760	504,314
Operating Income (loss)	(97,962)	(399,318)
Other Income		
Loan Forgiveness	28,700	-
Other	250	-
Total Other Income	28,950	-
Other Expense		
Other	(327)	-
Total Other Expense	(327)	-
Provision for Income Tax	-	-
Net Income (loss)	(68,684)	(399,318)

Statement of Cash Flows

	Year Ended November 30,	
	2021	2020
OPERATING ACTIVITIES		
Net Income (Loss)	(68,684)	(399,318)
Adjustments to reconcile Net Income to Net Cash provided by operations:		
Accounts Payable	996	2,862
Accounts Receivable	22,000	(22,000)
PPP Loan Forgiveness	(28,700)	
Other	97	-
Total Adjustments to reconcile Net Income to Net Cash provided by operations:	(5,607)	(19,138)
Net Cash provided by (used in) Operating Activities	(74,291)	(418,456)
FINANCING ACTIVITIES		
Sales of Preferred Stock	-	500,000
PPP Loan	-	28,700
Net Cash provided by (used in) Financing Activities	-	528,700
Cash at the beginning of period	128,942	18,698
Net Cash increase (decrease) for period	(74,291)	110,244
Cash at end of period	54,651	128,942

Statement of Changes in Shareholder Equity

	Common Stock		Preferred Stock		APIC	Accumulated Deficit	Total Shareholder Equity
	# of Shares Amount	\$ Amount	# of Shares Amount	\$ Amount			
Beginning Balance at 11/30/2019		-	-	-	-	18,320	18,320
Common Stock	1,466,700	-	-	-	-	-	-
Preferred Stock	-	-	250,000	25	499,975	-	500,000
Additional Paid in Capital	-	-	-	-	-	-	-
Net Income (Loss)	-	-	-	-	-	(399,318)	(399,318)
Ending Balance 11/30/2020	1,466,700	-	250,000	25	499,975	(380,998)	119,002
Common Stock	-	-	-	-	-	-	-
Preferred Stock	-	-	-	-	-	-	-
Additional Paid in Capital	-	-	-	-	-	-	-
Net Income (Loss)	-	-	-	-	-	(68,684)	(68,684)
Ending Balance 11/30/2021	1,466,700	-	250,000	25	499,975	(449,682)	50,318

TFS, Inc
Notes to the Unaudited Financial Statements
November 30th, 2021
\$USD

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

TFS, Inc ("The Flip Side") was founded in Delaware on December 19, 2017. The Company produces a daily email digest of commentary from across the political spectrum. The Company earns revenue through the sale of premium subscriptions and advertisements.

The Company will conduct a crowdfunding campaign under regulation CF in 2022 to raise operating capital.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Our financial statements are prepared in accordance with U.S. generally accepted accounting principles ("GAAP"). Our fiscal year ends on November 30th. The Company has no interest in variable interest entities and no predecessor entities.

Use of Estimates and Assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include all cash balances and highly liquid investments with maturities of three months or less when purchased.

Fair Value of Financial Instruments

ASC 820 "*Fair Value Measurements and Disclosures*" establishes a three-tier fair value hierarchy, which prioritizes the inputs in measuring fair value. The hierarchy prioritizes the inputs into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

These tiers include:

Level 1: defined as observable inputs such as quoted prices in active markets;

Level 2: defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and

Level 3: defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions.

Concentrations of Credit Risks

The Company's financial instruments that are exposed to concentrations of credit risk primarily consist of its cash and cash equivalents. The Company places its cash and cash equivalents with financial institutions of high credit worthiness. The Company's management plans to assess the financial strength and credit worthiness of any parties to which it extends funds, and as such, it believes that any associated credit risk exposures are limited.

Revenue Recognition

The Company recognizes revenue from the sale of products and services in accordance with ASC 606, "Revenue Recognition" following the five steps procedure:

- Step 1: Identify the contract(s) with customers
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to performance obligations
- Step 5: Recognize Revenue When or As Performance Obligations Are Satisfied

The Company generates revenues by selling a premium subscription service to readers of their daily email digest. The Company's payments are generally collected at time of service or initiation of services. The Company's primary performance obligation is to maintain an acceptable level of software uptime for users over the subscription period and revenue is recognized over the life of the subscription as performance obligations are satisfied which are on a month-to-month basis.

The Company also generates revenues by displaying ads to users of their services. The Company's primary performance obligation is the display of ads and recognizes revenues when an ad is displayed.

Accounts Receivable

Trade receivables due from customers are uncollateralized customer obligations due under normal trade terms. Trade receivables are stated at the amount billed to the customer. Payments of trade receivables are allocated to the specific invoices identified on the customer's remittance advice or, if unspecified, are applied to the earliest unpaid invoices. Payments are generally collected upfront, but some of the merchants that products are sold through have a delay between collecting from the customer and sending to the Company.

The Company estimates an allowance for doubtful accounts based upon an evaluation of the current status of receivables, historical experience, and other factors as necessary. It is reasonably possible that the Company's estimate of the allowance for doubtful accounts will change.

Advertising Costs

Advertising costs associated with marketing the Company's products and services are generally expensed as costs are incurred.

General and Administrative

General and administrative expenses consist of payroll and related expenses for employees and independent contractors involved in general corporate functions, including accounting, finance, tax, legal, business development, and other miscellaneous expenses.

Equity based compensation

The company has designated a maximum of 783,300 of the authorized but unissued or reacquired shares of Common Stock of the Company ("Shares") to be issued in accordance with their 2020 Stock Plan.

The Company accounts for stock options issued to employees under ASC 718 (Stock Compensation). Under ASC 718, share-based compensation cost to employees is measured at the grant date, based on the estimated fair value of the award, and is recognized as an item of expense ratably over the employee's requisite vesting period. The Company has elected early adoption of ASU 2018-07, which permits measurement of stock options at their intrinsic value, instead of their fair value. An option's intrinsic value is defined as the amount by which the fair value of the underlying stock exceeds the exercise price of an option. In certain cases, this means that option compensation granted by the Company may have an intrinsic value of \$0.

The Company measures compensation expense for its non-employee stock-based compensation under ASC 505 (Equity). The fair value of the option issued or committed to be issued is used to measure the transaction, as this is more reliable than the fair value of the services received. The fair value is measured at the value of the Company's common stock on the date that the commitment for performance by the counterparty has been reached or the counterparty's performance is complete. The fair value of the equity instrument is charged directly to expense and credited to additional paid-in capital.

There is not a viable market for the Company's common stock to determine its fair value, therefore management is required to estimate the fair value to be utilized in the determining stock-based compensation costs. In estimating the fair value, management considers recent sales of its common stock to independent qualified investors, placement agents' assessments of the underlying common shares relating to our sale of preferred stock and validation by independent fair value experts. Considerable management judgment is necessary to estimate the fair value. Accordingly, actual results could vary significantly from management's estimates. Management has concluded that the estimated fair value of the Company's stock and corresponding expense is negligible.

Income Taxes

The Company is subject to Corporate income and state income taxes in the state it does business. A deferred tax asset as a result of net operating losses (NOL) has not been recognized due to the uncertainty of future positive taxable income to utilize the NOL.

Recent accounting pronouncements

The FASB issues ASUs to amend the authoritative literature in ASC. There have been a number of ASUs to date 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 – RELATED PARTY TRANSACTIONS

The Company follows ASC 850, "Related Party Disclosures," for the identification of related parties and disclosure of related party transactions.

A shareholder of the Company purchased \$5,000 worth of ads from the Company.

NOTE 4 – COMMITMENTS, CONTINGENCIES, COMPLIANCE WITH LAWS AND REGULATIONS

We are currently not involved with or know of any pending or threatening litigation against the Company or any of its officers. Further, the Company is currently complying with all relevant laws and regulations. The Company does not have any long-term commitments or guarantees.

NOTE 5 – DEBT

The company currently has no debt.

NOTE 6 – EQUITY

The Company has authorized 10,000,000 of common shares with a par value of \$0.0001 per share. 1,466,700 shares were issued and outstanding as of 2020 and 2021.

Voting: Common stockholders are entitled to one vote per share

Dividends: The holders of common stock are entitled to receive dividends when and if declared by the Board of Directors.

The Company has authorized 400,000 of Series Seed Convertible Preferred shares with a par value of \$0.0001 per share. 250,000 shares were issued and outstanding as of 2020 and 2021.

Voting: Preferred shareholders have 1 vote for every common share they could own if converted.

Dividends: The holders of the Series Seed Convertible Preferred stock are entitled to receive dividends when and if declared by the Board of Directors. Dividends on preferred stock are in preference to and prior to any payment of any dividend on common stock and are not cumulative. As of November 30, 2021, no dividends had been declared.

Conversion: Preferred shareholders have the right to convert shares into common stock at a rate of 1 to 1 at the discretion of the shareholder or automatically in a change of control events. Preferred shareholders receive dividends at the discretion of the board of directors on a pari passu basis according to the number of shares of Common Stock held by such holders. For this purpose, each holder of shares of Preferred Stock will be treated as holding the greatest whole number of shares of Common Stock then issuable upon conversion of all shares of Preferred Stock held by such holder.

Liquidation preference

In the event of any liquidation, dissolution or winding up of the Company, the holders of the Series Seed Convertible Preferred stock are entitled to receive prior to, and in preference to, any distribution to the common stockholders.

NOTE 7 – SUBSEQUENT EVENTS

The Company has evaluated events subsequent to November 30th, 2021, to assess the need for potential recognition or disclosure in this report. Such events were evaluated through October 11, 2022, the date these financial statements were available to be issued.

The company brought on Christopher Beland as CTO (Chief Technology Officer) in June 2022. He is currently receiving vested stock options and will transition to a salary when revenue permits. He will receive options for a total of 75,000 shares, vesting over two years.

NOTE 8 – GOING CONCERN

The accompanying balance sheet has been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The entity has realized losses for the years presented and may continue to generate losses. During the next twelve months, the Company intends to finance its operations with funds from a crowdfunding campaign and revenue-producing activities. The Company's ability to continue as a going concern in the next twelve months following the date the financial statements were available to be issued is dependent upon its ability to produce revenues and/or obtain financing sufficient to meet current and future obligations and deploy such to produce profitable operating results. Management has evaluated these conditions and plans to generate revenues and raise capital as needed to satisfy its capital needs. No assurance can be given that the Company will be successful in these efforts. These factors, among others, raise substantial doubt about the ability of the Company to continue as a going concern for a reasonable period of time. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities.

NOTE 9 – RISKS AND UNCERTAINTIES

COVID-19

The spread of COVID-19 has severely impacted many local economies around the globe. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses remains unclear currently. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Company for future periods.