Thinker-Tinker, Inc.

California Corporation

Consolidated Financial Statements (Unaudited)
and Independent Accountant's Review Report
December 31, 2018 and 2017

THINKER-TINKER, INC

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To the Board of Directors of
Thinker-Tinker, Inc.
Pasadena, California

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

We have reviewed the accompanying consolidated financial statements of Thinker-Tinker, Inc. (the "Company"), which comprise the consolidated balance sheets as of December 31, 2018 and 2017, and the related consolidated statements of operations, changes in stockholders' equity/(deficit), and cash flows for the for the years then ended, and the related notes to the consolidated 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 consolidated financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review 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 consolidated 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 consolidated financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Going Concern

As discussed in Note 3, certain conditions indicate that the Company may be unable to continue as a going concern. The accompanying consolidated financial statements do not include any adjustments that might be necessary should the Company be unable to continue as a going concern.

Artesian CPA, LLC

Artesian CPA, LLC
Denver, Colorado
January 20, 2020

Thinker-Tinker, Inc
Consolidated Balance Sheets (Unaudited)
As of December 31, 2018 and 2017

	2018	2017
ASSETS		
Current Assets:		
Cash	$ 715,307	$ 73,029
Due from related party	3,250	-
Other receivable	-	1,946
Total Current Assets	718,557	74,975
TOTAL ASSETS	$ 718,557	$ 74,975
LIABILITIES AND STOCKHOLDERS' EQUITY/(DEFICIT)		
Liabilities:		
Current Liabilities:		
Accounts payable	$ 20,240	$ 1,850
Deferred revenue	50,262	-
Accrued interest payable	2,247	-
Total Current Liabilities	72,749	1,850
Long-Term Liabilities:		
Convertible note	100,000	-
SAFE liability	600,000	-
Total Long-Term Liabilities	700,000	-
Total Liabilities	772,749	1,850
Members' Equity:	-	73,125
Stockholders' Equity/(Deficit):		
Series Seed Preferred Stock, no-par, 10,000 shares authorized, 10,000 and 0 shares issued and outstanding, liquidation preference of $140,553 and $0, as of December 31 2018 and 2017, all respectively	-	-
Undesignated Preferred Stock, no-par, 2,990,000 shares authorized, 0 and 0 shares issued and outstanding as of December 31, 2018 and 2017, respectively	-	-
Common Stock, no-par, 2,000,000 shares authorized, 96,383 and 0 shares issued and outstanding as of December 31, 2018 and 2017, respectively	-	-
Additional paid-in capital	160,553	-
Accumulated deficit	(214,745)	-
Total Stockholders' Equity/(Deficit)	(54,192)	73,125
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY/(DEFICIT)	$ 718,557	$ 74,975

See Independent Accountant's Review Report and accompanying notes, which are an integral part of these consolidated financial statements.

Thinker-Tinker, Inc.
Consolidated Statements of Operations (Unaudited)
For the years ended December 31, 2018 and 2017

	2018	2017
Sales, net	$ -	$ -
Costs of goods sold	-	-
Gross profit	-	-
Operating Expenses:		
Research and development	65,611	27,693
General and administrative	55,133	5,420
Sales and marketing	49,423	8,515
Total Operating Expenses	170,167	41,628
Loss from operations	(170,167)	(41,628)
Other Income/(Expense):		
Interest income	897	-
Interest expense	(2,247)	-
Total Other Income/(Expense)	(1,350)	-
Provision for income taxes	(800)	(800)
Net Loss	$ (172,317)	$ (42,428)

See Independent Accountant's Review Report and accompanying notes, which are an integral part of these consolidated financial statements.

Thinker-Tinker, Inc.
Consolidated Statements of Changes in Stockholders' Equity/(Deficit) (Unaudited)
For the years ended December 31, 2018 and 2017

	Thinker-Tinker, LLC	Thinker-Tinker, Inc.						
		Series Seed Preferred Stock		Common Stock				
	Members' Equity/(Deficit)	Shares	Amount	Shares	Amount	Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Equity/(Deficit)
Balance at December 31, 2016	$ 3,449	-	$ -	-	$ -	$ -	$ -	$ -
Capital contribution	112,104	-	-	-	-	-	-	-
Net loss	(42,428)	-	-	-	-	-	-	-
Balance at December 31, 2017	73,125	-	-	-	-	-	-	-
Capital contribution	25,000	-	-	-	-	-	-	-
Conversion to corporation	(98,125)	10,000	-	90,000	-	140,553	(42,428)	98,125
Issuance of common stock	-	-	-	6,383	-	20,000	-	20,000
Net loss	-	-	-	-	-	-	(172,317)	(172,317)
Balance at December 31, 2018	$ -	10,000	$ -	96,383	$ -	$ 160,553	$ (214,745)	$ (54,192)

Undesignated preferred stock had no activity or balances for the periods presented.

See Independent Accountant's Review Report and accompanying notes, which are an integral part of these consolidated financial statements.

Thinker-Tinker, Inc
Consolidated Statements of Cash Flows (Unaudited)
For the years ended December 31, 2018 and 2017

	2018	2017
Cash Flows From Operating Activities		
Net Loss	$ (172,317)	$ (42,428)
Adjustments to reconcile net loss to net cash used in operating activities:		
Changes in operating assets and liabilities:		
(Increase)/Decrease in other receivables	1,946	(1,946)
(Increase)/Decrease in due from related party	(3,250)	-
Increase/(Decrease) in accounts payable	18,390	1,850
Increase/(Decrease) in deferred revenue	50,262	-
Increase/(Decrease) in accrued interest payable	2,247	-
Net Cash Used In Operating Activities	(102,722)	(42,524)
Cash Flows From Financing Activities		
Proceeds from issuance of convertible notes	100,000	-
Proceeds from SAFE agreements	600,000	-
Capital contributions	25,000	112,104
Proceeds from issuance of common stock	20,000	-
Net Cash Provided By Financing Activities	745,000	112,104
Net Change In Cash	642,278	69,580
Cash at Beginning of Period	73,029	3,449
Cash at End of Period	$ 715,307	$ 73,029
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	$ -	$ -
Cash paid for income tax	$ 800	$ 800

NOTE 1: NATURE OF OPERATIONS

Thinker-Tinker, Inc. (the "Company"), is a corporation formed on May 23, 2018 under the laws of California. Thinker-Tinker, LLC (the "Predecessor Company"), is a limited liability company organized on July 28, 2016 under the laws of California under common ownership and control as the Company. In May 2018, the Predecessor Company merged with the Company in an acquisition transaction, whereby the owners of the Predecessor Company agreed to exchange 100% of the interests in the Predecessor Company for 90,000 shares of the Company's Common Stock and 10,000 shares of the Company's Series Seed Preferred Stock and dissolving the Predecessor Company. The Company offers multi-platform products to promote new ways of digital engagement for the kids.

As of December 31, 2018, the Company has not yet commenced planned principal operations nor generated revenue. The Company's activities since inception have consisted of formation activities, product development, and efforts to raise additional capital. The Company is dependent upon additional capital resources for the commencement of its planned principal operations and is subject to significant risks and uncertainties; including failing to secure additional funding to operationalize the Company's planned operations.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Basis for Consolidation

The Company prepares consolidated financial statements in accordance with generally accepted accounting principles in the United States of America (GAAP). In accordance with ASC 805-50-45-5, for transactions between entities under common control, consolidated financial statements and financial information presented for prior periods should be retroactively adjusted to furnish comparative information. Therefore, these consolidated financial statements include all accounts of Thinker-Tinker, Inc. and Thinker-Tinker, LLC. All transactions and balances between and among the aforementioned companies have been eliminated in consolidating the accounts for consolidated financial statement presentation. The accounting and reporting policies of the Company conform to GAAP. The Company adopted the calendar year as its basis of reporting.

Use of Estimates

The preparation of the consolidated balance sheet in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated balance sheet and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Cash Equivalents and Concentration of Cash Balance

The Company considers all highly liquid securities with an original maturity of less than three months to be cash equivalents. The Company's cash and cash equivalents in bank deposit accounts, at times, may exceed federally insured limits. As of December 31, 2018, the Company's cash balances exceeded federally insured limits by $465,307.

<u>Accounts Receivable and Allowance for Doubtful Accounts</u>

Accounts receivable are carried at their estimated collectible amounts and are periodically evaluated for collectability based on past credit history with clients and other factors. Provisions for losses on accounts receivable are determined on the basis of loss experience, known and inherent risk in the account balance and current economic conditions. There are no accounts receivable or associated allowances for doubtful accounts established as of December 31, 2018 or 2017.

<u>Fair Value of Financial Instruments</u>

Financial Accounting Standards Board ("FASB") guidance specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). The three levels of the fair value hierarchy are as follows:

> Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 1 primarily consists of financial instruments whose value is based on quoted market prices such as exchange-traded instruments and listed equities.
>
> Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (e.g., quoted prices of similar assets or liabilities in active markets, or quoted prices for identical or similar assets or liabilities in markets that are not active).
>
> Level 3 - Unobservable inputs for the asset or liability. Financial instruments are considered Level 3 when their fair values are determined using pricing models, discounted cash flows or similar techniques and at least one significant model assumption or input is unobservable.

The carrying amounts reported in the consolidated balance sheets approximate their fair value.

<u>Accounting for Preferred Stock</u>

ASC 480, Distinguishing Liabilities from Equity, includes standards for how an issuer of equity (including equity shares issued by consolidated entities) classifies and measures on its balance sheet certain financial instruments with characteristics of both liabilities and equity. Management is required to determine the presentation for the preferred stock as a result of the redemption and conversion provisions, among other provisions in the agreement. Specifically, management is required to determine whether the embedded conversion feature in the preferred stock is clearly and closely related to the host instrument, and whether the bifurcation of the conversion feature is required and whether the conversion feature should be accounted for as a derivative instrument. If the host instrument and conversion feature are determined to be clearly and closely related (both more akin to equity), derivative liability accounting under ASC 815, Derivatives and Hedging, is not required. Management determined that the host contract of the preferred stock is more akin to equity, and accordingly, liability accounting is not required by the Company. The Company has presented preferred stock within stockholders' equity/(deficit).

Revenue Recognition

The Company recognizes revenue when: (1) persuasive evidence exists of an arrangement with the customer reflecting the terms and conditions under which products or services will be provided; (2) delivery has occurred or services have been provided; (3) the fee is fixed or determinable; and (4) collection is reasonably assured. The Company expects to collect revenue upon sale and recognize the revenue when the item has shipped. No revenues have been earned or recognized as of December 31, 2018 or 2017. Orders that have been placed and paid as of year-end but have not been shipped are recorded to deferred revenue. Deferred revenue was $50,262 and $0 as of December 31, 2018 and 2017, respectively. Sales tax is collected on sales in California and these taxes are recorded as a liability until remitted.

Research and Development

Research and development costs are expensed as incurred. Total expense related to research and development was $65,611 and $27,693 for the years ended December 31, 2018 and 2017, respectively.

Income Taxes

The Company uses the liability method of accounting for income taxes as set forth in ASC 740, *Income Taxes*. Under the liability method, deferred taxes are determined based on the temporary differences between the consolidated financial statement and tax basis of assets and liabilities using tax rates expected to be in effect during the years in which the basis differences reverse. A valuation allowance is recorded when it is unlikely that the deferred tax assets will not be realized.

The Company assesses its income tax positions and record tax benefits for all years subject to examination based upon our evaluation of the facts, circumstances and information available at the reporting date. In accordance with ASC 740-10, for those tax positions where there is a greater than 50% likelihood that a tax benefit will be sustained, the Company's policy is to record the largest amount of tax benefit that is more likely than not to be realized upon ultimate settlement with a taxing authority that has full knowledge of all relevant information. For those income tax positions where there is less than 50% likelihood that a tax benefit will be sustained, no tax benefit will be recognized in the consolidated financial statements. The Company has evaluated its income tax positions and has determined that it does not have any uncertain tax positions.

The Company accounts for income taxes with the recognition of estimated income taxes payable or refundable on income tax returns for the current period and for the estimated future tax effect attributable to temporary differences and carryforwards. Measurement of deferred income items is based on enacted tax laws including tax rates, with the measurement of deferred income tax assets being reduced by available tax benefits not expected to be realized in the immediate future.

From its July 28, 2016 inception until May 23, 2018 the Company was subject to taxation as a limited liability company, and therefore was treated as a partnership for federal and state income tax purposes with all income tax liabilities and/or benefits of the Company being passed through to the members. As such, no recognition of federal or state income taxes for the Company have been provided for in the accompanying consolidated financial statements during that period.

For the period after the May 23, 2018 merger, the Company was taxed as a corporation. The Company has a net operating loss carryforward of $92,549 as of December 31, 2018. The Company used its estimated combined effective tax rate of approximately 28% from Federal and California tax rates to derive a net deferred tax asset of $34,813 as of December 31, 2018 resulting from its net operating loss carryforwards and other book-to-tax differences. Due to uncertainty as to the Company's ability to generate sufficient taxable income in the future to utilize the net operating loss carryforward before it begins to expire in 2038, the Company has recorded a full valuation allowance to reduce the net deferred tax asset to zero.

The Company files U.S. federal and state income tax returns. All tax periods since inception remain open to examination by the taxing jurisdictions to which the Company is subject.

NOTE 3: GOING CONCERN

The accompanying consolidated financial statements are prepared on a going concern basis and do not include any adjustments that might result from uncertainty about our ability to continue as a going concern. As of December 31, 2018, the Company's available cash totaled $715,307. However, the Company has an accumulated deficit of $214,745, has incurred substantial losses from operations, and generated negative cash flows from operating activities. The Company's current operating plan indicates that it will continue to incur losses from operations and generate negative cash flows from operating activities. These projections and certain liquidity risks raise substantial doubt about whether the Company will be able to meet current operating demands. As a result of these factors, there exists substantial doubt to whether the Company will be able to continue as a going concern. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

NOTE 4: FINANCING ARRANGEMENTS

Convertible Notes

In 2018, the Company issued two convertible notes to investors for total principal of $100,000. The instruments mature in July 2020 and bear 5% interest per annum. As no repayments nor conversion have occurred to date, the outstanding principal balance as of December 31, 2018 was $100,000, and accrued interest payable on these notes was $2,247. Interest expense for the year ended December 31, 2018 was $2,247.

In event that the Company issues and sells shares of its preferred stock to investors, on or before the date of the repayment in full of these notes, in an arms-length equity financing resulting in gross proceeds to the Company of at least $250,000, then the outstanding principal balance of these notes and any unpaid accrued interest under these notes shall automatically convert into shares of the same class and series of preferred stock sold in the qualified financing at a conversion price equal to the lesser of 80% of the price paid per share for such shares of stock by the investors in the triggering equity financing, or the price equal to the quotient of $3,000,000 divided by the fully diluted capitalization of the Company at the date of the triggering equity financing event.

If the convertible notes remain outstanding at the maturity date, at the election of the majority of the convertible note holders, the then outstanding principal and accrued interest balance may be converted into the Company's stock at the price per share implied by a valuation cap of $2,000,000 on the fully diluted capitalization of the Company at the maturity date.

If the convertible notes remain outstanding at the date of a sale of the Company (as defined in the note agreements), the note holders are to be paid the greater of the then outstanding principal and accrued interest or the payment amount determined by the number of shares the notes are convertible into at the price per share implied by a valuation cap of $2,000,000 on the fully diluted capitalization of the Company at the sale transaction date.

SAFE Agreements

In 2018, the Company issued simple agreements for future equity (SAFE Agreement) in exchange for cash investments of $600,000.

The SAFE Agreements entitle the holder to convert the SAFE agreements into the Company's preferred stock. If there is an equity financing before the expiration or termination of this instrument, the Company will automatically issue to the investor a number of shares of Preferred Stock equal to the purchase amount divided by the conversion price. The conversion price is the lesser of a 20% discount to the pricing in the triggering equity financing or the price per share implied by a valuation cap of $7,000,000 on the fully diluted capitalization of the Company at the date of the triggering equity financing event.

In the case of a liquidation event (as defined in the SAFE agreement) before the expiration or termination of the SAFE agreements, the SAFE agreements are convertible at the holders' election into either: a) cash equal to the purchase amount or b) Company's common stock equal to the purchase amount divided by the price per share implied by a valuation cap of $7,000,000 on the fully diluted capitalization of the Company at the date of liquidation event, if the investor fails to select the cash option.

In the case of a dissolution event (as defined in the SAFE agreement) before the expiration or termination of the SAFE agreements, the SAFE agreements are to be paid from available assets after satisfying debts and other senior interests an amount up to the purchase amount, or ratable portion of available assets.

NOTE 5: STOCKHOLDERS' EQUITY/(DEFICIT)

On May 23, 2018, Thinker-Tinker, Inc., a California corporation, was formed. Thinker-Tinker, Inc. authorized 2,000,000 shares of no-par value Common Stock and 3,000,000 shares of no-par value Preferred Stock. The Preferred Stock may be issued from time to time in one or more series. The Company designated 10,000 shares of Preferred Stock as Series Seed Preferred Stock. The holders of these shares shall have all the same rights as holders of the Common Stock, except that upon a sale of all or substantially all of the assets or upon merger of liquidation, prior to any distributions to the holders of stock in the Company, they have the option of having capital contributions returned in exchange for the Series Seed Preferred Stock. Upon the next issuance of Preferred Stock, the Series Seed Preferred Stock shall be granted the voting powers, preference, rights, privileges and qualifications, limitations or restrictions of that series of Preferred Stock, in addition to the liquidation preference.

The members of Thinker-Tinker, LLC agreed to exchange 100% of their membership interests in Thinker-Tinker, LLC for 90,000 shares of Common Stock and 10,000 shares of Series Seed Preferred Stock in Thinker-Tinker, Inc.

On July 26, 2018, the Company issued 6,383 shares of no-par value Common Stock for total proceeds of $20,000. These shares grant the holder with dilution protection of its 6% interest in the Company up until the occurrence of a bona fide equity transaction with outside investors of $250,000 or greater (as further defined in the stock purchase agreement).

As of December 31, 2018, 96,383 shares of Common Stock were issued and outstanding. As of December 31, 2018, 10,000 shares of Series Seed Preferred Stock were issued and outstanding.

NOTE 6: RELATED PARTIES

In 2018, the Company's co-founder extended financing of $250,000 to the Company through a SAFE agreement as discussed in Note 4. This SAFE agreement remains outstanding as of December 31, 2018.

In 2018, the Company advanced fund to an officer of the Company, which amounted to $3,250 as of December 31, 2018. This advance is payable on demand and does not bear interest. This amount was repaid subsequent to December 31, 2018.

NOTE 7: RECENT ACCOUNTING PRONOUNCEMENTS

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606). This ASU supersedes the previous revenue recognition requirements in ASC Topic 605—Revenue Recognition and most industry-specific guidance throughout the ASC. The core principle within this ASU is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration expected to be received for those goods or services. In August 2015, the FASB issued ASU 2015-14, *Revenue from Contracts with Customers*, which deferred the effective date for ASU 2014-09 by one year to fiscal years beginning after December 15, 2018, while providing the option to early adopt for fiscal years beginning after December 15, 2016. Transition methods under ASU 2014-09 must be through either (i) retrospective application to each prior reporting period presented, or (ii) retrospective application with a cumulative effect adjustment at the date of initial application. We are continuing to evaluate the impact of this new standard on our financial reporting and disclosures, including but not limited to a review of accounting policies, internal controls and processes. The Company adopted this new standard effective January 1, 2019.

Management does not believe that any recently issued, but not yet effective, accounting standards could have a material effect on the accompanying consolidated balance sheet. As new accounting pronouncements are issued, the Company will adopt those that are applicable under the circumstances.

NOTE 8: CONTINGENCIES

The Company may be subject to pending legal proceedings and regulatory actions in the ordinary course of business. The results of such proceedings cannot be predicted with certainty, but the Company does not anticipate that the final outcome, if any, arising out of any such matter will have a material adverse effect on its business, financial condition or results of operations.

NOTE 9: SUBSEQUENT EVENTS

Management's Evaluation

Management has evaluated subsequent events through January 20, 2020, the date the consolidated financial statements were available to be issued. Based on this evaluation, no additional material events were identified which require adjustment or disclosure in these consolidated financial statements.