



BUFFALO BRAID BAR LLC
FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2021
AND 2020

WITH INDEPENDENT ACCOUNTANT'S REVIEW REPORT

TABLE OF CONTENTS

Independent Accountant's Review Report	2
Balance Sheets	3
Statements of Income	4
Statements of Equity	5
Statements of Cash Flows	6
Notes to the Financial Statements	7



Belle Business Services

Certified Public Accountants

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
Buffalo Braid Bar LLC
Buffalo, New York

We have reviewed the accompanying financial statements of Buffalo Braid Bar LLC, which comprise the balance sheets as of December 31, 2021, and 2020, and the related statements of income, statements of equity and statements 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 taken 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 the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the 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. We are required to be independent of Buffalo Braid Bar LLC and to meet our ethical responsibilities, in accordance with relevant ethical requirements related to our review.

Accountant's Conclusion

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

Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 6, certain conditions raise an uncertainty about the Company's ability to continue as a going concern. The accompanying financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our conclusion is not modified with respect to this matter.

Belle Business Services, LLC

Belle Business Services, LLC

July 14, 2022

275 HILL STREET, SUITE 260 • RENO, NV 89501 • 775.525.ITAX (1829) • WWW.BELLECPA

BUFFALO BRAID BAR LLC
BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(unaudited)

ASSETS

	2021	2020
CURRENT ASSETS		
Cash and cash equivalents	\$ 48,399	\$ 11,156
Inventory	10,267	-
Prepaid expenses and other current assets	4,226	152
TOTAL CURRENT ASSETS	62,892	11,308
OTHER ASSETS		
Software development	54,000	-
TOTAL ASSETS	\$ 116,892	\$ 11,308

LIABILITIES AND MEMBERS' EQUITY

CURRENT LIABILITIES		
Accounts payable	\$ -	\$ -
Accrued payroll	8,486	-
Deferred revenue	12,437	3,460
SBA PPP loan	-	3,192
TOTAL CURRENT LIABILITIES	20,923	6,652
LONG-TERM LIABILITIES		
Convertible notes	521,458	10,213
TOTAL LONG-TERM LIABILITIES	521,458	10,213
TOTAL LIABILITIES	542,381	16,865
MEMBERS' EQUITY		
Contributions/(distributions)	(87,743)	(21,611)
SAFE obligations	54,000	-
Retained earnings/(Accumulated deficit)	(391,746)	16,054
TOTAL MEMBERS' EQUITY	(425,489)	(5,557)
TOTAL LIABILITIES AND MEMBERS' EQUITY	\$ 116,892	\$ 11,308

See independent accountant's review report and accompanying notes to financial statements.

BUFFALO BRAID BAR LLC
STATEMENTS OF INCOME
DECEMBER 31, 2021 AND 2020
(unaudited)

	2021	2020
REVENUES	\$ 586,675	\$ 159,666
COST OF GOODS SOLD	325,102	81,152
GROSS PROFIT	261,573	78,514
OPERATING EXPENSES		
General and administrative	473,054	61,750
Professional fees	14,698	924
Sales and marketing	141,811	11,194
TOTAL OPERATING EXPENSES	629,563	73,868
NET OPERATING INCOME/(LOSS)	(367,990)	4,646
OTHER INCOME/(EXPENSES)		
Forgiveness of SBA PPP loan	3,192	-
Grant income	-	13,000
Rental income	25,507	-
Rental expenses, net of income	(45,763)	-
Interest expense	(22,746)	(213)
TOTAL OTHER INCOME/(EXPENSES)	(39,810)	12,787
NET INCOME (LOSS)	\$ (407,800)	\$ 17,433

See independent accountant's review report and accompanying notes to financial statements.

BUFFALO BRAID BAR LLC
STATEMENTS OF EQUITY
DECEMBER 31, 2021 AND 2020
(unaudited)

	<u>Contributions</u> <u>/ (Distributions)</u>	<u>SAFE</u> <u>Obligations</u>	<u>Retained Earnings</u> <u>(Accumulated Deficit)</u>	<u>Total</u>
BEGINNING BALANCE, JANUARY 1, 2020	312	-	\$ (1,379)	\$ (1,067)
Distributions	(21,923)	-	-	\$ (21,923)
Net income	-	-	17,433	\$ 17,433
ENDING BALANCE, DECEMBER 31, 2020	\$ (21,611)	\$ -	\$ 16,054	\$ (5,557)
Distributions	(66,132)	-	-	\$ (66,132)
Issuance of SAFE obligations	-	54,000	-	\$ 54,000
Net loss	-	-	(407,800)	\$ (407,800)
ENDING BALANCE, DECEMBER 31, 2021	<u>\$ (87,743)</u>	<u>\$ 54,000</u>	<u>\$ (391,746)</u>	<u>\$ (425,489)</u>

See independent accountant's review report and accompanying notes to financial statements.

BUFFALO BRAID BAR LLC
STATEMENTS OF CASH FLOWS
DECEMBER 31, 2021 AND 2020
(unaudited)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	\$ (407,800)	\$ 17,433
Adjustments to reconcile net income to net cash provided by operating activities:		
Forgiveness of SBA PPP loan	(3,192)	-
(Increase) decrease in assets:		
Inventory	(10,267)	-
Prepaid expenses and other current assets	(4,074)	(152)
Increase (decrease) in liabilities:		
Accounts payable	-	-
Accrued interest on convertible notes	22,745	213
Accrued payroll	8,486	-
Deferred revenue	8,977	1,460
	(385,125)	18,954
CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash used for software development	(54,000)	-
	(54,000)	-
CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES		
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of convertible notes	488,500	10,000
Issuance of SBA PPP loan	-	3,192
Distributions	(66,132)	(21,923)
Issuance of SAFE obligations	54,000	-
	476,368	(8,731)
CASH PROVIDED BY (USED FOR) FINANCING ACTIVITIES		
NET INCREASE IN CASH	37,243	10,223
CASH AT BEGINNING OF YEAR	11,156	933
CASH AT END OF YEAR	\$ 48,399	\$ 11,156
 CASH PAID DURING THE YEAR FOR:		
INTEREST	\$ -	\$ -
INCOME TAXES	\$ -	\$ -

See independent accountant's review report and accompanying notes to financial statements.

BUFFALO BRAID BAR LLC
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020
(unaudited)

1. Summary of Significant Accounting Policies

The Company

Buffalo Braid Bar LLC dba BraidBabes (the "Company") was incorporated in the State of New York on May 10, 2019. The Company specializes in monthly hair braiding subscriptions that provides quality braids and shareable sociable experiences.

Going Concern

Since Inception, the Company has relied on funds from SAFE obligations and convertible notes issued to fund its operations. As of December 31, 2021, the Company will likely incur losses prior to generating positive working capital. These matters raise substantial concern about the Company's ability to continue as a going concern. As of December 31, 2021, the Company is still mostly in the developmental process, with very limited revenue. The Company's ability to continue as a going concern is dependent on the Company's ability to raise short term capital, as well as the Company's ability to generate funds through revenue producing activities.

Fiscal Year

The Company operates on a December 31st year-end.

Basis of Presentation

The accompanying financial statements have been prepared in accordance with U.S. generally accepted accounting principles (US GAAP). In the opinion of management, all adjustments considered necessary for the fair presentation of the financial statements for the years presented have been included.

Use of Estimates

The preparation of the financial statement in conformity with accounting principles generally accepted in the United States of America requires the use of management's estimates. These estimates are subjective in nature and involve judgments that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at fiscal year-end. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid financial instruments purchased with maturities of three months or less to be cash equivalents. As of December 31, 2021, and 2020, the Company held no cash equivalents.

Risks and Uncertainties

The Company has a limited operating history. The Company's business and operations are sensitive to general business and economic conditions in the United States. A host of factors beyond the Company's control could cause fluctuations in these conditions.

The Coronavirus Disease of 2019 (COVID-19) has recently affected global markets, supply chains, employees of companies, and our communities. Specific to the Company, COVID-19 may impact various parts of its 2022 operations and financial results including shelter in place orders, material supply chain interruption, economic hardships affecting funding for the Company's operations, and affects the Company's workforce. Management believes the Company is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as of December 31, 2021.

See independent accountant's review report.

BUFFALO BRAID BAR LLC
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020
(unaudited)

1. Summary of Significant Accounting Policies (continued)

Accounts Receivable

The Company's trade receivables are recorded when billed and represent claims against third parties that will be settled in cash. The carrying value of the Company's receivables, net of the allowance for doubtful accounts, represents their estimated net realizable value.

The Company evaluates the collectability of accounts receivable on a customer-by-customer basis. The Company records a reserve for bad debts against amounts due to reduce the net recognized receivable to an amount the Company believes will be reasonably collected. The reserve is a discretionary amount determined from the analysis of the aging of the accounts receivables, historical experience and knowledge of specific customers. As of December 31, 2021, and 2020, the Company had no accounts receivable.

Software Development Costs

In compliance with ASC 350-50, Accounting for Costs of Computer Software Development and ASC 985-20, Costs of Software to be Sold, Leased or Marketed, in the future, the Company will capitalize and carry forward as assets, the costs to develop the Braidbabes platform. Research is the planned efforts of a company to discover new information that will help create a new product or service. Such costs are expensed. Development takes the findings generated by research and formulates a plan to create the desired platform. The Company applies the GAAP capitalization requirements of the "waterfall" approach which includes a specific sequential order of Plan, Design, Coding/development, Testing and Software release.

The Company monetizes and forecasts the revenues from the internally developed software and amortize the aggregate costs of the developmental software asset over the forecasted revenue stream; a matching of the revenue and costs, using the straight-line method, based on estimated useful lives of the asset. Maintenance of the platform will be expensed. The Company plans on amortizing the costs of the software once it is complete.

The Company reviews the carrying value of intangible personal property for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results, trends and prospects, the manner in which the property is used, and the effects of obsolescence, demand, competition, and other economic factors. Based on this assessment there was no impairment for December 31, 2021, and 2020.

Inventory

Inventories are stated at the lower of standard cost (which approximates cost determined on a first-in, first-out basis) or market. At December 31, 2021, and 2020, the balance of inventory related to finished goods was \$10,267 and nil, respectively.

Income Taxes

The Company is taxed as a partnership for federal income tax purposes. Therefore, the Company's earnings are included on the members' personal income tax returns and taxed depending on their personal tax situations. Accordingly, no provision has been made for Federal income taxes.

See independent accountant's review report.

BUFFALO BRAID BAR LLC
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020
(unaudited)

1. Summary of Significant Accounting Policies (continued)

Income Taxes (continued)

The Company complies with FASB ASC 740 for accounting for uncertainty in income taxes recognized in a company's financial statements, which prescribes a recognition threshold and measurement process for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. FASB ASC 740 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. Based on the Company's evaluation, it has been concluded that there are no significant uncertain tax positions requiring recognition in the Company's financial statements. The Company believes that its income tax positions would be sustained on audit and does not anticipate any adjustments that would result in a material change to its financial position.

The Company is subject to franchise and income tax filing requirements in the States of Delaware, Tennessee and New York.

Fair Value of Financial Instruments

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants as of the measurement date. Applicable accounting guidance provides an established hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in valuing the asset or liability and are developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company's assumptions about the factors that market participants would use in valuing the asset or liability. There are three levels of inputs that may be used to measure fair value:

- Level 1 - Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

- Level 2 - Include other inputs that are directly or indirectly observable in the marketplace.

- Level 3 - Unobservable inputs which are supported by little or no market activity.

The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

Fair-value estimates discussed herein are based upon certain market assumptions and pertinent information available to management as of Inception. Fair values were assumed to approximate carrying values because of their short term in nature or they are payable on demand.

Concentrations of Credit Risk

From time-to-time cash balances, held at a major financial institution may exceed federally insured limits of \$250,000. Management believes that the financial institution is financially sound, and the risk of loss is low.

See independent accountant's review report.

BUFFALO BRAID BAR LLC
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020
(unaudited)

1. Summary of Significant Accounting Policies (continued)

Revenue Recognition

The Company adopted Accounting Standards Codification 606, Revenue from Contracts with Customers ("ASC 606"). Revenue is recognized when performance obligations under the terms of the contracts with our customers are satisfied. The Company generates revenues by selling braid subscriptions. The Company's payments are generally collected upfront. For years ending December 31, 2021, and 2020 the Company recognized \$586,675 and \$159,666 in revenue, respectively.

Advertising Expenses

The Company expenses advertising costs as they are incurred.

Organizational Costs

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

New Accounting Pronouncements

From time to time, new accounting pronouncements are issued by the Financial Accounting Standards Board, or FASB, or other standard setting bodies and adopted by the Company as of the specified effective date. Unless otherwise discussed, the Company believes that the impact of recently issued standards that are not yet effective will not have a material impact on its financial position or results of operations upon adoption.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, or ASU 2016-02, which supersedes the guidance in ASC 840, *Leases*. The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today. This guidance is effective for annual reporting periods beginning after December 15, 2021 for non-public entities. The adoption of ASU 2016-02 had no material impact on the Company's financial statements and related disclosures.

In August 2020, the FASB issued ASU 2020 – 06, *Debt, Debt with conversion and other options (Subtopic 470-20) and derivatives and hedging – contracts in an entity's own equity (Subtopic 815-40: Accounting for convertible instruments and contracts in an entity's own equity)*. ASU 2020-06 reduces the number of accounting models for convertible debt instruments and convertible preferred stock. Limiting the accounting models results in fewer embedded conversion features being separately recognized from the host contract as compared with current GAAP. ASU 2020 – 06 is effective for fiscal years beginning after December 15, 2023. Early adoption is permitted, but no earlier than fiscal years beginning after December 15, 2020.

In August 2018, amendments to existing accounting guidance were issued through Accounting Standards Update 2018-15 to clarify the accounting for implementation costs for cloud computing arrangements. The amendments specify that existing guidance for capitalizing implementation costs incurred to develop or obtain internal-use software also applies to implementation costs incurred in a hosting arrangement that is a service contract. The guidance is effective for fiscal

See independent accountant's review report.

BUFFALO BRAID BAR LLC
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020
(unaudited)

1. Summary of Significant Accounting Policies (continued)

New Accounting Pronouncements (continued)

years beginning after December 15, 2020, and interim periods within fiscal years beginning after December 15, 2021, and early application is permitted. The adoption of ASU 2018-15 had no material impact on the Company's financial statements and related disclosures.

2. Commitments and Contingencies

The Company is not currently involved with and does not know of any pending or threatening litigation against the Company or its members.

During 2021, the Company entered into a lease arrangement with a partner of the Company for a residential property located in Nashville, Tennessee. The arrangement is for a twelve-month period and can be renewed at the Company's option. The Company rented this property out as an Air-BNB. During the year ending December 31, 2021, the Company recorded a total of \$25,507 in income related to the property and a total of \$45,763 in expenses related to the property. This resulted in a loss of \$20,256 for the year ending December 31, 2021. The Company terminated the lease in 2022.

3. Convertible Notes

During 2021 and 2020, the Company issued a total of twenty-two promissory notes for a total of \$488,000 and \$10,000, respectively. The notes carry 6% APRs, 80% discount rates, valuation caps of \$3,000,000 and maturity dates in 2023.

The convertible promissory notes are unsecured and are convertible into shares of the Company's preferred stock upon a subsequent qualified financing event of at least \$1,000,000, sale of the company or at the maturity date.

In the event of a qualified financing event the notes and accrued interest are convertible into a price per share equal to the lesser of (i) 80% of the price per share paid by the other purchasers of the preferred stock sold in the qualified financing and (ii) an amount obtained by dividing 3,000,000 by the fully diluted capitalization of the Company. In the event that a qualified financing does not occur, the notes and accrued interest are convertible into the number of shares obtained by dividing 3,000,000 by the fully diluted capitalization of the Company. In the event of a conversion upon change of control, the notes and accrued interest are either due and payable immediately prior to the closing or convert the same way it would upon maturity.

4. SBA PPP Loan

In 2020, the Company received loan proceeds of \$3,192 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act, provides for loans to qualifying businesses for amounts up to 2.5 times the average monthly payroll expenses of the qualifying business. The PPP Loan and accrued interest are forgivable after twenty-four weeks, as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during twenty-four-week period.

See independent accountant's review report.

BUFFALO BRAID BAR LLC
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020
(unaudited)

The PPP Loan is evidenced by a promissory note, between the Company, as Borrower, and The Small Business Association., as Lender. The interest rate on the Note is 1% per annum, with interest accruing on the unpaid principal balance computed on the basis of the actual number of days elapsed in a year of 360 days. No payments of principal or interest are due during the six-month period beginning on the date of the Note.

As of December 31, 2021, the Company received notice that the PPP funds were used appropriately, and all funds were fully forgiven through the forgiveness application.

5. Equity

SAFE Obligations

During the years ending December 31, 2021, and 2020, the Company issued five Simple Agreements for Future Equity ("SAFEs") for \$54,000 and nil, respectively. The agreement states if there is an equity financing before the termination of the SAFE, on the initial closing of an equity financing, the SAFE will automatically convert into the number of shares of preferred stock equal to the purchase amount divided by the conversion price which is (1) the SAFE price or (2) the discount price, whichever calculation results in a greater number of shares of preferred stock. The agreement states a post-money valuation cap of \$6,000,000 and no discount rate.

The SAFE agreements will expire and terminate upon either (i) the issuance of shares to the investor pursuant to an equity financing event or (ii) the payment, or setting aside for payment, of amounts due to the investor pursuant to a liquidity or dissolution event.

As of December 31, 2021, no SAFE agreements had been converted into equity, nor had any terminated or expired based on the terms of the agreements.

The Company accounts for the SAFE agreements under ASC 480 (Distinguishing Liabilities from Equity), which requires that they be recorded at fair value as of the balance sheet date. Any changes in fair value are to be recorded in the statement of income. The Company has determined that the fair value at the date of issuance, and as of December 31, 2021 and 2020 are both consistent with the proceeds received at issuance, and therefore there is no mark-to-market fair value adjustments required, or reflected in income for the years ended December 31, 2021 and 2020.

6. Going Concern

These financial statements are prepared on a going concern basis. The Company registered on May 10, 2019, and has established a presence and operations in the United States. The Company's ability to continue is dependent upon management's plan to raise additional funds and achieve and sustain profitable operations. The financial statements do not include any adjustments that might be necessary if the Company is not able to continue as a going concern.

7. Subsequent Events

Election To Be Taxed As A Corporation

Effective January 1, 2022, the Company elected C-Corp status for federal tax purposes.

Convertible Notes Issued

During 2022, the Company issued a total of \$75,000 in convertible notes. The convertible notes carry 6% interest and maturity dates in 2024.

See independent accountant's review report.

BUFFALO BRAID BAR LLC
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020
(unaudited)

7. Subsequent Events (continued)

Termination of Air-BNB Lease

As noted in Note 2, the Company terminated the lease with the partner and is no longer incurring rental income or expenses on the Air-BNB

Crowdfunding Offering

The Company is offering (the "Crowdfunded Offering") up to \$1,070,000 in Simple Agreements for Future Equity (SAFEs). The Company is attempting to raise a minimum amount of \$50,000 in this offering and up to \$1,070,000 maximum. The Company must receive commitments from investors totaling the minimum amount by the offering deadline listed in the Form C, as amended in order to receive any funds.

The Crowdfunded Offering is being made through Wefunder Inc and its wholly owned subsidiaries (the "Intermediary" aka "Wefunder"). The Intermediary will be entitled to receive a 5% commission fee.

Managements Evaluation

The Company has evaluated subsequent events through July 14, 2022, the date through which the financial statement was available to be issued. It has been determined that no events require additional disclosure.

See independent accountant's review report.