

APPENDIX B:
FINANCIAL STATEMENTS
(Unaudited)



SELLING SEATTLE – THE SITCOM LLC
A Washington Limited Liability Company

Financial Statements (Unaudited) and
Independent Accountants' Review Report

December 31, 2019 and 2018

SELLING SEATTLE – THE SITCOM LLC

Years Ended December 31, 2019 and 2018

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT



To Management and Members of Selling Seattle – The Sitcom LLC
Spokane, WA

We have reviewed the accompanying financial statements of Selling Seattle – The Sitcom LLC (a Washington limited liability company) (“the Company”), which comprise the balance sheets as of December 31, 2019 and 2018, and the related statements of operations and changes in members’ equity, and cash flows for the year ended December 31, 2019 and the period from September 28, 2018 (inception) to December 31, 2018, 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 control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountants’ 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.

Accountants’ 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.

Emphasis of Matter Regarding Going Concern

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 2 to the financial statements, the Company has suffered recurring losses from operations and relies on outside funding to maintain its operations, indicating that substantial doubt exists about the Company’s ability to continue as a going concern. Management’s evaluation of the events and conditions and management’s plans regarding these matters are also described in Note 2. The financial statements do not include any adjustment that might result from the outcome of this uncertainty. Our conclusion is not modified with respect to this matter.

Fruci & Associates II, PLLC

Spokane, Washington

February 24, 2021

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SELLING SEATTLE - THE SITCOM LLC

BALANCE SHEETS

December 31, 2019 and 2018

(unaudited)

	<u>2019</u>	<u>2018</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 11	\$ 11
Other assets	-	4,608
Total current assets	<u>11</u>	<u>4,619</u>
Intangibles and fixed assets, net	<u>1,918</u>	<u>2,235</u>
Total assets	<u>\$ 1,929</u>	<u>\$ 6,854</u>
Liabilities and member's equity		
Current liabilities		
Accounts payable - related party	<u>\$ -</u>	<u>\$ -</u>
Total liabilities	<u>-</u>	<u>-</u>
Commitments and contingencies	-	-
Total member's equity	<u>1,929</u>	<u>6,854</u>
Total liabilities and member's equity	<u>\$ 1,929</u>	<u>\$ 6,854</u>

See independent accountants' review report and accompanying notes to the financial statements.

SELLING SEATTLE - THE SITCOM LLC
STATEMENTS OF OPERATIONS AND CHANGES IN MEMBER'S EQUITY
For the period from September 28, 2018 (inception) to December 31, 2018
and the Year Ended December 31, 2019
(unaudited)

	2019	2018
Sales, net	\$ -	\$ -
Operating expenses		
Advertising & marketing	4,608	11,676
Professional fees	3,400	9,338
General and administrative	60	2,960
Depreciation and amortization	317	-
Total operating expenses	8,385	23,974
Loss from operations	(8,385)	(23,974)
Other income (expense)		
Other income	225	60
Total other income (expense)	225	60
Net loss	\$ (8,160)	\$ (23,914)
Changes in member's equity		
Beginning member's equity	\$ 6,854	\$ -
Capital contributions	3,460	30,828
Distributions to member	(225)	(60)
Net loss	(8,160)	(23,914)
Ending member's equity	\$ 1,929	\$ 6,854

See independent accountants' review report and accompanying notes to the financial statements.

SELLING SEATTLE - THE SITCOM LLC

STATEMENTS OF CASH FLOWS

For the period from September 28, 2018 (inception) to December 31, 2018
and the Year Ended December 31, 2019

(unaudited)

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities		
Net loss	\$ (8,160)	\$ (23,914)
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation & amortization	317	-
Merchandise write-off	4,383	-
Changes in operating assets and liabilities:		
Purchase of merchandise assets	-	(4,608)
Net cash used by operating activities	<u>(3,460)</u>	<u>(28,522)</u>
Cash flows from investing activities		
Purchase of fixed assets and intangibles	-	(2,235)
Net cash used by investing activities	<u>-</u>	<u>(2,235)</u>
Cash flows from financing activities		
Contributions from members	3,460	30,828
Distributions to members	-	(60)
Net cash provided by financing activities	<u>3,460</u>	<u>30,768</u>
Net decrease in cash and cash equivalents	-	11
Cash and cash equivalents, beginning	<u>11</u>	<u>-</u>
Cash and cash equivalents, ending	<u><u>\$ 11</u></u>	<u><u>\$ 11</u></u>
Supplemental noncash activity:		
Other income paid directly to member	<u><u>\$ 225</u></u>	<u><u>-</u></u>
Supplemental cash flow information:		
Cash paid during the period for:		
Interest	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See accountants' review report and accompanying notes to the financial statements.

SELLING SEATTLE – THE SITCOM LLC
NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2019 and period from inception (September 28, 2018) to December 31, 2018
(unaudited)

NOTE 1 – NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Selling Seattle – The Sitcom LLC (“the Company”) is a limited liability company organized on September 28, 2018 under the laws of the State of Washington, and is headquartered in Spokane, Washington. The Company is in the film and entertainment business and anticipates producing half-hour comedic sitcoms for streaming and distribution online.

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”). In the opinion of management, all adjustments considered necessary for a fair presentation have been included. All such adjustments are normal and recurring in nature. The Company’s fiscal year-end is December 31.

Use of Estimates

The preparation of financial statements 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition

During the year ended December 31, 2019, the Company adopted Accounting Standards Update (ASU) 2014-01, “Revenue from Contracts with Customers” which outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers (ASC Topic 606) and supersedes most current revenue recognition guidance (ASC Topic 605). ASC Topic 606 outlines the following five-step process for revenue recognition:

- Identification of the contract with a customer;
- Identification of the performance obligations in the contract;
- Determination of the transaction price;
- Allocation of the transaction price to the performance obligations in the contract; and
- Recognition of revenue when, or as, the Company satisfies the performance obligations.

The Company’s primary source of revenue is anticipated to be advertising revenue from commercials shown during the streaming of its content. As of December 31, 2019, the Company has not yet begun its principal operations, thus has not yet recognized any revenue from its products.

SELLING SEATTLE – THE SITCOM LLC
NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2019 and period from inception (September 28, 2018) to December 31, 2018
(unaudited)

Fair Value of Financial Instruments

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 balance sheets approximate their fair value.

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of 90 days or less to be cash equivalents. At December 31, 2019 and 2018, the Company had no items, other than bank deposits, that would be considered cash equivalents. The Company maintains its cash in bank deposit accounts, that may at times, exceed federal insured limits.

Other Assets

During the periods ended December 31, 2019 and 2018, the Company’s other assets consisted of clothing merchandise purchased for the marketing of its products. The Company recognized the initial dollar amounts at cost. During 2019, the Company recognized minimal sales of its merchandise and elected to fully write-off the balance of the merchandise.

Advertising costs

The Company’s advertising costs are expensed as incurred. During the years ended December 31, 2019 and 2018, the Company recognized \$4,608 and \$11,676 in advertising costs, respectively. During 2019, roughly \$4,400 of the costs related to the write-off of the merchandise inventory discussed above.

See accompanying independent accountants’ review report and financial statements

SELLING SEATTLE – THE SITCOM LLC
NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2019 and period from inception (September 28, 2018) to December 31, 2018
(unaudited)

Income Taxes

The Company is a limited liability company treated as a partnership for federal and state income tax purposes. The Company's taxable income or loss is allocated to its members in accordance with their respective percentage of ownership. Therefore, no provision or liability for income taxes has been included in the accompanying financial statements. The Company files income tax returns in the U.S. federal jurisdiction as a single-member LLC with the income tax reporting of the Company's sole member. Tax returns filed with the Internal Revenue Service ("IRS") are subject to statute of limitation of three years from the date of the return and tax years since inception remain open and subject to potential future examination.

Property and Equipment

Property and equipment is recorded at cost. Depreciation is provided over the estimated useful lives of the related assets using the straight-line method for financial statement purposes. Additions and improvements are capitalized while routine repairs and maintenance are charged to expense as incurred. Upon sale or disposition, the recorded asset cost and accumulated depreciation are removed from accounts and the net amount, less proceeds received from disposal, is charged or credited to other income or expense. The Company reviews the recoverability of all long-lived assets, including the related useful lives, whenever events or changes in circumstances indicate that the carrying amount of a long-lived asset might not be recoverable. No impairment was considered necessary at December 31, 2019 or 2018.

As of December 31, 2019 and 2018, fixed assets consisted of \$935 in computer equipment, depreciated over an anticipated useful life of 5 years. Depreciation expense for the years ended December 31, 2019 and 2018, was \$187 and \$0, respectively.

Intangibles

Intangible assets purchased or developed by the Company are recorded at cost. Amortization is recognized over the estimated useful life of the asset using the straight-line method for financial statement purposes. The Company reviews the recoverability of intangible assets, including the related useful lives, whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. No impairment was considered necessary at December 31, 2019 or 2018. As of December 31, 2019 and 2018, intangible assets consisted of an aggregate \$1,300 in website/domain costs and trademark filing costs, being amortized over an estimated useful life of 10 years. Amortization expense for the years ended December 31, 2019 and 2018 was \$130 and \$0, respectively.

Recent Accounting Pronouncements

The Financial Accounting Standards Board periodically issues updated guidance or new accounting standards updates (ASUs) that impact financial reporting requirements. Other than various technical corrections issued recently, the Company is not aware of any recently issued accounting pronouncements that are expected to have a significant and material impact on the Company's financial statements.

See accompanying independent accountants' review report and financial statements

SELLING SEATTLE – THE SITCOM LLC
NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2019 and period from inception (September 28, 2018) to December 31, 2018
(unaudited)

NOTE 2 – GOING CONCERN & UNCERTAINTIES

The accompanying financial statements have been prepared assuming the Company will continue as a going concern, which contemplates the recoverability of assets and the satisfaction of liabilities in the normal course of business.

The Company has incurred losses from inception of approximately \$32,000 and primarily relies on outside sources to fund operations which, among other factors, raises substantial doubt about the Company's ability to continue as a going concern. The ability of the Company to continue as a going concern is dependent upon management's plans to raise additional capital from the issuance of debt or sale of equity, its ability to commence profitable sales of its flagship products, and its ability to generate positive operational cash flow. The Company also intends to conduct an offering under Regulation CF with a registered funding portal in the first quarter of 2021 in order to raise funds and progress its business plan. The accompanying financial statements do not include any adjustments that might be required should the Company be unable to continue as a going concern.

A novel strain of coronavirus, or COVID-19, has spread throughout Asia, Europe, and the United States, and has been declared to be a global pandemic by the World Health Organization. The Company's business plans have not been significantly impacted by the COVID-19 outbreak given the limited overall activity, however, the Company cannot accurately predict the specific extent, duration, or full impact that the COVID-19 outbreak will have on its financial condition, operations, and business plans for 2020 and in future years.

NOTE 3 – COMMITMENTS AND CONTINGENCIES

From time to time, during the normal course of business, the Company may be subject to various claims or lawsuits from customers, vendors, or competitors. No such items have been identified by the Company that would require disclosure within these financial statements.

NOTE 4 – MEMBER'S EQUITY

The Company currently has one single class of membership interest, 100% of which is owned by the Company's CEO and sole member. During the years ended December 31, 2019 and 2018, the Company's CEO and sole member contributed an aggregate \$3,235 and \$30,768, respectively, in order to fund the Company's operations. During the years ended December 31, 2019 and 2018, there were nominal distributions of funds from other income and merchandise sales.

NOTE 5 – SUBSEQUENT EVENTS

The Company has evaluated subsequent events through February 24, 2021, the date these financial statements were available to be issued. No events have been identified that would require disclosure or adjustment in these financial statements.

I, JAMES P MCGUFFIN, certify that:

1. The financial statements of SELLING SEATTLE-THE SITCOM, LLC included in this Form are true and complete in all material respects; and
2. The tax return information of SELLING SEATTLE-THE SITCOM, LLC included in this Form reflects accurately the information reported on the tax return for SELLING SEATTLE-THE SITCOM, LLC for the fiscal years ended 2018 and 2019 (most recently available as of the Date of this Form C).

Signature JAMES P MCGUFFIN

Name: JAMES P MCGUFFIN

Title: OWNER