



Soapy Doakes, LLC (the “Company”) a Louisiana Limited Liability Company

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

Years ended December 31, 2019 & 2020



INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To Management
Soapy Doakes, LLC

We have reviewed the accompanying financial statements of the Company which comprise the statement of financial position as of December 31, 2019 & 2020 and the related statements of operations, statement of changes in member equity, and statement of cash flows for the years and months 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
August 12, 2021

Vincenzo Mongio

Statement of Financial Position

| | Year Ended December 31, | |
|--|-------------------------|--------------|
| | 2020 | 2019 |
| ASSETS | | |
| Current Assets | | |
| Cash and Cash Equivalents | 53,241 | - |
| Inventory | 119,000 | - |
| Total Current Assets | 172,241 | - |
| TOTAL ASSETS | 172,241 | - |
| LIABILITIES AND EQUITY | | |
| Liabilities | | |
| Current Liabilities | | |
| Due to Owners | 15,141 | 4,209 |
| Total Current Liabilities | 15,141 | 4,209 |
| Long-term Liabilities | | |
| Future Equity Obligations (SAFE Notes) | 225,000 | - |
| Total Long-Term Liabilities | 225,000 | - |
| TOTAL LIABILITIES | 240,141 | 4,209 |
| EQUITY | | |
| Owner Contributions | 166,229 | - |
| Accumulated Deficit | (234,130) | (4,209) |
| Total Equity | (67,900) | (4,209) |
| TOTAL LIABILITIES AND EQUITY | 172,241 | - |

Statement of Operations

| | Year Ended December 31, | |
|----------------------------|-------------------------|---------|
| | 2020 | 2019 |
| Revenue | 14,382 | - |
| Cost of Sales | 76,666 | - |
| Gross Profit | (62,284) | - |
| Operating Expenses | | |
| Advertising and Marketing | 101,758 | - |
| General and Administrative | 65,679 | 4,209 |
| Total Operating Expenses | 167,438 | 4,209 |
| Operating Income | (229,722) | (4,209) |
| Other Expenses | 198 | - |
| Net Loss | (229,920) | (4,209) |

Statement of Cash Flows

| | Year Ended December 31, | |
|---|--------------------------------|-------------|
| | 2020 | 2019 |
| OPERATING ACTIVITIES | | |
| Net Loss | (229,920) | (4,209) |
| Increase in Inventory | (119,000) | |
| Net Cash provided by Operating Activities | (348,920) | (4,209) |
| FINANCING ACTIVITIES | | |
| Loans from Owners | 10,932 | 4,209 |
| Owner Contributions | 166,229 | - |
| SAFE Note Proceeds | 225,000 | - |
| Net Cash provided by Financing Activities | 402,161 | 4,209 |
| Cash at the beginning of period | - | - |
| Net Cash increase (decrease) for period | 53,241 | - |
| Cash at end of period | 53,241 | - |

Statement of Changes in Member Equity

Member Capital

| | \$ Amount | Accumulated Adjustments | Accumulated Deficit | Total Member Equity |
|---------------------------|------------------|------------------------------------|--------------------------------|------------------------------------|
| Date of Inception 4/11/19 | - | - | - | - |
| Net Loss | - | - | (4,209) | (4,209) |
| Ending Balance 12/31/2019 | - | - | (4,209) | (4,209) |
| Owner Contributions | 175,425 | - | - | 175,425 |
| Owner Distributions | (9,196) | - | (229,920) | (239,116) |
| Ending Balance 12/31/2020 | 166,229 | - | (234,129) | (67,900) |

Soapy Doakes, LLC
Notes to the Unaudited Financial Statements
December 31st, 2020
\$USD

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

Soapy Doakes, LLC (“the Company”) was formed in Louisiana on April 11th, 2019 and was subsequently incorporated in Delaware on April of 2021. The Company earns revenue through the sale of refillable soap dispensers and plant-based soap pods.

The Company will conduct a crowdfunding campaign under regulation CF in 2021 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 December 31. 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's primary performance obligation is the delivery of products. Revenue is recognized at the time of shipment, net of estimated returns. Coincident with revenue recognition, the Company establishes a liability for expected returns and records an asset (and corresponding adjustment to cost of sales) for its right to recover products from customers on settling the refund liability.

Inventory

Inventory is stated at the lower of cost or net realizable value and consists of finished goods available for sale.

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.

Income Taxes

The Company is a pass-through entity therefore any income tax expense or benefit is the responsibility of the company's owners. As such, no provision for income tax is recognized on the Statement of Operations.

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. No transactions require disclosure.

The Company entered into \$100,000 in SAFE agreements with family members of Company owners and received funding from its owners. Please see "Note 5 – Debt" for more details.

NOTE 4 – 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.

NOTE 5 – DEBT

The Company received money from its owners bearing no interest rate, no security, and no maturity date for the purposes of funding operations and startup costs. The balance of this payable was \$15,141 and \$4,209 as of December 31, 2020 and 2019, respectively.

Future Equity Obligations - Simple Agreements for Future Equity (SAFE) - During the periods ending December 31, 2020, the Company entered into numerous SAFE agreements with related and third parties. The SAFE agreements have no maturity date and bear no interest. The agreements provide the right of the investor to future equity in the Company during a qualified financing or change of control event at a 10% discount. Each agreement is subject to a valuation cap. The valuation caps of the agreements entered were \$4M – 6M.

Debt Principal Maturities 5 Years Subsequent to 2020

| Year | Amount |
|------------|--------|
| 2021 | 15,141 |
| 2022 | - |
| 2023 | - |
| 2024 | - |
| 2025 | - |
| Thereafter | - |

*The SAFE notes mature during a qualified financing or change of control event which can occur in any year.

NOTE 6 – EQUITY

The Company is a multi-member LLC with a single class of ownership interest. The ending balance for member contributions was \$166,229 as of December 31, 2020.

NOTE 7 – SUBSEQUENT EVENTS

The Company has evaluated events subsequent to December 31, 2020 to assess the need for potential recognition or disclosure in this report. Such events were evaluated through August 12, 2021, the date these financial statements were available to be issued.

On April 21, 2021, the Company incorporated in the state of Delaware and was authorized 100,000,000 shares with a par value of \$0.0001.

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 commenced principal operations and realized losses every year since inception and may continue to generate losses.

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. Note: this disclosure assumes there is no significant doubt about the entity's ability to continue as a going concern.