

Second Act Theatrical Capital LLC

(a Delaware Limited Liability Company)

Audited Financial Statements

Period of September 15, 2020 (Inception)
through December 31, 2021.

Audited by:

TaxDrop

TaxDrop LLC
A New Jersey CPA Company

Financial Statements

Second Act Theatrical Capital LLC

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Independent Auditor's Report

February 3, 2022

To: Board of Directors of Second Act Theatrical Capital LLC

Attn: Cynthia Tong, Managing Member

Re: 2021 Financial Statement Audit – Second Act Theatrical Capital LLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Second Act Theatrical Capital LLC, which comprise the balance sheet as of December 31, 2021, and the related statements of income, changes in stockholders' equity, and cash flows for the year then ended, and the related notes to the financial statements. In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Second Act Theatrical Capital LLC as of December 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Second Act Theatrical Capital LLC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for 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. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Second Act Theatrical Capital LLC's ability to continue as a going concern.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Second Act Theatrical Capital LLC's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Second Act Theatrical Capital LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Sincerely,

TaxDrop LLC

TaxDrop LLC
Robbinsville, New Jersey
February 3, 2022

Second Act Theatrical Capital LLC.
BALANCE SHEET
As of December 31, 2021
(Audited)

ASSETS

Current Assets

Cash and cash equivalents	\$	-
Total Current Assets		-

Other Assets

Total Other Assets	-
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Total Assets

\$	-
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LIABILITIES AND MEMBER'S EQUITY

Current Liabilities

Accounts payable	\$	-
Total Current Liabilities		-

Long-Term Liabilities

Loans	-
Total Long-Term Liabilities	-

Other Liabilities

Total Liabilities	\$	-
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MEMBER'S EQUITY

Capital contributions	10,583
Retained earnings (Accumulated deficit)	-
Net Income	(10,583)

Total Member's Equity	-
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Total Liabilities and Member's Equity	\$	-
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The accompanying notes are an integral part of these financial statements.

Second Act Theatrical Capital LLC
Income Statement
For the Period of September 15, 2021 (Inception) to December 31, 2021
(Audited)

Revenues	\$	-
Cost of revenues		-
Gross profit (loss)		<u>-</u>
Operating expenses		
General and administrative		-
Professional fees		10,583
Advertising		-
Total operating expenses		<u>10,583</u>
Other Income		
Other income/(expense)		-
Total Other Income		<u>-</u>
Net Income (Loss)	\$	<u>(10,583)</u>

The accompanying notes are an integral part of these financial statements.

Second Act Theatrical Capital LLC
STATEMENT OF CHANGES IN MEMBER'S EQUITY
For the Period of September 15, 2021 (Inception) to December 31, 2021
(Audited)

	Member Units	Member Contributions	Retained Earnings/ (Accumulated Deficit)	Total Member's Equity
Balance as of September 15, 2021 (Inception)	-	\$ -	\$ -	\$ -
Issuance of Member Units	1,112	-	-	-
Member Contributions	-	10,583	-	10,583
Net Income (Loss)	-	-	(10,583)	(10,583)
Balance as of December 31, 2021	1,112	\$ 10,583	\$ (10,583)	\$ 0

The accompanying notes are an integral part of these financial statements.

Second Act Theatrical Capital LLC
STATEMENT OF CASH FLOWS
For the Period of September 15, 2021 (Inception) to December 31, 2021
(Audited)

Cash Flows from Operating Activities

Net Income (Loss)	\$ (10,583)
Changes in operating assets and liabilities:	
Increase (Decrease) in accounts payable	-
Increase (Decrease) in other assets	-
Net cash used in operating activities	<u>(10,583)</u>

Cash Flows from Investing Activities

Capital expenditures	-
Net cash used in investing activities	<u>-</u>

Cash Flows from Financing Activities

Capital contributions	\$ <u>10,583</u>
Net cash provided by financing activities	<u>\$ 10,583</u>

Net change in cash and cash equivalents	-
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Cash and cash equivalents at beginning of period	<u>-</u>
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Cash and cash equivalents at end of period	<u>\$ -</u>
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The accompanying notes are an integral part of these financial statements.

Second Act Theatrical Capital LLC
NOTES TO FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2021

NOTE 1 – NATURE OF OPERATIONS

Second Act Theatrical Capital LLC, (which may be referred to as the “Company”, “we,” “us,” or “our”) will produce and invest in commercial theatrical productions like Broadway shows. The company will produce Broadway theater shows by bringing financial capital and industry expertise to develop a new show in partnership with top industry leaders and producers. The Company is partnering with 20 of the top Broadway producers across the industry. The Company was formed in Delaware on September 15, 2021. The Company’s headquarters are in New York, NY.

The Industry Standard Group LLC. (TISG), formed in November 2020, is a related party entity that is the sole managing member of Second Act Theatrical Capital LLC. The Fiscal Sponsor for TISG is Michael Francis of the Producer Hub & The Tank. TISG is a mission-based organization focused on supporting Black, Indigenous, and people of color (BIPOC) producers in the disruption of the commercial theatre producing model. Each company will maintain its own books and records.

Since Inception, the Company has relied on member contributions from TISG to fund its operations. As of December 31, 2021, the Company had not begun operations and will likely incur losses prior to generating positive retained earnings. These matters raise substantial concern about the Company’s ability to continue as a going concern (see Note 6). During the next twelve months, the Company intends to fund its operations with funding from a crowdfunding campaign (see Note 7) and funds from revenue producing activities, if and when such can be realized. If the Company cannot secure additional short-term capital, it may cease operations. These financial statements and related notes thereto do not include any adjustments that might result from these uncertainties.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accounting and reporting policies of the Company conform to accounting principles generally accepted in the United States of America ("US GAAP"). Any reference in these notes to applicable guidance is meant to refer to U.S. GAAP as found in the Accounting Standards Codification (“ASC”) and Accounting Standards Updates (“ASU”) of the Financial Accounting Standards Board (“FASB”).

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and footnotes thereto. Actual results could materially differ from these estimates. It is reasonably possible that changes in estimates will occur in the near term.

Significant estimates inherent in the preparation of the accompanying financial statements include valuation of provision for refunds and chargebacks, equity transactions and contingencies.

Second Act Theatrical Capital LLC
NOTES TO FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2021

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. Adverse conditions may include recession, downturn or otherwise, local competition or changes in consumer taste. These adverse conditions could affect the Company's financial condition and the results of its operations.

Cash and Cash Equivalents

The Company considers short-term, highly liquid investment with original maturities of three months or less at the time of purchase to be cash equivalents. The Company had \$0 of cash and cash equivalents as of December 31, 2021.

Fixed Assets

Fixed assets will be recorded at cost. Expenditures for renewals and improvements that significantly add to the productive capacity or extend the useful life of an asset are capitalized. Expenditures for maintenance and repairs are charged to expense. When equipment is retired or sold, the cost and related accumulated depreciation are eliminated from the accounts and the resultant gain or loss is reflected in income.

Depreciation will be provided using the straight-line method, based on useful lives of the assets.

The Company reviews the carrying value of property and equipment 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, as there were no fixed assets as of December 31, 2021.

Income Taxes

The Company has elected to be taxed as a partnership with the Internal Revenue Service (IRS). Therefore, no provision for income tax expense is recorded. Instead, the net income for the Company flows through to the member and is taxed their individual income tax return. The Company has yet to file its income tax return for the period ended December 31, 2021, which will remain subject to examination by the IRS under the statute of limitations for a period of three years from the date it is filed.

Revenue Recognition

The Company adopted Accounting Standards Codification (ASC) 606, *Revenue from Contracts with Customers*. Revenue is recognized when performance obligations under the terms of the contracts with our customers are satisfied. The Company is pre-revenue, as of December 31, 2021, the Company had recognized zero revenue.

Advertising

The Company expenses advertising costs as they are incurred.

Second Act Theatrical Capital LLC
NOTES TO FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2021

Recent Accounting Pronouncements

The FASB issues ASUs to amend the authoritative literature in ASC. There have been a number of ASUs to date, including those above, 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 our financial statements.

NOTE 3 – CONTRIBUTIONS FROM OWNERS

The Company's member has contributed personal funds to bootstrap the Company operations before any investments or funding has been received (See Note 7). Currently no formal contracts with any related parties have been made yet. As of December 31, 2021, a total of \$10,583 has been contributed from TISG for consulting and formation fees of the Company.

NOTE 4 – EQUITY

The Company authorized a total of 1,112 member units. As of December 31, 2021, 1,112 of Class A member units, owned by TISG, were issued and outstanding (See Note 7).

NOTE 5 – COMMITMENTS AND CONTINGENCIES**Litigation**

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

COVID 19

In January 2020, the World Health Organization has declared the outbreak of a novel coronavirus (COVID-19) as a "Public Health Emergency of International Concern," which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets. The coronavirus outbreak and government responses are creating disruption in global supply chains and adversely impacting many industries. The outbreak could have a continued material adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material adverse impact of the coronavirus outbreak. Nevertheless, the outbreak presents uncertainty and risk with respect to the Company, its performance, and its financial results.

NOTE 6 – GOING CONCERN

These financial statements are prepared on a going concern basis. The Company began operation in 2021 and incurred a loss since inception. The Company's ability to continue is dependent upon management's plan to raise additional funds and achieve 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.

Second Act Theatrical Capital LLC
NOTES TO FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2021

NOTE 7 – SUBSEQUENT EVENTS

Equity

On January 7, 2022, the Company amended the Certificate of Incorporation to increase the total shares authorize up to 10,000 crowdfunding (CF) units. The total units are comprised of 10,000 Class CF units, at \$500 per unit, which are contingent on the number of investors from the crowd funder. Each investor will be allocated units based on their investment at a rate of \$500 per unit. CF units are non-voting units.

Crowdfunding Offering

The Company is offering (the “Crowdfunded Offering”) up to \$5,000,000, or 10,000 units, in CF member units. The company is also anticipating raising another \$1 million through a Reg D for a maximum total of \$6 million. 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. The Intermediary will be entitled to receive a 7.5% commission fee.

Management’s Evaluation

Management has evaluated subsequent events through February 3, 2022, the date the financial statements were available to be issued. Based on this evaluation, no additional material events were identified which require adjustment or disclosure in the financial statements.