



PLAYWATCH, INC. (FORMERLY,  
PLAYWATCH, LLC)

FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2021  
AND 2020

WITH INDEPENDENT ACCOUNTANT'S REVIEW REPORT

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## *Belle Business Services*

*Certified Public Accountants*

### **INDEPENDENT ACCOUNTANT'S REVIEW REPORT**

To the Board of Directors

PlayWatch, Inc. (formerly, PlayWatch, LLC)

Atlanta, Georgia

We have reviewed the accompanying financial statements of PlayWatch, Inc. (formerly, PlayWatch, 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 PlayWatch, Inc. (formerly, PlayWatch, 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 4, 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 5, 2022

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

**PLAYWATCH, INC.**  
**(FORMERLY, PLAYWATCH, LLC)**  
**BALANCE SHEETS**  
**DECEMBER 31, 2021 AND 2020**  
**(unaudited)**

**ASSETS**

	<b>2021</b>	<b>2020</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 61,095	N/A
TOTAL CURRENT ASSETS	61,095	N/A
<b>OTHER ASSETS</b>		
Software development costs	-	N/A
<b>TOTAL ASSETS</b>	\$ 61,095	N/A

**LIABILITIES AND SHAREHOLDERS' EQUITY**

<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ -	N/A
TOTAL CURRENT LIABILITIES	-	N/A
<b>TOTAL LIABILITIES</b>	-	N/A
<b>SHAREHOLDERS' EQUITY</b>		
Class A voting shares, see note 3	1,200	N/A
Class B non-voting shares, see note 3	120,000	
Retained earnings/(Accumulated deficit)	(60,105)	N/A
TOTAL SHAREHOLDERS' EQUITY	61,095	N/A
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	\$ 61,095	N/A

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

**PLAYWATCH, INC.**  
**(FORMERLY, PLAYWATCH, LLC)**  
**STATEMENTS OF INCOME**  
**DECEMBER 31, 2021 AND 2020**  
(unaudited)

	<b>2021</b>	<b>2020</b>
<b>REVENUES</b>	\$ -	N/A
<b>COST OF GOODS SOLD</b>	-	N/A
<b>GROSS PROFIT</b>	-	N/A
<b>OPERATING EXPENSES</b>		
General and administrative	324	N/A
Impairment of software development costs	36,084	N/A
Legal and professional	13,697	N/A
Subcontractors	10,000	N/A
<b>TOTAL OPERATING EXPENSES</b>	<b>60,105</b>	<b>N/A</b>
<b>NET OPERATING INCOME/(LOSS)</b>	<b>(60,105)</b>	<b>N/A</b>
<b>NET INCOME (LOSS)</b>	<b>\$ (60,105)</b>	<b>N/A</b>

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**PLAYWATCH, INC.**  
**(FORMERLY, PLAYWATCH, LLC)**  
**STATEMENTS OF EQUITY**  
**DECEMBER 31, 2021 AND 2020**  
**(unaudited)**

	<u>Class A Voting Shares</u>		<u>Class B Non-Voting Shares</u>		<u>Retained Earnings (Accumulated Deficit)</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>		
<b>BEGINNING BALANCE, JANUARY 1, 2020</b>	N/A	N/A	N/A	N/A	N/A	N/A
Net income	N/A	N/A	N/A	N/A	N/A	N/A
<b>ENDING BALANCE, DECEMBER 31, 2020</b>	N/A	N/A	N/A	N/A	N/A	N/A
Issuance of common stock, see note 3	19.20	1,200	0.80	120,000	-	\$ 121,200
Net loss	-	-	-	-	(60,105)	\$ (60,105)
<b>ENDING BALANCE, DECEMBER 31, 2021</b>	<b>19</b>	<b>\$ 1,200</b>	<b>1</b>	<b>\$ 120,000</b>	<b>\$ (60,105)</b>	<b>\$ 61,095</b>

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

**PLAYWATCH, INC.**  
**(FORMERLY, PLAYWATCH, LLC)**  
**STATEMENTS OF CASH FLOWS**  
**DECEMBER 31, 2021 AND 2020**  
**(unaudited)**

	<b>2021</b>	<b>2020</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income (loss)	\$ (60,105)	N/A
Adjustments to reconcile net income to net cash provided by operating activities:		
Loss on impairment of software development costs	36,084	-
(Increase) decrease in assets:		
Security deposits	-	N/A
<b>CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>	<b>(24,021)</b>	<b>N/A</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Cash used for software development costs	(36,084)	N/A
<b>CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES</b>	<b>(36,084)</b>	<b>N/A</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Issuance of class A voting shares	1,200	N/A
Issuance of class B non-voting shares	120,000	N/A
<b>CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>121,200</b>	<b>N/A</b>
<b>NET INCREASE IN CASH</b>	<b>61,095</b>	<b>N/A</b>
<b>CASH AT BEGINNING OF YEAR</b>	<b>-</b>	<b>N/A</b>
<b>CASH AT END OF YEAR</b>	<b>\$ 61,095</b>	<b>N/A</b>
 <b>CASH PAID DURING THE YEAR FOR:</b>		
<b>INTEREST</b>	\$ -	\$ -
<b>INCOME TAXES</b>	\$ -	\$ -

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**PLAYWATCH, INC.**  
**(FORMERLY, PLAYWATCH, LLC)**  
**NOTES TO THE FINANCIAL STATEMENT**  
**DECEMBER 31, 2021 AND 2020**  
**(unaudited)**

**1. Summary of Significant Accounting Policies**

***The Company***

PlayWatch, Inc. (formerly, PlayWatch, LLC) (the “Company”) was organized as PlayWatch, LLC in the State of Georgia on March 26, 2021 and converted to a Corporation on January 13, 2022. Due to the nature of the subsequent event, the financials have presented to reflect the conversion.

PlayWatch, Inc. is a children's streaming platform, where every child is the hero! Bringing cultural, ethical, and representational streaming media and provide an outlet for creatives to present their ideas.

***Going Concern***

Since Inception, the Company has relied on funds from partner contributions/issuance of common stock 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 no 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 finish the development of the PlayWatch platform and generate revenue from 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

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**1. Summary of Significant Accounting Policies (continued)**

***Risks and Uncertainties (continued)***

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.

***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 PlayWatch 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 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 the Company recorded loss on impairment of \$36,084 and nil as of December 31, 2021, and 2020, respectively.

***Income Taxes***

Prior to 2022, the Company was 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.

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**NOTES TO THE FINANCIAL STATEMENT**  
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**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.

Effective during 2022, the Company is subject to tax filing requirements as a corporation in the federal jurisdiction of the United States.

The Company is subject to franchise and income tax filing requirements in the State of Georgia.

***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.

*See independent accountant's review report.*

**PLAYWATCH, INC.**  
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**NOTES TO THE FINANCIAL STATEMENT**  
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**1. Summary of Significant Accounting Policies (continued)**

***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.

***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 will generate revenue by selling subscriptions and through ad generation. The Company's payments will be collected upfront. For years ending December 31, 2021 and 2020 the Company recognized nil in revenue.

***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 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 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.

**3. Equity**

***Capital Contributions***

During 2021, the partners of the LLC contributed a total of \$121,200 to form PlayWatch, LLC. On January 13, 2022, the Company converted to a Corporation and all capital contributions were exchanged for Class A Voting and Class B Non-Voting Shares. The financials reflect the conversion to the Corporation.

*See independent accountant's review report.*

**PLAYWATCH, INC.**  
**(FORMERLY, PLAYWATCH, LLC)**  
**NOTES TO THE FINANCIAL STATEMENT**  
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**3. Equity (continued)**

***Class A Voting Shares***

Under the articles of incorporation, the total number of Class A Voting Shares that the Corporation shall have authority to issue is 20 shares at no par value per share. As of December 31, 2021 and 2020, 19.20 and nil shares, respectively, of Class A Voting shares have been issued and are outstanding.

***Class B Non-Voting Shares***

Under the articles of incorporation, the total number of Class B Non-Voting Shares that the Corporation shall have authority to issue is 80 shares at no par value per share. As of December 31, 2021, and 2020, 0.80 and nil shares, respectively, of Class B Non-Voting shares have been issued and are outstanding.  
rate.

**4. Going Concern**

These financial statements are prepared on a going concern basis. The Company registered on March 26, 2021 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.

**5. Subsequent Events**

***Conversion from LLC to Corporation***

As noted in Note 1, the Company converted from PlayWatch, LLC to PlayWatch, Inc. on January 13, 2022. At this time, all previous capital contributions from partners were exchanged for shares of Class A Voting and Class B Non-Voting shares (as discussed in Note 3).

***Managements Evaluation***

The Company has evaluated subsequent events through July 5, 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.*