



**CUBO BEVERAGES, INC. (FORMERLY,  
CUBO BEVERAGES 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

Cubo Beverages, Inc. (formerly, Cubo Beverages LLC)

Los Angeles, California

We have reviewed the accompanying financial statements of Cubo Beverages, Inc. (formerly, Cubo Beverages 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 Cubo Beverages, Inc. (formerly, Cubo Beverages 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 15, 2022

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

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

**ASSETS**

	2021	2020
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 8,544	\$ 10,808
TOTAL CURRENT ASSETS	8,544	10,808
<b>PROPERTY AND EQUIPMENT</b>		
Property and equipment, net	13,992	-
<b>OTHER ASSETS</b>		
Software development	519,368	366,252
Patents	36,638	23,401
TOTAL OTHER ASSETS	556,006	389,653
<b>TOTAL ASSETS</b>	\$ 578,542	\$ 400,461

**LIABILITIES AND SHAREHOLDERS' EQUITY**

<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ -	\$ -
TOTAL CURRENT LIABILITIES	-	-
<b>TOTAL LIABILITIES</b>	-	-
<b>SHAREHOLDERS' EQUITY</b>		
Common stock, see note 3	-	-
Contributions/(Distributions)	2,501,966	2,055,102
Accumulated deficit	(1,923,424)	(1,654,641)
TOTAL SHAREHOLDERS' EQUITY	578,542	400,461
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	\$ 578,542	\$ 400,461

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

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

	<b>2021</b>	<b>2020</b>
<b>REVENUES</b>	\$ -	\$ -
<b>COST OF GOODS SOLD</b>	-	-
<b>GROSS PROFIT</b>	-	-
<b>OPERATING EXPENSES</b>		
Amortization and depreciation	4,839	1,570
General and administrative	49,490	26,136
Research and development	176,180	308,633
Salaries and wages	38,274	28,994
<b>TOTAL OPERATING EXPENSES</b>	<b>268,783</b>	<b>365,333</b>
<b>NET OPERATING LOSS</b>	<b>(268,783)</b>	<b>(365,333)</b>
<b>NET LOSS</b>	<b>\$ (268,783)</b>	<b>\$ (365,333)</b>

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**CUBO BEVERAGES, INC.**  
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**STATEMENTS OF EQUITY**  
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	Common Stock		Contributions/ (Distributions)	Retained Earnings (Accumulated Deficit)	Total
	Shares	Amount			
<b>BEGINNING BALANCE, JANUARY 1, 2020</b>	-	\$ -	1,567,161	\$ (1,289,308)	\$ 277,853
Contributions	-	-	487,941	-	\$ 487,941
Net loss	-	-	-	(365,333)	\$ (365,333)
<b>ENDING BALANCE, DECEMBER 31, 2020</b>	-	\$ -	\$ 2,055,102	\$ (1,654,641)	\$ 400,461
Contributions	-	-	446,864	-	\$ 446,864
Net loss	-	-	-	(268,783)	\$ (268,783)
<b>ENDING BALANCE, DECEMBER 31, 2021</b>	-	\$ -	<b>\$ 2,501,966</b>	<b>\$ (1,923,424)</b>	<b>\$ 578,542</b>

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**CUBO BEVERAGES, INC.**  
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**STATEMENTS OF CASH FLOWS**  
**DECEMBER 31, 2021 AND 2020**  
**(unaudited)**

	<b>2021</b>	<b>2020</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss	\$ (268,783)	\$ (365,333)
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization and depreciation expense	4,839	-
<b>CASH USED FOR OPERATING ACTIVITIES</b>	<b>(263,944)</b>	<b>(365,333)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Cash used for software development	(153,116)	(124,203)
Cash used for patents	(15,511)	(4,050)
Cash used for fixed assets	(16,557)	-
<b>CASH USED FOR INVESTING ACTIVITIES</b>	<b>(185,184)</b>	<b>(128,253)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Capital contributions	446,864	487,941
<b>CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>446,864</b>	<b>487,941</b>
<b>NET DECREASE IN CASH</b>	<b>(2,264)</b>	<b>(5,645)</b>
<b>CASH AT BEGINNING OF YEAR</b>	<b>10,808</b>	<b>16,453</b>
<b>CASH AT END OF YEAR</b>	<b>\$ 8,544</b>	<b>\$ 10,808</b>
 <b>CASH PAID DURING THE YEAR FOR:</b>		
<b>INTEREST</b>	\$ -	\$ -
<b>INCOME TAXES</b>	\$ -	\$ -

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**CUBO BEVERAGES, INC.**  
**(FORMERLY, CUBO BEVERAGES LLC)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**1. Summary of Significant Accounting Policies**

***The Company***

Cubo Beverages LLC (the “Company”) was incorporated in the State of California on June 15, 2016. The Company converted to Cubo Beverages, Inc. on May 9, 2022. The Company specializes in a beverage machine that will make an individual’s favorite drinks; from lattes, smoothies, wellness drinks to cocktails at a push of a button.

Due to the nature of the subsequent event, the financial statements presented herein give a retroactive effect to the reorganization as a Corporation.

***Going Concern***

Since Inception, the Company has relied on funds from owner contributions 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 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 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

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

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

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 CUBO 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 will begin amortizing costs when the product is released.

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.

***Patents***

Patents are initially measured based on their costs. Patents are being amortized on a straight-line basis over a period of 15 years and are stated net of accumulated amortization. As of December 31, 2021 and 2020, patents were stated at \$36,638 and \$23,401, respectively. Amortization expense charged to operations was \$2,274 for 2021 and \$1,570 for 2020.

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

***Income Taxes***

The Company is taxed as a single member limited liability company for federal income tax purposes. Therefore, the Company's losses are included on the members' personal income tax return and taxed depending on his personal tax situations. Accordingly, no provision has been made for Federal income taxes.

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 in 2022, the Company will be 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 States of Delaware and California.

***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.

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

***Fair Value of Financial Instruments (continued)***

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.

***Revenue Recognition***

Effective January 1, 2019, 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. Prior to the adoption of ASC 606, the Company recognized revenue when persuasive evidence of an arrangement existed, delivery of products had occurred, the sales price was fixed or determinable and collectability was reasonably assured. The Company generates revenues by selling a drink machine. The Company's payments are generally collected upfront. For years ending December 31, 2021 and 2020 the Company recognized nil in revenue.

***Research and Development***

Expenditures for research activities relating to product development and improvement are charged to expense as incurred. Such expenditures amounted to \$176,180 in 2021 and \$308,633 in 2020.

***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.

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**(unaudited)**

**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**

***Preferred Stock***

The Company authorized preferred stock in 2022. Under the articles of incorporation, the total number of preferred shares of stock that the Corporation shall have authority to issue is 5,281,925 shares, at \$0.0001 par value per share. As of December 31, 2021, and 2020, no shares have been issued and none outstanding.

***Common Stock***

The Company issued common stock in 2022 (see Note 5). Under the articles of incorporation, the total number of common shares of stock that the Corporation shall have authority to issue is 12,324,608 shares, at \$0.0001 par value per share. As of December 31, 2021, and 2020, no shares have been issued and none outstanding.

**4. Going Concern**

These financial statements are prepared on a going concern basis. The Company registered on June 15, 2016 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 to Corporation***

During 2022, the Company converted from a Limited Liability Company to a Corporation.

***Issuance of Common Stock***

During 2022, the Company issued a total of 9,758,168 shares of common stock in exchange for \$2,611,966 in cash and all prior investments made by the member of the LLC.

***Crowdfunding Offering***

The Company is offering (the "Crowdfunded Offering") up to \$1,070,000 in common stock of the Company. 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 it's wholly owned subsidiaries (the "Intermediary" aka "Wefunder"). The Intermediary will be entitled to receive a 6% commission fee.

***Managements Evaluation***

The Company has evaluated subsequent events through July 15, 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.*