



**NOTEY, INC.**  
FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023,  
AND 2022

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  
Notey, Inc.  
Columbia, South Carolina

We have reviewed the accompanying financial statements of Notey, Inc., which comprise the balance sheets as of December 31, 2023, and 2022, 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 Notey, Inc. 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 5, 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 29, 2024

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**NOTEY, INC.**  
**BALANCE SHEETS**  
**DECEMBER 31, 2023 AND 2022**  
(unaudited)

**ASSETS**

	<b>2023</b>	<b>2022</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 377,190	\$ 93,207
SAFE obligation receivable	20,000	
TOTAL CURRENT ASSETS	<b>397,190</b>	<b>93,207</b>
<b>OTHER ASSETS</b>		
Software development costs	170,400	79,083
<b>TOTAL ASSETS</b>	<b>\$ 567,590</b>	<b>\$ 172,290</b>

**LIABILITIES AND SHAREHOLDERS' EQUITY**

<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 31,769	\$ 1,585
Prepaid SAFE obligations	-	5,000
TOTAL CURRENT LIABILITIES	<b>31,769</b>	<b>6,585</b>
<b>LONG-TERM LIABILITIES</b>		
Note payable - related party	-	4,227
TOTAL LONG-TERM LIABILITIES	-	4,227
<b>TOTAL LIABILITIES</b>	<b>31,769</b>	<b>10,812</b>
<b>SHAREHOLDERS' EQUITY</b>		
Treasury stock, see note 4	(3)	(3)
Common stock, see note 4	20	20
Additional paid-in capital	1,469	46
SAFE obligations	744,000	244,000
Accumulated deficit	(209,665)	(82,585)
TOTAL SHAREHOLDERS' EQUITY	<b>535,821</b>	<b>161,478</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 567,590</b>	<b>\$ 172,290</b>

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

**NOTEY, INC.**  
**STATEMENTS OF INCOME**  
**DECEMBER 31, 2023 AND 2022**  
(unaudited)

	<u>2023</u>	<u>2022</u>
<b>REVENUES</b>	\$ 1,013	\$ 81
<b>COST OF GOODS SOLD</b>	<u>-</u>	<u>-</u>
<b>GROSS PROFIT</b>	1,013	81
<b>OPERATING EXPENSES</b>		
General and administrative	31,138	17,027
Professional fees	5,200	3,893
Salaries and wages	81,078	18,237
Sales and marketing	16,592	5,313
<b>TOTAL OPERATING EXPENSES</b>	<u>134,008</u>	<u>44,470</u>
<b>NET OPERATING LOSS</b>	<u>(132,995)</u>	<u>(44,389)</u>
<b>OTHER INCOME/(EXPENSES)</b>		
Interest income	6,028	2,554
Interest expense	(113)	(151)
<b>TOTAL OTHER INCOME/(EXPENSES)</b>	<u>5,915</u>	<u>2,403</u>
<b>NET LOSS</b>	<u>\$ (127,080)</u>	<u>\$ (41,986)</u>

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

**NOTEY, INC.**  
**STATEMENTS OF EQUITY**  
**DECEMBER 31, 2023 AND 2022**  
(unaudited)

	<u>Treasury Stock</u>		<u>Common Stock</u>		<u>Additional Paid-in Capital</u>	<u>SAFE Obligations</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, 2022</b>	-	\$ -	2,000,000	\$ 20	-	139,000	\$ (40,599)	\$ 98,421
Repurchase of Restricted Stock	300,000	(3)	(300,000)	-	-	-	-	\$ (3)
Vesting of Stock Options	-	\$ -	-	\$ -	46	-	\$ -	\$ 46
Issuance of SAFE Obligations	-	-	-	-	-	105,000	-	\$ 105,000
Net loss	-	-	-	-	-	-	(41,986)	\$ (41,986)
<b>ENDING BALANCE, DECEMBER 31, 2022</b>	<b>300,000</b>	<b>\$ (3)</b>	<b>1,700,000</b>	<b>\$ 20</b>	<b>\$ 46</b>	<b>\$ 244,000</b>	<b>\$ (82,585)</b>	<b>\$ 161,478</b>
Exercise of Stock Options	-	-	4,875	-	1,219	-	-	\$ 1,219
Vesting of Stock Options	-	-	-	-	204	-	-	\$ 204
Issuance of SAFE Obligations	-	-	-	-	-	500,000	-	\$ 500,000
Net loss	-	-	-	-	-	-	(127,080)	\$ (127,080)
<b>ENDING BALANCE, DECEMBER 31, 2023</b>	<b><u>300,000</u></b>	<b><u>\$ (3)</u></b>	<b><u>1,704,875</u></b>	<b><u>\$ 20</u></b>	<b><u>\$ 1,469</u></b>	<b><u>\$ 744,000</u></b>	<b><u>\$ (209,665)</u></b>	<b><u>\$ 535,821</u></b>

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

**NOTEY, INC.**  
**STATEMENTS OF CASH FLOWS**  
**DECEMBER 31, 2023 AND 2022**  
(unaudited)

	<u>2023</u>	<u>2022</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss	\$ (127,080)	\$ (41,986)
Adjustments to reconcile net income to net cash provided by operating activities:		
Stock based compensation	204	46
Increase (decrease) in liabilities:		
Accounts payable	30,184	(2,436)
Accrued interest	-	151
	<u>(96,692)</u>	<u>(44,225)</u>
<b>CASH USED FOR OPERATING ACTIVITIES</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Cash used for software development	<u>(91,317)</u>	<u>(63,878)</u>
<b>CASH USED FOR INVESTING ACTIVITIES</b>	(91,317)	(63,878)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash paid to treasury stock	-	(3)
Issuance of common stock	1,219	-
Repayment of note payable - related party	(4,227)	-
Issuance of SAFE obligations	475,000	165,000
	<u>471,992</u>	<u>164,997</u>
<b>CASH PROVIDED BY FINANCING ACTIVITIES</b>		
<b>NET INCREASE IN CASH</b>	283,983	56,894
<b>CASH AT BEGINNING OF YEAR</b>	<u>93,207</u>	<u>36,313</u>
<b>CASH AT END OF YEAR</b>	<u>\$ 377,190</u>	<u>\$ 93,207</u>
 <b>CASH PAID DURING THE YEAR FOR:</b>		
<b>INTEREST</b>	\$ 264	\$ -
<b>INCOME TAXES</b>	\$ 1,200	\$ 2,200

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

**NOTEY, INC.**  
**NOTES TO THE FINANCIAL STATEMENT**  
**DECEMBER 31, 2023, AND 2022**  
**(unaudited)**

**1. Summary of Significant Accounting Policies**

***The Company***

Notey, Inc. (the “Company”) was incorporated in the State of Delaware on June 1, 2021. The Company developed an app called Notey’s World, which is an exciting adventure where gaming and music education collide. The app allows users to use their own guitar as a controller and progress through 50+ levels, crafted by Grammy-nominated artists.

***Going Concern***

Since Inception, the Company has relied on funds from SAFE Obligations issued to fund its operations. As of December 31, 2023, 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, 2023, the Company is still mostly in the developmental process, with very limited 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) requires the use of management’s estimates. 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, 2023, and 2022, 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.

***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

*See independent accountant’s review report.*

**NOTEY, INC.**  
**NOTES TO THE FINANCIAL STATEMENT**  
**DECEMBER 31, 2023, AND 2022**  
**(unaudited)**

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

***Accounts Receivable (continued)***

discretionary amount determined from the analysis of the aging of the accounts receivables, historical experience and knowledge of specific customers. As of December 31, 2023, and 2022, 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 Notey's World 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 began amortizing the costs of the software in 2024.

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, 2023, and 2022.

***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.

The Company is subject to tax filing requirements as a corporation in the federal jurisdiction of the United States. The Company sustained net operating losses since inception. Net operating losses will be carried forward to reduce taxable income in future years. Due to management's uncertainty as to the timing and valuation of any benefits associated with the net operating loss carryforwards, the Company has elected to recognize an allowance to account for them in the financial statements but has fully reserved it. Under current law, net operating losses may be carried forward indefinitely.

*See independent accountant's review report.*

**NOTEY, INC.**  
**NOTES TO THE FINANCIAL STATEMENT**  
**DECEMBER 31, 2023, AND 2022**  
**(unaudited)**

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

***Income taxes (continued)***

The Company is subject to franchise and income tax filing requirements in the States of Delaware and South Carolina.

***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.

***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 generates revenues by selling subscriptions to Notey's World. The Company's payments are generally collected upfront. For the years ending December 31, 2023, and 2022 the Company recognized \$1,013 and \$81 in revenue, respectively.

***Research and Development***

In compliance with ASC 730-10-25, all research and development costs are expensed as incurred. As of December 31, 2023, and 2022, the Company expensed a total of nil.

*See independent accountant's review report.*

**NOTEY, INC.**  
**NOTES TO THE FINANCIAL STATEMENT**  
**DECEMBER 31, 2023, AND 2022**  
**(unaudited)**

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

***Stock Compensation Expense***

ASC 718, Compensation – Stock Compensation, prescribes accounting and reporting standards for all share-based payment transactions. Transactions include incurring liabilities, or issuing or offering to issue shares, options, and other equity instruments such as employee stock ownership plans and stock appreciation rights. Share-based payments to employees and non-employees, including grants of employee stock options, are recognized as compensation expense in the financial statements based on their fair values at the grant date. That expense is recognized over the period during which an employee is required to provide services in exchange for the award, known as the requisite service period (usually the vesting period).

The Company accounts for stock-based compensation issued to non-employees and consultants in accordance with the provisions of ASC 505-50, Equity – Based Payments to Non-Employees. Measurement of share-based payment transactions with non-employees is based on the fair grant date FV of equity instruments. The fair value of the share-based payment transaction is determined at the earlier of performance commitment date or performance completion date. Share-based compensation expense for the years ended December 31, 2023, and 2022 was \$204 and \$46, respectively.

***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 2020, the FASB issued ASU 2020 – 06, *Debt, Debt with conversion and other options (Subtopic 470-20) and derivatives and hedging – contracts in an entity's own equity (Subtopic 815-40: Accounting for convertible instruments and contracts in an entity's own equity*. ASU 2020-06 reduces the number of accounting models for convertible debt instruments and convertible preferred stock. Limiting the accounting models results in fewer embedded conversion features being separately recognized from the host contract as compared with current GAAP. ASU 2020 – 06 is effective for fiscal years beginning after December 15, 2023. Early adoption is permitted, but no earlier than fiscal years beginning after December 15, 2020. The adoption of ASU 2020-06 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 shareholders.

*See independent accountant's review report.*

**NOTEY, INC.**  
**NOTES TO THE FINANCIAL STATEMENT**  
**DECEMBER 31, 2023, AND 2022**  
**(unaudited)**

**3. Notes Payable – Related Parties**

At inception, a related party provided loans to the Company valued at \$4,000. Interest is accrued annually at 4.25% per annum. There are no minimum monthly payments. The loan and the accrued interest was paid back during 2023.

**4. Equity**

***Treasury Stock***

In fiscal 2022, the board of directors authorized a purchase of 300,000 restricted shares of the Company's common stock from a founder.

***Common Stock***

Under the Company's amended article of incorporation, the total number of shares of common stock that the Corporation has authority to issue is 5,000,000 shares, at \$0.00001 par value per share. As of December 31, 2023, and 2022, 2,004,875 and 2,000,000 shares have been issued, of which, 1,704,875 and 1,700,000 shares are outstanding, respectively.

***Equity Incentive***

The Company's 2022 Equity Plan (the Plan), which is shareholder approved, permits the grant of share options and shares to its employees, advisors and subcontractors for up to 35,000 shares of common stock. The Company believes that such awards better align the interests of its employees, advisors and subcontractors with those of its shareholders. Option awards are generally granted with an exercise price equal to the market price of the Company's stock at the date of grant; those option awards generally vest based on four years of continuous service and have 10-year contractual terms. As of December 31, 2023, and 2022, 17,348 and 13,000 shares have been issued and are outstanding under the Plan.

***SAFE Obligations***

Since inception, the Company issued several Simple Agreements for Future Equity ("SAFEs"). The agreements state if there is an equity financing before the termination of the SAFE, on the initial closing of an equity financing, this SAFE will automatically convert into the number of shares of stock equal to the purchase amount divided by the conversion price which is (1) the SAFE price or (2) the discount price, whichever calculation results in a greater number of shares of stock.

The SAFE agreements will expire and terminate upon either (i) the issuance of shares to the investor pursuant to an equity financing event or (ii) the payment, or setting aside for payment, of amounts due to the investor pursuant to a liquidity or dissolution event.

As of December 31, 2023, and 2022, the Company had \$744,000 and \$244,000 of SAFE obligations outstanding, with valuation caps between \$350,000 and \$4,100,000 and discount rates of 0% - 20%. As of December 31, 2023, and 2022, no SAFE agreements had been converted into equity, nor had any terminated or expired based on the terms of the agreements.

The Company accounts for the SAFE agreements under ASC 480 (Distinguishing Liabilities from Equity), which requires that they be recorded at fair value as of the balance sheet date. Any changes in fair value are to be recorded in the statement of income. The Company has determined that the fair value at the date of issuance, and as of December 31, 2023, and 2022 are both consistent with the proceeds received at issuance, and therefore there is no mark-to-market fair value adjustments required, or reflected in income for the years ended December 31, 2023, and 2022.

*See independent accountant's review report.*

**NOTEY, INC.**  
**NOTES TO THE FINANCIAL STATEMENT**  
**DECEMBER 31, 2023, AND 2022**  
**(unaudited)**

**5. Going Concern**

These financial statements are prepared on a going concern basis. The Company was incorporated on June 1, 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.

**6. Subsequent Events**

***Managements Evaluation***

The Company has evaluated subsequent events through July 29, 2024, the date through which the financial statements were available to be issued. It has been determined that no events require additional disclosure.

*See independent accountant's review report.*