Curzio Research, Inc.
Financial Statements

and

Independent Auditors' Report

For the Year Ended December 31, 2020

Curzio Research, Inc.

For the Year Ended December 31, 2020

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INDEPENDENT AUDITORS' REPORT

To the Shareholders'
of Curzio Research, Inc.

We have audited the accompanying financial statements of Curzio Research, Inc. (a Delaware corporation), which comprise the balance sheet as of December 31, 2020, and the related statements of operations, changes in shareholders' deficit, and cash flows for the year then ended, and the related notes to the financial statements.

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 control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Curzio Research, Inc. as of December 31, 2020, 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.

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Emphasis of Matter — Uncertainties Related to Digital Assets

In forming our opinion we have considered the adequacy of the disclosures included in Note 10 to the financial statements concerning, among other things, the risks and uncertainties related to the Company's involvement in digital assets and the underlying technology. The risks and rewards to be recognized by the Company associated with its involvement in digital assets will be dependent on many factors outside of the Company's control. Uncertainties related to the regulatory regimes governing blockchain technologies, digital assets, cryptocurrency exchanges and new international, federal, state and local regulations or policies may materially adversely affect the Company and the value of the CEO Tokens. The currently unregulated and immature nature of digital assets including clearing, settlement, custody and trading mechanisms and the dependency on information technology to sustain the continuity of digital assets all subject digital assets to unique risks of theft, loss, or other misappropriation. Furthermore, these factors also contribute to the significant uncertainty with respect to the future viability and value of digital assets and the Company. Our opinion is not modified in respect to this matter.

New York, New York

June 8, 2021

Curzio Research, Inc.

Balance Sheet

December 31, 2020

ASSETS		
CURRENT ASSETS		
Cash	$	1,705,860
Receivables from merchants		167,258
Due from shareholder		388,003
Digital assets		100,000
Prepaid expenses		11,468
Total current assets		2,372,589
Equipment, net of accumulated depreciation of $20,631		9,467
TOTAL ASSETS	$	2,382,056
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES		
CURRENT LIABILITIES		
Accrued expenses and other liabilities	$	279,974
Paycheck protection program loan		167,974
Deferred revenue		1,525,766
Total current liabilities		1,973,714
Deferred revenue long term portion		731,181
TOTAL LIABILITIES		2,704,895
COMMITMENTS		
SHAREHOLDERS' DEFICIT		
Common stock, 0.0001 par value, 15,000,000 shares authorized, 9,350,000 shares issued and outstanding		935
Preferred stock, 0.0001 par value, 5,000,000 shares authorized, 932,563 shares issued and outstanding		93
Additional paid-in capital		2,870,641
Preferred stock subscription receivable		(154,750)
Accumulated deficit		(3,039,758)
TOTAL SHAREHOLDERS' DEFICIT		(322,839)
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT	$	2,382,056

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

Curzio Research, Inc.

Statement of Operations

For the Year Ended December 31, 2020

		2020
REVENUE		
Net subscription sales	$	1,831,636
EXPENSES		
Cost of revenues		1,516,193
Sales and marketing		755,863
General and administrative		776,228
TOTAL EXPENSES		3,048,284
LOSS FROM OPERATIONS		(1,216,648)
INTEREST AND OTHER INCOME		14,842
NET LOSS	$	(1,201,806)

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

Curzio Research, Inc.

Statement of Changes in Shareholders' Deficit

For the Year Ended December 31, 2020

	Common Stock		Preferred Stock		Additional	Preferred Stock		Total
	# of Shares Outstanding	Amount	# of Shares Outstanding	Amount	Paid-in Capital	Subscription Receivable	Accumulated Deficit	Shareholders' Deficit
BALANCE - JANUARY 1, 2020	9,350,000	$ 935	932,563	$ 93	$ 2,870,641	$ (154,750)	$ (1,782,187)	$ 934,732
Net loss					-	-	(1,201,806)	(1,201,806)
Preferred stock dividends declared					-	-	(55,765)	(55,765)
BALANCE - DECEMBER 31, 2020	9,350,000	$ 935	932,563	$ 93	$ 2,870,641	$ (154,750)	$ (3,039,758)	$ (322,839)

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

Curzio Research, Inc.

Statement of Cash Flows

For the Year Ended December 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$	(1,201,806)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation		4,057
Interest accrual on shareholder loan		(14,361)
Changes in operating assets and liabilities:		
Receivables from merchants		(18,495)
Prepaid expense		38,532
Accrued expenses and other liabilities		(74,549)
Deferred revenue		413,563
Net cash used in operating activities		(853,059)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment		(6,112)
CASH FLOWS FROM FINANCING ACTIVITIES		
Addition to shareholder loan		(980)
Proceeds from Paycheck protection program loan		167,974
Dividends paid		(50,203)
Net cash provided by financing activities		116,791
NET DECREASE IN CASH		(742,380)
CASH AND RESTRICTED CASH - BEGINNING OF YEAR		2,448,240
CASH - END OF YEAR	$	1,705,860
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid during the year for interest		293
SUPPLEMENTAL SCHEDULE OF NON-CASH ACTIVITIES:		
Interest accrual on shareholder loan	$	14,361
Accrual for dividends payable	$	5,562
DISCLOSURE OF CASH AND RESTRICTED CASH - BEGINNING OF THE YEAR:		
Cash		2,214,595
Restricted cash		233,645
	$	2,448,240

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

NOTE 1 – ORGANIZATION

Curzio Capital, LLC, a Florida limited liability company, was incorporated on January 23, 2015 and reorganized as a Delaware corporation on January 4, 2019 under the name Curzio Research, Inc. (the "Company"). The Company provides various subscription based, digital financial newsletters to its subscribers. Frank Curzio is the founder & CEO of Curzio Research. He is host to the Wall Street Unplugged (WSU), a once-a-week podcast, which has been downloaded over 10 million times. WSU is one of our biggest sources of new name generation. Frank Curzio also writes three of the seven paid financial newsletters at Curzio Research. This includes Curzio Research Advisory, Curzio Venture Opportunities, and Curzio Crypto Intelligence.

NOTE 2 – UNCERTANTIES AND COVID-19 RELIEF

The financial statements have been prepared in conformity with generally accepted accounting principles in the United States ("GAAP"), which contemplate continuation of the Company as a going concern. The Company has incurred cumulative losses and has an accumulated deficit of approximately $3,040,000, expects to incur further losses in the development of its business, however, based on their current development plans, the Company believes that the existing cash on hand will be sufficient to fund operations for at least the next twelve months following the issuance of these financial statements. Some of these development plans include focusing on millennials and educational content and continue building their presence in crypto and focusing on generating ad revenue from Wallstreet Unplugged and the company website.

The Company is now operating in a challenging and uncertain economic environment due to the spread of coronavirus ("COVID-19") and resulting disruptions. In the normal course of business, the Company encounters economic risks including market risk and credit risk. Market risks reflect changes in conditions of the financial newsletter industry. Credit risks reflect the ability to obtain financing, as well as the ability of the Company to collect from customers. These risks are heightened in light of the disruption and volatility of the economy and capital markets. The impact of COVID-19 on the Company's future results will largely depend on future developments, which are highly uncertain and cannot be predicted, including new information, which may emerge concerning the severity of COVID-19, the success of actions taken to contain or treat COVID-19 and reactions by consumers, companies, governmental entities and capital markets.

The CARES Act enacted in March and implemented through IRS Notice 2020-22 and a series of IRS FAQs, allows eligible employers to defer the deposit and payment of the employer's share of Social Security FICA taxes from March 27, 2020 through December 31, 2020. The deferred payments must be paid back to the Treasury Department, with half due by December 31, 2021, and the other half by December 31, 2022. As of December 31, 2020, the Company accrued and deferred payments of $31,588 that represent Social Security FICA taxes.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, and the 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

The Company considers all highly liquid investments with maturities of three months or less upon acquisition to be cash equivalents.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash and cash equivalents. The Company maintains its cash and cash equivalents in various financial institutions. At times, such accounts may be in excess of the Federal Deposit Insurance Corporation ("FDIC"). The amount that is federally insured is subject to the FDIC limit of $250,000, per depositor, per insured financial institution.

Digital Assets

Digital assets are recorded at cost less impairment and are classified as indefinite-lived intangible assets. An intangible asset with an indefinite useful life is not amortized but assessed for impairment annually, or more frequently, when events or changes in circumstances occur indicating that it is more likely than not that the indefinite-lived asset is impaired. Impairment exists when the carrying amount exceeds its fair value. To the extent an impairment loss is recognized, the loss establishes the new cost basis of the asset. Subsequent reversal of impairment losses is not permitted. At December 31, 2020 there were no impairment losses recognized.

Revenue

The Company's primary source of revenue is from the membership fees. Members are billed in advance of the start of their membership and revenues are recognized ratably over the estimated membership period. The Company recognizes revenue in accordance with the five-step model as prescribed by Financial Accounting Standards Board ("FASB"), Accounting Standards Update ("ASU") 2014-09, (Topic 606) Revenue from Contracts with Customer, in which revenue is recognized when our customer obtains control of promised goods or services in an amount that reflects the consideration the Company expects to receive in exchange for those goods or services. Revenue is measured based on consideration specified in a contract with a customer and exclude any sales incentives. Furthermore, revenue is recognized when the Company satisfies a performance obligation by transferring control over the service to the customer. Sales and other similar taxes are excluded from revenues.

A performance obligation is a promise in a contract to transfer a distinct service to the customer. The transaction price of a contract is allocated to each distinct performance obligation and recognized as revenue when or as the customer receives the benefit of the performance obligation.

The contract liabilities primarily relate to unearned revenue. Amounts billed in advance of performance obligations being satisfied are recognized as deferred revenue. During the year ended December 31, 2020, approximately $1,107,000 was recognized as revenue that was previously deferred. As of December 31, 2020, total deferred revenue was $2,257,000 of which approximately $1,526,000 is expected to be recognized over the next 12 months.

Receivables from merchant processors represent a 10% reserve calculated by using daily sales volume, held back by credit card processors. The Company's standard subscription agreements do not provide for any rights of refund to the customer; however, the Company has, at their discretion, provided refunds for customers who are unhappy with the newsletter.

Refunds and chargebacks are reported as a reduction in revenue in the time period the revenue is recognized.

Equipment and Depreciation

Equipment is stated at cost less accumulated depreciation. Equipment is depreciated on a straight-line method over an estimated useful life of 5 years. Expenditures for minor replacements, maintenance, and repairs are charged to operations.

Income Taxes

The Company accounts for income taxes under the asset and liability method as required by U.S. GAAP. Under the asset and liability method, deferred tax assets and liabilities reflect the temporary differences between income tax basis of assets and liabilities and their reported financial statement basis. Valuation allowances are established to reduce deferred tax assets to the amount expected to be realized when it is more likely than not that some portion of the future tax benefits from the deferred tax assets will not be realized.

U.S. GAAP requires that the financial statement effects of an uncertain tax position be recognized based on the outcome that is more likely than not to occur. Under this criterion the most likely resolution of an uncertain tax position should be analyzed based on technical merits and on the outcome that will likely be sustained under examination. As of December 31, 2020, the Company has no uncertain tax positions.

Advertising Costs

Advertising costs are expensed as incurred and amounted to approximately $282,000 for the year ended December 31, 2020.

New Accounting Pronouncements

In February 2016, FASB issued ASU 2016-02, (Topic 842): *Leases*, which modifies, as well as stipulates the proper accounting of leases by both lessees and lessors. The changes in regard to lessors are as follows; only costs consequential to the lease being obtained will be deferrable. For example, current standards allow legal costs associated with reviewing a lease to be capitalized as a deferred leasing cost and amortized under the term of the related lease, but under Accounting Standards Codification ("ASC") 842 they will be considered a period expense and must be expensed in the period incurred. The new standard requires a modified – retrospective approach to adoption. The Company is currently evaluating the impact that Topic 842 will have on its financial statements. The new standard is effective for annual periods beginning after December 15, 2021 for non-public companies.

Subsequent Events

Management has evaluated, for potential recognition and disclosure, events subsequent to the date of the balance sheet through June 8, 2021, the date the financial statements were available to be issued.

NOTE 4 – RELATED PARTY TRANSACTIONS

Due from shareholder is a loan from the majority shareholder which is due on demand and accrues interest at 4% annually. The Company accrued interest income of $14,425 for the year ended December 31, 2020. As of December 31, 2020, the balance due from shareholder is $388,003. In March 2021, the shareholder repaid $359,513 of the outstanding amount.

NOTE 5 – PAYCHECK PROTECTION PROGRAM LOAN

On March 27, 2020, in response to COVID-19, the federal government passed the Coronavirus Aid, Relief, and Economic Stability Act ("CARES Act"). Among many other provisions, to help businesses retain employees, the CARES Act provides relief to qualifying businesses through a program called the Paycheck Protection Program ("PPP"). Participating in the PPP enables the business to obtain a loan from the Small Business Administration sector of the government. The term of the loan is two years and bears interest at a fixed rate of 1% per annum.

If the proceeds from the loan are used for specified purposes, some or all of the loan can be forgiven. The Company applied for this loan through Bank of America and received $167,974 in May 2020. In accounting for the terms of the PPP Loan, the Company is guided by ASC 470 Debt, and ASC 450-30 Gain contingency. Accordingly, it recorded the proceeds of the PPP Loan of $167,974 as debt and it will derecognize the liability when the loan has been forgiven and the Company has been "legally released". In March 2021, the Company was "legally released" and the loan was forgiven in its entirety.

NOTE 6 – SHAREHOLDERS' EQUITY

The Company is authorized to issue 20,000,000 shares of all classes of the Company's capital stock, consisting of (i) 15,000,000 shares of Common Stock and (ii) 5,000,000 shares of Preferred Stock. As of December 31, 2020, the Company has issued an aggregate of 9,350,000 shares of its Common Stock, with an additional 650,000 shares vesting on January 1, 2021 accounted for as founders' equity for a de minimis amount of consideration.

The Company has designated 3,332,000 shares of Series A non-voting Preferred Stock as Curzio Equity Owners Tokens or "CEO Tokens". Additionally, 932,563 shares of its Preferred Stock have been issued to investors for $3,814,172 net proceeds through a combined Regulation D and Regulation S private placement offering to U.S. accredited investors and non-U.S. investors. This amount consists of $154,750 of subscription receivable, which was received in 2021. The CEO investors received a free subscription to all of the Company's subscriptions based on the amount invested. The value of these free subscriptions was $943,438 which reduced the additional paid in capital recorded.

The CEO token is a digital security that offers an equity stake in the Company. A digital security is a tradable asset that can pay investors dividends, interest, or represent an equity stake in the underlying asset. Since digital securities are backed by a secured asset, and are tradable, they are subject to federal securities regulations just like traditional securities.

The Company's CEO token trades on the MERJ exchange. MERJ is a licensed end-to-end, multi market global financial securities exchange located in the Republic of Seychelles. It hosts traditional equities, debt, derivatives and digital securities.

Each Token Share is identical in all respects to every other Token Share, and shall, with respect to dividend rights, distribution of assets upon liquidation, dissolution, and winding up of the Corporation, rank senior to all classes of the Company's Common Stock and any class or series of Preferred Stock established after the Token Shares, except for any class or series of Preferred Stock designated as senior to or pari passu with the Token Shares as so approved by the Board and a majority of the voting shareholders.

Token Shares are not convertible into common stock. The preferred shareholders, upon liquidation of the company, receive their pro-rata share of proceeds of the liquidation. In case of liquidation, Token holders shall be entitled to receive, prior and in preference to any distribution of any assets or funds of the Company to other holders of the Company's equity by reason of their ownership of such Tokens, an amount per Token for each Token held by them equal to $0.10. The liquidation value at December 31, 2020 is $93,254.

If, as and when determined by the Company's Board, dividends may be declared and paid quarterly. Payment of a dividend will be subject to any preferential dividend or other rights of any then outstanding Preferred Stock. At this time, the Company's Board has not approved payment of a dividend to holders of the Company's common stock. The preferred shareholders received a dividend of $55,765 for the year ended December 31, 2020.

Holders of Token Shares shall not be entitled to any voting rights except for any amendment to the Certificate of Incorporation or Certificate of Designation of the Company that would adversely affect the liquidation preference of Token Shareholders or otherwise required by applicable law. According to the Company's governing documents and Delaware law, all voting to approve actions is by simple majority. See Note 10 – Risks Related to Digital Assets.

NOTE 7 – INCOME TAXES

The Company accounts for income taxes under the asset and liability method as required by GAAP. Under the asset and liability method, deferred tax assets and liabilities reflect the temporary differences between the income tax basis of assets and liabilities and their reported financial statement basis.

As of December 31, 2020, the Company has net operating loss carryforwards ("NOL") of approximately $1,524,000 to reduce future federal and state taxable income. As of December 31, 2020, a full valuation allowance has been taken against the Company's deferred tax asset.

Income taxes consists of the following for the year ended December 31, 2020:

Federal:	
Current	$ -
Deferred	166,000
Total Federal Income Taxes	166,000
State and Local:	
Current	-
Deferred	44,000

Total State and Local Income Taxes	44,000
Total Federal, State and Local Taxes	210,000
Less: Valuation allowance	(210,000)
Provision for income taxes	$ -

Deferred taxes consist of the following amounts at December 31, 2020:

Net operating loss	$ 404,000
Deferred revenue	599,000
Other	-
Net	1,003,000
Less: Valuation allowance	(1,003,000)
	$ -

NOTE 8 – COMMITMENTS

Operating Leases

On April 1, 2013, the Company entered into a one-year lease agreement for office space which has been extended through a series of agreements and currently expires September 30, 2021. Rent expense for the year ended December 31, 2020 was approximately $16,000 and monthly rent expense is $1,463 for the remainder of 2021.

NOTE 9 – EMPLOYEE RETIREMENT PLANS

The Company is a sponsor of a 401(k) deferred compensation plan available to eligible employees. Company contributions are made on a discretionary basis. The Company contributions amounted to approximately $50,000 for the year ended December 31, 2020.

NOTE 10 – RISKS RELATED TO DIGITAL ASSETS

Various legislative and executive bodies in the United States and in other countries may, in the future, adopt laws, regulations, or guidance, or take other actions that could severely impact the permissibility of the CEO Tokens, tokens generally and, in each case, the technology behind them or the means of transacting in or transferring them. It is difficult to predict how or whether regulatory agencies may apply existing or new regulation with respect to this technology and its applications, including the CEO Tokens, the blockchain and the network. In addition, self-regulatory bodies may be established that set guidelines regarding cryptocurrencies, the CEO Tokens, and the network, which could have similar effects to new policies adopted by government bodies.

New or changing laws and regulations or interpretations of existing laws and regulations, in the United States and other jurisdictions, may materially and adversely impact the Company, its results of operations and the CEO Tokens, including with respect to their value, their liquidity, the ability of purchasers to access marketplaces or exchanges on which to trade the tokens, and the structure, rights and transferability of the CEO Tokens.

In December 2019, the AICPA issued non-authoritative guidance entitled “Accounting for and Auditing of Digital Assets”, which was the result of a working group of participants, including several major accounting firms and the U.S. Government Accountability Office. This guidance, which served to summarize currently accepted accounting practices, indicates that for entities that do not otherwise apply specialized industry guidance, such entities should currently account for digital assets as indefinite lived intangible assets, recorded at cost and tested for impairment annually or more frequently, if events indicate that it is more likely than not that the asset has been impaired. The guidance further indicates that for any reduction in a digital asset’s fair value, impairment of that asset is appropriate, and any subsequent reversal of the impairment loss is prohibited. Accordingly, amounts reported in these financials statements as digital assets, reflect such impairments, but do not reflect any subsequent recovery in valuation giving rise to the impairment.