

2023 REPORT

# Payroll4Free.com Inc.



[LETTER](#) [REPORT CARD](#) [FINANCIALS](#) [THANKS](#) [DETAILS](#) [SAY HELLO](#)

## Dear investors,

Thank you so much for your continued support! Thanks to you, our last funding campaign brought us resources that we used to get closer to break-even and becoming profitable. We are excited that we will soon be offering a new healthcare plan for our clients with much better coverage than other ACA-mandated small business plans, at less than half the cost. For very small employers in states like California, the plan will put them in compliance with the individual mandate. We also have an agreement to provide clients with the ability for their employees to access their pay anytime before pay day at no cost or liability to the employer, and saving the employee from exorbitant interest fees typically associated with payday loans. Other agreements to benefit our clients and add to our revenue are in the works. We hope and expect our next round of funding will provide us with sufficient capital to become very profitable and to increase the value of our company.

### We need your help!

The best way you can help us to accelerate our growth is by making an additional investment and by recommending investing in Payroll4Free.com to others you know. You can also suggest products and services that we can offer to clients through advertising, which would contribute to our revenue. We favor goods and services which are payroll related, but any and everything appropriate for the small business owner is of interest to us.

Sincerely,

*Michael Rosenberg*

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President & CEO

*John Presti*

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VP/COO

# How did we do this year?

REPORT CARD

B+

☺ The Good

We completed programming for automating onboarding for 12 additional states & for electronic tax filings for 22 states.

We have adjusted our rate schedule so that our revenue brings us closer to break-even.

We have signed agreements to bring new offerings, greatly benefiting our clients, that will significantly contribute to our revenue.

☹ The Bad

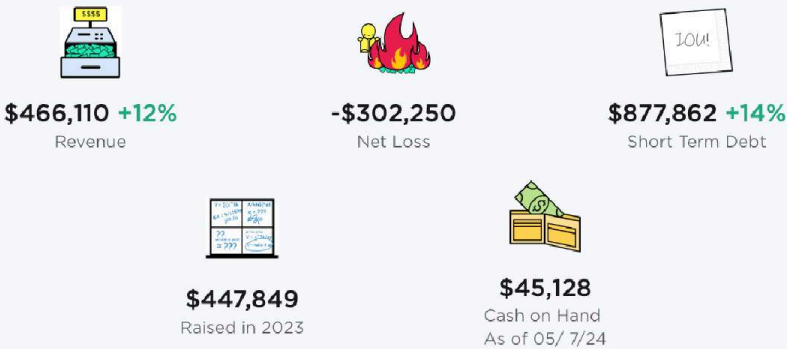
We still need to test the completed programming in order to deploy it.

We need to add at least one staff member in order to implement new revenue agreement that we have signed.

We have not fully solved the problem of getting many more signups than we can currently handle.

## 2023 At a Glance

January 1 to December 31



INCOME    BALANCE    NARRATIVE

Revenues    Profit

US\$415,534

US\$466,110



Net Margin: -65%   Gross Margin: 0%   Return on Assets: -457%   Earnings per Share: -\$0.27   Revenue per Employee: \$42,374

Cash to Assets: 95%   Revenue to Receivables: 14,073   Debt Ratio: 4,656%

[Reviewed\\_Statements\\_-\\_Payroll4Free.com\\_\\_Inc.pdf](#)

[2022\\_Reviewed\\_Statements\\_-\\_Payroll4Free.com\\_\\_Inc.pdf](#)

[12.23\\_P4F\\_Balance\\_Sheet.pdf](#)

[12.23\\_P4F\\_Income\\_Statement.pdf](#)

[12.23\\_P4F\\_Cash\\_Flow\\_Statement.pdf](#)

## We ❤️ Our 694 Investors

Thank You For Believing In Us

Robert Croley	Bruce LaPlante	Douglas Folger	Jeff Ottmers	Nicholas Angelis	Jagadeesh Tangudu
Jay Beene	Gerry Cardinal III	Emmanuel Torres	John Ro	Curt Westphal	Max Joseph Abramson
Susan Lassiter-Lyons	Gregory Harvey	Larry Berman	Janet Wentum	Amber Favaregh	Scott Kuryak
Joselito Baluyot	Phillip Wofford	Yevgeniy Davidenko	Craig J. Vom Lehn	Kirit K Patel	George Mburo
Quang Ho	Alex Lebon	Dharamvir Bagol	Daren Haley	Olen McLean	Dennis Ramos
Mark Wright	Curtis Fulmer	Shaji Zohir	Logan Lenz	Andrew Truschinski	Tamara Jarrett
Steve W West	Daniel Kihanya	Donald Joshua	Subrata PAL	Wayne Warner	Sanford C Loy
Michael Gross	Jason G Croft	Courtney Davy	Alan Aspera	Gerardo Pardo-Castellote	Advait Kulkarni
Dr. Pete I. Maduka-Okafor	Jatin Shah	Nahiem Hood	Francis Hesse	John Pereira	Jeffery Peters
William Dorn	Patrick Spaulding Ryan, PhD	Hatem Rowaihy	Gary Probst	Mirko Turrina	Samuel A Kolawole
Leon Williams	Colleen Coleman Ryan	Scott Campbell	Mads Georgsen	Info EkspertSoft	Scott E Musinski
Andy Lamont	Matt Timmins	Bill Casti	Christopher Grande	Mike Miracle	Matthew Calvin
Adi Rabinovich	Karen Tapper	David Granat	Jung Manopath Kuan	Kotesh Bandhamravuri	Bonnie Jean Halkenhauser
Legendary Tutors	M James	Ben Paul	Arvind Shrestha	Rafael Reynoso Hinojosa	Ryan Lane
Judy Mizrahi	Jeffrey Gorman	Jeffrey Jenkins	Joseph Krzyzewski	Kent Collins	AHMED ALHUSSAIN
Chaim Hillel	Michael LAMBERT	Mark Nensdal	Danny Kan	Brandon Hellenbrand	Trasey Green
Scott Moon	Heidi Lassick	Minoo Motlagh	Rabbi Kushi Schusterman	Quynh Chen	Dan Vithalani
Maria Rutenburg	Gary Hoskins	Zoran Altov	Tushar Puri	Tom Ward	Mendel Rosenblum
Serena Stone Zinsmeister	Zum Shahriare	Joan Rodriguez	Kevin Arant	Jonathan Kania	Jennifer Castillo
Robert Joseph	Tuna Hamming	Arvind T	Boban Fara	Harshana Godamanna	Badal Haider
Muhammad G Muhammad	Donald Hart	Katrina West-Naatjes	Srividya Venkatasubramanya	Ron Hudspeth	Randolph Wright
Chris Grohman	Alex MacDonald	Pim Little	Carmella N. George	Benjamin Mena	Rodney Mcghee
Jared Merryman	Vince Le	Kenneth Edwards	Ayokunle Spencer	Lisette Soto	William Dillon
Dr Blackmoor	Yossi Kagan	Brian Hamilton	Dade E Ronan	Thomas A. McLeod, Jr	Roderick Herron
Lamy Saint-fleur	Michael Charlie Lucas	Mitchell Miner	Cathy Snyder	Adam Thodey	Kamille T. Jamieson
Shawn D Savage	Monte Gaston	Rabbi Levi Katzman	Chirag Chaudhari	Brenda Glass	Dillon Caswell
Taka Piper-Turner	Adam Helm	Bryan Lichty	Rafi Andrusier	Awes Koshin	Tony Poehling
Steven Chamberlin	Joudeh Joudeh	Achyuthanand Kandimalla	Rabbi Shmaya Galperin	Kim Seymour	David Liberoor
Sirri Atang	B.J. Lamarche	Gary Poon	Joseph Caveness	Joanne Beverly	Igor Tverskoy
Seng Ong	Laethitia Patadji	Narendra Nekkalapudi	Mariano Rosa Jr	Roy Olekangal	Tom Alexander
Dancy Pantz	Victor Macias	Okechukwu Mgbemena	Rachel Nelson	Shneur Wolf	George Mayer
Steven Chamberlin	Herman KWONG	Chris O'Brien	Joseph Barabarella	Perrotto Wealth	Doug G
Spaski Reddy	Mandar Joshi	Ricardo Silva	Traci Ismert	Sanket Chaudhari	Contact Prism Solutions
Rita Vaughn	Loryn Higgins	Samuel E Etta	Arthur Boyce	Bryce Koski	Scott Inamine
Paul Varkey	Joven SALA	Geneva Pugh	Kaleeswaran Jayakalimuthu	Carly Westling	Kathy Knight
Janine Randazzo	Keny Petit-Frere	Randy McCartney	Amber Lingle	Kyle Collins	Faisal Merchant
Lucas King	Geneva Pugh	Cordell Hull	Shlomo Rosen	Navid Ahmadi	Desmond Clarke
Virendra Patel	Randy McCartney	Darren Walls	Issam Sabbagh	Velmurugan Kannappan	Rotimi Adediji
Melanie Ohm	Cordell Hull	Felicia Wheaton	Jean Theron Willoughby	Robert Leveen	Deepak Goel
Ben Cupp	Howard Rosenberg	Obadiash Manley	Carlos Taloyo	Lillian Wang	Learning Ahead
Kristine Stahl	Obadiash Manley	James L Amick	Paul Waszkowski	Jeffery Hinkle	Patrick Lahiff
Richard F Sayah	James L Amick	Ahmad Holavi	Paul Carter	Mohammad Khalid Akhtar	SMILE Payee Services
Vanessa Long	Sholom Brook	Mark Alphonizio	Charles Johnson	Kaushik Srinivasan	Alan Carroll
Noga Gressel, MFT	Theodore Scheele	Meyer Glass Co.	Edward Wawrzynski	James Wilkerson	Shmuel Slonim
Darcy Mullaly	Terry Nosan	All Siddiqui	Nancy Miller	Baswa Shamsabad	Baswa Shaker
Jason Ramsey	Angel Luis Paz PORTELLES	Dennis Zank	Mark Alphonizio	Scott Stuck	Sean Snyder
Milan Kovacevic	Angel Paz PORTELLES	Page Brook Child Care &...;	Brian Church	Daniel McNally	Brad Willis
Scott Popkies	Matt McCabe	Mendy Freedman	Mordchai Greenes	Don Gingsold	Don Gingsold
Peter Cooke	Marc Abouaf	Peter G. Fisher	Mark Epstein	Kirk Mueller	Kirk Mueller
Brenda Newschwager	Tom Wawersich	Bubbas Lounge LLC	Vijay Sidhwani	Judy Kim	Judy Kim
Diane M. Adams	Jean Mattingly	Didy Waks	Riverside Park United Methodist...	Sanjay Jain	Brent Thomas
Gabriella Lee	Simon Zkiab	Virendra Patel	Mendy Freedman	Robert & Lynn Karlesky	Wendy Myers
Kathy McCullough	Michael O'Reilly	Pdx Diaper Bank	Peter G. Fisher	Yehuda Heber	Sandra Markman
Chris Vickrey	Mary Silva	Execorp, Inc	Bubbas Lounge LLC	David Bidwell	Nancy Powers-Montgomery
Domenic Damico	Charanjeet SINGH	Eliezer Gurary	Joseph Moskowitz	Yossi Freedman	George Klauke
Quin VU	Lourdes Tam	Arvind GUPTA	Joseph Moskowitz	Garry E. Jones	Cameron McCord
Mendy Heber	Andrew Czarniewski	Simon Ashi	Arjun Gobin	Shneur Sandhaus	Arben Pejo
Michael Hand	Sidharth Shamsabad	Burt Yardley	Arjun Gobin	Arthur Lee	Leonard Ehrenreich
Gerald Steele	Palemon Gatica	Sarnath Santhanam	Arjun Gobin	Green Road Waste And Recycling	Mary Ann Slaggert
Susan Kneih	Dan TRAXLER	Omar Abdulalim	Arjun Gobin	Julia Peltz	Yona MATUSOF
Visespong Punyanitya	Jason Albracht	Mike Traxler	Arjun Gobin	Amber Salazar	Jay Park
John Fedor	Frederick T King	Kalimbiri Akeem BUJIRIRI	Arjun Gobin	John Maguire	Vimpun Punyanitya
Jim Dequine	Ajay Upadhyaya	Nhan Truong	Arjun Gobin	R. Desmond Fahle	Darlin Cohen
Russell M Taylor	Robert Winter	Marcus Jacob Cobb	Arjun Gobin	Ami PATEL	May Wong
Nathan Darby	Indiana Jewish Discovery Center...	Marcus Jacob Cobb	Arjun Gobin	Hien Nguyen	Chris Piazza
Mendel Lustigman	Arjun Gurrum	Marcus Jacob Cobb	Arjun Gobin	Baruch Kantor	James L Freitas
Lance Wayman	Arjun Gurrum	Marcus Jacob Cobb	Arjun Gobin	Tracy S Carr	David Stahlhut
Yehuda Plym	Arjun Gurrum	Marcus Jacob Cobb	Arjun Gobin	Sandesh Jadhav	Bonus Bousko
Sachin Pradhan	Arjun Gurrum	Marcus Jacob Cobb	Arjun Gobin	Gushiya LLC	Habib Dakkak
Linde Borton	Arjun Gurrum	Marcus Jacob Cobb	Arjun Gobin	Nkontan Bibila	Dora Valentin
Aby KURIAKOSE	Arjun Gurrum	Marcus Jacob Cobb	Arjun Gobin	Sachin Vyas	Minimoi KURIAKOSE
Kristin Gallagher	Arjun Gurrum	Marcus Jacob Cobb	Arjun Gobin	Robert Katilas	Danielle Shriner
	Arjun Gurrum	Marcus Jacob Cobb	Arjun Gobin	Marcus Jacob Cobb	Shaili Advani

James Voltaire	Rochen Roosblad	Bashtar Nesheiwat	John Kaufmann	Shavonne James	Yolanda Thompson
Bert Socolove	Patrick Sullivan	Byung Kyu Lee	Kishore Anjaneyulu	Judah Greenberg	CM Soltero
Rob Horrocks	Michael C BAZAREWSKY	Robert Grace	Kevin Oh	Glenn F Burger	Andrew Perlin
Anne Miller	Tek Nath Timsina	Shamel Proctor	Scott Montgomery	Melanie Seabrook	Ace Bayot
Leandre Fischer	Kevin Flanders	Scot Grunow	Ernest Iseminger	Vimpun Jay Punyanitya	James Pak
Vinay S	Josh Kunjumon	Gregory E Wajda	Luke O. Nwizu	Danh Tang	Dipendra Tiwari
Sudharani Venkatesan	Joseph Mrugalski	Emmanuel Smith	Pinchas Adler	Iredia Osadolor	Enos Smith
Robert MacDonald	Darwin Goodsell	Jeffrey A. Silverman	Barry Laury	Michelle Devine	Bharpur Grewal
Joel Newman	Maud Shela	Matthew Scherer	Terri WILLIAMS	Vijayakumar Aluru	Maria L. Macias
Yun Hwan Oh	Thomas Yarnall	Rajesh Narayanan Venkatesh	Faustina Iroha	Benyomin Richmond	Yogendra Kumar Patel
Michal Rogulski	Tahir Ahmad	Melissa Givvines	Karthik Thenkondar	Hiep Phan	Luis Munoz
Noa Kay	Xiaohong Chen	Steven Richardson	Mayer Brook	Scott McLean	Steven Agostinelli
Bryan Chu	Brandon Chu	Teresa Eddy	Mitko Bojcev	Duane Zaragoza	Sandra Zaragoza
Paul Cardel Jr	Geogy Phillip	Rajneesh Mehra	Yannick FONGOD	Jesse Ruble	Raymond Shields
Chaim Telsner	Tejbir Sandhu	Jesse Ruble	Ellison QUINONEZ	Mijbil Alayoub	Scott Stuck
Adan Ibarra	Ravikumar Ramachandran	Jennifer Yu	Mariana Stocking	Douglas Lance Acker	Mark Friedman
Matthew Creech	Manjusha Vinjamury	Shane Johnson	Brandon Opre	Garrie Steven Bray	German Garcia
Chaim Gutman	Meir Rapoport	Weijie QIAO	Julie Yip	Sidharth Shamshabad	Calvin Le
Spencer Quinton	Sure Win Inc	Wenyi Jia	Joseph Burgess	Craig Paulshock	Andy Ussach
Jaskarn Singh Sandhu	Chhorten Gurung	Tawney Lee	Thomas Lehmann	Jason Abruzere	Kizzy Rodney
Stephen Mullen	Soi Hinh	Sridhar Raju	Jignesh Patel	Srinivas ADUSUMILLI	Phillip Weaver
Justin Kovash	Janet Monteith-Wong	Michael Daugherty	James L. Laney	Arie Band	Nichole Townsend
Jeffery Jacobsen	Jignesh R Zanzibarwala	Sri Gorty	David Nicholas Rosa	Moshe Berkowitz	Stephanie Palmer G.A.I.M. PLLC
Mandar Mirashi	Franklin E. Powers, Jr.	Thomas Mandel	Jochen Demuth	Hima Doppalapudi	Deirdra Fay Alexander
Sherry Blankenship	Chris Cozine	Kimberly Ly	Todd Shoemaker	Mary Dahle	Shawn Snow
Ron Hillberg	Sy Nguyen	Steve Thurman	Hareesha KoratikereRameshappa	Isaac SCHULTZ	Dhiren Xavier
Ryan Nelson	Natalie T Mosquera	Tyler Harris	Valerie Jorlind	Gary Grant Proffitt	Gan Ouyang
Michael Uwakwe	Dinesh Vithalani	Bismark Osam	Gabriel Ginorio	Sarah Heller	Kanaka Vankina
Amit Menghani	Mary Koleno	Richard Gross	Surawadi Chandra	Richard O'Dell	Lin Yang
Avraham Minsky	Paradise Found (Paradise Found)	Paul Avelluto	Marimuthu Ponnambalam	Lyndi Bach	Rabbi Zalman Fischer
Laura Lesnett	Chima Njoku	Menachem Grunfeld	Micah Nelson	David Soendker	Gofar Professional Service, Inc.
Pigskin Enterprises, Inc.	Edward Ramirez	Jason Hill	April T Stone	Terry Mullenburg	Matthew Tarr
Joseph C. Amaturio					

## Thank You!

From the Payroll4Free.com Inc. Team



**Michael Rosenberg**

President & CEO

Prior to Payroll4Free.com Mike founded Galaxy Hosted Software LLC and Threshold Data Technology, Inc. He has many years of business leadership experience, with a focus...



**Marta Mendizabal**

VP & COO

Marta holds an MBA from NYIT and has spent over 16 years with Galaxy Hosted Software managing everything from...



**John Presti**

VP of Client Services

John has over 35 years of payroll experience. As Operations Manager he directed the startup of Heartland Payrol...



**Carol Emeruwa**

Director of Payroll Tax Services

Prior to leading the Payroll4Free.com Tax Department, Carol spent 14 years as a Payroll Tax...

## Details

### The Board of Directors

Director	Occupation	Joined
Michael Rosenberg	CEO @ Payroll4free.com	2019



## Officers

Officer	Title	Joined
Michael Rosenberg	CEO President	2019
John Presti	Vice President	2019
Marta Mendizabal	Chief Operating Officer	2019

## Voting Power

Holder	Securities Held	Voting Power
Carol Rosenberg	950,000 Class A Common Stock	84.0%

## Past Equity Fundraises

Date	Amount	Security	Exemption
05/2012	\$1,887,887		Other
12/2017	\$113,471		Regulation Crowdfunding
01/2018	\$113,471		4(a)(6)
12/2019	\$95,460	Common Stock	Other
04/2020	\$90,300		Other
07/2020	\$199,900		Other
05/2021	\$209,777		4(a)(6)
09/2023	\$447,849		4(a)(6)

The use of proceeds is to fund general operations.

## Outstanding Debts

Lender	Issued	Amount	Outstanding	Interest	Maturity	Current?
Galaxy Hosted Software LLC	05/23/2012	\$1,887,887	\$1,887,887	0.0%		Yes
Wefunder Investors	12/30/2017	\$113,471	\$109,954	5.0%		Yes
SBA	04/08/2020	\$90,300	\$0	0.0%		
US SBA	07/14/2020	\$199,900	\$205,500	3.75%	07/16/2050	Yes

## Related Party Transactions

None.

## Capital Structure

Class of Security	Securities (or Amount) Authorized	Securities (or Amount) Outstanding	Voting Rights
Common Stock Class A (Voting)	3,000,000	1,000,000	Yes
Series B Preferred Stock	2,000,000	63,223	No
Common Stock Class B (Non Voting)	3,000,000	69,403	No
Warrants:	0		
Options:	0		

## Form C Risks:

Our future success depends on the efforts of a small management team. The loss of services of the members of the management team may have an adverse effect on the company. There can be no assurance that we will be successful in attracting and retaining other personnel we require to successfully grow our business.

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The rate of acquiring new advertisers may be slower than anticipated. The Company believes that its ability to become profitable will be dependent on generating advertising revenue sufficient to exceed costs of operation and growing its client base to such numbers as to be attractive to advertisers and justify the level of fees required from the advertisers. Even if the client base grows rapidly, the concept of selling advertising to appear within a business application is relatively new and untested.

The costs to acquire advertisers may be higher than anticipated. The Company anticipates having certain costs related to paying sales staff and marketing its products to advertisers. If the costs of acquiring new advertisers is greater than anticipated, it will greatly affect profitability.

Advertising revenue may be lower than anticipated. The Company anticipates that it will receive fixed monthly amounts from some advertisers and will participate in advertisers' affiliate programs where the Company receives fees based on a percentage of the advertisers' sales of products and services to clients. While the Company anticipates that its fixed rates will be competitive and the average amount of fees received from affiliate programs will equal the fixed fees, the concept of advertising on a business application is relatively new and untested. Advertisers may not achieve sufficient results working with the Company to continue advertising long-term. If advertisers do not generate sufficient business from the Company's clients, they may not continue to pay for advertising. The Company may not be able to sufficiently replace lost advertisers, and thus, may not receive anticipated levels of advertising revenue.

The Company is not yet profitable, and investors may lose part or all of their investments. The Company may require one or more additional fundraising rounds, depending on how much funding the Company raises in this Offering. If the Company does not raise additional funds, the Company may not be able to continue its operations. The Company has a non-interest-bearing note payable to Galaxy, a party related by common majority ownership and common management. The loan balance for this note was \$1,903,896 as of June 30, 2022. Galaxy continues to loan money to the Company to support its operations. Though the Company is not required to repay the loan until the Company becomes profitable, this could limit the ability of the Company to incur debt needed to fund its operations and may impair the Company's ability to raise capital. Additionally, the Company relies on technologies provided by



Galaxy free of charge. There is risk that the Company may not be able to secure such technologies if the ownership of Galaxy undergoes material changes or Galaxy otherwise becomes unable or unwilling to provide such technologies to the Company.

The Company's financial statements have not been audited by an independent accountant. Although Company management prepared its financial statements in accordance with accounting principles generally accepted in the United States of America, and the Company's accountant, Jason M. Tyra, CPA, PLLC reviewed the 2020/2021 financial statements in accordance with the Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants, such review was limited in scope to assurance that there are no material modifications that should be made to the financial statements. The review conducted by the Company's accountant had a substantially more limited scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Therefore, the Company cannot make any assurances regarding its financial statements as a whole, or the possible conclusions of an audit by an independent accountant.

The Company may not be able to keep pace with changes in technology or provide timely enhancements to its products and services. The market for the Company's products and services is characterized by rapid technological advancements, changes in customer requirements, frequent new product introductions and enhancements, and changing industry standards. The Company's success depends on its ability to enhance current products and services and introduce new products and services in order to keep pace with products offered by competitors, enhance capabilities and increase the performance of its internal systems, and adapt to technological advancements and changing industry standards. If the Company's systems become outdated, it may be at a disadvantage. There can be no assurance that the Company's efforts to update and integrate systems will be successful. If the Company does not integrate and update its systems in a timely manner, there could be a material adverse effect to the Company's business and results of operations.

The cost of acquiring new clients may be higher than anticipated. The Company has acquired new clients through web searches, "Google Adwords," referrals from current clients, referrals from accountants, insurance agencies and other third parties, and other promotional methods. Each acquisition method has different associated anticipated costs. If client acquisition costs are higher than anticipated, it will significantly affect the Company's profitability.

Our business model is unproven. Our business model, which includes providing a free or low-cost payroll service and create revenue by selling ad space in our software program is unproved by us and unproven in our industry. There can be no assurance that we will be able to obtain any new paying clients or advertisement partners or if we do obtain new clients and advertisement partners, there is no assurance that we will obtain enough to become profitable. Therefore, investors must recognize that, notwithstanding the Company's objective to become profitable, the Company may be unable to preserve the investors' capital. Investors therefore must recognize that the risk of loss may be greater, in the case of an investment in the Company, than would be presented by alternative investment opportunities.

The per share purchase price of the Shares has not been determined through an arms' length negotiation and no third-party has been engaged to determine the fair market value of the Shares. The Company established the price per Share based on its own analysis of the valuations of other companies engaged in similar lines of business. The purchase price per Share in this Offering has not been the subject of arms' length negotiations and the Company has not retained any third party to perform an analysis of the fair market value of the Company or the Shares. To determine a valuation for the Company, we calculated the value per client for several other payroll service companies (valuation divided by number of clients). We believe that this valuation method is reasonable but we have not retained any third-party expert to review or validate it.

Our substantial indebtedness could adversely affect our financial condition and our ability to operate our business. We have a substantial amount of debt. At June 30, 2022, we had liabilities related to loans and our crowd funding debt financing of \$2,200,385. Our substantial debt could have important consequences to investors, including the following:

- it may be difficult for us to satisfy our obligations, including debt service requirements under our outstanding debt,
- our ability to obtain additional financing for working capital, capital expenditures, debt service requirements or other general corporate purposes may be impaired, - we must use a portion of our cash flow for payments on our debt, which will reduce the funds available to us for other purposes, - we are more vulnerable to economic downturns and adverse industry conditions and our flexibility to plan for, or react to, changes in our business or industry is more limited, - our ability to capitalize on business opportunities and to react to competitive pressures, as compared to our competitors, may be compromised due to our high level of debt, and - our ability to borrow additional funds or to refinance debt may be limited.

Management has performed an analysis of our ability to continue as a going concern. Based on their assessment, management has raised concerns about our ability to continue as a going concern. We have raised \$113,471 in net proceeds from our crowd-funded debt financing, \$209,770 in net proceeds from our crowd-funded equity financing, and \$95,460 in net proceeds from our private-placement equity financing and have borrowed \$1,903,896 from Galaxy Hosted Software LLC ("Galaxy"), a party related by common majority ownership and common management since the inception of the Company. Our ability to continue as a going concern will depend on our ability to obtain additional financing. Additional capital or debt financing may not be available on reasonable terms, or at all. If adequate financing is not available, we would be required to terminate or significantly curtail our operations.

The Shares have not been recommended or approved by any federal or state securities commission or regulatory authority. In making an investment decision, Investors must rely on their own examination of the issuer and the terms of the offering, including the merits and risks involved. Furthermore, these authorities have not passed upon the accuracy or adequacy of this document. Neither the U.S. Securities and Exchange Commission nor any state securities commission has passed upon the merits of any securities offered or the terms of the offering, nor have they passed upon the accuracy or completeness of any offering document or literature. The Shares are being offered under exemptions from U.S. federal registration and state registration; however, neither the U.S. Securities and Exchange Commission nor any state securities commission has not made an independent determination that these Shares are exempt from registration.

The payroll processing industry is competitive. The Company is focused on servicing small-sized businesses based on the growth potential that we believe exists in that market. We estimate that there are 25+ million addressable businesses in geographic markets that we serve. The market for payroll services is highly competitive and fragmented. Our competitors include national, international, regional, local and online service providers. In addition to traditional payroll processing service providers, we compete with in-house payroll systems, and we find that we are often the first payroll service company that a small business uses. Competition in the payroll processing industry is primarily based on service responsiveness, product quality and reputation, including ease of use and accessibility of technology, breadth of service and product offerings, and price. We believe that we are competitive in those areas and that our ease of use and price distinguish us from our competitors.

The rate and acceleration of client acquisition may be slower than anticipated. The Company receives some revenue



from its client base, and if client growth is slower than anticipated, revenue growth will be slower than anticipated. Further, the Company's business model relies largely on advertising for future revenue. The larger the Company's client base, the more attractive the Company expects to be to advertisers. A slow client growth rate will significantly affect advertising revenue.

The Shares do not have any voting rights. An Investor will hold a minority position in the Company and will have no voting rights in the Company, and thus will have no ability to control or influence the governance and operations of the Company. As holders of a majority interest of voting rights in the Company, the principal stockholders may make decisions with which the Investors disagree, or that negatively affect the value of the Investors' shares in the Company, and the Investors will have no recourse to change these decisions. The Investors' interests may conflict with those of the principal stockholder(s), and there is no guarantee that the Company will develop in a way that is optimal for or advantageous to the Investors. For example, the principal stockholder(s) may change the terms of the Certificate of Incorporation or Bylaws of the Company, change the terms of the shares issued by the Company, change the management of the Company, and redeem or dilute minority shareholders. The principal stockholder(s) may make changes that affect the tax treatment of the Company in ways that are unfavorable to Investors but favorable to them. The principal stockholder(s) may also vote to engage in new offerings and/or to register certain of the Company's shares in a way that is dilutive to or negatively affects the value of the Shares the Investors own. The principal stockholder(s) may also have access to more information than the Investors, leaving an Investor at a disadvantage with respect to any decisions regarding the Shares he or she owns. The exit of the principal stockholder(s) may affect the value of the Company and its viability. Based on the factors described above, an Investor could lose all or part of his, her or its investment in the Shares in this offering, and may never see positive returns.

The Company's right of first refusal could limit Investors' ability to resell Shares. Pursuant to the Subscription Agreement, prior to the Company's initial public offering, the Company will have a right to purchase all or any portion of the Shares that Investors may propose to transfer to a third party, at the same price and on the same terms and conditions as those offered to the prospective transferee. This right of first refusal could limit Investors' ability to resell their Shares at the maximum potential price available on the open market.

We have no plans to pay cash dividends on our preferred stock. We have no plans to pay cash dividends on our preferred stock. We intend to invest future earnings, if any, to fund our growth. Any payment of future dividends will be at the discretion of our Board of Directors and will depend on, among other things, our earnings, financial condition, capital requirements, level of indebtedness, statutory and contractual restrictions applying to the payment of dividends and other considerations our Board of Directors deem relevant. Any future credit facilities or equity financing we obtain may further limit our ability to pay cash dividends on our preferred stock.

The Company may engage in additional issuances of securities. The Company plans to engage in additional offerings to sell equity or debt to additional investors in the future. Additionally, in the future, the Company may issue securities to its employees under its Equity Incentive Plan, to service providers as a form of payment, to lenders or to additional investors to raise capital. Investors may have the opportunity to increase their investment in the Company in a crowdfunding or other equity transaction, but such opportunity cannot be assured. The amount of additional financing needed by the Company, if any, will depend upon the objectives of the Company and the state of development of its operations at any given time.

Investors face risks related to a sale of the Company or the Company's assets. As a holder of Preferred Stock, with no voting rights, an Investor will have no ability to influence a potential sale of the Company or a substantial portion of its assets. Thus, the Investor will rely upon the management of the Company to manage the Company in a way that maximizes value for stockholders and ensure full payment to the Company's creditors. Accordingly, the success of the Investor's investment in the Company will depend on the skill and expertise of the Company's managers. If Company management authorizes a sale of all or a part of the Company, or a disposition of a substantial portion of the Company's assets, there can be no guarantee that the amount received will be sufficient to repay Investors and the Company's creditors.

All Investors will be required to enter into a Subscription Agreement, which by its limits the rights of holders of Shares by subjecting Investors to "drag-along" rights. Such "drag-along" rights require Investors to take certain actions if at least seventy-five (75%) percent of the shares of Class A Common Stock, which are held by Carol and Chaim Rosenberg, both of whom are related to Mike Rosenberg, the Company's CEO, on an as-converted basis and the Company's board of directors approve a sale of the Company. If a proposed sale has the requisite support, then Investors will be required to take or refrain from taking a number of customary actions in connection therewith, including to vote in favor of the proposed transaction (if legally required), sell a certain proportion of their Shares (if applicable), execute and deliver documentation supporting the sale and refrain from exercising any dissenters' rights or rights of appraisal. Therefore, in the event of a sale of the Company, Investors may be required to sell their Shares on less than favorable terms.

Investors face risks related to transactions with related parties. Investors should be aware that there will be occasions when the Company may encounter potential conflicts of interest in its operations. On any issue involving conflicts of interest, the Company's managers will use good faith judgment as to the Company's best interests. The Company may engage in transactions with shareholders, affiliates, subsidiaries or other related parties, which may be on terms, which are not at arm's length, but will be in all cases consistent with the duties of Company management to the Company's stockholders. For example, the Company has obligations relating to a non-interest bearing note payable to an affiliate of the Company (described in more detail above). The Company believes that the terms of this loan comply with all relevant laws and regulations. By acquiring an interest in the Company, Investors will be deemed to have acknowledged the existence of any such actual or potential conflicts of interest.

The Company's services may be adversely impacted by changes in government regulations and policies. Many of the Company's services are designed according to government regulations that change. Changes in regulations could affect the extent and type of benefits employers are required, or may choose, to provide employees or the amount and type of taxes employers and employees are required to pay. Such changes could reduce or eliminate the need for some of the Company's services and substantially decrease revenue. Added requirements could also increase the cost of doing business. Failure to educate and assist clients regarding new or revised legislation that impacts them could have an adverse impact on the Company's reputation. Failure to modify services in a timely fashion in response to regulatory changes could have a material adverse effect on the Company's business and results of operations.

The Company's business and reputation may be adversely impacted if it fails to comply with U.S. laws and regulations. The Company's services are subject to various laws and regulations, including, but not limited to, the Affordable Care Act ("ACA") and anti-money laundering rules. Uncertainty regarding the potential future modifications of existing laws and regulations can adversely affect business. There is uncertainty regarding the potential future evolution and modification of the ACA. Failure to update services to comply with modified or new legislation in the area of health care reform as well as failure to educate and assist clients regarding this legislation could adversely impact the Company's business reputation and negatively impact its client base. Failure to comply with laws and regulations could result in the imposition of consent orders or civil and criminal penalties, including fines, which could damage the Company's reputation and have an adverse effect on the Company's results of



operations or financial condition. The Company has policies and procedures to monitor compliance with U.S. laws and regulations throughout the business.

The Company's reputation, results of operations, or financial condition may be adversely impacted if it fails to comply with data privacy laws and regulations. The Company's services may require the storage and transmission of proprietary and confidential information of its clients and their employees, including personal or identifying information, as well as their financial and payroll data. These services are subject to various complex government laws and regulations on the federal, state, and local levels, including those governing personal privacy. For example, the Company is subject to rules and regulations promulgated under the authority of the Federal Trade Commission, the Health Insurance Portability and Accountability Act of 1996, the Family Medical Leave Act of 1993, the ACA, federal and state labor and employment laws, and state data breach notification laws. Failure to comply with such laws and regulations could result in the imposition of consent orders or civil and criminal penalties, including fines, which could damage the Company's reputation and have an adverse effect on its results of operations or its financial condition. The regulatory framework for privacy issues is rapidly evolving and future enactment of more restrictive laws, rules or regulations, and/or future enforcement actions or investigations could have a materially adverse impact on the Company through increased costs or restrictions on the Company's business and noncompliance could result in regulatory penalties and significant legal liability.

The Company could be subject to reduced revenues, increased costs, liability claims or harm to its competitive position as a result of cyberattacks, security vulnerabilities or Internet disruptions. The Company relies upon information technology ("IT") networks, cloud-based platforms and systems to process, transmit, and store electronic information, and to support a variety of business processes. Cyberattacks and security threats are a risk to the Company's business and reputation. A privacy or IT security breach could have a material adverse effect on the Company's business.

**Data Security and Privacy Leaks:** The Company collects, uses, and retains increasingly large amounts of highly-sensitive personal information about its clients, employees of clients, and its employees, including: bank account numbers, credit card numbers, social security numbers, tax return information, health care information, retirement account information, payroll information, system and network passwords, and other sensitive personal and business information. At the same time, the continued occurrence of high-profile data breaches provides evidence of an external environment increasingly hostile to information security. Vulnerabilities, threats, and more sophisticated and targeted computer crimes pose a risk to the security of the Company's systems and networks, and the confidentiality, availability, and integrity of the Company's data.

The security of the Company's IT infrastructure is an important consideration in the Company's clients' purchasing decisions. Because the techniques used to obtain unauthorized access, disable or degrade service or sabotage systems change frequently, are increasingly more complex and sophisticated, and may be difficult to detect for long periods of time, the Company may be unable or fail to anticipate these techniques or implement adequate or timely preventative or responsive measures. The Company may be required to invest significant additional resources to comply with evolving cybersecurity regulations, to modify and enhance its information security and controls, and to investigate and remediate any security vulnerabilities. While the Company has security systems and IT infrastructure in place designed to detect and protect against unauthorized access to such information, if its security measures are breached, the Company could be substantially harmed and incur significant liabilities. Any such breach or unauthorized access could negatively affect the Company's ability to attract new clients, cause existing clients to terminate their agreements, result in reputational damage, and subject the Company to lawsuits, regulatory fines, or other actions or liabilities which could materially and adversely affect the Company's business and operating results. Third parties, including vendors that provide services for the Company's operations, could also be a source of security risk in the event of a failure of their own security systems and infrastructure.

**Data Loss and Business Interruption:** If the Company's systems are disrupted or fail for any reason, including internet or systems failure, or if the Company's systems are infiltrated by unauthorized persons, both the Company and its clients could experience data loss, financial loss, harm to reputation, or significant business interruption. The Company may be required to incur significant costs to protect against damage caused by disruptions or security breaches in the future. Such events may expose the Company to unexpected liability, litigation, regulatory investigation and penalties, loss of clients' business, unfavorable impact to business reputation, and there could be a material adverse effect on the Company's business and results of operations.

Our business, financial condition and results of operations may be materially adversely affected by global health epidemics, including the recent COVID-19 outbreak. Outbreaks of epidemic, pandemic, or contagious diseases such as COVID-19, could have an adverse effect on our business, financial condition, and results of operations. If COVID-19 or other similar outbreaks progress in ways that disrupts our customers' demand for our services or otherwise disrupt our operations, such disruption may materially negatively affect our operating results for 2022 and possible subsequent periods.

Quarantines, shelter-in-place and similar government orders, or the perception that such orders, shutdowns or other restrictions on the conduct of business operations could occur, related to COVID-19 or other infectious diseases could impact us and vendors and customers business operations. Additionally, if the spread of these limits our ability to make workers available either because they are ill or due to work from home orders, this likely would negatively affect, and may materially negatively affect, our operating results, cash flow and business.

#### **Description of Securities for Prior Reg CF Raise**

**Additional issuances of securities.** Following the Investor's investment in the Company, the Company may sell interests to additional investors, which will dilute the percentage interest of the Investor in the Company. The Investor may have the opportunity to increase its investment in the Company in such a transaction, but such opportunity cannot be assured. The amount of additional financing needed by the Company, if any, will depend upon the maturity and objectives of the Company. The declining of an opportunity or the inability of the Investor to make a follow-on investment, or the lack of an opportunity to make such a follow-on investment, may result in substantial dilution of the Investor's interest in the Company.

**Issuer repurchases of securities.** The Company may have authority to repurchase its securities from shareholders, which may serve to decrease any liquidity in the market for such securities, decrease the percentage interests held by other similarly situated investors to the Investor, and create pressure on the Investor to sell its securities to the Company concurrently.

**A sale of the issuer or of assets of the issuer.** As a minority owner of the Company, the Investor will have limited or no ability to influence a potential sale of the Company or a substantial portion of its assets. Thus, the Investor will rely upon the executive management of the Company and the Board of Directors of the Company to manage the Company so as to maximize value for shareholders. Accordingly, the success of the Investor's investment in the Company will depend in large part upon the skill and expertise of the executive management of the Company and the Board of Directors of the Company. If the Board Of Directors of the Company authorizes a sale of all or a part of the Company, or a disposition of a substantial portion of the Company's assets, there can be no guarantee that the



value received by the Investor, together with the fair market estimate of the value remaining in the Company, will be equal to or exceed the value of the Investor's initial investment in the Company.

Transactions with related parties. The Investor should be aware that there will be occasions when the Company may encounter potential conflicts of interest in its operations. On any issue involving conflicts of interest, the executive management and Board of Directors of the Company will be guided by their good faith judgement as to the Company's best interests. The Company may engage in transactions with affiliates, subsidiaries or other related parties, which may be on terms which are not arm's-length, but will be in all cases consistent with the duties of the management of the Company to its shareholders. By acquiring an interest in the Company, the Investor will be deemed to have acknowledged the existence of any such actual or potential conflicts of interest and to have waived any claim with respect to any liability arising from the existence of any such conflict of interest.

### **Minority Ownership**

An Investor in the Company will likely hold a minority position in the Company, and thus be limited as to its ability to control or influence the governance and operations of the Company.

The marketability and value of the Investor's interest in the Company will depend upon many factors outside the control of the Investor. The Company will be managed by its officers and be governed in accordance with the strategic direction and decision-making of its Board Of Directors, and the Investor will have no independent right to name or remove an officer or member of the Board Of Directors of the Company.

Following the Investor's investment in the Company, the Company may sell interests to additional investors, which will dilute the percentage interest of the Investor in the Company. The Investor may have the opportunity to increase its investment in the Company in such a transaction, but such opportunity cannot be assured.

The amount of additional financing needed by the Company, if any, will depend upon the maturity and objectives of the Company. The declining of an opportunity or the inability of the Investor to make a follow-on investment, or the lack of an opportunity to make such a follow-on investment, may result in substantial dilution of the Investor's interest in the Company.

### **Exercise of Rights Held by Principal Shareholders**



As holders of a majority-in-interest of voting rights in the Company, the shareholders may make decisions with which the Investor disagrees, or that negatively affect the value of the Investor's securities in the Company, and the Investor will have no recourse to change these decisions. The Investor's interests may conflict with those of other investors, and there is no guarantee that the Company will develop in a way that is optimal for or advantageous to the Investor.

For example, the shareholders may change the terms of the Articles of Incorporation for the company, change the terms of securities issued by the Company, change the management of the Company, and even force out minority holders of securities. The shareholders may make changes that affect the tax treatment of the Company in ways that are unfavorable to you but favorable to them. They may also vote to engage in new offerings and/or to register certain of the Company's securities in a way that negatively affects the value of the securities the Investor owns. Other holders of securities of the Company may also have access to more information than the Investor, leaving the Investor at a disadvantage with respect to any decisions regarding the securities he or she owns. The shareholders have the right to redeem their securities at any time. Shareholders could decide to force the Company to redeem their securities at a time that is not favorable to the Investor and is damaging to the Company. Investors' exit may affect the value of the Company and/or its viability. In cases where the rights of holders of convertible debt, SAFES, or other outstanding options or warrants are exercised, or if new awards are granted under our equity compensation plans, an Investor's interests in the Company may be diluted. This means that the pro-rata portion of the Company represented by the Investor's securities will decrease, which could also diminish the Investor's voting and/or economic rights. In addition, as discussed above, if a majority-in-interest of holders of securities with voting rights cause the Company to issue additional stock, an Investor's interest will typically also be diluted.

Based on the risks described above, the Investor could lose all or part of his or her investment in the securities in this offering, and may never see positive returns.

### **Restrictions on Transfer**

The securities offered via Regulation Crowdfunding may not be transferred by any purchaser of such securities during the one year period beginning when the securities were issued, unless such securities are transferred:

to the issuer;  
to an accredited investor  ;  
as part of an offering registered with the U.S. Securities and Exchange Commission; or  
to a member of the family of the purchaser or the equivalent, to a trust controlled by the purchaser, to a trust created for the benefit of a member of the family of the purchaser or the equivalent, or in connection with the death or divorce of the purchaser or other similar circumstance. 

### **Valuation Methodology for Prior Reg CF Raise**

The offering price for the securities offered pursuant to this Form C has been determined arbitrarily by the Company, and does not necessarily bear any relationship to the Company's book value, assets, earnings or other generally accepted valuation criteria. In determining the offering price, the Company did not employ investment banking firms or other outside organizations to make an independent appraisal or evaluation. Accordingly, the offering price should not be considered to be indicative of the actual value of the securities offered hereby.

In the future, we will perform valuations of our common stock that take into account factors such as the following:

unrelated third party valuations of our common stock;  
the price at which we sell other securities, such as convertible debt or preferred Stock, in light of the rights, preferences and privileges of our those securities relative to those of our common stock;  
our results of operations, financial position and capital resources;  
current business conditions and projections;  
the lack of marketability of our common stock;  
the hiring of key personnel and the experience of our management;  
the introduction of new products;  
the risk inherent in the development and expansion of our products;  
our stage of development and material risks related to our business;  
the likelihood of achieving a liquidity event, such as an initial public offering or a sale of our company given the

prevailing market conditions and the nature and history of our business;  
industry trends and competitive environment;  
trends in consumer spending, including consumer confidence;  
overall economic indicators, including gross domestic product, employment, inflation and interest rates; and  
the general economic outlook.

We will analyze factors such as those described above using a combination of financial and market-based methodologies to determine our business enterprise value. For example, we may use methodologies that assume that businesses operating in the same industry will share similar characteristics and that the Company's value will correlate to those characteristics, and/or methodologies that compare transactions in similar securities issued by us that were conducted in the market.

#### **Company**

Payroll4Free.com, Inc.  
Delaware Corporation  
Organized January 2019  
11 employees  
23297 COMMERCE PARK  
BEACHWOOD OH 44122 <http://www.payroll4free.com>

#### **Business Description**

Refer to the Payroll4Free.com Inc. profile.

#### **EDGAR Filing**

The Securities and Exchange Commission hosts the official version of this annual report on their EDGAR web site. It looks like it was built in 1989.

#### **Compliance with Prior Annual Reports**

Payroll4Free.com Inc. is current with all reporting requirements under Rule 202 of Regulation Crowdfunding.

#### **All prior investor updates**

You can refer to the company's updates page to view all updates to date. Updates are for investors only and will require you to log in to the Wefunder account used to make the investment.

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