

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**FORM C-AR  
UNDER THE SECURITIES ACT OF 1933**

(Mark one.)

- ☐ Form C: Offering Statement
- ☐ Form C-U: Progress Update
- ☐ Form C/A: Amendment to Offering Statement
  - ☐ Check box if Amendment is material and investors must reconfirm within five business days.
- ☒ Form C-AR: Annual Report
- ☐ Form C-AR/A: Amendment to Annual Report
- ☐ Form C-TR: Termination of Reporting

***Name of issuer***

Upshift Inc.

***Legal status of issuer***

***Form***

C-Corporation

***Jurisdiction of Incorporation/Organization***

Delaware

***Date of organization***

October 3, 2012

***Physical address of issuer***

981 Mission St, San Francisco, CA 94103

***Website of issuer***

<http://upshiftcars.com>

***Current number of employees***

4

	<b>Most recent fiscal year-end (2020)</b>	<b>Prior fiscal year-end (2019)</b>
<b>Total Assets</b>	\$262,013.00	\$105,044.00
<b>Cash &amp; Cash Equivalents</b>	\$10,006.00	\$6,377.00
<b>Accounts Receivable</b>	\$7,467.00	\$0.00
<b>Short-term Debt</b>	\$378,653.00	\$107,586.00
<b>Long-term Debt</b>	\$330,712.00	\$357,129.00
<b>Revenues/Sales</b>	\$143,464.00	\$168,036.00
<b>Cost of Goods/ Services Sold</b>	\$360,109.00	\$276,357.00
<b>Taxes Paid</b>	\$0.00	\$0.00
<b>Net Income</b>	\$(214,299.00)	\$(120,605.00)

May 18, 2021

UPSHIFT INC.



This Form C-AR (including the cover page and all exhibits attached hereto, the “**Form C-AR**”) is being furnished Upshift Inc., a Delaware corporation (“**Upshift**,” the “**Company**,” as well as references to “**we**,” “**us**,” or “**our**”), for the sole purpose of providing certain information about the Company as required by the Securities and Exchange Commission (“**SEC**”).

**No federal or state securities commission or regulatory authority has passed upon the accuracy or adequacy of this document. The U.S. Securities and Exchange Commission does not pass upon the accuracy or completeness of any disclosure document or literature. The Company is filing this Form C-AR pursuant to Regulation CF (§ 227.100 et seq.) which requires that it must file a report with the Commission annually and post the report on its website at [www.upshiftcars.com](http://www.upshiftcars.com) no later than 120 days after the end of each fiscal year covered by the report. The Company may terminate its reporting obligations in the future in accordance with Rule 202(b) of Regulation CF (§ 227.202(b)) by (1) being required to file reports under Section 13(a) or Section 15(d) of the Exchange Act of 1934, as amended, (2) filing at least one annual report pursuant to Regulation CF and having fewer than 300 holders of record, (3) filing annual reports for three years pursuant to Regulation CF and having assets equal to or less than \$10,000,000, (4) the repurchase of all the securities sold by the Company or another party, or (5) the liquidation or dissolution of the Company.**

The date of this Form C-AR is May 18, 2021.

THIS FORM C-AR DOES NOT CONSTITUTE AN OFFER TO PURCHASE OR SELL SECURITIES.

**Bad Actor Disclosure**

The Company is not subject to any bad actor disqualifications under any relevant U.S. securities laws.

## **ABOUT THIS FORM C-AR**

You should rely only on the information contained in this Form C-AR. We have not authorized anyone to provide any information or make any representations other than those contained in this Form C-AR. If anyone provides you with different or inconsistent information, you should not rely on it. The information contained in this Form C-AR and any documents incorporated by reference herein is accurate only as of the date of those respective documents, regardless of the time of delivery of this Form C-AR.

Statements contained herein as to the content of any agreements or other documents are summaries and, therefore, are necessarily selective and incomplete and are qualified in their entirety by the actual agreements or other documents.

The statements of the Company contained herein are based on information believed to be reliable; however, no warranty can be made as to the accuracy of such information or that circumstances have not changed since the date of this Form C-AR. For example, our business, financial condition, results of operations, and prospects may have changed since the date of this Form C-AR. The Company does not expect to update or otherwise revise this Form C-AR or any other materials supplied herewith.

## **CAUTIONARY NOTE CONCERNING FORWARD-LOOKING STATEMENTS**

This Form C-AR and any documents incorporated by reference herein contain forward-looking statements and are subject to risks and uncertainties. All statements other than statements of historical fact or relating to present facts or current conditions included in this Form C-AR are forward-looking statements. Forward-looking statements give our current reasonable expectations and projections regarding our financial condition, results of operations, plans, objectives, future performance and business. You can identify forward-looking statements by the fact that they do not relate strictly to historical or current facts. These statements may include words such as “anticipate,” “estimate,” “expect,” “project,” “plan,” “intend,” “believe,” “may,” “should,” “can have,” “likely” and other words and terms of similar meaning in connection with any discussion of the timing or nature of future operating or financial performance or other events.

The forward-looking statements contained in this Form C-AR and any documents incorporated by reference herein are based on reasonable assumptions we have made in light of our industry experience, perceptions of historical trends, current conditions, expected future developments and other factors we believe are appropriate under the circumstances. As you read and consider this Form C-AR, you should understand that these statements are not guarantees of performance or results. Although we believe that these forward-looking statements are based on reasonable assumptions, you should be aware that many factors could affect our actual operating and financial performance and cause our performance to differ materially from the performance anticipated in the forward-looking statements. Should one or more of these risks or uncertainties materialize, or should any of these assumptions prove incorrect or change, our actual operating and financial performance may vary in material respects from the performance projected in these forward-looking statements.

Investors are cautioned not to place undue reliance on these forward-looking statements. Any forward-looking statements made in this Form C-AR or any documents incorporated by reference herein is accurate only as of the date of those respective documents. Except as required by law, we undertake no obligation to publicly update any forward-looking statements for any reason after the date of this Form C-AR or to conform these statements to actual results or to changes in our expectations.

## SUMMARY

### **The Business**

*The following summary highlights information contained elsewhere or incorporated by reference in this Form C-AR. This summary may not contain all of the information that may be important to you. You should read this entire Form C-AR carefully, including the matters discussed under the section titled "Risk Factors."*

Upshift Inc. is a Delaware corporation, incorporated on October 3, 2012.

The Company is located at 981 Mission St, San Francisco, CA 94103.

The Company's website is <https://upshiftcars.com>.

The Company conducts business in California.

A description of our products as well as our services, process, and business plan can be found on the Company's profile page on the OpenDeal Portal LLC dba Republic website under <https://republic.co/upshift>.

## **RISK FACTORS**

***The SEC requires the Company to identify risks that are specific to its business and financial condition. The Company is still subject to all the same risks that all companies in its business, and all companies in the economy, are exposed to. These include risks relating to economic downturns, political and economic events and technological developments (such as hacking and the ability to prevent hacking). Additionally, early-stage companies are inherently riskier than more developed companies. You should consider general risks as well as specific risks when deciding whether to invest.***

### **Risks Related to the Company's Business and Industry**

***We have a limited operating history upon which you can evaluate our performance, and accordingly, our prospects must be considered in light of the risks that any new company encounters.***

The Company is still in an early phase and is just beginning to implement its business plan. There can be no assurance that it will ever operate profitably. The likelihood of its success should be considered in light of the problems, expenses, difficulties, complications and delays usually encountered by companies in their early stages of development. The Company may not be successful in attaining the objectives necessary for it to overcome these risks and uncertainties.

***The amount of capital the Company is attempting to raise in this Offering may not be enough to sustain the Company's current business plan.***

In order to achieve the Company's near and long-term goals, the Company may need to procure funds in addition to the amount raised in the Offering. There is no guarantee the Company will be able to raise such funds on acceptable terms or at all. If we are not able to raise sufficient capital in the future, we may not be able to execute our business plan, our continued operations will be in jeopardy and we may be forced to cease operations and sell or otherwise transfer all or substantially all of our remaining assets, which could cause a Purchaser to lose all or a portion of his or her investment.

***We rely on other companies to provide services for the Company.***

We depend on suppliers and subcontractors to meet our contractual obligations to our customers and conduct our operations. For example, we purchase our vehicle fleet from Toyota. Our ability to meet our obligations to our customers may be adversely affected if suppliers or subcontractors do not provide the agreed-upon supplies or perform the agreed-upon services in compliance with customer requirements and in a timely and cost-effective manner. Likewise, the quality of our services may be adversely impacted if companies, such as Toyota, fail to perform to our and our customers' expectations. Our suppliers may be unable to quickly recover from natural disasters and other events beyond their control and may be subject to additional risks such as financial problems that limit their ability to conduct their operations. The risk of these adverse effects may be greater in circumstances where we rely on only one or two subcontractors or suppliers. We currently rely exclusively on Toyota and its Prius hybrid and RAV4 SUV hybrid to supply us with vehicle fleet. Continued unavailability of those models at acceptable prices, or at all, may adversely affect our business and results of operations.

***Although dependent on certain key personnel, the Company does not have any key man life insurance policies on any such people.***

The Company is dependent on certain key personnel in order to conduct its operations and execute its business plan, however, the Company has not purchased any insurance policies with respect to those individuals in the event of their death or disability. Therefore, if any of these personnel die or become disabled, the Company will not receive any compensation to assist with such person's absence. Specifically, the Company is dependent on Ezra Goldman. The loss of such person could negatively affect the Company and its operations. We have no way to guarantee key personnel will stay with the Company, as many states do not enforce non-competition agreements, and therefore acquiring key man insurance will not ameliorate all of the risk of relying on key personnel.

***The Company is not subject to Sarbanes-Oxley regulations and may lack the financial controls and procedures of public companies.***

The Company may not have the internal control infrastructure that would meet the standards of a public company, including the requirements of the Sarbanes Oxley Act of 2002. As a privately-held (non-public) company, the Company is currently not subject to the Sarbanes Oxley Act of 2002, and its financial and disclosure controls and procedures reflect its status as a development stage, non-public company. There can be no guarantee that there are no significant deficiencies or material weaknesses in the quality of the Company's financial and disclosure controls and procedures. If it were necessary to implement such financial and disclosure controls and procedures, the cost to the Company of such compliance could be substantial and could have a material adverse effect on the Company's results of operations.

***We may implement new lines of business or offer new products and services within existing lines of business.***

As an early-stage company, we may implement new lines of business at any time. There are substantial risks and uncertainties associated with these efforts, particularly in instances where the markets are not fully developed. In developing and marketing new lines of business and/or new products and services, we may invest significant time and resources. Initial timetables for the introduction and development of new lines of business and/or new products or services may not be achieved, and price and profitability targets may not prove feasible. We may not be successful in introducing new products and services in response to industry trends or developments in technology, or those new products may not achieve market acceptance. As a result, we could lose business, be forced to price products and services on less advantageous terms to retain or attract clients, or be subject to cost increases. As a result, our business, financial condition or results of operations may be adversely affected.

***Damage to our reputation could negatively impact our business, financial condition and results of operations.***

Our reputation and the quality of our brand are critical to our business and success in existing markets, and will be critical to our success as we enter new markets. Any incident that erodes consumer loyalty for our brand could significantly reduce its value and damage our business. We may be adversely affected by any negative publicity, regardless of its accuracy. Also, there has been a marked increase in the use of social media platforms and similar devices, including blogs, social media websites and other forms of internet-based communications that provide individuals with access to a broad audience of consumers and other interested persons. The availability of



information on social media platforms is virtually immediate as is its impact. Information posted may be adverse to our interests or may be inaccurate, each of which may harm our performance, prospects or business. The harm may be immediate and may disseminate rapidly and broadly, without affording us an opportunity for redress or correction.

***The U.S. Securities and Exchange Commission does not pass upon the merits of any securities offered or the terms of the offering, nor does it pass upon the accuracy or completeness of any offering document or literature.***

You should not rely on the fact that our Form C is accessible through the U.S. Securities and Exchange Commission's EDGAR filing system as an approval, endorsement or guarantee of compliance as it related to this Offering.

***Neither the Offering nor the Securities have been registered under federal or state securities laws, leading to an absence of certain regulation applicable to the Company.***

No governmental agency has reviewed or passed upon this Offering, the Company or any Securities of the Company. The Company also has relied on exemptions from securities registration requirements under applicable state securities laws. Investors in the Company, therefore, will not receive any of the benefits that such registration would otherwise provide. Prospective Investors must therefore assess the adequacy of disclosure and the fairness of the terms of this Offering on their own or in conjunction with their personal advisors. Compliance with the criteria for securing exemptions under federal securities laws and the securities laws of the various states is extremely complex, especially in respect of those exemptions affording flexibility and the elimination of trading restrictions in respect of securities received in exempt transactions and subsequently disposed of without registration under the Securities Act or state securities laws.

***The Company has the right to conduct multiple closings during the Offering.***

If the Company meets certain terms and conditions an intermediate close of the Offering can occur, which will allow the Company to draw down on half of the proceeds of the offering committed and captured during the relevant period. The Company may choose to continue the Offering thereafter. Purchasers should be mindful that this means they can make multiple investment commitments in the offering, which may be subject to different cancellation rights. For example, if an intermediate close occurs and later a material change occurs as the Offering continues, Purchasers previously closed upon will not have the right to re-confirm their investment as it will be deemed completed.

***The Company's management may have broad discretion in how the Company uses the net proceeds of an offering.***

Unless the Company has agreed to a specific use of the proceeds from an offering, the Company's management will have considerable discretion over the use of proceeds from their offering. You may not have the opportunity, as part of your investment decision, to assess whether the proceeds are being used appropriately.

***The Company has the right to limit individual Purchasers commitment amount based on the Company's determination of a Purchaser's sophistication.***

The Company may prevent Purchasers from committing more than a certain amount to this Offering based on the Company's belief of the Purchaser's sophistication and ability to assume

the risk of the investment. This means that your desired investment amount may be limited or lowered based solely on the Company's determination and not in line with relevant investment limits set forth by the Regulation Crowdfunding rules. This also means that other Purchasers may receive larger allocations of the Offering based solely on the Company's determination.

***The Company has the right to extend the Offering deadline. The Company has the right to end the Offering early.***

The Company may extend the Offering deadline beyond what is currently stated herein. This means that your investment may continue to be held in escrow while the Company attempts to raise the Target Amount even after the Offering deadline stated herein is reached. While you have the right to cancel your investment in the event the Company extends the Offering, if you choose to reconfirm your investment, your investment will not be accruing interest during this time and will simply be held until such time as the new Offering deadline is reached without the Company receiving the Target Amount, at which time it will be returned to you without interest or deduction, or the Company receives the Target Amount, at which time it will be released to the Company to be used as set forth herein. Upon or shortly after release of such funds to the Company, the Securities will be issued and distributed to you. The Company may also end the Offering early; if the Offering reaches its target Offering amount after 21-calendar days but before the deadline, the Company can end the Offering with 5 business days' notice. This means your failure to participate in the Offering in a timely manner, may prevent you from being able to participate – it also means the Company may limit the amount of capital it can raise during the Offering by ending it early.

**Risks Related to the Securities**

***The units of SAFE will not be freely tradable until one year from the initial purchase date. Although the units of SAFE may be tradable under federal securities law, state securities regulations may apply, and each Purchaser should consult with his or her attorney.***

**You should be aware of the long-term nature of this investment. There is not now and likely will not be a public market for the units of SAFE.** Because the units of SAFE have not been registered under the Securities Act or under the securities laws of any state or non-United States jurisdiction, the units of SAFE have transfer restrictions and cannot be resold in the United States except pursuant to Rule 501 of Regulation CF. It is not currently contemplated that registration under the Securities Act or other securities laws will be affected. Limitations on the transfer of the units of SAFE may also adversely affect the price that you might be able to obtain for the units of SAFE in a private sale. Purchasers should be aware of the long-term nature of their investment in the Company. Each Purchaser in this Offering will be required to represent that it is purchasing the Securities for its own account, for investment purposes and not with a view to resale or distribution thereof.

***Purchasers will not become equity holders until the Company decides to convert the Securities into CF Shadow Securities or until there is a change of control or sale of substantially all of the Company's assets.***

**Purchasers will not have an ownership claim to the Company or to any of its assets or revenues for an indefinite amount of time and depending on when and how the Securities are converted, the Purchasers may never become equity holders of the Company.** Purchasers will not become equity holders of the Company unless the Company receives a future round of financing

great enough to trigger a conversion and the Company elects to convert the Securities into CF Shadow Series Securities. The Company is under no obligation to convert the Securities into CF Shadow Securities (the type of equity Securities Purchasers are entitled to receive upon such conversion). In certain instances, such as a sale of the Company or substantially all of its assets, an IPO or a dissolution or bankruptcy, the Purchasers may only have a right to receive cash, to the extent available, rather than equity in the Company.

***Purchasers will not have voting rights, even upon conversion of the Securities into CF Shadow Securities; upon the conversion of the Crowd SAFE to CF Shadow Securities (which cannot be guaranteed), holders of Shadow Securities will be required to enter into a proxy with the intermediary to ensure any statutory voting rights are voted in tandem with the majority holders of whichever series of securities the Shadow Securities follow.***

Purchasers will not have the right to vote upon matters of the Company even if and when their Securities are converted into CF Shadow Securities (which the occurrence of cannot be guaranteed). Upon such conversion, CF Shadow Securities will have no voting rights and even in circumstances where a statutory right to vote is provided by state law, the CF Shadow Security holders are required to enter into a proxy agreement with the Intermediary ensuring they will vote with the majority of the security holders in the new round of equity financing upon which the Securities were converted. For example, if the Securities are converted upon a round offering Series B Preferred Shares, the Series B-CF Shadow Security holders will be required to enter into a proxy that allows the Intermediary to vote the same way as a majority of the Series B Preferred Shareholders vote. Thus, Purchasers will never be able to freely vote upon any manager or other matters of the Company.

***Purchasers will not be entitled to any inspection or information rights other than those required by Regulation CF.***

Purchasers will not have the right to inspect the books and records of the Company or to receive financial or other information from the Company, other than as required by Regulation CF. Other security holders of the Company may have such rights. Regulation CF requires only the provision of an annual report on Form C and no additional information – there are numerous methods by which the Company can terminate annual report obligations, resulting in no information rights, contractual, statutory or otherwise, owed to Purchasers. This lack of information could put Purchasers at a disadvantage in general and with respect to other security holders.

***Purchasers will be unable to declare the Security in “default” and demand repayment.***

Unlike convertible notes and some other securities, the Securities do not have any “default” provisions upon which the Purchasers will be able to demand repayment of their investment. The Company has ultimate discretion as to whether or not to convert the Securities upon a future equity financing and Purchasers have no right to demand such conversion. Only in limited circumstances, such as a liquidity event, may the Purchasers demand payment and even then, such payments will be limited to the amount of cash available to the Company.

***The Company may never elect to convert the Securities or undergo a liquidity event.***

The Company may never receive a future equity financing or elect to convert the Securities upon such future financing. In addition, the Company may never undergo a liquidity event such as a sale of the Company or an IPO. If neither the conversion of the Securities nor a liquidity event occurs, the Purchasers could be left holding the Securities in perpetuity. The Securities have

numerous transfer restrictions and will likely be highly illiquid, with no secondary market on which to sell them. The Securities are not equity interests, have no ownership rights, have no rights to the Company's assets or profits and have no voting rights or ability to direct the Company or its actions.

***Equity securities acquired upon conversion of SAFE securities may be significantly diluted as a consequence of subsequent financings.***

Company equity securities will be subject to dilution. Company intends to issue additional equity to employees and third-party financing sources in amounts that are uncertain at this time, and as a consequence holders of equity securities resulting from SAFE conversion will be subject to dilution in an unpredictable amount. Such dilution may reduce the purchaser's control and economic interests in the Company.

The amount of additional financing needed by Company will depend upon several contingencies not foreseen at the time of this offering. Each such round of financing (whether from the Company or other investors) is typically intended to provide the Company with enough capital to reach the next major corporate milestone. If the funds are not sufficient, Company may have to raise additional capital at a price unfavorable to the existing investors, including the purchaser. The availability of capital is at least partially a function of capital market conditions that are beyond the control of the Company. There can be no assurance that the Company will be able to predict accurately the future capital requirements necessary for success or that additional funds will be available from any source. Failure to obtain such financing on favorable terms could dilute or otherwise severely impair the value of the purchaser's Company securities.

***Equity securities issued upon conversion of company SAFE securities may be substantially different from other equity securities offered or issued at the time of conversion.***

Company may issue to converting SAFE holders equity securities that are materially distinct from equity securities it will issue to new purchasers of equity securities. This paragraph does not purport to be a complete summary of all such distinctions. Equity securities issued to SAFE purchasers upon their conversion of Company SAFE securities will be distinct from the equity securities issued to new purchasers in at least the following respects: to the extent such equity securities bear any liquidation preferences, dividend rights, or anti-dilution protections, any equity securities issued at the Conversion Price (as provided in the SAFE Agreements) shall bear such preferences, rights, and protections only in proportion to the Conversion Price and not in proportion to the price per share paid by new investors in the equity securities. Company may not provide converting SAFE purchasers the same rights, preferences, protections, and other benefits or privileges provided to other purchasers of Company equity securities.

***There is no present market for the Securities and we have arbitrarily set the price.***

The offering price was not established in a competitive market. We have arbitrarily set the price of the Securities with reference to the general status of the securities market and other relevant factors. The Offering price for the Securities should not be considered an indication of the actual value of the Securities and is not based on our net worth or prior earnings. We cannot assure you that the Securities could be resold by you at the Offering price or at any other price.

***In a dissolution or bankruptcy of the Company, Purchasers will not be treated as priority debt holders and therefore are unlikely to recover any assets in the event of a bankruptcy or dissolution event.***

In a dissolution or bankruptcy of the Company, Purchasers of Securities which have not been converted will be entitled to distributions as described in the Crowd SAFE. This means that such Purchasers will be at the lowest level of priority and will only receive distributions once all creditors as well as holders of more senior securities, including any preferred stockholders, have been paid in full. If the Securities have been converted into CF Shadow Share Securities or SAFE Preferred Securities, the Purchasers will have the same rights and preferences (other than the ability to vote) as the holders of the Securities issued in the equity financing upon which the Securities were converted. Neither holders of Crowd SAFE nor holders of CF Shadow Share Securities nor SAFE Preferred Securities can be guaranteed a return in the event of a dissolution event or bankruptcy.

***While the Crowd SAFE provides for mechanisms whereby a Crowd SAFE holder would be entitled to a return of their purchase amount, if the Company does not have sufficient cash on hand, this obligation may not be fulfilled.***

In certain events provided in the Crowd SAFE, holders of the Crowd SAFE may be entitled to a return of their principal amount. Despite the contractual provisions in the Crowd SAFE, this right cannot be guaranteed if the Company does not have sufficient liquid assets on hand. Therefore, potential purchasers should not assume that they are guaranteed a return of their investment amount.

***Certain Purchasers will receive additional rights related to the Crowd SAFE due to the size of their investment commitment.***

Those Purchasers who, together with affiliates, purchase a Crowd SAFE with an aggregate face value of above \$25,000, will have the right to participate in future offerings of the Company's capital stock – these Purchasers will also have the right to have their Crowd SAFE converted to a class of the Company's capital stock upon the next qualified equity financing. These rights are not shared by all Purchasers and may cause certain Purchasers to be able to maintain their position within the Company's capitalization or receive dividend distributions in manners and at time other Purchasers cannot.

**In addition to the risks listed above, businesses are often subject to risks not foreseen or fully appreciated by the management. It is not possible to foresee all risks that may affect us. Moreover, the Company cannot predict whether the Company will successfully effectuate the Company's current business plan. Each prospective Purchaser is encouraged to carefully analyze the risks and merits of an investment in the Securities and should take into consideration when making such analysis, among other, the Risk Factors discussed above.**

THE SECURITIES OFFERED INVOLVE A HIGH DEGREE OF RISK AND MAY RESULT IN THE LOSS OF YOUR ENTIRE INVESTMENT. ANY PERSON CONSIDERING THE PURCHASE OF THESE SECURITIES SHOULD BE AWARE OF THESE AND OTHER FACTORS SET FORTH IN THIS FORM C-AR AND SHOULD CONSULT WITH HIS OR HER LEGAL, TAX AND FINANCIAL ADVISORS PRIOR TO MAKING AN INVESTMENT IN THE SECURITIES. THE SECURITIES SHOULD ONLY BE PURCHASED BY PERSONS WHO CAN AFFORD TO LOSE ALL OF THEIR INVESTMENT.

**IN ADDITION TO THE RISKS LISTED ABOVE, THE COMPANY IS SUBJECT TO RISKS NOT FORESEEN OR FULLY APPRECIATED BY THE MANAGEMENT. IT IS NOT POSSIBLE TO FORESEE ALL RISKS THAT MAY AFFECT US. MOREOVER, THE COMPANY CANNOT PREDICT WHETHER THE COMPANY WILL SUCCESSFULLY**

**EFFECTUATE THE COMPANY'S CURRENT BUSINESS PLAN. EACH PURCHASER IS ENCOURAGED TO CAREFULLY ANALYZE THE RISKS AND MERITS OF AN INVESTMENT IN THE SECURITIES AND SHOULD TAKE INTO CONSIDERATION WHEN MAKING SUCH ANALYSIS, AMONG OTHER, THE RISK FACTORS DISCUSSED ABOVE.**

## **BUSINESS**

### **Description of the Business**

Upshift is a fractional car leasing service. Members subscribe to one of our transparent, all-inclusive monthly plans based on how often they drive, with no long-term commitment. On the days they need a car, we deliver a Toyota Prius or hybrid Toyota RAV4 SUV to their door, clean and with a full tank of gas. When they are done, we pick it up anywhere in our San Francisco service zone. Our plans include our custom full coverage insurance, routine maintenance, and 24/7 roadside assistance.

### **Business Plan**

We plan to (i) increase our vehicle fleet from 15 up to 25 cars, with the aim to get to 50 cars by the end of 2021 (ii) integrate vehicle telematics with our cars and apps to make our system keyless (locate, unlock and drive using apps or RFID badge), (iii) hire operations, marketing, and engineering to grow our team, (iv) develop scalable growth marketing funnel including paid geotargeted ads and changes to our website design, conversion funnel, and copy, (v) rebuild our admin panel moving it from Forest Admin to a custom Active Admin panel. This will put us on a clear pathway to securing scalable debt financing for vehicles and a \$2M equity seed round from institutional investors which we aim to close by the end of 2021 to scale San Francisco to 100 cars and \$150K/mo. in monthly recurring revenue before potential raising of a \$10M Series A to launch three new markets.

### **The Company's Products and/or Services**

<b>Product / Service</b>	<b>Description</b>	<b>Current Market</b>
Fractional car subscriptions	Subscribe to a car based on how often you drive	Direct-to-Consumer, focused on weekend usage is our core market. We also have flexwork/part-time commuters and Direct-to-Business (meetings/events) to drive midweek usage. Members tend to be 30-45 YO professionals or 55-65 YO empty nesters

### **Competition**

Our most direct competition is traditional car leasing from a dealership. However, leases have a minimum of 10,000 miles/year and 2-year commitment, with a significant down payment, access to one car only, and you need to take care of maintenance, parking, repairs, insurance, etc. Carshare services like Zipcar are expensive and do not offer consistent availability in every location, especially during peak times. Peer-to-peer carshare (e.g., Turo, Getaround) has the

same issues, but cars are often dirty, unmaintained, or low on gas. Rental car locations and hours are inconvenient and cars tend to be generic and entry level.

### **Customer Base**

Our target member drives 2-8,000 miles/year substantially more than carshare drivers (<1,000 miles/year) and much less than those on traditional leases (10-15,000 miles/year). Our members are urban professionals in San Francisco, typically in their 30s and 40s or 55-65, who use Upshift as an alternative to leasing a car.

### **Intellectual Property**

We have developed custom software (concierge mobile app for iOS and Android, member mobile app for iOS and Android, backend web admin panel for management of member accounts, reservations, billing, and subscriptions, and a dispatcher web app (we rebuilt this so it's no longer iOS). We have not yet filed any trademarks or patents.

### **Governmental/Regulatory Approval and Compliance**

The Company is subject to and affected by laws and regulations of U.S. federal, state and local governmental authorities. These laws and regulations are subject to change.

### **Litigation**

A company sent us a cease and desist letter to stop using the name Upshift in May 2019. However, our use of the name in business considerably predates such company's use and we have ample evidence to support it. We also don't engage in the same business (e.g., no 'confusion' as they target a different customer). We have responded to the cease and desist letter and never heard back from that company.

## DIRECTORS, OFFICERS, AND MANAGERS

The directors, officers, and managers of the Company are listed below along with all positions and offices held at the Company and their principal occupation and employment responsibilities for the past three (3) years.

Name	Positions and Offices Held at the Company	Principal Occupation and Employment Responsibilities for the Last Three (3) Years	Education
Ezra Goldman	CEO and President, Director	<p>Upshift, Co-Founder &amp; CEO (Oct. 2012 – Present)</p> <p>ReachNow, Operations (Dec. 2015 – Apr. 2016).</p> <p>Lyft, Driver (Jan. 2017 – Apr. 2017)</p>	<ul style="list-style-type: none"> <li>• University of Copenhagen, PhD (ABD); Transportation; 2011</li> <li>• Massachusetts Institute of Technology; Master's Degree, Urban Planning, Urban Design, Mobile Technology; 2007</li> <li>• Reed College; BA, Anthropology; 2003</li> </ul>
Ayako Hiwasa	Head of Operations, Co-Founder	Upshift, Co-Founder & Head of Operations (Oct. 20, 2015 – Present)	<ul style="list-style-type: none"> <li>• Royal Tropical Institute, University of Copenhagen, and Queen Margaret University; Master's Degree, Health System Strengthening and Financing; 2010</li> <li>• Ritsumeikan Asia Pacific University; MS in International Cooperation Policy, International Public Administration; 2008</li> <li>• Ritsumeikan Asia Pacific University; BA, Social Science; 2004</li> <li>• The National University of Samoa; Bachelor of</li> </ul>



			Education, Education and Development; 2003
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### ***Indemnification***

Indemnification is authorized by the Company to managers, officers or controlling persons acting in their professional capacity pursuant to Delaware law. Indemnification includes expenses such as attorney's fees and, in certain circumstances, judgments, fines and settlement amounts actually paid or incurred in connection with actual or threatened actions, suits or proceedings involving such person, except in certain circumstances where a person is adjudged to be guilty of gross negligence or willful misconduct, unless a court of competent jurisdiction determines that such indemnification is fair and reasonable under the circumstances.

### ***Employees***

The Company currently employs 4 employees.

## **CAPITALIZATION AND OWNERSHIP**

### **Capitalization**

The Company has issued the following outstanding Securities:

<b>Type of security</b>	Common Stock
<b>Amount outstanding/Face Value</b>	7,462,316
<b>Voting Rights</b>	1 vote per share of Common Stock
<b>Anti-Dilution Rights</b>	None
<b>How this security may limit, dilute or qualify the Security issued pursuant to Regulation CF</b>	N/A
<b>Percentage ownership of the Company by the holders of such security (assuming conversion prior to the Offering if convertible securities).</b>	91.04%

Type of security	Warrants
Amount outstanding/Face Value	1 warrant/ 34,350 shares of Common Stock (\$0.01 exercise price)
Voting Rights	N/A
Anti-Dilution Rights	N/A
How this security may limit, dilute or qualify the Security issued pursuant to Regulation CF	When the warrants are exercised, the Company will issue new shares which will dilute the holders of the Security issued pursuant to Regulation CF
Percentage ownership of the Company by the holders of such security (assuming conversion/ exercise prior to the Offering if convertible securities).	0.42%

Type of security	Options
Amount outstanding/Face Value	9 options/ 295,000 shares of Common Stock
Voting Rights	N/A
Anti-Dilution Rights	N/A
How this security may limit, dilute or qualify the Security issued pursuant to Regulation CF	When the warrants are exercised, the Company will issue new shares which will dilute the holders of the Security issued pursuant to Regulation CF
Percentage ownership of the Company by the holders of such security (assuming conversion/ exercise prior to the Offering if convertible securities).	3.60%

<b>Type of security</b>	SAFEs
<b>Amount outstanding/Face Value</b>	\$126,150
<b>Voting Rights</b>	N/A
<b>Anti-Dilution Rights</b>	N/A
<b>How this security may limit, dilute or qualify the Security issued pursuant to Regulation CF</b>	When the SAFEs are converted, the Company will issue new shares which will dilute the holders of the Security issued pursuant to Regulation CF
<b>Percentage ownership of the Company by the holders of such security (assuming conversion/ exercise prior to the Offering if convertible securities).</b>	N/A

The Company has the following debt outstanding:

<b>Type of debt</b>	Convertible Notes
<b>Amount outstanding</b>	\$341,669.00
<b>Interest Rate and Amortization Schedule</b>	3%
<b>Description of Collateral</b>	N/A
<b>Other Material Terms</b>	Valuation cap is \$6,000,000.00, conversion discount varies from 20% to 40%
<b>Maturity Date</b>	12.31.2021

<b>Type of debt</b>	Small Business Administration Loan
<b>Amount outstanding</b>	\$69,600.00
<b>Interest Rate and Amortization Schedule</b>	3.75%
<b>Description of Collateral</b>	N/A
<b>Other Material Terms</b>	Payments are deferred for twenty four months from the issuance of the loan.
<b>Maturity Date</b>	07.28.2050

<b>Type of debt</b>	Auto Loans
<b>Amount outstanding</b>	\$315,375.00
<b>Interest Rate and Amortization Schedule</b>	0.9%, 2.9%, 5.9%, 5.49%, 5.49, 7%
<b>Description of Collateral</b>	Automobiles
<b>Other Material Terms</b>	N/A
<b>Maturity Date</b>	Varies from May 3, 2024, August 7, 2025, July 16, 2025, July 13, 2023

### Ownership

A majority of the Company is owned by Ezra Goldman.

Below are the beneficial owners of 20% percent or more of the Company's outstanding voting equity securities, calculated on the basis of voting power, are listed along with the amount they own.

<b>Name</b>	<b>Number and type/class of security held</b>	<b>Percentage ownership</b>
Ezra Goldman	6,000,000 shares of Common Stock	77.01%

## FINANCIAL INFORMATION

Please see the financial information listed on the cover page of this Form C-AR and attached hereto in addition to the following information. Financial statements are attached hereto as Exhibit A.

### Operations

Upshift Inc. (“the Company”) was incorporated on October 3, 2012 under the laws of the State of Delaware, and is headquartered in San Francisco, California. The Company provides a fractional car subscription service.

### Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of 90 days or less to be cash equivalents. As of the date of this Form C-AR, the Company has \$175,931 cash on hand which provide approximately a 6-month runway for the Company.

### Liquidity and Capital Resources

The proceeds from the Offering are essential to our operations. We plan to use the proceeds as set forth above under “Use of Proceeds”, which is an indispensable element of our business

strategy. Other than the proceeds from this Offering and other offerings, the Company has sales revenue as the main source of its capital.

### **Capital Expenditures and Other Obligations**

The Company intends to make material capital expenditures in the future, specifically to increase its vehicle fleet from 15 to 50 cars over the next 6 months, growing to 500 cars in the next 2 years.

### **Valuation**

On June 30, 2019, the Company's 409a valuation was \$1,076,000, 5¢/share. Purchasers should not rely on this exercise's valuation as the Securities being offered are priced arbitrarily.

### **Material Changes and Other Information**

### **Trends and Uncertainties**

After reviewing the above discussion of the steps the Company intends to take, potential Purchasers should consider whether achievement of each step within the estimated time frame is realistic in their judgment. Potential Purchasers should also assess the consequences to the Company of any delays in taking these steps and whether the Company will need additional financing to accomplish them.

Please see Exhibit A for the management's evaluation of subsequent events and applicable disclosures:

### **Previous Offerings of Securities**

We have made the following issuances of securities within the last three years:

<b>Security Type</b>	<b>Principal Amount of Securities Issued</b>	<b>Amount of Securities Sold</b>	<b>Use of Proceeds</b>	<b>Offering Date</b>	<b>Exemption from Registration Used or Public Offering</b>
Common Stock	\$100,000.84	7,462,316 shares of Common Stock	General Working Capital	Sept. 15, 2019 and Oct. 9, 2019	Section 4(a)(2)
Warrant	\$343.50	1 Warrant	General Working Capital	Aug. 30, 2018	Section 4(a)(2)
Convertible Notes	\$341,669.00	8 Convertible Notes	General Working Capital	Jun, 10, 2015; Jan. 8, 2016; Jul. 20, 2016;	Section 4(a)(2)

				Sept. 7, 2016; Mar. 8, 2018; June 13, 2018; Jul. 10, 2018, Aug. 7, 2018	
Options	\$7,250.00	4 Options	General Working Capital	Nov. 20, 2019	Section 4(a)(2)
Options	\$1,500.00	5 Options	General Working Capital	Feb. 1, 2016	Section 4(a)(2)

***On January 7, 2020 the Company conducted an intermediate closing of the Offering, locking in \$91,088 of investment commitments and drawing down approximately \$45,150 of the proceeds. The Company has reserved but has not issued the Securities due to those Purchasers as i) such Purchasers may contribute additional capital to the Offering and ii) pursuant to the terms of the Offering, if a Form C-W is filed, the Company will not issue the Securities and return all proceeds drawn down. The Company will complete the sale of all Securities as of the Offering Deadline. Purchasers of the Securities who were closed upon will not need to re-confirm their investment commitments.***

#### **TRANSACTIONS WITH RELATED PERSONS AND CONFLICTS OF INTEREST**

From time to time the Company may engage in transactions with related persons. Related persons are defined as any director or officer of the Company; any person who is the beneficial owner of 10 percent or more of the Company's outstanding voting equity securities, calculated on the basis of voting power; any promoter of the Company; any immediate family member of any of the foregoing persons or an entity controlled by any such person or persons.

The Company has not conducted any transactions with related persons.

## SIGNATURE

Pursuant to the requirements of Sections 4(a)(6) and 4A of the Securities Act of 1933 and Regulation Crowdfunding (§ 227.100 et seq.), the issuer certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form C-AR and has duly caused this Form to be signed on its behalf by the duly authorized undersigned.

DocuSigned by:  
*Ezra Goldman*  
F34A77F4441D482...

(Signature)

Ezra Goldman

(Name)

Chief Executive Officer, President

(Title)

5/19/2021

Date

Pursuant to the requirements of Sections 4(a)(6) and 4A of the Securities Act of 1933 and Regulation Crowdfunding (§ 227.100 et seq.), this Form C-AR has been signed by the following persons in the capacities and on the dates indicated.

DocuSigned by:  
*Ezra Goldman*  
F34A77F4441D482...

(Signature)

Ezra Goldman

(Name)

Chief Executive Officer, President and Director

(Title)

5/19/2021

Date

***Instructions.***

1. The form shall be signed by the issuer, its principal executive officer or officers, its principal financial officer, its controller or principal accounting officer and at least a majority of the board of directors or persons performing similar functions.

2. The name of each person signing the form shall be typed or printed beneath the signature.

Intentional misstatements or omissions of facts constitute federal criminal violations. See 18 U.S.C. 1001.



**EXHIBIT A**  
*Financials*



**UPSHIFT, INC.**  
**BALANCE SHEET**  
**As of December 31, 2020 and 2019**  
**(Unaudited)**

ASSETS	2020	2019
Current Assets		
Cash and cash equivalents	\$ 10,006	\$ 6,377
Accounts receivable	7,467	0
Prepaid expenses	17,076	17,077
Total Current Assets	34,549	23,454
Fixed Assets		
Equipment	279,566	103,630
Accumulated depreciation	(52,102)	(22,040)
Total Fixed Assets	227,464	81,590
Total Assets	<u>\$ 262,013</u>	<u>\$ 105,044</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	\$ 6,239	\$ 11,489
Convertible notes	341,669	78,551
Accrued interest	30,745	17,546
Total Current Liabilities	378,653	107,586
Long-Term Liabilities		
Convertible notes	0	263,118
Auto Loan	330,712	94,011
Total Long-Term Liabilities	330,712	357,129
Total Liabilities	<u>709,365</u>	<u>464,715</u>
STOCKHOLDERS' EQUITY		
Common Stock; \$0.00001 par value, 10,000,000 shares authorized		
7,462,316 shares issued and outstanding		
As of December 31, 2020 and 2019	75	75
Additional paid-in capital	123,615	123,615
Additional paid-in capital – SAFEs	126,150	0
Additional paid-in capital - stock options	2,198	1,730
Retained earnings	(699,390)	(485,091)
Total Stockholders' Equity	<u>(447,352)</u>	<u>(359,671)</u>
Total Liabilities and Stockholders' Equity	<u>\$ 262,013</u>	<u>\$ 105,044</u>

**UPSHIFT, INC.**  
**STATEMENT OF OPERATIONS**  
**For Years Ending December 31, 2020 and 2019**  
**(Unaudited)**

	<b>2020</b>	<b>2019</b>
Revenues	\$ 143,464	\$ 168,036
Operating expenses		
Professional fees	48,863	13,186
General and administrative	164,820	117,384
Salaries and wages	68,059	98,062
Rent	15,171	8,797
Selling and marketing	32,666	21,883
Stock option expense	468	1,083
Depreciation	30,062	15,962
Total operating expenses	<u>360,109</u>	<u>276,357</u>
Net Operating Income (Loss)	(216,645)	(108,321)
Other Income (Expense)		
Grant income	18,195	0
Interest expense	<u>(15,849)</u>	<u>(12,284)</u>
Net Income (Loss)	<u>\$ (214,299)</u>	<u>\$ (120,605)</u>

**UPSHIFT, INC.**  
**STATEMENT OF STOCKHOLDERS' EQUITY**  
**For Years Ending December 31, 2020 and 2019**  
**(Unaudited)**

	<u>Common Stock</u>								
	Shares	Par Value	Additional Paid-In Capital	Additional Paid-In Capital - SAFEs	Additional Paid-In Capital - Stock Options	Retained Earnings	Total Stockholders' Equity		
Balance as of December 31, 2018	7,462,316	\$ 75	\$ 97,950	\$ 0	\$ 647	\$ (364,486)	\$ (265,814)		
Contributions from shareholders	0	0	25,665	0	0	0	25,665		
Stock options vested	0	0	0	0	1,083	0	1,083		
Net Income (Loss)	0	0	0	0	0	(120,605)	(120,605)		
Balance as of December 31, 2019	7,462,316	75	123,615	0	1,730	(485,091)	(359,671)		
Issuance of SAFEs	0	0	0	126,150	0	0	126,150		
Stock options vested	0	0	0	0	468	0	468		
Net Loss	0	0	0	0	0	(214,299)	(214,299)		
Balance as of December 31, 2020	7,462,316	\$ 75	\$ 123,615	\$ 126,150	\$ 2,198	\$ (699,390)	\$ (447,352)		

**UPSHIFT, INC.**  
**STATEMENT OF CASH FLOWS**  
**For Years Ending December 31, 2020 and 2019**  
**(Unaudited)**

	2020	2019
<b>Operating Activities</b>		
Net Income (Loss)	\$ (214,299)	\$ (120,605)
Adjustments to reconcile net income (loss) to net cash provided by operations:		
Depreciation	30,062	15,962
Convertible note interest	13,199	10,251
Stock option expense	468	1,083
Changes in operating assets and liabilities:		
(Increase) Decrease in accounts receivable	(7,467)	0
(Increase) Decrease in prepaid expenses	1	(2,496)
Increase (Decrease) in accounts payable	(5,250)	9,493
Increase (Decrease) in deferred revenue	0	(10,102)
	<hr/>	<hr/>
Net cash used in operating activities	(183,286)	(96,414)
<b>Investing Activities</b>		
Purchase of equipment	(175,936)	(47,634)
	<hr/>	<hr/>
Net cash used in investing activities	(175,936)	(47,634)
<b>Financing Activities</b>		
Auto loan taken	236,701	47,634
Contributions from shareholders	25,665	25,665
Issuance of SAFEs	126,150	0
	<hr/>	<hr/>
Net cash provided by financing activities	362,851	73,299
	<hr/>	<hr/>
Net change in cash and cash equivalents	3,629	(70,749)
Cash and cash equivalents at beginning of period	6,377	77,126
Cash and cash equivalents at end of period	<u><u>\$ 10,006</u></u>	<u><u>\$ 6,377</u></u>

**UPSHIFT, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AS OF DECEMBER 31, 2020**

**NOTE 1 – NATURE OF OPERATIONS**

Upshift, INC. (which may be referred to as the “Company”, “we,” “us,” or “our”) was incorporated in Delaware on October 3, 2012. The Company is a fractional car leasing company that provides a professionally managed car-as-a-service for low mileage drivers. The Company’s headquarters are in San Francisco, California. The company began operations in 2012.

Since Inception, the Company has relied on contributions from owners and the issuance of convertible notes to fund its operations. As of December 31, 2020, the Company had negative working capital and will likely incur additional losses prior to generating positive working capital. These matters raise substantial concern about the Company’s ability to continue as a going concern (see Note 9). During the next twelve months, the Company intends to fund its operations with funding from a crowdfunding campaign (see Note 10) and funds from revenue producing activities, if and when such can be realized. If the Company cannot secure additional short-term capital, it may cease operations. These financial statements and related notes thereto do not include any adjustments that might result from these uncertainties.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The accounting and reporting policies of the Company conform to accounting principles generally accepted in the United States of America ("US GAAP"). The accompanying unaudited financial statements do not include all the information and notes required by GAAP for complete financial statements. In the opinion of management, all adjustments considered necessary for the fair presentation of the unaudited financial statements for the years presented have been included.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and footnotes thereto. Actual results could materially differ from these estimates. It is reasonably possible that changes in estimates will occur in the near term.

Significant estimates inherent in the preparation of the accompanying financial statements include valuation of provision for refunds and chargebacks, equity transactions and contingencies.

**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. Adverse conditions may include recession, downturn or otherwise, local competition or changes in consumer taste. These adverse conditions could affect the Company's financial condition and the results of its operations.

**Concentration of Credit Risk**

The Company maintains its cash with a major financial institution located in the United States of America, which it believes to be credit worthy. The Federal Deposit Insurance Corporation insures balances up to \$250,000. At times, the Company may maintain balances in excess of the federally insured limits.

## Cash and Cash Equivalents

The Company considers short-term, highly liquid investment with original maturities of three months or less at the time of purchase to be cash equivalents. Cash consists of funds held in the Company's checking account. As of December 31, 2020 and 2019, the Company had \$10,006 and \$6,377 of cash on hand, respectively.

## Fixed Assets

Property and equipment is recorded at cost. Expenditures for renewals and improvements that significantly add to the productive capacity or extend the useful life of an asset are capitalized. Expenditures for maintenance and repairs are charged to expense. When equipment is retired or sold, the cost and related accumulated depreciation are eliminated from the accounts and the resultant gain or loss is reflected in income. In accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 350-40, Accounting for Costs of Computer Software Developed or Obtained for Internal Use, the Company has capitalized external direct costs of material and services developed or obtained for software development projects. Amortization for each software project begins when the computer software is ready for its intended use.

Depreciation is provided using the straight-line method, based on useful lives of the assets which range from three to forty years.

The Company reviews the carrying value of property and equipment 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, 2019.

## Fair Value Measurements

Generally accepted accounting principles define fair value as the price that would be received to sell an asset or be paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price) and such principles also establish a fair value hierarchy that prioritizes the inputs used to measure fair value using the following definitions (from highest to lowest priority):

- Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
- Level 2 – Observable inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, including quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data by correlation or other means.
- Level 3 – Prices or valuation techniques requiring inputs that are both significant to the fair value measurement and unobservable.

## Stock-Based Compensation

The Company accounts for its stock-based compensation awards in accordance with ASC 718, *Compensation-Stock Compensation* ("ASC 718"). ASC 718 requires all stock-based payments to employees and directors, including grants of restricted stock units and stock option awards, to be recognized as expense in the statements of operations based on their grant date fair values. Grants of restricted stock units and stock option awards to other service providers, referred to as non-employees, are measured based on the grant-date fair value of the award and expensed in the Company's statement of operations over the vesting period.



## Income Taxes

Income taxes are provided for the tax effects of transactions reporting in the financial statements and consist of taxes currently due plus deferred taxes related primarily to differences between the basis of receivables, property and equipment, intangible assets, and accrued expenses for financial and income tax reporting. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized.

There is no income tax provision for the Company for the year ending December 31, 2020 as it incurred a taxable loss. In addition, there is a 100% valuation allowance against the net operating losses generated by the Company at December 31, 2020. The Company is taxed as a "C" Corporation.

The Company evaluates its tax positions that have been taken or are expected to be taken on income tax returns to determine if an accrual is necessary for uncertain tax positions. As of December 31, 2020, the unrecognized tax benefits accrual was zero. The Company will recognize future accrued interest and penalties related to unrecognized tax benefits in income tax expense if incurred.

## Revenue Recognition

Effective January 1, 2019, the Company adopted Accounting Standards Codification 606, Revenue from Contracts with Customers ("ASC 606"). Revenue is recognized when performance obligations under the terms of the contracts with our customers are satisfied. Prior to the adoption of ASC 606, we recognized revenue when persuasive evidence of an arrangement existed, delivery of products had occurred, the sales price was fixed or determinable and collectability was reasonably assured. The Company generates revenues by providing vehicles for people that don't need to have a vehicle every day. The Company's payments are generally collected upfront.

## Accounts Receivable

Trade receivables due from customers are uncollateralized customer obligations due under normal trade terms requiring payment within 30 days from the invoice date. Trade receivables are stated at the amount billed to the customer. Payments of trade receivables are allocated to the specific invoices identified on the customer's remittance advice or, if unspecified, are applied to the earliest unpaid invoices. As of December 31, 2020 and 2019, the company \$7,467 and \$0 in accounts receivable, respectively.

The Company estimates an allowance for doubtful accounts based upon an evaluation of the current status of receivables, historical experience, and other factors as necessary. It is reasonably possible that the Company's estimate of the allowance for doubtful accounts will change.

## Advertising

The Company expenses advertising costs as they are incurred.

## Recent Accounting Pronouncements

In February 2016, FASB issued Accounting Standards Update ("ASU") No. 2016-02, Leases, that requires organizations that lease assets, referred to as "lessees", to recognize on the balance sheet the assets and liabilities for the rights and obligations created by those leases with lease terms of more than 12 months. ASU 2016-02 will also require disclosures to help investors and other financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases and will include qualitative and quantitative requirements. The new standard for nonpublic entities will be effective for fiscal years beginning after December 15, 2020, and interim periods within fiscal years beginning after December 15, 2021, and early application is permitted. We are currently evaluating the effect that the updated standard will have on the financial statements and related disclosures.

In August 2018, amendments to existing accounting guidance were issued through Accounting Standards Update 2018-15 to clarify the accounting for implementation costs for cloud computing arrangements. The amendments specify that existing guidance for capitalizing implementation costs incurred to develop or obtain internal-use software also applies to implementation costs incurred in a hosting arrangement that is a service contract. The guidance is effective for fiscal years beginning after December 15, 2020, and interim periods within fiscal years beginning after December 15, 2021, and early application is permitted. We are currently evaluating the effect that the updated standard will have on the financial statements and related disclosures.

The FASB issues ASUs to amend the authoritative literature in ASC. There have been a number of ASUs to date, including those above, that amend the original text of ASC. Management believes that those issued to date either (i) provide supplemental guidance, (ii) are technical corrections, (iii) are not applicable to us or (iv) are not expected to have a significant impact on our financial statements.

#### NOTE 3 – FIXED ASSETS

Fixed Assets consist of vehicles and equipment. Depreciation is calculated using the straight-line method over a period of 5 years. As of December 31, 2020 and 2019 the Company had \$227,464 and \$81,590 in net fixed assets.

#### NOTE 4 – DEBT

##### Convertible Notes

Prior to 2017 the Company issued \$78,551 of 3% unsecured convertible notes (the “Notes”) due December 31, 2021 (“Maturity Date”). The Notes are automatically convertible into common stock on the completion of an equity offering of \$500,000 or more (“Qualified Financing”). The conversion price is the lesser of 80% (\$15,000) or 60% (\$63,551) of the price per share of Stock received by the Company in a Qualified Financing or the price per share equal to the quotient of a pre-money valuation of \$6,000,000 divided by the aggregate number of shares of the Company’s common stock outstanding immediately prior to the initial closing of a Qualified Financing assuming full conversion or exercise of outstanding stock options and Notes.

During 2018 the Company issued \$263,118 of 3% unsecured convertible notes (the “2018 Notes”) due on the Maturity Date. The Notes are automatically convertible into common stock on the completion of an equity offering of \$1,000,000 or more (“2018 Qualified Financing”). The conversion price is the lesser of 80% of the price per share of Stock received by the Company in a 2018 Qualified Financing or the price per share equal to the quotient of a pre-money valuation of \$6,000,000 divided by the aggregate number of shares of the Company’s common stock outstanding immediately prior to the initial closing of a 2018 Qualified Financing assuming full conversion or exercise of outstanding stock options and Notes.

As of December 31, 2020, the Notes have not yet converted as a Qualified Financing had not yet occurred. The convertible notes are recorded as a liability until conversion occurs.

##### Small Business Administration Loan

In July 2020, the Company entered into a loan agreement for \$69,600 with an interest rate of 3.75% and a maturity date of July 28, 2050. Payments are deferred for twelve months from the issuance of the loan.

## Auto Loans

In 2018 the Company issued a promissory note for \$48,752 for two Toyota Priuses for the Company's business activities. The note bears a 0.9% interest rate, five-year term, and a monthly payment of \$832. In 2019 the Company entered into two auto loan agreements, one for \$24,258 with a 2.9% interest rate, and one for \$23,376 with a 5.9% interest rate, both with a maturity date of May 3, 2024. In 2020 the Company entered into eight auto loan agreements, three for \$33,849 with a 5.49% interest rate and a maturity date of August 7, 2025, two for \$28,095 with a 5.49% interest rate and a maturity date of July 16, 2025, and three for \$33,365 with a 7% interest rate and a maturity date of July 13, 2023. Future minimum payments including interest due are as follows:

2021	\$	90,608
2022		90,608
2023		70,411
2024		40,670
2025		23,077
Total	\$	<u>315,375</u>

## NOTE 5 – INCOME TAX PROVISION

The Company has not yet filed its income tax return for the period ended December 31, 2020, which will remain subject to examination by the Internal Revenue Service under the statute of limitations for a period of three years from the date it is filed.

## NOTE 6 – STOCKHOLDERS' EQUITY

The Company has the following classes of equity outstanding:

### Common Stock

Authorized 10,000,000 shares, par value \$0.00001, issued and outstanding 7,462,316 as of December 31, 2020 and 2019.

### Additional Paid-In Capital – SAFEs

The Company has issued Simple Agreements for Future Equity ("SAFES") totaling \$126,150. The SAFEs are automatically convertible into common stock on the completion of a 2018 Qualified Financing. The conversion price is the lesser of 80% of the price per share of stock received by the Company in a 2018 Qualified Financing or the price per share equal to the quotient of \$8,000,000 divided by the aggregate number of issued and outstanding shares of capital stock, assuming full conversion or exercise of all convertible and exercisable securities then outstanding, including shares of convertible preferred stock and all outstanding vested or unvested options or warrants to purchase capital stock, but excluding the issuance of all shares reserved for future issuance of the Company's equity incentive plan, convertible notes, and SAFEs. The SAFEs were issued in the Crowdfunded Offering (see Note 10), which was not closed as of December 31, 2020.

## NOTE 7 – STOCK BASED COMPENSATION

The Company has a 2016 stock compensation plan which permits the grant or option of shares to its employees for up to 700,000 shares of common stock. The Company believes that such awards will help the Company attract, retain and motivate its management and other persons, including officers, directors, key employees and certain consultants, will encourage and reward such persons' contributions to the performance of the Company and will align their interests with the interests of the Company's stockholders.

As of December 31, 2020 and 2019, the Company has issued 295,000 stock options for common stock with an exercise price of either \$0.01 or \$0.05 per share that vest between 0 and 4 years. As of December 31, 2020 and 2019, 281,111 and 253,611 stock options had vested. There was nominal fair value associated with the issuance of these options. The fair value of each option award is estimated on the date of grant using a Black Scholes option-pricing model. The company uses the average volatility of peer companies to estimate expected volatility. The Company uses the average of the vesting and term of the option to estimate the expected term. The risk-free rate is based on the U.S. Treasury yield curve in effect at the time of grant. Forfeitures are accounted for as they occur. As of December 31, 2020, no stock options were cancelled due to forfeitures. The expected dividend yield is zero based on the Company not anticipating to pay dividend in the foreseeable future. Below are the Black Scholes factors utilized by management:

	190,000 options issued in 2016	105,000 options issued in 2019
Exercise price	\$ 0.01	0.05
Fair value share price	0.01	0.05
Expected volatility	60.0%	60.0%
Expected term	2.00 years	2.00 years
Expected dividend rate	0.00%	0.00%
Risk-free rate	1.75%	1.75%
Fair value per share option	\$ 0.003	0.017

As of December 31, 2020, 13,889 stock options remain unvested.

#### NOTE 8 – COMMITMENTS AND CONTINGENCIES

##### Litigation

The Company is not currently involved with and does not know of any pending or threatening litigation against the Company.

##### COVID 19

In January 2020, the World Health Organization has declared the outbreak of a novel coronavirus (COVID-19) as a “Public Health Emergency of International Concern,” which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets. The coronavirus outbreak and government responses are creating disruption in global supply chains and adversely impacting many industries. The outbreak could have a continued material adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material adverse impact of the coronavirus outbreak. Nevertheless, the outbreak presents uncertainty and risk with respect to the Company, its performance, and its financial results.

#### NOTE 9 – GOING CONCERN

These financial statements are prepared on a going concern basis. The Company began operation in 2012 and incurred a loss since inception. The Company’s ability to continue is dependent upon management’s plan to raise additional funds and achieve 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.

## NOTE 10 – SUBSEQUENT EVENTS

### Crowdfunded Offering

The Company is offering (the “Crowdfunded Offering”) up to \$1,070,000 in SAFEs. The Company is attempting to raise a minimum amount of \$25,000 in this offering and up to \$1,070,000 maximum. The Company must receive commitments from investors totaling the minimum amount by the offering deadline listed in the Form C, as amended in order to receive any funds.

The Crowdfunded Offering is being made through OpenDeal Portal LLC (the “Intermediary” aka “Republic” or “Republic.co”). The Intermediary will be entitled to receive a 6% commission fee and 2% of the securities issued in this offering.

### Management’s Evaluation

Management has evaluated subsequent events through May 6, 2021, the date the financial statements were available to be issued. Based on this evaluation, no additional material events were identified which require adjustment or disclosure in the financial statements.