

**SPACE GOAT PRODUCTIONS, LLC**

Unaudited Financial Statements For The Years Ended December 31, 2017 and 2016

April 17, 2018



## Independent Accountant's Review Report

To Management  
Space Goat Productions, LLC  
Bellingham, WA

We have reviewed the accompanying balance sheet of Space Goat Productions, LLC as of December 31, 2017, and 2016, and the related statements of income, retained earnings, and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

### ***Accountant's Responsibility***

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of my procedures provide a reasonable basis for our report.

### ***Accountant's Conclusion***

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in blue ink, appearing to read 'M. Tyra', is positioned above the printed name.

Jason M. Tyra, CPA, PLLC  
Dallas, TX  
April 17, 2018

**SPACE GOAT PRODUCTIONS, LLC  
BALANCE SHEET  
DECEMBER 31, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
<u><b>ASSETS</b></u>		
<b>CURRENT ASSETS</b>		
Cash	\$ 11,681	\$ 293,151
Accounts Receivable	88,212	60,091
Prepaid Expenses	53,934	-
Inventory	41,439	28,873
TOTAL CURRENT ASSETS	195,266	382,115
<b>NON-CURRENT ASSETS</b>		
Fixed Assets, Net	30,661	38,731
Brokerage Account	2,000	2,000
Licenses, Net	140,895	139,283
TOTAL NON-CURRENT ASSETS	173,556	180,014
TOTAL ASSETS	368,822	562,129
<u><b>LIABILITIES AND MEMBERS' EQUITY</b></u>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	44,508	12,738
Deferred Income	10,209	-
Other Current Liabilities	23,054	19,225
Line of Credit	7,458	-
TOTAL CURRENT LIABILITIES	85,229	31,963
TOTAL LIABILITIES	85,229	31,963
<b>MEMBERS' EQUITY</b>		
Contributed Capital	40,000	10,000
Retained Earnings (Deficit)	243,593	520,166
TOTAL MEMBERS' EQUITY	283,593	530,166
TOTAL LIABILITIES AND MEMBERS' EQUITY	\$ 368,822	\$ 562,129

Unaudited- See accompanying notes.

**SPACE GOAT PRODUCTIONS, LLC**  
**INCOME STATEMENT**  
**FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
<b>Operating Income</b>		
Sales, Net	\$ 648,223	\$ 1,304,625
Cost of Goods Sold	332,033	467,052
<b>Gross Profit</b>	316,190	837,573
<b>Operating Expense</b>		
Payroll	196,617	139,862
Advertising	168,932	78,151
General & Administrative	106,330	220,463
Rent	15,941	54,627
Amortization	9,949	9,949
Depreciation	9,073	23,618
	506,842	526,670
<b>Net Income from Operations</b>	(190,652)	310,903
<b>Other Income (Expense)</b>		
Interest	-	(24,170)
<b>Net Income</b>	\$ (190,652)	\$ 286,733

Unaudited- See accompanying notes.

**SPACE GOAT PRODUCTIONS, LLC**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
<b>Cash Flows From Operating Activities</b>		
Net Income (Loss) For The Period	\$ (190,652)	\$ 286,733
Change in Accounts Receivable	(28,121)	(29,396)
Change in Inventory	(12,566)	54,338
Change in Prepaid Expenses	(53,934)	-
Change in Accounts Payable	31,770	(51,277)
Change in Other Liabilities	3,829	17,338
Change in Deferred Income	10,209	-
Amortization	9,949	9,949
Depreciation	9,073	23,618
	(220,443)	311,303
<b>Net Cash Flows From Operating Activities</b>		
<b>Cash Flows From Investing Activities</b>		
Change in Fixed Assets	(1,003)	(58,697)
Change in Licenses	(11,561)	(145,000)
	(12,564)	(203,697)
<b>Net Cash Flows From Investing Activities</b>		
<b>Cash Flows From Financing Activities</b>		
Change in Line of Credit	7,458	-
Distributions	(85,921)	(2,068)
Change in Contributed Capital	30,000	-
	(48,463)	(2,068)
<b>Net Cash Flows From Investing Activities</b>		
<b>Cash at Beginning of Period</b>	293,151	187,613
<b>Net Increase (Decrease) In Cash</b>	(281,470)	105,538
<b>Cash at End of Period</b>	\$ 11,681	\$ 293,151

**SPACE GOAT PRODUCTIONS, LLC**  
**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

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	<u>2017</u>	<u>2016</u>
<b>BEGINNING MEMBERS' EQUITY</b>	530,166	245,501
Distributions	(85,921)	(2,068)
Change in Contributed Capital	30,000	-
Net Income(Loss)	(190,652)	286,733
<b>ENDING EQUITY</b>	<u>\$ 283,593</u>	<u>\$ 530,166</u>

Unaudited- See accompanying notes.

SPACE GOAT PRODUCTIONS, LLC  
NOTES TO FINANCIAL STATEMENTS (UNAUDITED)  
DECEMBER 31, 2017 AND 2016

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NOTE A- ORGANIZATION AND NATURE OF ACTIVITIES

Space Goat Productions, LLC (“the Company”) is a limited liability company organized under the laws of the State of Washington. The Company is a publisher of comic books, graphic novels, and table top games.

The Company will conduct an equity crowdfund offering during calendar year 2018 for the purpose of raising operating capital. The Company’s ability to continue as a going concern or to achieve management’s objectives may be dependent on the outcome of the offering or management’s other efforts to raise operating capital.

NOTE B- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“US GAAP”).

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include all cash balances, and highly liquid investments with maturities of three months or less when purchased.

Fixed Assets

The Company capitalizes assets with useful life of greater than one year, and an original purchase price of \$500 or more. Depreciation is calculated using the straight-line method over management’s estimate of each asset’s useful life

Licenses

The Company purchased licenses to obtain the right to produce comic books, graphic novels and/or games based on Evil Dead 2, The Terminator, and The Howling. The licenses vary in length from 3 to 5 years. The Company capitalizes and expenses licenses once there are sales related to that license.

Line of Credit

The Company has a revolving credit line with First Electronic Bank at a periodic interest rate pre-determined by the lender when funds are borrowed (up to a maximum of \$40,000). As of December 31,

SPACEGOAT PRODUCTIONS, LLC  
NOTES TO FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

2017, the company had an outstanding balance on the line of credit of \$7,458. The line is secured by a personal guarantee by the company's founder. The interest rate at December 31, 2017 was 49.654%.

Revenue

The Company earns revenue primarily from print publishing, tabletop game publishing, talent brokering, and royalties. The Company recognizes revenue when persuasive evidence of an arrangement exists, delivery has occurred, or services have been rendered, the fee for the arrangement is fixed or determinable and collectability is reasonably assured.

Rent

In 2017, the Company signed an operating lease agreement for office space. The Company will pay a flat rate of \$2,000 per month and has an option to renew the lease for an additional five years with a 30-day notice of renewal before December 31, 2023. The Company will pay \$24,000 in rent per year till the end of 2023.

Advertising

The Company records advertising expenses in the year incurred.

Income Taxes

The Company applies ASC 740 Income Taxes ("ASC 740"). Deferred income taxes are recognized for the tax consequences in future years of differences between the tax bases of assets and liabilities and their financial statement reported amounts at each period end, based on enacted tax laws and statutory tax rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized. The provision for income taxes represents the tax expense for the period, if any and the change during the period in deferred tax assets and liabilities. ASC 740 also provides criteria for the recognition, measurement, presentation and disclosure of uncertain tax positions. A tax benefit from an uncertain position is recognized only if it is "more likely than not" that the position is sustainable upon examination by the relevant taxing authority based on its technical merit.

For the years ended December 31, 2017 and 2016, the Company elected to be treated as a Subchapter S corporation for federal income tax purposes. All items of income and expense are reported by the shareholders on their individual returns. The Company's federal tax filings for 2015, 2016, and 2017, will remain subject to review by the Internal Revenue Service until 2019, 2020, and 2021, respectively.

The Company is subject to Business and Occupation tax filing requirements in the State of Washington. The Company's tax filings in the State of Washington for 2015, 2016, and 2017 remain subject to review by that State until 2020, 2021, and 2022, respectively.



SPACEGOAT PRODUCTIONS, LLC  
NOTES TO FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

NOTE C- CONCENTRATIONS OF RISK

Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents. The Company places its cash and cash equivalents with a limited number of high quality financial institutions and at times may exceed the amount of insurance provided on such deposits.

NOTE D- MEMBER LIABILITY

The Company is organized as a limited liability company. As such, the liability of members of the Company for the financial obligations of the Company is limited to each member's contribution of capital.

NOTE E- SUBSEQUENT EVENTS

Management considered events subsequent to the end of the period but before April 17, 2018, the date that the financial statements were available to be issued.