

**Beautiful Game, Inc.**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019 and 2018**  
**(unaudited)**

**BEAUTIFUL GAME, INC.**

**INDEX TO REPORT**

**NOVEMBER 30, 2019**

---

	<b>PAGE</b>
<b>Balance Sheet</b>	<b>2</b>
<b>Statement of Operations</b>	<b>3</b>
<b>Cash Flow Statement</b>	<b>4</b>
<b>Notes to the Financial Statements</b>	<b>5-7</b>

Beautiful Game, Inc.			
Balance Sheet			
As of December 31,			
	2019		2018
Assets			
Current Assets			
Cash	\$ 99,715		\$ 414,043
Accounts Receivable	33,608		17,049
Other Current Assets	12,659		46,917
Prepaid Assets	26,235		-
<b>Total Current Assets</b>	<b>172,217</b>		<b>478,009</b>
<b>Property and equipment, net of accumulated depreciation \$3,858</b>	<b>18,657</b>		<b>-</b>
<b>Intangible Assets, net of amortization \$3,366</b>	<b>210,586</b>		<b>210,586</b>
<b>Total Assets</b>	<b>\$ 401,460</b>		<b>\$ 688,595</b>
Liabilities			
Current Liabilities			
Accounts Payable	\$ 19,259		\$ 46,949
Line of Credit	-		25,000
Deferred Revenue	1,035		2,000
Season Ticket Deposits	1,700		-
Other Accrued liabilities	19,366		72,055
	41,360		146,004
Stockholder's Equity			
Stockholder's Equity			
Common stock – no par value, 30,556 and 23,584 shares issued and outstanding; 45,000 authorized	-		-
Additional paid in capital	1,520,707		647,956
Accumulated deficit	(1,160,607)		(105,365)
<b>Total Equity</b>	<b>360,100</b>		<b>542,591</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 401,460</b>		<b>\$ 688,595</b>

Beautiful Game, Inc.			
Statement of Operations And Retained Earnings (Accumulated Deficit)			
	Year ending December 31, 2019		Period ending December 31, 2018
<b>Sales</b>	\$ 1,009,938		\$ -
<b>Cost of Sales</b>	757,397		-
Gross Profit	252,541		-
<b>General And Administrative Expenses</b>	1,309,448		105,365
(Loss) income from operations	(1,056,907)		(105,365)
<b>Other Income</b>			
Interest Income	4,783		-
<b>(Loss) Income Before Income Taxes</b>	(1,052,124)		(105,365)
<b>Income Tax Expense</b>	3,118		-
<b>Net (Loss) Income</b>	(1,055,242)		(105,365)
Retained earnings – beginning of year	(105,365)		-
Retained earnings (accumulated deficit) – end of year	<u>\$ (1,160,607)</u>		<u>\$ (105,365)</u>

Beautiful Game, Inc.				
Statement of Cashflows				
		Year ending December 31, 2019		Period ending December 31, 2018
<b>Cash Flow From Operating Activity</b>				
Net Loss		\$ (1,055,242)		\$ (105,365)
Amortization		-		2,366
Depreciation		3,858		-
Changes in assets and liabilities:				
Changes in accounts receivable		(16,559)		(17,049)
Changes in other current assets		8,023		(46,917)
Changes in accounts payable		(27,690)		46,949
Changes in other liabilities		(51,954)		74,055
<b>Total cash outflows from operating actives</b>		<b>(1,139,564)</b>		<b>(45,961)</b>
<b>Cash Flows From Investing Activity</b>				
Capital expenditures		(22,515)		-
Intangible assets		-		(212,952)
<b>Total Cash outflow from Investing</b>		<b>(22,515)</b>		<b>(212,952)</b>
<b>Cash Flows From Financing Activity</b>				
Loan Repayment		(25,000)		25,000
Capital Paid In		872,751		647,956
<b>Total Cash inflows from financing</b>		<b>847,751</b>		<b>672,956</b>
<b>Net Change in Cash</b>		<b>(314,328)</b>		<b>414,043</b>
Cash Beginning of the Year		414,043		-
Cash - End of the Year		<u>\$ 99,715</u>		<u>\$ 414,043</u>
<b>Supplemental Disclosure Of Cash Flow Information</b>				
Cash paid for Interest		\$ 426		\$ 16
Cash paid for taxes		\$ 3,188		\$ -

**BEAUTIFUL GAME, INC.**  
**NOTES TO FINANCIAL STATEMENT**  
**December 31, 2019**

---

**NOTE 1 – NATURE OF OPERATIONS**

Beautiful Game, Inc. (the “Company”) was incorporated as a C-corporation as of November 8, 2018 in the state of Tennessee. The Company manages a soccer team that competes in the National Independent Soccer Association. The National Independent Soccer Association (NISA) is a third-tier American professional soccer league. The Company generates a bulk of its revenues through game ticket sales and team merchandise sales. The accompanying financial statement is presented on the accrual method of accounting, thus reflecting income earned regardless of when received and expenses incurred regardless of when paid.

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

**Cash and Contingent Risk Regarding Cash Balances**

The Company considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents.

From time to time the Company has on deposit, in institutions whose accounts are insured by the Federal Deposit Insurance Corporation (FDIC), funds that total in excess of the insured maximum. The at-risk amount is subject to significant fluctuations on a daily basis throughout the year. The Company does not believe it is exposed to any significant risk on cash and cash equivalents.

**Accounts Receivable**

Accounts receivable consist primarily of amounts due from sponsorships. Management considers all trade receivables 30 days past due as delinquent. Interest is not charged on accounts considered delinquent. The Company has evaluated their receivables and does not believe an allowance for doubtful accounts is necessary.

**Advertising and Promotion Costs**

Advertising costs are expensed as incurred. During the year ended December 31, 2019 and period ending 2018 the Company incurred advertising expenses of \$256,516 and \$3,443, respectively.

**Income Taxes**

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets, including tax loss and credit carryforwards, and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those

temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Deferred income tax expense represents the change during the period in the deferred tax assets and deferred tax liabilities. 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.

### **Uncertain Tax Positions**

The Company follows the guidance of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 740, Income Taxes, Accounting for Uncertainty in Income Taxes. ASC Topic 740 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. In addition, it provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition.

Based on its evaluation, the Company has concluded that there are no significant uncertain tax positions requiring recognition in its financial statements. The Company's evaluation was performed from inception through December 31, 2019, for U.S. federal income tax and state income tax for Tennessee, the period which remain subject to examination by major tax jurisdictions as of December 31, 2019.

### **Interest Expense**

The Company recognizes interest expense at the earlier of when incurred or when paid, with certain exceptions.

### **Revenue Recognition**

The Company's primary income is from the sale of tickets to sporting events, the sale of merchandise, and sponsorship revenue. Revenues from ticket sales are recognized when the tickets are used. Revenues from annual pass sales are recognized ratably over the period for which the pass is available for use. Merchandise licensing royalty payments are recognized when the licensed product is sold by the licensee. Sponsorship revenue is recognized pro-rata over the term of the sponsorship agreement.

### **Use of Estimates**

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### **NOTE 3—LINE OF CREDIT**

The Company has a \$30,000 line of credit agreement with First Bank. The line has a stated interest rate of 4.75 %. The balance on the line of credit as of December 31, 2019 was \$0.

### **NOTE 4—COMMITMENTS AND CONTINGENCIES**

The Company is subject to various claims that arise in the normal course of business. Management believes that any liability it may incur would not have a material adverse effect on its financial condition or its results of operations.

**NOTE 5—SUBSEQUENT EVENTS**

Between January 6<sup>th</sup> and January 9<sup>th</sup>, 2020, the Chattanooga Football Club issued additional Class A shares of stock for a total of \$605,000 in equity.

On March 13<sup>th</sup>, 2020 NISA suspended games through May 15<sup>th</sup>, 2020 under the guidance of the center for disease control. In April NISA canceled the Spring season.