

**Lifograph, Inc.**

***FINANCIAL STATEMENTS***

**FOR THE YEARS ENDED  
DECEMBER 31, 2018 & 2017**

**MHK LLP  
Los Angeles, California**

**Lifograph, Inc.**  
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**FOR THE YEARS ENDED**  
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**C O N T E N T S**

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# MHK, LLP

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## Certified Public Accountants

Nam Sik Moon, CPA  
Yoon J. Hwang, CPA  
Won Hee Kim, CPA

### **Independent Accountant's Review Report**

To the board of Directors:  
Lifograph, Inc.  
Loomis, California

We have reviewed the accompanying financial statements of Lifograph, Inc., which comprise the balance sheets as of December 31, 2018 and 2017, and the related statements of operations, changes in stockholders' equity, 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 engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

# MHK, LLP

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## Certified Public Accountants

Nam Sik Moon, CPA  
Yoon J. Hwang, CPA  
Won Hee Kim, CPA

### *Accountant's Conclusion*

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

*MHK LLP*

MHK LLP

Los Angeles, California

June 17, 2019

**LIFOGRAPH, INC.****BALANCE SHEETS  
AS OF DECEMBER 31, 2018 & 2017**

|   | <u>December 31, 2018</u> | <u>December 31, 2017</u> |
|---|--------------------------|--------------------------|
| <b>ASSETS</b>                                     |                          |                          |
| <b>Current Assets</b>                             |                          |                          |
| Cash and Cash Equivalents - Note 2, 3             | \$ 4,674                 | \$ 13,518                |
| Accounts Receivable                               | -                        | 1,350                    |
| <b>Total Current Assets</b>                       | <u>4,674</u>             | <u>14,868</u>            |
| <b>TOTAL ASSETS</b>                               | <u>\$ 4,674</u>          | <u>\$ 14,868</u>         |
| <br><b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>   |                          |                          |
| <b>Current Liabilities</b>                        |                          |                          |
| Accounts Payable                                  | \$ -                     | \$ 9,945                 |
| State Tax Payable                                 | 800                      | -                        |
| Other Payables - Note 4                           | <u>16,340</u>            | <u>28,124</u>            |
| <b>Total Current Liabilities</b>                  | <u>17,140</u>            | <u>38,069</u>            |
| <b>Long-Term Debts - Note 5</b>                   | <u>33,873</u>            | <u>11,800</u>            |
| <b>Total Liabilities</b>                          | <u>51,013</u>            | <u>49,869</u>            |
| <b>Shareholders' Equity</b>                       |                          |                          |
| Capital Stock                                     | 178,137                  | 178,137                  |
| Additional Paid-in Capital (SAFEs)- Note 6        | 50,000                   | 50,000                   |
| Retained Earnings (Accumulated deficits)          | <u>(274,477)</u>         | <u>(263,138)</u>         |
| <b>Total Shareholders' Equity</b>                 | <u>(46,340)</u>          | <u>(35,001)</u>          |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b> | <u>\$ 4,674</u>          | <u>\$ 14,868</u>         |

See independent accountant's review report and accompanying notes.

**LIFOGRAPH, INC.****STATEMENTS OF OPERATIONS****FOR THE YEARS ENDED DECEMBER 31, 2018 & 2017**

|  | <b>2018</b>        | <b>2017</b>        |
|--|--------------------|--------------------|
| <b>REVENUES:</b>   |                    |                    |
| Sales - Note 2   | \$ 52,525          | \$ 63,654          |
| Commission Income  | -                  | 1,945              |
| <b>TOTAL REVENUES</b>  | <b>52,525</b>      | <b>65,599</b>      |
| <b>EXPENSES:</b>   |                    |                    |
| Administration Services  | 266                | 2,717              |
| Advertising and Promotion  | 8,077              | 6,209              |
| Automobile Expenses  | 1,314              | 962                |
| Bank Service Charges   | 194                | 1,060              |
| Data Services  | 10,317             | 4,212              |
| Design Services  | -                  | 187                |
| Event Services   | -                  | 2,444              |
| Insurance Expenses   | -                  | 219                |
| Internet Services  | 525                | 500                |
| Legal and Professional   | -                  | 50                 |
| Meals and Entertainment  | 632                | 626                |
| Office Supplies  | 70                 | 194                |
| Payroll Taxes  | -                  | 2,001              |
| Penalties  | -                  | 104                |
| Project Management   | 3,490              | 8,233              |
| Rent Expenses  | -                  | 140                |
| Servers  | 4,999              | 3,320              |
| Software   | 155                | 180                |
| Transportation Services  | -                  | 725                |
| Travel Expenses  | -                  | 2,370              |
| Wages and Salaries   | -                  | 18,833             |
| Web Development and Services   | 40,870             | 58,932             |
| <b>TOTAL EXPENSES</b>  | <b>70,909</b>      | <b>114,218</b>     |
| <b>OPERATING INCOME (LOSS)</b>   | <b>(18,384)</b>    | <b>(48,619)</b>    |
| <b>OTHER INCOME/ (EXPENSES)</b>  |                    |                    |
| Other Income   | 9,945              | -                  |
| Interest Expenses  | (2,100)            | (2,322)            |
| <b>OTHER INCOME/ (EXPENSES)</b>  | <b>7,845</b>       | <b>(2,322)</b>     |
| <b>INCOME (LOSS) FROM CONTINUING<br/>OPERATION BEFORE INCOME TAXES</b> | <b>(10,539)</b>    | <b>(50,941)</b>    |
| <b>PROVISION FOR INCOME TAX - Note 2</b>                               | <b>800</b>         | <b>800</b>         |
| <b>NET INCOME (LOSS)</b>   | <b>\$ (11,339)</b> | <b>\$ (51,741)</b> |

See independent accountant's review report and accompanying notes.

**LIFOGRAPH, INC.**

**STATEMENT OF SHAREHOLDERS' EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2018 & 2017**

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|                              | Common Shares | Additional Paid-in<br>Capital (SAFEs) | Retained Earnings<br>(Accumulated<br>Deficits) | Total       |
|------------------------------|---------------|---------------------------------------|--|-------------|
| Balance at January 1, 2017   | \$ 173,137    | \$ 25,000                             | \$ (211,397)                                   | \$ (13,260) |
| Capital Contribution         | 5,000         | 25,000                                |  |             |
| Net loss                     |               |                                       | (51,741)                                       | (51,741)    |
| Dividend declared            |               |                                       |  | -           |
| Balance at December 31, 2017 | \$ 178,137    | \$ 50,000                             | \$ (263,138)                                   | \$ (35,001) |
| Balance at January 1, 2018   | \$ 178,137    | \$ 50,000                             | \$ (263,138)                                   | \$ (35,001) |
| Capital Contribution         |               |                                       |  | \$ -        |
| Net loss                     |               |                                       | (11,339)                                       | (11,339)    |
| Dividend declared            |               |                                       |  | -           |
| Balance at December 31, 2018 | \$ 178,137    | \$ 50,000                             | \$ (274,477)                                   | \$ (46,340) |

See independent accountant's review report and accompanying notes.

**LIFOGRAPH, INC.**

**STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2018 & 2017**

|  | <u>2018</u>            | <u>2017</u>             |
|--|------------------------|-------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>                                       |                        |                         |
| <b>NET INCOME (LOSS)</b>   | \$ (11,339)            | \$ (51,741)             |
| <b>ADJUSTMENTS TO RECONCILE NET INCOME<br/>TO NET CASH PROVIDED BY OPERATIONS:</b> |                        |                         |
| (Incr.) Decr. In Accounts Receivable   | 1,350                  | (1,350)                 |
| Incr. (Decr.) in Accounts Payable  | (9,945)                | -                       |
| Incr. (Decr.) in Credit Card Payables  | (3,411)                | (3,687)                 |
| Incr. (Decr.) in Interest Payables   | 700                    | 2,322                   |
| Incr. (Decr.) in State Tax Payable   | 800                    | -                       |
| <b>TOTAL ADJUSTMENTS</b>   | <u>(10,506)</u>        | <u>(2,716)</u>          |
| <b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>                            | (21,845)               | (54,456)                |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                        |                         |
| <b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>                            | -                      | -                       |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>                                       |                        |                         |
| Loan Payable   | 23,000                 | 10,000                  |
| Repayment of Loan Payable  | (10,000)               | -                       |
| Capital Contribution - Common Stock  | -                      | 5,000                   |
| Additional Paid In Capital (SAFEs)   | -                      | 25,000                  |
| <b>NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES</b>                            | <u>13,000</u>          | <u>40,000</u>           |
| <b>NET INCREASE (DECREASE) IN CASH</b>   | (8,845)                | (14,456)                |
| <b>CASH - BEGINNING</b>  | <u>13,518</u>          | <u>27,975</u>           |
| <b>CASH - ENDING</b>   | <u><u>\$ 4,674</u></u> | <u><u>\$ 13,518</u></u> |

See independent accountant's review report and accompanying notes.



## **LIFOGRAPH, INC.**

### **NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2018 & 2017**

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#### **NOTE 1 - GENERAL**

LIFOGRAPH, INC., ("the Company"), was incorporated on November 7, 2012 in the state of Delaware and registered with California Secretary of State as a foreign corporation on June 14, 2019

The Company engaged in online business of building biographies and timelines of people and the companies.

#### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **Basis of Accounting**

The financial statements of the Company have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

##### **Use of Estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and disclosed in the accompanying notes. Actual results could differ from those estimates.

##### **Cash and Cash Equivalents**

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

##### **Accounts Receivable & Allowance for Doubtful Accounts**

Accounts receivable consists of amounts billed to customers for purchase for which payment has not yet been received. Due to the nature of business, no accounts receivable and allowance for doubtful accounts were recognized for the reporting periods of these financial statements.

##### **Credit Risk**

Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of cash and receivables. The Institution places cash in high credit quality financial institutions, which limits the amount of credit exposure. Concentrations of risk with respect to receivables is limited due to the online business nature. The management of the Company believes no significant credit risk exists for the reporting period of these financial statements.

**LIFOGRAPH, INC.****NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2018 & 2017**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Revenue Recognition**

The Company recognizes revenue when payment is tendered at the point of sale.

**Advertising and Marketing Costs**

The Company expenses advertising and marketing costs as they are incurred. Annual advertising and marketing expenses totaled \$8,077 and \$6,209 in 2018 and 2017, respectively.

**Income Taxes**

The Company computes income taxes using the asset and liability method, under which deferred income taxes are recognized based on the differences between the financial statement carrying amounts and the respective tax basis of assets and liabilities. Deferred tax assets and liabilities are measured using current enacted tax rates expected to apply to taxable income in the years in which the Institution expects the temporary differences to reverse. The effect of a change in tax rates on deferred taxes is recognized in income in the period that includes the enactment date. As of reporting dates, the company recognized no deferred tax assets or liabilities.

**NOTE 3 - CASH AND CASH EQUIVALENTS**

Cash and Cash equivalents consist of the following:

|                          | <u>2018</u>     | <u>2017</u>      |
|--------------------------|-----------------|------------------|
| Cash on Hand             | \$ 66           | \$ 1,654         |
| Cash in Bank - Citi Bank | 4,608           | 11,865           |
| Total                    | <u>\$ 4,674</u> | <u>\$ 13,518</u> |

**NOTE 4 - OTHER PAYABLES**

Other payables consist of the following:

|                      | <u>2018</u>      | <u>2017</u>      |
|----------------------|------------------|------------------|
| Credit Card Payables | 14,191           | 17,602           |
| Interest Payables    | 149              | 522              |
| Loan Payables        | 2,000            | 10,000           |
|                      | <u>\$ 16,340</u> | <u>\$ 28,124</u> |

**LIFOGRAPH, INC.****NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2018 & 2017**

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**NOTE 5 - LONG-TERM LIABILITIES**

The Company's long-term liabilities are as follows:

|                             | <u>2018</u>      | <u>2017</u>      |
|-----------------------------|------------------|------------------|
| Interest Payables - Accrued | 2,873            | 1,800            |
| Loan Payables               | 31,000           | 10,000           |
| Total Long-term Liabilities | <u>\$ 33,873</u> | <u>\$ 11,800</u> |

The Company has various unsecured personal loans from shareholder's husband and friend. The loans bears interest rate of either 6% or 10% and due on maturity date.

Principal payments on loan paybles are due as follows,

Year ending December 31,

|                     |                  |
|---------------------|------------------|
| 2019                | \$ 2,000         |
| 2020                | 10,000           |
| 2021                | -                |
| 2022                | -                |
| 2023                | 21,000           |
| Total loan payables | <u>\$ 33,000</u> |

**NOTE 6 - STOCK HOLDERS' EQUITY**

The Company is authorized to issue 20,000,000 shares of common stock. As of December 31, 2018 and 2017, 11,127,162 shares were issued and outstanding.

The Company has received in total of \$50,000 for the SAFEs (Simple Agreements for Future Equity) and the amount are recorded as "Additional paid-in capital".

As of December 31, 2018, the Company's options are summarized as follows:

|                   | <u>Shares</u>  |
|-------------------|----------------|
| Options Available | 56,000         |
| Options Granted   | 444,000        |
| Total Options     | <u>500,000</u> |

On May 12, 42,000 stock options that was granted on August 17, 2017 was expired due to no exercising and total number of available stock options to be granted was 98,000 shares.

**LIFOGRAPH, INC.**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2018 & 2017**

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**NOTE 7 - RELATED PARTY TRANSACTIONS**

As disclosed in note 5, the Company carries loan payables in total of \$33,000 and \$31,000 of the total loan payables is personal loan from a major shareholder's husband.

The Company has no other reportable related party transactions except above stated transactions of loans from shareholder's husband and accrued interests.

**NOTE 8 - SUBSEQUENT EVENTS**

Management of the Company has evaluated material events or transactions subsequent to December 31, 2018 through June 17, 2019, the date these financial statements were available to be issued, and determined that there was no material subsequent event that would be reported in the financial statements.