

CARIBU INC. AND SUBSIDIARY

Consolidated Financial Statements
For the year ended December 31, 2017
(With Independent Accountants' Review Report Thereon)

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Stockholders
CARIBU INC. AND SUBSIDIARY

We have reviewed the accompanying consolidated financial statements of CARIBU INC. AND SUBSIDIARY, which comprise the consolidated balance sheet as of December 31, 2017, and the related consolidated statement of operations, accumulated deficit, and cash flows for the year then ended, and the related notes to the consolidated 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 consolidated 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 consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement whether due to fraud or error.

Accountants' Responsibility

Our responsibility is to conduct the review engagement 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 consolidated 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.

Accountants' Conclusion

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

Lee & Nieda LLP

Lee & Nieda LLP
June 7, 2019
Miami, FL

CARIBU INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEET
DECEMBER 31, 2017
(READ ACCOUNTANTS' REVIEW REPORT)
The accompanying notes are an integral part of these statements.

ASSETS

Current Assets:

Cash and cash equivalents	\$	110,942
Other receivables		<u>9,252</u>
Total Current Assets		120,194
Deferred tax asset		<u>12,144</u>
Total Assets	\$	<u>132,338</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities:

Accounts payable	\$	9,352
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Long-Term Liabilities:

Due to Stockholder		<u>67,568</u>
Total Liabilities		76,920

Stockholders' Equity:

Common stock (voting and non-voting) \$.01 par value, 57,254 shares authorized, 18,347 shares issued and outstanding	\$	183	
Additional paid-in capital		159,817	
Accumulated deficit		<u>(104,582)</u>	<u>55,418</u>
Total Liabilities and Stockholders' Equity	\$	<u>132,338</u>	

CARIBU INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2017
(READ ACCOUNTANTS' REVIEW REPORT)

The accompanying notes are an integral part of these statements.

Revenues earned		\$ 2,156
Cost of revenues		<u>20,188</u>
Gross loss		(18,032)
General and administrative expenses		<u>46,082</u>
Loss from operations		(64,114)
Other Income and (Expense):		
Miscellaneous income	\$ 8,505	
Miscellaneous expenses	<u>(1,629)</u>	<u>6,876</u>
Loss before income taxes		(57,238)
Income tax benefit		12,144
Net Loss		<u>\$ (45,094)</u>

CARIBU INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF ACCUMULATED DEFICIT
FOR THE YEAR ENDED DECEMBER 31, 2017
(READ ACCOUNTANTS' REVIEW REPORT)
The accompanying notes are an integral part of these statements.

Accumulated deficit at the beginning of the year	\$ (59,488)
Net loss for the year	<u>(45,094)</u>
Accumulated Deficit at the End of the Year	<u>\$ (104,582)</u>

CARIBU INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017
(READ ACCOUNTANTS' REVIEW REPORT)

The accompanying notes are an integral part of these statements.

Cash flows from operating activities:

Net loss		\$ (45,094)
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Adjustments to reconcile net loss to cash used by operating activities:

Deferred tax asset	\$ (12,144)	
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Changes in assets and liabilities:

Increase in other receivables	(4,946)	
Increase in accounts payable	3,032	(14,058)
Cash flows used in operating activities		(59,152)

Cash flows from financing activities:

Contributions to capital	160,000	
Proceeds from stockholder loan	5,992	165,992
Net increase in cash and cash equivalents		106,840
Cash and cash equivalents at the beginning of the year		4,102

Cash and Cash Equivalents at the End of the Year		\$ 110,942
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CARIBU INC. AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2017

1 NATURE OF OPERATIONS

Caribu Inc. was incorporated under the laws of the State of Delaware in September 2015 to develop a mobile software application and marketplace that allows families to connect through a video-call to read books, draw, and learn together in real-time.

Caribu Ltd. was formed in the United Kingdom in September 2013 as a software developer.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The accompanying financial statements are the consolidated financial statements of Caribu Inc. and Caribu Ltd., a wholly-owned subsidiary, collectively "the Company". All significant intercompany transactions and balances are eliminated in the consolidation process.

Use of Estimates

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The preparation of these consolidated financial statements require management to make estimates that affect the reported amounts of assets and liabilities, revenue and expenses, and related disclosures of contingent assets and liabilities. The estimates and related judgments and assumptions are continually evaluated based on available information and experiences; however, actual amounts could differ from those estimates.

Revenue Recognition

The Company uses the accrual method of accounting. Revenues are recognized when earned and expenses are deducted when incurred.

Income Taxes

Income taxes comprise of federal and state income taxes. Deferred tax assets and liabilities are recognized to reflect the estimated tax effects attributable to temporary differences and net operating loss carryforwards. Deferred tax assets and liabilities are measured using the enacted tax rates that will be in effect when the temporary differences are expected to reverse. The measurement of deferred tax assets is reduced by a valuation allowance, if necessary, by the amount of any tax benefits that are not expected to be realized.

As of December 31, 2017, the statute of limitations remains open for federal tax returns for 2013 and following years; therefore, they are subject to potential examinations by the Internal Revenue Service.

Advertising Expenses

Advertising is expensed as incurred. For the year ended December 31, 2017, advertising expense was \$19,419.

Research and Development Costs

All research and development costs are included in cost of revenues. The research and development costs for the year ended December 31, 2017, was \$12,769.

CARIBU INC. AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value of Financial Instruments

The Company's financial instruments are cash and cash equivalents and accounts payable. The recorded values of cash and cash equivalents approximate fair values based on their short-term nature. The carrying values of accounts payable are estimated to approximate fair value.

The Company defines fair value as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date". The Company establishes fair value of its assets and liabilities using a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels which distinguish between assumptions based on market data (observable inputs) and the Company's assumptions (unobservable inputs). The level in the fair value hierarchy within which the respective fair value measurement falls is determined based on the lowest level input that is significant to the measurement in its entirety. Level 1 inputs are quoted market prices in active markets for identical assets or liabilities, Level 2 inputs are other than quotable market prices included in Level 1 that are observable for the asset or liability either directly or indirectly through corroboration with observable market data. Level 3 inputs are unobservable inputs for the assets or liabilities that reflect management's own assumptions about the assumptions market participants would use in pricing the asset or liability.

Cash and Cash Equivalents

For purposes of the consolidated statement of cash flows, the Company considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

3 CONCENTRATION OF CREDIT RISK

The Company maintains its cash balance in two financial institutions. The balance is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The balances might exceed the insured limits from time to time. At December 31, 2017, the Company has no unsecured balance at the banks.

4 DUE TO STOCKHOLDER

The Company borrowed \$67,568 from one of the stockholders of Caribu Inc. under an unsecured, non-interest bearing loan payable.

5 INCOME TAXES

The Company uses the accrual method of accounting for financial statement purposes and the cash method for income tax purposes.

Deferred tax asset reflects the estimated tax effects of net operating loss carryforwards. At December 31, 2017 the deferred tax asset is as follows:

Net operating loss carryforwards	\$ <u>12,144</u>
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CARIBU INC. AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2017

6 **SUBSEQUENT EVENTS**

The Company has evaluated subsequent events through June 7, 2019, the date these consolidated financial statements were available to be issued. No subsequent events have occurred that require recognition or disclosure in the consolidated financial statements.



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INDEPENDENT ACCOUNTANTS' REVIEW REPORT ON SUPPLEMENTARY INFORMATION

To the Stockholders
CARIBU INC. AND SUBSIDIARY

Our report on our review of the basic consolidated financial statements of CARIBU INC. AND SUBSIDIARY for the year ended December 31, 2017, appears on page 1. The objective of that review was to perform procedures to obtain limited assurance as a basis for reporting whether we were aware of any material modifications that should be made to the consolidated financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. The supplementary information included in pages 10 – 12 is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the consolidated financial statements. The supplementary information has been subjected to the review procedures applied in our review of the basic consolidated financial statements. We are not aware of any material modifications that should be made to the supplementary information. We have not audited the supplementary information and do not express an opinion on such information.

Lee & Nieda LLP

Lee & Nieda, LLP
June 7, 2019
Miami, FL

CARIBU INC. AND SUBSIDIARY
SUPPLEMENTARY INFORMATION
CONSOLIDATED GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017
(READ ACCOUNTANTS' REVIEW REPORT ON SUPPLEMENTARY INFORMATION)

Advertising	\$ 19,419
Bank charges	1,758
Dues and subscriptions	1,207
Marketing	5,000
Miscellaneous expense	2,566
Payroll expenses	6,000
Professional fees	5,563
Promotions	<u>4,569</u>
	<u>\$ 46,082</u>

CARIBU INC. AND SUBSIDIARY
 SUPPLEMENTARY INFORMATION
 CONSOLIDATED BALANCE SHEET
 FOR THE YEAR ENDED DECEMBER 31, 2017
 (READ ACCOUNTANTS' REVIEW REPORT ON SUPPLEMENTARY INFORMATION)

ASSETS	Caribu Inc.	Caribu Ltd.	Eliminations	Consolidated
Current Assets:				
Cash and cash equivalents	\$ 109,690	\$ 1,252	\$ -	\$ 110,942
Other receivables	-	9,252	-	9,252
Total Current Assets	<u>109,690</u>	<u>10,504</u>	-	<u>120,194</u>
Deferred tax asset	12,144	-	-	12,144
Total Assets	<u>\$ 121,834</u>	<u>\$ 10,504</u>	<u>\$ -</u>	<u>\$ 132,338</u>
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current Liabilities:				
Accounts payable	\$ 9,352	\$ -	\$ -	\$ 9,352
Long Term Liabilities:				
Due to stockholder	-	67,568	-	67,568
Total Liabilities	<u>9,352</u>	<u>67,568</u>	<u>-</u>	<u>76,920</u>
Stockholders' Equity:				
Common stock (voting and non-voting)				
\$.01 par value; 10,000,000				
shares authorized, 18,347 shares issued				
and outstanding	183	-	-	183
Additional paid-in-capital	159,817	-	-	159,817
Accumulated deficit	<u>(47,518)</u>	<u>(57,064)</u>	<u>-</u>	<u>(104,582)</u>
Total Stockholders' Equity (Accumulated				
Deficit)	<u>112,482</u>	<u>(57,064)</u>	<u>-</u>	<u>55,418</u>
Total Liabilities and Stockholders' Equity	<u>\$ 121,834</u>	<u>\$ 10,504</u>	<u>\$ -</u>	<u>\$ 132,338</u>

CARIBU INC. AND SUBSIDIARY
SUPPLEMENTARY INFORMATION
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2017
(READ ACCOUNTANTS' REVIEW REPORT ON SUPPLEMENTARY INFORMATION)

	Caribu Inc.	Caribu Ltd.	Eliminations	Consolidated
Revenues earned	\$ 1,210	\$ 946	\$ -	\$ 2,156
Cost of revenues	19,940	248	-	20,188
Gross profit (loss)	(18,730)	698	-	(18,032)
General and administrative expenses	45,484	598	-	46,082
Income (loss) from operations	(64,214)	100	-	(64,114)
Other Income (Expense):				
Miscellaneous income	8,500	5	-	8,505
Miscellaneous expense	(1,629)	-	-	(1,629)
	6,871	5	-	6,876
Profit (loss) before income taxes	(57,343)	105	-	(57,238)
Income tax benefit	12,144	-	-	12,144
Net Income (Loss)	<u>\$ (45,199)</u>	<u>\$ 105</u>	<u>\$ -</u>	<u>\$ (45,094)</u>