

**Immortal Studios Inc.**  
**Delaware Corporation**

Financial Statement (Unaudited) and Independent Accountant's Review Report  
June 23, 2020 (inception)

# IMMORTAL STUDIOS INC.

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To the Board of Directors of  
Immortal Studios, Inc.  
Los Angeles, California

## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

We have reviewed the accompanying financial statement of Immortal Studios, Inc. (a Delaware Corporation), which comprise the balance sheet as of June 23, 2020 (inception) and the related notes to the financial statement. 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 Statement

Management is responsible for the preparation and fair presentation of the financial statement in accordance with accounting principles generally accepted in the United States of America; this includes 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 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 statement for it 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.

### Accountant's Conclusion

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

### Going Concern

As discussed in Note 2, certain conditions indicate that the Company may be unable to continue as a going concern. The accompanying financial statement does not include any adjustments that might be necessary should the Company be unable to continue as a going concern.

*Artesian CPA, LLC*

**Artesian CPA, LLC**

Denver, Colorado  
October 10, 2020

**Artesian CPA, LLC**

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**IMMORTAL STUDIOS, INC.**  
**BALANCE SHEET (UNAUDITED)**  
**As of June 23, 2020 (inception)**

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**ASSETS**

Current Assets:

Cash and cash equivalents	\$ -
Total Current Assets	-

TOTAL ASSETS \$ -

**LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)**

Current Liabilities

Due to a related party	\$ 3,371
Total Current Liabilities	<u>3,371</u>

Stockholders' Equity (Deficit):

Common Stock, \$0.00001 par value, 50,000,000 shares authorized, no shares issued and outstanding as of June 23, 2020 (inception)	-
Additional paid-in capital	-
Accumulated deficit	<u>(3,371)</u>
Total Stockholders' Equity (Deficit)	(3,371)

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT) \$ -

See Independent Accountant's Review Report and accompanying notes, which are an integral part of these financial statements.

**IMMORTAL STUDIOS, INC**  
**NOTES TO THE FINANCIAL STATEMENT (UNAUDITED)**  
**As of June 23, 2020 (inception)**

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**NOTE 1: NATURE OF OPERATIONS**

Immortal Studios, Inc. (the “Company”) is a corporation organized June 23, 2020 under the laws of Delaware. Immortal Studios is an original content studio with a modern and elevated take on the ancient Chinese martial arts-fantasy genre, also known as Wuxia.

As of June 23, 2020 (inception), the Company has not yet commenced planned principal operations nor generated revenue. The Company’s activities since inception have consisted of formation activities and preparations to raise capital. Once the Company commences its planned principal operations, it will incur significant additional expenses. The Company is dependent upon additional capital resources for the commencement of its planned principal operations and is subject to significant risks and uncertainties; including failing to secure additional funding to operationalize the Company’s planned operations or failing to profitably operate the business.

**NOTE 2: GOING CONCERN**

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company has not yet commenced planned principal operations, plan to incur significant costs in pursuit of its capital financing plans, and has not yet generated revenues or profits as of its inception date. The Company’s ability to continue as a going concern for the next twelve months following the date the financial statement was available to be issued is dependent upon its ability to obtain additional capital financing from investors sufficient to meet current and future obligations and deploy such capital to produce profitable operating results. No assurance can be given that the Company will be successful in these efforts.

These factors, among others, raise substantial doubt about the ability of the Company to continue as a going concern for a reasonable period of time. The financial statement does not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

**NOTE 3: 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 (GAAP).

The Company adopted the calendar year as its basis of reporting.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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.

See accompanying Independent Accountant’s Review Report

**IMMORTAL STUDIOS, INC**  
**NOTES TO THE FINANCIAL STATEMENT (UNAUDITED)**  
**As of June 23, 2020 (inception)**

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Risks and Uncertainties

The Company has a limited operating history and has not yet generated revenue from intended operations. The Company's business and operations are sensitive to general business and economic conditions in the U.S. along with local, state, and federal governmental policy decisions. A host of factors beyond the Company's control could cause fluctuations in these conditions, including but not limited to: credit risk and changes to regulations governing the Company's industry. Adverse developments in these general business and economic conditions could have a material adverse effect on the Company's financial condition and the results of its operations.

Cash Equivalents and Concentration of Cash Balance

The Company considers all highly liquid securities with an original maturity of less than three months to be cash equivalents. The Company's cash and cash equivalents in bank deposit accounts, at times, may exceed federally insured limits. As of June 23, 2020 (inception), the Company has not established a deposit account with a financial institution.

Fair Value of Financial Instruments

Financial Accounting Standards Board ("FASB") guidance specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). The three levels of the fair value hierarchy are as follows:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 1 primarily consists of financial instruments whose value is based on quoted market prices such as exchange-traded instruments and listed equities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (e.g., quoted prices of similar assets or liabilities in active markets, or quoted prices for identical or similar assets or liabilities in markets that are not active).

Level 3 - Unobservable inputs for the asset or liability. Financial instruments are considered Level 3 when their fair values are determined using pricing models, discounted cash flows or similar techniques and at least one significant model assumption or input is unobservable.

The carrying amounts reported in the balance sheet approximate their fair value.

Revenue Recognition

ASC Topic 606, "Revenue from Contracts with Customers" establishes principles for reporting information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts to provide goods or services to customers. Revenues are recognized when control of the promised goods or services are transferred to a customer, in an amount that reflects the consideration that the Company expects to receive in exchange for those goods or services. The Company applies the following five steps in order to determine the appropriate amount of revenue to

See accompanying Independent Accountant's Review Report

**IMMORTAL STUDIOS, INC**  
**NOTES TO THE FINANCIAL STATEMENT (UNAUDITED)**  
**As of June 23, 2020 (inception)**

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be recognized as it fulfills its obligations under each of its agreements: 1) identify the contract with a customer; 2) identify the performance obligations in the contract; 3) determine the transaction price; 4) allocate the transaction price to performance obligations in the contract; and 5) recognize revenue as the performance obligation is satisfied.

As of June 23, 2020 (inception), no revenue has been recognized.

Organizational Costs

In accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 720, organizational costs, including accounting fees, legal fees, and costs of incorporation, are expensed as incurred.

As discussed in Note 4, the Company incurred legal costs by a related party prior to the inception date, which were recorded as beginning accumulated deficit to stockholders' equity/(deficit).

Income Taxes

The Company uses the liability method of accounting for income taxes as set forth in ASC 740, *Income Taxes*. Under the liability method, deferred taxes are determined based on the temporary differences between the financial statement and tax basis of assets and liabilities using tax rates expected to be in effect during the years in which the basis differences reverse. A valuation allowance is recorded when it is unlikely that the deferred tax assets will not be realized.

The Company assesses its income tax positions and record tax benefits for all years subject to examination based upon our evaluation of the facts, circumstances and information available at the reporting date. In accordance with ASC 740-10, for those tax positions where there is a greater than 50% likelihood that a tax benefit will be sustained, the Company's policy is to record the largest amount of tax benefit that is more likely than not to be realized upon ultimate settlement with a taxing authority that has full knowledge of all relevant information. For those income tax positions where there is less than 50% likelihood that a tax benefit will be sustained, no tax benefit will be recognized in the financial statements.

The Company has evaluated its income tax positions and has determined that it does not have any uncertain tax positions. The Company will recognize interest and penalties related to any uncertain tax positions through its income tax expense.

The Company accounts for income taxes with the recognition of estimated income taxes payable or refundable on income tax returns for the current period and for the estimated future tax effect attributable to temporary differences and carryforwards. Measurement of deferred income items is based on enacted tax laws including tax rates, with the measurement of deferred income tax assets being reduced by available tax benefits not expected to be realized in the immediate future.

The Company expects to file U.S. federal and various state income tax returns. The Company was formed in 2020 and has not been required to file any tax returns. All tax periods since inception remain open to examination by the taxing jurisdictions to which the Company is subject.

**IMMORTAL STUDIOS, INC**  
**NOTES TO THE FINANCIAL STATEMENT (UNAUDITED)**  
**As of June 23, 2020 (inception)**

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**NOTE 4: RELATED PARTY TRANSACTIONS**

Immortal Studios Ltd. (a Hong Kong company) is under common control to the Company. Immortal Studios Ltd. has advanced funds to pay for legal costs amounting to \$3,371 incurred on the Company's behalf prior to the Company's inception date and remained outstanding as of June 23, 2020 (inception). These advances are under an informal arrangement bearing no interest and considered payable on demand.

**NOTE 5: STOCKHOLDERS' EQUITY (DEFICIT)**

The Company has authorized 50,000,000 shares of \$0.00001 par value common stock. As of June 23, 2020 (inception), no shares of common stock were issued or outstanding.

**NOTE 6: RECENT ACCOUNTING PRONOUNCEMENTS**

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606). This ASU supersedes the previous revenue recognition requirements in ASC Topic 605—Revenue Recognition and most industry-specific guidance throughout the ASC. The core principle within this ASU is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration expected to be received for those goods or services. In August 2015, the FASB issued ASU 2015-14, *Revenue from Contracts with Customers*, which deferred the effective date for ASU 2014-09 by one year to fiscal years beginning after December 15, 2017, while providing the option to early adopt for fiscal years beginning after December 15, 2016. Transition methods under ASU 2014-09 must be through either (i) retrospective application to each prior reporting period presented, or (ii) retrospective application with a cumulative effect adjustment at the date of initial application. The Company adopted this new standard effective on its inception date.

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). This ASU requires a lessee to recognize a right-of-use asset and a lease liability under most operating leases in its balance sheet. The ASU is effective for annual and interim periods beginning after December 15, 2020, including interim periods within those fiscal years. Early adoption is permitted. We are continuing to evaluate the impact of this new standard on our financial reporting and disclosures.

Management does not believe that any other recently issued, but not yet effective, accounting standards could have a material effect on the accompanying financial statement. As new accounting pronouncements are issued, we will adopt those that are applicable under the circumstances.

**NOTE 7: COMMITMENTS AND CONTINGENCIES**

In the course of normal operations, the Company may be involved in various claims and litigation that management intends to defend. The range of loss, if any, from potential claims cannot be reasonably estimated. However, management believes the ultimate resolution of matters will not have a material adverse impact on the Company's business or financial position.



**IMMORTAL STUDIOS, INC**  
**NOTES TO THE FINANCIAL STATEMENT (UNAUDITED)**  
**As of June 23, 2020 (inception)**

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**NOTE 8: SUBSEQUENT EVENTS**

Stock Issuances

Subsequent to June 23, 2020 (inception), the Company issued a total of 9,000,000 shares of common stock to its founding group at an issuance price equal to par value of \$0.00001 per share for total proceeds of \$90.

2020 Stock Plan

Subsequent to June 23, 2020 (inception), the Company authorized the 2020 Stock Plan (the “Plan”) and reserved 1,000,000 shares of common stock for issuance under the Plan.

Related Party Loans

Immortal Studios Ltd. (a Hong Kong company) loaned the Company an additional \$87,718 after June 23, 2020 (inception) to fund the Company’s operating needs under the same terms discussed in Note 4.

Kickstarter Campaign

Subsequent to June 23, 2020 (inception), the Company conducted a Kickstarter campaign to raise funds for a project, which raised approximately \$35,000 primarily in the form of pre-sales of the digital and print copies of the project and other related products and services.

Management’s Evaluation

Management has evaluated subsequent events through October 10, 2020, the date the financial statement was available to be issued. Based on this evaluation, no additional material events were identified which require adjustment or disclosure in this financial statement.