

**SECURITY TOKEN MARKET, LLC**  
**(A FLORIDA LIMITED LIABILITY COMPANY)**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2020**

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## INDEPENDENT AUDITOR'S REPORT

To the Members  
Security Token Market, LLC

We have audited the accompanying financial statements of Security Token Market, LLC (a Florida limited liability company) (the "Company"), which comprise the balance sheet as of December 31, 2020, and the related statements of income and change in members' equity, and cash flows for the year then ended, and the related notes to the financial statements.

### 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Security Token Market, LLC as of December 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

  
CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
June 3, 2022

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**SECURITY TOKEN MARKET, LLC**  
**BALANCE SHEET**  
**DECEMBER 31, 2020**

ASSETS

|                             |                        |
|-----------------------------|------------------------|
| CURRENT ASSETS              |                        |
| Cash                        | \$ 529                 |
| Total current assets        | <u>529</u>             |
| PROPERTY AND EQUIPMENT, NET | 865                    |
| DUE FROM RELATED PARTY, NET | <u>3,690</u>           |
| Total assets                | <u><u>\$ 5,084</u></u> |

LIABILITIES AND MEMBERS' EQUITY

|                                       |                        |
|---------------------------------------|------------------------|
| LIABILITIES                           | \$ -                   |
| MEMBERS' EQUITY                       | <u>5,084</u>           |
| Total liabilities and members' equity | <u><u>\$ 5,084</u></u> |

**SECURITY TOKEN MARKET, LLC**  
**STATEMENT OF INCOME AND CHANGE IN MEMBERS' EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

REVENUES

|                     |               |
|---------------------|---------------|
| Advertising revenue | \$ 12,500     |
| Total revenues      | <u>12,500</u> |

EXPENSES

|                                     |               |
|-------------------------------------|---------------|
| Bank charges and fees               | 31            |
| Contract labor                      | 11,520        |
| Depreciation                        | 288           |
| Dues and subscriptions              | 568           |
| General and administrative expenses | 419           |
| Telephone and internet              | 100           |
| Total expenses                      | <u>12,926</u> |

|                          |              |
|--------------------------|--------------|
| LOSS BEFORE OTHER INCOME | <u>(426)</u> |
|--------------------------|--------------|

OTHER INCOME

|                          |              |
|--------------------------|--------------|
| Other income - SBA grant | 1,000        |
| Total other income       | <u>1,000</u> |

|            |     |
|------------|-----|
| NET INCOME | 574 |
|------------|-----|

|                                    |              |
|------------------------------------|--------------|
| MEMBERS' EQUITY, BEGINNING BALANCE | <u>4,510</u> |
|------------------------------------|--------------|

|                                 |                        |
|---------------------------------|------------------------|
| MEMBERS' EQUITY, ENDING BALANCE | <u><u>\$ 5,084</u></u> |
|---------------------------------|------------------------|

**SECURITY TOKEN MARKET, LLC**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

|   |                      |
|---|----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES  |                      |
| Net income  | \$ 574               |
| Adjustments to reconcile net income to net cash provided by operating activities: |                      |
| Depreciation  | 288                  |
| Net cash provided by operating activities   | <u>862</u>           |
| CASH FLOWS FROM INVESTING ACTIVITIES  |                      |
| Net advances due from related party   | <u>(690)</u>         |
| Net cash used in investing activities   | <u>(690)</u>         |
| NET INCREASE IN CASH  | 172                  |
| CASH, BEGINNING OF YEAR   | <u>357</u>           |
| CASH, END OF YEAR   | <u><u>\$ 529</u></u> |

**SECURITY TOKEN MARKET, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 1. NATURE OF OPERATIONS**

Security Token Market, LLC (the “Company”) was organized in July of 2018 in the state of Florida. The Company operates a website that provides data and news on tokenized assets through the tracking of over 170 tokenized securities from over 11 marketplaces worldwide.

The Company is a limited liability company, and therefore, the members are not liable for the debts, obligations or other liabilities of the Company, whether arising in contract, tort or otherwise, unless a member has signed a specific guarantee.

**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 in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Revenue Recognition

Revenue is recognized when obligations under the terms of a contract with a customer are satisfied; generally, this occurs with the transfer of control. Revenue is measured at the amount of consideration the Company expects to receive in exchange for transferring control. The Company derives its revenues from the sale of advertising space on the Company’s website. For the year ended December 31, 2020, the Company had no obligations for returns, refunds, and other similar obligations.

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation. Expenditures for major additions and improvements are capitalized and minor replacements, maintenance, and repairs are charged to expense as incurred. Depreciation is calculated over the estimated useful lives of the related assets using the straight-line method.

The estimated useful life of the Company’s property and equipment categories are as follows:

|                    |         |
|--------------------|---------|
| Computer equipment | 5 years |
|--------------------|---------|

**SECURITY TOKEN MARKET, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Impairment of Long-Lived Assets

Management reviews long-lived assets, which consists of property and equipment, for impairment when circumstances indicate the carrying amount of an asset may not be recoverable based on the undiscounted future cash flows of the asset. If the carrying amount of an asset may not be recoverable, a write-down to fair value is recorded. Fair values are determined based on the discounted cash flows, quoted market values, or external appraisals, as applicable. Long-lived assets are reviewed for impairment at the individual asset or the asset group level for which the lowest level of independent cash flows can be identified. No such impairment was recorded for the year ended December 31, 2020.

Concentration of Credit Risk

Concentrations of credit risk may exist for cash. Cash is held in major financial institutions and in the regular course of business, the Company has deposits in a financial institution that may at times reflect a total balance greater than the Federal Deposit Insurance Corporation's maximum of \$250,000 insurable at each institution. The Company believes there is no significant risk with respect to these deposits.

Income Taxes

The Company is treated as a partnership for both federal and state income tax purposes. A partnership is not a taxpaying entity for federal or state income tax purposes; rather, the earnings, losses, and credits are allocated to its members in accordance with the terms of the operating agreement.

Uncertainty in Income Taxes

The Company follows the provisions of Accounting Standards Codification ("ASC") 740-10, "*Accounting for Uncertainty in Income Taxes*", which clarifies the accounting for uncertainty in income taxes recognized in a company's financial statements and prescribes a recognition threshold and measurement process for financial statement recognition and measurement for a tax position taken or expected to be taken in a tax return. It also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosures and transition.

Based on its evaluation, the Company has concluded that there are no significant uncertain tax positions requiring recognition in the financial statements.

**NOTE 3. PROPERTY AND EQUIPMENT**

Property and equipment as of December 31, 2020, consisted of the following:

|                                |               |
|--------------------------------|---------------|
| Computer equipment             | \$ 1,153      |
| Less: accumulated depreciation | (288)         |
|                                | <u>\$ 865</u> |

Depreciation expense for the year ended December 31, 2020, amounted to \$288.



**SECURITY TOKEN MARKET, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 4. RELATED PARTY TRANSACTIONS**

As of December 31, 2020, the Company had amounts due from a related party of \$3,690. No interest is charged on these advances, which are unsecured and have no specific repayment terms. Management expects to collect the amount in full.

**NOTE 5. CONTINGENCIES**

Legal

The Company is subject to claims and legal actions that may arise in the ordinary course of business. The Company is not aware of any litigation either pending or filed that might have a potential impact on its financial position.

**NOTE 6. SUBSEQUENT EVENTS**

The Company evaluated subsequent events through June 3, 2022, the date these financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

**SECURITY TOKEN MARKET, LLC**  
**(A FLORIDA LIMITED LIABILITY COMPANY)**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2021**

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## **INDEPENDENT ACCOUNTANT’S REVIEW REPORT**

### **Opinion**

We have audited the accompanying financial statements of Security Token Market, LLC (a Florida limited liability company) (the “Company”), which comprise the balance sheet as of December 31, 2021, and the related statements of operations and change in members’ equity (deficit), and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Security Token Market, LLC as of December 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Security Token Market, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Security Token Market, LLC’s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor’s Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.



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### **Auditor's Responsibilities for the Audit of the Financial Statements (Continued)**

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Security Token Market, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Security Token Market, LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

  
CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
June 3, 2022

**SECURITY TOKEN MARKET, LLC**  
**BALANCE SHEET**  
**DECEMBER 31, 2021**

ASSETS

|                             |                        |
|-----------------------------|------------------------|
| CURRENT ASSETS              |                        |
| Cash                        | \$ 1,511               |
| Total current assets        | <u>1,511</u>           |
| PROPERTY AND EQUIPMENT, NET | <u>7,237</u>           |
| Total assets                | <u><u>\$ 8,748</u></u> |

LIABILITIES AND MEMBERS' DEFICIT

|  |                        |
|--|------------------------|
| LIABILITIES                            |                        |
| Due to related parties, net            | \$ 56,410              |
| Total liabilities                      | 56,410                 |
| MEMBERS' DEFICIT                       | <u>(47,662)</u>        |
| Total liabilities and members' deficit | <u><u>\$ 8,748</u></u> |

**SECURITY TOKEN MARKET, LLC**  
**STATEMENT OF OPERATIONS AND CHANGE IN MEMBERS' EQUITY (DEFICIT)**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

|                                    |                           |
|------------------------------------|---------------------------|
| REVENUES                           |                           |
| Advertising revenue                | \$ 131,848                |
| Total revenues                     | <u>131,848</u>            |
| EXPENSES                           |                           |
| Advertising                        | 2,259                     |
| Bank charges and fees              | 174                       |
| Commissions                        | 13,371                    |
| Contract labor                     | 144,630                   |
| Depreciation                       | 561                       |
| Dues and subscriptions             | 1,351                     |
| Office expenses                    | 2,459                     |
| Professional fees                  | 10,000                    |
| Travel                             | 8,489                     |
| Total expenses                     | <u>183,294</u>            |
| NET LOSS                           | (51,446)                  |
| MEMBERS' EQUITY, BEGINNING BALANCE | 5,084                     |
| DISTRIBUTIONS TO MEMBER            | <u>(1,300)</u>            |
| MEMBERS' DEFICIT, ENDING BALANCE   | <u><u>\$ (47,662)</u></u> |

**SECURITY TOKEN MARKET, LLC**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

|  |                        |
|--|------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES   |                        |
| Net loss   | \$ (51,446)            |
| Adjustments to reconcile net loss to net cash<br>used in operating activities: |                        |
| Depreciation   | 561                    |
| Net cash used in operating activities  | <u>(50,885)</u>        |
| CASH FLOWS FROM INVESTING ACTIVITIES   |                        |
| Purchase of property and equipment   | (6,933)                |
| Net advances from related parties  | 60,100                 |
| Net cash provided by investing activities                                      | <u>53,167</u>          |
| CASH FLOWS FROM FINANCING ACTIVITIES   |                        |
| Distributions to member  | <u>(1,300)</u>         |
| Net cash used in financing activities  | <u>(1,300)</u>         |
| NET INCREASE IN CASH   | 982                    |
| CASH, BEGINNING OF YEAR  | <u>529</u>             |
| CASH, END OF YEAR  | <u><u>\$ 1,511</u></u> |



**SECURITY TOKEN MARKET, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 1. NATURE OF OPERATIONS**

Security Token Market, LLC (the “Company”) was organized in July of 2018 in the state of Florida. The Company operates a website that provides data and news on tokenized assets through the tracking of over 170 tokenized securities from over 11 marketplaces worldwide.

The Company is a limited liability company, and therefore, the members are not liable for the debts, obligations or other liabilities of the Company, whether arising in contract, tort or otherwise, unless a member has signed a specific guarantee.

**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 in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Revenue Recognition

Revenue is recognized when obligations under the terms of a contract with a customer are satisfied; generally, this occurs with the transfer of control. Revenue is measured at the amount of consideration the Company expects to receive in exchange for transferring control. The Company derives its revenues from the sale of advertising space on the Company’s website. For the year ended December 31, 2021, the Company had no obligations for returns, refunds, and other similar obligations.

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation. Expenditures for major additions and improvements are capitalized and minor replacements, maintenance, and repairs are charged to expense as incurred. Depreciation is calculated over the estimated useful lives of the related assets using the straight-line method.

The estimated useful life of the Company’s property and equipment categories are as follows:

|                    |         |
|--------------------|---------|
| Computer equipment | 5 years |
| A/V equipment      | 5 years |

**SECURITY TOKEN MARKET, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Impairment of Long-Lived Assets

Management reviews long-lived assets, which consists of property and equipment, for impairment when circumstances indicate the carrying amount of an asset may not be recoverable based on the undiscounted future cash flows of the asset. If the carrying amount of an asset may not be recoverable, a write-down to fair value is recorded. Fair values are determined based on the discounted cash flows, quoted market values, or external appraisals, as applicable. Long-lived assets are reviewed for impairment at the individual asset or the asset group level for which the lowest level of independent cash flows can be identified. No such impairment was recorded for the year ended December 31, 2021.

Concentration of Credit Risk

Concentrations of credit risk may exist for cash. Cash is held in major financial institutions and in the regular course of business, the Company has deposits in a financial institution that may at times reflect a total balance greater than the Federal Deposit Insurance Corporation's maximum of \$250,000 insurable at each institution. The Company believes there is no significant risk with respect to these deposits.

Income Taxes

The Company is treated as a partnership for both federal and state income tax purposes. A partnership is not a taxpaying entity for federal or state income tax purposes; rather, the earnings, losses, and credits are allocated to its members in accordance with the terms of the operating agreement.

Uncertainty in Income Taxes

The Company follows the provisions of Accounting Standards Codification (“ASC”) 740-10, *Accounting for Uncertainty in Income Taxes*, which clarifies the accounting for uncertainty in income taxes recognized in a company’s financial statements and prescribes a recognition threshold and measurement process for financial statement recognition and measurement for a tax position taken or expected to be taken in a tax return. It also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosures and transition.

Based on its evaluation, the Company has concluded that there are no significant uncertain tax positions requiring recognition in the financial statements.

**NOTE 3. PROPERTY AND EQUIPMENT**

Property and equipment as of December 31, 2021, consists of the following:

|                                |                      |
|--------------------------------|----------------------|
| Computer equipment             | \$ 1,153             |
| A/V equipment                  | 6,933                |
|                                | <hr/> 8,086          |
| Less: accumulated depreciation | (849)                |
|                                | <hr/> <hr/> \$ 7,237 |

Depreciation expense for the year ended December 31, 2021, amounted to \$561.

**SECURITY TOKEN MARKET, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 4. RELATED PARTY TRANSACTIONS**

During the year ended December 31, 2021, the Company received advances from parties related through common ownership to assist with the funding of operations. No interest is charged on these advances, which are unsecured and have no specific repayment terms. Management expects to repay the amount in full. The net balance due to related parties as of December 31, 2021, was \$56,410.

**NOTE 5. CONTINGENCIES**

Legal

The Company is subject to claims and legal actions that may arise in the ordinary course of business. The Company is not aware of any litigation either pending or filed that might have a potential impact on its financial position.

**NOTE 6. SUBSEQUENT EVENTS**

The Company evaluated subsequent events through June 3, 2022, the date these financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.