
FAN TO OWNER FUTBOL 1 LLC

AUDITED FINANCIAL STATEMENTS

FROM NOVEMBER 2, 2023 (INCEPTION)

TO

YEAR ENDED DECEMBER 31, 2023

(Expressed in United States Dollars)

INDEX TO FINANCIAL STATEMENTS

	Page
INDEPENDENT ACCOUNTANT’S AUDIT REPORT	1
FINANCIAL STATEMENTS:	
Balance Sheet	3
Statement of Operations	4
Statement of Changes in Members’ Equity.....	5
Statement of Cash Flows	6
Notes to Financial Statements	7

FAN TO OWNER FUTBOL 1 LLC

BALANCE SHEET



10586 W Pico Blvd, Suite 224, Los Angeles, CA 90064

www.setapartfinancial.com

213-814-2809

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Fan to Owner Futbol 1, LLC
Menlo Park, California

Opinion

We have audited the financial statements of Fan to Owner Futbol 1, LLC, which comprise the balance sheets as of December 31, 2023, and the related statements of income, changes in stockholders' equity, and cash flows from November 2, 2023 (Inception) to December 31, 2023, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Fan to Owner Futbol 1, LLC as of December 31, 2023, and the results of its operations and its cash flows from November 2, 2023 to December 31, 2023 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Fan to Owner Futbol 1, LLC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 Fan to Owner Futbol 1 LLC's ability to continue as a going concern for period of twelve months from the date of issuance of these financial statements.

FAN TO OWNER FUTBOL 1 LLC

BALANCE SHEET

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 GAAS 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, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS, 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 Fan to Owner Futbol 1 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 Fan to Owner Futbol 1 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.

Going Concern

As discussed in Note 7, certain conditions indicate that the Company may be unable to continue as a going concern. The accompanying financial statements do not include any adjustments that might be necessary should the Company be unable to continue as a going concern.

Set Apart FS

April 5, 2024
Los Angeles, California

FAN TO OWNER FUTBOL 1 LLC**BALANCE SHEET**

As of December 31,	2023
(USD \$ in Dollars)	
ASSETS	
Current Assets:	
Cash & cash equivalents	\$ -
Total current assets	-
	-
Total assets	\$ -
LIABILITIES AND STOCKHOLDERS' EQUITY	
Total Liabilities	\$ -
STOCKHOLDERS EQUITY	
Members' equity	-
Retained earnings/(Accumulated Deficit)	-
Total Members' Equity	-
Total Liabilities and Members' Equity	\$ -

See accompanying notes to financial statements.

FAN TO OWNER FUTBOL 1 LLC**STATEMENTS OF OPERATIONS****FROM NOVEMBER 2, 2023 (INCEPTION) TO DECEMBER 31, 2023**

	December 31, 2023
(USD \$ in Dollars)	
Net revenue	\$ -
Cost of goods sold	-
Gross profit	-
Operating expenses	
General and administrative	-
Total operating expenses	-
Operating income/(loss)	-
Interest expense	-
Other Loss/(Income)	-
Income/(Loss) before provision for income taxes	-
Provision/(Benefit) for income taxes	-
Net income/(Net Loss)	\$ -

See accompanying notes to financial statements.

FAN TO OWNER FUTBOL 1, LLC
STATEMENTS OF CHANGES IN SHAREHOLDER' EQUITY
FROM NOVEMBER 2, 2023 (INCEPTION) TO DECEMBER 31, 2023

	<u>Members' equity</u>	<u>Retained earnings/ (Accumulated Deficit)</u>	<u>Total Members' Equity</u>
(in , \$US)			
Inception date (November 2, 2023)	\$ -	\$ -	\$ -
Contribution	-	-	-
Net income/(loss)	-	-	-
Balance— (December 31, 2023)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements.

FAN TO OWNER FUTBOL 1, LLC
STATEMENTS OF CASH FLOWS
FROM NOVEMBER 2, 2023 (INCEPTION) TO DECEMBER 31, 2023

	<u>December 31, 2023</u>
(USD \$ in Dollars)	
CASH FLOW FROM OPERATING ACTIVITIES	
Net income/(loss)	\$ -
Net cash provided/(used) by operating activities	<u>-</u>
CASH FLOW FROM INVESTING ACTIVITIES	
Acquisition of equity interest	-
Net cash provided/(used) in investing activities	<u>-</u>
CASH FLOW FROM FINANCING ACTIVITIES	
Contribution	-
Net cash provided/(used) by financing activities	<u>-</u>
Change in cash	-
Cash—beginning of year	-
Cash—end of year	<u>\$ -</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION	
Cash paid during the year for interest	\$ -
Cash paid during the year for income taxes	\$ -
OTHER NONCASH INVESTING AND FINANCING ACTIVITIES AND SUPPLEMENTAL DISCLOSURES	
Purchase of property and equipment not yet paid for	\$ -
Issuance of equity in return for note	\$ -
Issuance of equity in return for accrued payroll and other liabilities	\$ -

See accompanying notes to financial statements.

FAN TO OWNER FUTBOL 1, LLC
NOTES TO FINANCIAL STATEMENTS
FROM NOVEMBER 2, 2023 (INCEPTION) TO DECEMBER 31, 2023

1. NATURE OF OPERATIONS

Fan to Owner Futbol 1 LLC was incorporated on November 2, 2023, as a Delaware LLC. The financial statements of Fan to Owner Futbol 1 LLC (which may be referred to as the “Company”, “we”, “us”, or “our”) are prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). The Company’s headquarters are located in Menlo Park, California.

The company business model is to acquire a team in the third division of the Spanish futbol league and develop the team with the aim to promote it up to the first division. The company will invest in the club facilities and build a digital platform to create a global (both digital and physical) entertainment experience to engage mainstream fans, making them owners of the team they support (investing through regulated crowdfunding mechanisms) and subscribers of monthly memberships to get exclusive access to content.

2. 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 (“US GAAP”). The Company has adopted a calendar year end of December 31, as its basis of reporting.

Use of Estimates

The preparation of financial statements in conformity with United States 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.

Cash and Cash Equivalents

Cash and cash equivalents include all cash in banks. The Company’s cash is deposited in demand accounts at financial institutions that management believes are creditworthy. The Company’s cash and cash equivalents in bank deposit accounts, at times, may exceed federally insured limits. As of November 2, 2023, the Company’s cash and cash equivalents did not exceed FDIC insured limits.

Income Taxes

Fan to Owner Futbol 1 LLC is an S corporation for income tax purposes. Under these provisions, the Company does not pay federal corporate income taxes on its taxable income. Instead, the members are liable for individual federal and state income taxes on their respective shares of the Company’s taxable income. The Company has filed tax returns from inception through 2023 and is not subject to tax examination by the Internal Revenue Service or state regulatory agencies.

FAN TO OWNER FUTBOL 1, LLC
NOTES TO FINANCIAL STATEMENTS
FROM NOVEMBER 2, 2023 (INCEPTION) TO DECEMBER 31, 2023

Concentration of Credit Risk

The Company maintains its cash with a major financial institution located in the United States of America which it believes to be creditworthy. Balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At times, the Company may maintain balances in excess of the federally insured limits.

Revenue Recognition

The Company recognizes revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the Company expects to be entitled to in exchange for those goods or services. In determining when and how revenue is to be recognized from contracts with customers, the Company performs the following five step analysis laid under Accounting Standard Codification ("ASC") 606, Revenue from Contracts with Customers: (1) identification of contract with customers, (2) determination of performance obligations, (3) measurement of the transaction price, (4) allocation of transaction price to the performance obligations, and (5) recognition of revenue when or as the company satisfies each performance obligation.

The Company is exclusively a holding company with no independent revenue stream.

Fair Value of Financial Instruments

The carrying value of the Company's financial instruments included in current assets and current liabilities (such as cash and cash equivalents, restricted cash and cash equivalents, accounts receivable, accounts payable, and accrued expenses approximate fair value due to the short-term nature of such instruments).

The inputs used to measure fair value are based on a hierarchy that prioritizes observable and unobservable inputs used in valuation techniques. These levels, in order of highest to lowest priority, are described below:

Level 1—Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2—Observable prices that are based on inputs not quoted on active markets but corroborated by market data.

Level 3—Unobservable inputs reflecting the Company's assumptions, consistent with reasonably available assumptions made by other market participants. These valuations require significant judgment.

Subsequent Events

The Company considers events or transactions that occur after the balance sheet date, but prior to the issuance of the financial statements to provide additional evidence relative to certain estimates or to identify matters that require additional disclosure. Subsequent events have been evaluated through November 2, 2023, which is the date the financial statements were issued.

FAN TO OWNER FUTBOL 1, LLC
NOTES TO FINANCIAL STATEMENTS
FROM NOVEMBER 2, 2023 (INCEPTION) TO DECEMBER 31, 2023

Recently Issued and Adopted Accounting Pronouncements

The FASB issues ASUs to amend the authoritative literature in ASC. There have been a number of ASUs to date, including those above, that amend the original text of ASC. Management believes that those issued to date either (i) provide supplemental guidance, (ii) are technical corrections, (iii) are not applicable to us or (iv) are not expected to have a significant impact on our financial statements.

Leases

The Company determines if an arrangement is a lease at inception by determining whether the agreement conveys the right to control the use of the identified asset for a period of time, whether the Company has the right to obtain substantially all of the economic benefits from use of the identified asset, and the right to direct the use of the asset. Lease liabilities are recognized at the commencement date based upon the present value of the remaining future minimum lease payments over the lease term using the rate implicit in the lease or the Company's incremental borrowing rate. The incremental borrowing rate is defined as the rate of interest the Company would have to pay to borrow on a collateralized basis over a similar term in an amount equal to the lease payments in a similar economic environment. The Company's lease terms include options to renew or terminate the lease when it is reasonably certain that it will exercise the option.

The lease right-of-use assets are initially measured at the carrying amount of the lease liability and adjusted for any prepaid or accrued lease payments, remaining balance of lease incentives received, unamortized initial direct costs, or impairment charges relating to the right-of-use-asset. Certain leases contain escalation clauses, which are factored into the right-of-use asset where appropriate. Lease expense for minimum lease payments is recognized on straight-line basis over the lease term.

Variable lease expenses include payments related to the usage of the leased asset (utilities, real estate taxes, insurance, and variable common area maintenance) and are expensed as incurred. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

3. MEMBERS' EQUITY

The ownership percentages of the members are as follows:

As of December 31, 2023

Member's name	Ownership percentage
Fan to Owner Sports Corporation	100.0%
TOTAL	100.0%

FAN TO OWNER FUTBOL 1, LLC
NOTES TO FINANCIAL STATEMENTS
FROM NOVEMBER 2, 2023 (INCEPTION) TO DECEMBER 31, 2023

4. DEBT

The Company has no debt as of December 31, 2023.

5. RELATED PARTY

There are no related party transactions.

6. COMMITMENTS AND CONTINGENCIES

Contingencies

The Company's operations are subject to a variety of local and state regulation. Failure to comply with one or more of those regulations could result in fines, restrictions on its operations, or losses of permits that could result in the Company ceasing operations.

Litigation and Claims

From time to time, the Company may be involved in litigation relating to claims arising out of operations in the normal course of business. As of December 31, 2023, there were no pending or threatened lawsuits that could reasonably be expected to have a material effect on the results of the Company's operations.

7. GOING CONCERN

The Company lacks significant working capital and has commenced operations. The Company will incur significant additional costs before significant revenue is achieved. These matters raise substantial doubt about the Company's ability to continue as a going concern. During the next twelve months, the Company intends to fund its operations with funding from its proposed Regulation Crowdfunding campaign, and additional debt and/or equity financing as determined to be necessary. There are no assurances that management will be able to raise capital on terms acceptable to the Company. If the Company is unable to obtain sufficient amounts of additional capital, it may be required to reduce the scope of our planned development, which could harm our business, financial condition and operating results. The balance sheet and related financial statements do not include any adjustments that might result from these uncertainties.