

Unaudited-No assurance provided.



24X US HOLDINGS LLC
Financial Statements

December 31, 2022

Unaudited-No assurance provided.

**24X US HOLDINGS LLC
DECEMBER 31, 2022**

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Unaudited-No assurance provided.

**24X US HOLDINGS LLC
BALANCE SHEET
DECEMBER 31, 2022**

ASSETS

OTHER ASSETS

| | |
|---------------------|--------------------------|
| Due from affiliates | <u>\$ 379,228</u> |
| TOTAL ASSETS | <u><u>\$ 379,228</u></u> |

LIABILITIES AND MEMBER'S DEFICIENCY

CURRENT LIABILITIES:

| | |
|---|------------------|
| Accrued expenses | \$ 176,204 |
| Losses in excess of investment in wholly-owned subsidiary | <u>1,587,411</u> |
| TOTAL CURRENT LIABILITIES | <u>1,763,615</u> |

| | |
|--------------------------|------------------|
| TOTAL LIABILITIES | <u>1,763,615</u> |
|--------------------------|------------------|

MEMBER'S DEFICIENCY:

| | |
|----------------------------------|--------------------|
| Member's deficiency | <u>(1,384,387)</u> |
| TOTAL MEMBER'S DEFICIENCY | <u>(1,384,387)</u> |

| | |
|--|--------------------------|
| TOTAL LIABILITIES AND MEMBER'S DEFICIENCY | <u><u>\$ 379,228</u></u> |
|--|--------------------------|

The accompanying notes are an integral part of these financial statements.

24X US HOLDINGS LLC
STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2022

| | |
|---|-----------------------|
| REVENUE | \$ 5,450,863 |
| | |
| OPERATING EXPENSES: | |
| Office salaries and related costs | 5,199,094 |
| Office expense | 44,431 |
| Professional fees | 3,875 |
| | <hr/> |
| TOTAL OPERATING EXPENSES | 5,247,400 |
| | <hr/> |
| INCOME FROM OPERATIONS | 203,463 |
| | |
| OTHER EXPENSE | |
| Loss in equity of wholly-owned subsidiary | 1,548,836 |
| | <hr/> |
| TOTAL OTHER EXPENSE | 1,548,836 |
| | <hr/> |
| NET LOSS | \$ (1,345,373) |
| | <hr/> |

The accompanying notes are an integral part of these financial statements.

24X US HOLDINGS LLC
STATEMENT OF MEMBER'S DEFICIENCY
YEAR ENDED DECEMBER 31, 2022

| | |
|----------------------------|-----------------------|
| Balance, January 1, 2022 | \$ (39,014) |
| Net loss | <u>(1,345,373)</u> |
| Balance, December 31, 2022 | <u>\$ (1,384,387)</u> |

The accompanying notes are an integral part of these financial statements.

24X US HOLDINGS LLC
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2022

| | |
|---|--------------------|
| CASH FLOWS PROVIDED BY OPERATING ACTIVITIES: | |
| Net loss | \$ (1,345,373) |
| Adjustments to reconcile net loss to net cash provided by operating activities: | |
| Loss in equity of wholly-owned subsidiary | 1,548,836 |
| Change in operating assets and liabilities: | |
| Due from affiliate | (379,228) |
| Accrued expenses | 175,765 |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | <u>-</u> |
| | |
| NET INCREASE IN CASH | - |
| | |
| CASH, <i>beginning of year</i> | <u>-</u> |
| | |
| CASH, <i>end of year</i> | <u><u>\$ -</u></u> |

The accompanying notes are an integral part of these financial statements

**24X US HOLDINGS LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

Note 1 - Nature of Business and Organization

24 US Holdings LLC (the "Holdings") was formed under the laws of Delaware in 2021. The Company commenced operations in January 2022.

The Company is a payroll service company that provides services to its affiliates. The Company acts as a centralized provider for payroll-related solutions and support. It handles payroll processing, tax compliance and other related administrative tasks on behalf of its affiliated entities.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Investment in Wholly-Owned Subsidiary

The Company accounts for its investment in its wholly-owned subsidiary using the equity method of accounting. The equity method of accounting requires the Company to recognize its share of the earnings and losses in the investee in the periods in which they are reflected in the accounts of the investee. The balance is increased to reflect the Company's capital contributions and equity in earnings of the subsidiary. The balance is decreased for its equity in losses of the subsidiary and for distributions received that are not in excess of the carrying value amount of the investment. The Company recognized losses in excess of the carrying value of the investment as the Company or its affiliates will provide further financial support to the subsidiary as needed.

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 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.

24X US HOLDINGS LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

Note 2 - Summary of Significant Accounting Policies (Continued)

Revenue Recognition

The Company accounts for revenue recognition under Accounting Standards Codification ("ASC") 606, Revenue from Contracts with Customers ("ASC 606"). The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The FASB also required expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

In general, the Company applies the following steps when recognizing revenue from contracts with customers: (i) identify the contract, (ii) identify the performance obligations, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations and (v) recognize revenue when a performance obligation is satisfied.

The Company earns its revenue by charging its affiliates a 5% markup for services provided. Under this pricing model, the Company calculates the revenue by adding a 5% markup to the direct payroll costs incurred in shared services to the affiliates. The costs primarily include office salaries and payroll related costs. Affiliates reimburse the Company for the services they have received based on this cost-plus pricing model.

Income Taxes

The Company and its wholly-owned subsidiary are both single member limited liability companies that have elected to be taxed as corporations. The Company's tax returns include the operations of its wholly-owned subsidiary.

The Company accounts for income taxes in accordance with ASC 740, Income Taxes, which requires that the Company recognize deferred tax assets and liabilities based on the differences between the financial statement carrying amounts and the tax bases of assets and liabilities, using enacted tax rates in effect in the years the differences are expected to reverse.

24X US HOLDINGS LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

Note 2 - Summary of Significant Accounting Policies (Continued)

Income Taxes (Continued)

The provision for, or benefit from, income taxes includes deferred taxes resulting from the temporary differences in income for financial and tax purposes using the liability method. Such temporary differences result primarily from the differences in the carrying value of assets and liabilities. Future realization of deferred income tax assets requires sufficient taxable income within the carryback, carryforward period available under tax law. We evaluate, on a quarterly basis whether, based on all available evidence, it is probable that the deferred income tax assets are realizable. Valuation allowances are established when it is more likely than not that the tax benefit of the deferred tax asset will not be realized. The evaluation, as prescribed by ASC 740-10, Income Taxes, includes the consideration of all available evidence, both positive and negative, regarding historical operating results including recent years with reported losses, the estimated timing of future reversals of existing taxable temporary differences, estimated future taxable income exclusive of reversing temporary differences and carryforwards, and potential tax planning strategies which may be employed to prevent an operating loss or tax credit carryforward from expiring unused.

The Company accounts for uncertainties in income taxes under the provisions of ASC 740 which clarify the accounting for uncertainty in income taxes recognized in an enterprise's financial statements. The standard prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The Subtopic provides guidance on the de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition.

Subsequent Events

The Company has evaluated subsequent events through August 29, 2023, the date that the financial statements were available to be issued.

24X US HOLDINGS LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

Note 3 - Related Party Transactions

Due from Affiliate

At December 31, 2022, the Company was owed \$379,228 from an affiliate for services provided.

Revenue from Affiliates

During the year ended December 31, 2022, the Company recorded revenue of \$5,450,863 from transactions with its affiliated entities. The revenue generated from affiliates is based on a cost-plus pricing model.

Note 4 - Income Taxes

The provision for income taxes for the year ended December 31, 2022, is set forth below:

| | |
|----------------------------------|------|
| Current and Deferred: | |
| Federal | \$ - |
| States | - |
| Total Provision for Income Taxes | \$ - |

The components of net deferred tax assets at December 31, 2022, are set forth below:

| | |
|--|------------|
| Deferred tax assets: | |
| Net operating loss | \$ 283,000 |
| Capitalized start up costs | 147,000 |
| Total deferred tax assets before valuation allowance | 430,000 |
| Valuation allowance | (430,000) |
| Net deferred tax assets | \$ - |

24X US HOLDINGS LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

Note 4 - Income Taxes (Continued)

During the year ended December 31, 2022, the Company recorded a valuation allowance equal to its net deferred tax assets. The Company determined that sufficient uncertainty exists regarding the future realization of these deferred tax assets through future taxable income. If, in the future, the Company believes that it is more likely than not that these deferred tax benefits will be realized, the valuation allowances will be reduced or eliminated. With a full valuation allowance, any change in the deferred tax asset or liability is fully offset by a corresponding change in the valuation allowance. At December 31, 2022, the Company provided a valuation allowance on its net deferred tax assets of \$430,000.

As of December 31, 2022, the Company had a federal net operating loss carry forward of approximately \$916,000 which does not expire. In addition, the Company has net operating loss carry forwards from various states of approximately \$916,000 which expire in 2042.

At December 31, 2022, the Company had no material unrecognized tax benefits and no adjustments to liabilities or operations were required. The Company does not expect that its unrecognized tax benefits will materially increase within the next twelve months. As of December 31, 2022, the Company has not recorded any provisions for accrued interest and penalties related to uncertain tax positions.

In certain cases, the Company's uncertain tax positions are related to tax years that remain subject to examination by the relevant tax authorities. The Company files federal and state income tax returns in jurisdictions with varying statutes of limitations. The 2022 tax year generally remains subject to examination by the various tax authorities.