

CAR DELIVERY NETWORK, INC.

Reviewed Financial Statements For The Years Ended March 31, 2019 and 2018



INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To Management
Car Delivery Network, Inc.
Pantego, TX

We have reviewed the accompanying financial statements of Car Delivery Network, Inc. (a corporation), which comprise the balance sheet as of March 31, 2019 and 2018, and the related statements of income, changes in shareholders' equity, and cash flows for the year then ended, and the related notes to the 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 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 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.

Accountant's 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 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.

Accountant's Conclusion

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

Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note B, certain conditions raise an uncertainty about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note B. The accompanying financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our conclusion is not modified with respect to this matter.

Jason M. Tyra, CPA, PLLC
Dallas, TX
March 25, 2019

CAR DELIVERY NETWORK, INC.
BALANCE SHEET
MARCH 31, 2019 & 2018

	<u>2019</u>	<u>2018</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 20,368	\$ 168,196
Accounts Receivable	9,884	4,871
Pre-Paid Expenses	356	1
TOTAL CURRENT ASSETS	30,607	173,067
NON-CURRENT ASSETS		
Equipment	6,463	3,116
Accumulated Depreciation	(5,669)	(1,830)
Security Deposit	950	950
Related Party Receivable	10,000	10,000
TOTAL NON-CURRENT ASSETS	11,744	12,236
TOTAL ASSETS	42,351	185,303
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>		
CURRENT LIABILITIES		
Accounts Payable	19,031	71,063
Unearned Revenues	50,531	45,310
TOTAL CURRENT LIABILITIES	69,561	116,373
NON-CURRENT LIABILITIES		
Related Party Payable	574,633	430,608
TOTAL LIABILITIES	644,194	546,981
SHAREHOLDERS' EQUITY		
Common Stock (10,000 shares authorized; 10,000 issued; \$.0001 par value)	1	1
Additional Paid in Capital	9,999	9,999
Retained Earnings (Deficit)	(611,843)	(371,677)
TOTAL SHAREHOLDERS' EQUITY	(601,843)	(361,677)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 42,351	\$ 185,303

CAR DELIVERY NETWORK, INC.
INCOME STATEMENT
FOR THE YEARS ENDED MARCH 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Operating Income		
Sales, Net	\$ 361,937	\$ 432,006
Gross Profit	361,937	432,006
Operating Expense		
Research & Development	315,000	300,000
Salaries & Wages	166,471	109,860
General & Administrative	90,225	166,246
Rent	9,085	9,819
Legal & Professional	6,251	47,835
Depreciation	3,839	1,830
Amortization	-	6,250
Selling & Marketing	22	6,898
	590,894	648,739
Net Income from Operations	(228,957)	(216,733)
Other Income (Expense)		
Tax Expense	(14,481)	-
Net Income	\$ (243,438)	\$ (216,733)

CAR DELIVERY NETWORK, INC.
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Cash Flows From Operating Activities		
Net Income (Loss) For The Period	\$ (243,438)	\$ (216,733)
Change in Unearned Revenues	5,221	10,846
Depreciation	3,839	1,830
Amortization	-	6,250
Change in Pre-paid Expenses	(355)	5,369
Change in Accounts Receivable	(5,013)	(4,221)
Change in Accounts Payable	(52,032)	62,675
Net Cash Flows From Operating Activities	(291,779)	(133,984)
Cash Flows From Investing Activities		
Purchase of Equipment	(3,346)	(2,263)
Net Cash Flows From Investing Activities	(3,346)	(2,263)
Cash Flows From Financing Activities		
Change in Related Party Payables	144,025	300,000
Retained Earning Adjustment	3,272	(2,832)
Net Cash Flows From Financing Activities	147,297	297,168
Cash at Beginning of Period	168,196	7,275
Net Increase (Decrease) In Cash	(147,828)	160,921
Cash at End of Period	\$ 20,368	\$ 168,196

CAR DELIVERY NETWORK, INC.
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED MARCH 31, 2019 AND 2018

	Common Stock		Additional Paid		Retained Earnings	Total Stockholders'
	Number	Amount		in Capital		Equity
Balance at March 31, 2017	10,000	\$ 1	\$	9,999	\$ (152,112)	\$ (142,112)
Retained Earnings Adjustment					(2,832)	(2,832)
Net Income					(216,733)	(216,733)
Balance at March 31, 2018	10,000	\$ 1	\$	9,999	\$ (371,677)	\$ (361,677)
Retained Earnings Adjustment					3,272	3,272
Net Income					(243,438)	(243,438)
Balance at March 31, 2019	10,000	\$ 1	\$	9,999	\$ (611,843)	\$ (601,843)

Reviewed- See accompanying notes.

CAR DELIVERY NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS (REVIEWED)
MARCH 31, 2019 AND 2018

NOTE A- ORGANIZATION AND NATURE OF ACTIVITIES

Car Delivery Network, Inc. (“the Company”) is a corporation organized under the laws of the State of Delaware. The Company is a logistics company that serves car delivery companies.

The Company is wholly owned by Car Delivery Network, LTD.

NOTE B- GOING CONCERN MATTERS

The financial statements have been prepared on the going concern basis, which assumes that the Company will continue in operation for the foreseeable future. However, management has identified the following conditions and events that created an uncertainty about the ability of the Company to continue as a going concern. The Company sustained net operating loss in fiscal year 2019 and 2018.

The following describes management's plans that alleviated substantial doubt about the Company's ability to continue as a going concern. The Company will raise funds through a Regulation CF offering. The Company's ability to meet its obligations as they become due is dependent upon the success of management's plans, as described above.

NOTE C- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“US GAAP”).

Significant Risks and Uncertainties

The Company is subject to customary risks and uncertainties including, but not limited to, dependence on key personnel, costs of services provided by third parties, the need to obtain additional financing, and limited operating history.

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 disclosure 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. Significant estimates inherent in the preparation of these financial statements include, but are not limited to, estimates of useful lives.

Cash and Cash Equivalents

Cash and cash equivalents include all cash balances, and highly liquid investments with maturities of three months or less when purchased.

CAR DELIVERY NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS (REVIEWED) (CONTINUED)

Revenue

The Company recognizes revenue when persuasive evidence of an arrangement exists, delivery has occurred, or services have been rendered, the fee for the arrangement is fixed or determinable and collectability is reasonably assured.

Fixed Assets

The Company capitalizes assets with an expected useful life of one year or more, and an original purchase price of \$1,000 or more. Depreciation is calculated on a straight-line basis over management's estimate of each asset's useful life.

Rent

The Company currently occupies office space under an operating lease on a month-to-month basis. The monthly payment amounts to \$750.

Related Party Transactions

The Company engages its parent company, Car Delivery Network, LTD., for hosting and development of its logistics system. The company incurred \$300,000 and \$315,000 in development costs in 2018 and 2019 respectively. These charges were accrued and are reflected in non-current liabilities.

Related Party Receivable

Related Party Receivable represents amounts due from investors in exchange for common stock.

Advertising

The Company records advertising expenses in the year incurred.

Research & Development

The Company records research & development expenses in the year incurred.

Income Taxes

The Company applies ASC 740 Income Taxes ("ASC 740"). Deferred income taxes are recognized for the tax consequences in future years of differences between the tax bases of assets and liabilities and their financial statement reported amounts at each period end, based on enacted tax laws and statutory tax rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized. The provision for income taxes represents the tax expense for the period, if any and the change during the period in deferred tax assets and liabilities. ASC 740 also provides criteria for the recognition, measurement, presentation and disclosure of uncertain tax positions. A tax benefit from an uncertain position is recognized only if it is "more likely than not" that the position is sustainable upon examination by the relevant taxing authority based on its technical merit.

CAR DELIVERY NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS (REVIEWED) (CONTINUED)

The Company is subject to tax filing requirements as a corporation in the federal jurisdiction of the United States. The Company sustained net operating losses during fiscal years 2019 and 2018. Net operating losses will be carried forward to reduce taxable income in future years. Due to management's uncertainty as to the timing and valuation of any benefits associated with the net operating loss carryforwards, the Company has elected to recognize an allowance to account for them in the financial statements, but has fully reserved it. Under current law, net operating losses may be carried forward indefinitely.

The Company is subject to franchise tax filing requirements in the State of Delaware.

Recently Adopted Accounting Pronouncements

From time to time, new accounting pronouncements are issued by the Financial Accounting Standards Board, or FASB, or other standard setting bodies and adopted by the Company as of the specified effective date. Unless otherwise discussed, the Company believes that the impact of recently issued standards that are not yet effective will not have a material impact on its financial position or results of operations upon adoption.

In May 2014, the FASB issued ASU, 2014-09—*Revenue from Contracts with Customers (Topic 606)*, or ASU 2014-09, and further updated through ASU 2016-12, or ASU 2016-12, which amends the existing accounting standards for revenue recognition. ASU 2014-09 is based on principles that govern the recognition of revenue at an amount to which an entity expects to be entitled to when products are transferred to customers. This guidance is effective for annual reporting periods, and interim periods within those years, beginning December 15, 2018 for non-public entities. The new revenue standard may be applied retrospectively to each prior period presented or retrospectively with the cumulative effect recognized as of the date of adoption. The adoption of ASU 2014-09 had no material impact on the Company's financial statements and related disclosures.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, or ASU 2016-02, which supersedes the guidance in ASC 840, *Leases*. The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today. This guidance is effective for annual reporting periods beginning after December 15, 2019 for non-public entities. The adoption of ASU 2016-02 had no material impact on the Company's financial statements and related disclosures.

NOTE E- FAIR VALUE MEASUREMENTS

Fair value is an exit price, representing the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants based on the highest and best use of the asset or liability. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. The Company uses valuation techniques to measure fair value that maximize the use of observable inputs and minimize the use of unobservable inputs. These inputs are prioritized as follows:

Level 1 - Observable inputs, such as quoted prices for identical assets or liabilities in active markets;

CAR DELIVERY NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS (REVIEWED) (CONTINUED)

Level 2 - Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly, such as quoted prices for similar assets or liabilities, or market-corroborated inputs; and
Level 3 - Unobservable inputs for which there is little or no market data which require the reporting entity to develop its own assumptions about how market participants would price the assets or liabilities.

The valuation techniques that may be used to measure fair value are as follows:

Market approach - Uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.

Income approach - Uses valuation techniques to convert future amounts to a single present amount based on current market expectations about those future amounts, including present value techniques, option-pricing models, and excess earnings method.

Cost approach - Based on the amount that currently would be required to replace the service capacity of an asset (replacement cost).

NOTE F- CONCENTRATIONS OF RISK

Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents. The Company places its cash and cash equivalents with a limited number of high-quality financial institutions and at times may exceed the amount of insurance provided on such deposits.

NOTE G- SUBSEQUENT EVENTS

Management considered events subsequent to the end of the period but before March 25, 2020 the date that the financial statements were available to be issued.