

# Travel.win LLC

Financial Statements and Report

December 31, 2022 and 2021

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# TESSERACT ADVISORY GROUP

## Independent Accountant's Review Report

To Management of:  
Travel.win LLC  
Fort Lauderdale, FL

We have reviewed the accompanying financial statements of Travel.win LLC (the company), which comprise the statements of balance sheets as of December 31, 2022 and 2021, and the related statements of income, changes in members' equity, and cash flows for the years 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 the company's 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 engagements 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.

*We are required to be independent of Travel.win LLC (the Company) and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our reviews.*

**Accountant's Conclusion**

Based on our reviews, 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.

A handwritten signature in black ink that reads "Philip Debaugh". The signature is written in a cursive style with a long horizontal flourish at the end.

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Philip Debaugh, CPA

OWINGS MILLS, MD  
February 20, 2023

**Travel.win LLC**  
Balance Sheet (Unaudited)  
As of December 31, 2022 and 2021

|  | Note | 2022              | 2021              |
|--|------|-------------------|-------------------|
| <b>Assets</b>                                  |      |                   |                   |
| <b>Current Assets</b>                          |      |                   |                   |
| Cash and cash equivalents                      | 1.e  | \$ 251,538        | \$ 402,371        |
| Commission receivable                          | 1.g  | 4,064             | 2,973             |
| Prepaid insurance                              |      | 6,735             | 12,882            |
| <b>Total Current Assets</b>                    |      | <b>262,337</b>    | <b>418,226</b>    |
| <b>Noncurrent Assets</b>                       |      |                   |                   |
| Property, plant, and equipment, net            | 2    | 10,100            | 891               |
| Intangible contract assets, net                | 3    | 85,278            | 91,944            |
| <b>Total Noncurrent Assets</b>                 |      | <b>95,378</b>     | <b>92,835</b>     |
| <b>Total Assets</b>                            |      | <b>357,715</b>    | <b>511,061</b>    |
| <b>Liabilities &amp; Members' Equity</b>       |      |                   |                   |
| <b>Liabilities</b>                             |      |                   |                   |
| <b>Current Liabilities</b>                     |      |                   |                   |
| Trade accounts payable                         |      | 1,738             | 832               |
| Accrued expenses                               |      | 17,564            | 26,534            |
| <b>Total Current Liabilities</b>               |      | <b>19,302</b>     | <b>27,366</b>     |
| <b>Total Liabilities</b>                       |      | <b>19,302</b>     | <b>27,366</b>     |
| Members' Equity                                | 4    | 338,413           | 483,695           |
| <b>Total Liabilities &amp; Members' Equity</b> |      | <b>\$ 357,715</b> | <b>\$ 511,061</b> |

**Travel.win LLC**  
Statement of Income (Unaudited)  
For the years ended December 31, 2022 and 2021

|  | Note | 2022         | 2021         |
|--|------|--------------|--------------|
| Revenues                                       | 6    | \$ 102,906   | \$ 135,747   |
| Cost of Revenues                               | 1.l  | 27,761       | 67,517       |
| <b>Gross Profit (Loss)</b>                     |      | 75,145       | 68,230       |
| <b>Operating Expenses</b>                      |      |              |              |
| Communications and information technology      |      | 52,263       | 26,207       |
| Salaries and wages                             | 5    | 50,000       | 20,500       |
| Legal and other professional fees and services |      | 41,178       | 23,320       |
| Advertising and promotion                      |      | 37,235       | 105,163      |
| Insurance                                      |      | 16,385       | 7,402        |
| Memberships and licenses                       |      | 10,439       | 14,452       |
| Depreciation and amortization                  | 2, 3 | 9,157        | 8,277        |
| Other operating expense                        |      | 3,770        | 3,190        |
| <b>Total Operating Expenses</b>                |      | 220,427      | 208,511      |
| <b>Net Income (Loss)</b>                       |      | \$ (145,282) | \$ (140,281) |

**Travel.win LLC**  
Statement of Changes in Members' Equity (Unaudited)  
For the years ended December 31, 2022 and 2021

|                                     | <b>Additional<br/>Paid-In Capital</b> | <b>Accumulated<br/>Deficit</b> | <b>Total<br/>Members'<br/>Equity</b> |
|-------------------------------------|---------------------------------------|--------------------------------|--------------------------------------|
| Balance at January 1, 2021          | \$ 323,976                            | \$ -                           | \$ 323,976                           |
| Net income (loss)                   | -                                     | (140,281)                      | (140,281)                            |
| Issuance of Class B Shares          | 300,000                               | -                              | 300,000                              |
| <b>Balance at December 31, 2021</b> | <b>623,976</b>                        | <b>(140,281)</b>               | <b>483,695</b>                       |
| Net income (loss)                   | -                                     | (145,282)                      | (145,282)                            |
| <b>Balance at December 31, 2022</b> | <b>\$ 623,976</b>                     | <b>\$ (285,563)</b>            | <b>\$ 338,413</b>                    |

**Travel.win LLC**  
Statement of Cash Flows (Unaudited)  
For the years ended December 31, 2022 and 2021

|  | 2022              | 2021              |
|--|-------------------|-------------------|
| <b>Cash Flows</b>  |                   |                   |
| <b>Cash Flows From Operating Activities</b>  |                   |                   |
| Net income (loss)  | \$ (145,282)      | \$ (140,281)      |
| <b>Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by (Used in) Operating Activities</b> |                   |                   |
| Depreciation and amortization  | 9,157             | 8,277             |
| <b>(Increase) decrease in operating assets, net of effects of businesses acquired</b>                    |                   |                   |
| Accounts receivable  | (1,091)           | (2,973)           |
| Prepaid expenses   | 6,147             | (12,882)          |
| Other assets   | -                 | (9,500)           |
| <b>Increase (decrease) in operating liabilities, net of effects of businesses acquired</b>               |                   |                   |
| Accounts payable and accrued liabilities   | (8,064)           | 2,105             |
| <b>Net Cash Provided by (Used in) Operating Activities</b>   | <b>(139,133)</b>  | <b>(155,254)</b>  |
| <b>Cash Flows from Investing Activities</b>  |                   |                   |
| Purchase of property, plant, and equipment   | (11,700)          | (2,499)           |
| <b>Cash Flows from Financing Activities</b>  |                   |                   |
| Proceeds from issuance of Class B shares   | -                 | 300,000           |
| <b>Net Increase (Decrease) in Cash, Cash Equivalents, and Restricted Cash</b>                            | <b>(150,833)</b>  | <b>142,247</b>    |
| Cash, cash equivalents, and restricted cash at beginning of year   | 402,371           | 260,124           |
| <b>Cash, Cash Equivalents, and Restricted Cash at End of Year</b>  | <b>\$ 251,538</b> | <b>\$ 402,371</b> |



## **Notes to the Financial Statements**

**Travel.win LLC**  
Notes to the Financial Statements  
For the years ended December 31, 2022 and 2021

**1. Summary of significant accounting policies**

**a. Nature of operations**

Travel.win LLC (the Company) is a travel loyalty platform provider that makes it easy for financial institutions, loyalty providers and consumer marketplaces to increase revenue and customer retention by offering a branded travel product. We enable our partners to create a customized travel store that adds value and creates consumer engagement for worldwide travel products.

**b. Basis of accounting**

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as detailed in the Financial Accounting Standards Board's Accounting Standards Codification. The financial statements have been prepared on the accrual basis of accounting.

**c. Use of estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America (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 materially differ from those estimates.

**d. Fair value measurements**

Generally accepted accounting principles define fair value as the price that would be received to sell an asset or be paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price) and such principles also establish a fair value hierarchy that prioritizes the inputs used to measure fair value using the following definitions (from highest to lowest priority):

- Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
  
- Level 2 - Observable inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, including quoted prices for similar assets and liabilities

**Travel.win LLC**  
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in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data by correlation or other means.

- Level 3 – Prices or valuation techniques requiring inputs that are both significant to the fair value measurement and unobservable.

The carrying amounts of financial instruments in the accompanying balance sheets approximate their fair values due to their relatively short-term nature.

**e. Cash and cash equivalents**

Cash and cash equivalents consists of deposits held in business checking and saving account at financial institutions in the United States.

**f. Income taxes**

The Company is a limited liability company taxed as a pass through entity. The accompanying financials statements do not include a provision, benefit, liability, or refund receivable for federal and state income taxes because the members are taxed individually on their share of the limited liability company earnings.

**g. Commissions receivable**

The Company accrues commissions monthly based on the reporting that shows all bookings that checked out that month. The Company then receives commissions mid-month for all those bookings that checked out in the prior month.

**h. Intangible assets**

Intangible assets assessed by the Company with finite useful lives are amortized on a systematic basis over their useful lives. The amortization period and amortization method for an intangible asset with a finite useful life reflects the pattern in which the assets' future economic benefits are expected to be consumed. Where the pattern cannot be reliably determined, the straight-line method is used. The amortization period and method is reviewed at least at each financial year-end.

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Notes to the Financial Statements  
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**i. Long-lived asset impairment**

The Company reviews its long-lived assets, including finite-lived intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. If such an event or change in circumstances is present, the Company will estimate the undiscounted future cash flows expected to result from the use of the asset and its eventual disposition. If the sum of the undiscounted future cash flows is less than the carrying amount of the related asset, the Company will record the asset at fair value and recognize an impairment loss in operating income. At December 31, 2022 and 2021, management was not aware of any other events or circumstances indicating the Company's long-lived assets would not be recoverable.

**j. 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 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.

Commission revenue is accrued monthly based on the bookings checked out monthly. The Company recognizes its set up and service/cancellation fees as incurred.

**k. Property, plant and equipment**

Property, plant and equipment is recorded at cost. Expenditures for additions, improvements and other enhancements to property, plant and equipment are capitalized, and minor replacements, maintenance, and repairs that do not extend asset life or add value are charged to expense as incurred. When property, plant and equipment assets are retired or otherwise disposed of, the related cost and accumulated depreciation is removed from the accounts and any resulting gain or loss is included in results of operations for the respective period. Exchange of nonmonetary assets that have commercial substance

**Travel.win LLC**  
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are measured based on the fair value of the assets exchanged.

In general, depreciation is the systematic and rational allocation of an asset's cost, less its residual value (if any), to the periods it benefits. The Company's property, plant and equipment is depreciated using the straight-line method, which results in depreciation expense being incurred evenly over the life of an asset. The estimated useful lives for each major depreciable classification of property, plant and equipment are as follows: computer equipment - 3 years. . Estimates of depreciation expense incorporates management assumptions regarding the useful economic lives and residual values of the Company's assets. The Company periodically reviews and adjusts, as appropriate, the residual values and useful lives of its assets.

**l. Cost of revenues**

Cost of revenues includes technology costs for running the website as well as partner commissions and processing fees. The Company accrues the partner payments due and the total commission received each month at the same time that corresponding revenue is recognized.

**m. Comprehensive income**

The Company does not have any comprehensive income items other than net income.

**2. Equipment**

The historical costs of the Company's computer equipment and related accumulated depreciation balances at were as follows:

|                                | 2022      | 2021     |
|--------------------------------|-----------|----------|
| Computer equipment             | \$ 18,197 | \$ 6,498 |
| Total Accumulated Depreciation | (8,097)   | (5,607)  |
| <b>Total</b>                   | \$ 10,100 | \$ 891   |

Depreciation expense was \$2,490 and \$1,610 for the years ended December 31, 2022 and 2021, respectively.

**3. Intangible contract assets**

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The Company entered into a contract in 2020 with Alliance Reservations network as a content provider, customer support, and merchant of record services. This allows the Company to focus on aligning strategic partnerships to grow our consumer population network.

The total capitalized value of the contract is \$100,000 which is amortized over a 15 year term. Amortization of the contract over the next five years and subsequent is as follows:

|                    |    |        |
|--------------------|----|--------|
| 2023               | \$ | 6,667  |
| 2024               |    | 6,667  |
| 2025               |    | 6,667  |
| 2026               |    | 6,667  |
| 2027               |    | 6,667  |
| Subsequent         |    | 51,943 |
| Total amortization | \$ | 85,278 |

Amortization expense was \$6,667 and \$6,667 for the years ended December 31, 2022 and 2021, respectively.

#### **4. Members' equity**

The Company has 2 classes of shares, A and B. Class B units are from initial investors and their units get paid back their initial investments prior to A class units receiving any distributions. Class A units do not have preferential treatment and would receive distributions based on the percentage they own after class B shareholders receive distributions.

#### **5. Related party transactions**

The Company has several partners and equity holders, including the CEO and CTO, that receive guaranteed payments. These payments are for services rendered and are classified as salaries on the statement of income. The total amount of these payments was \$50,000 and \$20,500 for the years ended December 31, 2022 and 2021, respectively.

#### **6. Revenue**

Revenues consist of the following:

**Travel.win LLC**  
Notes to the Financial Statements  
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|  | 2022              | 2021              |
|--|-------------------|-------------------|
| Commissions                              | \$ 50,106         | \$ 110,747        |
| Domain setup revenue                     | 45,000            | 25,000            |
| Monthly service and cancellation revenue | 7,800             | -                 |
| <b>Total</b>                             | <b>\$ 102,906</b> | <b>\$ 135,747</b> |

**7. Subsequent events**

Management evaluated all activity of the Company through February 20, 2023 (the issuance date of the financial statements) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the related notes to the financial statements.