

123 GREETINGS.COM, INC.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017

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ZBS GROUP LLP

Certified Public Accountants and Advisors

Board of Directors and Shareholders
123 Greetings.com Inc.
New York, NY

Report on the Financial Statements

We have audited the accompanying financial statements of 123 Greetings.com Inc. which comprise the balance sheet as of March 31, 2017, and the related statement of income, retained earnings, 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 of 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 entity'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 entity'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 123 Greetings.com Inc. as of March 31, 2017 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.

Report on Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included in the accompanying supporting schedules and general and administrative expenses schedule is presented for purposes of additional analysis only and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied to the audit of the financial statements, and in our opinion is fairly stated in all material respects in relation to the basic financial statements as a whole.

ZBS Group LLP

ZBS Group LLP

Plainview, New York
May 4, 2017

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123 GREETINGS.COM, INC.
BALANCE SHEET
MARCH 31, 2017

A S S E T S

Current Assets:	
Cash	\$ 227,876
Accounts receivable	246,333
Prepaid expenses	<u>14,792</u>
Total Current Assets	489,001
Property and Equipment	
Furniture and fixtures	2,116
Office equipment	46,363
Software	<u>43,350</u>
	91,829
Less accumulated depreciation	<u>68,530</u>
Property and Equipment, Net	23,299
Other Assets:	
Security deposits	7,604
Trademarks	5,325
Prepaid taxes	<u>9,565</u>
Total Other Assets	22,494
TOTAL ASSETS	<u>\$ 534,794</u>

LIABILITIES AND SHAREHOLDER'S EQUITY

Current Liabilities:	
Accounts payable and accrued expenses	\$ 30,427
Advances from customers	43,434
Income Taxes Payable	1,297
Due to Related Party	<u>245,790</u>
Total Current Liabilities	320,948
TOTAL LIABILITIES	320,948
Shareholder's Equity:	
Common stock	100,000
Retained earnings	<u>113,846</u>
	213,846
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	<u>\$ 534,794</u>

The accompanying notes and accountants' report should be read in conjunction with the financial statements.

123 GREETINGS.COM, INC.
STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED MARCH 31, 2017

Revenues	
Sales	\$ 2,495,203
Other Income	31,896
	<u>2,527,099</u>
Expenses:	
Cost of Sales (Schedule 1)	359,762
Product and Content Development (Schedule 2)	1,847,432
Sales and Marketing Expenses (Schedule 3)	120,770
General and Administrative Expenses (Schedule 4)	190,491
	<u>2,518,455</u>
Net Profit Before Provision for Income Tax	8,644
Provision for Income Tax	<u>1,297</u>
Net Profit after Provision of Income Taxes	7,347
Taxes prior years	5,484
NET PROFIT	1,863
RETAINED EARNINGS - BEGINNING	111,983
RETAINED EARNINGS - ENDING	<u>\$ 113,846</u>

The accompanying notes and accountants' report should be read in conjunction with the financial statements.

123 GREETINGS.COM, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2017

Cash flows from operating activities:

Net Profit	\$ 1,863
Adjustments to reconcile net profit to net cash provided by operating activities:	
Depreciation and amortization	10,408
Changes in operating assets and liabilities:	
(Increase) Decrease in accounts receivable	26,113
(Increase) Decrease in security deposits	(3,894)
(Increase) Decrease in trademarks	(4,700)
(Increase) Decrease in prepaid expenses	(1,395)
(Increase) Decrease in prepaid taxes	14,890
Increase (Decrease) in accounts payable and accrued expenses	(13,508)
Increase (Decrease) in advance from customers	(11,542)
Increase (Decrease) in due to related party	90,764
Increase (Decrease) in income taxes payable	(10,435)
Net cash provided by operating activities	<u>98,564</u>

Cash Flows Used in Investing activities: -

Cash Flows Used in Financing activities: -

Net increase in cash 98,564

Cash at beginning of year 129,312

Cash at end of year \$ 227,876

Supplemental Disclosures of Cash Flow Information:

Cash paid during the year for:

Interest	<u>\$ -</u>
Income taxes	<u><u>\$ 2,564</u></u>

The accompanying notes and accountants' report should be read in conjunction with the financial statements.

123 GREETINGS.COM, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017

1. Summary of Significant Accounting Policies

Organization

123 Greetings.com, Inc ("The Company"), incorporated in the state of Delaware on May 27, 1999 under the name of Intrasoftware Media Technologies, Inc. to provide Internet based electronic greeting cards delivery services. During the second quarter of 2009, the company began operations of its e-commerce business.

On August 31, 1999 the Company changed its name to 123 Greetings.com, Inc.

Cash and cash equivalent

For the purpose of the statement of cash flows, the Company considers all temporary cash investments purchased with maturity of three months or less to be cash equivalent.

Revenues

Electronic greeting cards delivery service:

Revenues are principally generated from impressions of customer's banners on the company's web site. Revenues are recognized and billed on the last day of the month using industry recognized reporting.

Accounts receivable

Accounts receivable totaled \$246,333 as of March 31, 2017. The Company considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts has been established. If accounts become uncollectible, they will be charged to operations when that determination is made.

Advertising costs

The company expenses advertising costs as incurred. For the year ended March 31, 2017 advertising costs were \$7,790.

Property and equipment

Property and equipment is stated at cost, net of accumulated depreciation. Depreciation is provided using the straight-line method over the estimated lives of the related assets. Depreciation and amortization expenses for the year ended March 31, 2017 totaled \$10,408.

123 GREETINGS.COM, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Events Occurring After Reporting Date

The Company has evaluated events and transactions that occurred between March 31, 2017 and May 4, 2017 which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

2. Prepaid Expenses

Prepaid expenses consist of web services that the company purchases in advance. Prepaid expenses for the year ended March 31, 2017 were \$14,792.

3. Related Party Transactions

The Company's parent company provides Development and Transmission of IT Enabled Services. During the year ended March 31, 2017, amounts billed by the parent company were \$1,778,955. As of March 31, 2017, balance due to the parent company totaled \$245,790.

4. Income Taxes

The Company accounts for income taxes using the liability method under which deferred tax assets and liabilities are determined based upon the differences between financial statements carrying amounts and the tax basis of existing assets and liabilities. During the year ended March 31, 2017, there were no material differences that required deferred tax asset or liability.

The Company reviews tax positions taken to determine if it is more likely than not that the position would be sustained upon examination resulting in an uncertain tax position. The Company did not have any material unrecognized tax benefit at March 31, 2017. The Company recognizes interest accrued and penalties related to unrecognized tax benefits in tax expense. During the year ended March 31, 2017, the Company recognized no interest and penalties.

123 GREETINGS.COM, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017

The Company files U.S. federal tax returns and tax returns in various states. All tax periods since 2013 remain open to examination by the taxing jurisdictions to which the Company is subject.

5. Concentration of Risk

The Company maintains cash in deposit accounts in a federally insured bank. At times, the balance in the account may be in excess of federally insured limits.

6. Operating Leases

The Company occupies office space in Manhattan, New York. On August 1, 2016, the Company entered into a license of office space agreement with NRP LLC which expires on December 3, 2017. The agreement calls for base license fees in the amount of \$1,900 per month. Rent expenses inclusive of license fees charged to operations, totaled \$23,176 for the year ended March 31, 2017.

7. Common and Preferred Stock

The Company authorized 10,000,000 shares of \$.01 par value common stock and 1,000,000 shares of \$.01 par value preferred stock. At March 31, 2017, the company had 10,000,000 shares of common stock issued and outstanding.

SUPPLEMENTARY INFORMATION

123 GREETINGS.COM, INC.
SUPPORTING SCHEDULES
FOR THE YEAR ENDED MARCH 31, 2017

Schedule 1 - Cost of Sales

Ad service charges	\$ 48,939
Bandwidth and usage charges	277,702
Dues & subscriptions	21,381
Purchase of goods	11,740
	<u>\$ 359,762</u>

Schedule 2 - Product and Content Development

Content purchases	1,847,432
	<u>\$ 1,847,432</u>

Schedule 3 - Sales and Marketing Expenses

Advertising	\$ 7,790
Commissions to agencies	67,006
Commissions to sales agents	40,843
Delivery discount and shipping and handling	5,131
	<u>\$ 120,770</u>

The accompanying notes and accountants' report should be read in conjunction with the financial statements.

123 GREETINGS.COM, INC.
SCHEDULE OF GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED MARCH 31, 2017

Schedule 4 - General and Administrative Expenses

Payroll	\$	80,000
Payroll taxes		6,307
Rent		23,176
Professional fees		19,540
Communication & Correspondence		11,243
Insurance		4,047
Finance charges		28,619
General expenses		378
Depreciation		10,408
Utilities		4,992
Bad Debt Expense		1,781
	\$	<u>190,491</u>

The accompanying notes and accountants' report should be read in conjunction with the financial statements.