

123GREETINGS.COM, INC.
FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED
MARCH 31, 2020

123GREETINGS.COM, INC.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020

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ZBS GROUP LLP

Certified Public Accountants and Advisors

Board of Directors and Shareholders
123Greetings.com Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of 123Greetings.com Inc. which comprise the balance sheet as of March 31, 2020, 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 123Greetings.com Inc. as of March 31, 2020 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 which includes the 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 14, 2020

123GREETINGS.COM, INC.
BALANCE SHEET
MARCH 31, 2020

A S S E T S

Current Assets:	
Cash	\$ 132,348
Accounts receivable	85,332
Prepaid expenses	<u>37,960</u>
Total Current Assets	255,640
Property and Equipment	
Software	<u>43,350</u>
	43,350
Less accumulated amortization	<u>38,727</u>
Property and Equipment, Net	4,623
Other Assets:	
Trademarks	5,325
Advances	<u>276</u>
Total Other Assets	5,601
TOTAL ASSETS	<u><u>\$ 265,864</u></u>

LIABILITIES AND SHAREHOLDER'S EQUITY

Current Liabilities:	
Accounts payable and accrued expenses	\$ 17,889
Advances from customers	17,645
Income Taxes Payable	976
Due to Related Party	<u>1,969</u>
Total Current Liabilities	38,479
TOTAL LIABILITIES	38,479
Shareholder's Equity:	
Common stock	100,000
Retained earnings	<u>127,385</u>
	227,385
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	<u><u>\$ 265,864</u></u>

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

123GREETINGS.COM, INC.
STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED MARCH 31, 2020

Revenues	
Sales	\$ 1,302,500
	1,302,500
Expenses:	
Cost of Sales (Schedule 1)	250,003
Product and Content Development (Schedule 2)	999,598
Sales and Marketing Expenses (Schedule 3)	12,737
General and Administrative Expenses (Schedule 4)	35,513
	1,297,851
Net Profit Before Provision for Income Tax	4,649
Provision for Income Tax	976
	3,673
Net Profit after Provision of Income Taxes	3,673
NET PROFIT	3,673
RETAINED EARNINGS - BEGINNING	123,712
RETAINED EARNINGS - ENDING	\$ 127,385

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

123GREETINGS.COM, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2020

Cash flows from operating activities:

Net Profit	\$	3,673
Adjustments to reconcile net profit to net cash generated from operating activities:		
Depreciation and amortization		5,076
Changes in operating assets and liabilities:		
(Increase) Decrease in accounts receivable		22,102
(Increase) Decrease in prepaid taxes		125
(Increase) Decrease in security deposits		(116)
(Increase) Decrease in prepaid expenses		(12,966)
Increase (Decrease) in accounts payable and accrued expenses		343
Increase (Decrease) in advance from customers		12,506
Increase (Decrease) in due to related party		(21,787)
Increase (Decrease) in income taxes payable		(263)
Net cash generated from operating activities		8,693

Cash Flows Used in Investing activities: -

Cash Flows Used in Financing activities: -

Net increase in cash 8,693

Cash at beginning of year 123,655

Cash at end of year \$ 132,348

Supplemental Disclosures of Cash Flow Information:

Cash paid during the year for:

Interest	\$	-
Income taxes	\$	-

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

123GREETINGS.COM, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020

1. Summary of Significant Accounting Policies

Organization

123Greetings.com, Inc (“The Company”), incorporated in the state of Delaware on May 27, 1999 under the name of Intrasoft 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 123Greetings.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 \$85,332 as of March 31, 2020. 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, 2020 there were no advertising costs.

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.

123GREETINGS.COM, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020

Depreciation and amortization expenses for the year ended March 31, 2020 totaled \$5,076.

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, 2020 and May 14, 2020 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, 2020 were \$37,960.

3. Related Party Transactions

The Company's parent company provides Development and Transmission of IT Enabled Services. During the year ended March 31, 2020, amounts billed by the parent company were \$961,969. As of March 31, 2020, balance due to the parent company totaled \$1,969.

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, 2020, 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, 2020. The

123GREETINGS.COM, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020

Company recognizes interest accrued and penalties related to unrecognized tax benefits in tax expense. During the year ended March 31, 2020, the Company recognized no interest and penalties.

The Company files U.S. federal tax returns and tax returns in various states. All tax periods since 2015 remain open to examination by the taxing jurisdictions to which the Company is subject.

In December 2017, the federal government enacted numerous amendments to the Internal Revenue Code of 1986 pursuant to an act known by the Tax Cuts and Jobs Act (the "TCJA"). The provisions lowered the corporate tax rate from 35% to a flat 21% rate. TCJA impacted the Company's income tax expense (benefit) from continuing operations (approximately 25% effective combined Federal and State corporate tax rate).

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. 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, 2020, the company had 10,000,000 shares of common stock issued and outstanding.

SUPPLEMENTARY INFORMATION

123GREETINGS.COM, INC.
SUPPORTING SCHEDULES
FOR THE YEAR ENDED MARCH 31, 2020

Schedule 1 - Cost of Sales

Ad service charges	\$ 6,390
Bandwidth and usage charges	238,577
Dues & subscriptions	5,036
	<hr/>
	\$ 250,003

Schedule 2 - Product and Content Development

Content purchases	999,598
	<hr/>
	\$ 999,598

Schedule 3 - Sales and Marketing Expenses

Commissions to agencies	\$ 3,120
Commissions to sales agents	9,617
	<hr/>
	\$ 12,737

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

123GREETINGS.COM, INC.
SCHEDULE OF GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED MARCH 31, 2020

Schedule 4 - General and Administrative Expenses

Legal and professional service fees	15,099
Bad Debt Expense	1,435
Communication & Correspondence	4,128
General Expenses	623
Finance charges	9,152
Depreciation and amortization	5,076
	<u>\$ 35,513</u>

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