SOLACE CREMATION, INC.

FINANCIAL STATEMENTS
(Unaudited)

December 31, 2019 and 2018

Together with
Independent Accountants' Review Report

dbbmckennon
Certified Public Accountants.
Registered Firm - Public Company Accounting Oversight Board

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Index to Financial Statements
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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Manager and Member
Solace Cremation, Inc.
Portland, OR

Report on the Financial Statements

We have reviewed the accompanying financial statements of Solace Cremation, Inc. (the "Company") (a Delaware Corporation), which comprise the balance sheets as of December 31, 2019 and 2018, and the related statements of operations and members' equity (deficit), and of cash flows for the year ended December 31, 2019, and the period from September 5, 2018 ("Inception") to December 31, 2018, 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.

Accountants' 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.

Accountants' 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

As discussed in Note 1, certain conditions indicate that the Company may be unable to continue as a going concern. The accompanying financial statements do not include any adjustments that might be necessary should the Company be unable to continue as a going concern. Our conclusion is not modified with respect to that matter.

dbbmckennon

Newport Beach, California
May 5, 2020

SOLACE CREMATION, INC.
BALANCE SHEETS
(Unaudited)

	December 31, 2019	December 31, 2018
Assets:		
Current assets		
Cash and cash equivalents	$ 31,719	$ 52,035
Total current assets	31,719	52,035
Property and equipment, net	2,204	-
Total assets	$ 33,923	$ 52,035
Liabilities and Members' Equity (Deficit):		
Current liabilities		
Accrued liabilities	55,693	-
Total current liabilities	55,693	-
Total liabilities	55,693	-
Commitments and contingencies (Note 3)	-	-
Members' Equity (Deficit):	(21,770)	52,035
Total liabilities and stockholders' equity (deficit)	$ 33,923	$ 52,035

See accompanying notes to the financial statements and independent accountants' review report.

SOLACE CREMATION, INC.
STATEMENTS OF OPERATIONS AND MEMBERS' EQUITY (DEFICIT)
(Unaudited)

	For the Year Ended December 31, 2019	For the Period Ended December 31, 2018
Revenues	$ 136,760	$ -
Cost of goods sold	83,187	-
Gross profit	53,573	-
Operating expenses:		
General and administrative	363,981	31,433
Sales and marketing	113,176	-
Total operating expenses	477,157	31,433
Loss from operations	(423,584)	(31,433)
Other income (expense):		
Other income	200	-
Interest expense	(2,921)	-
Total other income (expense)	(2,721)	-
Net loss	$ (426,305)	$ (31,433)
Beginning stockholders' equity (deficit)	52,035	-
Class A Units for cash	337,500	82,500
Class A Units issued for services	15,000	-
Member contributions	-	968
Ending stockholders' equity (deficit)	$ (21,770)	$ 52,035

See accompanying notes to the financial statements and independent accountants' review report.

SOLACE CREMATION, INC.
STATEMENTS OF CASH FLOWS
(Unaudited)

	For the Year Ended December 31, 2019	For the Period Ended December 31, 2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (426,305)	$ (31,433)
Adjustments to reconcile net loss to net cash used in operating activities:		
Equity-based compensation	15,000	-
Changes in operating assets and liabilities:		-
Accrued liabilities	55,693	-
Net cash provided by operating activities	(355,612)	(31,433)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(2,204)	-
Net cash used in investing activities	(2,204)	-
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contributed capital by members	-	968
Proceeds from sale of Class A Units	337,500	82,500
Net cash provided by financing activities	337,500	83,468
Increase (decrease) in cash and cash equivalents	(20,316)	52,035
Cash and cash equivalents, beginning of period	52,035	-
Cash and cash equivalents, end of period	$ 31,719	$ 52,035
Supplemental disclosures of cash flow information:		
Cash paid for interest	$ 2,921	$ -
Cash paid for income taxes	$ -	$ -

See accompanying notes to the financial statements and independent accountants' review report.

NOTE 1 – ORGANIZATION AND NATURE OF OPERATIONS

Solace Cremation, Inc. (the “Company”), was formed on September 5, 2018 (“Inception”) as Solace Cremation, LLC. On February 25, 2020, the Company converted to a Delaware Corporation. The financial statements of Solace Cremation, Inc. (which may be referred to as the “Solace Cremation”, "Company", “we,” "us”, or “our”) included herein are prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). The Company’s headquarters are in Portland, Oregon.

Solace Cremation operates a direct-to-consumer cremation service.

Going Concern and Management Plans
The Company was recently formed and has recently commenced operations. We will incur additional costs for operations until significant revenues can be derived. We will rely on founder’s contributions and debt and equity financing for working capital until positive cash flows from operations can be achieved. These matters raise substantial doubt about the Company's ability to continue as a going concern. Throughout the next 12 months, the Company intends to fund its operations with funding from founder contributions, additional debt and/or equity offerings, a proposed Regulation Crowdfunding offering, and revenues from operations. If we cannot raise additional short-term capital, we may consume all of our cash reserved for operations. There are no assurances that management will be able to raise capital on terms acceptable to the Company. If we are unable to obtain sufficient amounts of additional capital, we may be required to reduce the scope of our planned development, which could harm our business, financial condition and operating results. The balance sheet does not include any adjustments that might result from these uncertainties.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation
The Company changed from a limited liability company (“LLC”) to a corporation in 2020 as described in Note 1. Accordingly, while the name of the Company is currently a corporation in these financial statements, the historical financial statements are presented as that of the LLC. Future financial statements prepared under U.S. GAAP will be that of the corporation.

Use of Estimates
The preparation of financial statements in conformity with U.S. GAAP requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities, and the reported amount of revenues and expenses during the reporting period. Actual results could materially differ from these estimates. It is reasonably possible that changes in estimates will occur in the near term.

Fair Value of Financial Instruments
Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants as of the measurement date. Applicable accounting guidance provides an established hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in valuing the asset or liability and are developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company’s assumptions about the factors that market participants would use in valuing the asset or liability.

There are three levels of inputs that may be used to measure fair value:

- Level 1 - Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 - Include other inputs that are directly or indirectly observable in the marketplace.
- Level 3 - Unobservable inputs which are supported by little or no market activity.

The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

Fair-value estimates discussed herein are based upon certain market assumptions and pertinent information available to management as of December 31, 2019 and 2018.

Risks and Uncertainties
The Company has a limited operating history. The Company's business and operations are sensitive to general business and economic conditions in the U.S. along with local, state, and federal governmental policy decisions. A host of factors beyond the Company's control could cause fluctuations in these conditions. Adverse conditions may include: government policy changes, regulatory requirements, customer trends, relationship management with third-party service providers, and continued shelter-in-place measures as a result of the coronavirus pandemic. These adverse conditions could affect the Company's financial condition and the results of its operations.

Cash and Cash Equivalents
For purpose of the statement of cash flows, the Company considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Offering Costs
The Company accounts for offering costs in accordance with Accounting Standards Codification ("ASC") 340, Other Assets and Deferred Costs. Prior to the completion of an offering, offering costs were capitalized as deferred offering costs on the balance sheet. The deferred offering costs are netted against the proceeds of the offering in members' equity or the related debt, as applicable. In the event an offering is not successful, the Company will charge such costs to operations.

Property and Equipment
Property and equipment are stated at cost. The Company's fixed assets are depreciated using the straight-line method over the estimated useful life or the shorter of the life or lease term, as applicable. At the time of retirement or other disposition of property and equipment, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in operations.

Revenue Recognition
The Company will recognize revenues from service contracts when control of promised goods or services is transferred to customers in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services. To determine revenue recognition for arrangements that the Company determines are within the scope of ASC 606, the Company performs the following five steps: (i) identify the contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) the Company satisfies a performance obligation. We have determined that we act as the principal in our revenue generating activity and accordingly, recognize revenue on a gross basis.

Advertising
The Company expenses the cost of advertising and promotions as incurred.

Income Taxes
Prior to February 2020, the Company was taxed as a Limited Liability Company ("LLC"). Under these provisions, the Company did not pay federal corporate income taxes on its taxable income. Instead, the shareholders are liable for individual federal and state income taxes on their respective shares of the Company's taxable income. The Company will pay minimum state franchise taxes at reduced rates. The Company's tax returns are subject to tax examination by the Internal Revenue Service or state regulatory agencies since Inception.

For 2020 and future years, the Company will be taxed as a corporation. Accordingly, the Company will apply ASC 740 Income Taxes ("ASC 740"). Deferred income taxes will be 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 will be established, when necessary, to reduce deferred tax assets to the amount expected to be realized.

Concentration of Credit Risk
The Company maintains its cash with a major financial institution located in the United States of America which it believes to be credit worthy. Balances are insured by the Federal Deposit Insurance Corporation up to $250,000.

The Company relies on two cremation service providers to facilitate the Company's services. The loss of these service providers would have a significant effect on the Company's operations.

NOTE 3 – COMMITMENTS AND CONTIGENCIES

The Company is not currently involved with, and does not know of any, pending or threatened litigation against the Company or any of its officers.

Building Lease
In September 2018, the Company entered into a lease for office space. The lease was for 12 months with monthly payments ranging from $2,580 to $2,670 per month and an option to renew for 12 additional months. In October 2019, the Company renewed the lease.

NOTE 4 – MEMBERS' EQUITY

Equity of Limited Liability Company
Prior to February 25, 2020, the Company operated as an LLC, see Notes 1 and 2. The Company was authorized to issue Class A and B Units. Class A Units maintained a preferred return for each class A member equal to 25% of their capital contribution. Profits and losses are allocated as indicated in the Operating agreement. Upon formation, the Company's founders received 800,000 Class B units.

During the year ended December 31, 2019 and period ended December 31, 2018, the Company received $337,500 and $82,500 in cash for the sale of Class A Units. In 2018, the Company received $968 in member contributions. In the aggregate, related parties provided $260,000 of the Class A Unit investments.

As of December 31, 2019 and 2018 there were 166,545 and 33,000 Class A Units outstanding and 800,000 and 800,000 Class B Units outstanding, respectively.

In 2019, the Company issued 6,000 fully vested Class A Units, valued at $15,000 based on the selling price of Class A Unit, for legal services to a related party. This equity-based compensation is included in general and administrative in the accompanying statement of operations.

Conversion of Limited Liability Company to Corporation
Pursuant to the Company's becoming a Delaware corporation effective February 25, 2020, the Company has a total of 25,000,000 shares of authorized stock, with a par value $0.0001 per share. All equity interests converted to 9,941,995 shares of common stock.

NOTE 5 – RELATED PARTY TRANSACTIONS

See Notes 4 and 6 for related party transactions.

NOTE 6 – SUBSEQUENT EVENTS

Units Sold for Cash
Subsequent to year end, the Company sold 10,000 Class A units to founders for $30,000.

Conversion of LLC
On February 25, 2020, The Company was converted to a Delaware C-Corporation, from its prior status as a Delaware LLC. See Note 4.

Convertible Debt
Subsequent to December 31, 2019, to fund operations the Company entered into a series of contingently convertible note agreements with third parties and related parties totaling $110,000. The notes bear interest at 4% per annum, and have a maturity date of June 30, 2022.

Each of the notes in this series contains both optional and automatic conversion features. An automatic conversion can be triggered upon a qualified financing, defined as a transaction or series of transactions in which the Company sells Preferred Stock for aggregate proceeds of at least $1,000,000. In such instance the notes and interest thereon are convertible at the lesser of: 1) 80% (20% discount) of the price paid per share of the preferred stock in the qualified offering and 2) a price per share assuming a $5,200,000 valuation and the then number of shares of common stock outstanding on a fully diluted basis.

If upon maturity, an automatic conversion has not occurred, the Company, at its option, may convert the outstanding principal and interest thereon into common stock based on a $5,200,000 valuation and the then number of shares of common stock outstanding on a fully diluted basis.

PPP Loans
Subsequent to December 31, 2019, the Company received a $38,295 in Payment Protection Plan loan as part of the CARES Act. The loan incurs 1% interest, does not require payment for six months, and may be forgiven if used as specified under applicable regulations. The Company expects the majority, if not all of this loan to be forgiven.

The Company has evaluated subsequent events that occurred after December 31, 2019 through May 5, 2020, the issuance date of these financial statements. There have been no other events or transactions during this time which would have a material effect on these financial statements, other than those noted above.