

CODING CLARIFIED LLC

FINANCIAL STATEMENTS

FOR THE PERIOD

JANUARY – JULY 2024

AND ACCOUNTANT'S COMPILATION REPORT

Prepared by:

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Contents

Accountant's Compilation Report	3
Financial Statements for the period January - July 2024:	
Balance Sheet	4
Income Statement	5
Statement of Cash Flows	6
Notes to Financial Statements	7

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ACCOUNTANT'S COMPILATION REPORT

To the Owner/Founder
Coding Clarified LLC
6848 N Government Way, Ste 114, Dalton Gardens, ID 83815

We have compiled the accompanying financial statements of Coding Clarified LLC (the "Company"), which comprise the balance sheet as of July 31, 2024, and the related statements of income and cash flows for the period from January through July 2024, 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 and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Accountant's Responsibility

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Sincerely,

George Dimov CPA

George Dimov, CPA
Phoenix, Arizona
August 12, 2024

BALANCE SHEET
as of July 31, 2024

US Dollars	Note	July 31, 2024
Assets		
Accounts receivable	1	86,737
Cash and cash equivalents	2	31,691
Loans to shareholders		24,702
Other current assets		4,824
Current assets		147,954
Total assets		147,954
Equity		
Retained earnings		2,059,813
Capital		(2,036,976)
Total equity		22,837
Liabilities		
Accounts payable	1	58,081
Credit card payables		51,324
Loan and borrowings		15,712
Current liabilities		125,117
Total liabilities		125,117
Total equity and liabilities		147,954

INCOME STATEMENT
for the period from January through July 2024

US Dollars	Note	January – July 2024
Workforce income		321,836
TCN income		311,904
Tuition income		165,937
Other income		599
Total income		800,276
Expenses		
Contract labor and payroll expenses		357,413
Course management expenses		87,110
Office expenses		23,844
Bad debt expenses		20,996
Website expenses		20,284
Legal and professional fees		17,675
Advertising and promotional expenses		13,469
Bank charges and merchant fees		8,333
Business relations		7,730
QBO		3,727
Employer taxes		3,105
Travel expenses		1,437
Dues and subscriptions		1,184
Other expenses		2,412
Total expenses		568,719
Total net income		231,557

STATEMENT OF CASH FLOWS
for the period from January through July 2024

US Dollars	Note	<u>January – July 2024</u>
Cash flows from operating activities		
Net income for the period		231,557
<i>Adjustments to reconcile net income to net cash provided by operating activities:</i>		
Changes in assets and liabilities		
(Increase) decrease in operating assets		
Accounts receivable		49,690
Other current assets		21
Increase (decrease) in operating liabilities		
Credit cards payable		25,646
Accounts payable		15,408
Loans and borrowings		(1,288)
Net cash provided by operating activities		<u>321,034</u>
Cash flows from financing activities		
Capital drawings		(299,292)
Net cash used in financing activities		<u>(299,292)</u>
Net increase in cash and cash equivalents		21,742
Cash at beginning of period		9,949
Cash at end of period	2	<u><u>31,691</u></u>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD
FROM JANUARY THROUGH JULY 2024***(in US Dollars)*

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**General Information**

Coding Clarified LLC (the "Company") is an online medical coding school established on September 11, 2015, in accordance with the Articles of Organization. The Company has offices in both Arizona and Idaho and operates under the laws of the states of Arizona and Idaho. The Company provides a self-paced online medical coding course to prepare individuals to become certified professional coders by taking the CPC exam. The Company is located at 6848 N Government Way, Ste 114, Dalton Gardens, ID 83815. These financial statements cover the period from January through July 2024 and are intended for the sole use of Coding Clarified LLC, its owner and other users at the sole discretion of the Company.

Statement of Compliance

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

These financial statements are presented in US Dollars, unless otherwise indicated. These financial statements have been prepared under the historical cost convention, except for the evaluation of certain financial instruments carried at fair value.

Use of Estimates and Assumptions

The preparation of financial statements conforms to accounting principles generally accepted in the United States of America ("US GAAP"). Those principles require 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. Due to the inherent uncertainty in making those estimates, actual results reported in future periods could differ from such estimates.

Going Concern

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

Cash and Cash Equivalents

The Company considers cash in banks, and other highly liquid investments with an original maturity date of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivables are recorded at the invoiced amount. Accounts receivables are reported at the clients' outstanding balances less any allowance for doubtful accounts. The allowance for doubtful accounts on accounts receivable is charged to bad debt expense in amounts sufficient

to maintain the allowance for uncollectible accounts at a level management belief is adequate to cover any probable losses. Management determines the adequacy of the allowance based on historical collection information from individual clients. Accounts receivables are charged off against the allowance when collectability is determined to be permanently impaired (bankruptcy, lack of contact, age of account, etc.). The Company wrote off bad debt in the amount of \$20,996 for the period from January through July 2024.

Revenue

The Company's revenue for the period from January through July 2024 has been recorded on the accrual basis of accounting.

Expenses Recognition

Expenses are accounted for at the time the actual flow of the related goods or services occurs, regardless of when cash or its equivalent is paid, and are reported in the financial statements for the period to which they relate.

Related Parties

A party is considered to be related to the Company if the party directly or indirectly or through one or more intermediaries, controls, is controlled by, or is under common control with the Company. Related parties also include principal owners of the Company, its management, members of the immediate families of principal owners of the Company and its management and other parties with which the Company may deal if one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests. A party which can significantly influence the management or operating policies of the transacting parties or if it has an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests is also a related party.

Coding Clarified LLC is affiliated with Coding Clarified Texas LLC, which is a wholly owned subsidiary of Coding Clarified LLC.

As of July 31, 2024, the Company had affiliated accounts payable in the amount of \$58,081 to Coding Clarified Texas LLC.

Fair Value Measurements

FASB ASC 820, "Fair Value Measurements" defines fair value for certain financial and nonfinancial assets and liabilities that are recorded at fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. It requires that an entity measure its financial instruments to base fair value on exit price, maximize the use of observable units and minimize the use of unobservable inputs to determine the exit price. It establishes a hierarchy which prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy increases the consistency and comparability of fair value measurements and related disclosures by maximizing the use of observable inputs and minimizing the use of unobservable inputs by requiring that observable inputs be used when available. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the assets or liabilities based on market data obtained from sources independent of the Company.

Unobservable inputs are inputs that reflect the Company's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on

the best information available in the circumstances. The hierarchy prioritizes the inputs into three broad levels based on the reliability of the inputs as follows:

Level 1 – Inputs are quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date. Valuation of these instruments does not require a high degree of judgment as the valuations are based on quoted prices in active markets that are readily and regularly available.

Level 2 – Inputs other than quoted prices in active markets that are either directly or indirectly observable as of the measurement date, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Valuations based on inputs that are unobservable and not corroborated by market data. The fair value for such assets and liabilities is generally determined using pricing models, discounted cash flow methodologies, or similar techniques that incorporate the assumptions a market participant would use in pricing the asset or liability.

The carrying values of certain assets and liabilities of the Company, such as accounts receivable, cash and cash equivalents, other current assets, accounts payable, credit card payables, and loans and borrowings, approximate their fair value due to their relatively short maturities.

2. CASH AND CASH EQUIVALENTS

As of July 31, 2024, cash and cash equivalents consisted of the following:

	July 31, 2024
Spokane Teachers Credit Union (STCU) Checking Account #***6638	31,691
Total cash and cash equivalents	<u>31,691</u>

3. INCOME TAX

The Company has elected to be treated as an S Corporation for federal and state income tax purposes. As such, the income, deductions, and credits of the Company are passed through to its owner, who is individually responsible for paying the associated taxes. Under the provisions of the Internal Revenue Code and state tax laws, an S Corporation is generally not subject to federal or state income taxes at the corporate level. Therefore, the Company does not recognize income tax expense in the financial statements.

4. SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date which the financial statements were available to be issued, which is August 12, 2024.

All subsequent events requiring recognition as of July 31, 2024, have been incorporated into these financial statements and there are no other subsequent events that require disclosure in accordance with FASB ASC Topic 855, "Subsequent Events".