

RECORDING RADIO FILM CONNECTION, INC. AND AFFILIATES

**FINANCIAL STATEMENTS and
SUPPLEMENTARY INFORMATION
for the year ended December 31, 2022**

**Weworski & Associates
Certified Public Accountants**

RECORDING RADIO FILM CONNECTION, INC. AND AFFILIATES
for the year ended December 31, 2022

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholder of
RECORDING RADIO FILM CONNECTION, INC. AND AFFILIATES
Los Angeles, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Recording Radio Film Connection, Inc. and Affiliates (collectively referred to as the "Company"), which comprise the combined balance sheet as of December 31, 2022, and the related combined statements of income, stockholder's equity, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information on the Company's combining balance sheets and combining statements of income are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare

the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Weworski & Associates

San Diego, California
May 22, 2023

RECORDING RADIO FILM CONNECTION, INC. AND AFFILIATES
COMBINED BALANCE SHEET
December 31, 2022

ASSETS

Current assets:

Cash and cash equivalents	\$	1,575,347
Funds held reinsurance		492,899
Investments		1,771,254
Accounts receivable, net of allowance for doubtful accounts of \$1,152,129		673,421
Due from factor, net of allowance for doubtful accounts of \$50,450		79,576
Due from related party		16,870
Prepaid expenses		51,268
Income tax refund receivable		31,887
		4,692,522
Total current assets		4,692,522

Property and equipment, net 8,895

Other assets:

Accounts receivable, net of allowance for doubtful accounts of \$626,718		337,615
Contract receivable, net of allowance for doubtful accounts of \$84,336		90,839
Due from factor, net of allowance for doubtful accounts of \$4,642,921		2,739,029
Deposits		40,012
Deferred tax asset		119,981
		3,327,476

Total other assets 3,327,476

Total assets \$ 8,028,893

The accompanying notes are an integral part of these financial statements.

RECORDING RADIO FILM CONNECTION, INC. AND AFFILIATES
COMBINED BALANCE SHEET, Continued
December 31, 2022

LIABILITIES AND STOCKHOLDER'S EQUITY

Current liabilities:

Accounts payable	\$	312,271
Accrued expenses		690,339
Accrued payroll and related taxes		42,403
Contract recourse liability		32,558
Deferred revenue		1,848,141
Margin loan payable		602,090
Current portion of debt		8,492
		3,536,294
Total current liabilities		3,536,294
Accrued settlement (Note 10)		113,235
Debt, net of current portion		396,208
Insurance reserve		280,097
		4,325,834
Total liabilities		4,325,834

Stockholder's equity:

Common stock		
Recording Radio Film Connection, Inc. - no par value;		
100,000 shares authorized, 10,000 shares issued and outstanding		2,500
Pay It Forward - no par value; 100,000 shares authorized,		
10,000 shares issued and outstanding		2,500
True Realization - no par value; 100,000 shares authorized,		
10,000 shares issued and outstanding		1,000
JGP Enterprises - no par value; 2,000 shares authorized,		
2,000 shares issued and outstanding		1,000
Retained earnings		3,696,059
		3,703,059
Total stockholder's equity		3,703,059
Total liabilities and stockholder's equity	\$	8,028,893

The accompanying notes are an integral part of these financial statements.

RECORDING RADIO FILM CONNECTION, INC. AND AFFILIATES
COMBINED STATEMENT OF INCOME
for the year ended December 31, 2022

<u>Revenue:</u>	
Tuition revenue, net	\$ 10,699,762
<u>Expenses:</u>	
Instructional	2,936,163
Salaries, payroll taxes and benefits	3,723,316
Rent and occupancy	318,418
Advertising	1,548,505
Depreciation	13,132
General and administrative	<u>1,510,015</u>
Total expenses	<u>10,049,549</u>
Income from operations	650,213
<u>Other income (expense):</u>	
Interest income	533,417
Interest expense	(21,025)
Other income	16,078
Investment loss	<u>(1,027,445)</u>
Total other income (expense)	<u>(498,975)</u>
Income before provision for income taxes	151,238
<u>Provision for income taxes</u>	<u>124,944</u>
Net income	<u><u>\$ 276,182</u></u>

The accompanying notes are an integral part of these financial statements.

RECORDING RADIO FILM CONNECTION, INC. AND AFFILIATES
COMBINED STATEMENT OF STOCKHOLDER'S EQUITY
for the year ended December 31, 2022

	<u>Common Stock</u>	<u>Retained Earnings</u>	<u>Total</u>
Balance at December 31, 2021	\$ 7,000	\$ 4,451,129	\$ 4,458,129
Distributions, net	-	(1,031,252)	(1,031,252)
Net income	-	276,182	276,182
Balance at December 31, 2022	<u>\$ 7,000</u>	<u>\$ 3,696,059</u>	<u>\$ 3,703,059</u>

The accompanying notes are an integral part of these financial statements.

RECORDING RADIO FILM CONNECTION, INC. AND AFFILIATES
COMBINED STATEMENT OF CASH FLOWS
for the year ended December 31, 2022

<u>Cash flows from operating activities:</u>	
Net income	\$ 276,182
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	13,132
Unrealized (gain) loss on investments	1,027,445
Deferred taxes	(215,696)
Changes in assets and liabilities:	
Funds held reinsurance	(4,213)
Accounts receivable, contract receivable and due from factor, net	(121,855)
Prepaid expenses	127
Income tax refund receivable	(31,887)
Deposits	(5)
Accounts payable	(65,207)
Accrued expenses	503,089
Accrued payroll and related taxes	4,982
Income taxes payable	(19,212)
Contract recourse liability	(20,738)
Deferred revenue	(55,069)
Accrued settlement	(156,765)
Insurance reserve	(172,903)
Deferred rent	(541,096)
	420,311
<u>Cash flows from investing activities:</u>	
Proceeds from sales of equity securities	410,869
Purchases of equity securities	(753,191)
	(342,322)
<u>Cash flows from financing activities:</u>	
Advances to related parties	(16,870)
Proceeds from issuance of debt	856,790
Repayments from stockholder, net	108,511
Distributions, net	(1,031,252)
	(82,821)
Net decrease in cash	(4,832)
<u>Cash and cash equivalents, Beginning</u>	1,580,179
<u>Cash and cash equivalents, Ending</u>	\$ 1,575,347

The accompanying notes are an integral part of these financial statements.

RECORDING RADIO FILM CONNECTION, INC. AND AFFILIATES
COMBINED STATEMENT OF CASH FLOWS, Continued
for the year ended December 31, 2022

Supplemental cash flows information:

Cash paid for interest expense	\$ 21,025
Cash paid for income taxes	<u>\$ 90,719</u>

The accompanying notes are an integral part of these financial statements.

RECORDING RADIO FILM CONNECTION, INC. AND AFFILIATES
NOTES TO THE FINANCIAL STATEMENTS, Continued
for the year ended December 31, 2022

Note 1: Summary of Significant Accounting Policies

The following items comprise the significant accounting policies of the Company. The policies reflect industry practices and conform to accounting principles generally accepted in the United States of America.

Company's Activities

Recording Radio Film Connection, Inc. and Affiliates are collectively referred to as the “Company” throughout this report.

Recording Radio Film Connection, Inc. (RRFC), an S-Corporation, operates a private post-secondary institution which provides training in the film music, radio and culinary industries through a mentor-apprentice approach. RRFC operates in the United States, Canada, and the United Kingdom.

Payitforward Management, Inc. (Payitforward) is a California C corporation, located in Los Angeles, California, which provides employment services to RRFC.

True Realization, Management, Inc. (True Realization) is a California C corporation, located in Los Angeles, California, which provides employment services to RRFC.

JGP Enterprises, Inc. (JGP) was formed under the laws of the state of Nevada for the sole purpose of owning CBJ Insurance, Inc. (CBJ).

CBJ, a wholly owned subsidiary of JGP, was incorporated in the state of Utah, under the Utah Revised Business Corporation Act, and is licensed under the Utah Captive Insurance Companies Act. The Company is licensed to underwrite a variety of property and casualty insurance risks primarily for companies related by common ownership, including supplemental and otherwise not readily available coverages for business risks. The Company did not write or assume any premiums during the year ended December 31, 2022.

CBJ insures direct risks to companies related to the ultimate beneficial owners of CBJ. The risks, which are claims-made based, are illustrated below:

	Limit/ Occurance	Limit/ Aggregate	Deductible
Independent contractor liability	\$ 1,000,000	\$ 1,000,000	\$ -
Self-insurance retension	\$ 125,000	\$ 500,000	\$ -
Supplemental cyber security and privacy	\$ 1,000,000	\$ 1,000,000	\$ -
Wage and hourly liability	\$ 1,000,000	\$ 1,000,000	\$ -

RECORDING RADIO FILM CONNECTION, INC. AND AFFILIATES
NOTES TO THE FINANCIAL STATEMENTS, Continued
for the year ended December 31, 2022

Note 1: Summary of Significant Accounting Policies, Continued

Principles of Combination and Consolidation

The accompanying financial statements include the accounts of RRFC, Payitforward, True Realization, JGP and its wholly owned subsidiary CBJ, all of which are under common control through common ownership and management. CBJ has been consolidated with JPG in the accompanying financial statements. All inter-company balances and transactions have been eliminated in combination and consolidation.

Basis of Accounting

The accounting records and the accompanying financial statements have been maintained and prepared on the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America.

Use of Estimates

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

Cash and Cash Equivalents

The Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Investments

Investments consist of equity securities that are classified as available-for-sale and are reported at fair value. Unrealized gains and losses related to available-for-sale equity investments are recorded through net income in the statement of income. Realized gains and losses are computed on the basis of specific identification. Management has determined the investments to be Level 1 type investments as their fair values are based on quoted market prices.

Accounts Receivable, Contract Receivable, Contract Recourse Liability, Due from Factor and Allowance for Doubtful Accounts

Accounts receivable represents amounts due for tuition and other fees from currently enrolled and former students and are recorded at the amounts originally billed less payments received. As described in Note 5, the Company utilizes a loan servicing agency to finance and collect a significant portion of these receivables.

RECORDING RADIO FILM CONNECTION, INC. AND AFFILIATES
NOTES TO THE FINANCIAL STATEMENTS, Continued
for the year ended December 31, 2022

Note 1: Summary of Significant Accounting Policies, Continued

Accounts Receivable, Contract Receivable, Contract Recourse Liability, Due from Factor and Allowance for Doubtful Accounts, Continued

Contract receivable represents the remaining student loan receivable after advances received from the Company's loan servicing agency. Contracts receivable are financed without interest and are discounted to their net present value of estimated future cash flows using a discount rate based on the implicit interest rate, generally ranging from 11% to 17%. The contract receivable will be repaid over the term of the student loan. As part of the agreement, if a student defaults on the loan in which RRFC received an advance, RRFC is required to return the advanced funds. RRFC maintains a reserve for potential losses based on the likelihood of recourse, recovery history and other factors, which is reflected on the balance sheet as recourse liability.

Due from factor represents the remaining receivable from the financing company after the student loan receivable has been factored, as described in Note 5. Based on the terms of the agreement with RRFC having no recourse or further involvement with the student accounts, in accordance with Accounting Standards Codification (ASC) 310 *Receivables*, management has determined this meets the requirement for accounting as a sale of receivable with the expected future payouts from the financing company represented as due from factor. As a result, a loss on sale of receivable is recognized when RRFC receives funding from the lending company. In accordance with the terms of the agreement, RRFC is not entitled to receive interest or fees. As a result, the due from factor balance has been discounted to the net present value of estimated future cash flows using a discount rate approximating the prime rate. Due from factor will be repaid in accordance with the terms of the agreement with the lending company which generally follows the repayment terms of the underlying student loans.

An allowance for doubtful accounts and student loan losses is estimated based on historical collection experience, credit quality, management's assessment of collectability and other factors. The Company reviews its past due balances and accounts deemed uncollectible are written-off.

Property and Equipment

Property and equipment are recorded at cost less accumulated depreciation. The cost of property and equipment is depreciated over the estimated useful lives of the related assets, generally ranging from five to seven years. Depreciation is computed on the straight-line method for financial reporting purposes and accelerated methods for tax purposes. Normal repairs and maintenance are expensed as incurred. Expenditures that materially extend the useful life of an asset are capitalized.

RECORDING RADIO FILM CONNECTION, INC. AND AFFILIATES
NOTES TO THE FINANCIAL STATEMENTS, Continued
for the year ended December 31, 2022

Note 1: Summary of Significant Accounting Policies, Continued

Leases

On January 1, 2022, the Company implemented Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases* (Topic 842). ASU 2016-02 provides guidance in GAAP about the recognition of assets and liabilities by lessees for those leases classified as operating leases under GAAP. The guidance requires that a lessee should recognize on the balance sheet a liability to make lease payments and a right-to-use (“ROU”) asset representing the Company’s right to use the underlying assets for the term of the lease. The guidance allows a lessee who enters into a lease with a term of 12 months or less to make an accounting policy election by class of underlying assets not to recognize assets and liabilities. The Company determines if an arrangement is a lease at inception and evaluates the lease agreement to determine whether the lease is a finance or operating lease. ROU assets and lease liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The Company’s lease is for administrative space, which is on a month-to-month basis or have lease terms less than a year. As a result, the Company has not recognized assets and liabilities associated with the leases.

As part of the adoption of FASB ASU 2016-02, the Company elected to not recognize ROU assets or lease liabilities for leases with a term of 12 months or less, as permitted by the short-term lease practical expedient. In addition, the Company also applied the package of practical expedients that permit entities to not reassess (i) whether expired or existing contracts contain a lease under the new standard, (ii) the lease classification for expired or existing leases, or (iii) whether previously capitalized initial direct costs would qualify for capitalization under the new standard. The Company also applied the practical expedient that permits a lessee to account for lease and non-lease components in a contract as a single lease component. In addition, the Company used hindsight during transition. See Note 8 for more information about the Company’s lease-related obligations.

Revenue Recognition

The Company recognizes revenue in accordance with FASB ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606). The Company identifies a contract for revenue recognition when there is approval and commitment from both parties, the rights of the parties and payment terms are identified, the contract has commercial substance and the collectability of consideration is probable. The Company evaluates each contract to determine the number of distinct performance obligations in the contract, which requires the use of judgment. The Company’s contracts include promises for educational services and course materials which are distinct performance obligations.

RECORDING RADIO FILM CONNECTION, INC. AND AFFILIATES
NOTES TO THE FINANCIAL STATEMENTS, Continued
for the year ended December 31, 2022

Note 1: Summary of Significant Accounting Policies, Continued

Revenue Recognition, Continued

The Company identifies a contract for revenue recognition when there is approval and commitment from both parties, the rights of the parties and payment terms are identified, the contract has commercial substance and the collectability of consideration is probable. The Company evaluates each contract to determine the number of distinct performance obligations in the contract, which requires the use of judgment. RRFC's contracts include promises for educational services and course materials which are distinct performance obligations.

Tuition revenue is primarily derived from postsecondary education services provided to students by RRFC. Generally, tuition and other fees are paid upfront and recorded in contract liabilities in advance of the date when education services are provided to the student. A tuition receivable is recorded for the portion of tuition not paid in advance. In some instances, installment billing is available to students which reduces the amount of cash consideration received in advance of performing the service. The contractual terms and conditions associated with installment billing indicate that the student is liable for the total contract price; therefore, mitigating RRFC's exposure to losses associated with nonpayment.

Tuition revenue is recognized ratably over the instruction period. RRFC generally uses the time elapsed method, an input measure, as it best depicts the simultaneous consumption and delivery of tuition services. Revenue associated with distinct course materials is recognized at the point of time when control transfers to the student, generally when the materials are delivered to the student.

RRFC's refund policy may permit students who do not complete a course to be eligible for a refund for the portion of the course they did not attend. Refunds generally result in a reduction of deferred revenue during the period that the student drops or withdraws from a class.

The transaction price is stated in the contract and known at the time of contract inception, as such there is variable consideration for situations when a student drops from a program based on RRFC's refund policy and additional charges if a student requires additional hours to complete the program beyond the contracted end date. RRFC believes that its experience with these situations is of little predictive value because the future performance of students is dependent on each individual and the amount of variable consideration is highly susceptible to factors outside of RRFC's influence. Accordingly, no variable consideration has been included in the transaction price or recognized as income until the constraint has been eliminated. Revenue is allocated to each performance obligation based on its standalone selling price. Any discounts within the contract are allocated across all performance obligations unless observable evidence exists that the discount relates to a specific performance obligation or obligations in the contract. RRFC generally determines standalone selling prices based on prices charged to students. RRFC excludes from revenue taxes assessed by a governmental authority as these are agency transactions collected on their behalf from the customer.

RECORDING RADIO FILM CONNECTION, INC. AND AFFILIATES
NOTES TO THE FINANCIAL STATEMENTS, Continued
for the year ended December 31, 2022

Note 1: Summary of Significant Accounting Policies, Continued

Revenue Recognition, Continued

Significant judgments include the allocation of the contract price across performance obligations, the methodology for earning tuition ratably over the instruction period, estimates for the amount of variable consideration included in the transaction price as well as the determination of the impact of the constraints preventing the variable consideration from being recognized in revenue.

PIF and True Realization recognize revenue when services are rendered. JGP does not generate any revenues. CBJ's premiums for insured risks are included in revenue and recognized over the lives of the contracts in proportion to the amount of insurance protection provided (i.e., ratably over the policy period). The portion of premium that is applicable to the unexpired period of a policy in-force is not included in revenue but is deferred and recorded as deferred revenue on the accompanying balance sheet. All revenues for PIF, True Realization and CBJ are generated from RRFC and have been eliminated in combination.

Contract assets and liabilities

The Company has contract assets and contract liabilities associated with its recognition of revenue. Contract assets consists of accounts receivable. Contract liabilities consist of customer deposits. The following are the beginning and ending balances of the contract assets and liabilities as of December 31:

	2022	2021
Contract Assets:		
Accounts receivable, net	\$ 1,011,036	\$ 890,303
Contract receivable, net	\$ 90,839	\$ 217,744
Due from factor, net	\$ 2,818,605	\$ 2,690,578
Contract Liabilities:		
Deferred revenue	\$ 1,848,141	\$ 1,903,211

Advertising Costs

Advertising costs are expensed as incurred.

Income Taxes

RRFC has elected to be treated as an S corporation for federal and state income tax purposes. Under those provisions, RRFC does not pay federal corporate income taxes on its taxable income, but is subject to California franchise tax at a rate of 1.5% of taxable income. All earnings and losses generated by RRFC are included in the stockholder's personal income tax returns and are taxed based on the stockholders' personal tax strategies. For the year ended December 31, 2022, RRFC paid the California pass-through entity tax which it has elected to present in state income taxes under ASC 740 *Income Taxes*.

RECORDING RADIO FILM CONNECTION, INC. AND AFFILIATES
NOTES TO THE FINANCIAL STATEMENTS, Continued
for the year ended December 31, 2022

Note 1: Summary of Significant Accounting Policies, Continued

Income Taxes, Continued

CBJ has elected under Internal Revenue Code Section 831(b) to be taxed as a small insurance company. Pursuant to this Section CBJ's insurance activities are exempt from taxation and its investment activities are subject to United States corporate income taxes at the corporate tax rates pursuant to IRC Section 11(b). The Utah State Tax Commission does not subject the Company to any state insurance gross premium, procurement, or any other state tax. Accordingly, no provision has been made for any state tax.

JGP is a Nevada corporation while Payitforward and True Realization are each California corporations and use the "liability method" of accounting for income taxes. True Realization has a tax year ending November 30. Accordingly, deferred tax assets and liabilities are determined on the differences between the financial statement and tax basis of assets and liabilities, using enacted tax rates in effect for the year in which the differences are expected to reverse. Current income taxes are based on the year's taxable income for federal and state income tax reporting purposes. A valuation allowance is provided when it is more likely than not that some portion or all of a deferred tax asset will not be realized.

U.S. GAAP requires management to evaluate tax positions taken by the Company and recognize a tax liability if the Company has taken an uncertain position that more likely than not would be sustained upon examination by the Internal Revenue Service (IRS). Management has analyzed the Company's tax positions and believes there are no uncertain positions taken or expected to be taken that would require recognition of a liability in the financial statements.

The Company's income tax filings are subject to audit by various taxing authorities. As of December 31, 2022, the earliest tax year still subject to examination is 2019 for federal and 2018 for state purposes. The Company believes its estimates are appropriate based on current facts and circumstances.

Variable Interest Entities

According to ASC 810 *Consolidation*, variable interest entities (VIEs) are required to be consolidated by the primary beneficiary of the entity if the equity investors in the entity do not have sufficient powers, obligations, or rights or if the entity does not have sufficient equity at risk to finance its activities without additional subordinated financial support from other parties. In October 2018, the FASB issued Accounting Standards Update (ASU) ASU 2018-17, *Consolidation* (Topic 810) which provides a private company (reporting entity) the option to elect not to apply VIE guidance to legal entities under common control if both the parent and the legal entity being evaluated for consolidation are not public business entities. For the year ended December 31, 2022, management has performed the necessary evaluations of VIEs and included PIF, True Realization, JGP and its wholly owned subsidiary CBJ in the combined financial statements.

RECORDING RADIO FILM CONNECTION, INC. AND AFFILIATES
NOTES TO THE FINANCIAL STATEMENTS, Continued
for the year ended December 31, 2022

Note 1: Summary of Significant Accounting Policies, Continued

Concentration of Credit Risk

A substantial portion of ending accounts receivable, contract receivable and due from factor at December 31, 2022 are processed by Tuition Options, LLC and Climb Credit, Inc., as described in Note 5.

The Company maintains its cash and cash equivalents in various financial institutions. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. The Company performs ongoing evaluations of these institutions to limit concentration risk exposure.

Fair Value

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Depending on the nature of the asset or liability, various techniques and assumptions can be used to estimate fair value.

The definition of the fair value hierarchy is as follows:

Level 1: Quoted prices in active markets for identical assets and liabilities.

Level 2: Observable inputs other than quoted prices in active markets for similar assets and liabilities.

Level 3: Inputs for which significant valuation assumptions are unobservable in a market and therefore value is based on the best available data, some of which is internally developed and considers risk premiums that market participants would require.

The Company's investments are reported at fair value. The Company's remaining financial instruments primarily consist of cash and cash equivalents, funds held reinsurance, accounts receivable, contract receivable, due from factor, accounts payable, accrued expenses, contract recourse liability, deferred revenue and debt. The carrying values of the Company's financial instruments approximate fair value.

RECORDING RADIO FILM CONNECTION, INC. AND AFFILIATES
NOTES TO THE FINANCIAL STATEMENTS, Continued
for the year ended December 31, 2022

Note 1: Summary of Significant Accounting Policies, Continued

New Accounting Pronouncements

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. Subsequently, the FASB has issued the following standards related to ASU No. 2016-13: ASU No. 2019-11, *Codification Improvements to Topic 326, Financial Instruments - Credit Losses*, ASU No. 2019-05, *Financial Instruments - Credit Losses (Topic 326): Targeted Transition Relief*; ASU No. 2019-04, *Codification Improvements to Topic 326, Financial Instruments - Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments*; and ASU No. 2018-19, *Codification Improvements to Topic 326, Financial Instruments - Credit Losses*. ASU No. 2016-13 requires entities to measure all expected credit losses for most financial assets held at the reporting date based on an expected loss model, which includes historical experience, current conditions, and reasonable and supportable forecasts. Entities will now use forward-looking information to better form their credit loss estimates. ASU No. 2016-13 also requires enhanced disclosures to help financial statement users better understand assumptions used in estimating expected credit losses. During November 2019, the FASB issued ASU 2019-10, extending the effective date of the ASU to periods beginning after December 15, 2022 for nonpublic entities. Early adoption is permitted for fiscal years beginning after December 15, 2018. The Company has not yet elected this accounting guidance.

In December 2019, the FASB issued ASU 2019-12, *Income Taxes (Topic 740)*. The guidance in ASU 2019-12 simplifies the accounting for income taxes under GAAP. The amendments in this ASU simplify the accounting for income taxes by removing certain exceptions to the general principles in Topic 740. The amendments also improve consistent application of and simplify GAAP for other areas of Topic 740 by clarifying and amending existing guidance. The provisions of ASU 2019-12 are effective for the fiscal periods beginning after December 15, 2021 and for interim periods within fiscal years beginning after December 15, 2022. Early implementation is permitted. The Company has not yet elected this accounting guidance.

RECORDING RADIO FILM CONNECTION, INC. AND AFFILIATES
NOTES TO THE FINANCIAL STATEMENTS, Continued
for the year ended December 31, 2022

Note 2: Related Party Transactions

During 2022, the stockholder of the Company repaid the outstanding balance of \$108,511 which was presented as due from stockholder on the December 31, 2021 balance sheet.

During 2022, RRFC advanced \$16,870 to an entity owned 50% by the stockholder of the Company. The balance is included in due from related party on the accompanying balance sheet.

Note 3: Investments

The Company's investments consist of equity securities which are carried at fair value on the balance sheet. Realized and unrealized gains and losses on equity securities are included in other income and expenses on the accompanying statement of operations. Fair value of securities is based upon quoted market prices in active markets or estimated fair value when quoted market prices are not available. The cost basis for realized gains and losses on equity securities is determined on a specific identification basis. During 2022, the Company sold securities totaling \$410,869 resulting in gross realized losses of \$88,238.

The Company's investments in equity securities comprise the following at December 31, 2022:

	Cost	Fair Value	Unrealized Loss, net
Equity securities	\$ 2,198,216	\$ 1,771,254	\$ (426,962)

The Company reviews its investments in equity securities for other-than-temporary impairment whenever the fair value is less than cost and evidence indicate that an investment's carrying amount is not recoverable within a reasonable period of time. To determine whether an impairment is other-than-temporary, the Company considers whether it has the ability and intent to hold the investment until a market price recovery and considers whether evidence indicating the cost of the investment is recoverable outweighs evidence to the contrary. The Company did not hold any equity securities with an other-than-temporary impairment at December 31, 2022. Equity securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in any of these factors could materially affect amounts reported.

The Company has a margin loan payable which is secured by its investments in marketable securities, as described in Note 7.

RECORDING RADIO FILM CONNECTION, INC. AND AFFILIATES
NOTES TO THE FINANCIAL STATEMENTS, Continued
for the year ended December 31, 2022

Note 4: Fair Value Measurement

The following is a description of the valuation methodologies used for assets measured at fair value:

Equity securities: Valued at the closing price reported on the active market on which the securities are traded and categorized as level 1 of the fair value hierarchy.

The preceding method described may produce a settlement value calculation that may not be indicative of net realizable value or reflective of future settlement values. Furthermore, although the Company believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the settlement value of certain financial instruments could result in a different settlement value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Company's assets and liabilities at fair value as of December 31, 2022:

	<u>Fair Value</u>	<u>Level 1</u>
Equity securities	\$ 1,771,254	\$ 1,771,254
Total investments at fair value	<u>\$ 1,771,254</u>	<u>\$ 1,771,254</u>

Note 5: Accounts Receivable, Contract Receivable, Due from Factor, and Contract Recourse Liability

RRFC has an institutional loan program and agreements for the administration and servicing, as defined, with Tuition Options, LLC (Tuition Options). Contracts are defined as retail installment contracts, tuition financing agreements, or other similar instruments.

The allowance for doubtful accounts is maintained to reflect RRFC's best estimate of probable losses resulting from the inability or failure of its students to make required payments. The adequacy of the allowance for doubtful accounts is based on historical bad debt experience and the student status. Generally, a student receivable is written-off once the Company determines the balance will not be collected.

Although RRFC analyzes past due accounts receivables, it is not practical to provide the aging of the non-current balances as a result of the methodology used by RRFC. RRFC evaluates the collectability of the earned portion of the receivable balances based on student status and not the age of the receivable balances. For the year ended December 31, 2022, bad debt expense of \$1,096,824 was included in general and administrative expense on the statement of income.

RECORDING RADIO FILM CONNECTION, INC. AND AFFILIATES
NOTES TO THE FINANCIAL STATEMENTS, Continued
for the year ended December 31, 2022

Note 5: Accounts Receivable, Contract Receivable, Due from Factor, and Contract Recourse Liability, Continued

Tuition Options

RRFC has an agreement with, Tuition Options, a loan servicing agency, to finance and collect a significant portion of its student loans. The student loans are contracts defined as retail installment contracts and range in length from 2 to 6 years. RRFC finances the principal portion of the student loans and utilizes Tuition Options for collections for a portion of the students. RRFC charges interest on these receivables at rates generally ranging from 6% to 16%.

For student loans meeting certain credit requirements, Tuition Options advances funds to RRFC. Under the terms of the agreement, Tuition Options advances 45% of the principal amount of a receivable to RRFC, interest-free, and remits a portion of additional principal payments as received. RRFC does not earn interest charged to students on advance receivables, and therefore, advanced receivables are discounted to their net present value. As of December 31, 2022, the total unamortized discount related to advanced receivables was \$36,000 which is included in contract receivable on the accompanying balance sheet. Tuition Options charges back the outstanding advance upon accounts becoming inactive for 120 days. In addition, RRFC incurred recourse and administration fees of \$99,000 related the loan program with Tuition Options. These expenses have been included in general and administrative expenses on the accompanying statement of income.

Climb

In August 2018, RRFC entered into a private loan program agreement with Climb. Under the terms of the agreement, for student borrowers who meet certain credit criteria and other conditions, Climb will advance a portion of a student's loan balance to RRFC. If a student drops out of their program within the refund period, any advanced funds are required to be refunded to Climb. Under the agreement, Climb controls and is responsible for all future collection activities related to the student loans. As stipulated in the agreement, all student loans, advanced disbursements and remainder school distribution amounts under this agreement to a student are nonrecourse obligations of RRFC. Prior to 2019, no student borrowers were processed by Climb under the servicing agreement.

For the year ended December 31, 2022, RRFC sold Climb student accounts totaling \$3,152,000, received \$1,437,000 in advances, and recognized a total loss on sale of \$738,000 which was included in general and administrative expenses on the statement of income. Under the agreement, RRFC does not earn interest on the student loans and as such, the due from factor balance has been discounted to the net present value. As of December 31, 2022, the total unamortized discount related to due from factor was \$1,136,000 which is included in due from factor on the accompanying balance sheet. Based on Climb's estimates, RRFC will begin receiving payments in 2023 and \$79,576 of due from factor is presented as current on the accompanying balance sheet.

RECORDING RADIO FILM CONNECTION, INC. AND AFFILIATES
NOTES TO THE FINANCIAL STATEMENTS, Continued
for the year ended December 31, 2022

Note 6: Property and Equipment

Property and equipment consists of the following as of December 31, 2022:

Furniture and fixtures	\$	77,206
Computer equipment		51,679
Leasehold improvements		2,219
		131,104
Less: accumulated depreciation		(122,209)
		\$ 8,895

Note 7: Debt

CBJ has a margin loan which is secured by its investments in marketable securities. As of December 31, 2022, the loan has an outstanding balance of \$602,090, including interest of 7.44%, which is presented as margin loan payable on the accompanying balance sheet.

During May 2020, RRFC obtained an Economic Injury Disaster Loan (EIDL) for \$150,000, from the Small Business Administration (SBA). In 2022, the Company received an additional advance of \$250,000 on the EIDL. The loan program is for small business owners to be able to meet their financial obligations and operating expenses during the COVID-19 Pandemic. The loan is for 30 years, with monthly payments of \$731 beginning 12 months from the date of the loan, including interest of 3.75% and matures in June 2050. In March 2021, the SBA extended the deferment period for all disaster loans, including the COVID-19 EIDL program, for an additional 18 months until 2023. As of December 31, 2022, the Company has an outstanding balance of \$404,700, of which \$8,492 is current, as presented on the accompanying balance sheet.

Future maturities of the debt are as follows:

<u>Year ending December 31,</u>		
2023	\$	8,492
2024		9,133
2025		9,482
2026		9,844
2027		10,220
Thereafter		357,529
		\$ 404,700

RECORDING RADIO FILM CONNECTION, INC. AND AFFILIATES
NOTES TO THE FINANCIAL STATEMENTS, Continued
for the year ended December 31, 2022

Note 8: Right-of-Use Leases

The Company leased a facility under a non-cancelable operating lease expiring December 2022. The lease contained rent abatement and stipulated increases. In addition to the base monthly rental payments, the Company was responsible for its share of common area maintenance of the building and property taxes. The Company vacated the premises as a result of COVID-19 pandemic and is in litigation with the landlord, as described in Note 10.

The Company leases two facilities under cancelable operating leases. The leases require monthly payments totaling approximately \$9,000 and can be cancelled at any time. For the year ended December 31, 2022, the Company incurred short-term lease expense of \$116,287 which is included in rent and occupancy on the accompanying statement of income.

Note 9: Income Taxes

Income tax expense for the year ended December 31, 2022, consists of the following:

	Federal	State	Total
Current tax expense	\$ 4,914	\$ 85,838	\$ 90,752
Deferred tax expense (benefit)	(215,696)	-	(215,696)
	\$ (210,782)	\$ 85,838	\$ (124,944)

Deferred income taxes have been provided in recognition of timing differences in reporting items for income taxes and financial statement purposes. As of December 31, 2022, the components of these temporary differences and the deferred tax asset (liability) were as follows:

Unrealized losses on investments	\$ (215,696)
	\$ (215,696)

For the year ended December 31, 2022, CBJ has recognized unrealized losses on investments classified as equity securities in the amount of \$427,000 resulting in a deferred tax asset of \$119,981 classified as long-term on the accompanying balance sheet.

RECORDING RADIO FILM CONNECTION, INC. AND AFFILIATES
NOTES TO THE FINANCIAL STATEMENTS, Continued
for the year ended December 31, 2022

Note 9: Income Taxes, Continued

As of December 31, 2022, Payitforward has NOL carryforwards totaling \$74,000 for federal purposes. These NOLs were generated in a tax year ending after 2017 and do not expire but are limited to 80% of taxable income in the year used. For the year ended December 31, 2022, a valuation allowance of the entire deferred tax asset has been recorded as management has determined that no portion of the deferred tax asset will more likely than not be realized. However, if estimates of future taxable income are increased, adjustments to the allowance can be made to reflect the portion of the deferred tax asset they deem realizable.

Note 10: Commitments and Contingencies

Regulatory Matters

RRFC has been approved to provide educational services in various states. As a result, RRFC may be subject to audits, investigations, claims of noncompliance or lawsuits by government agencies, regulatory bodies, or third parties. While there can be no assurance that such matters will not occur and if they do occur will not have a material adverse effect on the financial statements, management believes RRFC has complied with all regulatory requirements as of the date of the financial statements.

RRFC operates in California and must comply with the rules and regulations of the California Bureau for Private Postsecondary Education (BPPE). BPPE requires institutions to maintain a current ratio of 1.25 to 1.00. For the year ended December 31, 2022, the Company's current ratio was above 1.25.

In accordance with the insurance regulations of the Utah Insurance Department, CBJ is required as a pure captive to maintain paid-in capital of not less than \$250,000. As of December 31, 2022, CBJ has met this requirement. CBJ's reported capital and surplus approximates statutory capital and surplus. CBJ's ability to pay dividends and other distributions is subject to statutory restriction.

CBJ Losses and Loss Adjustment Liability and Expenses

CBJ reserves for claims losses based on known reported losses and losses incurred but not reported based on actuarial and historical analysis. As of December 31, 2022, the total loss estimate is \$280,097 which is included in insurance reserve on the accompanying balance sheet. The provisions are estimates and may ultimately be settled for a significantly greater or lesser amount. Any subsequent differences arising will be recorded to the period in which they are determined. Changes, if any, to prior year incurred claims and claim adjustment expenses reflect actual results that differ from past estimates. No such adjustments were made during the year. Management believes the estimates are adequate to cover the ultimate net cost of losses incurred to date.

RECORDING RADIO FILM CONNECTION, INC. AND AFFILIATES
NOTES TO THE FINANCIAL STATEMENTS, Continued
for the year ended December 31, 2022

Note 10: Commitments and Contingencies, Continued

	2022
Balance at Beginning of Year	\$ 453,000
Losses and Loss Adjustment Related to	
Current Year	25,000
Prior Years	(197,903)
Total Incurred	\$ (172,903)
Losses Paid Related to	
Current Year	-
Prior Years	-
Total Paid	\$ -
Net Incurred	(172,903)
Balance at End of Year	\$ 280,097

The following tables present information regarding CBJ's short-duration contract claims incurred, claims paid, and claims frequency, all net of any reinsurance. As a captive insurer, CBJ provides direct coverage solely to related party insured which limits its need to disaggregate information by category for purposes of management analysis. Accordingly, no disaggregated information has been presented in the tables below. The cumulative claim frequency information pertaining to direct written insurance is calculated by CBJ's actuary and is based on claim event notifications that result in a liability. Cumulative claim frequency information pertaining to assumed reinsurance has not been presented because the information was not made available by the ceding entity and is otherwise impracticable to obtain. There have been no changes from the prior year in the methodologies used to determine the information presented.

RECORDING RADIO FILM CONNECTION, INC. AND AFFILIATES
NOTES TO THE FINANCIAL STATEMENTS, Continued
for the year ended December 31, 2022

Note 10: Commitments and Contingencies, Continued

Accident Year	Incurred Claims and Allocated Claims Adjustment Expenses, Net of Any Reinsurance		No. of Claims
	2022		
2016	\$	3,600	-
2017		4,913	-
2018		396,881	1
2019		19,088	1
2020		65,460	-
2021		215,084	-
2022		25,000	-
	\$	730,026	2

Accident Year	Incurred Claims and Allocated Claims Adjustment Expenses, Net of Any Reinsurance		IBNR & Case Reserves
	2022		
2016	\$	3,600	-
2017		4,913	-
2018		396,881	-
2019		19,088	-
2020		-	65,460
2021		25,447	189,637
2022		-	25,000
	\$	449,929	\$ 280,097
Gross Liability for Claims and Claim Adjustment Expense	\$	280,097	

Employment Agreement

RRFC has an agreement with a key executive in which, upon an equity transaction or change in control, the key executive is entitled to 20% of the net consideration.

Legal Matters

The Company is party to occasional lawsuits, investigations and claims. While the outcome of these matters is uncertain, there can be no assurances that the ultimate outcome of any of the matters discussed below will not materially affect the Company's results of operations or financial condition. When the Company becomes aware of a claim or potential claim, it assesses the likelihood of any loss or exposure. The Company records loss contingencies in its financial statements only for matters in which losses are probable and can be reasonably estimated. Where a range of loss can be reasonably estimated with no best estimate in the range, the Company records the minimum estimated liability.

RECORDING RADIO FILM CONNECTION, INC. AND AFFILIATES
NOTES TO THE FINANCIAL STATEMENTS, Continued
for the year ended December 31, 2022

Note 10: Commitments and Contingencies, Continued

If the loss is not probable or the amount of the loss cannot be reasonably estimated, the Company discloses the nature of the specific claim if the likelihood of a potential loss is reasonably possible and the amount involved is material. Below is a list of material legal proceedings to which the Company is a party:

Los Angeles Superior Court Case No. 21STCV44647

The Company is being sued by its former landlord for breach of lease in connection with its commercial office space lease (the 'Lease') in Los Angeles, California. The term of the lease was for approximately 5.5 years, but three years into the Lease, government orders forced the Company to close the office during the COVID-19 pandemic and ultimately vacate the premises. The landlord seeks damages for back rent and rent through the remainder of the Lease term which ended December 2022. The Company has asserted numerous defenses relating to the COVID-19 pandemic and will continue to vigorously defend itself although it is possible that the landlord may assert that some or all of the defenses do not apply, or if they do, some or all defenses apply only for a portion of the rental period of the Lease. As of December 31, 2022, the Company has accrued \$543,000 related to the matter which is included in accrued expenses on the accompanying balance sheet.

A former employee who was terminated in June 2022 retained the services of a law firm which in October 2022 sent a letter claiming wrongful termination. Specifically, the former employee claimed she is owed unpaid vacation, additional salary, bonus, emotional distress and attorney's fees totaling \$250,000. The Company is covered by an insurance policy with a deductible of \$125,000 for the claim. Management of the Company plans to continue to vigorously defend the matter and believes the matter is without merit.

In May 2023, the Company reached a \$250,000 settlement with the attorney general of Massachusetts resolving of an ongoing investigation into compliance with Massachusetts statute 940 C.M.R. 31.00. As part of the settlement, the Company agreed to pay \$75,000 within 30 days and afterwards pay \$10,295 monthly for 17 months. As of December 31, 2022, the Company has accrued the full settlement amount related to the matter of which \$136,765 is included in accrued expenses and \$113,235 in accrued settlement on the accompanying balance sheet.

In addition to the legal proceedings described above, the Company may be party to pending or threatening lawsuits related primarily to services currently or formerly performed by the Company.

RECORDING RADIO FILM CONNECTION, INC. AND AFFILIATES
NOTES TO THE FINANCIAL STATEMENTS, Continued
for the year ended December 31, 2022

Note 11: Subsequent Events

In May 2023, the Company entered into a settlement agreement with the attorney general of Massachusetts, as described in Note 10.

Subsequent events were evaluated through May 22, 2023, which is the date the financial statements were available to be issued.

Supplementary Information

RECORDING RADIO FILM CONNECTION, INC. AND AFFILIATES
SUPPLEMENTARY INFORMATION
(Combining Balance Sheet)
December 31, 2022

ASSETS

	Recording Radio Film Connection	Payitforward	True Realization	JGP Enterprises and Subsidiary	Eliminating Entries	Total
<u>Current assets:</u>						
Cash and cash equivalents	\$ 1,078,095	\$ 4,363	\$ 211,768	\$ 281,121	\$ -	\$ 1,575,347
Funds held reinsurance	-	-	-	492,899	-	492,899
Investments	-	-	-	1,771,254	-	1,771,254
Accounts receivable, net	673,421	-	-	-	-	673,421
Due from factor, net	79,576	-	-	-	-	79,576
Due from related party	68,484	-	-	-	(51,614)	16,870
Prepaid expenses	51,268	-	-	-	-	51,268
Income tax refund receivable	-	-	-	31,887	-	31,887
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total current assets	1,950,844	4,363	211,768	2,577,161	(51,614)	4,692,522
Property and equipment, net	8,895	-	-	-	-	8,895
<u>Other assets:</u>						
Accounts receivable, net	337,615	-	-	-	-	337,615
Contract receivable, net	90,839	-	-	-	-	90,839
Due from factor, net	2,739,029	-	-	-	-	2,739,029
Deposits	-	-	-	40,012	-	40,012
Deferred tax asset	-	-	-	119,981	-	119,981
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total other assets	3,167,483	-	-	159,993	-	3,327,476
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 5,127,222</u>	<u>\$ 4,363</u>	<u>\$ 211,768</u>	<u>\$ 2,737,154</u>	<u>\$ (51,614)</u>	<u>\$ 8,028,893</u>

The financial statements and accompanying notes should be read
in connection with this supplementary information.

RECORDING RADIO FILM CONNECTION, INC. AND AFFILIATES
SUPPLEMENTARY INFORMATION, Continued
(Combining Balance Sheet)
December 31, 2022

LIABILITIES AND EQUITY

	Recording Radio Film Connection	Payitforward	True Realization	JGP Enterprises and Subsidiary	Eliminating Entries	Total
<u>Current liabilities:</u>						
Accounts payable	\$ 310,271	\$ -	\$ -	\$ 2,000	\$ -	\$ 312,271
Accrued expenses	690,339	-	-	-	-	690,339
Accrued payroll and related	42,403	-	-	-	-	42,403
Due to related party	-	7,560	-	44,054	(51,614)	-
Contract recourse liability	32,558	-	-	-	-	32,558
Deferred revenue	1,848,141	-	-	-	-	1,848,141
Margin loan payable	-	-	-	602,090	-	602,090
Current portion of debt	8,492	-	-	-	-	8,492
Total current liabilities	2,932,204	7,560	-	648,144	(51,614)	3,536,294
Accrued settlement	113,235	-	-	-	-	113,235
Debt, net of current portion	396,208	-	-	-	-	396,208
Insurance reserve (IBNR)	-	-	-	280,097	-	280,097
Total liabilities	3,441,647	7,560	-	928,241	(51,614)	4,325,834
<u>Stockholder's equity:</u>						
Common stock						
Recording Radio Film Connection, Inc.	2,500	-	-	-	-	2,500
Pay It Forward	-	2,500	-	-	-	2,500
True Realization	-	-	1,000	-	-	1,000
JGP Enterprises	-	-	-	1,000	-	1,000
Retained earnings (accumulated deficit)	1,683,075	(5,697)	210,768	1,807,913	-	3,696,059
Total stockholder's equity (deficit)	1,685,575	(3,197)	211,768	1,808,913	-	3,703,059
Total liabilities and stockholder's equity	\$ 5,127,222	\$ 4,363	\$ 211,768	\$ 2,737,154	\$ (51,614)	\$ 8,028,893

The financial statements and accompanying notes should be read
in connection with this supplementary information.

RECORDING RADIO FILM CONNECTION, INC. AND AFFILIATES
SUPPLEMENTARY INFORMATION, Continued
(Combining Statement of Income)
for the year ended December 31, 2022

	Recording Radio Film Connection	Payitforward	True Realization	JGP Enterprises and Subsidiary	Eliminating Entries	Total
<u>Revenue:</u>						
Tuition revenue, net	\$ 10,699,762	\$ -	\$ -	\$ -	\$ -	\$ 10,699,762
Auxiliary	-	1,233,050	1,038,806	1,163,533	(3,435,389)	-
Total revenue	10,699,762	1,233,050	1,038,806	1,163,533	(3,435,389)	10,699,762
<u>Expenses:</u>						
Instructional	2,936,163	-	-	-	-	2,936,163
Salaries, payroll taxes and benefits	2,340,901	1,056,349	326,066	-	-	3,723,316
Rent and occupancy	318,418	-	-	-	-	318,418
Advertising	1,000,669	-	547,836	-	-	1,548,505
Depreciation	13,132	-	-	-	-	13,132
General and administrative	4,624,185	162,865	91,672	66,682	(3,435,389)	1,510,015
Total expenses	11,233,468	1,219,214	965,574	66,682	(3,435,389)	10,049,549
Income (loss) from operations	(533,706)	13,836	73,232	1,096,851	-	650,213
<u>Other income (expense):</u>						
Interest income	533,417	-	-	-	-	533,417
Interest expense	-	-	-	(21,025)	-	(21,025)
Other income	18	-	-	16,060	-	16,078
Investment loss	-	-	-	(1,027,445)	-	(1,027,445)
Total other income (expense)	533,435	-	-	(1,032,410)	-	(498,975)
Income before provision for income taxes	(271)	13,836	73,232	64,441	-	151,238
<u>Provision for income taxes</u>	(82,140)	(1,995)	(6,584)	215,663	-	124,944
Net income (loss)	\$ (82,411)	\$ 11,841	\$ 66,648	\$ 280,104	\$ -	\$ 276,182

The financial statements and accompanying notes should be read
in connection with this supplementary information.