# TRANSATLANTIC CAPITAL INC.
## Notes to the Financial Statements
## For the Years End December 31, 2018 and 2017

**NOTE 1 - ORGANIZATION**

**Organization and Line of Business**

Transatlantic Capital Inc. was incorporated on May 22, 2002, under the laws of the State of Nevada, as Medina International Corp. On May 4, 2006, the Company changed its name to ACRO Inc., and again on May 24, 2014 to Transatlantic Capital Inc.

The Company was originally an oil and gas consulting company in Canada and the United States that later shifted operations to Israel to engage in development of products for the detection of military and commercial explosives for the homeland security market. On May 24, 2014 a change of control took place and the Company changed its business model to develop and manage real estate. As a result, the Company's address was moved from Israel to Georgia. The Company is currently a shell entity with no business operations or assets.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The financial statements have been prepared in accordance with generally accepted accounting principles in the United States ("US GAAP").

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The reported amounts of revenues and expenses during the reporting period may be affected by the estimates and assumptions management is required to make. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the period that they are determined to be necessary. It is at least reasonably possible that management's estimates could change in the near term with respect to these matters, as actual results could differ from these estimates.

**Going Concern**

In conformity with generally accepted accounting principles, it has been assumed that the Company will continue as a going concern. The Company continues to incur losses from operations and has a negative working capital. This raises substantial doubt about the Company's ability to continue as a going concern for a period of one year from the issuance of these financial statements. Management intends to raise financing through public equity or other means and interests that it deems necessary. These financial statements do not include any adjustments that might be necessary should the Company be unable to continue as a going concern.

**Financial Statements in U.S. Dollars**

The Company has determined the U.S. dollar as the currency of its primary economic environment and thus, its functional and reporting currency. Non-U.S. dollar transactions and balances have been re-measured into U.S. dollars. All transaction gains and losses from the re-measurement of monetary balance sheet items denominated in non-dollar currencies are reflected in the statements of operations as other income or expenses, as appropriate.

**Fair value**

The Company's balance sheet includes certain financial instruments. The carrying amounts of current assets and current liabilities approximate their fair value because of the relatively short period of time between the origination of these instruments and their expected realization.

ASC 820, Fair Value Measurements and Disclosures, defines fair value 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 on the measurement date. ASC 820 also establishes a fair value hierarchy that distinguishes between (1) market participant assumptions developed based on market data obtained from independent sources (observable inputs) and (2) an entity's own assumptions about market participant assumptions developed based on the best information available in the circumstances (unobservable inputs). The fair value hierarchy consists of three broad levels, which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described below:

- Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, including quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability (e.g., interest rates); and inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 - Inputs that are both significant to the fair value measurement and unobservable.

Fair value estimates discussed herein are based upon certain market assumptions and pertinent information available to management as of December 31, 2018 and 2017. The respective carrying value of certain on-balance-sheet financial instruments approximated their fair values due to the short-term nature of these instruments. These financial instruments include accrued expenses

**Share based compensation employee and non-employee**

We account for stock based compensation in accordance with FASB ASC 718 which requires companies to measure the cost of employee services received in exchange for an award of an equity instrument based on the grant-date fair value of the award. Stock-based compensation expense is recognized on a straightline basis over the requisite service period. We account for non-employee share-based awards in accordance with FASB ASC 505-50.

**Convertible debt with beneficial conversion feature**

The Company accounts for convertible debt with beneficial conversion feature in accordance with ASC 470-20 which requires the Company to recognize separately, at issuance, the embedded beneficial conversion feature in additional paid-in capital. The recognition is done by allocating a portion of the proceeds equal to the intrinsic value of that feature in additional paid-in capital. The intrinsic value is calculated as the difference between the effective conversion price of the convertible debt and the fair value of the shares at issuance date.

**Income taxes**

The Company accounts for income taxes by the liability method whereby deferred tax assets and liability account balances are determined based on differences between financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. The Company provides a valuation allowance, if necessary to reduce the amount of deferred tax assets to their estimated realizable value.

**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.

**Basic and Diluted Net Income (Loss) per Share**

Basic net income (loss) per share is computed based on the weighted average number of common shares outstanding during each year. Diluted income (loss) per share is computed based on the weighted average number of common shares outstanding during each year, plus dilutive potential common shares considered outstanding during the year.

**Recent Accounting Pronouncements**

The Company has implemented all new relevant accounting pronouncements that are in effect through the date of these financial statements. The pronouncements did not have any material impact on the financial statements unless otherwise disclosed, and the Company does not believe that there are any other new accounting pronouncements that have been issued that might have a material impact on its consolidated financial position or results of operations.

## NOTE 3 – RELATED PARTY TRANSACTIONS

From time to time, the Company received advances from a significant stockholder, IMIR Management LLC, as a loan which are unsecured, non-interest bearing and due on demand. During the year ended December 31, 2017, $33,494 was loaned to the Company, of which $2,394 was directly paid on behalf of the Company. As of December 31, 2018, advances from IMIR total $64,907.

On June 1, 2014, the Company executed a funding agreement with NFA Securities L3C, a stockholder, to fund ongoing company operations with a loan of up to $150,000. During the nine months ended September 30, 2017, $7,500 was loaned to the Company. For the year ended December 31, 2017, advances from NFA total $116,949. These advances are unsecured, non-interest bearing and are due on demand.

The total related parties balance as of December 31, 2018 and December 31, 2017 are $181,856.

## NOTE 4 – COMMITMENTS

On May 24, 2017, the Company entered into a six-month consulting agreement with First Look Equities, LLC, capital campaign management consultants. Compensation for services under this agreement consist of six monthly payments of $5,000 and stock financing of 70,000 common shares with a fair value of $2,275. The share issuance was to occur within 20 days of the signing of the contract, but has not occurred as of December 31, 2018. The Company plans to negotiate the terms of the common shares and have not come to an agreement as of December 31, 2018.

## NOTE 5 – SHAREHOLDERS' DEFICIT

On March 6, 2015, 1,000,000 shares of common stock were issued for the conversion of $1,000 convertible debt. As of December 31, 2018 and December 31, 2017, there are no convertible notes outstanding.

**NOTE 5 – SHAREHOLDERS' DEFICIT (Continued)**

On November 1, 2016 the Company issued 240,000 shares of restricted common stock, with a par value of $0.001 per share and a market value of $0.23 per share, according to a consulting agreement with Capital Markets which included stock-based compensation. Capital Markets was engaged on May 16, 2016 to assist with the Company's capital raise. Upon execution of the consulting agreement, 60,000 shares were vested. The remaining 180,000 shares have a vesting schedule that extended through May 15, 2017. As of December 31, 2016, a total of 165,000 shares were vested, and the recognized value of the vested stock was $26,700. During the year ended December 31, 2017, 75,000 shares were vested, and the recognized value of the vested stock was $5,190. As of December 31, 2017, all 240,000 shares were vested, and the recognized value of the vested stock was $31,890.

**NOTE 6 – LEASES**

**Operating Leases**

On August 3, 2015, the Company entered into a month to month sublease agreement securing office space in an executive suite for a monthly rental amount of $100 due on the first day of each month. Under this operating lease for the years ended December 31, 2018 and December 31, 2017 the Company incurred cost of $0 and $1,200, respectively.

**NOTE 7 – SETTLEMENT OF ACCOUNTS PAYABLE**

On October 6, 2014, the Company engaged Consultants for Resources Evaluation Limited for a professional fee of $85,000. Payment for services rendered in the amount of $11,800 was processed leaving a balance payable of $73,200 to be paid upon completion of the assignment. By mutual agreement, the engagement was cancelled and the accounts payable balance was written off and reported as gain on the settlement of accounts payable as of December 31, 2016.

**NOTE 8 – INCOME TAXES**

**Tax rates**

Transatlantic is subject to a 15%-35% corporate tax rate in the United States.

For financial reporting purposes, loss before income taxes includes the following:

| | For the Years Ended December 31, 2018 | | 2017 | |
|---|---|---|---|---|
| Net Loss | $ | - | $ | (50,832) |

**Deferred Tax**

| | For the Years Ended December 31, 2018 | | 2017 | |
|---|---|---|---|---|
| Deferred tax assets: | | | | |
| Net Operating loss carry forward | $ | 1,196,089 | $ | 1,196,089 |
| Valuation allowance | | (1,196,089) | | (1,196,089) |
| Net deferred tax assets | $ | — | $ | — |

The deferred tax assets have been fully offset by a valuation allowance. The net change in the total valuation allowance for the years ended December 31, 2018 and 2017 was an increase of $0 and $7,625 respectively. In assessing the realization of deferred tax assets, management considers whether it is more likely than not that some or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets depends on the generation of future taxable income during the periods in which those temporary differences are reducible. Management considers

**NOTE 8 – INCOME TAXES (Continued)**

projected taxable income and tax planning strategies in making this assessment. In order to fully realize the deferred tax asset, the Company will need to generate future taxable income prior to the expiration of the deferred tax assets governed by the tax code. Based on the level of historical taxable losses, management believes that it is more likely than not that the Company will not realize the benefits of these deductible differences.

As of December 31, 2018, the Company has net operating loss carry forwards for federal income tax purposes of approximately $3.3 million, after consideration of approximately $201,400 of net operating loss carry forwards that are expected to expire unused due to an ownership change as defined under the Internal Revenue Code section 382 that occurred in early 2006. These federal net operating loss carry forwards will expire if not utilized on various dates through 2027. Tax years since 2013 are open for review.

**Reconciliation of Income Tax Benefit (Expense)**

A reconciliation of the theoretical income tax computed on the loss before income taxes at the statutory tax rate and the actual income tax provision is presented as follows:

| | Year ended December 31, | |
|---|---|---|
| | **2018** | **2017** |
| Loss before income taxes as per the income statement | | |
| Tax calculated according to the statutory tax rate | - | (7,625) |
| Increase (decrease) in income tax resulting from: | | |
| Non-tax benefit losses | - | 7,625 |
| Total income tax benefit | $ — | $ — |

The income tax payable as of December 31, 2018 and 2017 was $0.

**Accounting for Uncertainty in Income Taxes**

As of January 1, 2018 and for the 12 months ended December 31, 2018, the Company did not have any unrecognized tax benefits and do not expect that the amount of unrecognized tax benefits will change significantly within the next 12 months. The Company's accounting policy is to accrue interest and penalties related to unrecognized tax benefits as a component of income tax expense.

**NOTE 8 – SUBSEQUENT EVENTS**

None