



INFORMATION MEMORANDUM

For

**REALITY RACING, INC.
A NEVADA CORPORATION**

**7300 West Camino Real, Suite 225
Boca Raton, Florida 33433**

APRIL 13, 2006



Forward-Looking Statements

This private placement memorandum contains certain forward-looking statements, as defined in the Private Securities Litigation Reform Act of 1995, including or related to our future results (including certain projections and business trends).

These and other statements, which are not historical facts, are based largely on current expectations and assumptions of management and are subject to a number of risks and uncertainties that could cause actual results to differ materially from those contemplated by such forward looking statements. These risks and uncertainties include, among others, the risks and uncertainties described in "Risk Factors."

Assumptions relating to forward-looking statements involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond our control. When used in this memorandum, the words "estimate", "believe," "project," "intend," "expect" and similar expressions are intended to identify forward-looking statements. Although we believe that assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove to be inaccurate and, therefore, there can be no assurance that the results contemplated in the forward-looking information will be realized. Our business decisions are subjective in many respects and susceptible to interpretations and periodic revisions based on actual experience and business developments, the impact of which may cause us to alter our business strategy, and may, in turn, affect our results of operations. In light of the significant uncertainties inherent in the forward-looking information herein, the inclusion of such information should not be regarded as our representation that any strategy, objectives, or other plans would be achieved. The forward-looking statements contained in this private placement memorandum speak only as of the date of this private placement memorandum as stated on the front cover, and we disclaim any obligation to update or review any of these forward-looking statements.

General Description of the Issuer

The Company

Reality Racing, Inc. is a Nevada corporation that quotes its common stock in the over-the-counter market, specifically on the Pink Sheets. Originally, the Company's predecessor was incorporated in Nevada on February 5, 1998 under the name YellowBubble.com, Inc. The Company was re-domesticated as a Nevada corporation and changed its name to Reality Racing, Inc. in August, 2005. In the process, Reality Racing, Inc. was merged into YellowBubble.com, Inc., and after the name change the Company qualified for quoting its common stock on the Pink Sheets under the symbol "RRCG." This transaction was consummated as a reverse merger whereby the shareholders of the privately-held company known as Reality Racing, Inc. exchanged their shares of common stock for over 99% of the outstanding common stock of YellowBubble.com, Inc. The Company continues to be a development stage company pursuing the business plan of the former private entity.



The Business

Reality Racing, Inc., is a Nevada corporation that has been formed for the sole purpose of creating an international business enterprise poised to capitalize on the public's demand and desire for high-intensity extreme sports entertainment.

Introduction to "Reality Racing – The Rookie Challenge"

Reality Racing - The Rookie Challenge is a weekly reality-based television series based upon the popularity of professional auto racing. The series will be offered in one-hour segments that will ultimately result in the winner getting a chance to drive with or for an established professional race team. This program represents a parallel of the popular American Idol® reality show for amateur racecar drivers.

The Evolution of "Reality Racing – The Rookie Challenge"

Sports and sports entertainment events represent the largest viewer and live event attendance in the United States as well as most of the world. Far more viewers watch on television and more people attend motorcar race events on an annual basis than watch or attend professional football or baseball events. NASCAR® racing and race-associated events represent a multi-billion dollar industry through sponsorships, advertising, live gate receipts and merchandise and it continues to grow in popularity and in turn in revenues each year. NASCAR® enthusiasts bridge the demographic gap often associated with sports events in that both blue and white collar workers, young and old, male and female all consider themselves devout fans of the sport. A "race weekend" at a major NASCAR® track in the United States will draw an average 250,000 or more spectators.

Program Overview

In conjunction with local racetracks and sponsors, "regional" searches for finalists will be conducted, documented on videotape and edited into one-hour weekly shows for airing on major television stations. After the initial interview and search process in which the most qualified amateur drivers are determined, the selected participants will be judged by existing Nextel Cup® drivers as well as other established and well known NASCAR® drivers, pit crew personnel, etc. (with whom Company management have existing relationships). Areas of judging will include, but not be limited to, raw talent, on-camera appearance and personality, experience, overall desire and on-the-track racing abilities.

The television show will progress from the initial selection process to actual competition on a regional basis (continental United States divided into four distinct areas). Three amateur drivers will be selected from each region for a total of 12 finalists. Selection will be made by the judges on a point system. The finalists will consist of males, females and an ethnic diversity for the broadest demographic appeal.

Winner Selection Process



The selection process for the finalists will consist of two general areas:

- 1) A on-camera presence exercise – “personality” test. Contestants will be judged on their ability to present themselves on camera and to a crowd, by delivering prepared script material and responding to impromptu questions. Contestants will also be required to respond to various questions regarding their overall knowledge of the racing industry as part of the on-camera presence exercise. Five participants will move to the final stage of competition.
- 2) This will consist of actual on-the-track racing during which the finalists will be judged on their overall driving ability, including safety awareness, aggressiveness and overall track presence (combined with the previous selection areas) as a determination of potential success in the professional racing field. The winner will be offered an opportunity to become a member of an established race team or receive the sponsorship of a company, which gives them the opportunity to become a full-time professional driving team member. In addition, representatives of several professional driving teams, such as DEI (Dale Earnhardt, Inc.), have indicated they will grant a try-out to the winner of Reality Racing - The Rookie Challenge.

Reality Racing - The Rookie Challenge will be offered to television networks as a first-run syndication project on either a cash or barter basis. It is anticipated that full program sponsorship will start on or before the third season. Initial corporate sponsorship packages will be made available for the first season.

Television

The primary promotional vehicle for Reality Racing is its weekly television program “Reality Racing - The Rookie Challenge”. The FOX® network moves directly from professional football into NASCAR® (and other racing events) each winter season and the FOX ratings are excellent. Professional motorcar and truck racing has a following on television that leads to live event attendance and Reality Racing - The Rookie Challenge will capitalize on an agreement currently in place with XSTV that will result in FOX SportsNet® airing all or segments of the weekly Rookie Challenge television program. This Agreement also calls for FOX SportsNet® production personnel to handle all production of the television program and will become effective as soon the Company receives a material portion of the aggregate amount of this Offering.

Pinnacle Entertainment (Los Angeles) is a supplier of programming to the major United States television networks. A meeting was recently held with the chief executive officer of Pinnacle and after a review of Reality Racing - The Rookie Challenge series, the chief executive officer made the comment, *"I've been in this business a long time and not too much excites me anymore. THIS excites me and I feel we could walk this onto any major network you want."*

Sponsorships



As with any sports-related event that capitalizes on viewer and live event attendance, merchandise and corporate sponsorships represent a tremendous amount of prospective revenue. Reality Racing - The Rookie Challenge television series has already received several corporate sponsorship commitments that are all race-related and will continue to solicit race oriented and other corporate sponsorships.

Officers of the Company have worked with national sponsors such as 7-UP Bottling Company, Mars Candies, Howard Johnson's, Budget Rent-A-Car and others for many years as sponsors of specific programs and they will pursue the same type of arrangement with Reality Racing - The Rookie Challenge.

Merchandise

One of the greatest sources of revenue for any sports operation is the merchandise sales and merchandise licensing effort in the arenas, by mail and in thousands of retail outlets throughout the United States and overseas. It is standard for an arena fan to pay \$28.00 for a T-shirt of his favorite player or team with the organization cost of that T-shirt being approximately \$3.20. Reality Racing - The Rookie Challenge has not only contestants to promote, but also individual sponsor related items such as helmets, jumpsuits with sponsor logos, photos, posters, team number stickers, and other popular merchandising items that are sold widely through the racing circuits.

Merchandise and name licensing is a billion dollar a year business for sports organizations that market and sell posters, photographs, buttons, hats and other items that parallel the personality of their "stars" or teams as a whole. Management believes that based upon past experience in such sporting events,, one out of every seven people that attend a sports or sports entertainment event will purchase at least one item of merchandise.

The weekly television program is used as the primary source for advertising for all Reality Racing merchandise.

The Company's Facilities

The Company's office facilities are leased from Sherlon Investments, LLC, under the terms of four individual one year leases. Under these leases, the Company occupies four suites of offices which in the aggregate total approximately 2,800 square feet. The size of each office suite dictates the amount of lease payments for our premises. The commencement and termination date of each office lease and lease payment per month are set forth below:

Suite 225 - July 1, 2005 - June 30, 2006 \$720/ month
Suite 223 - Sept. 1, 2005 - June 30, 2006 \$350/ month
Suite 222 - Dec. 1, 2005 - June 30, 2006 \$320/ month
Suite 221 - March 1, 2006 - Feb. 28, 2007 \$450/ month.



Management is confident that the Company's facilities are adequate for the staff and personnel anticipated to support the Company during the next 12 months.

COMPANY RISK FACTORS

Business is in its Beginning Stage

Though the founder of the Company, Lee F. Schaefer, has founded Reality Racing, Inc. and the other executive management and directors have significant experience in the industry, the Company itself is in its beginning phase with no history of revenues. The anticipated revenues and expenses for the Company's operations have been prepared based upon the information available to the Company and affiliated producers and advisors. There can be no assurance that the actual operations of the Company will meet the expected revenues and level of expenses that have been projected.

The Company's operating results may fluctuate significantly in the future as a result of a variety of factors, many of which are outside the Company's control. These factors include:

- Consumers' acceptance and continued support of Reality Racing as a viable entertainment resource;
- Merchandising sales meeting projections; and
- Adequate securing of sponsorships and strategic partners.

Newly-Formed Entity

The Company is a newly formed business and, as such, does not yet have an operating history upon which prospective investors can evaluate future business potential. Further, prospective investors should be aware that the projections and financial illustrations contained in this Memorandum (which have not been reviewed by independent accountants) are based on certain assumptions regarding future business and Company expenditures. To the extent that the Company fails to achieve its expected business objectives, its revenues, future profitability, and financial condition will be adversely affected. No assurance can be given that the Company's operations will be successful or that it will meet its financial objectives.

Unproven Business Model

Reality Racing, Inc. has no operating history. The success of Reality Racing, Inc. is dependant upon market acceptance and the cooperation of its various strategic business partners and an untested revenue model. The financial success of the Company is dependant, in large measure, upon the financial viability of the Company's overall business model, and its acceptance by the general public.

Key Personnel

The Company's future performance is substantially dependent on the performance and day-to-day abilities of Patrick Schaefer and Lee Schaefer, both of whom are founders, officers and directors of the Company. The loss of the services of any of the aforementioned people, or other key employees, could have a materially adverse effect on the business, results of operations and financial condition of the Company.

Possible Need for Additional Financing

Although the Company anticipates that its cash flow from its operations will be sufficient to fund its operations over the next 12 months, there can be no assurance that the Company will not require additional financing prior to the end of such period. The Company's future liquidity and capital requirements will depend on numerous factors, many of which are outside the control of the Company. This includes factors including, but not limited to its ability to hire additional personnel to expand the business, unanticipated losses on contracts that may be entered into to promote the Company, increased costs of operations due to changing market conditions or commercial setbacks the Company may experience. Future financing may result in the issuance of senior securities which may result in dilution to the holders of the Company's common stock. Any such financing, if required, may not be available on satisfactory terms or at all.

Conflicts of Interest

Some of the Company's managers and affiliates may organize and be involved in other ventures and may invest directly in opportunities otherwise available to the Company. As a consequence, conflicts of interest may arise among the Company, its employees, managers, affiliates, investors and such other ventures. In addition, certain transactions between the Company and its employees, managers and affiliates may occur in the future on terms that will be determined by the Company and which may not be arrived at as the result of arm's length bargaining.

Unforeseen Risks

Management's ability to identify all potential future risks is limited. Shareholders should recognize that additional and, as yet, unidentified risks may exist which could have an adverse impact on the viability of the Company.

Limitation of Liability and Indemnification

Pursuant to our Articles of Incorporation, our officers and directors will not be liable to the Company for any action or failure to act if they, in good faith, determined that the course of conduct in question was in the Company's best interest. The Articles of Incorporation also provide that the officers and directors shall be indemnified out of the Company's assets for any liability and related costs incurred by them in connection with the Company.



THE FOREGOING IS A SUMMARY OF CERTAIN SIGNIFICANT RISKS AND CONSIDERATIONS RELATING TO THE COMPANY. THIS SUMMARY SHOULD NOT BE INTERPRETED AS A REPRESENTATION THAT THE MATTERS REFERRED TO HEREIN ARE THE ONLY RISKS INVOLVED IN OWING SHARES IN THE COMPANY OR THAT THE MAGNITUDE OF SUCH RISKS IS NECESSARILY EQUAL.

DIVIDEND POLICY

We have not paid dividends and do not plan on paying dividends in the near future. Instead, we currently intend to retain any earnings for use in expanding our business and, therefore, we do not anticipate paying cash dividends in the foreseeable future.

MARKET PRICE OF COMMON STOCK

Our common stock is quoted on the over-the-counter "Pink Sheets" maintained by the Nasdaq Market Integrity section of the Nasdaq Stock Market, Inc., under the symbol "RRCG." Such over-the-counter price quotations reflect inter dealer prices, without retail markup, markdown, or commission and may not necessarily represent actual transactions. Our shares of common stock do not trade regularly, if at all. There are no published quotations for the shares as of the date of this Memorandum, but there are reports of sale transactions within the last 30 days in the range of \$1.95 to \$2.05 per share. These reports of transactions in the over-the-counter market are not representative of the market value of the common stock as there is little volume in the Pink Sheets for the Company's common stock at this time.

PRINCIPAL STOCKHOLDERS

The following table sets forth information regarding the beneficial ownership of our common stock as of December 31, 2005, and the following table provides the beneficial ownership for:

- each person known by us to be the beneficial owner of more than 5% of the outstanding shares of our common stock;
- each of our directors and executive officers; and
- our executive officers and directors as a group.

Beneficial ownership is determined in accordance with the rules of the SEC and generally includes voting or investment power with respect to securities. Except as indicated, we believe each person possesses sole voting and investment power with respect to all of the shares of common stock owned by such person, subject to community property laws where applicable.

In computing the number of shares beneficially owned by a person and the percentage ownership of that person, shares of common stock subject to options or warrants held by that person that are currently exercisable or exercisable within 60 days are deemed outstanding. Such shares, however, are not deemed outstanding for the purposes of computing the percentage ownership of any other person.

NAME AND ADDRESS OF PRINCIPAL SHAREHOLDER	SHARES HELD	% OF OWNERSHIP(2)
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Patrick J. Schaefer, Chief Executive Officer/Director 3861 NW 3 rd Place Deerfield Beach, Florida 33442	7,000,000	23%
Lee F. Schaefer, President/Director 14 Linden Court Ft. Thomas, Kentucky 41075	7,000,000	23%
Skip Fredricks, Vice-President/Director 3861 Poppyseed Lane, #0 Calabasas, California 91302	4,000,000	13.1%
Craig T. Leitner 22849 Royal Crown Terrace Boca Raton, Florida 33483	4,000,000	13.1%
Onyx Holdings, Inc. 975 Banyan Drive Delray Beach, Florida 33483	2,250,000	7.4%
Devken, Inc 7607 Old Thyme Court Parkland, Florida 33076	1,540,000(1)	5.1%

- (1) Vince Beatty is the controlling person of this entity. This total includes 500,000 shares held individually by Mr. Beatty.
- (2) Officers and directors as a group (4 persons) beneficially own 72.2% of the outstanding shares.

Capitalization and Description of Common Stock

The Company is authorized to issue 50,000,000 shares of common stock, par value \$.001 per share. As of the current date, the Company has approximately 30,577,618 shares of common stock outstanding, no shares of preferred stock outstanding and no options, warrants or other similar rights to acquire shares of common stock. Of the total shares of common stock outstanding, approximately 2,614,128 shares are freely tradable.

The holders of our common stock are entitled to vote on all matters submitted by the Company's Board of Directors to a shareholder vote. Such matters are limited to approval of mergers, consolidations, or dissolution actions and to remove a director in the event of gross negligence or willful misconduct. The Board of Directors has the exclusive right to manage the Company and the right to delegate officers with management responsibilities to other persons or entities, including entities relating to or controlled by the officers.

Patrick Schaefer is the Chairman of the Board and may be removed only in the event of gross negligence or willful misconduct. Although the consent of the shareholders is required for certain actions by the Company, including the election of new directors, such consent must include the consent of Mr. Schaefer to be effective.



Prior Issuance of Common Stock

During the previous two years, the Company has issued additional shares of common stock in order to raise capital and in exchange for services. Between May 16, 2005 and December 31, 2005, the Company offered and sold 692,500 shares of common stock for an aggregate offering amount of \$296,250. These shares were offered and sold under an exemption from registration pursuant to Rule 506 of Regulation D promulgated under the Securities Act, as well as comparable state securities law exemptions.

In July, 2005, the Company issued 2,600,000 shares of free trading shares to certain of its financial advisors, which were claimed to be exempt from registration under Rule 504 of Regulation D promulgated under the Securities Act of 1933 and under the “accredited investor exemption” under the Texas Securities Act.

Stock Transfer Agent

The Company has appointed Manhattan Transfer Registrar Company, 57 Eastwood Road, Miller Place, New York 11764, at its stock transfer agent. The phone number for the stock transfer agent is 631-928-7655, and the main contact person is Mr. Hector Cruz, president.

EXECUTIVE MANAGEMENT

Chart of officers and directors:

Name	Title
Patrick J. Schaefer	Chief Executive Officer
Lee F. Schaefer	President / Director
Skip Fredricks	Vice President / Director
Craig T. Leitner	Chief Financial Officer / Secretary
Glenn Allen Jr.	Director / Consultant

PATRICK J. SCHAEFER

Chief Executive Officer

Patrick Schaefer has been in the sports promotion and television production business for 25 years. From 1980 through 1986 he was President of Olympia Promotions, Inc. a Tampa, Florida company staging sports events throughout North and Latin America and the Caribbean Islands. In addition to the presentation of live sports events, Olympia also produced and distributed a weekly sports entertainment television program that Mr. Schaefer produced and hosted. From August 1986 through August 1989, Mr. Schaefer was Vice President of International Operations for the New York based RJS Marketing Worldwide, Inc. His chief responsibility was the syndication and distribution of seven (7) different sports and sports entertainment television programs. During this time, Mr. Schaefer also produced and hosted the F.L.A.I.R. professional wrestling program and the successful Pro

Wrestling This Week magazine talk show. In August 1989, Mr. Schaefer founded the World Roller Federation. The WRF changed formats and names to become RollerSport Challenge in December 1995, and again changed formats and names to the World Roller Alliance in August, 1999 to meet the changing demands of television audiences. Mr. Schaefer currently retains the position of President/CEO with World Roller Alliance. After Reality Racing, Inc. is funded, operational and in production, Mr. Schaefer will have limited duties with Reality Racing and will continue in his role as President/CEO of the World Roller Alliance. Mr. Schaefer received a Bachelor of Arts degree from the University of South Florida.

LEE F. SCHAEFER

President/Director

President, Lee F. Schaefer has been an entrepreneur since the early 1980's. Mr. Schaefer has successfully developed and marketed numerous consumer products for his own companies. Mr. Schaefer was Vice President of Volunteers of America from 2002 through 2004, when became affiliated with Checkered Flags for Kids, a charity organization that specialized in granting auto-racing wishes for children diagnosed with terminal illnesses. While with CFK, Mr. Schaefer became involved with the business side of the NASCAR® race circuit and subsequently developed many of the contacts and partnerships that have helped make Reality Racing - The Rookie Challenge television series viable.

SKIP FREDRICKS

Vice President/Director

Vice President Skip Fredricks is a multi-EMMY nominated sports and sports entertainment event and television producer who has produced and aired numerous national racing events at tracks around the United States. Mr. Fredricks is also the owner and producer of XSTV, the #1 rated extreme sports program currently airing on FOX SportsNet®. Mr. Fredricks has won numerous video production awards for his programming ranging from extreme sports such as mountain biking to snow boarding to jet skiing to extreme roller skating. Mr. Fredricks also produces the Globe Warriors sports entertainment program.

CRAIG T. LEITNER

Chief Financial Officer/Secretary

Mr. Leitner is a Certified Public Accountant with more than 15 years of experience in corporate accounting. He has worked within a variety of industries including software development, entertainment and film production, which makes him an excellent candidate for Reality Racing, Inc.'s CFO. Prior to Reality Racing, Inc. he was Controller for X Point Technologies. From September 1994 to October 1997, Mr. Leitner served as Controller for Visionary Entertainment Group. From January 1989 to July 1994 he was Controller of The Calumite Company. Mr. Leitner holds a BBA in Accounting from the University of Michigan.



GLENN ALLEN, JR.
Director/Consultant

Glenn Allen Jr. has raced since he was 13 years old and was the NASCAR® Busch series Rookie of the Year in 1996. He raced professionally on the NASCAR® circuit until retiring from active on-the-track racing approximately three years ago. He now owns and operates Glenn Allen Racing, Inc. based in Hamilton, Ohio. He is an accomplished race driver who is extremely familiar with all aspects of the racing business. Mr. Allen also maintains an association with many of the current major driving teams on the racing circuit.

Board of Directors Responsibilities

The Board of Directors has the responsibility of overall management of the Company's operations. The Board shall take all actions that may be necessary or appropriate (i) for the continuation of the Company's valid existence as "C" corporation under the laws of the State of Nevada, and (ii) for the acquisition, operation, management and supervision of the Company's business in accordance with the provisions of its current business model, applicable laws and regulations.

The Board of Directors has the right, power and authority, acting at all times for and on behalf of the Company and its shareholders, to enter into and execute any agreement or agreements, promissory note or notes, and any other instruments or documents, and to undertake and do all acts necessary to carry out the purposes for which the Company was formed.

Certain Considerations and Board Transactions

Conflicts of Interest

Certain Board of Directors and shareholders of the Company are subject to various conflicts with respect to their relationship with the Company. Notwithstanding these conflicts of interest, the Board of Directors and shareholders will endeavor to balance the interests of the Company with their interests in making any determinations or decisions. As a result, such conflicts will generally not be resolved as advantageously for the Company as would be the case if such conflicts did not exist. These conflicts include, but are not limited to, the items discussed below.

Employment Agreements between Officers and the Company

The Company may negotiate certain management agreements with the officers of the Company. Such negotiations between the Company and the officers referred to herein may not be considered as being negotiated at "arm's length." Future agreements between the Company and the officers will also not be negotiated at arm's length and may substantially benefit certain officers of the Company. As of the date of this Memorandum, the Company has entered into three employment agreements, one with Patrick Schaefer, our Chief



Executive Officer, one with Craig Leitner, our Chief Financial Officer and another with Lee Schaefer, our President. All three agreements were entered into on May 1, 2005 for a five-year term.

Patrick Schaefer's agreement provides that he is to receive a base salary of \$125,000 per year, plus cash bonuses within the discretion of the board of directors. The agreement with Mr. Schaefer may be terminated by him upon giving the Company 30 days advance notice. The Company may terminate the agreement in the event that Mr. Schaefer breaches any covenants in the agreement, commits any material act of fraud, gross negligence or willful misfeasance, but in such events, termination is permissible only upon a vote of no less than two-thirds of the balance of the directors.

Lee Schaefer's agreement provides that he is to receive a base salary of \$110,000 per year, plus cash bonuses within the discretion of the board of directors. The agreement with Mr. Schaefer may be terminated by him upon giving the Company 30 days advance notice. The Company may terminate the agreement in the event that Mr. Schaefer breaches any covenants in the agreement, commits any material act of fraud, gross negligence or willful misfeasance, but in such events, termination is permissible only upon a vote of no less than two-thirds of the balance of the directors.

Mr. Leitner's agreement provides that he is to receive a base salary of \$90,000 per year, plus cash bonuses within the discretion of the President and/or the board of directors. The agreement with Mr. Leitner may be terminated by him upon giving the Company 30 days advance notice, in which event, Mr. Leitner forfeits any future benefits of the agreement. The Company may terminate the agreement in the event that Mr. Leitner breaches any covenants in the agreement, commits any material act of fraud, moral turpitude, gross negligence or willful misfeasance, but in such events, termination is permissible only upon a vote of no less than two-thirds of the balance of the directors.

None of the above-described employment agreements include a covenant not to compete by these officers in the event of termination of any of the agreements.

Further, the officers and directors are not prohibited from entering into additional transactions with the Company or engaging with any entity that has an interest to perform services for the Company. In the future, the officers and directors of the Company may make or arrange loans for the Company, or render services, or sell goods to the Company, or engage in other transactions with the Company. In such events, the officers and directors will undertake to see that the terms of such transactions are on substantially competitive terms with those available from unaffiliated sources.

Other Material Agreements

In May, 2005, the Company entered into a Consulting Services Agreement with Onyx Holdings, Inc. of Deerfield Beach, Florida ("Onyx Agreement"). The Onyx Agreement provided in principal part that the consultant, Cort Poyner, would provide certain described services such as assisting the Company in raising capital, development of a public market



for our common stock and providing services related to the Company's planned public offering. In exchange for the consulting services to be rendered, the Company agreed to issue 9.8% of the issued and outstanding common stock to Onyx Holdings, Inc. and Devken, Inc. Further, upon the Company being approved for trading its common stock on a securities exchange, the Onyx Agreement provided for the payment to the consultants of a cash fee of \$5,000 per month for a 12 month period.

The Company issued the common stock as provided by the Onyx Agreement, but due to non-performance by the consultants under the agreement, it has been terminated effective January 17, 2006. No further compensation is due under the Onyx Agreement.

LEGAL PROCEEDINGS

There are no pending or threatened material legal proceedings to which the Company is a party or to which any of its property is subject.

EXPERTS

The Company's securities counsel is Gregory Bartko, Esq., of the Law Office of Gregory Bartko, 3475 Lenox Road, Suite 400, Atlanta, Georgia 30326. Mr. Bartko's office telephone number is 404-238-0550, his facsimile number is 404-238-0551 and email address is gbartko@mindspring.com. The Company currently does not have an independent auditor and relies upon its in-house chief financial officer, Craig Leitner, for the Company's financial reporting and preparation of its unaudited financial statements..

The Company has retained the investment banking and public relations services of Capstone Partners, L.C., an NASD member broker-dealer, located in Atlanta, Georgia (See: www.capstonepartnerslc.com).



FINANCIAL STATEMENTS OF

REALITY RACING, INC.

(Period Ended December 31, 2005)

REALITY RACING, INC.
(A DEVELOPMENT STAGE COMPANY)
BALANCE SHEET
DECEMBER 31, 2005
(UNAUDITED)

ASSETS

CURRENT ASSETS	
Cash	\$ 28,106
Prepaid expenses	1,390
Employee advances	2,400
Note receivable - stockholder	<u>10,000</u>
Total Current Assets	<u>41,896</u>
PROPERTY & EQUIPMENT, NET	<u>3,904</u>
OTHER ASSETS	
Goodwill	140,000
Security deposits	<u>1,390</u>
Total Other Assets	<u>141,390</u>
TOTAL ASSETS	<u><u>\$ 187,190</u></u>

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES	
Accounts payable	\$ 10,983
Accrued salaries	129,760
Other accrued expenses	<u>16,621</u>
Total Current Liabilities	<u>157,364</u>
STOCKHOLDERS' EQUITY	
Common stock; \$.001 par value, 100,000,000 shares authorized, 30,529,818 shares issued and outstanding	30,530
Stock subscription receivable	(29,700)
Additional paid-in capital	437,352
Deficit accumulated during the development stage	<u>(408,356)</u>
Total Stockholders' Equity	<u>29,826</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u><u>\$ 187,190</u></u>

REALITY RACING, INC.
(A DEVELOPMENT STAGE COMPANY)
STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three Months Ended <u>12/31/2005</u>	Six Months Ended <u>12/31/2005</u>	From Inception May 4, 2005 Through <u>12/31/2005</u>
REVENUES	\$ -	\$ -	\$ -
EXPENSES			
Officers' Salaries	81,918	163,860	217,260
General and Administrative	<u>108,420</u>	<u>178,859</u>	<u>191,096</u>
TOTAL EXPENSES	<u>190,338</u>	<u>342,719</u>	<u>408,356</u>
NET (LOSS)	<u>\$ (190,338)</u>	<u>\$ (342,719)</u>	<u>\$ (408,356)</u>
(LOSS) PER SHARE	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	<u>30,358,374</u>	<u>29,617,478</u>	<u>29,026,847</u>

REALITY RACING, INC.
(A DEVELOPMENT STAGE COMPANY)
STATEMENTS OF CASH FLOWS
(UNAUDITED)

	<u>Six Months Ended 12/31/2005</u>	<u>From Inception May 4, 2005 Through 12/31/2005</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (Loss)	\$ (342,719)	\$ (408,356)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	433	438
Changes in operating assets and liabilities:		
(Increase) decrease in prepaid expenses	97	(1,390)
(Increase) in employee advances	(1,233)	(2,400)
(Increase) in security deposits	(670)	(1,390)
Increase in accounts payable	10,983	10,983
Increase in accrued expenses	88,181	146,381
NET CASH USED IN OPERATING ACTIVITIES	<u>(244,928)</u>	<u>(255,734)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	(3,882)	(4,342)
NET CASH USED IN INVESTING ACTIVITIES	<u>(3,882)</u>	<u>(4,342)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
(Increase) in note receivable - stockholder	(10,000)	(10,000)
Proceeds from issuance of common stock	257,632	298,182
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>247,632</u>	<u>288,182</u>
NET INCREASE (DECREASE) IN CASH	(1,178)	28,106
CASH BALANCE - BEGINNING	<u>29,284</u>	<u>-</u>
CASH BALANCE - ENDING	<u>\$ 28,106</u>	<u>\$ 28,106</u>
SUPPLEMENTAL DISCLOSURES OF NON-CASH INVESTING AND FINANCING ACTIVITIES		
Shares of common stock issued for stock subscription receivable	<u>\$ -</u>	<u>\$ 27,100</u>
Issuance of common stock to purchase subsidiary which was merged into company.	<u>\$ 140,000</u>	<u>\$ 140,000</u>

REALITY RACING, INC.
(A DEVELOPMENT STAGE COMPANY)
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)
FOR THE PERIOD FROM MAY 4, 2005 (INCEPTION) THROUGH DECEMBER 31, 2005
(UNAUDITED)

	NUMBER OF COMMON SHARES	STOCK AMOUNT	STOCK SUBSCRIPTION RECEIVABLE	ADDITIONAL PAID-IN CAPITAL	DEFICIT ACCUMULATED DURING DEVELOPMENT STAGE	TOTAL
Issuance of shares of common stock for subscription receivable at \$.001 per share to founders at inception	27,114,138	\$ 27,114	\$ (27,100)	\$ (14)	\$ -	\$ -
Issuance of common stock for cash during May and June 2005	81,100	81	-	40,542	-	40,623
Net (loss) during year	-	-	-	-	(65,637)	(65,637)
BALANCE, JUNE 30, 2005	27,195,238	\$ 27,195	\$ (27,100)	\$ 40,528	\$ (65,637)	\$ (25,014)
Issuance of common stock pursuant to offering under section 504	2,600,000	2,600	(2,600)	140,000	\$ -	140,000
Issuance of common stock for cash from July through December 2005	734,580	735		256,824		257,559
Net (loss) during year					(342,719)	(342,719)
BALANCE, DECEMBER 31, 2005	<u>30,529,818</u>	<u>\$ 30,530</u>	<u>\$ (29,700)</u>	<u>\$ 437,352</u>	<u>\$ (408,356)</u>	<u>\$ 29,826</u>

REALITY RACING, INC.
(A Development Stage Company)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005

NOTE 1. ORGANIZATION

Reality Racing, Inc. was incorporated on May 4, 2005 under the laws of the State of Florida. In August 2005 the company purchased a non-reporting, publicly traded shell and reorganized under the laws of the State of Nevada. The company is in the process of producing original programming relating to stock car racing, with the intention of airing nationally in the United States. The company's headquarters is in Boca Raton, Florida.

The Company has no revenue to date. Since its inception, the Company has been dependent upon the receipt of capital investment or other financing to fund its continuing activities. In addition to the normal risks associated with a new business venture, there can be no assurance that the Company's product development will be successfully completed or that it will be a commercial success.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

DEPRECIATION

The Company uses the double declining balance method of depreciation in accounting for property and equipment over a useful life of 5 years.

INCOME TAXES

The Company provides for income taxes under Statement of Financial Standards No. 109, Accounting for Income Taxes. SFAS No. 109 requires the use of an asset and liability approach in accounting for income taxes. Deferred tax assets and liabilities are recorded based on the differences between the financial statement and tax bases of assets and liabilities and the tax rates in effect when these differences are expected to reverse.

REALITY RACING, INC.
(A Development Stage Company)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INCOME TAXES (CONTINUED)

There is no tax provision due to losses. The Company could record a valuation allowance that fully offsets any deferred tax assets arising from net operating loss carry forwards because the likelihood of the realization of the benefit could not be established.

(Loss) Per Share

(Loss) per share is computed by dividing net (loss) for the year by the weighted average number of shares outstanding.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Accordingly, actual results could vary from the estimates that were assumed in preparing the financial statements and the differences could be material.

CASH AND CASH EQUIVALENTS

For purposes of the cash flow statements, the Company considers all highly liquid investments with original maturities of three months or less at the time of purchase to be cash equivalents.

REALITY RACING, INC.
(A Development Stage Company)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005

NOTE 3. RELATED PARTY TRANSACTIONS

During the six months ended December 31, 2005, the Company advanced \$10,000 to a minority shareholder. The promissory note bears interest at the rate of 4% and is payable 12 months from the date of the note.

NOTE 4. ACCRUED SALARIES

The Company has entered into employment agreements with its three officers. As of December 31, 2005, these officers have not been paid the entire amount due them under their agreements. The amount due these officers and the estimated payroll taxes thereon are included in accrued salaries and other accrued expenses. The balance will be paid as cash flow requirements permit.

NOTE 5. CAPITAL STOCK

The Company has 100,000,000 shares of common stock with \$.001 par value authorized. As of December 31, 2005, 30,529,818 shares were issued and outstanding.

Subsequent to December 31, 2005, 967,662 common shares were sold for cash totaling \$316,986.

NOTE 6. ACQUISITION

In August of 2005, the Company purchased a non-reporting, publicly traded shell for \$140,000 by issuing 2,600,000 shares of common stock. The entire purchase price has been allocated to goodwill.

(A Development Stage Company)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005

NOTE 7. GOING CONCERN

The accompanying financial statements have been prepared assuming the Company will continue as a going concern, which contemplates the realization of assets and the liquidation of liabilities in the normal course of business. However, the Company has accumulated a loss since inception. In addition, the Company has not yet generated any revenues from operations. This raises substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments that might result from this uncertainty.

NOTE 8. LONG-LIVED ASSETS

The Company accounts for the impairment and disposition of long-lived assets in accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." In accordance with SFAS No. 144, long-lived assets to be held are reviewed for evidence or changes in circumstances that indicate that their carrying value may not be recoverable. The Company periodically reviews the carrying value of long-lived assets to determine whether or not an impairment to such value has occurred. For purposes of evaluating the recoverability of long-lived assets, the recoverability test is performed using undiscounted net cash flows related to the long-lived assets.