HOLLYWALL

...Your Avenue For Entertainment

HOLLYWALL ENTERTAINMENT, INC.
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDING
12/31/2019 and 12/31/2018
Restated

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Hollywall Entertainment, Inc

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Hollywall Entertainment, Inc (the Company) as of December 31, 2019 and 2018, and the related consolidated statements of operations, changes in stockholders' deficit and cash flows for each of the years in the two-year period ended December 31, 2019, and the related notes (collectively referred to as the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the years in the two-year period ended December 31, 2019, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Emphasis of Matters

As discussed in Note 2 to the financial statements, during the 2020 audit, certain errors were discovered in the 2019 and 2018 financial statements, which have been restated in the accompanying financial statements. These adjustments have been audited by us and this opinion is not modified with respect to this matter; however, the opinion dated March 23, 2021 and the related financial statements should not longer be relied upon.

Substantial Doubt about the Company's Ability to Continue as a Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 6, the Company has incurred net losses and negative cash flow from operations since inception. These factors, and the need for additional financing in order for the Company to meet its business plans raises substantial doubt about the Company's ability to continue as a going concern. Our opinion is not modified with respect to that matter.

Accell Audit & Compliance, PA

We have served as the Company's auditor since 2020.

Tampa, Florida
February 11, 2022

Hollywall Entertainment, Inc. and Subsidiaries
Consolidated Balance Sheets
Restated

	As of 12/31/2019	As of 12/31/2018
ASSETS		
Current Assets		
Cash and Cash Equivalents	$ 3,945	$ 160,923
Prepaid Expenses	3,197,000	911,000
Total Current Assets	3,200,945	1,071,923
Property and Equipment, net		
Vehicles, net	70,476	91,171
Total Property and Equipment, net	70,476	91,171
Other Non Current Assets		
Intangibles, net	26,055,556	30,522,222
Total Other Non Current Assets	26,055,556	30,522,222
TOTAL ASSETS	$ 29,326,977	$ 31,685,316
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable	$ 52,207	$ 17,470
Accrued Expenses	621,059	691,392
Convertible Notes Payable	588,750	588,750
Total Current Liabilities	1,262,016	1,297,612
TOTAL LIABILITIES	1,262,016	1,297,612
Commitments and Contingencies (Note 12)		
STOCKHOLDERS' EQUITY		
Preferred Stock, $0.001 par value, 200,000 shares authorized, 99,391 issued and outstanding	99	99
Common Stock, $0.001 par value; 300,000,000 shares authorized, 71,325,284 and 15,041,320 issued and outstanding at December 31, 2019 and 2018, respectively	71,325	15,041
Common Stock to be Issued	2,068,250	14,251,206
Additional Paid-In Capital	65,650,885	50,637,063
Accumulated Deficit	(39,725,598)	(34,515,705)
Total Stockholders' Equity	28,064,961	30,387,704
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 29,326,977	$ 31,685,316

Hollywall Entertainment, Inc. and Subsidiaries
Consolidated Statements of Operations
Restated

	For the years ending 12/31/2019	For the years ending 12/31/2018
REVENUE		
Music Licensing Income	$ 21,760	$ 3,251
Lobbying Income	180,000	-
TOTAL REVENUE	201,760	3,251
OPERATING EXPENSES		
Amortization Expense	4,466,667	4,466,667
Executive Management Compensation	475,000	475,000
General and Administrative Expenses	380,698	248,507
Professional Fees	38,906	175,407
Depreciation Expense	20,695	4,726
TOTAL OPERATING EXPENSES	5,381,966	5,370,307
Loss from Operations	(5,180,206)	(5,367,056)
Other Expenses		
Interest Expense	(29,687)	(25,045)
	(5,209,893)	(5,392,101)
Provision for income taxes	-	-
Net Loss	$ (5,209,893)	$ (5,392,101)
Basic and diluted loss per share	$ (0.11)	$ (0.40)
Weighted average number of shares outstanding, basic and diluted	47,746,988	13,612,161

Hollywall Entertainment, Inc. and Subsidiaries
Consolidated Statement of Cash Flows
Restated

	For the years ending	
	12/31/2019	**12/31/2018**
OPERATING ACTIVITIES		
Net Loss	$ (5,209,893)	$ (5,392,101)
Adjustments to Reconcile Net Loss to Net Cash From Operating Activities:		
Depreciation Expense	20,695	4,726
Amortization Expense	4,466,667	4,466,667
Executive Stock Compensation	356,250	118,750
Stock Compensation	99,000	70,000
Changes in assets and liabilities:		
Accounts Payable	34,737	(1,000)
Accrued Expenses	53,566	258,842
Net Cash Provided by Operating Activities	(178,978)	(474,116)
INVESTING ACTIVITIES		
Purchase of Vehicles	-	(95,897)
Net Cash From Investing Activities	-	(95,897)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of Convertible Notes Payable	-	159,183
Payments on Convertible Notes Payable	-	(150,042)
Proceeds from the sale of Common Stock	22,000	721,795
Net Cash From Financing Activities	22,000	730,936
NON-CASH OPERATING AND FINANCING ACTIVITIES		
Common Stock issued in advance of services	2,286,000	630,000
Common Stock issued for accrued expenses	123,900	-
Net Change in Cash and Cash Equivalents	(156,978)	160,923
Cash and Cash Equivalents, Beginning of Period	160,923	-
Cash and Cash Equivalents, End of Period	$ 3,945	$ 160,923
Supplemental Disclosure of Cash Flow Information:		
Cash Paid for Interest	$ -	$ -
Cash Paid for Taxes	$ -	$ -

Hollywall Entertainment, Inc. and Subsidiaries
Consolidated Statements of Changes in Stockholders' Equity
Restated

	Preferred Stock		Common Stock		Common Stock to be Issued		Additional	Accumulated	Total
	Shares	Amount	Shares	Amount	Shares	Amount	Paid in Capital	Deficit	Stockholders' Equity
Balances as of December 31, 2017	**99,391**	**$ 99**	**12,899,977**	**$ 12,900**	**61,794,131**	**$ 14,099,609**	**$ 49,250,256**	**$ (29,123,604)**	**$ 34,239,260**
Common Stock issued for cash	-	-	1,472,465	1,472	-	-	720,323	-	721,795
Common Stock issued in advance of services	-	-	500,000	500	-	-	629,500	-	630,000
Common Stock issued for services	-	-	-	-	35,000	70,000	-	-	70,000
Common Stock issued for executive management compensation	-	-	-	-	224,057	118,750	-	-	118,750
Common Stock issued from previous periods	-	-	168,878	169	(168,878)	(37,153)	36,984	-	-
Net Loss	-	-	-	-	-	-	-	(5,392,101)	(5,392,101)
Balances as of December 31, 2018	**99,391**	**99**	**15,041,320**	**15,041**	**61,884,310**	**14,251,206**	**50,637,063**	**(34,515,705)**	**30,387,704**
Common Stock issued for cash	-	-	22,000	22	-	-	21,978	-	22,000
Common Stock issued in advance of services	-	-	900,000	900	-	-	2,285,100	-	2,286,000
Common Stock issued for services	-	-	-	-	76,107	99,000	-	-	99,000
Common Stock issued for executive management compensation	-	-	672,169	672	-	-	355,578	-	356,250
Common Stock issued for accrued expenses	-	-	233,774	234	-	-	123,666	-	123,900
Common Stock issued from previous periods	-	-	54,456,021	54,456	(54,456,810)	(12,281,956)	12,227,500	-	-
Net Loss	-	-	-	-	-	-	-	(5,209,893)	(5,209,893)
Balances as of December 31, 2019	**99,391**	**$ 99**	**71,325,284**	**$ 71,325**	**7,503,607**	**$ 2,068,250**	**$ 65,650,885**	**$ (39,725,598)**	**$ 28,064,961**

Hollywall Entertainment, Inc.
Notes to Consolidated Financial Statements

1. Nature of Operations

Hollywall Entertainment, Inc. (the "Company") was incorporated in the State of Nevada on May 12, 2009 and is headquartered in Franklin, Tennessee. The Company's current music business is the sale of music recordings in the form of packaged CD compilation sales, digital downloads and ringtones and licensing for use in motion pictures, television and commercial advertising. The Company also performs lobbying activities for telecom companies to assist them in the procurement of permitsneeded to expand the installation of their telecommunication networks within Washington D.C.

The Company plans to become a multi-faceted construction/developer, media, entertainment, telecommunications, technology and broadcasting company, operating through seven divisions: Hollywall School, Hollywall Music, Hollywall TV, Hollywall Productions, Hollywall Networks, Hollywall Radio, and Hollywall Development Corporation Foundation.

The Company is focused on increasing its content via acquisition of music, film, television, home video and computer game software libraries. The Company is also planning to develop a digital distribution and verification system designed to maximize customer delivery, quality control, and revenues for artists, writers, content developers, copyright owners and shareholders. The Company holds exclusive and nonexclusive rights to market, manufacture and distribute a library of music recording masters.

2. Restatement

During the audit of the 2020 financial statements, it was discovered that there were additional amounts of "Common Stock to be Issued" related to transactions that occurred prior to 2018. In addition, it was discovered that some contractual agreements recorded as accrued expenses should have been more properly recognized as "Common Stock to be Issued". Therefore, the 2019 and 2018 financial statements have been restated as shown below. Further explanations for material adjustments are provided below:

2018	As Audited		Adjustment	Restated
Cash and Cash Equivalents	$ 160,923		$ -	$ 160,923
Prepaid Expenses	-	a	911,000	911,000
Vehicles	91,171		-	91,171
Intangibles, net	30,522,222		-	30,522,222
Accounts Payable	(17,470)		-	(17,470)
Accrued Expenses	(947,281)	b	255,889	(691,392)
Convertible Notes Payable	(593,942)	c	5,192	(588,750)
Preferred Stock	(99)		-	(99)
Common Stock	(15,041)		-	(15,041)
Common Stock to be Issued	(12,220,066)	d	(2,031,140)	(14,251,206)
Additional Paid-In Capital	(49,742,871)	e	(894,192)	(50,637,063)
Accumulated Deficit	32,762,454	e	1,753,251	34,515,705
	-		-	-
Revenue	(3,251)		-	(3,251)
Amortization Expense	4,466,667		-	4,466,667
Executive Management Compensation	484,390	c	(9,390)	475,000
General and Administrative Expenses	252,386	c	(3,879)	248,507
Professional Fees	175,907	c	(500)	175,407
Depreciation Expense	4,726		-	4,726
Interest Expense	25,045		-	25,045
Net Loss	$ 5,405,870		$ (13,769)	$ 5,392,101

Hollywall Entertainment, Inc.
Notes to Consolidated Financial Statements

2019	As Audited		Adjustment	Restated
Cash and Cash Equivalents	$ 3,945		$ -	$ 3,945
Prepaid Expenses	-	f	3,197,000	3,197,000
Vehicles	70,476		-	70,476
Intangibles, net	26,055,556		-	26,055,556
Accounts Payable	(52,207)		-	(52,207)
Accrued Expenses	(930,708)	g	309,649	(621,059)
Convertible Notes Payable	(593,942)	c	5,192	(588,750)
Preferred Stock	(99)		-	(99)
Common Stock	(71,325)		-	(71,325)
Common Stock to be Issued	(444,400)	h	(1,623,850)	(2,068,250)
Additional Paid-In Capital	(62,253,013)	i	(3,397,872)	(65,650,885)
Accumulated Deficit	38,215,717	i	1,509,881	39,725,598
	-		-	-
Revenue	(201,760)		-	(201,760)
Amortization Expense	4,466,667		-	4,466,667
Executive Management Compensation	601,851	j	(126,851)	475,000
General and Administrative Expenses	323,212	k	57,486	380,698
Professional Fees	212,911	l	(174,005)	38,906
Depreciation Expense	20,695		-	20,695
Interest Expense	29,687		-	29,687
Net Loss	$ 5,453,263		$ (243,370)	$ 5,209,893

a. On September 22, 2017, the Company issued 100,000 shares of common stock valued at $281,000 ($2.81 per share) for advisory services to be provided. On April 4, 2018, the Company issued an additional 500,000 shares of common stock valued at $630,000 ($1.26 per share) to the same consultant. This transaction was restated to reflect a prepaid expense of $911,000 that should have been recorded in the audited financial statements.

b. The 2018 "Accrued Expenses" balance decreased by a net amount of $255,889. $248,750 and $70,000 of this reflects a decrease in the accrual due to certain contracts that were originally accrued but should have been reported as "Common Stock to be Issued" for the periods from 2013 to 2017 and 2018, respectively. This was offset by an increase of $72,251 and a decrease of $9,390 to reflect adjustments made for the accrual for "Executive Management Compensation" for the periods from 2013 to 2017 and for 2018, respectively.

c. Represents immaterial adjustments to properly reconcile the trial balance to the audited financial statements at December 31, 2018 and 2019.

d. The 2018 "Common Stock to be Issued" balance was increased by $2,031,140. $935,000 and $70,000 of this increase was to reflect the reallocation of "General and Administrative Expenses" that were incorrectly valued from 2013 to 2017 and 2018, respectively. $118,750 of the increase was to reflect "Executive Management Compensation" that was agreed to be converted to Common Stock for the quarter ending December 31, 2018. $907,390 of the increase was for stock compensation for certain founding members that should have been accrued for the periods from 2013 to 2017.

e. Represents the cumulative effects of a, b and c.

f. On December 17, 2019, the Company issued 900,000 shares of common stock valued at $2,286,000 ($2.54 per share) for advisory services to be provided. This transaction was restated to reflect a prepaid expense of $2,286,000 that should have been recorded in the audited financial statements.

g. The 2019 "Accrued Expenses" balance decreased by a net amount of $309,649. $273,750 of the decrease was an adjustment to the balance due to certain contracts that were originally accrued, but should have been reported as "Common Stock to be Issued" for the periods from 2013 to 2019. Accrued executive compensation was decreased by a net amount of $35,899 which is comprised of a $480,150 decrease in accrued expense representing accrued executive compensation converted to "Common Stock" (905,943 shares at .53 cents per share) and a $444,250 increase was an adjustment made to accrued executive compensation to properly reflect the balance owed as of December 31, 2019.

h. The 2019 "Common Stock to be Issued" balance was increased by a net amount of $1,623,850 which is comprised of the $2,031,140 in adjustments made prior to 2019 (see d). This adjustment was offset by a net decrease of $407,290 for shares issued in 2019 which was comprised of an increase of $99,000 worth of shares for services provided in 2019, a decrease of $386,000 for services provided in previous periods, a decrease of $118,750 for shares issued for "Executive Management Compensation", and a $1,540 decrease to adjust the balance of stock compensation owed to founding shareholders.

i. Represents the cumulative effects of f, g and h.

j. The 2019 "Executive Management Compensation" balance was reduced by $126,851 to reflect payments made to executives that were reimbursements of expenses rather than compensation. The additional $69,365 should have been a reduction of the accrued management compensation rather than current year compensation.

k. In 2019, $57,486 was reclassed to "General and Administrative Expenses". $54,005 increase was a result of the reclassification from "Professional Fees" (see l). The remaining increase was an immaterial adjustment to properly reconcile the trial balance to the audited financial statements.

l. The 2019 "Professional Fees" expense was decreased by $174,005. "Professional Fees" incurred in 2019 were recalculated based on clarified consultant agreements and adjusted accordingly in the restated financial statements. The recalculation resulted in a $120,000 decrease to "Professional Fees" and $54,005 reclassification to "General and Administrative Expenses".

3. Summary of Significant Accounting Policies

Basis of Presentation

The consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States ("US GAAP") and are expressed in U.S. dollars.

Basis of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries: Hollywall Development Company LLC and Hollywall School of Communications, Inc. All significant inter-company accounts and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The Company regularly evaluates, estimates and makes assumptions related to the deferred income tax asset valuation allowances. The Company bases its estimates and assumptions on current facts, historical experience and various other factors that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the accrual of costs and expenses that are not readily apparent from other sources. The actual results experienced by the Company may differ materially and adversely from the Company's estimates. To the extent there are material differences between the estimates and the actual results, future results of operations will be affected.

Revenue Recognition

The Company recognizes revenue in accordance with Accounting Standards Update ("ASU") 2014-09, "Revenue from Contracts with Customers," ("Topic 606"). Revenue is recognized when a customer obtains control of promised goods or services. In addition, the standard requires disclosure of the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The amount of revenue that is recorded reflects the consideration that the Company expects to receive in exchange for those goods. The Company applies the following five-step model in order to determine this amount: (i) identification of the promised goods in the contract; (ii) determination of whether the promised goods are performance obligations, including whether they are distinct in the context of the contract; (iii) measurement of the transaction price, including the constraint on variable consideration; (iv) allocation of the transaction price to the performance obligations; and (v) recognition of revenue when (or as) the Company satisfies each performance obligation. The Company's main revenue stream is from services. The Company recognizes as revenues the amount of the transaction price that is allocated to the respective performance obligation when the performance obligation is satisfied or as it is satisfied. Generally, the Company's performance obligations are transferred to customers at a point in time, typically upon delivery.

The Company only applies the five-step model to contracts when it is probable that the entity will collect the consideration it is entitled to in exchange for the goods or services it transfers to the customer. Once a contract is determined to be within the scope of Topic 606 at contract inception, the Company reviews the contract to determine which performance obligations the Company must deliver and which of these performance obligations are distinct.

Cash and Cash Equivalents

The Company considers all highly liquid investments with maturities of three months or less at the date of purchase to be cash equivalents.

The Company maintains accounts with financial institutions. All cash in checking accounts is non-interest bearing and is fully insured by the Federal Deposit Insurance Corporation (FDIC). At times, cash balances may exceed the maximum coverage provided by the FDIC on insured depositor accounts. The Company believes it mitigates its risk by depositing its cash and cash equivalents with major financial institutions. There were no cash deposits in excess of FDIC insurance at December 31, 2019 and 2018.

Vehicles

Vehicles are carried at cost, less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the respective assets or the expected lease term for leasehold improvements, if applicable.

Intangible Assets

The Company amortizes intangible assets with finite lives over the shorter of their estimated useful or legal life. The useful life is reevaluated for each reporting period. The Company evaluates intangible assets with finite lives for impairment when events or changes in circumstances indicate that an impairment may exist. The Company evaluates intangible assets with indefinite lives for impairment at least annually. The Company determined that none of its intangible assets were impaired in 2019 or 2018.

Impairment of Long-Lived Assets

Potential impairments of long-lived assets are reviewed when events or changes in circumstances indicate a potential impairment may exist. In accordance with ASC Subtopic 360-10, "Property, Plant and Equipment – Overall," impairment is determined when estimated future undiscounted cash flows associated with an asset are less than the asset's carrying value.

Advertising, Marketing and Public Relations

The Company follows the policy of charging the costs of advertising, marketing, and public relations to expense as incurred. The Company recorded advertising expenses in the amount of $100,533 and $28,709 for the years ended December 31, 2019 and 2018, respectively.

Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss, capital loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

The Company recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgement occurs. The Company records interest and penalties related to unrecognized tax benefits as a component of general and administrative expenses. Our federal tax return and any state tax returns are not currently under examination.

The Company has adopted FASB ASC 740-10, Accounting for Income Taxes, which requires an asset and liability approach to financial accounting and reporting for income taxes. Deferred income tax assets and liabilities are computed annually from differences between the financial statement and tax basis of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized.

Stock Based Compensation Expense

The Company records stock-based compensation in accordance with the provisions of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 718, "Accounting for Stock Compensation," which establishes accounting standards for transactions in which an entity exchanges its equity instruments for goods or services. In accordance with guidance provided under ASC Topic 718, the Company recognizes an expense, for the fair value of its stock awards at the time of grant and the fair value of its outstanding stock options as they vest, whether held by employees or others.

Net Income (Loss) Per Common Share

The Company computes net income (loss) per common share, in accordance with Financial Accounting Standards

Board FASB ASC Topic 260, Earnings Per Share, which requires dual presentation of basic and diluted earnings per share. Basic income or loss per common share is computed by dividing net income or loss by the weighted average number of common shares outstanding during the period. Diluted income or loss per common share is computed by dividing net income or loss by the weighted average number of common shares outstanding, plus the issuance of common shares, if dilutive, that could result from the exercise of outstanding stock options and warrants.

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which will require lessees to recognize almost all leases on their balance sheet as a right-of-use asset and a lease liability. For income statement purposes, the FASB retained a dual model, requiring leases to be classified as either operating or finance. Classification will be based on criteria that are largely similar to those applied in current lease accounting, but without explicit bright lines. Lessor accounting is similar to the current model but updated to align with certain changes to the lessee model and the new revenue recognition standard. This ASU is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. The Company has adopted this guidance effective January 1, 2019. As of December 31, 2019 and 2018, the Company had no leases.

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers, issued as a new Topic, ASC Topic 606. The new revenue recognition standard supersedes all existing revenue recognition guidance. Under this ASU, an entity should recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2015-14, issued in August 2015, deferred the effective date of ASU 2014-09 to the first quarter of 2018, with early adoption permitted in the first quarter of 2017. The Company has adopted this guidance effective January 1, 2018. The adoption of this standard did not have a material impact on the financial statements.

4. Vehicles, Net

Vehicles and accumulated depreciation consisted of the following:

	12/31/2019	12/31/2018	Estimated Useful Life
Vehicles	$ 95,897	$ 95,897	3-5 years
Less: Accumulated Depreciation	(25,421)	(4,726)	
	$ 70,476	$ 91,171	

Depreciation expense for the years ending December 31, 2019 and 2018 was $20,695 and $4,726, respectively.

5. Intangibles

In 2013, the Company acquired a music master recording, video and gaming library, which was initially valued at $53,600,000. Since 2013, the Company has generated a nominal amount of revenue from this library while in the process of digitalizing the library for future distribution through network television and mobile application streaming. Management has developed infrastructure and industry relationships and expects to begin distribution on a national level beginning in 2021.

-	12/31/2019	12/31/2018	Estimated Useful Life
Music Master Recordings Library	$53,600,000	$53,600,000	12 years
Less: Accumulated Amortization	(27,544,444)	(23,077,778)	
	$ 26,055,556	$ 30,522,222	

Amortization expense for the years ending December 31, 2019 and 2018 was $4,466,667. During the year ended December 31, 2019, the Company evaluated the intangibles for impairment and believe that the estimated future undiscounted cash flows are greater than the carrying value.

6. Going Concern

The Company's consolidated financial statements are prepared using US GAAP applicable to a going concern, which contemplates the realization of assets and liquidation of liabilities in the normal course of business.At December 31, 2019, the Company had $3,945 in cash and $1,381,971 in negative working capital. For the years ended December 31, 2019 and 2018, the Company had a net loss of $5,429,893 and $5,347,601 respectively. Continued losses may adversely affect the liquidity of the Company in the future. In view of the matters described in the preceding paragraph, recoverability of a major portion of the recorded asset amounts shown in the accompanying consolidated balance sheets is dependent upon continued operations of the Company, which in turn is dependent upon the Company's ability to raise additional capital, obtain financingand to succeed in its future operations. The consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

The Company has operating costs and expenses at the present time for development of its business activities. The Company, however, will be required to raise additional capital over the next twelve months to meet its current operating expenses, and it may do so in connection with or in anticipation of possible acquisition transactions. This financing may take the form of additional sales of its equity securities loans from its directors and or convertible notes. There is no assurance that additional financing will be available, if required, or on terms favorable to the Company.

In December 2019, a novel strain of coronavirus surfaced in China, which has and is continuing to spread throughout the world. On January 30, 2020, the World Health Organization declared the outbreak of the coronavirus disease (“COVID-19”) a “Public Health Emergency of International Concern,” and on March 11, 2020, the World Health Organization characterized the outbreak as a “pandemic”. The Company is not able to predict the ultimate impact that COVID-19 will have on its business; however, if the current economic conditions continue, the Company could be forced to significantly scale back its business operations and its growth plans and could ultimately have a significant negative impact on the Company.

7. Convertible Notes Payable

Issuance Date	Note Holder	Conversion Rate	Interest Rate	Maturity Date	Balance 12/31/19	Balance 12/31/18
8/17/2014	E&A Enterprises, LLC	$1.25 per common share	5%	7/17/2015	$ 87,000	$ 87,000
11/15/2014	NSS, LLC	$1.25 per common share	5%	12/31/2014	32,000	32,000
4/30/2015	Aero Studios	$1.25 per common share	5%	3/31/2016	9,500	9,500
4/5/2016	NSS, LLC	$1.25 per common share	5%	3/31/2017	35,000	35,000
4/30/2016	Aero Studios	$1.25 per common share	5%	3/31/2017	16,000	16,000
11/17/2016	Glenwood Partners, LLP	50% discount of 20-day average trading price	5%	12/31/2017	21,969	21,969
12/15/2016	Glenwood Partners, LLP	50% discount of 20-day average trading price	5%	12/31/2017	27,065	27,065
1/9/2017	Glenwood Partners, LLP	50% discount of 20-day average trading price	5%	12/31/2017	54,582	54,582
5/16/2017	Glenwood Partners, LLP	50% discount of 20-day average trading price	5%	12/31/2018	29,325	29,325
6/5/2017	Glenwood Partners, LLP	50% discount of 20-day average trading price	5%	12/31/2018	29,390	29,390
8/17/2017	Glenwood Partners, LLP	50% discount of 20-day average trading price	5%	12/31/2018	87,736	87,736
8/1/2018	Glenwood Partners, LLP	50% discount of 20-day average trading price	5%	12/31/2019	159,183	159,183
			Convertible Notes Payable		588,750	588,750
			Less current maturities		(588,750)	(588,750)
					$ -	$ -

The convertible notes payable are all in default as of December 31, 2019.

8. Concentrations

For the year ending December 2019, the Company had three customers representing 79%, 11% and 10% of total revenue. For the year ending December 31, 2018, one customer made up 100% of the revenue.

9. Warrants

At December 31, 2019 and 2018, the Company had 3,200,000 warrants outstanding, with a strike price of $1.00. All warrants were exercised in 2020.

10. Income Taxes

The components of the net deferred tax asset (liability) at December 31, 2019 and 2018 and the statutory tax rate, the effective tax rate and the elected amount of the valuation allowance are indicated below:

		12/31/2019		12/31/2018
Net operating loss carry-forward	$	(39,692,098)	$	(34,262,204)
Effective tax rate		21%		21%
		8,335,341		7,195,063
Valuation allowance Deferred tax asset		(8,335,341)		(7,195,063)
	$	**-**	$	-

Income tax benefit resulting from applying statutory rates in jurisdictions in which we are taxed differs from the income tax provision in our financial statements. The following table reflects the reconciliation for the years ended December 31, 2019 and 2018:

	December 31, 2019	December 31, 2018
Benefit at federal and statutory rate	(21)%	(21)%
Change in valuation allowance	21%	21%
Effective tax rate	0%	0%

With few exceptions, the Company is subject to income tax examinations by the US Federal or State authorities for three years after filing the tax returns. The Company has no uncertain tax positions as of December 31, 2019.

11. Equity

Preferred Stock

The Company has 10,000,000 shares of Preferred Stock authorized with a par value of $.001. The Company has allocated 200,000 shares for Series A Preferred, 9,725,000 Shares for Series B Preferred, 25,000 Shares for Series C Preferred, 25,000 Shares for Series D Preferred and 25,000 Series E Preferred.

Series A - As of December 31, 2019 and 2018, there were 99,391 shares issued and outstanding respectively. The Series A Preferred has the following designation:

- Convertible at option of holder
- The holders are entitled to receive dividends
- 1 Preferred share is convertible to 1,000 common shares
- In the event of reorganization this Class of Preferred will not be affected by any such capital reorganization.
- Voting: The holder of this Series of Preferred shall be entitled to elect the majority of the members of the Board of Directors

12. Commitments and contingencies

During the normal course of business, the Company may be exposed to litigation. When the Company becomes aware of potential litigation, it evaluates the merits of the case in accordance with FASB ASC 450-20-50, *Contingencies*. The Company evaluates its exposure to the matter, possible legal or settlement strategies and the likelihood of an unfavorable outcome. If the Company determines that an unfavorable outcome is probable and can be reasonable estimated, it establishes the necessary accruals. As of December 31, 2019 and 2018, the Company is not aware of any contingent liabilities that should be reflected in the financial statements.

13. Subsequent Events

- In March 2020, all notes outstanding were converted to 883,573 shares of common stock.
- In July 2020, 157,000 warrants were exercised in a cashless conversion resulting in 3,000,000 shares of common stock being issued.
- On December 30, 2016, the Company contracted to pay 1,000,000 shares of common stock for consulting services valued at $2.54 per share based on the stock price on the date the agreement was signed. The shares issued on December 20, 2019; however only 10% (100,000 shares) of the services were ultimately earned. On December 20, 2020, 900,000 shares of common stock, valued at $2,286,000, were canceled and returned to treasury and the associated prepaid expense was removed from the balance sheet.
- On September 22, 2017 and April 4, 2018, the Company issued 100,000 and 500,000 shares, respectively, of common stock for advisory services valued at $2.81 and $1.26 per share, respectively, based on the stock price on the date the shares were issued; however, none of the services were rendered and earned. On February 10, 2021, 600,000 shares of common stock, valued at $911,000, were canceled and returned to treasury and the associated prepaid expense was removed from the balance sheet.