

Datatrak International, Inc.

3690 Orange Place, Suite 375
Beachwood, OH 44122

(440) 443-0082
www.datatrak.com
investor@datatrak.com
SIC Code 7374

Annual Report

For the period ending December 31, 2023 (the "Reporting Period")

Outstanding Shares

The number of shares outstanding of our Common Stock was:

5,889,968 shares as of December 31, 2023

Shell Status

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933 and Rule 12b-2 of the Exchange Act of 1934): Yes: ☐ No: ☒

Indicate by check mark whether the company's shell status has changed since the previous reporting period:

Yes: ☐ No: ☒

Change in Control

Indicate by check mark whether a Change in Control¹ of the company has occurred over this reporting period:

Yes: ☐ No: ☒

1) Name and address of the issuer

Datatrak International, Inc. ("Datatrak" or "Company") was previously known as Collaborative Clinical Research, Inc. until April 1999. The Company is incorporated in Ohio and is active since July 17, 1991. The Company has had no trading suspension orders issued by the SEC concerning the issuer or its predecessors since inception. The Company has had no stock splits, stock dividends, recapitalizations, mergers, acquisitions, spin-offs, or reorganizations either currently or anticipated or that occurred within the past 12 months. The address of the issuer's principal executive office is 3690 Orange Place, Suite 375, Beachwood, OH 44122. *Check box if principal executive office and principal place of business are the same address:* ☒ Has the issuer or any of its predecessors been in bankruptcy, receivership, or any similar proceeding in the past five years? Yes: ☐ No: ☒ If this issuer or any of its predecessors have been the subject of such proceedings, please provide additional details in the space below: None.

2) Security Information

Transfer Agent

Computershare Investor Services
(800) 622-6757

¹ "Change in Control" shall mean any events resulting in:

(i) Any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becoming the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company's then outstanding voting securities;

(ii) The consummation of the sale or disposition by the Company of all or substantially all of the Company's assets;

(iii) A change in the composition of the Board occurring within a two (2)-year period, as a result of which fewer than a majority of the directors are directors immediately prior to such change; or

(iv) The consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation.

Publicly Quoted or Traded Securities:

Trading symbol:	<u>DTRK</u>	
Class of securities outstanding:	<u>Common Shares</u>	
CUSIP:	<u>238134209</u>	
Par value:	<u>No par value</u>	
Common shares authorized:	<u>25,000,000</u>	as of date: <u>December 31, 2023</u>
Common shares outstanding:	<u>5,889,968</u>	as of date: <u>December 31, 2023</u>
Common shares in the Public Float ² :	<u>1,176,141</u>	as of date: <u>December 31, 2023</u>
Common shareholders of record:	<u>81</u>	as of date: <u>December 31, 2023</u>

Other classes of authorized or outstanding equity securities that do not have a trading symbol:

Title and class of securities outstanding:	<u>Preferred Shares</u>	
Par value:	<u>No par value</u>	
Total shares authorized:	<u>1,000,000</u>	as of date: <u>December 31, 2023</u>
Total shares outstanding:	<u>375,000</u>	as of date: <u>December 31, 2023</u>
Total number of shareholders of record:	<u>5</u>	as of date: <u>December 31, 2023</u>

Security Description:

1. For common equity, describe any dividend, voting, and preemption rights.

As set forth in corporate bylaws and relevant documents.

2. For preferred stock, describe the dividend, voting, conversion, and liquidation rights, as well as redemption or sinking fund provisions.

Company's preferred shares have certain rights, including but not limited to, conversion, voting, dividends, liquidation rights and others.

3. Describe any other material rights of common or preferred stockholders.

N/A

4. Describe any material modifications to rights of holders of the company's securities that have occurred over the reporting period covered by this report.

N/A

3) Issuance History

A. Changes to the Number of Outstanding Shares

Indicate by check mark whether there were any changes to the number of outstanding shares within the past two completed fiscal years:

No: ☐ Yes: ☒ (If yes, you must complete the table below)

Opening Balance	
12/31/2022 Common: 2,423,720	

² "Public Float" shall mean the total number of unrestricted shares not held directly or indirectly by an officer, director, any person who is the beneficial owner of more than 10 percent of the total shares outstanding (a "control person"), or any affiliates thereof, or any immediate family members of officers, directors and control persons.

Date of Transaction	Type	Issued/ (Returned)	Class of Securities	Price at Issuance	Issued at Discount?	Issued to	Reason for Issuance	Restricted or Unrestricted	Registration Type
01/01/2022	From Treasury	731	Common	\$7.57	Yes	ESPP	Employee Plan	Restricted	Not Registered
02/18/2022	New Issuance	3,382	Common	\$8.90	No	Directors	Compensation	Restricted	Not Registered
04/01/2022	New Issuance	5,235	Common	\$5.75	No	Directors	Compensation	Restricted	Not Registered
05/08/2022	Returned to Treasury	(75,094)	Common	\$4.03	No	Various	Did Not Meet Requirements	Restricted	Not Registered
07/01/2022	New Issuance	15,050	Common	\$1.97	No	Directors	Compensation	Restricted	Not Registered
09/26/2022	Returned to Treasury	(8,523)	Common	\$1.60	No	Various	Did Not Meet Requirements	Restricted	Not Registered
11/11/2022	New Issuance	350,000	Common	\$0.85	No	Various	Incentive Plan	Restricted	Not Registered
01/02/2023	New Issuance	82,938	Common	\$0.40	No	Directors	Compensation	Restricted	Not Registered
04/01/2023	New Issuance	73,751	Common	\$0.80	No	Directors	Compensation	Restricted	Not Registered
05/01/2023	New Issuance	400,000	Common	\$0.29	No	Various	Incentive Plan	Restricted	Not Registered
05/11/2023	New Issuance	10,000	Common	\$0.60	No	Various	Incentive Plan	Restricted	Not Registered
05/11/2023	New Issuance	296,000	Options	\$0.60	No	Various	Incentive Plan	Restricted	Not Registered
07/03/2023	New Issuance	154,000	Common	\$0.25	No	Directors	Compensation	Restricted	Not Registered
07/13/2023	New Issuance	36,480	Common	\$0.25	No	Various	Plan	Restricted	Not Registered
08/15/2023	New Issuance	10,000	Common	\$0.50	No	Various	Incentive Plan	Restricted	Not Registered
10/02/2023	New Issuance	154,000	Common	\$0.25	No	Directors	Compensation	Restricted	Not Registered
10/05/2023	New Issuance	375,000	Preferred	\$0.15	No	Various	Incentive Plan	Restricted	Not Registered
10/05/2023	New Issuance	2,225,000	Common	\$0.15	No	Various	Incentive Plan	Restricted	Not Registered
10/05/2023	New Issuance	325,000	Options	\$0.15	No	Various	Incentive Plan	Restricted	Not Registered
10/06/2023	New Issuance	63,235	Common	\$0.15	No	Various	Plan	Restricted	Not Registered
01/02/2024	New Issuance	962,500	Common	\$0.04	No	Directors	Compensation	Restricted	Not Registered
01/02/2024	New Issuance	13,700,000	Common	\$0.04	No	Various	Incentive Plan	Restricted	Not Registered
01/02/2024	New Issuance	1,070,000	Options	\$0.04	No	Various	Incentive Plan	Restricted	Not Registered
03/01/2024	New Issuance	100,000	Options	\$0.03	No	Various	Incentive Plan	Restricted	Not Registered
04/01/2024	New Issuance	256,668	Common	\$0.15	No	Directors	Compensation	Restricted	Not Registered
Ending Balance:									
December 31, 2023 Common: 5,889,968									
Preferred: 375,000									

The board of directors authorized a stock repurchase program of up to \$250,000 of its common stock through the end of 2024. Under the program, the Company may repurchase its shares from time to time in the open market, through privately negotiated transactions, or by other means. The program does not specify a maximum number of shares to be repurchased or obligate the Company to repurchase any specific dollar amount of number of shares. The timing and amount of repurchase transactions will be determined by the board based on their evaluation of market conditions, share price and other factors. There is no assurance that the Company will repurchase shares and the program may be suspended or discontinued at any time.

B. Debt Securities, Including Promissory and Convertible Notes

Indicate by check mark whether there are any outstanding promissory, convertible notes, convertible debentures, or any other debt instruments that may be converted into a class of the issuer's equity securities:

No: ☒ Yes: ☐

4) Issuer's Business, Products and Services

A. Issuer's business operations

Any potential business operations permissible by law for generating financial gains, currently including the sale and promotion of our internet based software platform for sales to other business, currently including the life sciences industry for conducting clinical trials and other activities. Company is a technology company providing software and data solutions for the life sciences industry.

B. Issuer's subsidiaries, parents, or affiliated companies.

Company has the following active and operating wholly-owned subsidiaries: Fountayn LLC, which is in the same line of business as Datatrak International, Inc.

C. Issuers' principal products or services.

Internet based software platform products and services. Company's principal products and services are cloud-based software solutions for life sciences that include applications such as clinical trial management systems, trial design, electronic data capture, medical coding, risk-based monitoring, electrocardiogram data capture, image data capture, endpoint adjudication, randomization, clinical supply inventory, and others.

5) Issuer's Facilities

Company leases approximately 1,500 square feet of office space at 3690 Orange Place, Suite 375, Beachwood, OH 44122, that expires in 2027.

6) Officers, Directors, and Control Persons

Name of All Officers, Directors, and Control Persons	Affiliation with Company	Residential Address	Number of Shares Owned	Share Type/Class	Ownership Percentage of Class Outstanding	Names of control person(s) if a corporate entity
Alex Tabatabai	Chairman & President	Beachwood, OH	1,940,688 100,000 137,000	Common Preferred Options	33.0% 26.7%	Control person for Tabatabai Investment Management LP
Dr. Eric J. Wilhelm	Director	Beachwood, OH	692,475 100,000 125,000	Common Preferred Options	11.8% 26.7%	
Dr. Ben Tabatabai	Director	Beachwood, OH	711,570 100,000 125,000	Common Preferred Options	12.1% 26.7%	
Dr. Pontea Shabkhiz	Director	Beachwood, OH	437,285 50,000 100,000	Common Preferred Options	7.4% 13.3%	
Yuichi Levinson	Director	Beachwood, OH	255,750 25,000 75,000	Common Preferred Options	4.3% 6.7%	

On January 2, 2024, the board approved grants to directors, employees, and consultants of the Company a total of 13,700,000 shares of restricted stock, which vested upon the date of grant, and 1,005,000 options to purchase shares of common stock, which have an exercise price of \$0.04 per share. Directors and officers received the following restricted shares and options: Mr. Alex Tabatabai, 6,000,000 shares; Dr. Eric J. Wilhelm, 2,800,000 shares; Dr. Ben Tabatabai, 2,800,000 shares; Dr. Pontea Shabkhiz, 1,400,000 shares; and Yuichi Levinson 700,000. These equity awards were granted pursuant to an exemption from the registration requirements of the Securities Act of 1933, as amended (the "Securities Act"), as provided by Rule 701, Regulation D and/or Section (4)(a)(2) of the Securities Act, as applicable.

On April 1, 2024, the board issued to the directors the following shares of restricted stock for Q1 2024: Yuichi Levinson 60,000; Dr. Pontea Shabkhiz 60,000; Dr. Ben Tabatabai 68,334; Dr. Eric J. Wilhelm 68,334.

7) Legal/Disciplinary History

A. Identify whether any of the persons or entities listed above have, in the past 10 years, been the subject of:

1. Been the subject of an indictment or conviction in a criminal proceeding or plea agreement or named as a defendant in a pending criminal proceeding (excluding minor traffic violations):

None.

2. Been the subject of the entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, financial- or investment-related, insurance or banking activities:

None.

3. Been the subject of a finding, disciplinary order or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, a state securities regulator of a violation of federal or state securities or commodities law, or a foreign regulatory body or court, which finding or judgment has not been reversed, suspended, or vacated:

None.

4. Named as a defendant or a respondent in a regulatory complaint or proceeding that could result in a "yes" answer to part 3 above:

None.

5. Been the subject of an order by a self-regulatory organization that permanently or temporarily barred, suspended, or otherwise limited such person's involvement in any type of business or securities activities:

None.

6. Been the subject of a U.S Postal Service false representation order, or a temporary restraining order, or preliminary injunction with respect to conduct alleged to have violated the false representation statute that applies to U.S mail:

None.

- B. Describe briefly any material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which the issuer or any of its subsidiaries is a party or of which any of their property is the subject. Include the name of the court or agency in which the proceedings are pending, the date instituted, the principal parties thereto, a description of the factual basis alleged to underlie the proceeding and the relief sought. Include similar information as to any such proceedings known to be contemplated by governmental authorities. None.

8) Third Party Providers

Securities Counsel
Thompson Hine LLP
3900 Key Center, 127 Public Square
Cleveland, OH 44114
(216) 566-5500

9) Financial Statements

- A. This Disclosure Statement was prepared by:

Name: Alex Tabatabai
Title: Chief Executive Officer
Relationship to Issuer: Chief Executive Officer

- B. The following financial statements were prepared in accordance with:

- ☒ U.S. GAAP
☐ IFRS

C. The financial statements for this reporting period were prepared by (name of individual)³:

Name: Alex Tabatabai
Title: Chief Executive Officer
Relationship to Issuer: Chief Executive Officer
Qualifications of person: Over fifteen years experience in the financial services industry and being financially literate in financial accounting.

10) Issuer Certification

Principal Executive Officer:

I, Alex Tabatabai certify that:

1. I have reviewed this quarterly disclosure statement of Datatrak International, Inc.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

April 30, 2024
/s/ Alex Tabatabai
Alex Tabatabai

Principal Financial Officer:

I, Alex Tabatabai certify that:

1. I have reviewed this quarterly disclosure statement of Datatrak International, Inc.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

April 30, 2024
/s/ Alex Tabatabai
Alex Tabatabai

³ The financial statements requested pursuant to this item must be prepared in accordance with US GAAP or IFRS by persons with sufficient financial skills.

Consolidated Balance Sheets (Unaudited)

	12/31/2023	12/31/2022
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 163,586	\$ 204,963
Marketable Securities	3,643	431,347
Accounts Receivable	2,921,867	805,854
Other Receivables		4,700
Prepaid Expenses	3,914	15,193
Fixed Assets		2,934,407
Notes Due	125,254	382,213
Total Current Assets	3,218,264	4,778,677
Operating Lease Right of Use Asset ("RUA")	99,458	2,092,768
RUA Accumulated Depreciation	(22,009)	(1,267,538)
Property & Equipment	85,444	2,935
Other Assets	236,931	137,997
Total Assets	\$ 4,321,691	\$ 5,744,839
Liabilities		
Current Liabilities		
Notes Payable	\$ 267,412	\$ 750,133
Accounts Payable	1,152,410	748,164
Accrued Expenses	413,882	943,662
Short-Term Deferred Revenue	917,604	345,067
Total Current Liabilities	2,751,308	2,787,026
Long Term Liabilities		
Other Long-Term Liabilities		731,150
Long-Term Deferred Revenue	3,428,908	947,694
Accrued Expenses		503
Total Long Term Liabilities	3,428,908	1,678,839
Total Liabilities	6,180,216	4,465,865
Shareholder's Equity		
Preferred Shares, no par value; 1,000,000 authorized; 375,000 issued		
Common Stock, no par value; 25,000,000 authorized; 5,889,968 issued	70,116,496	69,498,641
Additional Paid-In Capital	4,000,221	720,853
Retained Earnings	(66,026,639)	(68,688,152)
Treasury Stock	89,636	89,636
Total Shareholder's Equity	(1,858,525)	1,278,974
Total Liability & Shareholder's Equity	\$ 4,321,691	\$ 5,744,839

Consolidated Statement of Operations (Unaudited)

	12/31/2023	12/31/2022
Operating Revenues	\$ 6,184,265	\$ 5,925,394
Direct Costs	(969,765)	(2,250,146)
Gross Profit	5,214,500	3,675,248
Selling, General, & Administrative	(3,268,537)	(5,150,903)
Depreciation & Amortization	(67,053)	
Operating Income	1,874,886	(1,475,655)
Interest Income	19,991	59,024
Interest Expense		(37,291)
Capital Gains	16,903	423,772
Dividends	764	141,583
Other Income	744,930	
Tax Expense	(56)	
Net Income	\$ 2,657,418	\$ (888,567)
Net Income Per Share		
Basic	\$ 0.64	\$ (0.32)
Diluted	\$ 0.38	\$ (0.28)

Consolidated Statement of Cash Flows (Unaudited)

	12/31/2023	12/31/2022
Operating Activities		
Net Income	\$ 2,657,418	\$ (888,567)
Depreciation	329,307	(514,526)
Depreciation of RUA	(51,220)	328,459
Stock-Based Compensation	463,855	123,849
Unrealized Gain on Marketable Securities	(427,704)	(423,772)
Accounts Receivable	(2,626,319)	140,079
Prepaid Expenses	(46,212)	308,531
Accounts Payable	(1,087,295)	(605,104)
Long-Term Operating Lease Liability	47,891	310,026
Interest Payable	83,035	(3,797)
Contract Liability	515,430	(1,520,447)
Net Cash from Operating Activities	3,718,451	(1,671,420)
Investing Activities		
Purchases of Property & Equipment	(333,380)	(9,824)
Software Capitalization		8,496,877
Reclassification of Software Capitalization		(8,496,877)
Notes Due	256,959	165,976
Net Cash from Investing Activities	(79,787)	156,152
Financing Activities		
Repayment of LOC	(482,721)	751,016
Payments of Long-term Debt		(35,883)
Proceeds from ESPP		6,505
Net Cash from Financing Activities	(482,721)	721,638
Increase in cash and cash equivalents	(41,377)	(1,583,019)
Cash, restricted cash, and cash equivalents at the beginning of the year	204,963	1,787,982
Cash, restricted cash, and cash equivalents at the end of the year	\$ 163,586	\$ 204,963

Consolidated Statement of Stockholder's Equity (Unaudited)

	Preferred Shares	Common Shares		Treasury Shares			
	Shares	Shares	Amount	Shares	Cost	Accumulated Balance	Total
Balance as of December 31, 2021		2,435,726	69,080,048	12,006	(95,448)	(67,799,585)	1,185,014
Stock Based Compensation		350,000	297,500	83,617			
ESPP			693	(731)	5,812		6,505
Director Fees		103,223	120,400				120,400
Net Profit						(888,567)	(888,567)
Balance as of December 31, 2022		2,814,127	69,498,641	94,892	(89,636)	(68,688,152)	423,352
Stock Based Compensation	350,000	2,636,777	463,855	125,000			
Director Fees		439,064	154,000				154,000
Net Profit						2,661,513	2,661,553
Balance as of December 31, 2023	350,000	5,889,968	70,116,496	219,892	(89,636)	(66,026,639)	3,238,905

Datatrak International, Inc.
Notes to Financial Statements

NOTE 1 - ORGANIZATION AND DESCRIPTION OF BUSINESS

Datatrak International, Inc. (also referred to as the “Company” or “Datatrak”) provides interactive business-to-business SaaS subscription products designed specifically for our customer’s industries. These products are sold globally predominantly to organizations in the healthcare industry.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Recently Issued Accounting Standards The Financial Accounting Standards Board (“FASB”) and the Securities and Exchange Commission (“SEC”) have issued certain other accounting pronouncements as of December 31, 2023 that will become effective in subsequent periods; however, management does not believe that any of these pronouncements would have significantly affected the Company’s financial accounting measurements or disclosures had they been in effect during the periods for which financial statements are included in this annual report, nor does management believe those pronouncements would have a significant effect on the Company’s future financial position or results of operations. Recently adopted accounting principles In June 2016, the Financial Accounting Standards Board issued Accounting Standards Update (“ASU”) No. 2016-13, Financial Instruments - Credit Losses (Topic 326) (“ASU 2016-13”), which requires financial assets to be presented at the net amount to be collected, with an allowance for credit losses to be deducted from the amortized cost basis of the financial asset such that the net carrying value of the asset is presented as the amount expected to be collected. Under ASU 2016-13, the entity’s statement of operations is required to reflect the measurement of credit losses for newly recognized financial assets, as well as expected increases or decreases in expected credit losses that have taken place during the period. For public business entities, ASU 2016-013 is effective for fiscal years beginning after December 15, 2022. The Company adopted ASU No. 2016-13 on January 1, 2023 and the adoption of this update did not have a significant impact on the Company’s consolidated financial statements. The Company has determined that its trade receivables and held-to-maturity debt securities fall under this guidance. The Company believes that pooling receivables based on the level of their aging and applying historical loss rates, as adjusted for current conditions, is a reasonable basis to determine expected credit losses. This is consistent with how the Company has previously determined its allowance for doubtful accounts.

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. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Cash and Cash Equivalents

Cash and cash equivalents are comprised of cash in banks and marketable securities. Property and Equipment Property and equipment are recorded at cost. Depreciation is provided on the straight-line method over the estimated useful life of the asset. Estimated useful lives are generally as follows: Fixtures, equipment and software: 1 to 10 years; Leasehold improvements: lower of estimated useful life or term of lease (i.e., 2 to 7 years)

Goodwill

Goodwill and other indefinite-lived intangible assets are subject to annual impairment testing using the specific guidance and criteria described in the accounting guidance FASB Accounting Standards Update (“ASU”) ASU No. 2017-04. The Company performs its goodwill impairment testing at least annually in the fourth quarter of each year. The Company tests for impairment of intangible assets whenever events or changes in circumstances indicate that the carrying value of such assets may not be recoverable. With respect to goodwill, the Company first assesses qualitative factors to determine whether it is more likely than not that the fair value is less than the carrying value. If, based on that assessment, the Company believes it is more likely than not that the fair value is less than the carrying value, a one-step goodwill impairment test is performed. The Company concluded that there was no impairment to goodwill in the 2023 or 2022 fiscal years.

Long-Lived Assets

The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable in accordance with accounting guidance. Recoverability of assets held and used is measured by a comparison of the carrying amount of an asset to undiscounted pre-tax future net cash flows expected to be generated by that asset. An impairment loss is recognized for the amount by which the carrying amount of the assets exceeds the fair value of the assets. As of December 31, 2023 and 2022, management believes no impairment of long-lived assets has occurred.

Income Taxes

The Company provides for deferred income taxes resulting from temporary differences between financial statements and income tax reporting. Temporary differences are differences between the amounts of assets and liabilities reported for financial statement purposes and their tax bases. Deferred tax liabilities are recognized for temporary differences that will be taxable in future years' tax returns. Deferred tax assets are recognized for temporary differences that will be deductible in future years' tax returns and for operating loss and tax credit carryforwards. Deferred tax assets are reduced by a valuation allowance if it is deemed more likely than not that some or all of the deferred tax assets will not be realized.

Revenue Recognition

The Company applies FASB Accounting Standards Codification ("ASC") 606, Revenue from Contracts with Customers ("ASC 606") to recognize revenue. ASC 606 requires an entity to apply the following five-step approach: (1) identify the contract(s) with a customer; (2) identify each performance obligation in the contract; (3) determine the transaction price; (4) allocate the transaction price to each performance obligation; and (5) recognize revenue when or as each performance obligation is satisfied. The Company's primary source of revenue is subscription income which is recognized ratably over the subscription term. The Company has applied the practical expedient to recognize incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that otherwise would have been recognized is one year or less.

Lease Accounting

For all leases, at the lease commencement date, a right-of-use asset and a lease liability are recognized. The right-of-use asset represents the right to use the leased asset for the lease term. The lease liability represents the present value of the remaining lease payments under the lease. Lease payments included in the measurement of the lease liability comprise the following: the fixed non-cancelable lease payments and payments for optional renewal periods where it is reasonably certain the renewal period will be exercised. Lease expense for operating leases consists of the lease payments plus any initial direct costs, and is recognized on a straight-line basis over the lease term. The Company's operating lease right-of-use asset and operating lease liability represent the lease for the office space used to conduct its business.

Net Income

Per Share Net income per share is calculated based on the weighted average number of shares of common stock outstanding during the reporting period. Diluted net income per share is calculated giving effect to all potentially dilutive common shares, assuming such shares were outstanding during the reporting period. The difference between basic and diluted net income per share is solely attributable to stock options. The Company uses the treasury stock method to calculate the impact of outstanding stock options.

Segment Information

An operating segment, in part, is a component of an enterprise whose operating results are regularly reviewed by the chief operating decision maker (the "CODM") to make decisions about resources to be allocated to the segment and assess its performance. Operating segments may be aggregated only to a limited extent. The Company's CODM, the Chief Executive Officer, reviews financial information presented on a consolidated basis, accompanied by disaggregated information about revenues for purposes of making operating decisions and assessing financial performance. Accordingly, the Company has determined that it has a single operating and reportable segment.

Stock-Based Compensation

The Company recognizes the grant-date fair value of all stock-based awards on a ratable basis over the award's vesting period. The Company records deferred tax assets for awards that will result in deductions on its tax returns, based upon the amount of compensation cost recognized and the statutory tax rate in the jurisdiction in which it will receive a deduction.

Marketable Securities

All marketable securities are carried at cost. Realized gains, losses, amortization of premiums and discounts, interest and dividend income are included in interest and other income.

Fair Value Measurements

The Company records its financial instruments at fair value in accordance with accounting guidance. The determination of fair value assumes that the transaction to sell an asset or transfer a liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market for the asset or liability. The fair value hierarchy is broken down into three levels based on the source of inputs as follows: (a) Level 1 – valuations based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities; (b) Level 2 – valuations based on quoted prices in markets that are not active, or financial instruments for which all significant inputs are observable; either directly or indirectly; and (c) Level 3 – valuations based on prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable; thus, reflecting assumptions about the market participants.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk principally consist of cash, cash equivalents, available-for-sale securities and accounts receivable. The Company maintains its cash and cash equivalents in bank deposits and other accounts, the balances of which, at times, may exceed federally insured limits. Exposure to credit risk is reduced by placing such deposits in high credit quality financial institutions. The Company closely monitors the extension of credit to its subscribers. The Company's accounts receivable balance is net of an allowance for doubtful accounts. The Company does not require collateral or other security to support credit sales but provides an allowance for doubtful accounts which was not required as of December 31, 2023, based on historical experience and specifically identified risks. Accounts receivable are charged off against the allowance for doubtful accounts when management determines that recovery is unlikely and the Company ceases collection efforts. The Company does not believe that significant credit risk existed at December 31, 2023.

NOTE 3 - FAIR VALUE MEASUREMENTS

The Company's cash, cash equivalents and marketable securities are stated at fair value. The carrying value of accounts receivable, other current assets, accrued expenses, and accounts payable approximates fair market value because of the short maturity of these financial instruments. The Company's cash equivalents are generally classified within Level 1 of the fair value hierarchy because they are valued using quoted market prices. The tables below set forth the Company's cash and cash equivalents, as well as marketable securities as of December 31, 2023 and 2022, respectively, which are measured at fair value on a recurring basis by level within the fair value hierarchy.

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

NOTE 4 - MARKETABLE SECURITIES

Based upon the Company's intent and ability to hold marketable securities which approximate fair market values. As of December 31, 2023 the Company held \$3,643 of marketable securities.

The Company's investments in marketable securities consist primarily of investments in publicly traded marketable securities that the Company believes in its subjective judgement are good investments. Market values were determined for each individual security in the investment portfolio. Management evaluates securities for other-than-temporary impairment at least on an annual basis, and more frequently when economic or market concerns warrant such evaluation. Consideration is given to (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition

and near-term prospects of the issuer, and (3) the intent and ability of the Company to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value. Management has determined that no other-than-temporary impairment exists as of December 31, 2023.

NOTE 5 - COMMON STOCK AND STOCK OPTIONS

Common Stock at December 31, 2023 and 2022, there were 5,889,968 and 2,423,720 shares, respectively, of the Company's authorized common stock reserved for issuance upon exercise of outstanding options under its stock option plan. The Company's Articles of Incorporation provide that the Board of Directors has the authority, without further action by the holders of the outstanding common stock, to issue up to one million shares of preferred stock from time to time in one or more series. The Board of Directors shall fix the consideration to be paid, but not less than par value thereof, and to fix the terms of any such series, including dividend rights, dividend rates, conversion or exchange rights, voting rights, rights and terms of redemption (including sinking fund provisions), the redemption price and the liquidation preference of such series. As of December 31, 2023, the Company does has 375,000 shares of preferred stock outstanding.

Stock Options as of December 31, 2023

The exercise price of each option shall not be less than the fair market value of the common stock at the date of grant. Options expire on the date determined, but not more than ten years from the date of grant. In the event of a change in control (as defined), the options will vest in full at the time of such change in control.

Share Repurchase Program

In April of 2024, the Company's Board of Directors authorized a share repurchase program for the repurchase of up to \$250,000 of the Company's outstanding common stock. The Company has not repurchased any shares under this program.

NOTE 6 - PROPERTY AND EQUIPMENT

The Company owns property and equipment that it uses in its normal course of business operations. From time to time the Company acquires additional property and equipment as determined by management is needed to fulfill business operations.

NOTE 7 - OPERATING LEASE

Total rent expense for the years ended December 31, 2023 and 2022 was approximately \$27,600 and \$132,600, respectively. The weighted average incremental borrowing rate and weighted average remaining term for the operating lease was approximately 4.54% and 3.75 years, respectively.

NOTE 8 - RELATED PARTY TRANSACTION

Notes Due is a note between the Company and Tabatabai Investment Partners LP, a related party, with an approximate remaining balance, as of April 30, 2024, of principal and interest of approximately \$129,387 that accrues interest at a ten percent (10%) annual rate and matures on December 31, 2024.

NOTE 9 - COMMITMENTS AND CONTINGENCIES

From time to time, the Company is involved in various legal proceedings arising in the ordinary course of business. The Company records a liability when it believes that a loss will be incurred and the amount of loss or range of loss can be reasonably estimated. Based on the currently available information, the Company does not believe that there are claims or legal proceedings that would have a material adverse effect on the business, or the financial statements of the Company.