

INSPIRE YOGA FRANCHISOR, LLC

Reviewed Financial Statements For The Period End August 31, 2021



Independent Accountant's Review Report

To Management
Inspire Yoga Franchisor, LLC
Flower Mound, Texas

We have reviewed the accompanying balance sheet of Inspire Franchisor, LLC as of August 31, 2021, and the related statements of income, retained earnings, and cash flows for the period then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of my procedures provide a reasonable basis for our report.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Jason M. Tyra, CPA, PLLC
Dallas, TX
August 31, 2021

Contents

NOTE A- ORGANIZATION AND NATURE OF ACTIVITIES	5
NOTE B- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	5
Basis of Presentation.....	5
Significant Risks and Uncertainties.....	5
Use of Estimates.....	5
Cash and Cash Equivalents	5
Revenue.....	5
Advertising	6
Income Taxes.....	6
Recently Issued Accounting Pronouncements	6
NOTE C- DEBT	7
NOTE D- FAIR VALUE MEASUREMENTS	7
NOTE E- CONCENTRATIONS OF RISK	7
NOTE F- SUBSEQUENT EVENTS.....	7

INSPIRE YOGA FRANCHISOR, LLC
BALANCE SHEET
AUGUST 31, 2021

ASSETS

CURRENT ASSETS

Cash \$ 4,973

TOTAL CURRENT ASSETS 4,973

TOTAL ASSETS 4,973

LIABILITIES AND MEMBERS' EQUITY

NON-CURRENT LIABILITIES

Related Party Loan 5,800

TOTAL LIABILITIES 5,800

MEMERS' EQUITY

Contributed Capital 5,000

Retained Earnings (Deficit) (5,827)

TOTAL MEMERS' EQUITY (827)

TOTAL LIABILITIES AND MEMBERS' EQUITY \$ 4,973

INSPIRE YOGA FRANCHISOR, LLC
INCOME STATEMENT
FOR THE PERIOD ENDED AUGUST 31, 2021

Operating Expense	
Professional Fees	5,800
General & Administrative	27
	<hr/>
	5,827
Net Income from Operations	(5,827)
	<hr/>
Net Income	<u><u>\$ (5,827)</u></u>

INSPIRE YOGA FRANCHISOR, LLC
STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED AUGUST 31, 2021

Cash Flows From Operating Activities

Net Income (Loss) For The Period \$ (5,827)

Net Cash Flows From Operating Activities (5,827)

Cash Flows From Financing Activities

Related Party Loan 5,800

Contributed Capital 5,000

Net Cash Flows From Financing Activities 10,800

Cash at Beginning of Period

-

Net Increase (Decrease) In Cash

4,973

Cash at End of Period

\$ 4,973

INSPIRE YOGA FRANCHISOR, LLC
STATEMENT OF CHANGES IN MEMBERS' EQUITY
FOR THE PERIOD ENDED AUGUST 31, 2021

	Contribued Capital	Retained Earnings	Total Shareholders' Equity
Balance at April 5, 2021 (Inception)	\$ -	\$ -	\$ -
Contributed Capital	5,000		5,000
Net Income		(5,827)	(5,827)
Balance at August 31, 2021	\$ 5,000	\$ (5,827)	\$ (827)

INSPIRE YOGA FRANCHISOR, LLC
NOTES TO FINANCIAL STATEMENTS (REVIEWED)
AUGUST 31, 2021

NOTE A- ORGANIZATION AND NATURE OF ACTIVITIES

Inspire Yoga Franchisor, LLC (“the Company”) is a limited liability company organized under the laws of the State of Texas. The Company is a brand developer seeking to create the necessary intellectual property to start selling franchising rights.

The Company was formed to pursue funds from a Regulation CF offering. If successful, the Company will franchise the Inspire Yoga brand from Inspire Yoga, LLC. Inspire Yoga, LLC is commonly owned by Adam Pilat, a member of the Company’s management team.

NOTE B- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“US GAAP”). The Company’s fiscal year ends December 31.

Significant Risks and Uncertainties

The Company is subject to customary risks and uncertainties including, but not limited to, the need for protection of intellectual property, dependence on key personnel, costs of services provided by third parties, the need to obtain additional financing, and limited operating history.

The Company currently has no developed products for commercialization and there can be no assurance that the Company’s research and development will be successfully commercialized. Developing and commercializing a product requires significant capital, and based on the current operating plan, the Company expects to continue to incur operating losses as well as cash outflows from operations in the near term.

Use of Estimates

The preparation of financial statements in conformity with 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. Changes in estimates are recorded in the period they are made. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include all cash balances, and highly liquid investments with maturities of three months or less when purchased.

Revenue

INSPIRE YOGA FRANCHISOR, LLC
NOTES TO FINANCIAL STATEMENTS (REVIEWED) (CONTINUED)

ASC Topic 606, "Revenue from Contracts with Customers" establishes principles for reporting information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts to provide goods or services to customers. Revenues are recognized when control of the promised goods or services are transferred to a customer, in an amount that reflects the consideration that the Company expects to receive in exchange for those goods or services. The Company applies the following five steps in order to determine the appropriate amount of revenue to be recognized as it fulfills its obligations under each of its agreements: 1) identify the contract with a customer; 2) identify the performance obligations in the contract; 3) determine the transaction price; 4) allocate the transaction price to performance obligations in the contract; and 5) recognize revenue as the performance obligation is satisfied.

The Company's revenue will be from franchise fees and royalties.

Advertising

The Company records advertising expenses in the year incurred.

Income Taxes

The Company applies ASC 740 Income Taxes ("ASC 740"). Deferred income taxes are recognized for the tax consequences in future years of differences between the tax bases of assets and liabilities and their financial statement reported amounts at each period end, based on enacted tax laws and statutory tax 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. The provision for income taxes represents the tax expense for the period, if any and the change during the period in deferred tax assets and liabilities. ASC 740 also provides criteria for the recognition, measurement, presentation and disclosure of uncertain tax positions. A tax benefit from an uncertain position is recognized only if it is "more likely than not" that the position is sustainable upon examination by the relevant taxing authority based on its technical merit.

The Company is subject to tax filing requirements as a partnership in the federal jurisdiction of the United States. All items of income and expense are reported by the Company's members on their individual tax Returns.

The Company is subject to franchise tax filing requirements in the State of Texas.

Recently Issued Accounting Pronouncements

From time to time, new accounting pronouncements are issued by the Financial Accounting Standards Board, or FASB, or other standard setting bodies and adopted by the Company as of the specified effective date. The Company believes that the impact of recently issued standards that are not yet effective will not have a material impact on its financial position or results of operations upon adoption.

In February 2016, the Financial Accounting Standards Board ("FASB") issued ASU No. 2016-02, *Leases (Topic 842)*, to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet for most leases previously classified as operating leases. Subsequently, the FASB has issued amendments to clarify the codification or to correct unintended application of the new guidance. The new standard is required to be applied using a modified retrospective approach, with two adoption methods permissible: (1) apply the leases standard to each

INSPIRE YOGA FRANCHISOR, LLC
NOTES TO FINANCIAL STATEMENTS (REVIEWED) (CONTINUED)

lease that existed at the beginning of the earliest comparative period presented in the financial statements or (2) apply the guidance to each lease that had commenced as of the beginning of the reporting period in which the entity first applies the new lease standard.

NOTE C- DEBT

In 2021, the Company received a loan (“the Loan”) of \$5,800. The Loan has a term of fifteen years and bears an interest rate of 0%. The Loan was received from Adam Pilat, a member of the Company’s management team.

NOTE D- FAIR VALUE MEASUREMENTS

Fair value is an exit price, representing the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants based on the highest and best use of the asset or liability. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. The Company uses valuation techniques to measure fair value that maximize the use of observable inputs and minimize the use of unobservable inputs. These inputs are prioritized as follows:

Level 1 - Observable inputs, such as quoted prices for identical assets or liabilities in active markets;
Level 2 - Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly, such as quoted prices for similar assets or liabilities, or market-corroborated inputs; and
Level 3 - Unobservable inputs for which there is little or no market data which require the reporting entity to develop its own assumptions about how market participants would price the assets or liabilities.

The valuation techniques that may be used to measure fair value are as follows:

Market approach - Uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.

Income approach - Uses valuation techniques to convert future amounts to a single present amount based on current market expectations about those future amounts, including present value techniques, option-pricing models, and excess earnings method.

Cost approach - Based on the amount that currently would be required to replace the service capacity of an asset (replacement cost).

NOTE E- CONCENTRATIONS OF RISK

Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents. The Company places its cash and cash equivalents with a limited number of high-quality financial institutions and at times may exceed the amount of insurance provided on such deposits.

NOTE F- SUBSEQUENT EVENTS

Management considered events subsequent to the end of the period but before August 31, 2021, the date that the financial statements were available to be issued.