

STAYTOP SYSTEMS, INC.

AUDITED FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITORS' REPORT

MARCH 31, 2022

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INDEPENDENT AUDITORS' REPORT

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Thompson, Hughes & Trollinger



Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Staytop Systems, Inc.
Raleigh, North Carolina

Opinion

We have audited the accompanying financial statements of Staytop Systems, Inc., which comprise the balance sheet as of March 31, 2022, and the related statement of income and changes in retained earnings, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Staytop Systems, Inc., as of March 31, 2022, and the changes in its retained earnings and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Staytop Systems, Inc., and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for 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.



In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Staytop Systems, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Staytop Systems, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Staytop Systems, Inc.'s ability to continue as a going concern for a reasonable period of time.



We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Thompson, Hughes & Trolinger P.L.L.C.

May 24, 2022
Alexandria, Virginia

STAYTOP SYSTEMS, INC.
BALANCE SHEET
March 31, 2022

ASSETS

Current assets	
Cash	\$ 93,102
Accounts receivable	500,353
Prepaid expenses and advances	174,084
Total current assets	767,539
Property and equipment	
Computers and office equipment	36,903
Furniture and fixtures	5,540
	42,443
Accumulated depreciation	42,443
Net property and equipment	-
Other Assets	
Due from related parties	1,837,269
Total other assets	1,837,269
Total assets	\$ 2,604,808

LIABILITIES AND STOCKHOLDER'S EQUITY

Current liabilities	
Accounts payable	\$ 104,989
Accounts payable due from related party	657,276
Deferred revenue	174,000
Total current liabilities	936,265
Stockholder's equity	
Common stock	1,200
Retained earnings	1,667,343
Total stockholder's equity	1,668,543
Total liabilities and stockholder's equity	\$ 2,604,808

See notes to financial statements

STAYTOP SYSTEMS, INC.
STATEMENT OF INCOME AND CHANGES IN RETAINED EARNINGS
Year Ended March 31, 2022

Revenue	
Consulting revenue	\$ 784,394
Licensing revenue	776,156
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Total revenue	1,560,550
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Expenses	
Bank fees	13,133
Depreciation	87
Insurance	7,110
Licenses	767,331
Occupancy	5,233
Payroll and related expenses	46,421
Postage	307
Professional fees	757,042
Taxes	35,926
	<hr/>
Total expenses	1,632,590
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Net loss	(72,040)
Retained earnings at beginning of year	1,739,383
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Retained earnings at end of year	\$ 1,667,343
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See notes to financial statements

STAYTOP SYSTEMS, INC.
STATEMENT OF CASH FLOWS
Year Ended March 31, 2022

Cash flows from operating activities

Net loss	\$ (72,040)
Adjustments to reconcile net loss to net cash used by operating activities:	
Depreciation	87
Change in:	
Accounts receivable	(162,519)
Prepaid expenses and advances	(164,159)
Accounts payable	(347,153)
Accounts payable due from related party	563,986
Payroll withholdings	(6,136)
Deferred revenue	174,000
Net cash used by operating activities	<u>(13,934)</u>
Net decrease in cash	(13,934)
Cash at beginning of year	<u>107,036</u>
Cash at end of year	<u><u>\$ 93,102</u></u>

See notes to financial statements

STAYTOP SYSTEMS, INC.
NOTES TO FINANCIAL STATEMENTS
March 31, 2022

1. Summary of Significant Accounting Policies and General Information

Organization

Staytop Systems, Inc. (Staytop), a California corporation, is engaged in onsite information technology consulting. Staytop is a 100% subsidiary of Goldstone Technologies Limited (Goldstone). Staytop provides technically skilled engineers to manage complex projects for leading corporations around the world, integrating technology, organizational change, and business process improvements to help customers achieve their business objectives.

Basis of Presentation

The accompanying financial statements are presented on the accrual basis of accounting, which presents financial position, results of operations and cash flows in accordance with accounting principles generally accepted in the United States of America.

Concentration of Credit Risk

At times during the year, the Company maintains cash balances at financial institutions in excess of the Federal Deposit Insurance Corporation (FDIC) limits. Management believes the risk in these situations to be minimal.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Property and Equipment

Property and equipment are stated at cost. Property and equipment are depreciated over the estimated useful lives of the related assets, over three to seven years, by use of the straight-line method. All property and equipment purchases of \$1,000 or more are capitalized. Staytop expenses repairs and maintenance costs that do not extend the lives of the assets. Depreciation expense is \$126 for the year ended March 31, 2022.

Accounts Receivable

Accounts receivable includes amounts due from billed contracts. The allowance for doubtful accounts is based on management's evaluation of outstanding accounts receivable at the end of the year. There is no allowance for doubtful accounts as of March 31, 2022.

STAYTOP SYSTEMS, INC.
NOTES TO FINANCIAL STATEMENTS
March 31, 2022

1. Summary of Significant Accounting Policies and General Information (continued)

Deferred Revenue

Deferred revenue represents amount collected from customers for revenue not yet earned.

Revenue Recognition

Staytop accounts for revenue under ASC 606, wherein revenue is recognized when a contract has been executed, the contract price is fixed and determinable, delivery of services or products has occurred, and the collectability of the contract price is considered probable and can be reasonably estimated. The principal sources of revenue of Staytop are derived under time and materials contracts or licensing fees. Revenue under time and materials contracts is recognized when the services are rendered, based on hours incurred at contract rates plus materials expense incurred. Licensing fees are recognized ratably over the period of the license.

Income taxes

Staytop is a C Corporation status effective December 16, 1997.

Uncertain tax positions

For the year ended March 31, 2022, Staytop has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements. The Federal Form 1120, U.S. Income Tax Return for a Corporation, is subject to examination by the Internal Revenue Service, generally for three years after it is filed.

2. Operating Leases

Staytop has an agreement to lease office space from a director of the corporation on a month-to-month basis.

During the year ended March 31, 2022, Staytop incurred rent expense of \$2,433.

3. Related Party Activity

Staytop purchased licenses with a value of approximately \$760,000 from Goldstone, Staytop's parent company, during the year ended March 31, 2022. Staytop owes Goldstone \$657,276 for license fees at March 31, 2022. In unrelated activity, Goldstone owes Staytop \$1,697,269 at March 31, 2022.

The relative of a director of Staytop owes Staytop \$140,000.

STAYTOP SYSTEMS, INC.
NOTES TO FINANCIAL STATEMENTS
March 31, 2022

4. Revenue recognition

Staytop follows ASU 2014-09 Revenue from Contracts with Customers and all subsequent amendments to the ASU (collectively, “ASC 606”), which (i) creates a single framework for recognizing revenue from contracts with customers that fall within its scope and (ii) revises when it is appropriate to recognize a gain (loss) from the transfer of nonfinancial assets. Staytop’s revenues that are under ASC 606 come from time and material contracts and licensing fees.

The following are the revenues under AC 606, as March 31, 2022:

Revenue from delivered products and services	\$784,394
Revenue from licensing fees	\$776,156
Remaining performance obligations	\$ -

5. Subsequent Events

Management has evaluated subsequent events through May 24, 2022, the date that the financial statements were available to be issued. No other significant subsequent events have been identified that would require adjustment of or disclosure in the accompanying financial statements.