ONLINE VACATION CENTER HOLDINGS CORP.

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021 and 2020

Fort Lauderdale, Florida

CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021 and 2020

CONTENTS

INDEPENDENT AUDITOR'S REPORT

Online Vacation Center Holdings Corp.
Fort Lauderdale, Florida

Opinion

We have audited the accompanying consolidated financial statements of Online Vacation Center Holdings Corp., which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and the related consolidated statements of operations, changes in stockholders' equity and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Online Vacation Center Holdings Corp. as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years 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. 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 Online Vacation Center Holdings Corp. 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 the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Online Vacation Center Holdings Corp.'s ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 generally accepted auditing standards 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 these consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Online Vacation Center Holdings Corp.'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Online Vacation Center Holdings Corp.'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.

Kaufman, Rossin & Co.

Kaufman, Rossin & Co., P.A.

September 20, 2022
Miami, Florida

ONLINE VACATION CENTER HOLDINGS CORP.

CONSOLIDATED BALANCE SHEETS

December 31, 2021 and 2020

ASSETS		**2021**		**2020**
Current assets				
Cash and cash equivalents	$	5,289,890	$	5,213,224
Available-for-sale securities, at fair value		2,113,282		2,267,895
Accounts receivable, net		1,021,336		975,598
Employee retention credit receivable		776,912		-
Deposits, prepaid items, and inventory		1,976,546		1,207,309
Total current assets		11,177,966		9,664,026
Restricted cash		532,185		532,111
Deferred tax asset, net		326,582		146,010
Lease asset		81,006		421,781
Property and equipment, net		97,871		275,143
Intangible assets, net		692,343		256,733
Goodwill		421,526		64,526
Total assets	$	13,329,479	$	11,360,330
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities				
Accounts payable and accrued liabilities	$	4,275,464	$	3,877,713
Deferred revenue		4,461,309		2,189,608
Lease liability		100,634		511,484
Loans payable		121,125		-
Senior unsecured debentures		95,763		92,026
Total current liabilities		9,054,295		6,670,831
Loans payable		201,875		1,379,400
Senior unsecured debentures		2,373,775		2,469,538
Lease liability		9,031		109,665
Total liabilities		11,638,976		10,629,434
Commitments and contingencies				
Stockholders' equity				
Preferred stock, 1,000,000 shares authorized at $0.0001 par value; 0 shares issued and outstanding		-		-
Common stock, 80,000,000 shares authorized at $0.0001 par value; 7,594,727 shares issued and outstanding as of December 31, 2021 and December 31, 2020, respectively.		759		759
Retained earnings		1,689,744		730,137
Total stockholders' equity		1,690,503		730,896
Total liabilities and stockholders' equity	$	13,329,479	$	11,360,330

See accompanying notes to consolidated financial statements.

ONLINE VACATION CENTER HOLDINGS CORP.

CONSOLIDATED STATEMENTS OF OPERATIONS

Years ended December 31, 2021 and 2020

	2021	2020
Revenue:		
Service and other	$ 6,419,129	$ 9,097,010
Product	1,007,212	-
Total revenue	7,426,341	9,097,010
Cost of revenue:		
Product	528,904	-
Total cost of revenue	528,904	-
Net revenues	6,897,437	9,097,010
Operating expenses		
Selling and marketing	2,938,121	3,416,350
General and administrative	5,784,355	7,513,488
Depreciation and amortization	442,764	598,756
Operating loss	(2,267,803)	(2,431,584)
Other income (expense), net	2,735,839	(198,670)
Income (loss) before provision for income taxes	468,036	(2,630,254)
Benefit from income taxes	(491,571)	(968,553)
Net income (loss)	$ 959,607	$ (1,661,701)
Earnings (loss) per share – basic and diluted	$ 0.126	$ (0.217)
Weighted average shares outstanding – basic and diluted	7,594,727	7,652,809

See accompanying notes to consolidated financial statements.

ONLINE VACATION CENTER HOLDINGS CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
Years ended December 31, 2021 and 2020

	Common Stock					
	Shares	Amount	Additional Paid-In Capital	Retained Earnings	Treasury Stock	Total
Balance, January 1, 2020	8,654,727	865	-	5,041,732	-	5,042,597
Acquisition of treasury stock at cost	-	-	-	-	(2,650,000)	(2,650,000)
Retirement of treasury stock	(1,060,000)	(106)	-	(2,649,894)	2,650,000	-
Net loss	-	-	-	(1,661,701)	-	(1,661,701)
Balance, December 31, 2020	7,594,727	$ 759	$ -	$ 730,137	$ -	$ 730,896
Net income	-	-	-	959,607	-	959,607
Balance, December 31, 2021	7,594,727	$ 759	$ -	$ 1,689,744	$ -	$ 1,690,503

See accompanying notes to consolidated financial statements.

ONLINE VACATION CENTER HOLDINGS CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended December 31, 2021 and 2020

	2021	2020
Cash flows from operating activities		
Net income	$ 959,607	$ (1,661,701)
Adjustments to reconcile net income to net cash used in operating activities		
Depreciation and amortization	442,764	598,756
Amortization of lease asset	340,775	313,682
PPP loans forgiven	(2,696,005)	-
Deferred income tax provision	(180,572)	(83,205)
Realized gain on sale of available-for-sale securities	(34,387)	(6,192)
Unrealized (gain)/loss on sale of available-for-sale securities	(65,945)	137,422
Changes in operating assets and liabilities		
Accounts receivable	(45,738)	1,272,281
Employee retention credit receivable	(776,912)	-
Deposits, prepaid items, and inventory	(565,080)	2,220,570
Accounts payable and accrued liabilities	397,751	(2,596,751)
Deferred revenue	2,271,700	(591,001)
Lease liability	(511,484)	(436,828)
Net cash used in operating activities	(463,526)	(832,967)
Cash flows from investing activities		
Capital expenditures	(7,153)	(125,225)
Acquisition of intangible assets	(50,950)	(109,650)
Cash consideration paid for acquisition	(1,204,156)	-
Purchase of equity securities	(1,881,735)	(2,751,540)
Proceeds from the sale of equity securities	2,136,681	2,585,631
Net cash used in investing activities	(1,007,313)	(400,784)
Cash flows from financing activities		
Repayment of debt	(92,026)	(88,438)
PPP loans received	1,316,605	1,379,400
Proceeds from long-term debt	323,000	-
Net cash provided by financing activities	1,547,579	1,290,962
Net change in cash and restricted cash	76,740	57,211
Beginning cash and restricted cash	5,745,335	5,688,124
Ending cash and restricted cash	$ 5,822,075	$ 5,745,335
Supplemental cash flow information		
Cash paid for taxes	$ 5,685	$ 99,400
Cash paid for interest	101,094	104,684
Fair value of assets acquired	1,204,156	-
Supplemental disclosure of non-cash investing and financing activities		
Debentures issued for common stock	-	2,650,000
Retirement of treasury stock	-	2,650,000
Forgiveness of PPP loan principal	2,696,005	
Cash and cash equivalents	$ 5,289,890	$ 5,213,224
Restricted cash	532,185	532,111
Total cash and restricted cash	$ 5,822,075	$ 5,745,335

See accompanying notes to consolidated financial statements.

ONLINE VACATION CENTER HOLDINGS CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years ended December 31, 2021 and 2020

NOTE 1 – BACKGROUND

Overview: Online Vacation Center Holdings Corp. (the "Company") is a Florida holding company, focused on internally growing and developing its group of diversified vacation marketers with a range of products that can be cross-sold to an extensive database as well as online sales of golf training aids.

The Company provides vacation travel, marketing, and online sales through its wholly-owned subsidiaries. Its portfolio of companies include:

Online Vacation Center, Inc., a full service vacation seller focused on serving the affluent retiree market.

Enrichment Journeys, LLC, a developer and seller of unique river, ocean, and land vacation packages.

Dunhill Vacations, Inc., the publisher of three travel newsletters, "Top Travel Deals", "Spotlight", and "TravelFlash".

Luxury Link, LLC, a website connecting travelers with websites to purchase hotel, resort, and vacation experiences.

Home Based Travel Experts, LLC, an Expedia Cruises franchise focused on travel sales through a team of mobile agents.

OVC Financial, LLC dba Golf Around the World, an online seller of golf training aids.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation: The accompanying consolidated financial statements include the accounts of Online Vacation Center Holdings Corp. and its wholly owned subsidiaries. All significant intercompany transactions and balances have been eliminated. The Company makes operating decisions, assesses performance and manages the business as one reportable segment.

Use of Estimates: The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("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 consolidated financial statements. These estimates and assumptions also affect the reported amounts of revenues and expenses during the reporting periods. Management evaluates these estimates and assumptions on a regular basis. Actual results could differ from those estimates.

Revenue Recognition: The Company's revenue is recognized in accordance with Accounting Standards Update (ASU) No. 2014-09, "Revenue from Contracts with Customers" ("ASC 606").

Under ASC 606, a performance obligation is a promise within a contract to transfer a distinct good or service, or a series of distinct goods and services, to a customer. Revenue is recognized when performance obligations are satisfied and the customer obtains control of promised goods or services, which is generally upon shipment of the goods and performance of the service. The amount of revenue recognized reflects the consideration to which the Company expects to be entitled to receive in exchange for goods or services. Under the standard, a contract's transaction price is allocated to each distinct performance obligation. To determine revenue recognition for arrangements that the Company determines are within the scope of ASC 606, the Company performs the following five steps: (i) identifies the contracts with a customer; (ii) identifies the performance obligations within the contract, including whether they are distinct and capable of being distinct in the context of the contract; (iii) determines the transaction price; (iv) allocates the transaction price to the performance obligations in the contract; and (v) recognizes revenue when, or as, the Company satisfies each performance obligation.

Revenue Recognition – Service and Other: The majority of the Company's revenue consists of the sale of travel marketing services to companies, primarily related to cruises. Revenue is provided by the travel provider who generally directs which method of the marketing service is provided. Travel marketing services may be referred to as commission, bonus commission (overrides), or advertising. Vacation travel sales transactions and insurance services are billed to travelers at the time of booking. The commission revenue related to travel sales is recognized in the accompanying consolidated financial statements in the period the commissions are earned which occurs up to the travel date. The commission revenue related to insurance sales is recognized in the accompanying consolidated financial statements when the service is no longer cancelable without penalty. Advertising revenue is recognized upon distribution of the marketing publication. Override (volume incentive "Bonus Commission") revenue is recognized when the agreed-upon goal is achieved as specified in the override agreement.

After considering and weighing relevant qualitative factors regarding the Company's status as a primary obligor, the extent of the pricing latitude of the Company's vacation travel sales transactions and in accordance with the prescribed GAAP gross vs. net indicators, the Company's vacation travel suppliers assume the majority of the business risks such as providing the service and the risk of unsold travel packages. As such, all vacation travel sales transactions are recorded at the net amount, which is the amount charged to the customer less the amount to be paid to the supplier. The Company frequently reviews its product offerings to determine whether the vacation package falls into gross revenue reporting. The method of net revenue presentation does not impact operating income, net income, earnings per share or cash flows.

Revenue Recognition – Product: The Company operates an online merchant business which sells golf training aids. Sales for this business are reported as gross revenue and the related cost of goods sold are reported on the Company's Consolidated Statement of Operations.

Product revenue is recognized at a point in time when control of the goods is transferred to the customer, which generally occurs when products are shipped to the customer. Shipping and handling costs are considered fulfillment activities and as such are not accounted for as separate performance obligations. Product revenue is recorded net of sales tax.

Costs of goods sold primarily consists of the purchase price of products and shipping costs. Shipping costs to receive products from suppliers are included in inventory and recognized as cost of goods sold upon sale of products to the customer.

Risks and Concentrations: The Company's business is subject to certain risks and concentrations, including dependence on relationships with travel suppliers (primarily cruise lines), and to a lesser extent, exposure to risks associated with online commerce security and credit card fraud. The Company is highly dependent on its relationships with five major cruise lines: Celebrity Cruises, Norwegian Cruise Line, Royal Caribbean Cruise Line, Oceania Cruises and Viking River Cruises. The Company also depends on third party service providers for processing certain fulfillment services.

In December 2019, a novel strain of coronavirus ("COVID-19") was initially detected in China, and over the subsequent months, the virus spread globally. On March 11, 2020, the World Health Organization declared the COVID-19 outbreak a global pandemic. Measures to contain the virus, including travel restrictions and quarantine orders, as well as suspended operations for cruise lines, have had a significant impact on the travel industry. This contributed to unprecedented increases in cancellations and a decline in travel demand, which had a material negative effect on the Company's financial and operating results. Cruise lines resumed operations in a limited capacity during 2021, but it is uncertain if the cruise industry will return to pre-pandemic demand levels in the foreseeable future.

The Company's product sales are significantly dependent on the Amazon Marketplace e-commerce platform.

Concentrations of credit risk with respect to client accounts receivable are limited because of the Company's policy to require deposits from customers, the number of customers comprising the client base and their dispersion across geographical locations.

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist primarily of cash and bank certificates of deposit. These accounts are maintained with financial institutions insured by the Federal Deposit Insurance Corporation (FDIC) for balances up to $250,000. At December 31, 2021, the Company had cash deposits of $3,303,424 that exceeded the federally insured limit of $250,000. The Company believes that no significant concentration of credit risk exists with respect to these cash balances because of its assessment of the creditworthiness and financial viability of the financial institutions.

Marketing Costs: Substantially all marketing costs are expensed as incurred and principally represent production, printing, direct mail costs, and online advertising. Marketing expense for the years ended December 31, 2021 and 2020 was $628,374 and $988,415, respectively.

Cash and Cash Equivalents: The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents included cash in the bank, cash on hand and highly liquid investments.

Accounts Receivable: Accounts receivable related to Service and other sales is stated at the amounts invoiced to suppliers, commissions earned on travel that has commenced, or override income that has been earned, less an allowance for doubtful accounts. Travel suppliers generally pay commissions between 60 days before to 90 days after travel has commenced, overrides in the first quarter following the period earned, and marketing and advertising invoices between 30 days to 90 days after the invoice date.

Accounts receivable for product sales is stated at amounts invoiced to customers, less an allowance for doubtful accounts, and are generally due upon delivery of the product.

The Company determines its allowance by considering a number of factors, including the length of time trade accounts receivable are past due, the Company's previous loss history, the specific supplier's current ability to pay its obligation to the Company and the condition of the general economy and the industry as a whole. The Company writes off accounts receivable when they become uncollectible, and payments subsequently received on such receivables are recognized as revenue in the period received. At December 31, 2021 and 2020, the allowance for doubtful accounts was $26,605.

Employee Retention Credit Receivable: Under the provisions of the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"), the Company is eligible for a refundable employee retention credit subject to certain criteria. In connection with the CARES Act, the Company adopted a policy to recognize the employee retention credit when applied for and to offset the credit against the related expenditure. Accordingly, the Company recorded a $0.7 million employee retention credit during the year ended December 31, 2021, which is included in General & Administrative expense in the consolidated statements of operations and the Employee Retention Credit Receivable in the consolidated balance sheets.

Restricted Cash: Cash which is restricted as to withdrawal is considered a noncurrent asset. At December 31, 2021 and 2020, certificates of deposit of $532,185 and $532,111, respectively, are collateral for outstanding letters of credit. The letters of credit are required by the Company's landlord, a supplier and industry regulations and will be renewed upon expiration.

Leases: The Company evaluates arrangements at inception to determine if an arrangement is or contains a lease. Operating lease assets represent the Company's right to control an underlying asset for the lease term and operating lease liabilities represent the Company's obligation to make lease payments arising from the lease. Control of an underlying asset is conveyed to the Company if the Company obtains the rights to direct the use of and to obtain substantially all the economic benefits from using the underlying asset. Operating lease assets and liabilities are recognized at the commencement date of the lease based upon the present value of lease payments over the lease term. When determining the lease term, the Company includes options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. The Company uses an incremental borrowing rate that the Company would expect to incur for a fully collateralized loan over a similar term under similar economic conditions to determine the present value of the lease payments. The Company has lease arrangements which include lease and non-lease components, which the Company has elected to account for as a single lease component for all classes of underlying assets.

The lease payments used to determine the Company's operating lease assets may include lease incentives and stated rent increases and are recognized in the Company's operating lease assets in the Company's consolidated balance sheets. Operating lease assets are amortized to rent expense over the lease term and included in operating expenses in the consolidated statements of operations.

Property and Equipment: Property and equipment are recorded at cost, net of depreciation. Repairs and maintenance and any gains or losses on dispositions are recognized as incurred. Depreciation is provided for on a straight-line basis to allocate the cost of depreciable assets to operations over their estimated service lives. Leasehold improvements are amortized over the term of the lease or the useful life of the improvement, whichever is shorter.

Asset Category	Depreciation Period
Office equipment	1 to 5 Years
Furniture and fixtures	5 to 8 Years
Leasehold Improvements	8 Years

Goodwill: Goodwill represents the excess of the purchase price over the fair value assigned to net tangible and identifiable intangible assets of businesses acquired and accounted for under the acquisition method. Goodwill acquired in business combinations is assigned to reporting units that are expected to benefit from the synergies of the combination as of the acquisition date. The Company assesses goodwill for impairment annually during the fourth quarter, or more frequently if events and circumstances indicate impairment may have occurred. If the carrying value of a reporting unit's goodwill exceeds its implied fair value, the Company records an impairment loss equal to the difference. No impairment occurred in 2021 and 2020.

Long-Lived Assets: The Company's accounting policy regarding the assessment of the recoverability of the carrying value of long-lived assets, including property and equipment and assets with finite lives, is to review the carrying value of the assets whenever events or changes in circumstances indicate that they may be impaired. If this review indicates that the carrying value will not be recoverable, as determined based on the projected undiscounted future cash flows, the carrying value is reduced to its estimated fair value. No impairment occurred in 2021 and 2020.

Income Taxes: The Company accounts for income taxes under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the consolidated financial statement carrying amounts of existing assets and liabilities and their respective tax bases and carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences and carryforwards are expected to be recovered or settled.

The Company applies the guidance issued by the Financial Accounting Standards Board (the "FASB") with respect to accounting for uncertainty in income taxes. A tax position is recognized as a benefit only if it is more likely than not that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded.

The Company files income tax returns in the U.S. federal jurisdiction and various states. It is subject to U.S. federal and certain state tax examinations for years after 2017. To the Company's knowledge, none of its federal or state income tax returns are currently under examination.

The Company's policy is to account for interest and penalties in income tax expense. There was $0 in interest and $0 and $20 in penalties during the years ended December 31, 2021 and 2020, respectively.

Earnings Per Share: Basic earnings per share is computed by dividing net income available to common shareholders by the weighted average number of common shares outstanding during the period. Diluted earnings per share reflects the potential dilution that could occur if stock options and other commitments to issue common stock were exercised or equity awards vested resulting in the issuance of common stock or the conversion of notes into shares of common stock that could share in the earnings of the Company. The diluted earnings per share calculation is not done for periods in a loss position as this would be antidilutive.

Retirement of Treasury Stock: The Company's accounting policy for common stock repurchased and retired is to charge any excess of cost over par value to additional paid-in capital (APIC). Any excess over APIC is to be charged to retained earnings.

Accounting for Business Combinations: The Company accounts for business combinations using the acquisition method of accounting in accordance with ASC Topic 805, Business Combinations, which generally requires that net assets acquired be recorded at their fair values as of the acquisition date on the consolidated balance sheets. Any excess of consideration over the fair value of net assets acquired is recorded as goodwill. The determination of estimated fair value requires management to make significant estimates and assumptions. As a result, the Company may record adjustments to the fair values of assets acquired and liabilities assumed up to one year from the acquisition date (the "Measurement Period") with the corresponding offset to goodwill. Transaction costs associated with business combinations are expensed as incurred.

NOTE 3 – BUSINESS COMBINATIONS

Golf Around the World

On August 27, 2021, a subsidiary of the Company acquired certain assets of Golf Around the World, which is an online seller of golf training aids.

The total consideration was $1,204,156 paid in cash.

Total consideration was allocated to the tangible and intangible assets acquired at their fair values at the acquisition date, based upon valuation techniques principally comprised of an income approach. Goodwill has been recorded based on the amount by which the purchase price exceeded the fair value of the net assets acquired and is attributable reputation of the business acquired in the industry it operates in and its workforce. Goodwill is expected to be deductible for tax purposes.

The following table summarizes the estimated fair values of assets acquired and liabilities assumed at the acquisition date:

Assets Acquired:	
Inventory	$ 204,156
Equipment	10,000
Customer lists	325,000
Trade names	130,000
Customer relationships	178,000
Goodwill	357,000
Net assets acquired	$ 1,204,156

Costs incurred in connection with the acquisition amounted to $25,000, which have been recorded in general and administrative expenses in the accompanying consolidated statements of operations.

NOTE 4 – FAIR VALUE MEASUREMENT AND INVESTMENTS

The Fair Value Measurement Topic of the FASB ASC defines fair value, establishes a framework for measuring fair value under GAAP and enhances disclosures about fair value measurements. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. The Fair Value Measurement Topic describes a fair value hierarchy based on the following three levels of inputs that may be used to measure fair value, of which the first two are considered observable and the last unobservable:

Level 1 – Quoted prices in active markets for identical assets or liabilities.
Level 2 – Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The Company determines the fair value of its investment portfolio assets by obtaining non-binding market prices from its third-party portfolio managers on the last day of the quarter, whose sources may use quoted prices in active markets for identical assets (Level 1 inputs) or inputs other than quoted prices that are observable either directly or indirectly (Level 2 inputs) in determining fair value. There were no transfers between Level 1, Level 2, or Level 3 measurements for the years ended December 31, 2021 and 2020.

The Company's investments are comprised of equity securities. Equity securities are carried at fair value, measured using Level 1 inputs, with changes in fair value reported in net income. All equity securities have readily determinable fair values.

Realized gains and losses on sales of investments are determined using the specific identification method. Realized gains and losses are included in other income (expense), net in the consolidated statements of income.

At December 31, 2021 and 2020, the estimated fair value of the Company's investments included a net unrealized gain of $133,471 and $67,526, respectively.

NOTE 5 – DEPOSITS, PREPAID ITEMS, AND INVENTORY

Deposits, prepaid items, and inventory consist of the following:

	December 31, 2021	December 31, 2020
Prepaid travel costs and other expenses	$ 1,582,332	$ 1,170,875
Inventory	325,158	-
Prepaid commissions and employee advances	39,473	22,284
Refundable deposits with suppliers	29,583	14,150
	$ 1,976,546	$ 1,207,309

Inventory consists of golf training aids and is stated at the lower of cost or net realizable value. Cost is determined by the average cost method. Management determines the inventory reserve by regularly reviewing and evaluating individual inventory items and the movement history. Inventory is written off when deemed obsolete or unsellable. During the year ended December 31, 2021, the Company had no charge to cost of goods sold for inventory reserves.

NOTE 6 – PROPERTY AND EQUIPMENT, NET

Property and equipment consist of the following:

	December 31, 2021	December 31, 2020
Office equipment	$ 838,012	$ 937,771
Furniture and fixtures	250,531	250,531
Leasehold Improvements	817,206	810,054
	1,905,749	1,998,356
Less: Accumulated Depreciation	(1,807,878)	(1,723,213)
Property and equipment, net	$ 97,871	$ 275,143

Depreciation expense for the years ended December 31, 2021 and 2020 was $194,424 and $230,223, respectively.

NOTE 7 – INTANGIBLE ASSETS, NET

Intangible assets acquired other than goodwill are capitalized at their respective fair values and are amortized over their estimated useful lives ranging from four to fifteen years.

Intangible assets consist of the following:

	December 31, 2021	December 31, 2020
Customer lists	$ 7,008,969	$ 6,638,019
Trade names	331,307	201,307
Customer relationships	178,000	-
Franchise fee	8,939	8,939
	7,527,215	6,848,265
Less Accumulated amortization	(6,834,872)	(6,591,532)
Intangible assets, net	$ 692,343	$ 256,733

Amortization expense for the years ended December 31, 2021 and 2020 was $248,340 and $368,533, respectively. The estimated aggregate amortization expense subsequent to December 31, 2021 is as follows:

Year	Estimated Annual Amortization Expense
2022	$ 304,797
2023	129,324
2024	87,581
2025	73,241
2026	36,733
2027 and thereafter	60,667
Total	$ 692,343

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NOTE 8 – GOODWILL

The Company recorded goodwill in conjunction with its acquisition of Dunhill and the assets of Golf Around the World. During the fourth quarters of 2021 and 2020, the Company tested the carrying value of the goodwill for impairment. The results of the tests indicated that the carrying value of the goodwill was not impaired. At December 31, 2021 and 2020, the carrying amount of goodwill was $421,526 and $64,526, respectively.

NOTE 9 – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following:

	December 31, 2021	December 31, 2020
Customer deposits	$ 2,951,227	$ 3,136,815
Accrued compensation	806,634	449,956
Other accrued expenses	134,990	240,793
Accounts payable	382,613	50,149
Total	$ 4,275,464	$ 3,877,713

NOTE 10 – DEFERRED REVENUE

Deferred revenue consists of funds received that have not yet been earned. At December 31, 2021 and 2020, deferred revenue was $4,461,309 and $2,189,608, respectively.

Deferred revenue will be recognized as follows:

Year	Deferred Revenue to be Recognized
2022	$ 3,874,912
2023	567,173
2024	19,224
	$ 4,461,309

NOTE 11 – LEASES

The Company records lease assets and liabilities for non-cancelable operating leases primarily for real estate and equipment. Leases with an initial term of 12 months or less are not recorded on the balance sheet. Expense related to leases is recorded on a straight-line basis over the lease term, including rent holidays.

The following table sets forth the Lease assets and liabilities as of December 31, 2021:

	December 31, 2021
Assets	
Lease assets	$ 81,006
Liabilities	
Lease Liabilities - Current	100,634
Lease Liabilities - Long Term	9,031
Total Lease liabilities	$ 109,665

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Other Information	
Weighted-average remaining lease term	0.2 years
Weighted-average discount rate	5.5%

During the year ended December 31, 2021, the Company reduced its lease liabilities by $511,484.

The following table presents information about the amount, timing, and uncertainty of cash flows arising from the Company’s operating leases as of December 31, 2021:

		December 31, 2021
Maturity of Operating Lease Liabilities		
2022	$	102,166
2023		9,198
Total undiscounted operating leases payments		111,364
Less: Imputed interest		(1,699)
Present value of operating lease liabilities	$	109,665

Rent expense for the years ended December 31, 2021 and 2020 was $135,564 and $331,419, respectively.

In June 2020, the Company negotiated an amendment to its office lease and was granted a rent abatement of $11,220 per month for the seven-month period from May 2020 to November 2020, totaling $78,540. Variable lease costs consisting of real estate taxes and other miscellaneous items totaling $53,941 are included in rent expense.

In February 2021, the Company negotiated a second amendment to its office lease and was granted a rent abatement of 50% of the amount due for the period December 2020 through the end of the lease. This abatement totaled $286,910 in 2021.

NOTE 12 - INCOME TAXES

The benefit from income taxes for the years ended December 31, 2021 and 2020 consists of the following:

		December 31 2021		December 31 2020
Current				
Federal	$	(317,205)	$	(838,593)
State		6,205		(46,754)
		(311,000)		(885,347)
Deferred				
Federal		(138,265)		(68,445)
State		(42,306)		(14,761)
		(180,571)		(83,206)
Benefit from income taxes, net	$	(491,571)	$	(968,553)

The difference between income tax expense computed by applying the federal statutory corporate tax rate and actual income tax expense is as follows:

	December 31 2021	December 31 2020
Statutory federal income tax rate	21.0%	21.0%
State income taxes	-6.1%	1.8%
Tax effect of non-deductible or non-taxable items	-144.1%	-0.3%
Other	24.2%	14.3%
Effective tax rate	-105.0%	36.8%

For the year ended December 31, 2021, the effective tax rate exceeded the statutory rate primarily as a result of loan forgiveness income not being taxed. For the year ended December 31, 2020, the effective tax rate exceeded the statutory rate primarily as a result of the carryback of a net operating loss to prior periods with higher tax rates. Other includes tax rate differentials and the true-up of permanent tax differences from prior periods.

Deferred income taxes result from temporary differences in the recognition of income and expenses for financial reporting purposes and for tax purposes. The tax effect of these temporary differences representing deferred tax asset and liabilities result principally from the following:

	December 31 2021	December 31 2020
Capitalized list costs	$ (36,043)	$ (65,068)
Federal property and equipment basis difference	26,022	4,012
State property and equipment basis difference	5,976	1,989
Amortization	53,105	52,142
Unrealized gains and losses	(33,828)	(17,115)
Revenue recognition timing	148,622	62,238
Accruals and other	162,728	107,812
Net deferred income tax asset	$ 326,582	$ 146,010

NOTE 13 - EARNINGS PER SHARE

As of December 31, 2021 and 2020, there were no stock options or stock awards that would have been included in the computation of diluted earnings per share that could potentially dilute basic earnings per share in the future.

NOTE 14 – STOCK REPURCHASES

On January 1, 2020, the Company commenced an offer to purchase 1,060,000 shares of its common stock in exchange for Senior Unsecured Debentures (“Debentures”) with five shareholders. The shares were purchased at a price of $2.50 per share for a total cost of $2.65 million. All repurchased shares were immediately retired.

No treasury stock was held by the Company as of December 31, 2021 and 2020.

NOTE 15 – DEBENTURES

As discussed in Note 14, the Company issued $2.65 million in Debentures in exchange for shares of its common stock. The Debentures have a maturity date of February 1, 2040 and bear interest from the date of issue at 4.0% per annum, with interest and principal payable quarterly on February 1, May 1, August 1, and November 1 of each year.

Debenture obligations for each of the next five years and in aggregate are:

For the year ended December 31,	Amount
2022	$ 95,763
2023	99,651
2024	103,697
2025	107,908
2026	112,289
Thereafter	1,950,230
Total	2,469,538

NOTE 16 – LOANS PAYABLE

The Company's subsidiaries received loans through the Paycheck Protection Program ("PPP") totaling $1.379 million in May 2020 and $1.317 million March 2021 to assist with payroll and occupancy expenses. The PPP, established as part of the CARES Act, provides for forgivable loans to qualifying businesses as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness may be reduced if the borrower terminates employees or reduces salaries during the covered period. The Company believes it is in compliance with the terms of the loan agreements.

In April 2021, the Company's PPP loans from May 2020 were completely forgiven. In December 2021, the Company's PPP loans from March 2021 were completely forgiven. The PPP loan forgiveness, totaling $2.7 million is included in other income (expense), net on the Consolidated Statements of Operations.

In May 2021, the Company's subsidiaries received loans totaling $323,000 from Royal Caribbean International's "RCCL Cares" program. The loans require monthly payments of $13,458 commencing in May 2022 through maturity in April 2024.

NOTE 17 - COMMITMENTS AND CONTINGENCIES

The Company entered into a lease which commenced in March 2014 and terminates in February 2022 for approximately 17,000 square feet of corporate office space in Fort Lauderdale, Florida. Rent payments for the years ended December 31, 2021 and 2020 were $324,698 and $428,202, respectively. The lease granted a renewal option for one additional term of sixty months. In August 2021, the Company agreed to a lease amendment for approximately 10,000 square feet in the same building for a three-year term, terminating in March 2025. Base rent will be $15,613 per month. The amendment was effective April 2022 when the certificate of occupancy was received.

The Company assumed a lease effective September 2021 in connection with its acquisition of the assets of Golf Around the World for 2,550 square feet in West Palm Beach, Florida. Base rent is $2,242 per month, increasing to $2,348 in September 2022. The lease terminates in August 2023.

The Company also pays for an employee's lease of a single office in southern Miami-Dade county. The one year lease is $975 per month and ends October 2022.

On March 16, 2006, the Company entered into an executive employment agreement with its Chairman and Chief Executive Officer. The Company paid an initial annual base salary of $300,000, payable bi-weekly. The base salary is subject to annual automatic incremental increases of the greater of the percentage increase in the consumer price index or 6% of the previous year's base salary. The term of the agreement is a rolling three years and automatically renews every year for another three-year term.

The Company participates in a 401 (k) plan managed by a 401(k) administrator. Contributions to the plan are at the discretion of the Company's Board of Directors. In February 2019, the Company began a program to match employee contributions, up to $1,000 per employee. In August 2019, the program was amended to increase the match to $2,000 per employee. Company match contributions in 2021 and 2020 totaled $81,263 and $98,624, respectively.

The Company is involved from time to time in various legal claims and actions arising in the ordinary course of business. While from time to time claims are asserted that may make demands for sums of money, the Company does not believe that the resolution of any of these matters, either individually or in the aggregate, will materially affect its financial position, cash flows or the results of its operations.

NOTE 18 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 20, 2022 which was the date the consolidated financial statements were available to be issued.