

# SECURITIES AND EXCHANGE COMMISSION

## FORM 1-SA

Filing Date: **2023-09-27** | Period of Report: **2023-06-30**

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### FILER

#### **GolfSuites 1, Inc.**

CIK: [1765347](#) | IRS No.: **832379196** | State of Incorporation: **DE** | Fiscal Year End: **1231**

Type: **1-SA** | Act: **33** | File No.: [24R-00224](#) | Film No.: **231283822**

SIC: **7990** Miscellaneous amusement & recreation

#### Mailing Address

2738 FALKENBURG RD. S.  
RIVERVIEW FL 33578

#### Business Address

2738 FALKENBURG RD. S.  
RIVERVIEW FL 33578  
813-621-5000

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 1-SA

SEMIANNUAL REPORT PURSUANT TO REGULATION A

For the fiscal semiannual period ended: June 30, 2023

**GolfSuites 1, Inc.**

(Exact name of issuer as specified in its charter)

**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**83-2379196**

(IRS Employer  
Identification No.)

**650 E. Bloomingdale Ave.  
Brandon, Florida**

(Address of principal executive offices)

**33511**

(Zip code)

**(813) 621-5000**

(Registrant's telephone number, including area code)

**Class A Preferred Stock**

(Title of each class of securities issued pursuant to Regulation A)

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*In this semi-annual report the term "GolfSuites," "we," "us," "our," or "the company" refers to GolfSuites 1, Inc. a Delaware corporation and its wholly-owned subsidiaries on a consolidated basis. The term "GolfSuites Lubbock" refers to GolfSuites Lubbock, LLC, the term "GolfSuites Tulsa" refers to GolfSuites Tulsa, LLC, the term "GolfSuites Baton Rouge" refers to GolfSuites Baton Rouge, LLC, the term "GolfSuites Auburn" refers to GolfSuites Auburn, LLC, the term GS City Club 1 refers to GolfSuites City Club 1, LLC. GolfSuites Lubbock, GolfSuites Tulsa, GolfSuites Baton Rouge, GolfSuites Auburn and GS City Club 1 are wholly owned subsidiaries of the company.*

The following information contains certain forward-looking statements. Forward-looking statements are statements that estimate the happening of future events and are not based on historical fact. Forward-looking statements may be identified by the use of forward-looking terminology, such as "may," "could," "expect," "estimate," "anticipate," "plan," "predict," "probable," "possible," "should," "continue," or similar terms, variations of those terms or the negative of those terms. The forward-looking statements specified in the following information have been compiled by our management on the basis of assumptions made by management and considered by management to be reasonable. Our future operating results, however, are impossible to predict and no representation, guaranty, or warranty is to be inferred from those forward-looking statements.

**Item 1 Management's discussion and analysis of financial condition and results of operations**

**Overview**

GolfSuites 1, Inc. owns, leases and operates outdoor golf driving range entertainment centers. In addition, the company intends to develop indoor entertainment venues that provide access to golf simulators.

The outdoor entertainment centers and indoor venues aim to provide next generation hospitality and dining venues, high tech gamified golf, either on the ranges or within the simulators, in climate-controlled suites, live entertainment, and spaces for both social and corporate functions.

As of September 15, 2023, the company operates three facilities and is in the process of developing 2 other facilities.

- The company owns 100% of GolfSuites Tulsa, LLC.
- The company owns 100% of GolfSuites Lubbock, LLC.
- The company manages GolfSuites Baton Rouge, LLC, and owns a 50% interest in Baton Rouge. A private investor owns the remaining 50% interest in Baton Rouge. Similarly, the company owns a 50% interest in GolfSuites Madison, LLC. A private investor owns the remaining 50% interest in Madison. As of December 31, 2022, development of the Madison site has been discontinued, and the company is seeking a buyer for the site.
- On August 18, 2023, the Auburn purchased approximately 10 acres which the company intends to develop into a 40-bay golf driving range and entertainment facility. On September 15, 2023, GS City Club 1 was formed to lease property located in St. Petersburg, Florida. The company intends to develop an indoor simulator facility with 8 bays, a restaurant and bar with indoor and outdoor seating, and differentiated levels of membership.

Tulsa is located in Jenks, Oklahoma a suburb of Tulsa and was formerly operated under the FlyingTee brand. Currently, Tulsa operates under the GolfSuites brand. Tulsa and the land on which it is located is leased by the company.

Lubbock is located in Lubbock Texas. It formerly operated under the 4ORE! Golf brand. Currently, it operates under the brand, 4ORE! Golf-Powered by GolfSuites. During 2023, it converted to operating under the GolfSuites brand and is in the process of changing its name to GolfSuites Lubbock. The Lubbock Facility is owned by the company and the land on which it is located is leased by the company.

On March 16, 2021, GolfSuites formed Baton Rouge for the purpose of leasing an approximate 18-acre existing driving range in Baton Rouge, Louisiana. Previously, Baton Rouge had been closed for operations. On June 1, 2022, Baton Rouge began operations of the 40-bay facility offering similar services as Tulsa and Lubbock.

On May 5, 2022, Madison purchased approximately 9 acres of land which the company had intended to develop into a 40-bay golf driving range and entertainment facility. The land was purchased on May 5, 2022 with funding provided by the company's Regulation A share sales, private equity investment, advances from GolfSuites, Inc., positive operating cash flows from existing operations, and \$1,125,000 of mortgage financing. As of the date of this Offering Circular, the development of the Madison site has been discontinued, and the company is seeking a buyer for the site.

On August 18, 2023, the Auburn purchased approximately 10 acres which the company intends to develop into a 40-bay golf driving range and entertainment facility. The funding was provided by the company's Regulation A share sales, private equity investment, advances from GolfSuites, Inc., positive operating cash flows from existing operations, and \$840,000 of mortgage financing. The company intends to have this facility operational by September 2024.

The company intends to enter into the indoor simulation lounge business. The company's first GolfSuites City Club will be located in St. Petersburg, Florida at the GS City Club 1 Facility. The company intends to build out this facility with at least 8 indoor simulators, a restaurant and bar with indoor and outdoor dining locations, and various membership options.

Below is a timeline of the company's operating history.

- On October 25, 2018, the company was incorporated.
- In September 2019, GolfSuites 3, Inc., an affiliate of the company, began operating a facility in Jenks, Oklahoma (the "Tulsa Facility") pursuant to a lease agreement governing the Tulsa Facility and an additional agreement governing the land on which it is located. Both lease agreements were entered into by GolfSuite 3's wholly owned subsidiary, GolfSuites Tulsa.
- On August 6, 2020, GolfSuites Lubbock was formed. It is a wholly owned subsidiary of the company.
- On August 19, 2020, pursuant to the Membership Interest Purchase Agreement ("MIP Agreement"), GolfSuites Lubbock acquired 4ORE Golf, LLC, a Texas Limited Liability Company, (the "Lubbock Facility").
- On August 19, 2020, GolfSuites Lubbock, pursuant to the MIP Agreement, assumed the lease agreement governing the land on which the Lubbock Facility is located.
- On December 30, 2020, the company acquired GolfSuites Tulsa from GolfSuites 3.
- On February 9, 2021, the company entered into a lease agreement for an approximate 18-acre existing driving range located at 8181 Siegen Lane, Baton Rouge, Louisiana (the "Baton Rouge Facility") and has a term of five years. The lease commenced on March 1, 2021.
- On January 15, 2022, the company formed GolfSuites Madison, LLC, a Mississippi limited liability company for the purpose of purchasing approximately 9 acres of land which was to be developed into a 40-bay golf driving range and entertainment facility. The land was purchased on May 5, 2022. As of December 31, 2022, the development of the Madison site has been discontinued, and the company is seeking a buyer for the site.
- On July 24, 2023, GolfSuites Auburn was formed. It is a wholly owned subsidiary of the company.
- On August 18, 2023 GolfSuites Auburn acquired the property located at 1655 Capps Landing, Opelika, Alabama (the "Auburn Facility").
- On September 15, 2023, GS City Club 1 was formed. It is a wholly owned subsidiary of the company. On September 21, 2023, GS City Club 1 acquired the lease for the property located at 123 4<sup>th</sup> Ave, St. Petersburg, Florida (the "GS City Club 1 Facility").

## The Facilities

Below are statistics related to each outdoor multi-floor facility.

	TULSA FACILITY	LUBBOCK FACILITY	BATON ROUGE FACILITY	AUBURN FACILITY*
<b>ENTERTAINMENT AMENITIES</b>	60 golf suites.  These suites open up to the golf target field and incorporate comfortable seating, ball dispensers, club storage, gaming and media displays.	56 golf suites.  These suites open up to the golf target field and incorporate comfortable seating, ball dispensers, club storage, gaming and media displays.	40 golf suites.  These suites open up to the golf target field and incorporate comfortable seating, ball dispensers, club storage, gaming and media displays.	40 golf suites  These suites will open up to the golf target field and incorporate comfortable seating, ball dispensers, club storage, gaming and media displays.

	Private lessons available, pinball, pool and corn hole.	Private lessons available, pinball, pool and corn hole.	Private lessons available, pinball, pool and corn hole.	Private lessons available, pinball, pool and corn hole.
<b>HOSPITALITY AMENITIES</b>	2 restaurants and 2 bars.	2 restaurants and 2 bars.	1 restaurant and 1 bar.	1 restaurant and 1 bar.
<b>OPERATIONAL STATISTICS</b>	Multi-floor facility.	Multi-floor facility.	Single floor facility.	Single floor facility.
	Average weekly guests: Approximately 2,500 since September 2019 to present.	Average weekly guests: Approximately 2,500 since August 2020 to present.	Average weekly guests: Approximately 500 since June 2022 to present.	Average weekly guests: *not yet developed

\*Not yet operational.

Below are statistics related to each indoor GolfSuites City Club.

#### GS CITY CLUB 1 FACILITY\*

<b>ENTERTAINMENT AMENITIES</b>	Eight indoor simulation lounges These suites open up to the indoor dining area and incorporate comfortable seating, club storage, gaming and media displays.
<b>HOSPITALITY AMENITIES</b>	One bar and restaurant area with indoor seating, together with an outdoor dining area.
<b>OPERATIONAL STATISTICS</b>	N/A

\*Not yet operational.

To date, revenues have come from the following activities:

- Driving range suite rentals.
- Special events sales.
- Food and beverage sales.
- Coaching and instruction services.
- Retail sales.

The company collects revenue upon sale of an item (including: membership sales, food and beverage sales, apparel etc.) and recognize the revenue when the sale is made.

Cost of revenues for the company includes the cost of food, beverages, liquor, wine and beer sold to customers.

Operating expenses currently consist of advertising and marketing expenses and general administrative expenses.

### Results of Operations

For the six months ended June 30, 2023 ("Interim 2023") the company had \$5,502,120 in revenue compared to the six months ended June 30, 2022 ("Interim 2022"), the company had \$4,586,123 in revenues, a \$915,997 (or 20%) increase. The increase in revenues is attributable to increased management oversight of expanded food and beverage offerings and increased prices, improved sales performance incentives (e.g., continual contests for the sales team), and the opening of Baton Rouge in June 2022. Baton Rouge had \$548,753 in revenue in Interim 2023 compared to \$83,197 for Interim 2022, a \$465,556 or 560% increase.

The company's cost of revenues increased by \$93,009 (or 13%) to \$812,091 in Interim 2023 from \$719,082 in Interim 2022. The increase in costs of revenues was primarily related to the increase in revenues as well as higher costs of materials. Our gross profits increased

to \$4,690,029 for Interim 2023 from \$3,867,041 for Interim 2022. Our gross margins increased to 85.2% in Interim 2023 from 84.3% during Interim 2022.

Total operating expenses for Interim 2023 increased to \$3,956,115 from \$3,567,013 for Interim 2022, a \$389,102 (or 11%) increase. The primary drivers of the increase were:

- An increase of approximately \$60,000 in advertising and marketing due to the new Baton Rouge site.
- An increase of approximately \$75,000 in insurance due to increased market pricing.
- An increase of approximately \$80,000 in utilities and telephone expense related to the new Baton Rouge site.
- An increase of approximately \$175,000 in other selling, general and administrative costs related to the new Baton Rouge site.

The company records other income (expense) for depreciation and amortization (related to its facilities and equipment), interest expenses (related to its loans and mortgages), certain costs related to its capital raises under Regulation A and Regulation D and loan forgiveness. The company had other expense of \$962,989 in Interim 2023 compared with other expense in Interim 2022 of \$871,552.

The company had losses associated with both its joint ventures and the losses attributable to the minority interest shares were \$33,891 and \$368,661 for Interim 2023 and Interim 2022, respectively.

As a result of the foregoing, the company generated net income for Interim 2023 in the amount of \$580,363 compared to a net loss for Interim 2022 in the amount of 202,863, a \$783,226 increase.

### Liquidity and Capital Resources

The following table summarizes, for the periods indicated, selected items in our condensed Statements of Cash Flows:

	Six Months ended June 30,		\$ Change
	2023	2022	
Net cash provided by operating activities	\$ 798,481	\$ 838,599	\$ 40,118
Net cash used in investing activities	\$ (723,662)	\$ (3,505,230)	\$ 2,781,568
Net cash provided by financing activities	\$ (43,282)	\$ 2,225,082	\$ (2,268,364)

Cash provided by operating activities for Interim 2023 was \$798,481 compared to \$838,599 for Interim 2022. The decrease was primarily comprised of additional operating expenses.

Cash used in investing activities for Interim 2023 was \$723,662, as compared to \$3,505,230 for Interim 2022. During Interim 2023 the company had significantly less capital improvements as compared to Interim 2022, specifically significant capital improvements in Baton Rouge were reflected in Interim 2022.

Cash used by financing activities was \$43,282 for Interim 2023, compared to cash provided of \$2,225,082 for Interim 2022. Interim 2022 reflected \$1,212,000 received from the minority interest investor in our subsidiary as well as \$1,125,000 from the sale of notes. In addition, during Interim 2023, we received \$1,271,067 from the sale of Preferred Stock, \$78,500 from the sale of common stock, and \$27,441 in capital contributions. For principal payments on mortgages, equipment loans and leases, the company used \$445,259 during Interim 2023, which included the leases for Tulsa, Lubbock, and Baton Rouge, compared with using \$517,644 during Interim 2022. Dividend payments in Interim 2023 totaled \$277,353 compared to \$151,693 in Interim 2022.

As of June 30, 2023, the company has cash and cash equivalents of \$258,979. Since inception, our activities have been funded from our revenues, cash advances from its current parent entity and management as well as funds raised in the company's offerings under Regulation A. Since taking over the operations for the Lubbock Facility, the Tulsa Facility, and the Baton Rouge Facility the company has also been relying on revenues from those facilities. The company plans to continue to try to raise additional capital through: (i) additional offerings (ii) mortgage financing and (iii) revenues from the Tulsa Facility, the Lubbock Facility and the Baton Rouge Facility. Absent additional capital, the company may be forced to significantly reduce expenses and could become insolvent.

The company launched its second Regulation A offering in February 2021 which terminated in March 2022. The total amount raised in the offering was approximately, \$3,391,706. The company launched its third Regulation A offering in May 2022 which was terminated in May 2023. The amount raised pursuant to the Regulation A offering totaled \$3,606,669.

## Indebtedness

### *Advances from the Parent Entity and its Shareholders*

During 2022 and Interim 2023 the parent entity contributed \$2,696,442 and \$27,441 to the company as working capital to cover expenses and costs while preparing for the various securities offerings. The total of these advances was converted to Additional Paid-in Capital in 2022 and the six months ended June 30, 2023.

In addition, the company received advances from shareholders of the parent entity. The balance of these parent entity shareholder advances totaled \$250,517 and \$783,317 respectively, as of Interim 2023 and Interim 2022.

These advances are recorded as liabilities of the company. The company has formalized some of these borrowings but expects to repay all of these amounts whether a formal promissory note exists or not. The agreements are between related parties. Therefore, there is no guarantee that rates or terms are commensurate with arm's-length arrangements.

### *Notes Payable and Lease Obligations*

Notes payable consists of the following debt instruments as of June 30, 2023, December 31, 2022, and June 30, 2022.

		2023	2022	
		June 30	December 31	June 30
Equipment financing				
Tulsa	Current	\$ 11,395	\$ 23,467	\$ 39,470
Tulsa	Long-term	47,539	68,612	89,136
	Total	58,934	92,079	128,606

		2023	2022	
		June 30	December 31	June 30
Insurance Financing				
Tulsa	Current	30,278	121,115	-
Lubbock	Current	17,428	69,712	-
Baton Rouge	Current	-	25,807	-
	Total	47,706	216,634	-
Mortgage financing				
Lubbock	Current	152,472	156,727	496,020
Lubbock	Long-term	5,682,993	5,768,790	5,852,892
	Subtotal	5,835,465	5,925,517	6,348,912
Madison	Long-term	1,125,000	1,125,000	1,125,000
	Total	6,960,465	7,050,517	7,473,912
Totals				
	Current	211,573	396,828	535,490
	Long-term	6,855,532	6,962,402	7,067,028
	Totals	\$ 7,067,105	\$ 7,359,230	\$ 7,602,518

- Lubbock Facility

- o The company took over a construction loan with First United Bank, with an interest rate of 4%. As of Interim 2023, the company recorded \$5,835,465 in liabilities for this mortgage; the mortgage was secured by a third-party guarantor.
- o The company took over the Amended and Restated Ground Lease, executed on October 30, 2018, for a 5-year term. The beginning monthly rent is \$13,000 annually and increases by 2% every year thereafter. The lease includes three 5-year options for renewal, which extends the lease termination date to 2038.
- o The company took over a lease with Hub City Main Street Investments, LLC. The lease provides for a 5-year term with monthly payments of \$2,500. This lease is often referred to as a nuisance lease as it is with the owner of the adjacent property owner because golf balls were going over the net surrounding the driving range and landing on the adjacent property. The lease expired on August 29, 2023.
- Tulsa Facility
  - o GolfSuites Tulsa is a party to a 25-year lease agreement, dated September 13, 2019, and entered into between GolfSuites Tulsa and Onefire Holding Company, LLC (“Onefire”) (the “Tulsa Lease Agreement”). Onefire is entitled to annual payments of \$360,000 and 50% of net cash flow.
  - o On March 5, 2020, GolfSuites Tulsa entered into a Lease Amendment Agreement with Onefire. This agreement provides for the deferment of base rent and additional rent for the period from January 1, 2020, through March 31, 2020.
  - o On July 6, 2020, the company took out a loan for equipment financing with First Oklahoma Bank in the amount of \$198,580. The loan bears an interest rate of 5.25% and expires on July 6, 2025. As of Interim 2023, the outstanding loan principal was \$58,934.

- Baton Rouge Facility
  - o On February 9, 2021, the company entered into a lease agreement for an approximate 18-acre existing driving range located at 8181 Siegen Lane, Baton Rouge, Louisiana (the “Baton Rouge Facility”) and has a term of five years. The lease commenced on March 1, 2021. As of Interim 2023, the company recorded \$675,058 in liabilities for this lease.
- Madison Facility
  - o The mortgage related to the acquisition of Madison land totaled \$1,125,000, and that balance is outstanding at Interim 2023. The interest rate is the Prime Rate plus five percent, with the balance due May 5, 2024.

## Trends

GolfSuites participates in the recreational sporting and entertainment facilities market. It believes this market to be young, fast-growing and under-served. This market overlaps three growing, highly profitable markets: the golf market, the recreation/sporting entertainment sector and the food and beverage portion of the hospitality industry. GolfSuites competes for revenues from customer spending in each of these three sectors. Since money spent in those sectors is discretionary income, the company believes it is reliant on economic trends in the United States.

Other notable trend in the recreation sporting and entertainment facilities market include the increase in the global indoor golf simulator market. The indoor golf simulators market size was valued at USD 1,485.23 million in 2022 and is projected to reach USD 3,237 million by 2031.

The company notes that this market is anticipated to rise at a considerable between 2023 and 2030. In 2022, the market grew at a steady rate. GolfSuites competitors have adopted business strategies to implement indoor golf simulators and the company intends to do the same with the launch of GolfSuites City Clubs and GolfSuites Lounges. The company believes that with the rising adoption of strategies by key players the market is expected to rise over the projected horizon.



The company has continued to move forward with its business plans and has done or intends to do the following:

- Construct the Auburn Facility.
- Plan for the acquisition or lease of at least 3 additional facilities.
- Complete the leasing and commence build out of GS City Club 1.
- Sell the Madison Facility by December 31, 2023.

**Item 2. Other Information**

None.

**Item 3. Financial Statement**

The accompanying semiannual consolidated financial statements are unaudited and have been prepared in accordance with the instructions to Form 1-SA. Therefore, they do not include all information and footnotes necessary for a complete presentation of financial position, results of operations, cash flows, and stockholders' equity in conformity with accounting principles generally accepted in the United States of America. Except as disclosed herein, there has been no material change in the information disclosed in the notes to the consolidated financial statements included in the Company's Annual Report on Form 1-K for the year ended December 31, 2021. In the opinion of management, all adjustments considered necessary for a fair presentation of the results of operations and financial position have been included, and all such adjustments are of a normal recurring nature. Operating results for the six months ended June 30, 2022 are not necessarily indicative of the results that can be expected for the year ending December 31, 2022.

**GolfSuites 1, Inc.  
and Subsidiaries**

**Consolidated Financial Statements**

As of, and for the Six Months Ended June 30, 2023 and 2022  
UNAUDITED - NO ASSURANCE GIVEN



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**GolfSuites 1, Inc.  
and Subsidiaries**

**Consolidated Financial Statements**

**As of, and for the Six Months Ended June 30, 2023 and 2022  
UNAUDITED - NO ASSURANCE GIVEN**

## Table of Contents

<a href="#">Consolidated Balance Sheet</a>	<a href="#">F - 1</a>
<a href="#">Consolidated Statement of Operations</a>	<a href="#">F - 2</a>
<a href="#">Consolidated Statement of Changes in Stockholders' Equity</a>	<a href="#">F - 3</a>
<a href="#">Consolidated Statement of Changes in Cash Flows</a>	<a href="#">F - 4</a>
<a href="#">Notes and Additional Disclosures to the Consolidated Financial Statements</a>	<a href="#">F - 7</a>
Consolidating Statements for GolfSuites 1, Inc.	F - 14

### GolfSuites 1, Inc. and Subsidiaries Consolidated Balance Sheets As of June 30, 2023, December 31, 2022 and June 30, 2022 UNAUDITED - NO ASSURANCE GIVEN

	June 2023	December 2022	June 2022
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 258,979	\$ 227,442	\$ 232,595
Accounts receivable	530,892	54,467	91,914
Inventory	213,363	308,953	287,941
Prepaid expenses	77,341	239,677	17,692
Total current assets	<u>1,080,575</u>	<u>830,539</u>	<u>630,142</u>
Property, plant and equipment, net			
Land and building improvements	10,920,309	10,735,403	8,787,418
Furniture, fixtures and equipment	5,039,372	4,536,829	5,899,760
Construction in progress	-	-	-
Accumulated depreciation	(3,866,975)	(3,408,871)	(2,993,602)
Property, plant and equipment, net	<u>12,092,706</u>	<u>11,863,361</u>	<u>11,693,576</u>
Right of use assets, net of accumulated amortization	<u>8,291,701</u>	<u>8,485,641</u>	<u>8,678,343</u>
Other assets			
Capitalized development costs	817,812	784,969	764,549
Other assets	83,904	41,134	45,439
Advances to GolfSuites, Inc. (parent company)	255,000	-	-
Goodwill	<u>1,749,255</u>	<u>1,749,255</u>	<u>1,749,255</u>
Total other assets	<u>2,905,971</u>	<u>2,575,358</u>	<u>2,559,243</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 24,370,953</u></u>	<u><u>\$ 23,754,899</u></u>	<u><u>\$ 23,561,304</u></u>
<b>LIABILITIES AND EQUITY</b>			
Liabilities			
Current liabilities			
Notes payable, current portion	\$ 211,573	\$ 396,828	\$ 535,490
Lease liabilities, current portion	241,733	230,216	213,936
Accounts payable and accrued expenses	1,914,486	1,756,622	1,484,946
EIDL loans payable	293,783	298,169	298,900
Total current liabilities	<u>2,661,575</u>	<u>2,681,835</u>	<u>2,533,272</u>
Non-current liabilities			

Notes payable, long-term portion	6,855,532	6,962,402	7,067,028
Lease liabilities, long-term portion	8,559,275	8,723,926	8,843,041
Advances from shareholders of Golfsuites, Inc. (parent company)	250,517	260,517	783,317
Advances from GolfSuites, Inc. (parent company)	-	-	1,849,098
Total non-current liabilities	15,665,324	15,946,845	18,542,484
<b>TOTAL LIABILITIES</b>	<b>18,326,899</b>	<b>18,628,680</b>	<b>21,075,756</b>
<b>MINORITY INTEREST IN CONSOLIDATED SUBSIDIARIES</b>	<b>368,933</b>	<b>702,824</b>	<b>1,126,714</b>
<b>Stockholders' equity</b>			
Common stock, Class A: 132,000,000 shares authorized, \$0.00001 par, 21,700 shares issued and outstanding	-	-	-
Common stock, Class B: 18,000,000 shares authorized, \$0.00001 par, 18,000,000 shares issued and outstanding	180	180	180
Additional paid-in capital	2,802,383	2,696,442	-
Preferred stock, Class A: 10,000,000 shares authorized, 713,203, 540,503 and 328,267 shares issued and outstanding, respectively	8,219,727	6,948,660	4,898,702
Preferred stock, Other: 40,000,000 shares authorized, no shares issued and outstanding	-	-	-
Retained earnings	(5,347,169)	(5,221,887)	(3,540,048)
<b>TOTAL EQUITY</b>	<b>5,675,121</b>	<b>4,423,395</b>	<b>1,358,834</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 24,370,953</b>	<b>\$ 23,754,899</b>	<b>\$ 23,561,304</b>

*The accompanying notes are an integral part of these financial statements.*

F - 1

**GolfSuites 1, Inc. and Subsidiaries**  
**Consolidated Statement of Operations**  
**For the Six Months Ended June 30, 2023 and 2022**  
**UNAUDITED - NO ASSURANCE GIVEN**

	2023	2022
Revenues	\$ 5,502,120	\$ 4,586,123
Cost of revenues	812,091	719,082
Gross profit	4,690,029	3,867,041
Operating expenses		
Advertising and marketing	110,929	50,376
Salaries - operational	1,540,705	1,631,353
Employee benefits and taxes	361,587	306,789
Property lease and affiliated costs	97,641	34,260
Equipment and repairs	194,965	163,641
Gaming, software and license fees	200,681	164,753
Utilities and telephone	338,295	257,814
Credit card fees	157,546	101,794
Insurance	202,019	125,146
Professional fees	34,763	203,460
Property and local taxes	212,056	203,985
Other selling, general and administrative	504,928	323,642
Total operating expenses	3,956,115	3,567,013
Net operating profit (loss)	733,914	300,028
Income from Covid 19 relief programs		
PPP loan forgiveness	-	-
Employee retention credit	475,547	-
Total Covid 19 relief programs	475,547	-

Net income before other income (expense)	1,209,461	300,028
Other income (expense)		
Depreciation and amortization	(655,414)	(561,013)
Interest expense	(321,908)	(319,014)
Other income	14,333	8,475
Net other expense	(962,989)	(871,552)
Net income (loss) before minority interest	246,472	(571,524)
Minority interest share of subsidiary loss	333,891	368,661
Net income (loss)	\$ 580,363	\$ (202,863)
Basic loss per common share	\$ 0.03222	\$ (0.01127)
Diluted loss per common share	\$ 0.03067	\$ (0.01087)

*In the opinion of management all adjustments necessary in order to make the interim financial statements not misleading have been included.*

*The accompanying notes are an integral part of these financial statements.*

F - 2

**GolfSuites 1, Inc. and Subsidiaries**  
**Consolidated Statement of Stockholders' Equity (Deficit)**  
**For the Six Months Ended June 30, 2023 and 2022**  
**UNAUDITED - NO ASSURANCE GIVEN**

	Class A Common Stock		Class B Common Stock		Additional Paid-In Capital	Class A Preferred Stock		Other Preferred Stock		Retained Earnings, Net of Dividends	Total Stockholders' Equity (Deficit)
	Shares	Value	Shares	Value		Shares	Value	Shares	Value		
Balance as of December 31, 2021	-	\$ -	18,000,000	\$ 180	\$ -	540,503	\$ 3,430,618	-	\$ -	\$ (2,718,787)	\$ 712,011
Share issuance	-	-	-	-	-	172,700	1,468,084	-	-	-	1,468,084
Net loss	-	-	-	-	-	-	-	-	-	(202,863)	(202,863)
Reg A share sale costs	-	-	-	-	-	-	-	-	-	(466,705)	(466,705)
Dividends	-	-	-	-	-	-	-	-	-	(151,693)	(151,693)
Balance as of June 30, 2022	-	-	18,000,000	180	-	713,203	4,898,702	-	-	(3,540,048)	1,358,834
Share issuance	-	-	-	-	-	154,525	2,049,958	-	-	-	2,049,958
Contributed capital	-	-	-	-	2,696,442	-	-	-	-	-	2,696,442
Net loss	-	-	-	-	-	-	-	-	-	(955,282)	(955,282)
Reg A share sale costs	-	-	-	-	-	-	-	-	-	(516,588)	(516,588)
Dividends	-	-	-	-	-	-	-	-	-	(209,969)	(209,969)
Balance as of December 31, 2022	-	-	18,000,000	180	2,696,442	867,728	6,948,660	-	-	(5,221,887)	4,423,395
Share issuance	21,700	-	-	-	78,500	92,734	1,271,067	-	-	-	1,349,567
Contributed capital	-	-	-	-	27,441	-	-	-	-	-	27,441
Net income	-	-	-	-	-	-	-	-	-	580,363	580,363
Reg A share sale costs	-	-	-	-	-	-	-	-	-	(428,292)	(428,292)
Dividends	-	-	-	-	-	-	-	-	-	(277,353)	(277,353)
Balance as of June 30, 2023	21,700	\$ -	18,000,000	\$ 180	\$ 2,802,383	960,462	\$ 8,219,727	-	\$ -	\$ (5,347,169)	\$ 5,675,121

*The accompanying notes are an integral part of these financial statements.*

F - 3

**GolfSuites 1, Inc. and Subsidiaries**  
**Consolidated Statement of Cash Flows**  
**For the Six Months Ended June 30, 2023 and 2022**  
**UNAUDITED - NO ASSURANCE GIVEN**

	2023	2022
<b>Cash Flows from Operating Activities</b>		
Net loss	\$ 580,363	\$ (202,863)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Minority interest share of income (loss)	(333,891)	(368,661)
Depreciation and amortization	655,414	561,013
Changes in operating assets and liabilities		
Accounts receivable	(476,425)	294,667
Inventory	95,590	(182,085)
Prepaid expenses	162,336	6,531
Accounts payable and accrued expenses	157,864	730,571
Other assets	(42,770)	(574)
<b>Net cash provided by operating activities</b>	<b>798,481</b>	<b>838,599</b>
<b>Cash Flows from Investing Activities</b>		
Acquisition of operating golf entities	-	-
Purchase of property and equipment	(690,819)	(3,406,895)
Capitalized development costs	(32,843)	(98,335)
<b>Net cash used in investing activities</b>	<b>(723,662)</b>	<b>(3,505,230)</b>
<b>Cash Flows from Financing Activities</b>		
Proceeds from issuance of common stock	-	-
Capital Contribution	27,441	-
Proceeds from issuance of common stock	78,500	-
Proceeds from issuance of preferred stock	1,271,067	1,468,084
Proceeds from minority interest investor in subsidiary	-	1,212,000
Principal payments of EIDL loans, net of forgiveness	(4,386)	-
Proceeds from notes payable	-	1,125,000
Principal payments on mortgages, equipment loans and leases	(445,259)	(517,644)
Shareholder and related party advances, net	(265,000)	(443,960)
Dividend payments	(277,353)	(151,693)
Reg A and Reg D share sale costs	(428,292)	(466,705)
<b>Net cash provided by (used in) financing activities</b>	<b>(43,282)</b>	<b>2,225,082</b>
<b>Net Change In Cash and Cash Equivalents</b>	<b>31,537</b>	<b>(441,549)</b>
<b>Cash and Cash Equivalents, Beginning of Period</b>	<b>227,442</b>	<b>674,144</b>
<b>Cash and Cash Equivalents, End of Period</b>	<b>\$ 258,979</b>	<b>\$ 232,595</b>

*The accompanying notes are an integral part of these financial statements.*

**GolfSuites 1, Inc. and Subsidiaries**  
**Consolidating Balance Sheets**  
**As of June 30, 2023, December 31, 2022 and June 30, 2022**  
**UNAUDITED - NO ASSURANCE GIVEN**

GolfSuites						Consolidated		
GolfSuites 1,	GolfSuites	GolfSuites	Baton Rouge,	GolfSuites	GolfSuites	June	December	June

	Inc.	Tulsa, LLC	Lubbock, LLC	LLC	Madison, LLC	Auburn, LLC	Combined	Eliminations	2023	2022	2022
<b>ASSETS</b>											
Current assets											
Cash and cash equivalents	\$ 21,755	\$ 52,688	\$ 182,536	\$ 2,000	\$ -	\$ -	\$ 258,979	\$ -	\$ 258,979	\$ 227,442	\$ 232,595
Accounts receivable	1,700	251,330	272,836	5,026	-	-	530,892	-	530,892	54,467	91,914
Inventory	-	79,710	82,157	51,496	-	-	213,363	-	213,363	308,953	287,941
Prepaid expenses	-	31,569	35,443	10,329	-	-	77,341	-	77,341	239,677	17,692
Total current assets	23,455	415,297	572,972	68,851	-	-	1,080,575	-	1,080,575	830,539	630,142
Property, plant and equipment, net											
Land and building improvements	-	175,700	6,691,539	1,942,551	2,110,519	-	10,920,309	-	10,920,309	10,735,403	8,787,418
Furniture, fixtures and equipment	-	794,983	3,186,230	1,058,159	-	-	5,039,372	-	5,039,372	4,536,829	5,899,760
Construction in progress	-	-	-	-	-	-	-	-	-	-	-
Accumulated depreciation	-	(358,213)	(3,281,359)	(227,403)	-	-	(3,866,975)	-	(3,866,975)	(3,408,871)	(2,993,602)
Property, plant and equipment, net	-	612,470	6,596,410	2,773,307	2,110,519	-	12,092,706	-	12,092,706	11,863,361	11,693,576
Right of use assets, net of accumulated amortization	-	5,691,819	2,051,716	548,166	-	-	8,291,701	-	8,291,701	8,485,641	8,678,343
Other assets											
Investment in subsidiaries	6,441,637	-	-	-	-	-	6,441,637	(6,441,637)	-	-	-
Capitalized development costs	817,812	-	-	-	-	-	817,812	-	817,812	784,969	764,549
Other assets	-	25,000	19,514	-	-	39,390	83,904	-	83,904	41,134	45,439
Intercompany advances	(1,603,450)	1,567,501	195,525	(159,576)	-	-	-	-	-	-	-
Goodwill	-	859,760	889,495	-	-	-	1,749,255	-	1,749,255	1,749,255	1,749,255
Total other assets	5,655,999	2,452,261	1,104,534	(159,576)	-	39,390	9,092,608	(6,441,637)	2,650,971	2,575,358	2,559,243
<b>TOTAL ASSETS</b>	<b>\$ 5,679,454</b>	<b>\$ 9,171,847</b>	<b>\$ 10,325,632</b>	<b>\$ 3,230,748</b>	<b>\$ 2,110,519</b>	<b>\$ 39,390</b>	<b>\$ 30,557,590</b>	<b>\$ (6,441,637)</b>	<b>\$ 24,115,953</b>	<b>\$ 23,754,899</b>	<b>\$ 23,561,304</b>
<b>LIABILITIES AND EQUITY</b>											
Liabilities											
Current liabilities											
Notes payable, current portion	\$ -	\$ 41,673	\$ 169,900	\$ -	\$ -	\$ -	\$ 211,573	\$ -	\$ 211,573	\$ 396,828	\$ 535,490
Lease liabilities, current portion	-	124,330	83,370	34,033	-	-	241,733	-	241,733	230,216	213,936
Accounts payable and accrued expenses	8,816	1,322,967	327,550	255,153	-	-	1,914,486	-	1,914,486	1,756,622	1,484,946
EIDL loans payable	-	149,000	144,783	-	-	-	293,783	-	293,783	298,169	298,900
Total current liabilities	8,816	1,637,970	725,603	289,186	-	-	2,661,575	-	2,661,575	2,681,835	2,533,272
Non-current liabilities											
Notes payable, long-term portion	-	47,539	5,682,993	-	1,125,000	-	6,855,532	-	6,855,532	6,962,402	7,067,028
Lease liabilities, long-term portion	-	5,783,717	2,147,718	627,840	-	-	8,559,275	-	8,559,275	8,723,926	8,843,041
Advances from shareholders of GolfSuites, Inc. (parent company)	250,517	-	-	-	-	-	250,517	-	250,517	260,517	783,317
Advances from GolfSuites, Inc. (parent company)	(255,000)	-	-	-	-	-	(255,000)	-	(255,000)	-	1,849,098
Total non-current liabilities	(4,483)	5,831,256	7,830,711	627,840	1,125,000	-	15,410,324	-	15,410,324	15,946,845	18,542,484
<b>TOTAL LIABILITIES</b>	<b>4,333</b>	<b>7,469,226</b>	<b>8,556,314</b>	<b>917,026</b>	<b>1,125,000</b>	<b>-</b>	<b>18,071,899</b>	<b>-</b>	<b>18,071,899</b>	<b>18,628,680</b>	<b>21,075,756</b>
MINORITY INTEREST IN CONSOLIDATED SUBSIDIARIES											
	-	-	-	-	-	-	-	368,933	368,933	702,824	1,126,714
Equity											
Member equity	-	1,702,621	1,769,318	2,313,722	985,519	39,390	6,810,570	(6,810,570)	-	-	-
Common stock, Class A	-	-	-	-	-	-	-	-	-	-	-

Common stock, Class B	180	-	-	-	-	-	180	-	180	180	180
Additional paid-in capital	2,802,383	-	-	-	-	-	2,802,383	-	2,802,383	2,696,442	-
Preferred stock, Class A	8,219,727	-	-	-	-	-	8,219,727	-	8,219,727	6,948,660	4,898,702
Preferred stock, other	-	-	-	-	-	-	-	-	-	-	-
Retained earnings	(5,347,169)	-	-	-	-	-	(5,347,169)	-	(5,347,169)	(5,221,887)	(3,540,048)
<b>TOTAL EQUITY</b>	<b>5,675,121</b>	<b>1,702,621</b>	<b>1,769,318</b>	<b>2,313,722</b>	<b>985,519</b>	<b>39,390</b>	<b>12,485,691</b>	<b>(6,810,570)</b>	<b>5,675,121</b>	<b>4,423,395</b>	<b>1,358,834</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 5,679,454</b>	<b>\$ 9,171,847</b>	<b>\$ 10,325,632</b>	<b>\$ 3,230,748</b>	<b>\$ 2,110,519</b>	<b>\$ 39,390</b>	<b>\$ 30,557,590</b>	<b>\$ (6,441,637)</b>	<b>\$ 24,115,953</b>	<b>\$ 23,754,899</b>	<b>\$ 23,561,304</b>

*The accompanying notes are an integral part of these financial statements.*

F - 5

**GolfSuites 1, Inc.**  
**Consolidating Statement of Operations**  
**For the Six Months Ended June 30, 2023 and 2022**  
**UNAUDITED - NO ASSURANCE GIVEN**

	GolfSuites 1, Inc.	GolfSuites Tulsa, LLC	GolfSuites Lubbock, LLC	GolfSuites Baton Rouge, LLC	GolfSuites Madison, LLC	GolfSuites Auburn, LLC	Combined	Eliminations	Consolidated	
									2023	2022
Revenues	\$ 198,143	\$ 2,721,037	\$ 2,232,330	\$ 548,753	\$ -	\$ -	\$ 5,700,263	\$ (198,143)	\$ 5,502,120	\$ 4,586,123
Cost of revenues	-	374,100	346,754	91,237	-	-	812,091	-	812,091	719,082
Gross profit	198,143	2,346,937	1,885,576	457,516	-	-	4,888,172	(198,143)	4,690,029	3,867,041
Operating expenses										
Advertising and marketing	-	15,696	49,088	46,145	-	-	110,929	-	110,929	50,376
Salaries - Operational	-	740,269	542,153	258,283	-	-	1,540,705	-	1,540,705	1,631,353
Employee benefits and taxes	-	136,087	172,916	52,584	-	-	361,587	-	361,587	306,789
Property lease and affiliated costs	-	62,437	22,000	13,204	-	-	97,641	-	97,641	34,260
Equipment and repairs	-	98,919	51,616	44,430	-	-	194,965	-	194,965	163,641
Gaming, software and license fees	-	83,442	112,504	4,735	-	-	200,681	-	200,681	164,753
Utilities and telephone	-	169,693	126,750	41,852	-	-	338,295	-	338,295	257,814
Credit card fees	-	77,393	62,246	17,907	-	-	157,546	-	157,546	101,794
Insurance	-	121,913	56,620	23,486	-	-	202,019	-	202,019	125,146
Professional fees	10,000	-	19,363	5,400	-	-	34,763	-	34,763	203,460
Property and local taxes	-	108,856	96,600	6,600	-	-	212,056	-	212,056	203,985
Other selling, general and administrative	2,236	200,240	175,848	126,604	-	-	504,928	-	504,928	323,642
Total operating expenses	12,236	1,814,945	1,487,704	641,230	-	-	3,956,115	-	3,956,115	3,567,013
Net operating profit (loss)	185,907	531,992	397,872	(183,714)	-	-	932,057	(198,143)	733,914	300,028
Income from Covid 19 relief programs										
PPP loan forgiveness	-	-	-	-	-	-	-	-	-	-
Employee retention credit	-	225,525	250,022	-	-	-	475,547	-	475,547	-
Total Covid 19 relief programs	-	225,525	250,022	-	-	-	475,547	-	475,547	-
Net income (loss) before other income (expense)	185,907	757,517	647,894	(183,714)	-	-	1,407,604	(198,143)	1,209,461	300,028
Other income (expense)										
Depreciation and amortization	-	(155,750)	(363,344)	(136,320)	-	-	(655,414)	-	(655,414)	(561,013)
Interest expense	-	(143,922)	(164,129)	(13,857)	-	-	(321,908)	-	(321,908)	(319,014)
Management fees	-	(108,841)	(89,302)	-	-	-	(198,143)	198,143	-	-
Other income	-	14,333	-	-	-	-	14,333	-	14,333	8,475
Net other expense	-	(394,180)	(616,775)	(150,177)	-	-	(1,161,132)	198,143	(962,989)	(871,552)
Net income (loss) before income from subsidiaries and minority interest	185,907	363,337	31,119	(333,891)	-	-	246,472	-	246,472	(571,524)
Income (loss) from subsidiaries	394,456	-	-	-	-	-	394,456	(394,456)	-	-
Minority interest share of subsidiary loss	-	-	-	-	-	-	-	333,891	333,891	368,661
Net income (loss)	\$ 580,363	\$ 363,337	\$ 31,119	\$ (333,891)	\$ -	\$ -	\$ 640,928	\$ (60,565)	\$ 580,363	\$ (202,863)

*In the opinion of management all adjustments necessary in order to make the interim financial statements not misleading have been included.*

**GolfSuites 1, Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**As of June 30, 2023**  
**UNAUDITED – NO ASSURANCE GIVEN**

**NOTE 1 - NATURE OF OPERATIONS**

GolfSuites 1, Inc. (which may be referred to as “GS 1”, the “Company”, “we”, “us”, or “our”) is an early-stage company devoted to the development and operation of golf driving range and entertainment centers in the United States. The Company operates under the brand GOLFSUITES. The Company oversees the acquisition of land, zoning, entitlement, design, construction and operation of the existing and planned future facilities.

The Company owns 100% of GolfSuites Tulsa, LLC ("Tulsa") and GolfSuites Lubbock, LLC ("Lubbock"). Tulsa was formerly operated under the FlyingTee brand, but now operates under the GolfSuites brand. Lubbock was formerly operated under the 4ORE! Golf brand, but now operates under 4ORE! Golf-Powered by GolfSuites brand and is in the process of changing its name to GolfSuites Lubbock. GS 1 owns a 50% interest in GolfSuites Baton Rouge, LLC ("Baton Rouge") along with a joint venture investor who has \$1,000,000 invested in Baton Rouge. GS 1 also owns a 50% interest in GolfSuites Madison, LLC ("Madison") with the same joint venture investor who has \$712,000 invested in Madison. Tulsa, Lubbock, and Baton Rouge have been operating for the entirety of 2023, but Madison has been deemed inappropriate for development and its land is currently for sale. Subsequent to June 30, 2023, GS 1 took title to land near Auburn University in Alabama, having formed GolfSuites Auburn, LLC ("auburn"), and that site is now under development and pre-construction.

GolfSuites has plans now to enter the indoor simulation lounge business, with its first planned facility in downtown St. Petersburg, FL. The Company has entered into a letter-of-intent for a lease on this property, which if consummated will be called “GolfSuites City Club”. This transaction represents a planned nationwide development of similar urban, upscale lounges.

The attached consolidated statement of operations includes the operations of GS 1, Tulsa, and Lubbock. Activity of Baton Rouge, from the start of operations on June 1, 2022, is also included. In that Madison and Auburn did not conduct operations, no revenues or expenses are reflected in the statement of operations.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Basis of Presentation*

The accounting and reporting policies of the Company conform to accounting principles generally accepted in the United States of America ("GAAP"). The Company has adopted December 31 as the year end for reporting purposes.

*Use of Estimates*

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the footnotes thereto. Actual results could differ from those estimates. It is reasonably possible that changes in estimates will occur in the near term.

*Risks and Uncertainties*

The Company has a limited operating history. The Company's business and operations are sensitive to general business and economic conditions in the United States. A host of factors beyond the Company's control could cause fluctuations in these conditions. Adverse



conditions may include: recession, economic downturn, local competition or changes in consumer taste. These adverse conditions could affect the Company's financial condition and the results of its operations. As of June 30, 2023, the Company is operating as a going concern.

### *Cash and Cash Equivalents*

The Company considers short-term, highly liquid investments with original maturities of three months or less at the time of purchase to be cash equivalents. Cash consists of currency held in the Company's checking accounts. As of June 30, 2023, GS 1's consolidated cash balances totaled \$258,979.

### *Receivables and Credit Policy*

Trade receivables from customers are uncollateralized customer obligations due under normal trade terms, primarily requiring payment before services are rendered. Trade receivables are stated at the amount billed to the customer. Payments of trade receivables are allocated to the specific invoices identified on the customer's remittance advice or, if unspecified, are applied to the earliest unpaid invoice. The Company, by policy, routinely assesses the financial strength of its customer. As a result, the Company believes that its accounts receivable credit risk exposure is limited and it has not experienced significant write-downs in its accounts receivable balances. Balances due from credit card companies are included in accounts receivable. As of June 30, 2023 accounts receivable included \$475,547 related to Employee Retention Credits – see Note 9 for additional details. The Employee Retention Credits were filed for in 2023.

### *Property and Equipment*

Property and equipment are recorded at cost. Expenditures for renewals and improvements that significantly add to the productive capacity or extend the useful life of an asset are capitalized. Expenditures for maintenance and repairs are expensed as incurred. When equipment is retired or sold, the cost and related accumulated depreciation are eliminated from the balance sheet accounts and the resultant gain or loss is reflected in income.

Depreciation is provided using the straight-line method, based on useful lives of the assets. Depreciation for the six months ended June 30, 2023 and 2022 totaled \$343,372 and \$363,029 respectively.

The Company reviews the carrying value of property and equipment for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results, trends and prospects, the manner in which the property is used, and the effects of obsolescence, demand, competition, and other economic factors. As of June 30, 2023, December 31, 2022, and June 30, 2022 net property, plant and equipment consisted of the following:

	2023	2022	
	June 30	December 31	June 30
<b>By Asset Category:</b>			
Land and building improvements	\$10,920,309	\$ 10,735,403	\$ 8,787,418
Furniture, fixtures and equipment	5,039,372	4,536,829	5,899,760
Accumulated depreciation	(3,866,975)	(3,408,871)	(2,993,602)
<b>Total</b>	<b>\$12,092,706</b>	<b>\$ 11,863,361</b>	<b>\$11,693,576</b>
<b>Net Book Value By Entity:</b>			
Tulsa	\$ 612,470	\$ 547,362	\$ 595,221
Lubbock	6,596,410	6,844,109	7,105,317
Baton Rouge	2,773,307	2,443,527	2,072,859
Madison	2,110,519	2,028,363	1,920,179
<b>Total</b>	<b>\$12,092,706</b>	<b>\$ 11,863,361</b>	<b>\$11,693,576</b>

### *Capitalized Development Costs*

The Company has capitalized development fees under contractual agreements with its parent company, GolfSuites. These costs totaled \$817,812 as of June 30, 2023 and are not amortized for GAAP purposes.

### *Goodwill*

The Company recorded Goodwill related to the acquisition of its Tulsa and Lubbock golf operating entities in 2019 and 2020 respectively. Management has reviewed the amounts recorded as Goodwill in accordance with ASC 350-20-35-3C and has determined that the fair values of Tulsa and Lubbock are greater than carrying values, including Goodwill. Therefore, no impairment losses were recorded for the six months ended June 30, 2023 or 2022. Following is a summary of the Goodwill values for Tulsa and Lubbock.

Tulsa	\$ 859,760
Lubbock	889,495
Total	<u>\$1,749,255</u>

### *Income Taxes*

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes related primarily to differences between the basis of receivables, inventory, property and equipment, intangible assets, cryptocurrency valuation and accrued expenses for financial and income tax reporting. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all the deferred tax assets will not be realized.

The Company is taxed as a C Corporation for federal and state income tax purposes. As the Company has recently been formed, no material tax provision exists as of the balance sheet date.

The Company evaluates its tax positions that have been taken or are expected to be taken on income tax returns to determine if an accrual is necessary for uncertain tax positions. As of June 30, 2023 and 2022 the Company had no uncertain tax positions requiring accruals.

The Company is current with its foreign, US federal and state income tax filing obligations and is not currently under examination from any taxing authority.

### *Revenue Recognition*

In 2019, the Company adopted ASC 606, Revenue from Contracts with Customers, as of inception. Under ASC 606, revenue is recognized when a customer obtains control of promised goods or services, in an amount that reflects the consideration which the entity expects to receive in exchange for those goods or services.

To determine revenue recognition for arrangements that an entity determines are within the scope of ASC 606, the Company performs the following steps: (i) identify the contract(s) with a customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contract and (v) recognize revenue when (or as) the entity satisfies a performance obligation. At contract inception, once the contract is determined to be within the scope of ASC 606, the Company assesses the goods or services promised within each contract and determines those that are performance obligations and assesses whether each promised good or service is distinct. The Company then recognizes as revenue the amount of the transaction price that is allocated to the respective performance obligation when (or as) the performance obligation is satisfied.

### *Advertising Expenses*

The Company expenses advertising costs as they are incurred.

### *Organizational Costs*

In accordance with GAAP, organizational costs, including accounting fees, legal fees, and costs of incorporation, are expensed as incurred.

### *Development & Management Fees*

Pursuant to a Management Services Agreement ("MSA") that exists between GolfSuites and GS 1, fees for development and management of assets are due and paid from GS 1 to GolfSuites. GS 1 pays 3% of the total cost of new assets acquired or developed as development fees on its facilities to GolfSuites, and it pays 4% of gross operating revenue as management fees to GolfSuites. Management fees are reflected on the GS 1 Statement of Operations – Other income (expense). Development fees are reflected on the Consolidated Balance Sheet of GS 1.

### *Earnings per Share*

Earnings per share amounts are calculated based on the weighted-average number of shares of common stock outstanding in each year. The basic loss per share is based only on the weighted-average of common shares outstanding. The diluted loss per share is based on the weighted-average of common shares outstanding plus Class A preferred shares, which are convertible to one share of common stock.

### *Common and Preferred Share Sales and Affiliated Costs*

GS 1 collected \$78,500 in common share sales in the six months ended June 30, 2023. Preferred share sales totaled \$1,271,067 and \$1,468,084 for the six months ended June 30, 2023 and 2022, respectively. The Company paid \$428,292 and \$466,705 related to those periods, in costs including direct compensation, platform facilitating, marketing, share issuance / administration, and advertising for the sale of such shares. The cost ratio for each of those periods is 31.7% and 31.8%, respectively.

### *Concentration of Credit Risk*

The Company maintains its cash with major financial institutions located in the United States of America, which it believes to be credit worthy. The Federal Deposit Insurance Corporation insures balances up to \$250,000. At times, the Company may maintain balances in excess of the federally insured limits. Management believes the risk of loss is minimal.

### *Recent Accounting Pronouncements*

In February 2016, FASB issued ASU No. 2016-02, Leases, that require organizations that lease assets, referred to as "lessees", to recognize on the balance sheet the assets and liabilities for the rights and obligations created by those leases with lease terms of more than 12 months. ASU 2016-02 will also require disclosures to help investors and other financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases and will include qualitative and quantitative requirements. The new standard for nonpublic entities became effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020, and early application is permitted. The Company implemented ASU No. 2016-02 for lease accounting for 2020.

The FASB issues ASUs to amend the authoritative literature in ASC. There have been a number of ASUs to date, including those above, that amend the original text of ASC. Management believes that those issued to date either (i) provide supplemental guidance, (ii) are technical corrections, (iii) are not applicable to us or (iv) are not expected to have a significant impact on our balance sheet.

### **NOTE 3 – INCOME TAX PROVISION**

As described above, the Company was recently formed and has incurred costs of its start-up operations, capital raising, and seeking to bring operations to positions of profitability. As such, no material tax provision yet exists.

### **NOTE 4 – NOTES PAYABLE**

Notes payable consists of the following debt instruments as of June 30, 2023, December 31, 2022, and June 30, 2022.

		2023	2022	
		June 30	December 31	June 30
Equipment financing				
Tulsa	Current	\$ 11,395	\$ 23,467	\$ 39,470
Tulsa	Long-term	47,539	68,612	89,136
	Total	58,934	92,079	128,606

F - 11

		2023	2022	
		June 30	December 31	June 30
Insurance Financing				
Tulsa	Current	30,278	121,115	-
Lubbock	Current	17,428	69,712	-
Baton Rouge	Current	-	25,807	-
	Total	47,706	216,634	-
Mortgage financing				
Lubbock	Current	152,472	156,727	496,020
Lubbock	Long-term	5,682,993	5,768,790	5,852,892
	Subtotal	5,835,465	5,925,517	6,348,912
Madison	Long-term	1,125,000	1,125,000	1,125,000
	Total	6,960,465	7,050,517	7,473,912
Totals				
	Current	211,573	396,828	535,490
	Long-term	6,855,532	6,962,402	7,067,028
	Totals	\$ 7,067,105	\$ 7,359,230	\$ 7,602,518

#### NOTE 5 – RIGHT OF USE ASSETS & CAPITALIZED LEASE OBLIGATIONS

Tulsa, Lubbock and Baton Rouge lease land and/or buildings for each of those operations. In accordance with GAAP, the right of use assets are reflected in the attached balance sheet at the present value of future lease payments, as are the related lease liabilities, over the term of the respective leases.

Lubbock assumed the lease of land, that began prior to acquisition, on August 19, 2020; the present value of future lease payments was recorded at the acquisition date. Baton Rouge entered into a lease for land beginning March 1, 2021. The lease is for five years and Baton Rouge has the option to extend the lease for two additional five year terms. The present value of future lease payments, based on a 15 year lease, was recorded as of the lease inception.

The discount rate used in each of the present value calculations above is 4.000%, the incremental borrowing rate for Tulsa, Lubbock and Baton Rouge. The right of use assets are amortized straight-line over the life of each lease.

The table below provides a summary of the capitalized leases as of June 30, 2023.

F - 12

	Tulsa	Lubbock	Baton Rouge	Total
Lease end date	07/31/2050	10/31/2038	02/29/2036	
Monthly payment	\$ 30,000	\$ 13,525	\$ 2,500	\$ 46,025

Scheduled monthly payment increase	n/a	2% / year on November 1	Increase to \$3,300 at 3/1/2022 and to \$5,000 at 3/1/2023; then 10% for each Renewal	
Asset value at inception or acquisition	\$ 6,304,783	\$ 2,437,633	\$ 649,086	\$ 9,391,502
Accumulated amortization	(612,964)	(385,917)	(100,920)	(1,099,801)
Right of use asset, net at June 30, 2023	<u>\$ 5,691,819</u>	<u>\$ 2,051,716</u>	<u>\$ 548,166</u>	<u>\$ 8,291,701</u>

Principal portion lease obligation payments for the years ending December 31:

2023 - July - December	\$ 62,165	\$ 41,685	\$ 17,017	\$ 120,867
2024	126,838	86,765	34,836	248,439
2025	132,006	93,820	36,254	262,080
2026	137,383	101,233	42,807	281,423
2027	142,980	109,020	45,587	297,587
Thereafter	5,306,675	1,798,565	485,372	7,590,612
Total	<u>\$ 5,908,047</u>	<u>\$ 2,231,088</u>	<u>\$ 661,873</u>	<u>\$ 8,801,008</u>

Total land and building minimum lease payments for the years ending December 31:

2023	\$ 360,000	\$ 169,422	\$ 56,600	\$ 586,022
2024	360,000	172,811	60,000	592,811
2025	360,000	176,267	60,000	596,267
2026	360,000	179,792	65,000	604,792
2027	360,000	183,388	66,000	609,388
Five year total	<u>\$ 1,800,000</u>	<u>\$ 881,680</u>	<u>\$ 307,600</u>	<u>\$ 2,989,280</u>

## NOTE 6 – COMMITMENTS AND CONTINGENCIES

### Legal Matters

The Company has one lawsuit filed against it for a total of \$78,517 plus accrued interest, by a shareholder of GolfSuites. This amount is guaranteed to the shareholder by the Company's chairman and another major shareholder of GolfSuites. The chairman and the other shareholder have issued an indemnification to the Company for full payment of this obligation. The balance is included in Advances from Shareholders of GolfSuites, Inc., reflected on the balance sheet.

Tulsa is in dispute with its facility owner as to lease obligations due. While the Company acknowledges that sums are due the facility owner, no final amount has been agreed to by the parties. Included in accounts payable and accrued liabilities is the Company's estimate of the amount owed to the facilities owner. The Company continues to make the required current monthly payments under the lease. No litigation has been filed by the facility owner and the Company continues its discourse with the owner in efforts to come to a final settlement agreement.

## NOTE 7 – EQUITY

The Company has authorized 132,000,000 shares of Class A common stock and 18,000,000 of Class B common stock, each with a par value of \$0.00001 per share. As of June 30, 2023 there were 21,700 shares of Class A common stock issued and outstanding; all Class B common stock is issued, outstanding, and held by GolfSuites, the Company's parent company. In 2022 and the six months ended June 30, 2023, GolfSuites contributed \$2,696,442 and \$27,441 to GS 1 that is shown in the balance sheet as Additional Paid-in Capital. In addition, the Company has authorized 10,000,000 shares of Class A preferred stock and 40,000,000 of other preferred stock. As of June 30, 2023, 960,462 shares of Class A preferred stock have been issued, are outstanding, and no other preferred stock is issued or outstanding. Class A

preferred stock is convertible into Class A common stock. See the Consolidated Statement of Stockholders' Equity (Deficit) for details of activity for each equity component.

Class A common stockholders are entitled to a single vote per share and have equal dividend and liquidation preferences as Class B common stockholders. Class B common stockholders have five votes per share and shares of Class B common stock can be converted into shares of Class A common stock at the option of the holder. Class A preferred stockholders are entitled to a single vote per share and to an 8 percent annual dividend, which will accrue if funds are not legally available to distribute, in addition to a liquidation preference. Shares of Class A preferred stock can be converted into shares of Class A common stock at the option of the holder and shares will be automatically converted in the event of a qualified public offering, as defined in the certificate of incorporation, as amended.

#### NOTE 8 – RELATED PARTY TRANSACTIONS

The Company has received working capital from its parent entity to cover expenses and costs while preparing for the securities offering. The total of these advances was converted to Additional Paid-in Capital in 2022 and the six months ended June 30, 2023 (see Note 7 – Equity, above). In addition, the Company received advances from shareholders of the parent entity. The balance of these parent entity shareholder advances totaled \$250,517, \$260,517 and \$783,317 respectively, as of June 30, 2023, December 31, 2022, and June 30, 2022. These advances are recorded as liabilities of the Company. The Company has formalized some of these borrowings but expects to repay all of these amounts whether a formal promissory note exists or not. The agreements are between related parties. Therefore, there is no guarantee that rates or terms are commensurate with arm's-length arrangements.

#### NOTE 9 – PPP LOAN FORGIVENESS & EMPLOYEE RETENTION CREDITS

##### *Employee Retention Credits*

Tulsa and Lubbock qualified for employee retention credits related to employee payroll taxes for 2020 and 2021. Claims for refund were filed with the IRS in 2023. Following is a summary of the income recognized for employee retention credits which were also included in accounts receivable at June 30, 2023.

Tulsa	\$ 225,525
Lubbock	250,022
Total	<u>\$ 475,547</u>

#### NOTE 10 – GOING CONCERN

These financial statements are prepared on a going concern basis.

##### *Management's Evaluation*

Management has evaluated subsequent events through the date these financial statements were issued. Based on this evaluation, no other material subsequent events were identified which would require adjustment or disclosure in the financial statements as of June 30, 2023.

#### Item 4. Exhibits

The documents listed in the Exhibit Index of this report are incorporated by reference or are filed with this report, in each case as indicated below.

<a href="#">2.1</a>	<a href="#">Second Certificate of Amendment to the Amended and Restated Certificate of Incorporation (1)</a>
<a href="#">2.2</a>	<a href="#">Certificate of Amendment to the Amended and Restated Certificate of Incorporation (4)</a>
<a href="#">2.3</a>	<a href="#">Amended and Restated Certificate of Incorporation (3)</a>
<a href="#">2.4</a>	<a href="#">Bylaws (3)</a>
<a href="#">6.1</a>	<a href="#">Management Services Agreement between GolfSuites 1, Inc. and KGEM Golf, Inc. dated January 17, 2019 (4)</a>
<a href="#">6.2</a>	<a href="#">MIP Agreement dated August 2020 (1)</a>
<a href="#">6.3</a>	<a href="#">MIP Agreement dated August 2021 between the company, GolfSuites Baton Rouge and the Purchaser (5)</a>

- [6.4 4ORE Golf Lease Agreement dated November 2018 \(1\)](#)  
[6.5 Assignment of LLC interest and Amendment to LLC Agreement of GolfSuites Tulsa, LLC dated December 31, 2020 \(1\)](#)  
[6.6 Lease Agreement between Onefire Holding Company, LLC, and GolfSuites Tulsa, LLC, dated September 13, 2019 \(1\)](#)  
[6.7 Lease Amendment Agreement between Onefire Holding Company, LLC and GolfSuites Tulsa, LLC dated March 5, 2020 \(1\)](#)  
[6.8 GolfSuites Baton Rouge Lease Agreement dated February 9, 2021 \(5\)](#)  
[6.9 GolfSuites Madison Operating Agreement dated May 5, 2022 \(6\)](#)  
[6.10 Promissory Note dated August 18, 2023 between GolfSuites Auburn LLC and Michael Sierra and Cynthia Coto Sierra as Co-Trustees of the Sierra CPT Trust in the amount of \\$680,000](#)

- (1) Filed as an exhibit to the GolfSuites 1, Inc. Regulation A Offering Statement on Form 1-A (Commission File No. 024-11408).  
(2) Filed as an exhibit to the GolfSuites 1, Inc. Form 1-K, dated April 30, 2021 (Commission File No. 24R-00224).  
(3) Filed as an exhibit to the GolfSuites 1, Inc. Regulation A Offering Statement on Form 1-A (Commission File No. 024-10939).  
(4) Filed as an exhibit to the GolfSuites 1, Inc. Regulation A Offering Statement on Form 1-A (Commission File No. 024-10938).  
(5) Filed as an exhibit to the GolfSuites 1, Form 1-SA, dated September 16, 2021 (Commission File No. 24R-00224).  
(6) Filed as an exhibit to this GolfSuites 1, Form 1-SA, dated September 27, 2022.

### SIGNATURE

Pursuant to the requirements of Regulation A, the issuer has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in Riverview, State of Florida, on September 27, 2023

GolfSuites 1, Inc.

/s/ Gerald Ellenburg

By Gerald Ellenburg  
CEO of GolfSuites 1, Inc.

This Offering Statement has been signed by the following persons in the capacities and on the dates indicated.

/s/ Gerald Ellenburg

Gerald Ellenburg, Chief Executive Officer, principal financial officer, principal accounting officer and Director  
Date: September 27, 2023

/s/ Ryan Ellenburg

Ryan Ellenburg, Director  
Date: September 27, 2023



## PROMISSORY NOTE

\$680,000.00

Made as of August 18, 2023  
Tampa, Florida

FOR VALUE RECEIVED, the undersigned **GolfSuites Auburn, LLC**, an Alabama limited liability company, (the “Borrower”), hereby promises to pay to the order of **Michael Sierra and Cynthia Coto Sierra as Co-Trustees of The Sierra CPT Trust dated 1/25/2023** (the “Lender”), at its office at 703 West Swann Avenue, Tampa, FL 33606, or at such other place as Lender may direct, in lawful money of the United States of America constituting legal tender in payment of all debts and dues, public and private, together with interest thereon calculated at the rate and in the manner set forth herein, the principal amount of SIX HUNDRED EIGHTY THOUSAND AND NO/100THS DOLLARS (\$680,000.00), or so much thereof as may be advanced and outstanding hereunder. Payment of principal and interest under this Promissory Note (the “Note”) shall be in accordance with the following provisions:

1. **Interest Rate.**

The per annum interest rate to be applied to the unpaid balance of this Note will be a fixed rate of fifteen percent (15%).

2. **Payments of Principal and Interest; Maturity Date.**

Unless accelerated pursuant to the terms hereof, the indebtedness shall be due and payable as follows: Beginning October 1, 2023, and on the first (1<sup>st</sup>) day of each month (the “Payment Date”) through October 1, 2024 (the “Maturity Date”), Borrower shall make a monthly payment of EIGHT THOUSAND AND 00/100THS DOLLARS (\$8,500.00). A balloon payment is due at maturity. All unpaid principal, interest, and other charges shall be due on the Maturity Date.

With respect to any interest rates, if any future law, rule, regulation or directive, or any future judicial or administrative interpretation of any existing law, rule, regulation or directive (i) subjects Lender to any tax, duty, charge or withholding on or from payments due from Borrower (excluding taxation of the overall net income of Lender or taxation which may be treated as an offset against such taxation of overall net income), (ii) imposes or increases any reserve (other than reserves for which Lender is otherwise indemnified under this Note), special deposit or similar requirement against Lender, or (iii) imposes any other condition, the result of which is to increase the cost to Lender of making, funding or maintaining loans or reduces any amount receivable by Lender in connection with loans, or requires Lender to make any payment calculated by reference to the amount of loans held or interest received by it. then, upon demand by Lender, Borrower shall pay to Lender that portion of such increased expense incurred or reduced amount received which Lender determines is attributable to making, funding and maintaining such an amount hereunder.

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3. **Additional Provisions Regarding Interest.** Interest on all principal amounts outstanding from time to time hereunder shall be calculated on the basis of a 360-day year applied to the actual number of days upon which principal is outstanding, by multiplying the product of the principal amount and the applicable rate set forth herein by the actual number of days elapsed and dividing by 360. At the option of Lender and without any requirement of notice to Borrower, any principal amounts outstanding hereunder after maturity, earlier acceleration of this Note, or an Event of Default, shall bear interest at a rate equal to the highest rate allowed by applicable law. It is the intention of Lender and Borrower to conform strictly to any applicable usury laws. Accordingly, if the transactions contemplated hereby would be usurious under any applicable law, then, in that event, notwithstanding anything to the contrary in this Note or any other agreement entered into in connection with or as security for or guaranteeing this Note, it is agreed as follows: (i) the aggregate of all consideration which constitutes interest under applicable law that is contracted for, taken, reserved, charged, or received by Lender under this Note or under any other agreement entered into in connection with or as security for or guaranteeing this Note shall under no circumstances exceed the Highest Lawful Rate (as defined below), and any excess shall be canceled automatically and, if theretofore paid, shall, at the option of Lender, be credited by Lender on the principal amount of any indebtedness owed to Lender by Borrower or refunded by Lender to Borrower, and (ii) in the event that the payment of this Note is accelerated or in the event of any required or permitted prepayment, then such consideration that constitutes interest under law applicable to Lender may never include more than the Highest Lawful Rate and excess interest, if any, to Lender provided for in this Note or otherwise shall be canceled automatically as of



the date of such acceleration or prepayment and if theretofore paid, shall, at the option of Lender, be credited by Lender on the principal amount of any indebtedness owed to Lender by Borrower or refunded by Lender to Borrower.

“Highest Lawful Rate” means the maximum non-usurious interest rate (computed on the basis of a year of 365 or 366 days, as applicable) that at any time or from time to time maybe contracted for, taken, reserved, charged, or received on amounts due to Lender, under laws applicable to Lender with regard to this Note that are presently in effect or, to the extent allowed by law, under such applicable laws that allow a higher maximum non usurious rate than applicable laws now allow.

4. **Prepayment.** This Note may be prepaid, in whole or in part, at any time, provided, that if any payment of any part of the principal amount of this Note occurs on any date prior to the applicable Payment Date, Borrower shall upon demand by Lender indemnify Lender for all costs incurred by Lender resulting therefrom.

5. **Application of Prepayments.** Borrower agrees that all loan fees and other prepaid charges are earned fully as of the date of this Note and will not be subject to refund, except as required by law. Subject to any prepayment fee and other conditions provided herein, Borrower may pay all or a portion of the amount owed before it is due. Prepayment in full shall consist of payment of the remaining unpaid principal balance together with all accrued and unpaid interest and all other amounts, costs and expenses for which Borrower is responsible under this Note or any other agreement with Lender pertaining to this loan before such amounts are due, whether such prepayment arises from a voluntary or involuntary prepayment, acceleration of maturity, or any other cause or reason. Prepayment in part shall consist of payment of any portion of the unpaid principal balance before it is due, whether such prepayment arises from a voluntary or involuntary prepayment, acceleration of maturity, or any other cause or reason.

6. **Loan Documents.** The indebtedness evidenced hereby is secured by, among other things, that certain Mortgage executed by Borrower in favor of Lender in connection herewith and constituting a first-priority lien upon the Borrower’s property known as Lot 2-A-2; Redivision of Parcel 2-A; the Landing Subdivision, Lee County, Alabama, identified in the Mortgage of even date in favor of the Lender. This Note is included in the indebtedness referred to in the Mortgage and is entitled to the benefits of the Mortgage, but neither this reference to that documents nor any provisions thereof shall affect or impair the absolute and unconditional obligations of the Borrower to pay the principal of, interest on and charges and expenses related to this Note when due.

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7. **Events of Default.** The occurrence of any one or more of the following shall constitute an event of default hereunder (an “Event of Default”):

- (a) Default in the payment of the principal of, interest on, or charges and expenses related to this Note as and when due and the expiration of ten (10) days after the date of such default;
- (b) Failure by Borrower or Guarantor to pay or perform any other loan, indebtedness, liability or obligation to Lender as and when due;
- (c) Failure by Borrower, Guarantor or any other person or entity to observe or comply with any covenant, obligation or provision contained or referenced in this Note or in any other document, agreement or instrument executed in connection with or securing this Note for a period of thirty (30) days from the date of such breach;
- (d) The occurrence or continuation of any default or event of default contained, specified or referenced in any of the loan documents or in any other document, agreement or instrument executed in connection with or securing this Note;
- (e) The commencement of a proceeding by or against Borrower or Guarantor for dissolution or liquidation, the voluntary or involuntary termination or dissolution of any Borrower or Guarantor or the merger or consolidation of Borrower with or into another entity;
- (f) The insolvency of, the business failure of, the appointment of a custodian, trustee, liquidator, or receiver for any of the property of, the assignment for the benefit of creditors by, or the filing of a petition under bankruptcy, insolvency or debtor’s relief law or the filing of a petition for any adjustment of indebtedness, composition or extension by or against any Borrower or Guarantor;
- (g) The death or legal incapacity of the Borrower or any Guarantor who is a natural person;

- (h) The entry of a judgment against the Borrower or any Guarantor, which Lender deems to be of a material nature, in Lender's sole discretion, which is not released or satisfied within thirty (30) days of the entry thereof;
- (i) The seizure or forfeiture of, or the issuance of any writ of possession, garnishment or attachment, or any turnover order for any property of the Borrower or any Guarantor, including without limitation the property encumbered by a Mortgage;
- (j) Should Lender's liens, mortgage or security interest in any of the collateral for this Note become unenforceable, or cease to be a lien, mortgage or security interest; or
- (l) The failure of Borrower's business to comply with any law or regulation controlling its operation, which materially impacts the operation of the Borrower's business.

8. **Rights and Remedies Upon Event of Default.** Upon the occurrence of an Event of Default, then, or at any time thereafter, Lender may, with or without notice to Borrower or any other person, refuse to make further advances under this Note, declare this Note to be forthwith due and payable, as to principal and interest and related charges and expenses, and/or exercise any and all rights and remedies available to Lender under applicable law and the Mortgage and any other loan documents, all without presentment, demand, protest, or other notice of any kind, all of which are hereby expressly waived, anything contained herein or in any of the loan documents or in any other instrument executed in connection with or securing this Note to the contrary notwithstanding. To the extent permitted by law, the Interest Rate shall be increased at Lender's discretion up to the Highest Lawful Rate chargeable by applicable law (the "Default Rate"). The provisions herein for a Default Rate shall not be deemed to extend the time for any payment hereunder or to constitute a grace period giving Borrower a right to cure any default. At Lender's option, any accrued and unpaid interest, fees or charges may, for purposes of computing and accruing interest on a daily basis after the due date of the Note or any installment thereof, be deemed to be a part of the principal balance, and interest shall accrue on a daily compounded basis after such date at the Default Rate provided in this Note until the entire outstanding balance of principal and interest is paid in full.

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The Lender is not required to rely on any collateral for the payment of this Note upon the occurrence of an Event of Default by the Borrower, but may proceed directly against the maker, endorsers, or guarantors, if any, in such manner as it deems desirable. None of the rights and remedies of the Lender are to be waived or affected by failure to exercise them or by delay in exercising them. All remedies conferred on the Lender by this Note or any other instrument or agreement shall be cumulative, and none is exclusive. Such remedies may be exercised concurrently or consecutively at the then holder's option.

9. **Late Fee.** Any scheduled payment of principal and/or interest which is not paid within ten (10) days from the date due will be subject to a late charge of ten percent (10%) of such scheduled payment.

10. **Waivers.** Borrower hereby waives demand, presentment for payment, notice of dishonor, protest and notice of protest and diligence in collection or bringing suit and agrees that the Lender may accept partial payment, or release or exchange security or collateral, without discharging or releasing any unreleased collateral or the obligations evidenced hereby. Borrower further waives any and all rights of exemption, both as to personal and real property, under the constitution or laws of the United States, the State of Alabama or any other state.

11. **Attorneys' Fees.** Borrower agrees to pay reasonable attorneys' fees and costs incurred by the Lender in collecting or attempting to collect this Note, whether by suit or otherwise.

12. **Notices.** Except as otherwise provided in Section 14, any notices required or permitted under this Note shall be given as follows:

To Lender: Michael Sierra and Cynthia Sierra, Trustees  
The Sierra CPT Trust  
703 West Swann Avenue  
Tampa, Florida 33606

Copy to: Monica L. Sierra  
703 West Swann Ave  
Tampa, Florida 33606

To Borrower: Gerald D. Ellenburg, Manager  
GolfSuites Auburn, LLC

13. **Waiver of Trial by Jury.** LENDER AND BORROWER HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY, TO THE EXTENT PERMITTED BY APPLICABLE LAW, WAIVE ANY RIGHTS THEY MAY HAVE TO TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH THIS NOTE, ALL OTHER DOCUMENTS GIVEN TO EVIDENCE OR SECURE THIS NOTE, OR ANY COURSE OF CONDUCT, COURSE OF DEALING OR STATEMENTS RELATED THERETO (WHETHER VERBAL OR WRITTEN).

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14. **Accord and Satisfaction.** Borrower agrees not to send Lender payments marked “paid in full,” “without recourse,” or similar language. If Borrower sends such a payment, Lender may accept it without losing any of Lender’s rights under this Note, and Borrower will remain obligated to pay any further amounts owed or that may become owed to Lender. All written communications concerning disputed amounts, including any check or other payment instrument that indicates that the payment constitutes payment in full of the amount owed or that is tendered with other conditions or limitations or as full satisfaction of a disputed amount, must be mailed or delivered to Lender at its address set forth above.

15. **Other Collateral.** Collateral securing other loans with Lender may also secure this loan. To the extent collateral previously has been given to Lender by any person that may secure this loan, whether directly or indirectly, it is specifically agreed that, to the extent prohibited by law, all such collateral consisting of household goods will not secure this loan. In addition, if any collateral requires the giving of a right of rescission under the Truth in Lending Act for this loan, such collateral also will not secure this loan unless and until all required notices of that right have been given.

16. **Joint and Several Liability.** If Borrower consists of two (2) or more persons, the term “Borrower” shall refer to all persons signing this Note as Borrowers, and to each of them, and all of them are jointly and severally bound, obligated and liable hereunder. Lender may release, compromise, modify or settle with any of Borrower, in whole or in part, without impairing, lessening or affecting the obligations and liabilities of the others of Borrower hereunder. Any of the acts mentioned aforesaid may be done without the approval or consent of, or notice to, any of Borrower.

17. **Miscellaneous.** As used herein, the terms “Borrower” and “Lender” shall be deemed to include their respective successors, legal representatives and assigns, whether by voluntary action of the parties or by operation of law.

This Note is executed and delivered as an incident to a lending transaction negotiated and consummated in Hillsborough County, Florida, and shall be governed by and construed in accordance with the laws of the State of Florida except that it is hereby expressly stipulated and agreed to be the intent of Borrower and Lender at all times to comply strictly with the applicable Alabama law governing the maximum rate or amount of interest payable on this Note. With respect to the exercise and enforcement of foreclosure rights against any of the collateral or the mortgaged property, the laws of the state where the collateral or mortgaged property is located shall govern. Borrower, for itself and its successors and assigns, hereby irrevocably (i) submits to the nonexclusive jurisdiction of the state and federal courts in Florida, (ii) waives, to the fullest extent permitted by law, any objection that it may now or in the future have to the laying of venue of any litigation arising out of or in connection with this Note or any Loan Document brought in the Circuit Court of Hillsborough County, Texas, or in the United States District Court for the Middle District of Florida, (iii) waives any objection it may now or hereafter have as to the venue of any such action or proceeding brought in such court or that such court is an inconvenient forum, and (iv) agrees that any legal proceeding against any party to any of the Loan Documents arising out of or in connection with any of the Loan Documents may be brought in one of the foregoing courts. Borrower hereby agrees that service of process upon Borrower may be made by certified or registered mail, return receipt requested, at its address specified herein. Nothing herein shall affect the right of Lender to serve process in any other manner permitted by law or shall limit the right of Lender to bring any action or proceeding against Borrower or with respect to any of Borrower’s property in courts in other jurisdictions. The scope of each of the foregoing waivers is intended to be all encompassing of any and all disputes that may be filed in any court and that relate to the subject matter of this transaction, including, without limitation, contract claims, tort claims, breach of duty claims, and all other common law and statutory claims. Borrower acknowledges that these waivers are a material inducement to Lender’s agreement to enter into the agreements and obligations evidenced by the Loan Documents, that Lender has already relied on these waivers and will continue to rely on each of these waivers in related future dealings. The waivers in this section are irrevocable, meaning that they may not be modified either orally or in writing, and these waivers apply to any future renewals, extensions, amendments, modifications, or replacements in

respect of any and all of the applicable Loan Documents. In connection with any litigation, this Note may be filed as a written consent to a trial by the court.

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With respect to the exercise and enforcement of foreclosure rights against any collateral or the mortgaged property, the laws of the state where the collateral or mortgaged property is located shall govern. Notwithstanding the foregoing, nothing contained in this section shall prevent Lender from bringing any action or exercising any rights against Borrower, any Guarantor, any security for the Loan, or any of Borrower's properties in any other county, state or jurisdiction. Initiating such action or proceeding or taking any such action in any other state shall in no event constitute a waiver by Lender of any of the foregoing. Nothing herein shall be deemed to have the effect of limiting the jurisdiction of any court.

This Note is given under the seal of all parties hereto, and it is intended that this Note is and shall constitute and have the effect of a sealed instrument according to law. This Note may not be modified except by written agreement signed by the Borrower and the Lender hereof, or by their respective successors or assigns.

If this Note shall be mutilated, lost, stolen or destroyed, Borrower shall execute and deliver, in exchange and substitution for and upon cancellation of a mutilated Note, or in lieu of or in substitution for a lost, stolen or destroyed Note, a new Note for the principal amount of this Note so mutilated, lost, stolen or destroyed, but only upon receipt of evidence of such loss, theft or destruction of such Note, and of the ownership hereof, reasonably satisfactory to Borrower. Provided, however, the new Note shall not be intended and shall not be deemed to be, and will not effect, a discharge, accord, satisfaction, release and/or novation of the indebtedness evidenced by this Note.

*[The Remainder of this Page Is Intentionally Left Blank]*

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IN WITNESS WHEREOF, the parties to this Note, through their duly authorized representatives, have on the dates set forth below executed this Note to be effective as the date first set forth above.

BORROWER:

GOLFSUITES AUBURN, LLC,  
an Alabama limited liability company

Its Manager:

By: GOLFSUITES 1, INC.,  
a Delaware corporation  
Its: Sole Member

By: /s/ Gerald D. Ellenburg  
Gerald D. Ellenburg  
Its: Chief Executive Officer  
Date: 8-17-2023

LENDER:

THE SIERRA CPT TRUST DATED 1/25/2023,

By: \_\_\_\_\_

Title: Trustee

Date: \_\_\_\_\_

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**EXHIBIT "A"**  
[Insert Amortization Schedule Here]

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