TRUE 2 BEAUTY, INC. AND SUBSIDIARY
CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2014 and 2013

Source: True 2 Beauty Inc., S-1/A, February 06, 2015
Powered by Morningstar® Document Research℠
The information contained herein may not be copied, adapted or distributed and is not warranted to be accurate, complete or timely. The user assumes all risks for any damages or losses arising from any use of this information, except to the extent such damages or losses cannot be limited or excluded by applicable law. Past financial performance is no guarantee of future results.

TRUE 2 BEAUTY, INC. AND SUBSIDIARY
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2014 and 2013

CONTENTS

Report of Independent Registered Public Accounting Firm	F-2
Consolidated Financial Statements:	
Consolidated Balance Sheets - As of March 31, 2014 and 2013	F-3
Consolidated Statements of Operations - For the Years Ended March 31, 2014 and 2013	F-4
Consolidated Statements of Changes in Stockholders' Deficit - For the Years Ended March 31, 2014 and 2013	F-5
Consolidated Statements of Cash Flows – For the Years Ended March 31, 2014 and 2013	F-6
Notes to Consolidated Financial Statements	F-7 to F-18

Source: True 2 Beauty Inc., S-1/A, February 06, 2015 Powered by Morningstar® Document Research℠
The information contained herein may not be copied, adapted or distributed and is not warranted to be accurate, complete or timely. The user assumes all risks for any damages or losses arising from any use of this information, except to the extent such damages or losses cannot be limited or excluded by applicable law. Past financial performance is no guarantee of future results.

SALBERG & COMPANY, P.A.
Certified Public Accountants and Consultants

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of:
True 2 Beauty, Inc.

We have audited the accompanying consolidated balance sheets of True 2 Beauty, Inc. and Subsidiary as of March 31, 2014 and 2013 and the related consolidated statements of operations, changes in stockholder's deficit, and cash flows for each of the two years in the period ended March 31, 2014. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of True 2 Beauty, Inc. and Subsidiary as of March 31, 2014 and 2013 and the consolidated results of its operations and its cash flows for each of the two years in the period ended March 31, 2014 in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 2 to the consolidated financial statements, the Company had a net loss and net cash used in operations of $363,929 and $161,801, respectively for the year ended March 31, 2014. The Company has a working capital deficit, accumulated deficit and stockholders' deficit of $169,197, $8,243,601 and $169,197, respectively, at March 31, 2014. These matters raise substantial doubt about the Company's ability to continue as a going concern. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Salberg & Company, P.A.

SALBERG & COMPANY, P.A.
Boca Raton, Florida
January 30, 2015

2295 NW Corporate Blvd., Suite 240 • Boca Raton, FL 33431-7328
Phone: (561) 995-8270 • Toll Free: (866) CPA-8500 • Fax: (561) 995-1920
www.salbergco.com • info@salbergco.com
Member National Association of Certified Valuation Analysts • Registered with the PCAOB
Member CPAConnect with Affiliated Offices Worldwide • Member AICPA Center for Audit Quality

Source: True 2 Beauty Inc., S-1/A, February 06, 2015 Powered by Morningstar® Document Research℠
The information contained herein may not be copied, adapted or distributed and is not warranted to be accurate, complete or timely. The user assumes all risks for any damages or losses arising from any use of this information, except to the extent such damages or losses cannot be limited or excluded by applicable law. Past financial performance is no guarantee of future results.

TRUE 2 BEAUTY, INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS

	March 31, 2014	March 31, 2013
ASSETS		
CURRENT ASSETS:		
Cash	$ 9,345	$ 19,621
Prepaid expenses	18,225	39,405
Prepaid salary to officer	—	26,666
Security deposit	636	636
Inventories	—	29,282
Total Current Assets	28,206	115,610
TOTAL ASSETS	$ 28,206	$ 115,610
LIABILITIES AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES:		
Loans payable	$ 20,000	$ —
Deferred revenue	327	—
Accounts payable and accrued expenses	33,575	169,744
Accrued officer salary and director fees	21,250	750
Advances for common stock purchases	113,525	—
Due to shareholder	8,218	—
Due to officer	508	630
Total Current Liabilities	197,403	171,124
COMMITMENTS (Note 11)		
STOCKHOLDERS' DEFICIT:		
Preferred stock ($0.001 par value; 10,000,000 shares authorized; No shares issued or outstanding at March 31, 2014 and 2013)	—	—
Common stock, ($0.001 par value; 190,000,000 shares authorized; 31,601,531 and 27,241,331 shares issued and outstanding at March 31, 2014 and 2013, respectively)	31,601	27,241
Additional paid-in capital	8,042,803	7,806,917
Common stock subscription receivable	—	(10,000)
Accumulated deficit	(8,243,601)	(7,879,672)
TOTAL STOCKHOLDERS' DEFICIT	(169,197)	(55,514)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	$ 28,206	$ 115,610

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

Source: True 2 Beauty Inc., S-1/A, February 06, 2015 Powered by Morningstar® Document Research℠
The information contained herein may not be copied, adapted or distributed and is not warranted to be accurate, complete or timely. The user assumes all risks for any damages or losses arising from any use of this information, except to the extent such damages or losses cannot be limited or excluded by applicable law. Past financial performance is no guarantee of future results.

TRUE 2 BEAUTY, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF OPERATIONS

	For the Years Ended March 31,	
	2014	2013
REVENUE	$ 35,240	$ 79,498
COST OF REVENUE	34,168	101,207
GROSS PROFIT (LOSS)	1,072	(21,709)
OPERATING EXPENSES		
Compensation and related taxes	134,235	124,543
Professional fees	200,797	376,891
Impairment loss	—	220,400
Other selling, general and administrative	57,053	79,902
TOTAL OPERATING EXPENSES	392,085	801,736
LOSS FROM OPERATIONS	(391,013)	(823,445)
OTHER INCOME (EXPENSE)		
Gain from settlement of accounts payable	34,594	—
Interest expense	(7,510)	—
TOTAL OTHER INCOME (EXPENSE)	27,084	—
NET LOSS	$ (363,929)	$ (823,445)
NET LOSS PER COMMON SHARE		
Basic and diluted	$ (0.01)	$ (0.04)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING:		
Basic and diluted	29,745,802	21,466,635

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

Source: True 2 Beauty Inc., S-1/A, February 06, 2015 Powered by Morningstar® Document Research℠
The information contained herein may not be copied, adapted or distributed and is not warranted to be accurate, complete or timely. The user assumes all risks for any damages or losses arising from any use of this information, except to the extent such damages or losses cannot be limited or excluded by applicable law. Past financial performance is no guarantee of future results.

TRUE 2 BEAUTY, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIT
For the Years Ended March 31, 2014 and 2013

	Preferred Stock		Common Stock		Additional	Common Stock		Total
	Number of Shares	Amount	Number of Shares	Amount	Paid-in Capital	Subscription Receivable	Accumulated Deficit	Stockholders' Deficit
Balance at March 31, 2012	—	$ —	12,980,262	$ 12,980	$7,101,952	$ —	$ (7,056,227)	$ 58,705
Stock issued for purchase of assets	—	—	4,000,000	4,000	216,400	—	—	220,400
Stock issued for services	—	—	3,460,000	3,460	187,186	—	—	190,646
Stock cancelled	—	—	(152,640)	(153)	153	—	—	—
Stock sold for cash and subscription receivable	—	—	6,953,709	6,954	301,226	(10,000)	—	298,180
Net loss	—	—	—	—	—	—	(823,445)	(823,445)
Balance at March 31, 2013	—	—	27,241,331	27,241	7,806,917	(10,000)	(7,879,672)	(55,514)
Stock issued for services	—	—	1,865,000	1,865	100,896	—	—	102,761
Stock issued to settle accounts payable			2,250,000	2,250	121,725	—	—	123,975
Stock sold for cash and receipt of subscriptions receivable	—	—	145,200	145	7,855	10,000	—	18,000
Stock issued for payment of loan fees	—	—	100,000	100	5,410	—	—	5,510
Net loss	—	—	—	—	—	—	(363,929)	(363,929)
Balance at March 31, 2014	—	$ —	31,601,531	$ 31,601	$8,042,803	$ —	$ (8,243,601)	$ (169,197)

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

Source: True 2 Beauty Inc., S-1/A, February 06, 2015 Powered by Morningstar® Document Research℠
The information contained herein may not be copied, adapted or distributed and is not warranted to be accurate, complete or timely. The user assumes all risks for any damages or losses arising from any use of this information, except to the extent such damages or losses cannot be limited or excluded by applicable law. Past financial performance is no guarantee of future results.

TRUE 2 BEAUTY, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Years Ended March 31,	
	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (363,929)	$ (823,445)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock-based compensation and fees	88,986	176,871
Stock issued for loan fees	5,510	—
Gain from settlement of accounts payable	(34,594)	—
Impairment of purchased assets	—	220,400
Changes in operating assets and liabilities:		
Accounts receivable	—	13,133
Prepaid expense	34,955	(25,630)
Prepaid salary to officer	26,666	2,250
Inventories	29,282	98,130
Accounts payable and accrued expenses	22,400	48,455
Deferred revenue	327	—
Accrued officer salary and director fees	20,500	750
Due to shareholder	8,218	—
Due to officer	(122)	630
Net cash used in operating activities	(161,801)	(288,456)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds received from loans payable	20,000	—
Proceeds received as advance for future common stock subscriptions	113,525	—
Proceeds received from sale of stock	18,000	298,180
Net cash provided by financing activities	151,525	298,180
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(10,276)	9,724
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	19,621	9,897
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 9,345	$ 19,621
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for:		
Interest	$ —	$ —
Income taxes	$ —	$ —
NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Stock issued for future services	$ 82,650	$ 82,650
Stock issued for accounts payable	$ 123,975	$ —
Stock issued for common stock subscription	$ —	$ 10,000
Assets acquired in exchange for shares	$ —	$ 220,400

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

Source: True 2 Beauty Inc., S-1/A, February 06, 2015 Powered by Morningstar® Document Research℠
The information contained herein may not be copied, adapted or distributed and is not warranted to be accurate, complete or timely. The user assumes all risks for any damages or losses arising from any use of this information, except to the extent such damages or losses cannot be limited or excluded by applicable law. Past financial performance is no guarantee of future results.

NOTE 1 – ORGANIZATION AND NATURE OF OPERATIONS

True 2 Beauty Inc. (the "Company") was originally incorporated as Burrow Mining, Inc., a Nevada corporation, on December 11, 2006. In February 2010, the Company shifted its focus to the beauty industry and later amended its Articles of Incorporation and changed its name to its current name, True 2 Beauty, Inc., to better reflect its then new business focus.

On July 10, 2012, the Company formed a new wholly owned subsidiary True2Bid, Inc. ("True2Bid") which was incorporated in the state of Nevada. This subsidiary's name was changed to LegacyXChange, Inc. in December 2014. The Company continued to sell existing inventory of beauty products through May 2013 when the final inventory was sold. True2Bid operates an online e-commerce platform focus on delivering users a wide array of sports and entertainment related products that can be won in an action packed environment of a live auction.

In addition to its e-commerce platform, the Company has recently signed an eight-month agreement with Applied DNA to work together, in good faith, on a business partnership focused on using Applied DNA Sciences' unique SigNature© DNA taggant platform, digitalDNA © software platform and other products as required for DNA marking, tracking and authentication of sports collectibles and sports memorabilia uniquely and authentically identified to an athlete ("Goods") and offered either within an online auction exchange environment or through other means of sale.

NOTE 2 – BASIS OF PRESENTATION, GOING CONCERN AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

The Company's consolidated financial statements include the financial statement of its wholly-owned subsidiary, True2Bid, Inc. All intercompany accounts and transactions have been eliminated in consolidation.

Going concern

These consolidated financial statements have been prepared assuming that the Company will continue as a going concern, which contemplates, among other things, the realization of assets and the satisfaction of liabilities in the normal course of business.

As reflected in the accompanying consolidated financial statements, the Company had a net loss of $363,929 and $823,445 for the years ended March 31, 2014 and 2013, respectively, and net cash used in operations of $161,801 and $288,456 for the years ended March 31, 2014 and 2013, respectively, and an accumulated deficit and stockholders' deficit of $8,243,601 and $169,197, respectively, at March 31, 2014, and has minimal gross profit for the year ended March 31, 2014 and a gross loss for the year ended March 31, 2013. These matters raise substantial doubt about the Company's ability to continue as a going concern. The ability of the Company to continue as a going concern is dependent on the Company's ability to raise additional capital, implement its business plan, and generate significant revenues. The consolidated financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern. The Company plans on raising capital through the sale of equity or debt instruments to implement its business plan. There is no assurance these plans will be realized.

Use of estimates

The preparation of the consolidated financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. Significant estimates during the years ended March 31, 2014 and 2013 include the valuation of deferred tax assets, valuation of inventories and the valuation of stock-based compensation and fees.

Fair value of financial instruments and fair value measurements

The Company adopted the guidance of Accounting Standards Codification ("ASC") 820 for fair value measurements which clarifies the definition of fair value, prescribes methods for measuring fair value, and establishes a fair value hierarchy to classify the inputs used in measuring fair value as follows:

Source: True 2 Beauty Inc., S-1/A, February 06, 2015 Powered by Morningstar® Document Research℠
The information contained herein may not be copied, adapted or distributed and is not warranted to be accurate, complete or timely. The user assumes all risks for any damages or losses arising from any use of this information, except to the extent such damages or losses cannot be limited or excluded by applicable law. Past financial performance is no guarantee of future results.

NOTE 2 – BASIS OF PRESENTATION, GOING CONCERN AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value of financial instruments and fair value measurements (continued)

- Level 1-Inputs are unadjusted quoted prices in active markets for identical assets or liabilities available at the measurement date.
- Level 2-Inputs are unadjusted quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, inputs other than quoted prices that are observable, and inputs derived from or corroborated by observable market data.
- Level 3-Inputs are unobservable inputs which reflect the reporting entity's own assumptions on what assumptions the market participants would use in pricing the asset or liability based on the best available information.

The carrying amounts reported in the consolidated balance sheets for cash, loans payable, accounts payable and accrued expenses, accrued officer salary and director fees, advance for common stock purchases, due to shareholder, and due to officer approximate their fair market value based on the short-term maturity of these instruments. The Company did not have any non-financial assets or liabilities that are measured at fair value on a recurring basis as of March 31, 2014 and 2013.

ASC 825-10 "Financial Instruments", allows entities to voluntarily choose to measure certain financial assets and liabilities at fair value (fair value option). The fair value option may be elected on an instrument-by-instrument basis and is irrevocable, unless a new election date occurs. If the fair value option is elected for an instrument, unrealized gains and losses for that instrument should be reported in earnings at each subsequent reporting date. The Company did not elect to apply the fair value option to any outstanding instruments.

Cash and cash equivalents

Cash and cash equivalents consist of cash and short-term highly liquid investments purchased with original maturities of three months or less. There were no cash equivalents at March 31, 2014 and 2013.

Inventories and cost of revenue

Inventories are stated at the lower of cost or market value. Cost is determined using the cost to acquire inventory and is valued using the first-in, first-out method. Any inventory adjustments are based upon management's review of inventories on hand compared to estimated future usage and sales. At March 31, 2013, the Company wrote down the inventory to its lower of cost or market resulting in a charge to cost of revenue of $23,446. As of March 31, 2014 the Company has no inventory on hand because after May 2013 products sold were drop shipped from the Company's vendors to the Company's customers.

Prepaid salary to officer

Since December of 2011, Mr. William Bollander acted as the Interim Chief Executive Officer ("CEO"). In January 2012, the Company announced Mr. William Bollander as its formal CEO. Mr. Bollander was paid $100,000 per year in his capacity as the CEO until December 31, 2012. Effective January 1, 2013, the Company increased its CEO's salary from $100,000 to $120,000 annually. As of March 31, 2014 and 2013, the prepayment of salary to CEO was $0 and $26,666, respectively, and was included as prepaid salary to officer in the accompanying consolidated balance sheets.

Deferred revenue

Deferred revenue represents revenue collected from the sale of bid packages for the Company's online auctions but not earned as of the report date. Deferred revenue totaled $327 and $0 as of March 31, 2014 and 2013, respectively.

Common stock subscription receivable

Common stock subscription receivable represents common stock issued to investors but the corresponding payments have not yet been received as of the report date. The Company decreases the subscription receivable at the time of payment collection. At March 31, 2014 and 2013, the Company had common stock subscription receivable of $0 and $10,000, respectively.

Source: True 2 Beauty Inc., S-1/A, February 06, 2015 Powered by Morningstar® Document Research℠
The information contained herein may not be copied, adapted or distributed and is not warranted to be accurate, complete or timely. The user assumes all risks for any damages or losses arising from any use of this information, except to the extent such damages or losses cannot be limited or excluded by applicable law. Past financial performance is no guarantee of future results.

NOTE 2 – BASIS OF PRESENTATION, GOING CONCERN AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Advances for common stock purchases

Advances for common stock purchases consists of prepayments from investors for the purchased of common stock prior to the signing of a stock subscription agreement which was signed after the period end. The Company reclassified to equity the advances for common stock purchases at the time the stock subscription was signed. At March 31, 2014 and 2013, the Company had advances for common stock purchases of $113,525 and $0, respectively.

Revenue recognition

The Company recognizes revenue when persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the purchase price is fixed or determinable and collectability is reasonably assured. The Company's specific revenue recognition policies are as follows:

- Product sales from the sale of beauty products by the parent entity (which ceased in May 2013) and sales of products through the subsidiary's auction site are recognized when the product is shipped to the customer and title is transferred.

- Under the Company's auction program, consumers are required to purchase bid packages directly from the Company. Proceeds from the sales of bid packages are recorded as deferred revenue until recognizable as discussed below. In connection with the sale of bid packages, the Company utilized the User-based Revenue Model ("UBRM"). The UBRM is based on the presumption that the period of delivery for the bid package is the estimated average user life which was estimated by the Company to be 60 days. Consequently, revenue from the sale of bid packages is recognized ratably over the estimated user life of 60 days.

Stock-based compensation

Stock-based compensation is accounted for based on the requirements of the Share-Based Payment Topic of ASC 718 which requires recognition in the financial statements of the cost of employee and director services received in exchange for an award of equity instruments over the period the employee or director is required to perform the services in exchange for the award (presumptively, the vesting period). The ASC also requires measurement of the cost of employee and director services received in exchange for an award based on the grant-date fair value of the award.

Pursuant to ASC Topic 505-50, for share-based payments to consultants and other third-parties, compensation expense is determined at the "measurement date." The expense is recognized over the service period of the award. Until the measurement date is reached, the total amount of compensation expense remains uncertain. The Company initially records compensation expense based on the fair value of the award at the reporting date.

Income taxes

Deferred income tax assets and liabilities arise from temporary differences associated with differences between the financial statements and tax basis of assets and liabilities, as measured by the enacted tax rates, which are expected to be in effect when these differences reverse. Deferred tax assets and liabilities are classified as current or non-current, depending upon the classification of the asset or liabilities to which they relate. Deferred tax assets and liabilities not related to an asset or liability are classified as current or non-current depending on the periods in which the temporary differences are expected to reverse. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized.

The Company follows the provisions of FASB ASC 740-10 "Uncertainty in Income Taxes" (ASC 740-10). Certain recognition thresholds must be met before a tax position is recognized in the financial statements. An entity may only recognize or continue to recognize tax positions that meet a "more-likely-than-not" threshold. As of March 31, 2014 and 2013, the Company does not believe it has any uncertain tax positions that would require either recognition or disclosure in the accompanying consolidated financial statements.

Shipping costs

Shipping costs are included in other selling, general and administrative expense and totaled $4,039 and $5,680 for the years ended March 31, 2014 and 2013, respectively.

Source: True 2 Beauty Inc., S-1/A, February 06, 2015 Powered by Morningstar® Document Research℠
The information contained herein may not be copied, adapted or distributed and is not warranted to be accurate, complete or timely. The user assumes all risks for any damages or losses arising from any use of this information, except to the extent such damages or losses cannot be limited or excluded by applicable law. Past financial performance is no guarantee of future results.

NOTE 2 – BASIS OF PRESENTATION, GOING CONCERN AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Advertising

Advertising is expensed as incurred and is included in other selling, general and administrative expense and totaled $0 and $831 for the years ended March 31, 2014 and 2013, respectively.

Research and development

Expenditures for research and product development costs are expensed as incurred. The Company did not incur any research and development during the years ended March 31, 2014 and 2013.

Basic and diluted earnings per share

Pursuant to ASC 260-10-45, basic earnings per common share is computed by dividing income (loss) available to common shareholders by the weighted average number of shares of common stock outstanding for the periods presented. Diluted income per share is computed by dividing net income (loss) by the weighted average number of shares of common stock, common stock equivalents and potentially dilutive securities outstanding during each period. Diluted income (loss) per share reflects the potential dilution that could occur if securities were exercised or converted into common stock or other contracts to issue common stock resulting in the issuance of common stock that would then share in the Company's income (loss) subject to anti-dilution limitations. Potentially dilutive common shares consist of common stock issuable for stock warrants (using the treasury stock method). In period where the Company has a net loss, all potentially dilutive securities are excluded from the computation of diluted shares outstanding as they would have had an anti-dilutive impact. The following table sets forth the computation of basic and diluted earnings per share for the years ended March 31, 2014 and 2013.

	Years Ended March 31,	
	2014	2013
Net loss available to common stockholders for basic and diluted net loss per share of common stock	$ (363,929)	$ (823,445)
Weighted average common stock outstanding – basic	29,745,802	21,466,635
Effect of dilutive securities:		
Stock warrants	—	—
Weighted average common stock outstanding – diluted	29,745,802	21,466,635
Net loss per common share – basic and diluted	$ (0.01)	$ (0.04)

The Company's aggregate common stock equivalents at March 31, 2014 and 2013 included the following:

	March 31, 2014	March 31, 2013
Stock warrants	733,609	718,608
Total	733,609	718,608

Related parties

Parties are considered to be related to the Company if the parties, directly or indirectly, through one or more intermediaries, control, are controlled by, or are under common control with the Company. Related parties also include principal owners of the Company, its management, members of the immediate families of principal owners of the Company and its management and other parties with which the Company may deal with if one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests. The Company discloses all related party transactions. All transactions are recorded at fair value of the goods or services exchanged.

Source: True 2 Beauty Inc., S-1/A, February 06, 2015 Powered by Morningstar® Document Research℠
The information contained herein may not be copied, adapted or distributed and is not warranted to be accurate, complete or timely. The user assumes all risks for any damages or losses arising from any use of this information, except to the extent such damages or losses cannot be limited or excluded by applicable law. Past financial performance is no guarantee of future results.

NOTE 2 – BASIS OF PRESENTATION, GOING CONCERN AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recent accounting pronouncements

In May 2014, the FASB issued Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers (ASU 2014-09), which supersedes nearly all existing revenue recognition guidance under U.S. GAAP. The core principle of ASU 2014-09 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled for those goods or services. ASU 2014-09 defines a five step process to achieve this core principle and, in doing so, more judgment and estimates may be required within the revenue recognition process than are required under existing U.S. GAAP. The standard is effective for annual periods beginning after December 15, 2016, and interim periods therein, using either of the following transition methods: (i) a full retrospective approach reflecting the application of the standard in each prior reporting period with the option to elect certain practical expedients, or (ii) a retrospective approach with the cumulative effect of initially adopting ASU 2014-09 recognized at the date of adoption (which includes additional footnote disclosures). Early adoption is not permitted. The adoption of this guidance is not expected to have a material impact on the Company's consolidated financial statements.

In June 2014, the FASB issued Accounting Standards Update No. 2014-12, Compensation — Stock Compensation (Topic 718), Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period (a consensus of the FASB Emerging Issues Task Force) (ASU 2014-12). The guidance applies to all reporting entities that grant their employees share-based payments in which the terms of the award provide that a performance target that affects vesting could be achieved after the requisite service period. The amendments require that a performance target that affects vesting and that could be achieved after the requisite service period is treated as a performance condition. For all entities, the amendments in this Update are effective for annual periods and interim periods within those annual periods beginning after December 15, 2015. Earlier adoption is permitted. The effective date is the same for both public business entities and all other entities. The adoption of this guidance is not expected to have a material impact on the Company's consolidated financial statements.

In August 2014, the FASB issued Accounting Standards Update No. 2014-15, Presentation of Financial Statements – Going Concern (Subtopic 205-40), Disclosure of Uncertainties about an Entities Ability to Continue as a Going Concern (ASU 2014-15). The guidance in ASU 2014-15 sets forth management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern as well as required disclosures. ASU 2014-15 indicates that, when preparing financial statements for interim and annual financial statements, management should evaluate whether conditions or events, in the aggregate, raise substantial doubt about the entity's ability to continue as a going concern for one year from the date the financial statements are issued or are available to be issued. This evaluation should include consideration of conditions and events that are either known or are reasonably knowable at the date the financial statements are issued or are available to be issued, as well as whether it is probable that management's plans to address the substantial doubt will be implemented and, if so, whether it is probable that the plans will alleviate the substantial doubt. ASU 2014-15 is effective for annual periods ending after December 15, 2016, and interim periods and annual periods thereafter. Early application is permitted. The adoption of this guidance is not expected to have a material impact on the Company's consolidated financial statements.

NOTE 3 – PREPAID EXPENSES

At March 31, 2014 and 2013, prepaid expenses consisted of the following:

	March 31, 2014	March 31, 2013
Prepaid consulting fees	$ 13,775	$ 13,775
Prepaid travel and other expense	4,450	25,630
	$ 18,225	$ 39,405

NOTE 4 – LOANS PAYABLE

On November 4, 2013, the Company and an individual entered into a loan agreement, providing for the issuance of a loan in the principal amount of $10,000, with a fixed $1,000 interest and also issued the lender 50,000 common shares as a loan fee valued at $2,755 and reflected as interest expense. All principal and accrued interest were due on December 31, 2013. For the year ended March 31, 2014, interest and loan fees related to the loan totaled $3,755 were included in interest expense in the accompanying consolidated statements of operations. On April 8, 2014, the principal amount of $10,000 and all accrued and unpaid interest of the loan were settled for 249,650 shares of the Company's common stock, resulting in a loss on settlement of $2,755.

Source: True 2 Beauty Inc., S-1/A, February 06, 2015 Powered by Morningstar® Document Research℠
The information contained herein may not be copied, adapted or distributed and is not warranted to be accurate, complete or timely. The user assumes all risks for any damages or losses arising from any use of this information, except to the extent such damages or losses cannot be limited or excluded by applicable law. Past financial performance is no guarantee of future results.

NOTE 4 – LOANS PAYABLE (continued)

On November 20, 2013, the Company and an individual entered into a loan agreement, providing for the issuance of a loan in the principal amount of $10,000, with a fixed $1,000 interest and also issued the lender 50,000 common shares as a loan fee valued at $2,755 and reflected as interest expense. All principal and accrued interest were due on December 31, 2013. For the year ended March 31, 2014, interest and loan fees related to the loan totaled $3,755 were included in interest expense in the accompanying consolidated statements of operations. On April 8, 2014, the principal amount of $10,000 and all accrued and unpaid interest of the loan were settled for 249,650 shares of the Company's common stock, resulting in a loss on settlement of $2,755.

At March 31, 2014, the total principal for the above loan payable amounted to $20,000, which amount was included in loan payable in the accompanying consolidated balance sheets. During the year ended March 31, 2014, the total interest expense for the above two loans amounted to $7,510.

NOTE 5 – ACCOUNTS PAYABLE AND ACCRUED EXPENSES

At March 31, 2014 and 2013, accounts payable and accrued expenses consisted of the following:

	March 31, 2014	March 31, 2013
Accrued interest	$ 2,000	$ —
Accrued office lease payable	—	720
Accrued professional fees	12,922	156,401
Accrued payroll taxes	18,653	12,623
	$ 33,575	$ 169,744

NOTE 6 - ACCRUED OFFICER SALARY AND DIRECTOR FEES

In January 2012, the Company announced Mr. Christopher Jarvis as a member of the Board of Director. In connection with Mr. Jarvis' employment as a director, the Company has agreed to compensate him as follows: an initial payment of $1,500 and quarterly payments of $1,500 during the term which he serves as a director of the Company. As of March 31, 2014 and 2013, the amount due to Christopher Jarvis was $6,750 and $750, respectively, and was included in accrued officer salary and director fees in the accompanying consolidated balance sheets.

As of March 31, 2014 and 2013, the accrued and unpaid CEO's salary was $14,500 and $0, respectively, and was included in accrued officer salary and director fees in the accompanying consolidated balance sheets.

As of March 31, 2014 and 2013, accrued officer salary and director fees consisted of the following:

	March 31, 2014	March 31, 2013
Accrued director's salary	$ 6,750	$ 750
Accrued officer salary	14,500	—
	$ 21,250	$ 750

NOTE 7 – DUE TO SHAREHOLDER

At March 31, 2014, the Company owed a shareholder $8,218 for payments made on behalf of the Company and which has been reimbursed during the period from May 2014 through October 2014.

NOTE 8 – INCOME TAXES

The Company maintains deferred tax assets and liabilities that reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The deferred tax assets at March 31, 2014 and 2013 consist of net operating loss carryforwards. The net deferred tax asset has been fully offset by a valuation allowance because of the uncertainty of the attainment of future taxable income. The items accounting for the difference between income taxes at the effective statutory rate and the provision for income taxes for the years ended March 31, 2014 and 2013 were as follows:

Source: True 2 Beauty Inc., S-1/A, February 06, 2015 Powered by Morningstar® Document Research℠
The information contained herein may not be copied, adapted or distributed and is not warranted to be accurate, complete or timely. The user assumes all risks for any damages or losses arising from any use of this information, except to the extent such damages or losses cannot be limited or excluded by applicable law. Past financial performance is no guarantee of future results.

NOTE 8 – INCOME TAXES (continued)

	Years Ended March 31,	
	2014	2013
Income tax expense (benefit) at U.S. statutory rate of 34%	$ (123,736)	$ (279,971)
Income tax benefit - State	(18,196)	(41,172)
Non-deductible expenses	52,970	154,936
Change in valuation allowance	88,962	166,207
Total provision for income tax	$ —	$ —

The Company's approximate net deferred tax asset as of March 31, 2014 and 2013 was as follows:

Deferred Tax Asset:	March 31, 2014	March 31, 2013
Net operating loss carryforward	$ 841,031	$ 752,069
Valuation allowance	(841,031)	(752,069)
Net deferred tax asset	$ —	$ —

The net operating loss carryforward was $2,156,489 at March 31, 2014. The Company provided a valuation allowance equal to the deferred income tax asset for the years ended March 31, 2014 and 2013 because it was not known whether future taxable income will be sufficient to utilize the loss carryforward. The increase in the allowance was $88,962 in fiscal 2014. The potential tax benefit arising from the loss carryforward will expire in 2034.

Additionally, the future utilization of the net operating loss carryforward to offset future taxable income may be subject to an annual limitation as a result of ownership changes that could occur in the future. If necessary, the deferred tax assets will be reduced by any carryforward that expires prior to utilization as a result of such limitations, with a corresponding reduction of the valuation allowance.

The Company does not have any uncertain tax positions or events leading to uncertainty in a tax position. The Company's 2012, 2013 and 2014 Corporate Income Tax Returns are subject to Internal Revenue Service examination.

NOTE 9 – RELATED PARTY TRANSACTIONS

Due to officer

At March 31, 2014 and 2013, the Company owed Mr. William Bollander, its CEO, $508 and $630, respectively, for payments made on behalf of the Company and which has been included in Due to officer in the accompanying consolidated balance sheets.

NOTE 10 – STOCKHOLDERS' (DEFICIT) EQUITY

Authorized shares

The Company is authorized to issue 10,000,000 shares of its $0.001 par value preferred stock. As of March 31, 2014 and 2013, no preferred shares were issued and outstanding.

The Company is authorized to issue 190,000,000 shares of its $0.001 par value common stock. As of March 31, 2014 and 2013, 31,601,531 and 27,241,331 shares of common stock were issued and outstanding, respectively.

Common stock issued for asset purchase

On April 2, 2012, the Company issued 4,000,000 shares of common stock for the purchase of intangible assets of a beauty supply company. These common shares were valued on the grant date at their fair value of $220,400 based on recent sales price of the common stock of $0.0551 per share. In connection with issuance of these common shares, for the year ended March 31, 2013, the Company recorded the assets on the purchase date and then a full impairment loss of $220,400 at March 31, 2013.

Source: True 2 Beauty Inc., S-1/A, February 06, 2015 Powered by Morningstar® Document Research℠
The information contained herein may not be copied, adapted or distributed and is not warranted to be accurate, complete or timely. The user assumes all risks for any damages or losses arising from any use of this information, except to the extent such damages or losses cannot be limited or excluded by applicable law. Past financial performance is no guarantee of future results.

NOTE 10 – STOCKHOLDERS' (DEFICIT) EQUITY (continued)

Common stock issued for service

During the year ended March 31, 2013, the Company issued 3,460,000 shares of common stock for services rendered, including 100,000 shares to a board member of the Company. The shares were valued on the dates of grant at their fair value aggregating $190,646 based on the recent sales price of the common stock of $0.0551 per share. The Company recorded stock-based compensation and fees $176,871 and had a remaining prepaid expense of $13,775 at March 31, 2013, which was amortized in the fiscal year of 2014.

On December 13, 2013, the Company issued 750,000 shares of common stock to a law firm to exchange for the settlement of accounts payable of $75,919 pursuant to a settlement agreement between the Company and the law firm. The shares were valued on the date of grant at their fair value of $41,325 based on the recent sales price of the common stock of $0.0551 per share. In connection with the issuance of these common shares, the Company recognized a gain from settlement of accounts payable of $34,594 which represented the difference between accounts payable at March 31, 2013 of $75,919 for legal fees incurred and the amount of fair value of shares issued of $41,325.

In June 2013, the Company issued 1,500,000 common shares to settle accounts payable of $82,650. The shares were valued on the date of grant at their fair value of $82,650 based on the recent sales price of the common stock of $0.0551 per share. No gain or loss was recognized on this settlement.

During the year ended March 31, 2014, the Company issued 1,865,000 shares of common stock for services, including 40,000 shares to the board member, Mr. Christopher Jarvis. The shares were valued on the date of grant at their fair value of $102,761 based on recent sales price of the common stock of $0.0551 per share. The Company recorded stock-based compensation and fees of $88,986, and recorded a remaining prepaid expense of $13,775 at March 31, 2014, which was amortized in fiscal year 2015.

Common stock cancelled

On March 4, 2013, the Company cancelled a total of 152,640 shares of previously issued common stock for the payment of consulting fees since the consultant did not perform the services agreed to. In connection with the cancellation of these common shares, the Company decreased common stock by the par value of $153 with a corresponding increase in additional paid-in capital of $153.

Common stock sold for cash

During the year ended March 31, 2013, the Company sold a total of 6,953,709 shares of common stock to investors at an average price of $0.0551 per common share. The Company had received $75,000 towards the purchase of these shares as of March 31, 2012. During the fiscal year ended March 31, 2013, the Company received cash proceeds of $298,180 from the sale of the shares and had a subscription receivable of $10,000 which was collected in fiscal 2014.

During the fiscal year ended March 31, 2014, the Company sold a total of 145,200 shares of common stock at an average price of $0.0551 per common share to investors. The proceeds received by the Company from the sale of these shares were $8,000 in fiscal 2014.

Common stock issued for payment of loan fees

During the year ended March 31, 2014, the Company issued a total of 100,000 shares of common stock to two debtors for loan fees. The common shares were valued on the date of grant at their fair value of $5,510 based on recent sales price of the common stock of $0.0551per share. The $5,510 is reflected as interest expense.

Warrants

The Company issued warrants with common stock sold during 2014 and 2013. The warrants have an exercise price of $0.40 per share and expire in 5 years from issuance date.

Warrant activities for the years ended March 31, 2014 and 2013 were summarized as follows:

Source: True 2 Beauty Inc., S-1/A, February 06, 2015 Powered by Morningstar® Document Research℠
The information contained herein may not be copied, adapted or distributed and is not warranted to be accurate, complete or timely. The user assumes all risks for any damages or losses arising from any use of this information, except to the extent such damages or losses cannot be limited or excluded by applicable law. Past financial performance is no guarantee of future results.

NOTE 10 – STOCKHOLDERS' (DEFICIT) EQUITY (continued)

Warrants (continued)

	Number of Warrants	Weighted Average Exercise Price
Balance at March 31, 2012	—	$ —
Issued	718,608	0.40
Exercised/forfeited/expired	—	—
Balance at March 31, 2013	718,608	0.40
Issued	15,001	0.40
Exercised/forfeited/expired	—	—
Balance at March 31, 2014	733,609	$ 0.40
Warrant exercisable at March 31, 2014	733,609	$ 0.40

There was no intrinsic value of the warrants as of March 31, 2014.

The following table summarizes the shares of the Company's common stock issuable upon exercise of warrants outstanding at March 31, 2014:

Warrants Outstanding				Warrants Exercisable	
Range of Exercise Price	Number Outstanding at March 31, 2014	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Number Exercisable at March 31, 2014	Weighted Average Exercise Price
$ 0.40	356,250	3.5	$ 0.40	356,250	$ 0.40
0.40	25,000	3.6	0.40	25,000	0.40
0.40	25,500	3.7	0.40	25,500	0.40
0.40	161,543	3.8	0.40	161,543	0.40
0.40	103,438	3.9	0.40	103,438	0.40
0.40	46,877	4.0	0.40	46,877	0.40
0.40	15,001	4.1	0.40	15,001	0.40
	733,609	3.7	$ 0.40	733,609	$ 0.40

NOTE 11 – CONCENTRATIONS AND COMMITMENTS

Concentrations

Concentration of credit risk

The Company maintains its cash in bank and financial institution deposits that at times may exceed federally insured limits. The Company has not experienced any losses in such accounts through March 31, 2014. There were no balances in excess of FDIC insured levels as of March 31, 2014 and 2013.

Customers

No customer accounted for 10% or more of the Company's revenue during the years ended March 31, 2014 and 2013.

Suppliers

No supplier accounted for 10% or more of the Company's purchase during the years ended March 31, 2014 and 2013.

Source: True 2 Beauty Inc., S-1/A, February 06, 2015 Powered by Morningstar® Document Research℠
The information contained herein may not be copied, adapted or distributed and is not warranted to be accurate, complete or timely. The user assumes all risks for any damages or losses arising from any use of this information, except to the extent such damages or losses cannot be limited or excluded by applicable law. Past financial performance is no guarantee of future results.

NOTE 11 – CONCENTRATIONS AND COMMITMENTS (continued)

Commitments

Service contracts

On June 1, 2012, the Company entered into a one-year service agreement with a one-year option for renewal with Darryl Cohen, a shareholder. The payment for Darryl Cohen's services includes 1,500,000 shares of common stock upon his acceptance of the service agreement. If the Company acquires any business or products from any of his relationships, the Company agree to pay normal fees (to be negotiated at time of transaction) associated with such transactions, in either cash or stock. In accordance with the service agreement, the Company issued Mr. Darryl Cohen 1,500,000 shares of common stock in June 2012. The service agreement was renewed on June 1, 2013 and the Company issued Mr. Darryl Cohen 1,500,000 shares of common stock in June 2013. The term of the renewed service agreement was one year and expired on May 31, 2014. The common shares were valued at fair value using the recent sale price of the common stock on the dates of grant of $0.0551 per common share, and the Company recorded stock-based compensation of $82,650 and $68,875 for the years ended March 31, 2014 and 2013, respectively, with a prepaid fee remaining at March 31, 2014 of $13,775.

On April 5, 2014, the Company entered into a legal service agreement with Frederick M. Lehrer, Esquire ("FML") who has agreed to perform corporate and securities related legal services for the Company. The agreement expires upon the SEC issuing an effectiveness notice for S-1. In accordance to this legal service agreement, the Company pays FML (a) a cash fee of $10,000 payable as follows (i) $2,000 upon execution of this agreement; (ii) $3,000 upon filing the S-1; (iii) $5,000 upon the SEC issuing an effectiveness notice; and (b) 200,000 shares of the Company's common stock were issued to be issued within 20 days of the execution of this agreement. The Company made the first $2,000 cash payment in May 2014 and issued the 200,000 shares of common stock in April 2014. The common shares were valued at fair value using the recent sale price of the common stock on the date of grant of $0.0551 per common share and the Company recorded stock-based compensation and fees of $11,020 in the six months ended September 30, 2014.

On April 28, 2014, the Company entered into a service agreement with CFO Oncall Inc. In accordance to the service agreement, CFO Oncall Inc. provides the Company accounting service and the Company issued CFO Oncall Inc. 100,000 shares of common stock in April 2014. The agreement expired on October 31, 2014. The common shares were valued at fair value using the recent sale price of the common stock on the date of grant of $0.0551 per common share and the Company recorded stock-based compensation and fees of $5,510 in the six months ended September 30, 2014. On October 29, 2014, the Company entered into a new service agreement with CFO Oncall Inc., effective on November 1, 2014. In accordance to the service agreement, the service fee is $5,000 per month which is payable as follows: $3,000 in cash payable in advance of the 1st of each month, and $2,000 payable at the Company's option in cash or the Company's common stock.

In September 2014, the Company signed an eight-month agreement with Applied DNA to work together, in good faith, on a business partnership focused on using Applied DNA Sciences' unique SigNature© DNA taggant platform, digitalDNA © software platform and other products as required for DNA marking, tracking and authentication of sports collectibles and sports memorabilia uniquely and authentically identified to an athlete ("Goods") and offered either within a True2Bid online auction exchange environment or through other means of sale. The agreement requires a cash payment of $35,000 of which $10,000 has been paid, and the balance of $25,000 to be paid in two installments of $12,500 each on February 1, 2015 and June 1, 2015, respectively.

NOTE 12 – SUBSEQUENT EVENTS

During the period between April 1, 2014 and the filing date of this report, the Company sold a total of 3,365,334 shares of common stock at an average price of $0.0551 per common share to investors. The proceeds received by the Company from the sale of these shares were $185,420.

On April 8, 2014, the Company issued a total of 499,300 shares of common stock to two debtors to pay off outstanding loans payable with the principal amount of $20,000 and to pay off accrued interest of $2,000. The common shares were valued on the date of grant at their fair value of $27,510 based on recent sales price of the common stock of $0.0551 per share resulting in a loss on settlement of $5,510.

Source: True 2 Beauty Inc., S-1/A, February 06, 2015 Powered by Morningstar® Document Research℠
The information contained herein may not be copied, adapted or distributed and is not warranted to be accurate, complete or timely. The user assumes all risks for any damages or losses arising from any use of this information, except to the extent such damages or losses cannot be limited or excluded by applicable law. Past financial performance is no guarantee of future results.

NOTE 12 – SUBSEQUENT EVENTS (continued)

During the period from April 1, 2014 through the filing date of this report, the Company issued an aggregate of 1,485,000 shares of common stock for services rendered and to be rendered, including 360,000 shares to a director. The common shares were valued on the dates of grant at their fair values aggregating $81,824 based on recent sales price of the common stock of $0.0551 per share. The Company recorded prepaid expenses of $81,824 which will be amortized over the related service period. Shares issued for services included the following:

- In July 2014, the Company granted 360,000 common shares to a director for services rendered. The common shares were valued on the date of grant at their fair value of $19,836 based on the recent sales price of $0.0551 per share. The $19,836 was expensed immediately.

- On April 5, 2014, the Company entered into a legal service agreement with Frederick M. Lehrer, Esquire ("FML") who has agreed to perform corporate and securities related legal services for the Company. The agreement expires upon the SEC issuing an effectiveness notice for S-1. In accordance to this legal service agreement, the Company pays FML (a) a cash fee of $10,000 payable as follows (i) $2,000 upon execution of this agreement; (ii) $3,000 upon filing the S-1; (iii) $5,000 upon the SEC issuing an effectiveness notice; and (b) 200,000 shares of the Company's common stock, valued at fair value based on recent sales price of the common stock of $0.0551 per share and were issued within 20 days of the execution of this agreement. The Company made the first $2,000 cash payment in May 2014. The $11,020 value of the shares was expensed immediately due to the indefinite term of the agreement.

- On April 18, 2014, the Company entered into a service agreement with Robert Grich who is a consultant of the Company. The agreement is for a term of one year and requires 100,000 of common shares and cash payment of $2,500 in total to Robert Grich. In accordance to the service agreement, the Company issued Mr. Robert Grich 100,000 shares of common stock and made cash payment of $2,500 in April 2014. The common shares were valued on the date of grant at their fair value of $5,510 based on recent sales price of the common stock of $0.0551 per share. The Company recorded prepaid expense of $5,510 in April 2014, which will be amortized in the corresponding service period.

- On April 28, 2014, the Company entered into a service agreement with CFO Oncall Inc. In accordance to the service agreement, CFO Oncall Inc. provides the Company accounting service and the Company issued CFO Oncall Inc. 100,000 shares of common stock in April 2014. The agreement expired on October 31, 2014. On October 29, 2014, the Company entered into a new service agreement with CFO Oncall Inc., effective on November 1, 2014. In accordance to the service agreement, the service fee is $5,000 per month which is payable as follows: $3,000 in cash payable in advance of the 1st of each month, and $2,000 payable at the Company's option in cash or the Company's common stock. The 100,000 shares valued on the grant date at fair value of $5,510 based on recent sales price of the common stock of $0.0551. The Company expensed the $5,510 immediately since the April 2014 agreement had an indefinite term.

- On July 1, 2014, the Company entered into a service agreement with Patrick L. Stimson who is a consultant of the Company. The agreement is for a term of two years and requires 250,000 shares of common stock. In accordance to the service agreement, the Company issued Patrick L. Stimson 250,000 shares of common stock in July 2014. The common shares were valued on the grant date at fair value of $13,775 based on recent sales price of the common stock of $0.0551 per share. The Company recorded prepaid expense of $13,775 in July 2014, which will be amortized in the corresponding service period.

- On July 1, 2014, the Company entered into a service agreement with Ronald Ellis who is a consultant of the Company. The agreement is for a term of two years and requires 250,000 shares of common stock. In accordance to the service agreement, the Company issued Ronald Ellis 250,000 shares of common stock in July 2014. The common shares were valued on the grant date at fair value of $13,775 based on recent sales price of the common stock of $0.0551 per share. The Company recorded prepaid expense of $13,775 in July 2014, which will be amortized in the corresponding service period.

- In June and July 2014, the Company issued an aggregate of 225,000 shares to three separate consultants valued on their grant dates at fair values aggregating $13,397 based on recent sales price of the common stock of $0.0551 per share. The Company expensed the $13,397 immediately since the shares were for either services rendered or an indefinite service term.

In September 2014, the Company signed an eight-month agreement with Applied DNA to work together, in good faith, on a business partnership focused on using Applied DNA Sciences' unique SigNature© DNA taggant platform, digitalDNA © software platform and other products as required for DNA marking, tracking and authentication of sports collectibles and sports memorabilia uniquely and authentically identified to an athlete ("Goods") and offered either within a True2Bid online auction exchange environment or through other means of sale. The agreement requires a cash payment of $35,000.

Source: True 2 Beauty Inc., S-1/A, February 06, 2015 Powered by Morningstar® Document Research℠
The information contained herein may not be copied, adapted or distributed and is not warranted to be accurate, complete or timely. The user assumes all risks for any damages or losses arising from any use of this information, except to the extent such damages or losses cannot be limited or excluded by applicable law. Past financial performance is no guarantee of future results.

NOTE 12 – SUBSEQUENT EVENTS (continued)

In October and November 2014, the Company and 7 investors (the "Investors") entered into convertible promissory note agreements, providing the issuance of a 10% convertible promissory notes (the "Convertible Notes") with an aggregate principal amount of $400,000. The Convertible Notes are due and payable on the third anniversary of the date of issuance through October 2017. The Investors are entitled, at their option, at any time after the issuance of these Convertible Notes, to convert all or any lesser portion of the outstanding principal amount and accrued but unpaid interest into the Company's common stock at a conversion price for each share of common stock equal to $0.02. The conversion price of the Convertible Notes shall be subject to adjustment for issuances of common stock at a purchase price of less than the then-effective conversion price. In the event a registration statement is not filed by either the Company within 60 days following the completion of this Offering, or the full amount of Conversion Shares are not included in the first registration statement filed by either entity, or if such registration statement including the Conversion Shares is not declared effective within 180 days following the completion of the Offering, the Convertible Notes shall then be convertible at the option of the Holder into shares of the common stock, par value $.001 per share, of the Company at a conversion price equal to the lesser of $0.02 per share or a 25% discount to the average closing bid price of the Parent Company's stock for the five days immediately prior to the day upon which the Company receives a written conversion notice from the Holder for any portion of the Notes. The Penalty Conversion shall remain in effect until such time as a registration statement from the Company, including the Conversion Shares is declared effective by the SEC. In connection with the issuance of these Convertible Notes above, the Company determined that the terms of the Convertible Notes include a down-round provision under which the conversion price and exercise price could be affected by future equity offerings undertaken by the Company or contain terms that are not fixed monetary amounts at inception. Accordingly, under the provisions of FASB ASC Topic No. 815-40, "Derivatives and Hedging – Contracts in an Entity's Own Stock", the convertible instruments shall be accounted for as a derivative liabilities at the date of issuance and shall be adjusted to fair value through earnings at each reporting date. On the measurement date, the Company shall record a derivative liability of $388,039.

Source: True 2 Beauty Inc., S-1/A, February 06, 2015 Powered by Morningstar® Document Research℠
The information contained herein may not be copied, adapted or distributed and is not warranted to be accurate, complete or timely. The user assumes all risks for any damages or losses arising from any use of this information, except to the extent such damages or losses cannot be limited or excluded by applicable law. Past financial performance is no guarantee of future results.