APPTECH CORP.
AND SUBSIDIARIES

JUNE 30, 2015

APPTECH CORP. AND SUBSIDIARIES

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APPTECH CORP.
CONSOLIDATED BALANCE SHEETS
AS OF JUNE 30, 2015

	June 30, 2015
Assets:	
Current assets	
Cash	$ 8,214
Accounts receivable	20,225
Marketable securities	18,195
Total current assets	46,634
Property and equipment, net	52,585
Total assets	$ 99,219
Liabilities and Stockholders' Deficit	
Current liabilities	
Accounts payable	$ 781,750
Accrued liabilities	1,440,701
Notes payable	964,450
Convertible notes payable – related parties	150,000
Notes payable – related parties	641,932
Total current liabilities	$ 4,064,783
Long term Liabilities	
Note payable	85,950
Total liabilities	$ 4,064,783
Commitments and contingencies	
Stockholders' Deficit	
Series A preferred stock; $0.001 par value; 1,000,000 shares authorized; 14 shares issued and outstanding	$ -
Common stock, $0.001 par value; 1,000,000,000 shares authorized; 64,016,538 shares issued and outstanding, respectively	64,014
Additional paid-in capital	26,198,922
Treasury stock	(4,494)
Accumulated deficit	(30,224,006)
Total stockholders' deficit	(3,965,564)
Total liabilities and stockholders' deficit	$ 99,219

See accompanying notes to the consolidated financial statements.

APPTECH CORP.
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE SIX MONTHS ENDED JUNE 30, 2015

	2015
Revenues	$ 126,729
Cost of Revenues	29,343
Gross Profit	97,386
Operating Expenses:	
Sales and Marketing	4,367
General and Administrative, including stock based compensation of $ 49,400.	621,770
Total Operating Expenses	626,137
Loss from Operations	(528,751)
Other Income (Expenses)	
Loss on Marketable Securities	(60,599)
Total Other Income (Expenses)	(60,599)
Loss before Provision for Income Taxes	(589,350)
Provision for Income Taxes	-
Net Loss	$ (589,350)
Basic and diluted net loss per common share	$ (0.009)
Weighted-average number of shares used basic and diluted per share amounts	63,456,696

See accompanying notes to the consolidated financial statements.

APPTECH CORP.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT
FOR THE SIX MONTHS ENDED JUNE 30, 2015

	Series A Preferred		Common Stock		Additional Paid-in Capital	Common Stock Subscription	Treasury Stock	Accumulated Deficit	Total
	Shares	Amount	Shares	Amount					
Balance December 31, 2014	14	$ -	63,404,929	$ 63,406	$ 26,130,004	-	$ (4,494)	$ (29,634,656)	$ (3,445,740)
Imputed interest	-	-	-	-	8,200	-	-	-	8,200
Common stock issued for subscriptions	-	-	20,000	20	8,600	-	-	-	8,620
Common stock issued for merchant equity program	-	-	6,609	3	3,303	-	-	-	3,306
Common stock issued for services	-	-	585,000	585	48,815	-	-	-	49,400
Net loss	-	-	-	-	-	-	-	(589,350)	(589,350)
Balance June 30, 2015	14	$ -	64,016,538	$ 64,014	$ 26,198,922	-	$ (4,494)	$ (30,224,006)	$ (3,965,564)

See accompanying notes to the consolidated financial statements.

APPTECH CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2015

		2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$	(589,350)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock-based compensation and stock for services		49,400
Imputed interest on notes payable		8,200
Amortization of debt discount and stock repurchase agreement		201,939
Depreciation and amortization		5,724
Loss on marketable securities		60,599
Changes in operating assets and liabilities:		
Accounts receivable		(3,552)
Accounts payable		88,959
Accrued liabilities		91,329
Net cash provided by operating activities		(86,752)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment		(17,035)
Net cash used in investing activities		(17,035)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from (payments on) notes payable		52,262
Proceeds from sale of common stock		20,000
Net cash provided by financing activities		72,262
Changes in cash and cash equivalents		(31,525)
Cash and cash equivalents, beginning of period		39,739
Cash and cash equivalents, end of period	$	8,214
Supplemental disclosures of cash flow information:		
Cash paid for interest	$	4,299
Cash paid for income taxes	$	-
NON CASH INVESTING AND FINANCING ACTIVITIES:		
Common stock issued for merchant equity liability	$	3,306

See accompanying notes to the consolidated financial statements.

APPTECH CORP. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2015

NOTE 1 - ORGANIZATION AND DESCRIPTION OF BUSINESS

AppTech Corp. ("AppTech"), a Wyoming Corporation, was incorporated on July 2, 1998. On March 15, 2013, as amended on April 30, 2013, the AppTech formed a wholly-owned subsidiary AppTech Merger Corp., a Florida corporation (the "Merger Corp"), and entered into a plan of merger (the "Merger Agreement" or "Merger") with Transcendent One, Inc., a Nevada corporation ("Transcendent"). In accordance with the terms and provisions of the Merger Agreement, Transcendent merged into the Merger Corp effectively combining the stock of Transcendent with the equity of the Merger Corp.

In consideration for the Merger, the shareholders of the Transcendent received a total of 44,167,667 shares of common stock of AppTech on a pro rata basis in exchange for 100% of the of the outstanding common stock Transcendent at the time of the Merger. The total shares of AppTech being issued on a pro rata basis to the Transcendent's shareholders represented approximately 99% of the total issued and outstanding common stock of AppTech, excluding the 5.0 million shares concurrently issued as discussed in Note 9. In addition, Transcendent issued 235,833 shares of common stock for subscriptions and 1,250,000 shares of common stock for services during the period of December 31, 2012 to April 30, 2013. The merger between AppTech and Transcendent was accounted for as a reverse acquisition and change in reporting entity, whereby Transcendent was the accounting acquirer. At the date of acquisition, AppTech did not have any operations nor significant assets and liabilities. The accompanying financial statements include the historical accounts of Transcendent and the operations of AppTech from April 30, 2013, the date of acquisition forward. The post consolidated entity is referred to as (the "Company").

The Company, based in California, is a technology and financial services company. With electronic payments at its core, the Company offers an array of service lines to both business and consumer markets through its branded subsidiaries, Transcendent and TransTech One, LLC. The Company is currently expanding its operations in the mobile payment industry and is actively negotiating to enter such industry through a joint venture and/or business acquisition. The Company believes the mobile payment industry will complement its current merchant products and services and provide additional growth.

On December 16, 2014, TransTech One launched its comprehensive set of Cloud Services for business clients including virtual desktop and infrastructure services. These solutions enable business clients to avoid significant hardware costs, increase user productivity, and improve day-to-day manageability of their organization's technological infrastructure.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Company's consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Also see Note 3.

As a result of the merger between Transcendent and AppTech, the Transcendent shareholders controlled the Company post-merger. This resulted in a change in reporting entity, whereby the historical financial statements of Transcendent are presented herein. At the date of acquisition, AppTech did not have any operations, assets or liabilities.

Principles of Consolidation

The Company accounts include financials of the Company and its wholly owned subsidiaries, Transcendent One, Inc. and TransTech One, LLC. All significant intercompany transactions have been eliminated in consolidation.

Use of Estimates

The preparation of the consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include the estimated useful lives of property and equipment, fair market value of marketable securities and future amounts payable to an individual in connection with the sale of the marketable securities, estimated liabilities related to various vendors in which communications have ceased, contingent liabilities, fair market value of Transcendent's common stock prior to the date of AppTech's acquisition, and realization of tax deferred tax assets. Actual results could differ from those estimates.

Concentration of Credit Risk

Cash and cash equivalents are maintained at financial institutions and, at times, balances may exceed federally insured limits of $250,000 per institution that pays Federal Deposit Insurance Corporation (FDIC) insurance premiums. The Company has never experienced any losses related to these balances.

The accounts receivable from merchant services are paid by the financial institutions on a monthly basis. The Company currently uses three financial institutions to service their merchants. The loss of one of these financial institutions would not have a significant impact on the Company's operations as there are additional financial institutions available to the Company. For the six months ended June 30, 2015, no single merchant (customer) represented more than 10% of revenues or accounts receivable, net.

Cash and Cash Equivalents

The Company classifies its highly liquid investments with maturities of three months or less at the date of purchase as cash equivalents. Management determines the appropriate classification of its investments at the time of purchase and reevaluates the designations as of each investment as of the balance sheet date for each reporting period. The Company classifies its investments as either short-term or long-term based on each instrument's underlying contractual maturity date. Investments with maturities of less than twelve months are classified as short-term and those with maturities greater than twelve months are classified as long-term. The cost of investments sold is based upon the specific identification method.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable, if needed, are recorded net of an allowance for doubtful accounts. The Company does not expect to have write-offs or adjustments to accounts receivable which could have a material adverse effect on its consolidated financial position, results of operations or cash flows as the portion which is deemed uncollectible is already taken into account when the revenue is recognized. The Company also considers any changes to the financial condition of its financial institutions used and any other external market factors that could impact the collectability of its receivables in the determination of its allowance for doubtful accounts.

Marketable Securities

The Company classifies its marketable security investment portfolio as either held to maturity, available-for-sale, or trading. At June 30, 2015, all of the Company's marketable securities were classified as trading. Securities classified as trading are carried at fair value with unrealized gains and losses included in the consolidated statement of operations. Classification as current or non-current is based primarily on whether there is an active public market for such security as well as the daily trading volume of a security relative to the Company's ownership position. Gains or losses from the sale or redemption of the marketable securities are determined using the specific identification method.

Revenue Recognition

The Company provides merchant processing solutions for credit cards and electronic payments. In all cases we act as an agent between the merchant which generates the credit card and electronic payments, and the bank which processes such payments. The Company's revenue is generated on services priced as a percentage of transaction value or a specified fee transaction, depending on the card or transaction type. Revenue is recorded as services are performed which is typically when the bank processes the merchant's credit card and electronic payments.

In addition, the Company provides consumers the ability to pay authorized payments to hundreds of vendors including utility companies, cable/satellite providers, mobile phone service providers, credit companies, and more at its TransTech One Retail Service Center. Revenue for authorized payments is recorded as a percentage of transaction value or a specified fee transaction. Revenue is recorded as services are performed which is typically when we process the payment transaction to the third party. Revenues from these services represent less than 5% of the Company's total revenues.

The Company provides various Cloud services to business clients. Revenues generated from the services as agreed upon in a Cloud Service Agreement. The revenue is recorded as the services are performed and billed in advance on a monthly basis. Revenues from these services represent less than 5% of the Company's total revenues.

Fair Value of Financial Instruments

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants as of the measurement date. Applicable accounting guidance provides an established hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in valuing the asset or liability and are developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company's assumptions about the factors that market participants would use in valuing the asset or liability. There are three levels of inputs that may be used to measure fair value

Level 1 Quoted market prices available in active markets for identical assets or liabilities reporting.

Level 2 Pricing inputs other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reporting date.

Level 3 Pricing inputs that are generally observable inputs and not corroborated by market data.

Assets and liabilities are classified based on the lowest level of input that is significant to the fair value measurements. The Company reviews the fair value hierarchy classification on a quarterly basis. Changes in the observability of valuation inputs may result in a reclassification of levels for certain securities within the fair value hierarchy. The carrying amount of the Company's financial assets and liabilities, such as cash, prepaid expenses and accrued expenses approximate their fair value because of the short maturity of those instruments. The Company's notes payable approximate the fair value of such instruments based upon management's best estimate of interest rates that would be available to the Company for similar financial arrangements at June 30, 2015.

The following table presents the Company's fair value hierarchy for assets and liabilities measured at fair value on a recurring basis as of June 30, 2015:

	Fair Value Measurement Using			
	Quoted Prices in Active Markets for Identical Instruments (Level 1)	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	**Total**
Fair values as of June 30, 2015				
Current Assets-				
Marketable Securities	$ 18,195	$ -	$ -	$ 18,195
Total assets at fair value	$ 18,195	$ -	$ -	$ 18,195

The fair value of marketable securities is determined based upon quoted market prices at each reporting date, see Note 7 for additional information.

Property and Equipment

Property and equipment is recorded at cost. Expenditures for major additions and betterments are capitalized. Maintenance and repairs are charged to operations as incurred. Depreciation of property and equipment is computed by the straight-line method (after taking into account their respective estimated residual values) over the assets estimated useful life of five (5) years. Upon sale or retirement of equipment, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is reflected in statements of operations.

Impairment of Long-Lived Assets

Long-lived assets, such as property and equipment are subject to amortization, are reviewed for impairment when there is evidence that events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable. Recoverability of assets to be held and used is measured by comparing the carrying amount of an asset or asset group to estimated undiscounted future cash flows expected to be generated by the asset or asset group. If the carrying amount of an asset or asset group exceeds its estimated future cash flows, an impairment charge is recognized for the amount by which the carrying amount of the asset or asset group exceeds the estimated fair value of the asset or asset group. Long-lived assets to be disposed of by sale are reported at the lower of their carrying amounts or their estimated fair values less costs to sell and are not depreciated. As of December 31, 2014 and 2013, there were no asset impairments.

Income Taxes

The Company recognizes deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the consolidated financial statements or tax returns. Under this method, deferred tax assets and liabilities are based on the differences between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the fiscal year in which the differences are expected to reverse. Deferred tax assets are reduced by a valuation allowance to the extent management concludes it is more likely than not that the assets will not be realized. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the fiscal years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the Consolidated Statement of Operations in the period that includes the enactment date.

The Company’s income tax returns are based on calculations and assumptions that are subject to examination by the Internal Revenue Service and other tax authorities. In addition, the calculation of the Company’s tax liabilities involves dealing with uncertainties in the application of complex tax regulations. The Company recognizes liabilities for uncertain tax positions

based on a two-step process. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount that is more than 50% likely of being realized upon settlement. While the Company believes it has appropriate support for the positions taken on its tax returns, the Company regularly assesses the potential outcomes of examinations by tax authorities in determining the adequacy of its provision for income taxes. The Company continually assesses the likelihood and amount of potential adjustments and adjusts the income tax provision, income taxes payable and deferred taxes in the period in which the facts that give rise to a revision become known. As of June 30, 2015, the Company does not believe any provisions are required in connection with uncertain tax positions.

Per Share Information

Basic net income (loss) per common share is computed by dividing net income (loss) by the weighted average number of shares of common stock outstanding during the period. Diluted net income (loss) per common share is computed by dividing net income (loss) by the weighted average number of shares of common stock and potentially outstanding shares of common stock during the period. The weighted average number of common shares outstanding and potentially outstanding common shares assumes that the Company incorporated as of the beginning of the first period presented.

As of June 30, 2015, the Company had potential dilutive securities in which consisted of options to purchase 250,000 shares of common stock, 10,920 shares of common stock issuable upon conversion of Series A preferred stock and 1,793,333 shares of common stock issuable upon conversion the convertible notes payable. These dilutive securities were not included within the calculation of dilutive net loss per common share as the effects would have been anti-dilutive.

Convertible Debt

Convertible debt is accounted for under the guidelines established by ASC 470-20 *Conversion and Other Options*. ASC 470-20 governs the calculation of an embedded beneficial conversion, which is treated as an additional discount to the instruments where derivative accounting does not apply. The amount of the value of additional stock and other consideration in addition to the beneficial conversion feature may reduce the carrying value of the instrument to zero, but no further. The discounts are accreted over the term of the debt using the straight line method due to the short terms of the notes.

The Company accounts for modifications of its embedded beneficial conversions, in accordance with ASC 470-50 *Modifications and Extinguishments*. ASC 470-50 requires the modification of a convertible debt instrument that changes the fair value of an embedded conversion feature and the subsequent recognition of interest expense or the associated debt instrument when the modification does not result in a debt extinguishment.

Stock-Based Compensation

The Company recognizes as compensation expense all share-based payment awards made to employees, directors, and consultants including grants of stock options and warrants, based on estimated fair values. Fair value is generally determined based on the closing price of the Company's common stock on the date of grant and is recognized over the service period. The Company has several consulting agreements that have share based payment awards based on performance. These agreements typically require the Company to issue common stock to the consultants on a monthly basis. The Company records the fair market value of the common stock issuable at each month end when the performance is complete based upon the closing market price of the Company's common stock. See Note 5 for discussing of common stock issued under the Company's Merchant Equity Program for which the fair value of the common stock earned is recorded as reduction of revenues.

NOTE 3 – GOING CONCERN

As reflected in the accompanying consolidated financial statements, during the six months ended June 30, 2015 the Company incurred a net loss of $589,350 and used $86,752 in operating activities. In addition, the Company had a negative

working capital of $3,932,199 and an accumulated deficit of $30,224,006 at June 30, 2015. These factors raise substantial doubt regarding the Company to continue as a going concern.

While the Company is continuing operations and generating revenues, the Company's cash position is not significant enough to support the Company's daily operations. To fund operations and reduce the working capital deficit, Management intends to raise additional funds through public or private debt and/or equity offerings. During 2015, the Company raised $50,000 in debt offerings and $15,000 in subscription offers to fund operations. Management believes that the actions presently being taken to further implement its business plan and generate revenues provide the opportunity for the Company to continue as a going concern, however, such are not guaranteed. While the Company believes in the viability of its strategy to generate revenues and in its ability to raise additional funds, there can be no assurances to that effect nor can there be assurance that such funds will be at acceptable terms. As of the date of these consolidated financial statements, the Company has not finalized a commitment for additional capital. The ability of the Company to continue as a going concern is dependent upon the Company's ability to further implement its business plan and generate 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.

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2015 consisted of the following:

	June 30, 2015
Property and equipment	$ 82,112
Less: Accumulated depreciation	(29,527)
	$ 52,585

Property and equipment primarily consists of computer equipment. Depreciation expense for the six months ended June 30, 2015 was $5,724.

NOTE 5 – ACCRUED LIABILITIES

Accrued Interest

The notes payable and convertible notes payable incur interest at rates between 10% and 15% per annum. Accrued interest at June 30, 2015 was $1,003,509, of which $476,860 was due to related parties. The accrued interest in most cases is currently in technical default due to the notes being past their maturity date.

Accrued Residuals

The Company pays commissions to independent agents in which refer merchant accounts. The amounts payable to these independent agents is based upon a percentage of the amounts processed on a monthly basis by these merchant accounts. At June 30, 2015, amounts owed to these independent agents were $34,910 and included within accrued liabilities on the accompanying consolidated balance sheets.

Accrued Merchant Equity Liability

The Company provides all merchants the opportunity to earn shares of the Company's common stock through their Merchant Equity Program (the "Program"). Under the Program, the merchant earns 1% of their total Visa/MasterCard volume processed during the first year of their contract. For example if a merchant processes $1.0 million in credit card charges, the merchant will receive 10,000 shares of the Company's common stock. The merchant must process with the Company for a period of three years for the shares to vest.

For merchants in which the shares of common stock are not known as they are within the one year period, the Company estimates on a quarterly basis as to the estimated amount of shares based upon the expected amount to be processed by the merchant on an annual basis. At the end of the first year, when the number of shares issuable is known, the Company makes an adjustment to the value of the shares, if needed.

The Company accounts for the value of the shares provided under the Program as a sales incentive and thus the amounts are recorded as a reduction to revenues. During the six months ended June 30, 2015, the Company recorded $12,500 in connection with the Program as an offset to revenues. As of June 30, 2015, the Company has an obligation of $62,439 recorded within accrued liabilities on the accompanying consolidated balance sheets which represent approximately 530,764 shares of the Company's common stock issuable under the Program, respectively. During the six months ended June 30, 2015, the Company issued 6,609 shares of common stock relieving $3,306 in liabilities under the program.

Accrued Settlements and Litigation

Included within accounts payable at June 30, 2015 is $43,462 related to three judgments in connection with Division of Labor claims. The obligations were incurred in 2007 and 2008 for unpaid compensation and workers' compensation.

Included within accounts payable at June 30, 2015 is $31,456 related to an outstanding judgment regarding amounts payable in connection with a former office lease rental obligation. The obligation was incurred in 2009 when the office at that location was closed.

Included within accounts payable at June 30, 2015 is $70,800 related to an outstanding judgment in connection with a former professional services agreement. The obligation was incurred in 2009.

NOTE 6 – NOTES PAYABLE AND CONVERTIBLE NOTES PAYABLE

The Company funds cash flows used from operations through the issuance of notes payable. The following is a summary of notes payable outstanding as of June 30, 2015. Related parties noted below are either members of management, board of directors, significant shareholders or individuals in which have significant influence over the Company.

Convertible Notes Payable

In 2014, the Company issued $400,000 in convertible notes payable. The convertible notes payable are unsecured; due in periods ranging up to one year; incurring interest between 10% - 12% per annum and are convertible at prices ranging from $0.33 - $1.00. In addition, the Company issued 400,000 shares of common stock in connection with convertible notes payable. The Company has the obligation to repurchase 400,000 shares of common stock at $1.00 per share within one year. On the date of the agreements, the Company calculated the fair market value of the common stock issued in connection with the convertible notes payable of $400,000 and recorded a discount of $52,762 to the convertible notes payable based upon the relative fair market value of the convertible notes payable. The offsetting entry was to common stock for the par value of $400 and the stock repurchase liability of $52,362. The Company is amortizing the discount on the convertible notes payable to the carrying value of $400,000 and the stock repurchase liability to the repurchase amount of $400,000 over the term of the convertible notes payable. During the six months ended June 30, 2015, the Company amortized $26,381 and $173,819 to interest expense related to the discount and stock repurchase liability, respectively. The Company expects to amortize the remaining discount and stock repurchase liability of $8,534 and $79,567to interest expense during the year ended December 31, 2015.

In 2008 and 2009, the Company issued $320,000 in convertible notes payable, of which $150,000 was from related parties. The convertible notes payable are currently due on demand, incur interest at 15% per annum, and convertible at $0.60 per share. As of June 30, 2015, accrued interest related to the convertible notes was $300,013, of which $142,125 was due to related parties.

Notes Payable

In 2007 and 2008, the Company entered into note payable with a third party for $46,000 in proceeds. The notes payable were due on demand and incurred interest at 12% per annum. At December 31, 2013, total accrued interest related to the notes payable was $39,769. In 2014, the Company and the holder of the note payable rolled the principal and interest into one new unsecured promissory note. The new promissory note incurs interest at a rate of 12.0% per annum, with sixty (60) monthly payments of $1,000, which began on June 1, 2014 and a final balloon payment of $81,097 due on May 31, 2019. In addition, the Company issued the holder 250,000 shares of common stock in settlement of 250,000 options held by the note holder. The Company determined that the exchange resulted in a modification of the original note payable as the future expected cash flows, including the changed in the current fair market value of options versus the common stock, was less than 10%. As the future cash flows were immaterial, the Company expensed $2,060, the difference in fair value of the options and common stock to interest expense rather than record a discount to the new note payable.

In 2007, the Company entered into note payable with a related party for $58,600 in proceeds. The note payable is currently due on demand and incurs interest at 10% per annum. As of June 30, 2015, accrued interest related to the note payable was $42,678.

In 2007, the Company entered into note payable with a third party for $128,000 in proceeds. Under the terms of the agreement the holder received a flat interest amount of $37,496. As of June 30, 2015, the Company was in default of the note payable agreement and the entire amount of $37,496 has been included within accrued interest. Since the note payable didn't incur interest, the Company imputed interest at $6,400 which represented an interest rate of 10% per annum during the six months ended June 30, 2015.

In 2008, the Company entered into notes payable with two third parties for $36,000 in total proceeds. The notes payable are currently in default and have a flat interest amount due of $60,000. During 2014, the Company entered into an agreement whereby they would repay the principal and accrued interest by April 30, 2014 and issue the holders 90,000 shares of common stock. The Company recorded the fair market value of the common stock issued of $24,300 based on the date of issuance as interest expense. Other than to the issuance of the shares of common stock, the Company did not perform under the agreement. Since the notes payable don't incur interest, the Company imputed interest at $1,800 which represented an interest rate of 10% per annum during the six months ended June 30, 2015.

In 2007, the Company entered into note payable with a third party for $221,800 in proceeds. The note payable is currently in default and incurs interest at 10% per annum. In September 30, 2013, the holder received an arbitration settlement for the principal and accrued interest. As of June 30, 2015, accrued interest related to the note payable was $248,595.

Two significant shareholders funded the Company's operations through notes payable in primarily 2009 and 2010 and continue to support operations on a limited basis. The Company extends the notes on an annual basis. The notes payable incur interest at 10% per annum and are due on December 31, 2015. During the six months ended June 30, 2015, one holder loaned the Company $54,380 in additional proceeds. As of June 30, 2015, the aggregate balance of the notes payable was $583,333 and accrued interest was $290,592.

As of June 30, 2015, future maturities of convertible notes payable and notes payable is as follows:

For years ending December 31,

2015	$ 1,755,438
2016	1,662
2017	1,873
2018	2,110
2019	81,250
	$ 1,842,333

NOTE 7 - MARKETABLE SECURITIES

On July 31, 2013, the Company exchanged 700,000 shares of common stock of a publicly held company ("Pub Co.") in exchange for one million shares of the Company's common stock. The Company valued the common stock given up at $430,000, based upon the closing market price of the Company's common stock on the date of the transaction. The Company accounted for the Pub Co. common stock received as a trading security and thus an immediate gain of $270,000 was recorded due to the fair market value of the Pub Co. common stock received having a fair market value of $700,000 based upon the closing market price of that security.

The Company subsequently entered into a consulting agreement with the individual which exchanged the Pub Co common stock whereby the individual would perform services related to business development services. The Company and the individual have a verbal agreement as to the how compensation under the consulting contract is provided. Under the verbal agreement, the individual receives 50% of the proceeds from the sale of the Pub Co. common stock, after commissions, initial $80,000 in proceeds from sales and miscellaneous and bank fees. During the six months ended June 30, 2015, total amounts due to the individual based upon the verbal arrangement was $9,098 of which $0 was due to the individual as of June 30, 2015 which is recorded in accrued liabilities on the accompanying consolidated balance sheets.

In addition, the Company determined that since the individual's compensation was dependent upon the proceeds received from the sale of the Pub Co.'s common stock, that a liability needs to be recorded based upon the estimated future payable to the individual. As of June 30, 2015, the Company determined that the fair market value of the liability was approximately 50% of the carrying value of the Pub Co.'s common stock of $18,195 which is recorded in trading securities on the accompanying consolidated balance sheets.

This individual is a significant shareholder of the Company who does control shares of common stock in excess of 5% of the issued and outstanding at June 30, 2015.

NOTE 8 – COMMITMENTS AND CONTIGENCIES

Operating Lease

The Company entered into a lease agreement for office space commencing December 1, 2012 through November 30, 2015. The lease is guaranteed by various members of management. The monthly rent under the lease agreement is $10,066 for the entire term and expires in November 2015.

In 2014, the Company entered into a lease agreement for computer equipment storage space commencing November 10, 2014 through November 9, 2019. The monthly rent under the lease agreement is $3,472 for the entire term. The following is the minimum annual payment related to non-cancellable leases as of June 30, 2015:

For years ending December 31,

2015	$ 20,832
2016	41,664
2017	41,664
2018	41,664
2019	31,248
	$ 177,072

Litigation

In April 2014, a shareholder of AppTech filed a lawsuit against the Company in the State of Washington claiming breach of contract related to the sale / transfer of unregistered shares at the time of AppTech acquisition. On August 13, 2014, the Company notified the transfer agent and placed a 'Stop Order' on the shares. The shareholder claims that the 2.5 million shares received are unrestricted and should be reflected as such. On August 19, 2014, the Company filed a motion to dismiss the lawsuit. The lawsuit was dismissed on October 31, 2014.

Employee versus Contractor Classification

The Company compensates various individuals as consultants. Annually, these consultants are issued 1099s for amounts paid to them. In addition, these consultants do not have arrangements in which specify compensation is payable to them. The Company risks potential tax and legal actions if these consultants are deemed to be employees by governmental agencies.

NOTE 9 – STOCKHOLDERS' DEFICIT

Series A Preferred Stock

The Company is authorized to issue 100,000 shares of $0.001 par value Series A preferred stock ("Series A"). There were fourteen (14) shares of Series A preferred stock outstanding as of June 30, 2015. The holders of Series A preferred stock are entitled to one vote per share on an "as converted" basis on all matters submitted to a vote of stockholders and are not entitled to cumulate their votes in the election of directors. The holders of Series A preferred stock are entitled to any dividends that may be declared by the Board of Directors out of funds legally available, therefore on a pro rata basis according to their holdings of shares of Series A preferred stock, on an as converted basis. In the event of liquidation or dissolution of the Company, holders of Series A preferred stock are entitled to share ratably in all assets remaining after payment of liabilities and have no liquidation preferences. Holders of Series A preferred stock have a right to convert each share of Series A in 780 shares common stock.

Common Stock

The Company is authorized to issue 1,000,000,000 shares of $0.001 par value common stock. There were 64,016,538 shares of common stock outstanding as of June 30, 2015. The holders of common stock are entitled to one vote per share on all matters submitted to a vote of stockholders and are not entitled to cumulate their votes in the election of directors. The holders of common stock are entitled to any dividends that may be declared by the Board of Directors out of funds legally available, therefore subject to the prior rights of holders of any outstanding shares of preferred stock and any contractual restrictions against the payment of dividends on common stock. In the event of liquidation or dissolution of the Company, holders of common stock are entitled to share ratably in all assets remaining after payment of liabilities and the liquidation preferences of any outstanding shares of preferred stock. Holders of common stock have no preemptive or other subscription rights and no right to convert their common stock into any other securities.

In connection with the AppTech merger, the existing AppTech shareholders retained 492,385 shares of common stock. At the time of the merger, the Company issued an additional 5,000,000 shares of common stock to AppTech's former officer and a party related to another former officer of AppTech. The Company determined that the fair market value of the common stock of $2,500,000. The fair market value of the common stock was based upon the closing stock price of the Company's common stock on the date of the agreement.

During the six months ended June 30, 2015, the Company issued 535,000 shares of common stock to four consultants in connection with investor relations and business development services. The Company valued the common stock issuances at $45,400 based upon the closing market price of the Company's common stock on the date in which the performance was complete. The amounts were charged to general and administrative expenses on the accompanying consolidated statements of operations.

During the six months ended June 30, 2015, the Company issued 50,000 shares of common stock to the landlord of the office space lease agreement in lieu of rent payments. The Company valued the common stock issuance at $4,000 based on the closing market price of the Company's common stock on the date for which the rent was due. The amounts were charged to general and administrative expenses on the accompanying Consolidated Statements of Operations.

During the six months ended June 30, 2015, the Company issued 20,000 shares of stock under a subscription agreement. The Company reserves the right to buy back 10,000 shares. The Company will amortize the repurchase amount of $10,000 over the one year term of the right. The Company amortized to interest expense $1,739. The Company expects to amortize the remaining stock repurchase liability of $8,261 to interest expense during the years ended December 31, 2015 and 2016. (See Note 7 for common stock issued in connection with the acquisition of marketable securities).

Stock Options

On May 16, 2008, the Company issued an option to purchase 250,000 shares of common stock at $0.01 per share. The option was issued in connection with a convertible note payable, vested upon issuance and had an initial term of 10 years. On April 1, 2014, the holder of the option was issued 250,000 shares of common stock in satisfaction of the option. (See Note 6 for additional information).

On February 10, 2007, the Company issued an option to purchase 250,000 shares of common stock at $0.25 per share. The option was issued in connection with a note agreement, vested six months after issuance and had an initial term of two years. On December 1, 2009, the options exercise price was modified to $0.15 per share and an original life of 10 years.

Reverse Stock Split

Pursuant to the terms and provisions of the Merger Agreement, the Board of Directors authorized and approved a reverse stock split of one for twenty thousand (1:20,000) of the Issuer's total issued and outstanding shares of common stock (the "Stock Split"). The Board of Directors considered further factors regarding approval of the Stock Split including, but not limited to: (i) current trading price of the Issuer's shares of common stock on the OTC Market Pink Sheets and potential to increase the marketability and liquidity of the Issuer's common stock; (ii) possible reluctance of brokerage firms and institutional investors to recommend lower-priced stocks to their clients or to hold in their own portfolios; (iii) desire to meet future requirements of per-share price and net tangible assets and shareholders' equity relating to admission for trading on other markets; and (iv) posturing the Issuer and its structure in favorable position in order to effectively negotiate with potential business partners or financings. The shareholders holding a majority of the total issued and outstanding common stock of the Corporation approved the Stock Split.

The Stock Split was effectuated on May 3, 2013 upon filing the appropriate documentation with FINRA. All share and per share amounts have been reflected throughout this document.

NOTE 10 – INCOME TAXES

Deferred taxes are provided on a liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss and tax credit carry-forwards and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. 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 of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

At June 30, 2015, the Company had net operating loss carryforwards of approximately $3,779,000 that may be offset against future taxable income from the years 2015 to 2020. The net tax benefit of approximately $183,000 has not been reported as of June 30, 2015 on the consolidated financial statements since the potential tax benefit is offset by a 100% valuation allowance of the same amount. During the six months ended June 30, 2015, the valuation allowance increased by approximately $183,000. The difference between the Company's tax rate and the statutory rate is due to significant non-deductible expenses.

Due to the change in ownership provisions of the Tax Reform Act of 1986, net operating loss carryforwards for Federal Income tax reporting purposes are subject to annual limitations. Should a change in ownership occur, net operating loss

carryforwards may be limited as to use in future years.

The Company is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Company believes they are no longer subject to income tax examinations for years prior to 2010. However, the Company hasn't filed their 2013 and 2014 federal and state tax returns.

NOTE 11 – SUBSEQUENT EVENTS

On June 11, 2015, AppTech entered into a memorandum of understanding to purchase the assets of Globaltel Media, Inc., a Delaware Corporation, including but not limited to all intellectual property, USPTO issued patents, software, databases, documentation, copyrights, trademarks, registrations, and all current development work in process of USPTO application approval; more specifically but not limited to USPTO 8,073,895 & 8,572,166 "System and Method for Delivering Web Content to a Mobile Device", USPTO 8,315,184 "Computer to Mobile Two-Way Chat System and Method", and USPTO 8,369,828 "Mobile-to-Mobile Payment System and Method". Globaltel's technology focuses on SMS text-based applications used in social media and mobile payment. Terms of the asset purchase remain confidential until the definitive agreement is fully executed.

On June 25th, 2015, AppTech entered into a memorandum of understanding to acquire FlowPay Corporation, a Colorado corporation. FlowPay developed a patent-pending mobile based application known as the Giving Management Payment System that is primarily utilized by nonprofit organizations to securely manage and develop donations. Terms of the acquisition remain confidential until the definitive agreement is fully executed.

On July 6, 2015, AppTech held a Special Meeting of Stockholders to obtain shareholder consent to ratify the Board of Directors approval of the asset purchase of Globaltel Media, Inc. and acquisition of FlowPay Corporation. Both agreements were approved by the majority of stockholders.