RECRUITS, INC

FINANCIAL AUDIT 2014

CORNELL, BEALL & LEIGH, LLC

September 19, 2015

CORNELL BEALL & LEIGH, PC
CERTIFIED PUBLIC ACCOUNTANTS

1400 Market Place Blvd. Suite 196, Cumming, Georgia 30041 * Office: 404.692.5266 * Fax: 404.692.4331

AUDITOR'S REPORT

To: The Executive Committee of Recruit, Inc.

We have audited the accompanying Statements of Financial Position of Recruits, Inc. as of September 18, 2015 for the period ending December 31, 2014, along with the accounting records for the periods then ended.

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

In our opinion, such financial statements, as shown present fairly, in all material respects, the financial position of Recruits, Inc. as of December 31, 2014, in conformity with accounting principles generally accepted the United States of America.

John Beall

Cornell, Beall & Leigh, LLC
John Beall, CPA
September 19, 2015

RECRUITS, INC

STATEMENT OF INCOME AND EXPENSES

January 1 - December 31, 2013 and 2014

	2014	2013
INCOME		
Sales	**$ -**	**$ 144,215**
Sales - Merchant Transactions	48,392	106,798
Refunds and Allowances	-	(34,486)
Total Sales	48,392	216,527
COST OF SALES		
Cost of Sales	-	43,698
Total Cost of Sales	-	43,698
GROSS PROFIT	48,392	172,829
OPERATIONAL EXPENSES		
Advertising and Marketing	426	976
Bad Debts	-	-
Bank Charges	979	1,168
Computer and Internet	878	3,048
Contracted Labor	233	20,021
Deed Transfers	25	-
Dues & Subscriptions	167	-
Insurance	-	2,054
Job Materials	21	-
Legal and Professional Fees	21,312	1,767
Meals and Entertainment	1,430	3,713
Office Expenses	350	2,684
Other General and Admin Expenses	22	11,003
Rent or Lease	6,250	25,095
Repairs and Maintenance	-	214
Salaries and Management Fees	33,268	56,767
Shipping and Postage	385	1,377
Supplies	-	4,137
Taxes and License	-	1,540
Taxes-Salaries	-	-
Travel	351	9,688
Utilities	485	1,175
Total Operational Expenses	66,582	146,427
EBITDA	(18,190)	26,402
Other Income and Expenses		
Depreciation	(1,758)	(834)
Total Other Income and Expenses	(1,758)	(834)
NET INCOME BEFORE INCOME TAX PROVISION	**$ (19,948)**	**$ 25,568**
Income Tax Provision	3,330	6,392
NET INCOME AFTER INCOME TAX PROVISION	**$ (23,278)**	**$ 19,176**



RECRUITS, INC

STATEMENT OF FINANCIAL POSITION

As of December 31, 2013 and 2014

	2014	2013
ASSETS		
Current Assets		
Recruits, Inc Checking	$ 76	$ 12,919
Total Bank Accounts	**76**	**$ 12,919**
Other current assets		
Deferred Tax Assets	19	$ 5,119
Total Other current assets	**19**	**$ 5,119**
Total Current Assets	**95**	**$ 18,038**
Fixed Assets		
Computer and Software	2,625	2,625
Depreciation	(2,217)	(1,745)
Total Computer and Software	**408**	**880**
Furniture & Fixtures	2,256	2,256
Depreciation	(1,692)	(1,241)
Total Furniture & Fixtures	**563**	**1,014**
Total Fixed Assets	**971**	**1,895**
TOTAL ASSETS	**$ 1,066**	**$ 19,932**
LIABILITIES AND EQUITY		
Liabilities		
Current Liabilities		
Credit Cards	$ 1,323	$ 1,895
Total Currentl Liabilities	1,323	$ 1,895
Long-Term Liabilities		
Income Tax Payable	3,349	$ 22,391
Total Long-Term Liabilities	**3,349**	**$ 22,391**
Total Liabilities	**4,672**	**$ 24,286**
Equity		
Capital Surplus / (Deficiency)	13,911	$ (58,179)
Opening Balance Equity	-	$ 2,010
Retained Earnings	5,761	$ 32,640
Net Income	(23,278)	$ 19,176
Total Equity	**(3,606)**	**$ (4,353)**
TOTAL LIABILITIES AND EQUITY	**$ 1,066**	**$ 19,932**



RECRUITS, INC

STATEMENT OF CASH FLOWS

As of December 31, 2013 and 2014

	2014	2013
OPERATING ACTIVITIES		
Net Income	**$ (23,278)**	**$ 19,176**
Adjustments to reconcile Net Income to Net Cash provided by operations:		
Deferred Tax Assets	(5,100)	(252)
Computer and Software:Depreciation	472	875
Furniture & Fixtures:Depreciation	451	451
Business Credit Cards	(572)	1,895
Net cash provided by operating activities	(28,027)	22,145
INVESTING ACTIVITIES		
Computer and Software	-	(1,223)
Furniture & Fixtures	-	-
Net cash provided by investing activities	-	(1,223)
FINANCING ACTIVITIES		
Income Tax Payable	(19,042)	6,644
Capital Surplus / (Deficiency)	72,090	(20,424)
Retained Earnings Adjustments	(35,855)	-
Opening Balance Equity	(2,010)	-
Net cash provided by financing activities	15,184	(13,780)
Net cash increase for Period	(12,843)	7,142
Cash at Beginning of Period	12,919	5,777
Cash at End of Period	**$ 76**	**$ 12,919**



RECRUITS, INC.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDING DECEMBER 31, 2013 and 2014

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

RECRUITS, INC. is incorporated as of May 2, 2000 under the laws of the State of Colorado with an assigned entity identification number of 20001088472 and an EIN of 27-4029656. As of December 31, 2014 the company remains in good standing with the State of Colorado. Its address of record is 1321 College Ave., Suite 53, Boulder, Colorado 80302.

Shareholder equity: Is comprised of 1,000,000 shares of No-Par Value Common Stock. As of December 31, 2014, all Common Stock is issued and outstanding by the company. The outstanding shares of Common Stock are distributed to Recruits, Inc.'s principal shareholder, Kristopher Chavez.

A current Capital Surplus of $13,911 exists invested capital and profit sharing. The Capital Surplus is funded through Retained Earnings.

Cash and cash equivalent: Include cash and exclude highly liquid investments with original maturities of three months or less. The balance sheet reflects cash at banks and is stated at realizable value.

Accounts Receivables: Upon initial recognition, these receivables are recognized at stated value, unless there is evidence to the contrary, is the transaction price. As a general rule trade receivables are not discounted. Currently, Recruits, Inc. holds no outstanding receivables.

Federal income taxes: Recruits, Inc. files its federal income tax return as a C-corporation based on the Internal Revenue Code under rules for filing and is subject to federal income tax on net earnings after expenses, interest expense, and amortizations and depreciations. Recruits, Inc.'s has an estimated Federal Income Tax Liability of $3,349 based on recognition of a Deferred Tax Asset of $19. An Income Tax Provision for periods ending December 31, 2014.

Revenue recognition: All sales are recognized on an accrual basis on the trade date, i.e. the date that the Company has received notification that payments made on claims has been approved. Amounts are recorded at invoiced amounts and all revenue is contingent upon successfully completing terms as defined in each contract.

BASIS OF PRESENTATION

a.) TRUE AND FAIR VIEW

The accompanying financial statements have been prepared from Recruits, Inc. accounting records in accordance with the accounting principles and standards contained in the Generally Accepted Accounting Principles of the United States in force at the date of these financial statements, to give a true and fair view of the Company's equity, financial position, results of operations and of the cash flows obtained and applied in 2013 and 2014.

The figures in these financial statements are expressed in U.S. dollars. The U.S. dollar is the Company's functional currency.

b.) COMMITMENTS

Recruits, Inc. currently has as of the date of this audit no commitments or long term leases.

c.) LIABILITIES

Recruits, Inc. as of December 31, 2014 has the following short-term obligations:

SHORT-TERM OBLIGATIONS
As of December 31, 2014

Accounts Payable		
American Express Credit Card	$	1,323
Total Recorded Current Liabilities	$	1,323

LONG-TERM OBLIGATIONS
As of December 31, 2014

Federal Income Tax Liability	$	3,349
Total Recorded Long-Term Liabilities	$	3,349

d.) DEFERRED TAX

Fundamental differences in the amount of income and expenses reported under GAAP and income tax accounting. The objective for GAAP reporting is to report the economic activities of the entity. The objective for income tax accounting is to comply with federal and state regulations.

Temporary differences arise as a result of differences between income and expenses and income tax payable, hence Deferred Taxes. A temporary difference is the difference between the book value of an asset or liability and the tax basis of the same asset or liability.

2014			
Combined	GAAP	TAX	DIFFERENCES
Sales	48,392.00	48,392.00	-
COS	-	-	-
SG&A	33,313.75	33,313.75	-
Depreciation	1,757.80	1,682.63	75.17
INCOME BEFORE INCOME TAX	13,320.45	13,395.62	75.17
Income Tax Rate	25%	25%	25%
Income Tax Provision		3,348.91	18.79
GAAP / Tax Difference	75.17		
Effective Tax Rate	25%		
Deferred Tax Liability / Asset	18.79		
Income Tax Payable	3,348.91		
Journal Entry:			
Deferred Tax Asset	18.79		
Income Tax Provision	3,330.11		
Income Tax Payable		3,348.91	

e.) DEPRECIATION

Depreciation is calculated on a Straight-Line basis per GAAP for accounting purposes. Under Section 179 depreciation is fully depreciated for each period.

COMPUTER AND SOFTWARE

	PURCHASED	TERM	2011	2012	2013	2014	BV
2011	1,207.97	3	402.66	402.66	402.66	-	-
2012	193.70	3		64.57	64.57	64.57	-
Jan-Jun 2013	196.47	3			65.49	65.49	65.49
Jul-Dec 2013	1,026.97	3			342.32	342.32	342.32
	2,625.11		402.66	467.22	875.04	472.38	407.81

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	PURCHASED	TERM	2011	2012	2013	2014	BV
2011	1,694.97	5	338.99	338.99	338.99	338.99	338.99
2012	560.82	5		112.16	112.16	112.16	224.33
Jan-Jun 2013	-	5			-	-	-
	2,255.79		338.99	451.16	451.16	451.16	563.32
	Total Depreciation		741.65	918.38	1,326.19	923.54	971.14