

Vemanti Group, Inc. and Subsidiary
Consolidated Financial Statements
For The Years Ended December 31, 2014 and 2013
And For the Six Months Ended June 30, 2015 and 2014

Contents

	<u>Page</u>
Financial Statements:	
Consolidated Balance Sheets as of June 30, 2015 and December 31, 2014 and 2013	2
Consolidated Statements of Operations for the years ended December 31, 2014 and 2013 and the six months ended June 30, 2015 and 2014	3
Consolidated Statements of Stockholders' Equity for the years ended December 31, 2014 and 2013 and six months ended June 30, 2015	4
Consolidated Statements of Cash Flows for the years ended December 31, 2014 and 2013 and the six months ended June 30, 2015 and 2014	5
Notes to Consolidated Financial Statements	6

Vemanti Group, Inc. and Subsidiary
Consolidated Balance Sheets

	<u>June 30,</u> <u>2015</u>	<u>December 31,</u> <u>2014</u>	<u>December 31,</u> <u>2013</u>
<u>ASSETS</u>			
Current Assets:			
Cash	\$ 77,720	\$ 65,233	\$ 18,524
Accounts receivable	4,589	7,215	26,110
Other current assets	<u>20,832</u>	<u>20,736</u>	<u>20,000</u>
Total current assets	103,141	93,184	64,634
Equipment, net	<u>1,561</u>	<u>2,413</u>	<u>4,117</u>
TOTAL ASSETS	\$ <u>104,702</u>	\$ <u>95,597</u>	\$ <u>68,751</u>
<u>LIABILITIES AND MEMBERS' INTEREST/STOCKHOLDERS' EQUITY</u>			
Current Liabilities:			
Accounts payable	\$ 2,586	\$ 1,466	\$ 35,241
Accrued expenses	13,065	7,717	3,450
Income tax payable	17,900	14,400	-
Advance from stockholder	500	500	-
Note payable, current, net of discount of \$3,770 and \$0	<u>44,422</u>	<u>38,951</u>	<u>-</u>
Total current liabilities	78,473	63,034	38,691
Note payable, net of current portion	<u>122,198</u>	<u>152,244</u>	<u>-</u>
TOTAL LIABILITIES	<u>200,671</u>	<u>215,278</u>	<u>38,691</u>
MEMBERS' INTEREST/STOCKHOLDERS' EQUITY:			
Members' interest	-	-	30,060
Preferred stock, \$0.0001 par value, 50,000,000 shares authorized, 40,000,000 and 40,000,000 shares issued and outstanding	4,000	4,000	-
Common stock, \$0.0001 par value, 500,000,000 shares authorized, 41,970,000 and 41,970,000 shares issued and outstanding	4,197	4,197	-
Additional paid-in capital	54,463	36,963	-
Accumulated deficit	<u>(158,629)</u>	<u>(164,841)</u>	<u>-</u>
Total members' interest/stockholders' equity	<u>(95,969)</u>	<u>(119,681)</u>	<u>30,060</u>
TOTAL LIABILITIES AND MEMBERS' INTEREST/STOCKHOLDERS' EQUITY	\$ <u>104,702</u>	\$ <u>95,597</u>	\$ <u>68,751</u>

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

Vemanti Group, Inc. and Subsidiary
Consolidated Statements of Operations

	Six Months Ended June 30,		Years Ended December 31,	
	2015	2014	2014	2013
Sales	\$ 304,238	\$ 377,071	\$ 736,900	\$ 936,261
Cost of services	91,003	160,147	304,892	464,401
Gross profit	<u>213,235</u>	<u>216,924</u>	<u>432,008</u>	<u>471,860</u>
Operating expenses:				
General and administrative expenses	197,141	79,348	280,888	180,556
Total operating expenses	<u>197,141</u>	<u>79,348</u>	<u>280,888</u>	<u>180,556</u>
Income from operations	<u>16,094</u>	<u>137,576</u>	<u>151,120</u>	<u>291,304</u>
Other income (expense)				
Interest expense	(6,831)	(5,143)	(11,399)	(827)
Other income	449	1,318	1,857	6,231
Total other income (expense)	<u>(6,382)</u>	<u>(3,825)</u>	<u>(9,542)</u>	<u>5,404</u>
Income (loss) before provision for income taxes	9,712	133,751	141,578	296,708
Provision for income taxes	3,500	12,000	14,400	-
Net income (loss)	<u>\$ 6,212</u>	<u>\$ 121,751</u>	<u>\$ 127,178</u>	<u>\$ 296,708</u>
Weighted average shares outstanding :				
Basic	<u>41,970,000</u>	<u>40,668,287</u>	<u>41,306,384</u>	<u>40,000,000</u>
Diluted	<u>41,970,000</u>	<u>40,668,287</u>	<u>41,306,384</u>	<u>40,000,000</u>
Earnings (loss) per share				
Basic	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.01</u>
Diluted	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.01</u>

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

Vemanti Group, Inc. and Subsidiary Consolidated Statement of Members' Interest/Stockholders' Equity								
	Members' Interest	Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity
		Shares	Amount	Shares	Amount			
Balance, December 31, 2012	\$ 75,352		\$ -		\$ -	\$ -	\$ -	\$ -
Distribution to members	(342,000)							
Net income	296,708							
Balance, December 31, 2013	30,060							
Distribution to members	(314,079)							
Contribution of Voicestep Telecom, LLC to Vemanti Group, Inc.	198,981	40,000,000	4,000	40,000,000	4,000		(206,981)	(198,981)
Common stock issued for cash				1,370,000	137	36,963		37,100
Common stock issued for services				600,000	60			60
Net income	85,038						42,140	42,140
Balance, December 31, 2014	-	40,000,000	4,000	41,970,000	4,197	36,963	(164,841)	(119,681)
Beneficial conversion feature associated with note payable						5,000		5,000
Stock-based compensation						12,500		12,500
Net loss							6,212	6,212
Balance, June 30, 2015	\$ -	40,000,000	4,000	41,970,000	4,197	54,463	(158,629)	(95,969)

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

Vemanti Group, Inc. and Subsidiary
Consolidated Statements of Cash Flows

	Six Months Ended June 30,		Years Ended December 31,	
	2015	2014	2014	2013
OPERATING ACTIVITIES:				
Net income (loss)	\$ 6,212	\$ 121,751	\$ 127,178	\$ 296,708
Adjustments to reconcile net income (loss) to net provided by operating activities:				
Depreciation	852	852	1,704	1,744
Stock-based compensation	12,500	60	60	-
Amortization of debt discount	1,230	-	-	-
Change in current assets and liabilities:				
Accounts receivable	2,626	4,686	18,895	4,087
Other current assets	(96)	-	(736)	15,000
Accounts payable	1,120	(32,279)	(33,775)	4,491
Accrued expenses	5,348	4,145	4,267	(11,256)
Income taxes payable	3,500	12,000	14,400	-
Net cash provided by operating activities	<u>33,292</u>	<u>111,215</u>	<u>131,993</u>	<u>310,774</u>
FINANCING ACTIVITIES:				
Proceeds from notes payable	-	230,000	230,000	-
Repayment of notes payable	(20,805)	(18,567)	(38,805)	-
Advance from stockholder	-	500	500	-
Proceeds from the sales of common stock	-	11,100	37,100	-
Distributions to members	-	(332,500)	(314,079)	(342,000)
Net cash used in financing activities	<u>(20,805)</u>	<u>(109,467)</u>	<u>(85,284)</u>	<u>(342,000)</u>
NET INCREASE (DECREASE) IN CASH	<u>12,487</u>	<u>1,748</u>	<u>46,709</u>	<u>(31,226)</u>
CASH, BEGINNING BALANCE	<u>65,233</u>	<u>18,524</u>	<u>18,524</u>	<u>49,750</u>
CASH, ENDING BALANCE	<u>\$ 77,720</u>	<u>\$ 20,272</u>	<u>\$ 65,233</u>	<u>\$ 18,524</u>
CASH PAID FOR:				
Interest	\$ 6,831	\$ 5,143	\$ 11,399	\$ 827
Income taxes	\$ -	\$ -	\$ -	\$ -

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

Vemanti Group, Inc. and Subsidiary
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2015 and 2014
And the Six Months Ended June 30, 2015 and 2014

Note 1 - Organization and Basis of Presentation

Organization and Line of Business

Vemanti Group, Inc., (“Vemanti”) was incorporated on April 3, 2014 under the laws of the state of Nevada. VoiceStep Telecom, LLC, a California limited liability company, was formed on January 27, 2005 and originally founded in 2002 (“VoiceStep”). On April 3, 2014, the sole member of VoiceStep exchanged 100% of his membership interest in VoiceStep for 40,000,000 shares of Vemanti’s common stock and 40,000,000 shares of Vemanti’s preferred stock. Vemanti and its wholly-owned subsidiary, VoiceStep are hereafter referred to as the “Company.”

The Company provides a one-stop resource for network communication needs. The Company’s network offers availability, coverage and flexibility, and enables the following technology solutions: unified communications, data center services, content delivery, voice over IP (VoIP) and cloud computing.

Basis of Presentation

The accompanying consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, VoiceStep. Prior to April 3, 2014 the financial statement only include the accounts of VoiceStep. The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America. All significant intercompany transactions and balances have been eliminated.

Note 2 – Summary of Significant Accounting Policies

Accounting Method

The Company’s financial statements are prepared using the accrual method of accounting. The Company has elected a fiscal year ending on December 31.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions 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. Significant estimates made by management include, among others, revenue recognition. Actual results could differ from those estimates. It is possible that accounting estimates and assumptions may be material to the Company due to the levels of subjectivity and judgment involved.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and cash in time deposits, certificates of deposit and all highly liquid debt instruments with original maturities of three months or less. As of June 30, 2014 and December 31, 2014 and 2013, the Company had no cash equivalents.

Accounts Receivable

The Company regularly reviews collectability and establishes an allowance for doubtful accounts as necessary using the allowance method. The receivables are not collateralized.

The Company estimates the ability to collect receivables by performing ongoing credit evaluations of its customers’ financial condition. Estimates are based on assumptions and other considerations, including payment history, credit ratings, customer financial performance, industry financial performance and aging analysis. The Company reviews its accounts receivable by aging category and to identify customers with known disputes or collection issues. In determining the allowance, the Company makes judgments about the creditworthiness of a majority of its customers

Vemanti Group, Inc. and Subsidiary
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2015 and 2014
And the Six Months Ended June 30, 2015 and 2014

based on ongoing credit evaluations. The Company also considers its historical level of credit losses and current economic trends that might impact the level of future credit losses. Accounts receivable are written-off when they are deemed uncollectible.

Equipment

Equipment is stated at cost. Expenditures for maintenance and repairs are charged to earnings as incurred; additions, renewals and betterments are capitalized. When equipment is retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the respective accounts, and any gain or loss is included in operations. Depreciation of equipment is provided using the straight-line method for substantially all assets with estimated lives as follows:

Software licenses	5 years
Computer equipment	5 years

Long-Lived Assets

The Company applies the provisions of ASC Topic 360, "Property, Plant, and Equipment," which addresses financial accounting and reporting for the impairment or disposal of long-lived assets. ASC 360 requires impairment losses to be recorded on long-lived assets used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amounts. In that event, a loss is recognized based on the amount by which the carrying amount exceeds the fair value of the long-lived assets. Loss on long-lived assets to be disposed of is determined in a similar manner, except that fair values are reduced for the cost of disposal. Based on its review at June 30, 2015 and December 31, 2014 and 2013, the Company believes there was no impairment of its long-lived assets.

Revenue Recognition

The Company recognizes revenues derived from sub-leasing telecommunications infrastructure and the provision of telecommunications and colocation services when the service has been provided and when there is persuasive evidence of an arrangement, the fee is fixed or determinable, and collection of the receivable is reasonably assured. Taxes collected from customers and remitted to a governmental authority are reported on a net basis and are excluded from revenue. Most revenue is billed in advance on a fixed-rate basis. The remainder of revenue is billed in arrears on a transactional basis determined by customer usage.

The Company often bills customers for upfront charges. These charges relate to down payments or prepayments for future services or equipment and are influenced by various business factors including how the Company and customer agree to structure the payment terms. These payments are recognized as deferred revenue until the service is provided or equipment is delivered and installed. All ongoing fees are billed and recognized as revenue on a monthly basis as service is provided.

Stock-Based Compensation

The Company records stock-based compensation in accordance with FASB ASC Topic 718, "*Compensation – Stock Compensation*." FASB ASC Topic 718 requires companies to measure compensation cost for stock-based employee compensation at FV at the grant date and recognize the expense over the employee's requisite service period. The Company recognizes in the statement of operations the grant-date FV of stock options and other equity-based compensation issued to employees and non-employees.

Income Taxes

The Company accounts for income taxes in accordance with ASC Topic 740, "Income Taxes." ASC 740 requires a company to use the asset and liability method of accounting for income taxes, whereby deferred tax assets are recognized for deductible temporary differences, and deferred tax liabilities are recognized for taxable temporary

Vemanti Group, Inc. and Subsidiary
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2015 and 2014
And the Six Months Ended June 30, 2015 and 2014

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.

Under ASC 740, a tax position is recognized as a benefit only if it is “more likely than not” that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the “more likely than not” test, no tax benefit is recorded. The adoption had no effect on the Company’s consolidated financial statements.

Prior to April 3, 2014 VoiceStep, a limited liability company, was treated as a partnership for federal and state income tax purposes with all income tax liabilities and/or benefits of VoiceStep being passed through to its member. As such, no recognition of federal or state income taxes for the Company has been provided for the year ended December 31, 2013 or from January 1, 2014 to April 3, 2014, in the accompanying financial statements. VoiceStep is still subject to California LLC fees and tax based on gross income. Those expenses are included in general and administrative expenses.

As a limited liability company, VoiceStep’s taxable income or loss is allocated to members in accordance with their respective percentage ownership. Therefore, no provision or liability for federal income taxes has been included in the financial statements. In the event of an examination of VoiceStep’s tax return, the tax liability of the members could be changed if an adjustment in VoiceStep’s income is ultimately sustained by the taxing authorities.

Basic and Diluted Earnings Per Share

Earnings per share is calculated in accordance with ASC Topic 260, “Earnings Per Share.” Basic earnings per share (“EPS”) is based on the weighted average number of common shares outstanding. Diluted EPS is based on the assumption that all dilutive convertible shares and stock warrants were converted or exercised. Dilution is computed by applying the treasury stock method. Under this method, options and warrants are assumed to be exercised at the beginning of the period (or at the time of issuance, if later), and as if funds obtained thereby were used to purchase common stock at the average market price during the period. There are no potentially dilutive securities outstanding during any periods presented. For purposes of the EPS, the exchange of 100% interest of VoiceStep for 40,000,000 shares of Vemanti common stock is assume to have occurred on January 1, 2013.

Risks and Uncertainties

The Company maintains its cash balances with two domestic financial institutions. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk. Beginning in 2013 insurance coverage reverted to \$250,000 per depositor at each financial institution for interest bearing deposits and noninterest bearing transaction accounts, from the previous unlimited insurance coverage for noninterest-bearing transaction accounts. The Company’s cash balances did not exceed federally insured limits for any period presented.

Interim Financial Statements

The interim financial information furnished herein reflects all adjustments, consisting only of normal recurring adjustments, which in the opinion of management, are necessary to fairly state the Company’s financial position, the results of its operations, and cash flows for the periods presented. The results of operations for the six months ended June 30, 2015 are not necessarily indicative of the results for the year ending December 31, 2015. The accompanying interim financial statements do not include all the disclosures normally presented in annual financial statements.

Note 3 – Other Current Assets

Other current assets at June 30, 2015 and December 31, 2014 and 2013 consisted of the following:

Vemanti Group, Inc. and Subsidiary
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2015 and 2014
And the Six Months Ended June 30, 2015 and 2014

	<u>June 30, 2015</u>	<u>December 31, 2014</u>	<u>December 31, 2013</u>
Deposits	\$ 20,000	\$ 20,000	\$ 20,000
Other	832	736	-
Total other current assets	<u>\$ 20,832</u>	<u>\$ 20,736</u>	<u>\$ 20,000</u>

Deposits are refundable deposits with vendors to establish credit.

Note 4 – Equipment

Equipment at June 30, 2015 and December 31, 2014 and 2013 consisted of the following:

	<u>June 30, 2015</u>	<u>December 31, 2014</u>	<u>December 31, 2013</u>
Software licenses	\$ 32,188	\$ 32,188	\$ 32,188
Computer equipment	13,323	13,323	13,323
	45,511	45,511	45,511
Less accumulated depreciation	<u>(43,950)</u>	<u>(43,098)</u>	<u>(41,394)</u>
Equipment, net	<u>\$ 1,561</u>	<u>\$ 2,413</u>	<u>\$ 4,117</u>

Depreciation expense for the years ended December 31, 2014 and 2013 was \$1,704 and \$1,744, respectively, and for the six months ended June 30, 2015 and 2014 was \$852 and \$852, respectively.

Note 5 – Notes Payable

Note payable at June 30, 2015 and December 31, 2014 consisted of the following:

	<u>June 30, 2015</u>	<u>December 31, 2014</u>
Note payable to bank; interest at 6.35% per annum; monthly principal and interest payments of \$4,398; due on January 28, 2019. This note is secured by virtually all the assets of the Company.	\$ 165,390	\$ 186,195
Note payable to an individual; non-interest bearing, but if not paid by due date interest accrues at 5% per month; due on April 1, 2016. This note can be converted into shares of common stock at the option of the holder at a rate of \$0.001 per shares any time after April 1, 2015 if the note remains unpaid.	5,000	5,000
Total	170,390	191,195
Debt discount	(3,770)	-
Total, net of discount	166,620	191,195
Less current portion	<u>(44,422)</u>	<u>(38,951)</u>
Note payable, long-term portion	<u>\$ 122,198</u>	<u>\$ 152,244</u>

Vemanti Group, Inc. and Subsidiary
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2015 and 2014
And the Six Months Ended June 30, 2015 and 2014

As of April 1, 2015, the above note payable for \$5,000 was not repaid, therefore, the note became convertible into shares of the Company's common stock at \$0.001 per shares at the option of the note holder. The Company determined that the note contained a beneficial conversion feature which is limited to the face amount of the note payable. This beneficial conversion feature has been recorded in the financial statements to additional paid-in capital and as a discount to the note payable. The debt discount is being amortized over the remaining term of the note. The Company recognized interest expense of \$1,230 during the six months ended June 30, 2015 related to the amortization of the debt discount.

Aggregate future maturities of note payable at December 31, 2014 are as follows:

Years Ending December 31,		
2015	\$	38,951
2016		49,601
2017		47,558
2018		50,711
2019		4,374
	\$	<u>191,195</u>

Note 6 – Members' Interest/Stockholders' Equity

Members' Interest

VoiceStep is governed by the terms and conditions of the Limited Liability Company Agreement (the Agreement) dated May 3, 2005, as amended on January 27, 2014. VoiceStep shall continue until terminated in accordance with the terms of the Agreement or as provided by law, including events of dissolution. VoiceStep shall be dissolved only upon any of the following events: (i) the vote of Member(s) holding a majority to the dissolution and winding up of VoiceStep, (ii) the entry of a decree of judicial dissolution of VoiceStep and (iii) at any time there are no Member(s), subject to remedy within 90 days of occurrence of termination event by the last remaining Member in writing.

VoiceStep originally consisted of two Members each owning 50% of VoiceStep. On January 27, 2014, one of the members was bought out with the remaining member owning 100% of the membership interest in VoiceStep. On April 3, 2014, the remaining member exchanged his 100% interest in VoiceStep for 40,000,000 shares of Vemanti common stock.

VoiceStep made distributions to its members totaling \$314,079 and \$342,000 during the years ended December 31, 2014 and 2013, respectively.

Preferred stock

The Company has authorized the issuance of 50,000,000 shares of preferred stock, \$0.0001 par value. At June 30, 2015 and December 31, 2014, the Company had 40,000,000 and 40,000,000, respectively, shares of preferred stock issued and outstanding. (See Note 1)

Common stock

The Company has authorized the issuance of 500,000,000 shares of common stock, \$0.0001 par value. At June 30, 2015 and December 31, 2014, the Company had 41,970,000 and 41,970,000, respectively, shares of common stock issued and outstanding.

During the year ended December 31, 2014, the Company issued the following shares of common stock:

Vemanti Group, Inc. and Subsidiary
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2015 and 2014
And the Six Months Ended June 30, 2015 and 2014

- 40,000,000 shares in connection with the exchange for 100% of the membership interest in VoiceStep described in Note 1;
- 1,000,000 shares for cash proceeds of \$100;
- 600,000 shares for services rendered valued at \$60; and
- 370,000 shares for cash proceeds of \$37,000.

On March 25, 2015, the Company granted 500,000 shares of restricted stock under the Vemanti Group, Inc. 2015 Stock Incentive Plan to a consultant. The shares vest on March 25, 2016 and will be issued to the consultant on that date as long as the consultant still has a relationship with the Company. The value of the restricted stock awards was \$50,000 and is based on the fair value of the Company's common stock on the grant date. This amount is being amortized to compensation expense over the one year vesting period. As of June 30, 2015, the unamortized portion of the compensation expense was \$37,500 which will be amortized to expense through March 2016.

Stock options

On March 25, 2015, the Company's board of directors adopted the Vemanti Group, Inc. 2015 Stock Incentive Plan (the "Plan"). The Plan is designed to help attract and retain for the Company and its affiliates personnel of superior ability for positions of exceptional responsibility, to reward those personnel for their services and to motivate such individuals through added incentives to further contribute to the success of the Company and its affiliates. The Plan shall terminate upon the close of business on the day next preceding the tenth (10th) anniversary of the effective date and may be terminated on any earlier date. Award Agreements outstanding on such date shall continue to have force and effect in accordance with the provisions thereof. There are currently no awards outstanding under the Plan.

Note 7 – Income Taxes

A reconciliation of the differences between the effective and statutory income tax rates for year ended December 31, 2014 is as follows:

	2014	
	Amount	Percent
Federal statutory rates	\$ 48,137	34.0%
State income taxes	8,495	6.0%
Surtax exemption	(9,368)	-6.6%
Income attributed to LLC members	(33,165)	-23.4%
Permanent differences	301	0.2%
Effective rate	\$ 14,400	10.2%

At December 31, 2014 and 2013, there were no significant deferred tax assets.

The Company annually conducts an analysis of its tax positions and has concluded that it has no uncertain tax positions as of December 31, 2014. The 2012 to 2014 tax years are still subject to audit.

Note 8 – Commitments and Contingencies

Indemnities and Guarantees

Vemanti Group, Inc. and Subsidiary
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2015 and 2014
And the Six Months Ended June 30, 2015 and 2014

During the normal course of business, the Company has made certain indemnities and guarantees under which it may be required to make payments in relation to certain transactions. These indemnities include certain agreements with (i) the Company's officers, under which the Company may be required to indemnify such persons for liabilities arising out of their employment relationship, (ii) certain customers who enter into collocation agreements. The duration of these indemnities and guarantees varies and, in certain cases, is indefinite. The majority of these indemnities and guarantees do not provide for any limitation of the maximum potential future payments the Company could be obligated to make. Historically, the Company has not been obligated to make significant payments for these obligations and no liabilities have been recorded for these indemnities and guarantees in the accompanying balance sheet.

Legal

The Company may be involved from time to time in claims, lawsuits and disputes with third parties, actions involving allegations or discrimination or breach of contract actions incidental in the normal operations of the business. The Company is currently not involved in any such litigation or disputes which management believes could have a material adverse effect on its financial position or results of operations.

Note 9 – Subsequent Events

Pursuant to ASC 855-10, the Company has evaluated all events or transactions that occurred from June 30, 2015 2015. The Company did not have any material recognizable subsequent events during this period.