

AVATAR VENTURES CORP.

BALANCE SHEETS

JULY 31, 2015 AND 2014
(UNAUDITED)

	2015	2014
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 100	\$ 11,863
Prepaid Expenses	<u>-</u>	<u>8,000</u>
TOTAL CURRENT ASSETS	<u>\$ 100</u>	<u>\$ 19,863</u>
PROPERTY, PLANT AND EQUIPMENT		
Equipment	<u>\$ 422</u>	<u>\$ -</u>
TOTAL PROPERTY, PLANT AND EQUIPMENT	<u>\$ 422</u>	<u>\$ -</u>
TOTAL ASSETS	<u><u>\$ 522</u></u>	<u><u>\$ 19,863</u></u>
<u>LIABILITIES AND STOCKHOLDERS' DEFICIT</u>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	<u>\$ 36,695</u>	<u>\$ 28,131</u>
TOTAL CURRENT LIABILITIES	<u>\$ 36,695</u>	<u>\$ 28,131</u>
LONG TERM LIABILITIES		
Convertible Notes	<u>\$ 11,431</u>	<u>\$ 34,291</u>
TOTAL LONG TERM LIABILITIES	<u>\$ 11,431</u>	<u>\$ 34,291</u>
STOCKHOLDERS' DEFICIT		
Capital Stock		
75,000,000 shares authorized, \$.001 par value		
73,334,615 issued and outstanding July 31, 2015		
70,634,615 issued and outstanding July 31, 2014	\$ 73,335	\$ 70,635
Additional paid in capital	849,864	814,704
Accumulated deficit	<u>(970,803)</u>	<u>(927,898)</u>
TOTAL STOCKHOLDERS' DEFICIT	<u>\$ (47,604)</u>	<u>\$ (42,559)</u>
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	<u><u>\$ 522</u></u>	<u><u>\$ 19,863</u></u>

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

AVATAR VENTURES CORP.

STATEMENTS OF OPERATIONS

YEAR ENDED JULY 31, 2015 AND 2014
(UNAUDITED)

	2015	2014
REVENUE	\$ <u>-</u>	\$ <u>-</u>
OPERATING EXPENSES		
Professional Fees	\$ 31,129	\$ 3,000
Consulting Fees	32,659	6,190
Corporate Fees	2,255	1,495
Finders Fees	-	3,431
Rent	1,367	-
General and Administrative	827	2,062
Investor Relations	<u>299</u>	<u>750</u>
TOTAL OPERATING EXPENSES	\$ <u>68,536</u>	\$ <u>16,928</u>
OTHER INCOME	\$ <u>25,631</u>	\$ <u>-</u>
NET LOSS	\$ <u>(42,905)</u>	\$ <u>(16,928)</u>

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

AVATAR VENTURES CORP.

STATEMENTS OF CASH FLOWS

YEAR ENDED ENDED JULY 31, 2015 AND 2014
(UNAUDITED)

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (42,905)	\$ (16,928)
Adjustments to reconcile net loss to net cash used in operating activities		
Compensation paid in common stock	15,000	-
Changes in operating assets and liabilities		
(Increase)decrease in prepaid expenses	8,000	(8,000)
Increase(decrease) in accounts payable and accrued liabilities	<u>8,564</u>	<u>2,500</u>
NET CHANGE IN CASH USED IN OPERATING ACTIVITIES	<u>\$ (11,341)</u>	<u>\$ (22,428)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	<u>\$ (422)</u>	<u>\$ -</u>
NET CHANGE IN CASH FROM INVESTING ACTIVITIES	<u>\$ (422)</u>	<u>\$ -</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in convertible notes	<u>\$ -</u>	<u>\$ 34,291</u>
NET CHANGE IN CASH FROM FINANCING ACTIVITIES	<u>\$ -</u>	<u>\$ 34,291</u>
NET INCREASE (DECREASE) IN CASH	\$ (11,763)	\$ 11,863
CASH, BEGINNING	<u>\$ 11,863</u>	<u>\$ -</u>
CASH, ENDING	<u>\$ 100</u>	<u>\$ 11,863</u>

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

AVATAR VENTURES CORP.

STATEMENT OF STOCKHOLDERS' DEFICIT

JULY 31, 2015 AND 2014
(UNAUDITED)

		Common Stock		Additional		Accumulated	Total
		Number of Shares	Amount	Paid In Capital		Deficit	
BALANCE	August 1, 2013	70,634,615	\$ 70,635	\$ 814,704	\$	(910,970)	\$ (25,631)
Net loss for the year ended July 31, 2014						(16,928)	(16,928)
BALANCE	July 31, 2014	70,634,615	\$ 70,635	\$ 814,704	\$	(927,898)	\$ (42,559)
Conversion of convertible debt		1,200,000	\$ 1,200	\$ 21,660			22,860
Compensation issued in shares		1,500,000	\$ 1,500	\$ 13,500			15,000
Net Loss for the year ended July 31, 2015						(42,905)	(42,905)
BALANCE	July 31, 2015	<u>73,334,615</u>	<u>\$ 73,335</u>	<u>\$ 849,864</u>	<u>\$</u>	<u>(970,803)</u>	<u>\$ (47,604)</u>

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

AVATAR VENTURES CORP.

NOTES TO FINANCIALS STATEMENTS

JULY 31, 2015

(UNAUDITED)

NOTE 1 – NATURE OF OPERATIONS AND BASIS OF PRESENTATION

AVATAR VENTURES CORP. was incorporated in the State of Nevada as a for-profit Company on August 14, 2006 and established a fiscal year end of July 31. The Company was then organized to enter into the aftermarket electronic accessories business for motor vehicles. Currently the Company is exploring opportunities in the t-shirt/garment industry and entertainment business. The Company welcomes comments or questions from shareholders and the investment community regarding these financial statements and its business plans. Please visit our website at www.avatarvcorp.com to contact the Company.

Going concern

To date the Company has generated no revenues from its business operations and has incurred operating losses since inception of \$970,803. As at July 31, 2015, the Company had a working capital deficit of \$36,595. The Company will require additional funding to meet its ongoing obligations and to fund expected operating losses. The ability of the Company to continue as a going concern is dependent on raising capital to fund its initial business plan and ultimately to attain profitable operations. Accordingly, these factors raise substantial doubt as to the Company's ability to continue as a going concern. The Company intends to continue to fund its business through private placements and advances from related parties as may be required. These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or amounts and classification of liabilities that might result from this uncertainty.

NOTE 2 - MANAGEMENT CHANGE

On September 30, 2013, Voltaire Gomez resigned as President and a Director of the Company. On September 30, 2013 Zhen Chen resigned as Director and Chief Operating officer of the company. On September 30, 2013, Edward Minnema, was appointed President and sole Director of the Company.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements present the balance sheet, statements of operations, stockholders' equity (deficit) and cash flows of the Company. The financial statements are presented in United States dollars and have been prepared in accordance with accounting principles generally accepted in the United States.

Use of Estimates and Assumptions

Preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain 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 period. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Company considers highly liquid financial instruments purchased with a maturity of three months or less to be cash equivalents.

Loss per Common Share

The basic earnings (loss) per share is calculated by dividing the Company's net income (loss) available to common shareholders by the weighted average number of common shares during the year. The diluted earnings (loss) per share is calculated by dividing the Company's net income (loss) available to common shareholders by the diluted weighted average number of shares outstanding during the year. The diluted weighted average number of shares outstanding is the basic weighted number of shares adjusted for any potentially dilutive debt or equity. As of July 31, 2015 and 2014, the Company had common stock equivalents representing 600,000 shares and 1,800,000, respectively. Both the basic and diluted loss per share for the years ended July 31, 2015 and 2014 were less than \$.01.

Income Taxes

The Company follows the liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax balances and tax loss carry-forwards. Deferred tax assets and liabilities are measured using enacted or substantially enacted tax rates expected to apply to the taxable income in the years in which those 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 income in the period that includes the date of enactment or substantive enactment.

Recent Accounting Pronouncements

In June 2014, the FASB issued ASU 2014-10, "Development Stage Entities (Topic 915): Elimination of Certain Financial Reporting Requirements, Including an Amendment to Variable Interest Entities Guidance in Topic 810, Consolidation". The guidance eliminates the definition of a development stage entity thereby removing the incremental financial reporting requirements from U.S. GAAP for development stage entities, primarily presentation of inception to date financial information. The provisions of the amendments are effective for annual reporting periods beginning after December 15, 2014, and the interim periods therein. However, early adoption is permitted. Accordingly, the Company has adopted this standard as of July 31, 2014.

The Company does not expect the adoption of any other recent accounting pronouncements to have a material impact on its financial statements.

NOTE 4 – RELATED PARTY TRANSACTIONS

From October 2013 through December 2014, Edward Minnema, President, CEO and Director received \$500 per month in consulting fees.

On January 2, 2015 the Board of Directors agreed to pay Mr. Minnema \$2,000 per month in consulting fees. In addition, the Board of Directors agreed that Mr. Minnema will receive 5,000,000 common shares

upon his willful resignation from the Company. Further, the Board of Directors agreed that Mr. Minnema will receive 30,000,000 common shares or its equivalent in cash upon his separation from the Company for any other reason except for cause.

On February 28, 2015 Mr. Minnema was compensated 1,500,000 shares at \$.01 per share, for services rendered for calendar year 2014.

NOTE 5 – INCOME TAXES

The provision for income taxes at the United States federal statutory rate compared to the Company's income tax expense as reported at July 31, 2015 and 2014 is as follows:

	<u>2015</u>	<u>2014</u>
Net Loss before income taxes per financial statements	\$ (42,905)	\$ (16,928)
Income tax rate	<u>34%</u>	<u>34%</u>
Provision for income taxes at federal rate	\$ (14,588)	\$ (5,755)
Valuation allowance	<u>14,588</u>	<u>5,755</u>
Provision for income taxes, as reported	<u>\$ -</u>	<u>\$ -</u>

The significant components of the deferred income tax asset at July 31, 2015 and 2014 are as follows:

	<u>2015</u>	<u>2014</u>
Deferred Income tax asset	\$ 330,073	\$ 315,485
Valuation Allowance	<u>(330,073)</u>	<u>(315,485)</u>
Deferred Income tax asset, as reported	<u>\$ -</u>	<u>\$ -</u>

No provision for income taxes has been reported in these financial statements due to the net loss for the years ended July 31, 2015 and 2014. The Company has recognized a valuation allowance for the deferred income tax asset since the Company cannot be assured that it is more likely than not that such benefit will be utilized in future years. The valuation allowance is reviewed annually.

The Company did not have any tax positions for which it is reasonably possible that the total amount of unrecognized tax benefits will significantly increase or decrease within the next 12 months. The Company includes interest and penalties arising from the underpayment of income taxes in the statements of operations in the provision for income taxes. As of July 31, 2015 and 2014, the Company had no accrued interest or penalties related to uncertain tax positions. The tax years that remain subject to examination by major taxing jurisdictions are for the years ended July 31, 2010 through July 31, 2015.

NOTE 6 - CONVERTIBLE PROMISSORY NOTES

On November 26, 2013 the Company issued three convertible promissory notes totaling \$34,291. The Holders had the right, from and after the issuance of the Notes and then at any time at the Holders' option, to convert, in whole or in part, the then outstanding balance of the principal amount of the Note.

The conversion price was amended to \$0.01905 per share (1,800,000 shares). In addition, the convertible promissory notes included a twelve month warrant (1,200,000 shares) at a conversion price of \$0.15 per share. Mr. Minnema, President, was a participant.

On December 11, 2014, two convertible promissory notes were converted into 1,200,000 shares of the Company's common stock at a price of \$0.01905 per share. Mr. Minnema, President, did not convert his promissory note. The twelve month warrants to purchase 1,200,000 shares of the Company's common stock at a price of \$.15 per share issued with the convertible promissory notes expired.

NOTE 7 – SUBSEQUENT EVENTS

Operations

On Sept 1, 2015, the Company entered into an agreement with AutoArt Color Solutions of Oakville Ontario. Under the terms of the agreement, the Company will pay \$10,000 to AutoArt prior to March 1, 2016 for the right to use AutoArt's print shirt products. The agreement also grants the Company the right to resell and distribute the products initially in the country of Jamaica. The agreement contains no provision for the Company to issue any of its common shares to AutoArt.

On September 16, 2015, the Company entered into a Memorandum of Understanding with rap/hip-hop artist The Brown Marlo for a ninety-day period with the intent of negotiating an agreement to assist in furthering his career.

Corporate Governance

On November 2, 2015, Mr. Michael Morrison was appointed a Director of the Company.

Compensation and Consulting Fees

On August 5, 2015, the Company engaged Mr. William Wilson as a consultant. Mr. Wilson will be issued 1,500,000 common shares valued at \$0.01 per share in lieu of cash for his services for a one-year period. On November 2, 2015, the Company issued the 1,500,000 shares to Mr. Wilson and will record consulting fees in the amount of \$15,000 during the fiscal year ending July 31, 2016.

Capital Stock

On November 2, 2015, the Company issued 384,615 of its common shares, previously recorded in the financial statements, as a result of a private placement of \$500,000 received by the Company in 2011. Previous management had failed to issue the shares.

NOTE 8 – OTHER INCOME

Other income represents liabilities from periods prior to November 1, 2013 that the Company has determined will not be payable.

CERTIFICATION

I, Edward Minnema, certify that:

1. I have reviewed these financial statements and the accompanying notes of Avatar Ventures Corp. for the fiscal year ended July 31, 2015;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;

Date: December 4, 2015

/s/ Edward Minnema

Edward Minnema

CEO and Director

Principal Executive Officer

Principal Financial Officer