INNOVATIVE HOLDINGS ALLIANCE, INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

For the Nine Months Ended February 29, 2016

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R. J. GOLD & COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

ACCOUNTANTS' COMPILATION REPORT

To the Board of Directors
Innovative Holdings Alliance, Inc.
Alpharetta, Georgia

We have compiled the accompanying consolidated balance sheet of Innovative Holdings Alliance, Inc. (a corporation) as of February 29, 2106 and the related consolidated statements of operations, stockholders' equity and cash flows for the nine months then ended. We have not audited or reviewed the accompanying consolidated financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the consolidated financial statements.

We are not independent with respect to Innovative Holdings Alliance, Inc.

R. J. Gold & Company, P.C.

May 6, 2016
Burlington, MA

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INNOVATIVE HOLDINGS ALLIANCE, INC AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET

February 29, 2016
(Unaudited)

ASSETS

CURRENT ASSETS		
Cash	$	490
Advanced expenses - shareholder		48,824
TOTAL CURRENT ASSETS		49,314
OTHER ASSETS		
Investment		5,000
TOTAL OTHER ASSETS		5,000
TOTAL ASSETS	$	54,314

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES		
Accrued payroll	$	228,000
Other accrued expenses		18,661
Stock deposits		2,000
TOTAL CURRENT LIABILITIES/TOTAL LIABILITIES		248,661
STOCKHOLDERS' EQUITY		
Series A Preferred shares, $.001 par value, 500,000 shares authorized; 500 shares issued and outstanding at February 29, 2016		1
Series B Convertible shares, $.001 par value, 500,000 shares authorized; 0 shares issued and outstanding at February 29, 2016		-
Common shares, $.001 par value, 500,000,000 shares authorized, 17,155,429 shares issued and outstanding at February 29, 2016		157,245
Additional paid in capital		848,135
Accumulated deficit		(1,199,728)
TOTAL STOCKHOLDERS' EQUITY		(194,347)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$	54,314

See Accompanying Notes and Accountants' Compilation Report

INNOVATIVE HOLDINGS ALLIANCE, INC AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF OPERATIONS

For the Nine Months Ended February 29, 2016
(Unaudited)

REVENUE		
Fees for services	$	8,500
OPERATING EXPENSES		52,966
TOTAL OPERATING EXPENSES		52,966
INCOME (LOSS) FROM OPERATIONS		(44,466)
OTHER INCOME		
Forgiveness of debt		12,174
TOTAL OTHER INCOME		12,174
INCOME (LOSS) BEFORE PROVISION FOR INCOME TAXES		(32,292)
PROVISION FOR INCOME TAXES		-
NET INCOME (LOSS)	$	(32,292)
ALLOCATION OF NET INCOME (LOSS) TO SHAREHOLDERS:		
Preferred shareholders based on cumulative dividend	$	-
Common shareholders		(32,292)
	$	(32,292)
NET INCOME (LOSS) PER COMMON SHARE:		
Basic	$	(0.01)
Diluted	$	(0.01)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES:		
Basic	$	16,079,703
Diluted	$	16,079,703

See Accompanying Notes and Accountants' Compilation Report

INNOVATIVE HOLDINGS ALLIANCE, INC AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY (DEFICIT)

For the Nine Months Ended February 29, 2016

	Series A Preferred Shares $.001 Par Value		Series B Preferred Shares $.001 Par Value		Common Shares $.001 Par Value		Additional Paid In	Accumulated	Total Stockholders'
	Shares	Amount	Shares	Amount	Shares	Amount	Capital	Deficit	Deficit
BALANCES, May 31, 2015	500	$ 1	-	$ -	13,916,429	$ 40,519	$ 848,135	$ (1,167,436)	$ (278,781)
Shares issued	-	-	-	-	3,239,000	116,726	-	-	116,726
Net income (loss)	-	-	-	-	-	-	-	(32,292)	(32,292)
BALANCES, February 29, 2016	500	1	-	-	17,155,429	157,245	848,135	(1,199,728)	(194,347)

See Accompanying Notes and Accountants' Compilation Report

INNOVATIVE HOLDINGS ALLIANCE, INC AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS

For the Nine Months Ended February 29, 2016
(Unaudited)

Cash flows from operating activities:		
Net income (loss) attributable to common shareholders	$	(32,292)
Adjustments to reconcile net income (loss) to net cash flows used in operating activities		
Decrease in prepaid expenses		597
Increase in accrued payroll		36,000
Increase in other accrued expenses		2,754
Decrease in stock deposits		(2,000)
Net cash used for operating activities		5,059
Cash flows from financing activities:		
Proceeds from stock issuance		30,100
Increase in advanced expenses to stockholders		(23,611)
Forgiveness of debt and interest		(12,174)
Net cash from financing activities		(5,685)
Net decrease in cash		(626)
Cash at beginning of period		1,116
Cash at end of period	$	490
Debt surrendered for stock	$	86,626
Cash paid for interest	$	-
Cash paid for income taxes	$	-

See Accompanying Notes and Accountants' Compilation Report

INNOVATIVE HOLDINGS ALLIANCE INC. AND SUBSIDIARIES
NOTES TO UNAUDITED FINANCIAL STATEMENTS
(Unaudited)

February 29, 2016

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Innovative Holdings Alliance, Inc. ("IHAI") was organized on February 24, 2011 under the laws of the State of Delaware. The Company has instituted a plan to participate in and acquire interests that are leading edge in their respective market niches and have expectations of enhancing shareholder value.

Basis of Presentation

The accompanying financial statements are prepared in accordance with accounting principles generally accepted in the United States of America. These financial statements represent the Company's financial position at February 29, 2016 and results of operations for the nine months then ended.

Principles of Consolidation

The accompanying consolidated financial statements for the nine months ended February 29, 2016 include the accounts of Innovative Holdings Alliance, Inc. and its wholly-owned and majority owned subsidiaries. All significant intercompany balances and transactions have been eliminated in the accompanying consolidated financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount 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 reported period. Estimates include the valuation on deferred tax assets and valuation of stock issued for services. Actual results could differ from those estimates.

Cash and Cash Equivalents

IHAI considers all highly liquid cash investments to with an original maturity of twelve months or less to be cash equivalents. At February 29, 2016, the Company had no cash equivalents. Cash shown on the balance sheet consists of deposits held in a major financial institution. All cash accounts were within the insured limits at all times during the nine months ended February 29, 2016.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

The Company accounts for income taxes under the liability method as prescribed by Professional Standards. Under this method, deferred tax liabilities and assets are determined based on the difference between the financial statement and tax bases of assets and liabilities using enacted rates expected to be in effect during the three months in which the basis difference reverses. The reliability of deferred tax assets are evaluated annually and a valuation allowance is provided if it is more likely than not that the deferred tax assets will not give rise to future benefits in the Company's tax returns.

The Company has assessed the likelihood of utilization of the deferred tax assets in light of recent losses. As a result of this assessment, an existing deferred tax asset of $510 has been totally reserved. At February 29, 2016, the Company had a net operating loss carryforward for income tax purposes of approximately $1,500 expiring in 2032. There was no tax liability for the year ended May 31, 2015.

Accounting for Uncertain Tax Positions

The Company follows Professional Standards in applying Accounting for Uncertainty in Income Taxes. IHAI accounts for the effect of any uncertain tax positions in the financial statements based on a “more likely than not” basis, such that current or deferred tax assets or liabilities are immediately recognized when the related uncertain tax position is taken or expected to be taken. Any changes in uncertain tax positions are recorded in the period the outcome becomes known.

Management has evaluated significant tax positions against the criteria established by professional standards and believes that there are no such positions requiring accounting recognition as of February 29, 2016. None of the company’s federal or state income tax returns are currently under examination by the Internal Revenue Service or state authorities. The company had no revenues for the year ended May 31, 2015 and did not file a tax return for that period.

Basic and Diluted Net Income (Loss) Per Share

Basic income (loss) per share is calculated pursuant to Professional Standards by dividing net income (loss) for the three months by the weighted average number of common shares outstanding. Diluted income per share is calculated by dividing net income (loss) for the three months by the outstanding weighted average number of common shares (“dilutive securities”), if any. Dilutive securities include outstanding stock options, warrants and convertible securities and are not included in computing weighted average number of common shares outstanding during the three months where there is a net loss since their effect would be anti-dilutive. At February 29, 2016, the Company had no outstanding convertible securities.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Advertising and Marketing Costs

The Company employs outside agencies for the purpose of marketing and promotion. Expenses for these purposes are expenses as incurred. Marketing expenses totaled $1,348 for the nine month period ended February 29, 2016.

NOTE 2 – INVESTMENT

During 2015, the Company advanced funds totaling $5,000 as an initial investment in a joint venture with a strategic partner. The advance has been capitalized and is shown as an investment on the consolidated balance sheet. Revenues from the joint venture are recorded on the consolidated statement of operations for the period ended February 29, 2016.

NOTE 3 – ACCRUED SALARIES

IHAI has entered into employment agreements with certain executives of the corporation. Accrued salaries totaled $228,000 at February 29, 2016 and are reflected on the balance sheet as accrued payroll. No compensation was paid to any executive during fiscal year 2016.

NOTE 4 – STOCK DEPOSITS

Stock deposits represent advance and partial payments for shares of stock for which full payment has not yet been received and stock certificates have not yet been issued. At February 29, 2016, deposits totaling $2,000 are recorded as current liabilities, as payment of the remaining balance due and issuance of certificates is anticipated within the following twelve months.

NOTE 5 – NOTES PAYABLE

The maker of a note payable by the Corporation forgave the note in September 2015. Principal in the amount of $10,000 and accrued interest totaling $2,174 were forgiven. This total amount of $12,174 is reflected as income on the consolidated statement of operations.

In September 2015, HealthMed, Inc. (an unrelated party) accepted 1,664,000 shares of common stock in exchange for notes payable totaling $82,000 and accrued interest due in the amount of $4,626. The transaction was mutually approved by HealthMed's management and IHAI's Board of Directors. The transaction provides HealthMed, Inc. with an increased equity position in the Company. See note 6.

NOTE 6 – STOCKHOLDERS' DEFICIT

Preferred Shares

The authorized preferred stock of the Company consists of 20,000,000 shares, $.001 par value. The preferred stock may be issued in separate series from time to time as the Board of Directors of the Company may determine by resolution, unless the nature of a particular transaction and applicable statutes require shareholder approval. The rights, preferences and limitations of each series of preferred stock may differ, including without limitation, the rate of dividends, method and nature of payment of dividends, terms of redemption, amounts payable on liquidation, sinking fund provisions (if any) conversion rights (if any) and voting rights.

Series A Preferred Stock

In connection with an amendment to the articles of incorporation of the Company, the Company authorized 500,000 shares of $.001 par value Series A Preferred Stock ("Series A Stock"). The Series A Stock are entitled to no dividends and the Company has no redemptive right. The holders of the Series A Stock have the right to vote on any matter and the holders of the shares shall have the number of votes equal to that number of common shares which is not less than 60% of the vote required to approve any action. At February 29, 2016, the Company had 500 shares of Series A Stock issued and outstanding.

Series B Preferred Stock

In connection with an amendment to the articles of incorporation of the Company, the Company authorized 500,000 shares of $.001 par value Series B Preferred Convertible Stock ("Series B Stock"). At the option of the holder, the shares are convertible into 100 shares of common stock for each share of Series B Stock. The holders of such Series B Stock are entitled to receive cumulative cash dividends equal to 15% of the issue price per share, payable quarterly beginning September 30, 2011 and continuing until the Series B Stock is redeemed or converted. In the event that the dividends are not paid in any period, the dividends accumulate and must be paid prior to dividends on the common stock or any other class of stock junior to the Series B Stock, except for the Series A Stock. At February 29, 2016 the Company had no shares of Series B Stock issued and outstanding; therefore, no dividends have been accrued.

NOTE 6 – STOCKHOLDERS' DEFICIT (continued)

Common Shares

The Company is authorized to issue 500,000,000 shares of $.001 voting common stock.

On August 31, 2015, the Company issued 3,239,000 shares in exchange for cash received. In September 2015, HealthMed, Inc. exchanged notes payable and accrued interest in full satisfaction for 1,664,000 of the shares issued. See note 5.

At February 29, 2016, the Company has 17,155,429 shares of common stock issued and outstanding.

NOTE 7 – RELATED PARTIES

Advances due to Shareholders

Certain shareholders of IHAI have advanced, and have been advanced, funds to the Company and its subsidiaries to support ongoing operations. During the nine month period ended February 29, 2016, advances to shareholders increased by $23,611. This amount represents total advances to shareholders of $28,399 less repayments of $4,788. As of February 29, 2016, the total amount of expenses advanced to shareholders was $48,824. The advances are not subject to formal repayment terms.

Management has evaluated the collectability of the outstanding advances and believes that they are fully collectible. Therefore, no reserve or allowance has been recorded.

NOTE 8 – FUTURE MINIMUM LEASE PAYMENTS

Office and Facilities

The Company leases office space on a month to month basis. Therefore, no minimum obligation for lease payments is reflected in the financial statements. Rent expense paid totaled $881 for the period ended February 29, 2016.

NOTE 9 – SUBSEQUENT EVENTS

Date of Management Review

In preparing the financial statements, the Company has considered disclosure of events that have occurred after February 29, 2016 through the date the financial statements were issued on May 6, 2016.