# ENDEXX CORPORATION

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ANTON & CHIA CERTIFIED PUBLIC ACCOUNTANTS

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and Stockholders
Endexx Corporation

We have audited the accompanying consolidated balance sheets of Endexx Corporation and subsidiaries (the "Company") as of September 30, 2014 and September 30, 2013, and the related consolidated statements of operations, changes in stockholders' deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, 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, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Endexx Corporation and subsidiaries as of September 30, 2014 and September 30, 2013, and the results of their operations and their cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

The accompanying consolidated financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 2 to the consolidated financial statements, the Company has incurred recurring losses from operations resulting in negative working capital and a stockholders' deficit as of September 30, 2014, which raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Anton & Chia, LLP
Newport Beach, CA
May 12, 2016

# Endexx Corporation

## Consolidated Balance Sheets

| | September 30, 2014 | September 30, 2013 |
|---|---|---|
| **Assets** | | |
| Current assets | | |
| Cash | $ 9,341 | $ 743 |
| Accounts receivable, net | 26,000 | - |
| Total current assets | 35,341 | 743 |
| Property and equipment, net of accumulated depreciation of $2,634 and $743 as of September 30, 2014 and 2013, respectively (Note 3) | 8,069 | 6,205 |
| Prepaid expenses (Note 4) | 270,775 | 32,550 |
| Trading securities held for sale | 13,100 | - |
| Total assets | $ 327,285 | $ 39,498 |
| **Liabilities and Stockholders' Deficit** | | |
| Current liabilities | | |
| Accounts payable | $ 245,517 | $ 70,858 |
| Other current liabilities | 86,143 | 121,143 |
| Payroll and taxes payable (Notes 6) | 1,275,984 | 1,088,484 |
| Notes payable - current portion | 7,700 | 19,927 |
| Notes payable - related parties | 57,296 | 334,356 |
| Total current liabilities | 1,672,640 | 1,634,767 |
| Notes payable, net of current portion | - | 231,872 |
| Total liabilities | 1,672,640 | 1,866,639 |
| Commitments and contingencies | | |
| Stockholders' deficit (Note 9) | | |
| Preferred Stock $0.0001 Par Value, 10,000,000 shares authorized, 7,296,000 shares issued and outstanding, September 30, 2014 and 2013, respectively | 730 | 730 |
| Common Stock, $0.0001 Par Value, 1,000,000,000 shares authorized, 211,735,124 and 200,810,395 shares issued and outstanding, September 30, 2014 and 2013, respectively | 21,176 | 20,084 |
| Additional paid-in capital | 7,975,599 | 6,669,436 |
| Accumulated deficit | (9,342,861) | (8,517,391) |
| Total stockholders' deficit | (1,345,355) | (1,827,141) |
| Total liabilities and stockholders' deficit | $ 327,285 | $ 39,498 |

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

# Endexx Corporation

## Consolidated Statements of Operations

| | For the Years Ended | |
|---|---|---|
| | **September 30 2014** | **September 30 2013** |
| Revenues | $ 34,642 | $ - |
| Cost of revenues | 8,000 | - |
| Gross profit | 26,642 | - |
| | | |
| Depreciation | 1,890 | 684 |
| Advertising and promotion | 68,926 | 1,447 |
| Officer wages and taxes | 187,500 | 161,325 |
| Consulting fees - non related party | 408,891 | 13,662 |
| Travel, meals and entertainment | 59,025 | 17,297 |
| Research and development | 243,540 | 1,059,068 |
| General and administration expenses | 125,633 | 55,421 |
| Total operating expenses | 1,095,405 | 1,308,905 |
| Loss from operations | (1,068,763) | (1,308,905) |
| | | |
| Other income and (expense): | | |
| Gain on settlement agreement | 252,824 | - |
| Gain on sale of trading securities | 26,527 | - |
| Interest and other expense, net | (36,057) | (268,841) |
| Loss before income tax | (825,470) | (1,577,746) |
| Income tax expense | - | - |
| Net loss | $ (825,470) | $ (1,577,746) |
| | | |
| Net loss per share: | | |
| Basic and diluted | $ (0.00) | $ (0.00) |
| | | |
| Weighted average shares outstanding: | | |
| Basic and diluted | 203,534,152 | 175,059,850 |

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

**ENDEXX CORPORATION**
**CONSOLIDATED STATEMENT OF STOCKHOLDERS' DEFICIT**
**FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013**

| | Preferred Stock | | Common Stock | | Paid-in | Accumulated | |
|---|---|---|---|---|---|---|---|
| | Shares | Amount | Shares | Amount | Capital | Deficit | Total |
| **Balances, September 30, 2012** | 7,296,000 | $ 730 | 155,538,805 | $ 15,553 | $ 5,412,942 | $ (6,939,645) | $ (1,510,421) |
| Shares issued for debt settlement at $0.006 per share on December 2012, net of no offering costs | - | - | 11,500,000 | 1,150 | 67,850 | | 69,000 |
| Shares issued for payment for investment in software at $0.009 per share on December 15, 2012, net of offering costs | - | - | 5,000,000 | 500 | 44,500 | | 45,000 |
| Shares issued for debt settlement at $0.01 per share on January 31, 2013, net of no offering costs | - | - | 330,000 | 33 | 3,267 | | 3,300 |
| Shares issued for acquisition of technology at $0.0085 per share on February 2013, net of offering costs | - | - | 5,000,000 | 500 | 2,500 | | 3,000 |
| Shares issued for legal services consulting at $0.083 per share on April 2013 | - | - | 250,000 | 25 | 20,650 | | 20,675 |
| Shares issued for cash in a private placement at $0.07 per share on June 21, 2013, net of no offering costs | - | - | 300,000 | 30 | 20,970 | | 21,000 |
| Shares issued for debt settlement at $0.007 per share on June 2013, net of no offering costs | - | - | 11,000,000 | 1,100 | 75,900 | | 77,000 |
| Shares issued for consulting services at $0.0950 per share on June 24, 2013 | - | - | 125,000 | 13 | 11,863 | | 11,875 |
| Shares issued to Shareholder for claim of purchase | - | - | 1,666,666 | 167 | - | | 167 |
| Shares issued for investment in software and license agreement and subsidiary at $0.10 per share in August 2013, net of offering costs | - | - | 10,100,000 | 1,010 | 1,008,990 | | 1,010,000 |
| To adjust shares balance as of end of year | - | - | (76) | (0) | - | | (0) |
| Net loss for the year | | | | | | (1,577,746) | (1,577,746) |
| **Balances, September 30, 2013** | 7,296,000 | 730 | 200,810,395 | 20,084 | 6,669,436 | (8,517,391) | (1,827,141) |
| Shares returned by past debt holder and cancelled after return | - | - | (1,840,000) | (184) | - | | (184) |
| Shares issued for debt settlement at $0.05 per share on December 2013, net of no offering costs | - | - | 700,000 | 70 | 34,930 | | 35,000 |
| Shares resscinded for acquisition of technology at $0.0006 per share on December 2013, net of offering costs | | | (5,000,000) | (500) | (2,500) | | (3,000) |
| Shares issued for development services consulting at $0.0006 per share on December 2013 | | | 300,000 | 30 | 150 | | 180 |
| Shares issued for consulting services at $0.0577 per share on December 12, 2013 | | | 100,000 | 10 | 5,760 | | 5,770 |
| Shares issued for accounts payable settlement at $0.0700 per share on January 2, 2014, net of no offering costs | - | - | 4,443,852 | 444 | 310,626 | | 311,070 |
| Shares issued for investor relations services consulting at $0.06481 per share on January 6, 2014 | | | 1,542,972 | 154 | 99,846 | | 100,000 |
| Shares issued for cash in a private placement at $0.0758 per share on January 22, 2014, net of no offering costs | - | - | 66,000 | 7 | 4,993 | | 5,000 |
| Shares issued for cash in a private placement at $0.10 per share on March 7, 2014, net of no offering costs | - | - | 1,000,000 | 100 | 99,900 | | 100,000 |
| Shares issued for cash in a private placement at $0.16 per share on March 31, 2014, net of no offering costs | - | - | 62,500 | 6 | 9,994 | | 10,000 |
| Shares issued for acquisition of website domains at $0.2395 per share on March 28, 2014, net of offering costs | | | 52,000 | 5 | 12,941 | | 12,946 |

**ENDEXX CORPORATION**
**CONSOLIDATED STATEMENT OF STOCKHOLDERS' DEFICIT**
**FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013**

| | Preferred Stock | | Common Stock | | Paid-in | Accumulated | |
|---|---|---|---|---|---|---|---|
| | Shares | Amount | Shares | Amount | Capital | Deficit | Total |
| Shares issued for production of product at $0.2347 per share on April 8, 2014, net of offering costs | | | 250,000 | 25 | 58,650 | | 58,675 |
| Shares issued for cash in a private placement at $0.10 per share on April 10, 2014, net of no offering costs | - | - | 1,000,000 | 100 | 99,900 | | 100,000 |
| Shares issued for cash in a private placement at $0.15 per share on May 6, 2014, net of no offering costs | - | - | 166,000 | 17 | 24,983 | | 25,000 |
| Shares issued for cash in a private placement at $0.15 per share on June 16, 2014, net of no offering costs | - | - | 1,000,000 | 100 | 74,900 | | 75,000 |
| Shares issued for debt settlement at $0.0795 per share on June 23, 2014, net of no offering costs | - | - | 75,155 | 8 | 5,967 | | 5,975 |
| Shares issued for investor fees for private placement completed on March 31, 2014 at $0.16 per share on July 15, 2014 | | | 6,250 | 1 | 999 | | 1,000 |
| Shares issued for acquisition of Greenleaf Consulting firm at $0.08 per share on August 6, 2014 | | | 2,700,000 | 270 | 161,730 | | 162,000 |
| Shares issued for development services at $0.07 per share on August 14, 2014 | | | 300,000 | 30 | 20,970 | | 21,000 |
| Shares issued for consulting services at $0.07 per share on August 14, 2014 | | | 4,000,000 | 400 | 279,600 | | 280,000 |
| Reverse shares issued for legal services consulting at $0.083 per share on April 2013 | - | - | (250,000) | (25) | (20,650) | | (20,675) |
| Shares issued for development services consulting at $0.083 per share on April 2013 | - | - | 250,000 | 25 | 22,475 | | 22,500 |
| Net loss for the year | | | | | | (825,470) | (825,470) |
| **Balances, September 30, 2014** | 7,296,000 | $ 730 | 211,735,124 | $ 21,176 | $ 7,975,599 | $ (9,342,861) | $ (1,345,355) |

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

**ENDEXX CORPORATION**
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

| | For the years ended September 30, | |
|---|---|---|
| | 2014 | 2013 |
| **OPERATING ACTIVITIES** | | |
| Net loss | $ (825,470) | $ (1,577,746) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Stock issued for services | 640,396 | 1,090,550 |
| Gain on settlement of debt | (252,824) | - |
| Depreciation and amortization | 1,890 | 684 |
| Changes in operating assets and liabilities: | | |
| Prepaid expenses | (238,225) | (32,550) |
| Accounts receivable | (26,000) | - |
| Accounts payable | 170,429 | 80,049 |
| Accrued liabilities | 152,499 | 161,325 |
| **NET CASH USED IN OPERATING ACTIVITIES** | (377,305) | (277,688) |
| **INVESTING ACTIVITIES** | | |
| Cash invested in stock trading holdings | (13,100) | - |
| Purchase of property and equipment | (3,755) | (5,395) |
| **NET CASH USED IN INVESTING ACTIVITIES** | (16,855) | (5,395) |
| **FINANCING ACTIVITIES** | | |
| Proceeds from sale of common stock | 315,000 | 21,000 |
| Proceeds from shareholder advances/ notes | 81,562 | 262,825 |
| Repayment of shareholder advances/ notes | (22,552) | - |
| Proceeds from notes payable | 35,000 | - |
| Repayment of notes payable | (6,252) | - |
| **NET CASH PROVIDED BY FINANCING ACTIVITIES** | 402,758 | 283,825 |
| **NET INCREASE IN CASH** | 8,598 | 743 |
| **CASH, BEGINNING OF PERIOD** | 743 | - |
| **CASH, END OF PERIOD** | $ 9,341 | $ 743 |
| **CASH PAID FOR INCOME TAXES** | $ - | $ - |
| **CASH PAID FOR INTEREST** | $ - | $ - |
| **SUPPLEMENTAL SCHEDULE OF NON-CASH INVESTING AND FINANCING ACTIVITIES** | | |
| Debt Converted to Common Stock | | |
| Notes payable | $ 40,791 | $ 149,467 |
| Accounts payable | 311,072 | - |
| Common stock | (351,862) | (149,467) |
| | $ - | $ 0 |

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

**ENDEXX COPORATION**
**Notes to Consolidated Financial Statements**
**For the Years Ended September 30, 2014 and 2013**

## 1. History of the Company and Summary of Significant Accounting Policies

### *History of the Company*

In 2002, Panamed Corporation merged with the predecessor known as Micron Solutions, a lost stock services company. The Company changed its name from Micron Solutions to Panamed in 2002, due to the merger.

From 2002-2005, the Company operated as Panamed Corporation, a biotech service and licensing company. Panamed invested 1.2 million dollars into a biotech technology and conducted a therapeutic treatment program in Ivory Coast Africa, In October 2004, Panamed Corporation filed a Form 15-12g to be a non-reporting company at the demand of the SEC. This demand was followed by a request for an expedited trial in Los Angeles Federal Court. The contingency was that the SEC could not recommend to the Judge/Court a fine or punishment. Panamed was fined $5,000.00 USD and the case was settled in court by the Judge in December of 2012.

Panamed Corporation merged with Visual Board Books Inc. (VBB) in February 2005 through an all stock transaction and changed the consolidated company name to Endexx Corporation.

Currently, Endexx Corporation is a Nevada Corporation, with two wholly owned subsidiaries: Global Solaris Group LLC. and Cann Can LLC., both Arizona LLCs. Endexx also has three separate divisions (M3Hub Technology, Project Canopy and an App Development Program). In June 2011, Endexx Corporation acquired Global Solaris Group LLC., an Arizona LLC that develops Solar and Renewable energy projects both in the United States and in the International markets. Endexx has invested $60,000 into Global Solaris Group in 2011-2012 and issued 12 million shares for that division valued at $1.2 million, and it has recently completed its first solar project.

Unless the context indicates otherwise, all references herein to the "Company", "Endexx," "we," "us," and "our" refer to Endexx Corporation and its consolidated subsidiaries.

During 2010 – 2013, Endexx has also invested in and is pursuing several different projects including:

Endexx invested $30,000 into Project Canopy in 2010.

Endexx issued 5 million shares of stock to buy and develop the APP known as DUDAD in December 2012, and has invested $111,930 in its development as of September 30, 2014.

Endexx has invested $80,000 cash in M3Hub, and has issued $1.0 million in common stock to purchase Dispense Labs LLC on August 1, 2013.

In February 2013, Endexx acquired Cann Can LLC., a vending solutions company, and invested cash of $6,000 into Cann Can Labs in 2013, and we issued 5,000,000 shares of our restricted common stock valued at $45,000.

Endexx issued 5 million shares to purchase Hayes Pharmacy compliance platform in February 2013. In December 2013, we rescinded this purchase and cancelled the 5 million shares originally issued,

and we issued 300,000 shares for consulting services that were rendered by Hayes Pharmacy in conjunction with our business plan.

On August 6, 2014, we issued 2,700,000 shares of our restricted common stock to purchase a wholly owned subsidiary, Greenleaf Consulting. This is a business consulting firm in the medical marijuana industry, and provides consulting on state regulations, guidelines, and business plans.

***Nature of Business***

The company has never been a shell corporation. The company operates presently as a Medical Marijuana Management and technology solutions provider and developer, as a solar and renewable energy developer, and has a development stage company currently retooling its software as a service platform and developing Mobile Solution Apps. Endexx Corporation is the parent corporation. Through project Canopy and Visual Board Books, it can provide three Web enabled services that assist organizations with the complexities of document management and storage. The company's products primarily include Visual Board Books that provides an environment to create, deliver, edit, view, and review corporate data, as well as offers an interface to communicate and confer with approved parties; Endexx Document Management Suite, a suite of Document/data management tools, which are designed to enhance the handling, storage, and control of document; and Endexx Storage Application, which is a base module for offsite storage of files and photos that require backup in an offsite location. It's wholly owned subsidiary, Global Solaris Group LLC., is an integrator of Renewable Energy Services. Based in Sedona, Arizona, GLOBAL SOLARIS GROUP LLC is a full service Renewable Energy power provider and producer for public institutions, corporate clients and electric utilities.

**Summary of Significant Accounting Policies**

*Basis of Accounting*

The Company prepares its consolidated financial statements in conformity with generally accepted accounting principles in the United States of America.

*Use of Estimates*

The Company prepares its consolidated financial statements in conformity with generally accepted accounting principles in the United States of America. These principals require 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Management believes that these estimates are reasonable and have been discussed with the Board of Directors; however, actual results could differ from those estimates.

*Principles of Consolidation*

The consolidated financial statements include the accounts and operations of Endexx Corporation and its wholly owned subsidiaries which include the following:

| Subsidiary | % Owned |
|---|---|
| Global Solaris Group LLC | 100% |
| Greenleaf Consulting LLC | 100% |
| Dispense Labs, LLC | 100% |
| Cann Can LLC | 100% |

These are collectively referred to as the "Company." Accordingly, the assets and liabilities, and expenses of this company have been included in the accompanying consolidated financial statements, and intercompany transactions have been eliminated.

*Development Stage Enterprise*

At September 30, 2014, Endexx's business operations had not fully developed and are dependent upon funding and therefore Endexx has minimal revenues. Endexx has also adopted early the FASB released ASU 2014-10 concerning no more development stage enterprise financial statement presentation.

*Financial Instruments*

The Company's balance sheets include the following financial instruments: cash, accounts receivable, accounts payable and note payable and notes payable to stockholder. The carrying amounts of current assets and current liabilities approximate their fair value because of the relatively short period of time between the origination of these instruments and their expected realization. The carrying values of the note payable to stockholder approximates fair value based on borrowing rates currently available to the Company for instruments with similar terms and remaining maturities.

In September 2006, the Financial Accounting Standards Board (FASB) introduced a framework for measuring fair value and expanded required disclosure about fair value measurements of assets and liabilities. The Company adopted the standard for those financial assets and liabilities as of the beginning of the 2008 fiscal year and the impact of adoption was not significant. FASB Accounting Standards Codification (ASC) 820 *"Fair Value Measurements and Disclosures"* (ASC 820) defines fair value 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 on the measurement date. ASC 820 also establishes a fair value hierarchy that distinguishes between (1) market participant assumptions developed based on market data obtained from independent sources (observable inputs) and (2) an entity's own assumptions about market participant assumptions developed based on the best information available in the circumstances (unobservable inputs). The fair value hierarchy consists of three broad levels, which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described below:

- Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

• Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, including quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability (e.g., interest rates); and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

• Level 3 - Inputs that are both significant to the fair value measurement and unobservable.

Fair value estimates discussed herein are based upon certain market assumptions and pertinent information available to management as of September 30, 2014. The respective carrying value of certain on-balance-sheet financial instruments approximated their fair values due to the short-term nature of these instruments. These financial instruments include accounts receivable, other current assets, accounts payable, accrued compensation and accrued expenses. The fair value of the Company' s notes payable is estimated based on current rates that would be available for debt of similar terms which is not significantly different from its stated value.

The Company applied ASC 820 for all non-financial assets and liabilities measured at fair value on a non-recurring basis. The adoption of ASC 820 for non-financial assets and liabilities did not have a significant impact on the Company's financial statements.

As of September 30, 2014 and 2013, the fair values of the Company's financial instruments approximate their historical carrying amounts.

*Cash and Cash Equivalents*

The majority of cash is maintained with a major financial institution in the United States. Generally, deposits may be redeemed on demand and, therefore, bear minimal risk. The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

*Property, plant and equipment*

Property, plant and equipment are stated at cost less accumulated depreciation and amortization. Maintenance and repairs are charged to operations as incurred. Depreciation and amortization are based on the straight-line method over the estimated useful lives of the related assets. When assets are retired or otherwise disposed of, the cost and accumulated depreciation and amortization are removed from the accounts, and any resulting gain or loss is reflected in operations in the period realized.

*Depreciation*

Depreciation is computed on the straight-line method net of salvage value with useful lives as follows:

| | |
|---|---|
| Computer equipment and software | 3 - 5 years |
| Office furniture and equipment | 5 - 7 years |

| | |
|---|---|
| Machinery and equipment | 7 - 10 years |
| Leasehold improvements | lease term |

*Dividends*

The Company has not adopted any policy regarding payment of dividends. No dividends have been paid during the periods shown.

*Liquidity*

The Company anticipates that revenue or income for fiscal year 2015 may be limited, but based upon our historical data we expect to continue to show growth. The Company also expects to continue to incur substantial expenses relating to its marketing and sales efforts. As a result, the Company expects to incur losses over the next year unless it is able to realize additional revenues under any current or future agreements. The timing and amounts of such revenues, if any, cannot be predicted with certainty. Accordingly, results of operations for any period may be unrelated to the results of operations for any other period.

The Company will likely need to raise and is pursuing additional funds through strategic collaborations, public or private equity or debt financing, or other funding sources. This funding may not be available on acceptable terms, or at all, and may be dilutive to shareholder interests. If sufficient capital is not available, the Company may be required to delay, reduce the scope of or eliminate one or more of its product offerings, any of which could have a material adverse effect on its business. If the Company is not able to secure additional capital by the end of its fiscal year, it may be forced to terminate operations altogether in fiscal year 2016.

*Stock Based Compensation*

The Company follows FASB ASC 718-10 and values our employee stock based awards based on the grant-date fair value estimated in accordance with the provisions of FASB ASC 718-10. The Company accounts for equity instruments issued in exchange for the receipt of goods or services from other than employees in accordance with FASB ASC 718-10 and the conclusions reached in FASB ASC 505-10. Costs are measured at the estimated fair market value of the consideration received or the estimated fair value of the equity instruments issued, whichever is more reliably measurable. The value of equity instruments issued for consideration other than employee services is determined on the earliest of a performance commitment or completion of performance by the provider of goods or services as defined by FASB ASC 505-10**.**

*Research and development costs*

Research and development costs are charged to expense as incurred and are included in operating expenses. Total research and development costs were $243,540 and $1,059,068 for the years ended September 30, 2014 and 2013, respectively. In the year ended September 30, 2013, we impaired certain investments and recorded a loss of $1,049,000, and expensed it in “Research and Development” on the accompanying “Consolidated Statements of Operations.”

*Advertising Costs*

The costs of advertising are expensed as incurred. Advertising expenses are included in the Company's operating expenses. Advertising expense was $68,926 and $1,447 for the years ended September 30, 2014 and 2013, respectively.

*Income Taxes*

Income taxes are provided for using the liability method of accounting. A deferred tax asset or liability is recorded for all temporary differences between financial and tax reporting. Deferred tax expense (benefit) results from the net change during the year in deferred tax assets and liabilities. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to more likely than not be realized in future tax returns. Tax law and rate changes are reflected in income in the period such changes are enacted.

*Revenue Recognition*

The Company recognizes revenue when there is persuasive evidence of an arrangement, delivery has occurred or services have been rendered, the sales price if fixed or determinable, and collectability is reasonably assured.

*Earnings (Loss) Per Common Share*

The Company computes net loss per share in accordance with FASB ASC 260-10, "Earnings per Share". FASB ASC 260 requires presentation of both basic and diluted earnings per share (EPS) on the face of the statement of operations. Basic EPS is computed by dividing net loss available to common stockholders (numerator) by the weighted average number of shares outstanding (denominator) during the period. Diluted EPS gives effect to all potentially dilutive common shares outstanding during the period. Diluted EPS excludes all potentially dilutive shares if their effect is anti-dilutive. There are no potentially dilutive options or warrants from inception.

*Impact of Recently Issued Accounting Pronouncements*

Recent accounting standards that have been issued or proposed by the FASB or other standards-setting bodies are not expected to have a material impact on our financial position, results of operations and cash flows.

*Accounts Receivable*

Accounts receivable are stated at face value, less an allowance for doubtful accounts. Endexx provides an allowance for doubtful accounts based on management's periodic review of accounts, including the delinquency of account balances. Accounts are considered delinquent when payments have not been received within the agreed upon terms, and are written off when management determines that collection is not probable. As of September 30, 2014 management has determined that no allowance for doubtful accounts is required.

*General Accounting Policy for Contingencies*

Certain conditions may exist which may result in a loss to the Company, but which will only be resolved when one or more future events occur or fail to occur. The Company's management and its legal counsel assess such contingent liabilities, and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the Company, or unasserted claims that may result in such proceedings, the Company's legal counsel evaluates the perceived merits of any legal proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought therein.

If the assessment of a contingency indicates that it is probable that a material loss has been incurred and the amount of the liability can be estimated, the estimated liability would be accrued in the Company's financial statements. If the assessment indicates that a potentially material loss contingency is not probable but is reasonably possible, or is probable but cannot be estimated, the nature of the contingent liability, together with an estimate of the range of possible loss if determinable and material, would be disclosed.

Loss contingencies considered remote are generally not disclosed unless they arise from guarantees, in which case the guarantees would be disclosed.

As of September 30, 2014 and 2013, the Company's management believes that there are no outstanding legal proceedings which would have a material adverse effect on the financial position of the Company.

*Subsequent Events*

In accordance with ASC 855-10 "Subsequent Events", Endexx has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through the date the financial statements were issued (Note 11).

## 2. Going concern

Our consolidated financial statements have been presented on the basis that we are a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. We have sustained operating losses since inception, which raises substantial doubt about the Company's ability to continue as a going concern.

As of September 30, 2014 we have a working capital deficit of $1,637,299, and an accumulated deficit of $9,342,861. During the year ended September 30, 2014 we had a net loss of $825,470 and cash used in operating activities of $350,778. The Company's ability to continue in existence is dependent on its ability to develop additional sources of capital, and/or achieve profitable operations and positive cash flows. Management's plan is to aggressively pursue its present

business plan. Since inception we have funded our operations through the issuance of common stock and related party loans and advances, and will seek additional debt or equity financing as required. There can be no assurance, however; that the Company will be successful in achieving its business plan and/ or obtaining financing or terms acceptable to the Company. The accompanying consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

## 3. Property, plant and equipment

Property, plant and equipment consisted of the following:

| | | September 30, 2014 | | September 30, 2013 |
|---|---|---|---|---|
| Computer equipment | $ | 8,573 | $ | 4,818 |
| Office furniture, and fixtures | | 2,130 | | 2,130 |
| | | 10,703 | | 6,948 |
| Less accumulated depreciation and amortization | | (2,634) | | ( 743) |
| | $ | 8,069 | $ | 6,205 |

Depreciation and amortization expense was $1,890 and $684 for the years ended September 30, 2014 and 2013, respectively. The Company purchased, in the year ended September 30, 2013, office equipment totaling $2,130 and computer equipment of $4,817. The Company purchased, in the year ended September 30, 2014, computer equipment of $3,755.

## 4. Prepaid Expenses

Prepaid expenses comprise of the following at September 30, 2014:

| Description | Amount | |
|---|---|---|
| Prepayment retainer for legal fees – related party | $ | 18,175 |
| Prepayment on audit fees | | 16,900 |
| Prepay development fees – related party | | 210,000 |
| Prepay for investor relations | | 25,000 |
| Prepayment for last months' rent | | 700 |
| Total | $ | 270,775 |

Prepaid expenses comprise of the following at September 30, 2013:

| Description | Amount | |
|---|---|---|
| Prepayment retainer for legal fees – related party | $ | 20,675 |
| Prepayment retainer for services | | 11,875 |
| Total | $ | 32,550 |

## 5. Notes Payable

In June 2013, we converted $77,000 of note payable debt for 11,000,000 shares of our restricted common stock, with no offering costs.

During the period ended September 30, 2014, the Company settled an aggregate amount of $231,871 of their notes payable which was contributed to capital. In December 2013, we converted $35,000, composed of $25,000 of notes payable and $10,000 of accrued interest, for 700,000 shares of our restricted common stock, with no offering costs. On June 17, 2014, we converted $11,950 of debt for $5,975 in cash and 75,155 shares of our restricted common stock. In November 2013, we had a past debt holder return 1,840,000 shares, valued at $184, that were being held for collateral and they were cancelled upon their return (See also Note 8).

## 6. Payroll and Taxes Payable

As of the years ended September 30, 2014 and 2013, payroll and taxes payable included:

| **Description** | **September 30, 2014** | **September 30, 2013** |
|---|---|---|
| Accrued Payroll - Officer | $ 1,157,500 | $ 1,007,500 |
| Accrued Taxes - Officer | 48,825 | 11,325 |
| Accrued Taxes - employee | 69,659 | 69,659 |
| **Total** | **$ 1,275,984** | **$ 1,088,484** |

In 2005, the Company entered into an employment agreement with our President with the provisions for a $150,000 per year salary. Accordingly, we accrued $150,000 salary for the years ended September 30, 2014 and 2013, respectively, and also $48,825 and $11,325 in employer taxes liability provision for September 30, 2014 and 2013, respectively.

## 7. Related Party Transactions

During the year ended September 30, 2013, the Company settled an aggregate amount of $69,000 of their accounts payable to our President for 11,500,000 shares of our restricted common shares valued at $0.006 per share.

On January 31, 2013, we converted $3,300 of debt for 330,000 shares of our restricted common stock.

During the period ended September 30, 2014, the Company settled an aggregate amount of $311,071 of their accounts payable to our President for 4,443,852 shares of our restricted common shares valued at $0.07 per share.

On August 14, 2014, we issued 4,000,000 shares of our restricted common stock valued at $280,000 for payment of consulting services to be rendered by our Chief Operating Officer. Of this amount $210,000 is reflected in prepaid expenses on the accompanying consolidated balance sheet as of September 30, 2014, and for already rendered services, $70,000 and is reflected in consulting fees on the accompanying consolidated statement of operations.

## 8. Stock Based Compensation

On April 1, 2013, we issued 250,000 shares of our restricted common stock valued at $20,675 for payment for legal services to be performed and are reflected in “Prepaid expenses” in the accompanying consolidated balance sheets at September 30, 2013. during the year ended September 30, 2014, we expensed $2,500 in “General and Administration expenses” in the accompanying consolidated statement of operations. In September 2014, we realized we recorded the incorrect shares to our legal counsel and reversed the original entry for $20,675 in prepaid legal services, and recorded the prepaid legal services from previously issued shares for collateral that were returned to us for a total of 2,090,000 shares. We cancelled 1,840,000 shares and prepaid legal fees of 250,000 shares and a value $20,675. We also recorded the 250,000 shares of our restricted common stock valued at 22,500 for development services from an independent consultant (See also Note 5).

On June 24, 2013, we issued 125,000 shares of our restricted common stock valued at $11,875 for payment for consulting services to be performed and are reflected in “Prepaid expenses” in the accompanying consolidated balance sheets at September 30, 2013. They were expensed over the following year ended September 30, 2014 in “Consulting Fees – non-related party” in the accompanying consolidated statement of operations for the year ended September 30, 2014.

In August 2013, the Company issued 10,100,000 shares of our common stock for the acquisition of Dispense Labs, LLC, valued at $1,010,000, and is reflected in “Research and Development” on accompanying consolidated statement of operations for the year ended September 30, 2013.

In December 2013, the Company issued 300,000 shares of our common stock as payment to an unrelated individual for payment of consulting on our technology development, valued at $180, and is reflected in the accompanying statement of operations in "Consulting fees."

In December 2013, the Company cancelled 5,000,000 shares of our common stock issued previously as consulting fees for a technology purchased as payment to an unrelated individual, valued at $(3,000), and is reflected in the accompanying statement of operations in "Consulting fees."

On January 6, 2014, the Company issued 1,542,972 restricted shares of our common stock for payment of consulting services performed by an unrelated third party in the amount of $100,000, in payment of investor relation services to be performed over twelve months. The value of the public relations services is included in prepaid expenses in our consolidated balance sheets.

On March 28, 2014, we issued 52,000 shares of our restricted common stock valued at $12,946 for payment for website domain ownership. Additionally, we committed to pay $15,000 cash for website programming and consulting services to be rendered over the next twelve months, this was paid within the terms of the agreement.

On April 8, 2014, we issued 250,000 shares of our restricted common stock valued at $58,675 for payment for product development/ research and development.

On July 15, 2014, we issued 6,250 shares of our restricted common stock valued at $1,000 for payment for investor fees for a completed private placement on March 31, 2014.

On August 14, 2014, we issued 300,000 shares of our restricted common stock valued at $21,000 for payment for product development/ research and development.

## 9. Stockholder's Deficit

*Stock Shares – Authorized*

The Company has 1,000,000,000 common shares authorized at a par value of $0.0001 per share and 10,000,000 shares of preferred stock, par value $0.0001 per share. All common stock shares have equal voting rights, are non-assessable and have one vote per share. Voting rights are not cumulative and, therefore, the holders of more than 50% of the common stock could, if they choose to do so, elect all the directors of the Company. There is currently only one designated class of preferred shares, "A." The holders of the preferred stock shall have such rights, preferences and privileges as may be determined by the Board of Director's prior to the issuance of such shares. The preferred stock may be issued in such series as are designated by the Board of Director's and the Board of Director's may fix the number of authorized shares of preferred stock for each series and the rights, preferences, and privileges of each series of preferred stock. As of the periods September 30, 2014 and 2013 there were 211,735,124 and 200,810,395 shares

of our common stock issued and outstanding, respectively. As of the periods ended September 30, 2014 and 2013 there were 7,296,000 shares of our preferred stock issued and outstanding, respectively.

*Common Shares – Issued and Outstanding*

In the period ended September 30, 2013, the Company had the previously discussed shares transactions in Notes 5, 7 and 8.

On June 21, 2013, the Company issued shares of our restricted common stock for a previous subscription agreement claim with an unrelated individual for 1,666,666 shares of our common stock for $167 or $0.0001per share.

In August 2013, the Company entered into a subscription agreement with an unrelated individual for 300,000 shares of our common stock for $21,000 or $0.07 per share.

In the period ended September 30, 2014, the Company had the previously discussed shares transactions in Notes 5, 7 and 8.

On January 22, 2014, the Company entered into a subscription agreement with an unrelated individual for 66,000 shares of our common stock for $5,000 or $0.0758 per share.

On March 7, 2014, the Company entered into a subscription agreement with an unrelated individual for 1,000,000 shares of our common stock for $100,000 or $0.10 per share; in connection with this placement we also recorded a common stock subscription receivable of $100,000. Subsequent to March 31, 2014, we received the payment for this transaction.

On March 31, 2014, the Company entered into a subscription agreement with an unrelated individual for 62,500 shares of our common stock for $10,000 or $0.2395 per share.

On April 10, 2014, the Company entered into a subscription agreement with an unrelated individual for 1,000,000 shares of our common stock for $100,000 or $0.10 per share.

On May 6, 2014, the Company entered into a subscription agreement with an unrelated individual for 166,000 shares of our common stock for $25,000 or $0.15 per share.

On June 16, 2014, the Company entered into a subscription agreement with an unrelated individual for 1,000,000 shares of our common stock for $75,000 or $0.075 per share.

## 10. Income Taxes

The following is an analysis of deferred tax assets as of September 30, 2014 and 2013:

| | | Deferred Tax Assets | | Valuation Allowance | | Balance |
|---|---|---|---|---|---|---|
| Net deferred tax assets at September 30, 2012 | $ | 167,603 | $ | (167,603) | $ | - |
| Additions for the year | | 13,051 | | (13,501) | | - |
| Deferred tax assets at September 30, 2013 | $ | 180,653 | $ | (180,653) | $ | - |
| Additions for the year | | 213,736 | | (213,736) | | - |
| Deferred tax assets at September 30, 2014 | $ | 394,389 | $ | (394,389) | $ | - |

Deferred income taxes are provided to recognize the effects of temporary differences between financial reporting and income tax reporting. These differences arise principally from federal net operating losses, stock compensation expense, basis differences in investments in affiliates and the use of accelerated depreciation methods for tax purposes as opposed to the straight-line depreciation method for financial reporting purposes and Federal net operating losses.

Temporary differences between financial statement carrying amounts and tax basis of assets and liabilities that give rise to significant deferred tax assets and liabilities are presented below at September 30:

| | | 2014 | | 2013 |
|---|---|---|---|---|
| Expected income tax (benefit) at | | | | |
| Federal statutory tax rate – 34% and 34% | $ | (280,660) | $ | (536,434) |
| Permanent differences | | 3,174 | | 455,626 |
| Temporary differences | | 63,750 | | 67,757 |
| Change in valuation allowance | | 213,736 | | 13,051 |
| Income tax expense | $ | - | $ | - |

We currently have four years of tax returns that are subject to examination, including the fiscal years ended September 30, 2014, 2013, 2012 and 2011, based on their filing dates by taxing authorities. We currently have no uncertainty of the tax positions that we have taken and believe that we can defend them to any tax jurisdiction.

The net operating loss carry forwards total $1,968,951 as of September 30, 2014 and expires between the year 2027 through 2037. These loss carryovers could be limited under the Internal Revenue Code should a significant change in ownership occur.

## 11. Subsequent Events

Management has evaluated subsequent events after the balance sheet date, through the issuance of the consolidated financial statements, for appropriate accounting and disclosure. The Company has determined that there were no such events that warrant disclosure or recognition in the consolidated financial statements, except for the following:

***Consulting Agreement***

On October 20, 2014, Greenleaf Consulting entered into a consulting agreement to provide services to an unrelated individual in regards to the medical marijuana business in the state of New York for an initial period of twelve months; and shall automatically renew for subsequent four month terms unless terminated by either party with a 15-day notice. Greenleaf Consulting will be paid $200 per hour of billable time, and shall be reimbursed for reasonable related expenses.

***Stock Issued for Domain names***

On October 30, 2014, we issued 125,000 shares of our restricted common stock for certain domain names at a value of $6,250.

***Stock Based Compensation***

On January 27, 2015, the Company issued 1,500,000 shares of our common stock as payment to an unrelated individual for payment of consulting services for our investor and public relations, valued at $65,850, which is reflected in the accompanying consolidated statement of operations in "Consulting fees."

***Stock Issued for CannCan Product Inventory***

On January 27, 2015, we issued 20,000 shares of our restricted common stock for the purchase of CannCan packaging products for our inventory with a value of $2,000.

***Common Stock Transactions***

During the period ended September 30, 2015, we issued 2,906,740 shares of our restricted common stock for an aggregate amount $65,000 with no offering costs.

On March 20, 2015, we issued 4,000,000 shares of our restricted common stock to purchase a wholly owned subsidiary, CBD Health Solutions, LLC. This is a company dedicated to the manufacturing and distribution of hemp based CBD-rich nutraceuticals ("Cannsumables").

On March 31, 2015, we issued 3,300,000 shares of our restricted common stock valued at $270,600 for financing costs of a previous acquisition transaction and is reflected in the accompanying statement of operations in "Interest Expense."

On April 8, 2015, the Company issued 1,000,000 shares of our common stock as payment to an unrelated individual for payment of an outstanding accounts payable invoice.

On October 14, 2015, The Company sold in a private placement 3,846,154 Shares of our restricted common stock for $50,000.

***Related Party Consulting Agreement***

On May 1, 2015, The Company entered into an amendment of a previous consulting agreement with a related party, to perform the duties of Chief Operating Officer and Vice President. The terms of the previous agreement remain in force except for the following: we will provide a monthly salary of $5,000 effective June 1, 2015, until April 30, 2015. We also agreed to issue 6,000,000 shares of our private restricted common stock, which are issuable to him on June 1 of each year in 2,000,000 portions. We also agreed to reimburse for reasonable and customary business expenses.