PADGETT
BUSINESS SERVICES

Financial Information

Prepared For

OVATION MUSIC & STUDIO--BOCA RATON INC.
8194 GLADES RD
BOCA RATON, FL 33434

December, 2015

Tax Consulting & Preparation * Financial Reporting * Business Advice
Complete Payroll Service * Government Compliance * 125 Plan Administration
Credit Card Processing * Pension Administration * Equipment Financing
Workers Compensation Payment System (not available in all states)

Padgett Business Services
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Transmittal Letter

TO:

OVATION MUSIC & STUDIO--BOCA RATON INC.
8194 GLADES RD
BOCA RATON, FL 33434

We have prepared the accompanying reports of OVATION MUSIC & STUDIO--BOCA RATON INC. as of December 31, 2015 for the month then ended. The attached reports are the representation of management (owners) and for management's use only. The reports have been prepared using the same methodology used by the Company for income tax purposes.

Cordially,

Padgett Business Services
DEC. 31, 2015

OVATION MUSIC & STUDIO--BOCA RATON INC.
BALANCE SHEET
As of December 31, 2015 and 2014

ASSETS

	2015	2014	Increase (Decrease)
CURRENT ASSETS			
PNC BANK-6219	$ 425	$ 38,519	$ (38,094)
REGIONS BANK 8602	725	0	725
PNC BANK 8581	4,825	0	4,825
PNC BANK 8602	2,000	0	2,000
Petty Cash	163	0	163
Cash In Transit	0	623	(623)
Total Cash	8,138	39,142	(31,004)
Inventory-Boca	10,050	6,338	3,712
Inventory-TN	5,443	0	5,443
TOTAL CURRENT ASSETS	23,631	45,480	(21,849)
PROPERTY AND EQUIPMENT			
Build Out	10,662	10,662	0
Signage	663	663	0
Computer Software-Mindbody	1,973	0	1,973
Build Out-Nashville	20,183	0	20,183
Accumulated Depreciation	(786)	(786)	0
NET PROPERTY AND EQUIPMENT	32,695	10,539	22,156
OTHER ASSETS			
Deposit-Nashville	1,000	0	1,000
TOTAL OTHER ASSETS	1,000	0	1,000
TOTAL ASSETS	$ 57,326	$ 56,019	$ 1,307

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OVATION MUSIC & STUDIO--BOCA RATON INC.
BALANCE SHEET
As of December 31, 2015 and 2014

LIABILITIES AND EQUITY

	2015	2014	Increase (Decrease)
CURRENT LIABILITIES			
Accrued Payroll	$ 2,838	$ 0	$ 2,838
Merchant Advance	33,612	2,444	31,168
Loan-Investors	25,000	10,000	15,000
Accrued Rent	3,817	0	3,817
Accrued Transfer Fee	1,610	0	1,610
Sales Tax Payable	287	338	(51)
Payroll Taxes Payable	0	1,388	(1,388)
TOTAL CURRENT LIABILITIES	67,164	14,170	52,994
TOTAL LIABILITIES	67,164	14,170	52,994
EQUITY			
Paid In Capital	8,017	2,773	5,244
CAPITAL INVESTMENT	161,700	70,000	91,700
Retained Earnings	(30,925)	17,901	(48,826)
Shareholder Drawings	(229)	0	(229)
Net Income	(148,401)	(48,825)	(99,576)
TOTAL EQUITY	(9,838)	41,849	(51,687)
TOTAL LIABILITIES AND EQUITY	$ 57,326	$ 56,019	$ 1,307

Printed: 8/04/16

OVATION MUSIC & STUDIO--BOCA RATON INC.
STATEMENT OF OPERATIONS
For the 1 Month and 12 Months Ended December 31, 2015 and 2014

	1 Month Ended Dec. 31, 2015	1 Month Ended Dec. 31, 2014	% Change	12 Months Ended Dec. 31, 2015	12 Months Ended Dec. 31, 2014	% Change
Income						
NON-TAXABLE SALES	$ 8,583	$ 14,421	(40.5)	$ 180,055	$ 160,939	11.9
TAXABLE SALES	4,492	5,744	(21.8)	42,671	42,264	1.0
Merchandise & Rentals	0	0		0	0	
TN EQPT SALES	0	0		490	0	
TN Sales	1,154	0		1,154	0	
Total Income	14,229	20,165	(29.4)	224,370	203,203	10.4
Cost of Goods Sold						
Cost Of Goods Sold	(985)	3,893	(125.3)	21,653	28,240	(23.3)
Total Cost of Goods Sold	(985)	3,893	(125.3)	21,653	28,240	(23.3)
Gross Profit	15,214	16,272	(6.5)	202,717	174,963	15.9
Operating Expenses						
Wages	9,463	2,154	339.3	73,010	16,083	354.0
Officers Salaries	573	2,098	(72.7)	30,126	16,073	87.4
Employer Payroll Taxes	1,091	346	215.3	8,010	2,996	167.4
Insurance	0	0		51	0	
Supplies	4,092	318	1,186.8	6,182	2,280	171.1
Legal And Accounting	2,310	5,250	(56.0)	37,674	9,855	282.3
Advertising And Promotion	375	150	150.0	7,100	1,198	492.7
Rent-Boca	8,869	12,239	(27.5)	53,216	65,838	(19.2)
Outside Labor	6,283	5,208	20.6	74,437	90,087	(17.4)
Vehicles	86	0		327	82	298.8
Travel	163	0		3,937	99	3,876.8
Utilities	1,176	742	58.5	8,250	6,960	18.5
Licenses And Taxes	50	0		1,358	150	805.3
Freight	6	15	(60.0)	187	89	110.1
Repairs And Maintenance	0	0		1,015	486	108.8
Interest	10,000	0		9,891	354	2,694.1
Meals And Entertainment - 50	509	444	14.6	2,324	714	225.5
Bank Charges	459	0		1,460	1,275	14.5
Office	(186)	0		3,958	1,142	246.6
Miscellaneous	711	1,085	(34.5)	8,399	1,186	608.2
Equipment Leases	42	0		42	0	
Dues And Subscriptions	0	0		631	0	
Rent-Nashville	1,600	0		8,350	0	
Credit Card Processing Fees	520	409	27.1	6,410	4,206	52.4
Storage	226	201	12.4	2,044	1,866	9.5
REIMBURSED EXPENSE	87	0		1,779	0	

OVATION MUSIC & STUDIO--BOCA RATON INC.
STATEMENT OF OPERATIONS
For the 1 Month and 12 Months Ended December 31, 2015 and 2014

	1 Month Ended Dec. 31, 2015	1 Month Ended Dec. 31, 2014	% Change	12 Months Ended Dec. 31, 2015	12 Months Ended Dec. 31, 2014	% Change
Security System	0	46	(100.0)	232	366	(36.6)
Lawn Maintenance	0	0		0	177	(100.0)
Computer Software	170	0		782	0	
Depreciation	0	290	(100.0)	0	290	(100.0)
Total Operating Expenses	48,675	30,995	57.0	351,182	223,852	56.9
Operating Income (Loss)	(33,461)	(14,723)	127.3	(148,465)	(48,889)	203.7
Other Income (Expense)						
Other Income	7	9	(22.2)	64	64	
Total Other Income (Expense)	7	9	(22.2)	64	64	
NET INCOME (LOSS) BEFORE TAXE	$ (33,454)	$ (14,714)	127.4	$ (148,401)	$ (48,825)	203.9

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OVATION MUSIC & STUDIO--BOCA RATON INC.
STATEMENT OF OPERATIONS
Trend Analysis - Most Recent 12 Months

	1/31/15	2/28/15	3/31/15	4/30/15	5/31/15	6/30/15	7/31/15	8/31/15	9/30/15	10/31/15	11/30/15	12/31/15	Total
Income													
NON-TAXABLE SALES	$ 17,819	$ 7,605	$ 25,312	$ 18,293	$ 12,759	$ 16,528	$ 15,223	$ 12,117	$ 16,047	$ 13,519	$ 16,252	$ 8,583	$ 180,057
TAXABLE SALES	4,923	3,232	2,728	1,831	2,748	3,988	2,982	5,732	4,550	3,759	1,704	4,492	42,669
Merchandise & Rentals	0	0	0	0	0	0	0	0	0	0	0	0	0
TN EQPT SALES	0	0	0	0	0	0	0	0	490	0	0	0	490
TN Sales	0	0	0	0	0	0	0	0	0	0	0	1,154	1,154
Total Income	22,742	10,837	28,040	20,124	15,507	20,516	18,205	17,849	21,087	17,278	17,956	14,229	224,370
Operating Expenses													
Wages	3,778	3,979	3,410	3,042	5,639	6,510	7,969	6,769	6,807	8,467	7,175	9,463	73,009
Officers Salaries	2,842	4,543	2,274	2,274	2,842	2,274	2,842	2,274	2,274	2,842	2,274	573	30,128
Employer Payroll Taxes	725	320	479	429	361	700	862	713	705	873	750	1,091	8,008
Insurance	51	0	0	0	0	0	0	0	0	0	0	0	51
Supplies	563	63	155	75	35	155	59	203	70	37	675	4,092	6,182
Legal And Accounting	11,655	5,900	1,650	1,475	700	3,900	2,784	1,700	2,700	2,200	700	2,310	37,674
Advertising And Promotion	2,590	75	2,272	411	240	162	0	57	0	127	791	375	7,100
Rent-Boca	0	8,869	1	4,435	4,435	4,435	4,435	4,435	4,435	4,435	4,435	8,869	53,220
Outside Labor	6,335	6,278	6,348	6,775	8,428	5,993	4,770	5,543	4,739	6,628	6,320	6,283	74,440
Vehicles	0	0	0	0	0	0	227	14	0	0	0	86	327
Travel	0	0	0	0	1,501	637	801	0	0	433	403	163	3,938
Utilities	377	452	707	518	862	391	1,334	410	1,332	267	424	1,176	8,250
Licenses And Taxes	158	0	0	0	0	600	550	0	0	0	0	50	1,358
Freight	0	3	76	0	102	0	0	0	0	0	0	6	187
Repairs And Maintenance	69	51	0	0	0	138	0	68	90	324	275	0	1,015
Interest	0	(109)	0	0	0	0	0	0	0	0	0	10,000	9,891
Meals And Entertainment - 50	0	15	0	0	20	342	526	0	53	610	249	509	2,324
Bank Charges	0	0	110	46	293	25	22	229	(16)	92	200	459	1,460
Office	987	85	287	497	45	122	174	120	166	522	1,139	(186)	3,957
Miscellaneous	(1)	(1)	1,374	5,173	214	(2)	598	300	0	(108)	136	711	8,392
Equipment Leases	0	0	0	0	0	0	0	0	0	0	0	42	42
Dues And Subscriptions	0	0	43	195	85	85	85	85	0	54	0	0	632
Rent-Nashville	0	0	0	0	0	0	1,600	1,950	0	1,600	1,600	1,600	8,350
Credit Card Processing Fees	428	509	441	446	529	421	481	956	523	538	618	520	6,410
Storage	201	201	201	201	201	231	126	126	201	0	126	226	2,041
REIMBURSED EXPENSE	0	0	0	0	0	0	1,395	0	0	214	83	87	1,779
Security System	46	46	46	46	48	0	0	0	0	0	0	0	232
Computer Software	0	442	0	0	0	0	0	0	0	0	170	170	782

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OVATION MUSIC & STUDIO--BOCA RATON INC.
STATEMENT OF OPERATIONS
Trend Analysis - Most Recent 12 Months

	1/31/15	2/28/15	3/31/15	4/30/15	5/31/15	6/30/15	7/31/15	8/31/15	9/30/15	10/31/15	11/30/15	12/31/15	Total
Total Operating Expenses	30,804	31,721	19,874	26,038	26,580	27,119	31,640	25,952	24,079	30,155	28,543	48,675	351,179
Operating Income (Loss)	(8,062)	(20,884)	8,166	(5,914)	(11,073)	(6,603)	(13,435)	(8,103)	(2,992)	(12,877)	(10,587)	(34,446)	(126,809)
Other Income (Expense)													
Other Income	7	5	4	3	4	6	4	9	7	6	3	7	65
Total Other Income (Expense)	7	5	4	3	4	6	4	9	7	6	3	7	65
NET INCOME (LOSS) Before Taxes	$ (9,641)	$ (24,591)	$ 7,023	$ (6,802)	$ (12,050)	$ (10,358)	$ (14,099)	$ (11,238)	$ (6,271)	$ (15,162)	$ (11,757)	$ (33,454)	$ (148,400)

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