PADGETT
BUSINESS SERVICES®

Financial Information

Prepared For

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

June, 2016

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)

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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 June 30, 2016 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
JUN. 30, 2016

OVATION MUSIC & STUDIO--BOCA RATON INC.
BALANCE SHEET
As of June 30, 2016 and 2015

ASSETS

	2016	2015	Increase (Decrease)
CURRENT ASSETS			
PNC BANK-6219	$ 0	$ (613)	$ 613
REGIONS BANK 8602	0	1,155	(1,155)
PNC BANK 8581	(912)	10,116	(11,028)
PNC BANK 8602	8	8,023	(8,015)
Petty Cash	163	51	112
Cash In Transit	939	687	252
Total Cash	198	19,419	(19,221)
Inter-Co-TN	28,622	0	28,622
Prepaid Expense	700	0	700
Inventory-Boca	10,050	6,745	3,305
TOTAL CURRENT ASSETS	39,570	26,164	13,406
PROPERTY AND EQUIPMENT			
Build Out	10,662	10,662	0
Signage	663	663	0
Computer Software-Mindbody	1,973	1,047	926
Accumulated Depreciation	(786)	(786)	0
NET PROPERTY AND EQUIPMENT	12,512	11,586	926
OTHER ASSETS			
Deposit-Nashville	0	1,000	(1,000)
TOTAL OTHER ASSETS	0	1,000	(1,000)
TOTAL ASSETS	$ 52,082	$ 38,750	$ 13,332

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OVATION MUSIC & STUDIO--BOCA RATON INC.
BALANCE SHEET
As of June 30, 2016 and 2015

LIABILITIES AND EQUITY

	2016	2015	Increase (Decrease)
CURRENT LIABILITIES			
Payroll Clearing	$ (1,821)	$ 0	$ (1,821)
Accrued Payroll	0	2,838	(2,838)
Merchant Advance	22,648	0	22,648
Advance-Director	11,000	0	11,000
Advance-Investors	25,000	10,000	15,000
Accrued Transfer Fee	7,285	0	7,285
Sales Tax Payable	210	236	(26)
TOTAL CURRENT LIABILITIES	64,322	13,074	51,248
TOTAL LIABILITIES	64,322	13,074	51,248
EQUITY			
Paid In Capital	8,047	8,017	30
CAPITAL INVESTMENT	161,700	105,035	56,665
Retained Earnings	(181,570)	(30,925)	(150,645)
Shareholder Drawings	(365)	(29)	(336)
Net Income	(52)	(56,422)	56,370
TOTAL EQUITY	(12,240)	25,676	(37,916)
TOTAL LIABILITIES AND EQUITY	$ 52,082	$ 38,750	$ 13,332

OVATION MUSIC & STUDIO--BOCA RATON INC.
STATEMENT OF OPERATIONS
For the 1 Month and 6 Months Ended June 30, 2016 and 2015

	1 Month Ended Jun. 30, 2016	1 Month Ended Jun. 30, 2015	% Change	6 Months Ended Jun. 30, 2016	6 Months Ended Jun. 30, 2015	% Change
Income						
NON-TAXABLE SALES	$ 13,696	$ 16,528	(17.1)	$ 84,721	$ 98,315	(13.8)
TAXABLE SALES	798	3,988	(80.0)	11,284	19,451	(42.0)
Merchandise & Rentals	0	0		0	0	
TN EQPT SALES	0	0		0	0	
TN Sales	0	0		0	0	
Total Income	14,494	20,516	(29.4)	96,005	117,766	(18.5)
Cost of Goods Sold						
Cost Of Goods Sold	224	3,761	(94.0)	3,564	12,077	(70.5)
Total Cost of Goods Sold	224	3,761	(94.0)	3,564	12,077	(70.5)
Gross Profit	14,270	16,755	(14.8)	92,441	105,689	(12.5)
Operating Expenses						
Wages	3,212	6,510	(50.7)	24,837	26,359	(5.8)
Officers Salaries	0	2,274	(100.0)	3,979	17,048	(76.7)
Employer Payroll Taxes	253	700	(63.9)	2,739	3,015	(9.2)
Insurance	0	0		0	51	(100.0)
Supplies	0	155	(100.0)	484	1,047	(53.8)
Legal And Accounting	4,253	3,900	9.1	10,818	25,280	(57.2)
Advertising And Promotion	465	162	187.0	926	5,750	(83.9)
Rent-Boca	(16,991)	4,435	(483.1)	5,630	22,173	(74.6)
Outside Labor	4,085	5,993	(31.8)	30,755	40,155	(23.4)
Travel	0	636	(100.0)	0	2,137	(100.0)
Utilities	502	391	28.4	4,330	3,306	31.0
Licenses And Taxes	0	600	(100.0)	105	758	(86.1)
Freight	23	0		59	181	(67.4)
Repairs And Maintenance	90	138	(34.8)	216	258	(16.3)
Interest	0	0		0	(109)	(100.0)
Meals And Entertainment - 50	30	342	(91.2)	129	377	(65.8)
Bank Charges	693	25	2,672.0	1,616	474	240.9
Office	0	122	(100.0)	452	2,024	(77.7)
Miscellaneous	30	2	1,400.0	156	6,762	(97.7)
Equipment Leases	0	0		171	0	
Dues And Subscriptions	48	85	(43.5)	143	408	(65.0)
Credit Card Processing Fees	273	421	(35.2)	3,388	2,774	22.1
Storage	0	231	(100.0)	703	1,238	(43.2)
Website	24	0		24	0	
REIMBURSED EXPENSE	38	0		334	0	
Security System	0	0		0	232	(100.0)

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OVATION MUSIC & STUDIO--BOCA RATON INC.
STATEMENT OF OPERATIONS
For the 1 Month and 6 Months Ended June 30, 2016 and 2015

	1 Month Ended Jun. 30, 2016	1 Month Ended Jun. 30, 2015	% Change	6 Months Ended Jun. 30, 2016	6 Months Ended Jun. 30, 2015	% Change
Computer Software	0	0		510	442	15.4
Total Operating Expenses	(2,972)	27,122	(111.0)	92,504	162,140	(42.9)
Operating Income (Loss)	17,242	(10,367)	(266.3)	(63)	(56,451)	(99.9)
Other Income (Expense)						
Other Income	1	6	(83.3)	11	29	(62.1)
Total Other Income (Expense)	1	6	(83.3)	11	29	(62.1)
NET INCOME (LOSS) BEFORE TAXES	$ 17,243	$ (10,361)	(266.4)	$ (52)	$ (56,422)	(99.9)

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

	7/31/15	8/31/15	9/30/15	10/31/15	11/30/15	12/31/15	1/31/16	2/29/16	3/31/16	4/30/16	5/31/16	6/30/16	Total
Income													
NON-TAXABLE SALES	$ 15,223	$ 12,117	$ 16,047	$ 13,519	$ 16,252	$ 8,583	$ 19,328	$ 15,394	$ 15,219	$ 12,490	$ 8,593	$ 13,696	$ 166,461
TAXABLE SALES	2,982	5,732	4,550	3,759	1,704	4,492	2,896	3,758	1,637	1,053	1,142	798	34,503
Merchandise & Rentals	0	0	0	0	0	0	0	0	0	0	0	0	0
TN EQPT SALES	0	0	490	0	0	0	0	0	0	0	0	0	490
TN Sales	0	0	0	0	0	1,154	0	0	0	0	0	0	1,154
Total Income	18,205	17,849	21,087	17,278	17,956	14,229	22,224	19,152	16,856	13,543	9,735	14,494	202,608
Operating Expenses													
Wages	7,969	6,769	6,807	8,467	7,175	9,464	4,504	7,656	2,061	4,290	3,114	3,212	71,488
Officers Salaries	2,842	2,274	2,274	2,842	2,274	573	2,274	1,705	0	0	0	0	17,058
Employer Payroll Taxes	862	713	705	873	750	1,091	566	854	445	369	251	253	7,732
Supplies	59	203	70	37	675	4,092	63	0	0	421	0	0	5,620
Legal And Accounting	2,784	1,700	2,700	2,200	700	2,310	1,480	725	3,235	1,125	0	4,253	23,212
Advertising And Promotion	0	57	0	127	791	375	0	270	0	0	191	465	2,276
Rent-Boca	4,435	4,435	4,435	4,435	4,435	8,870	0	8,967	4,435	4,435	4,785	(16,991)	36,676
Outside Labor	4,770	5,543	4,739	6,628	6,320	6,283	4,368	5,467	6,023	6,103	4,710	4,085	65,039
Vehicles	227	14	0	0	0	86	0	0	0	0	0	0	327
Travel	801	0	0	433	403	163	0	0	0	0	0	0	1,800
Utilities	1,334	410	1,332	267	424	1,176	876	518	660	631	1,143	502	9,273
Licenses And Taxes	550	0	0	0	0	50	0	0	0	35	70	0	705
Freight	0	0	0	0	0	6	6	6	0	0	23	23	64
Repairs And Maintenance	0	68	90	324	275	0	0	51	0	75	0	90	973
Interest	0	0	0	0	0	10,000	0	0	0	0	0	0	10,000
Meals And Entertainment - 50	526	0	53	610	249	509	0	92	6	0	0	30	2,075
Bank Charges	22	229	(16)	92	200	459	33	180	66	128	516	693	2,602
Office	174	120	166	522	1,139	(187)	91	58	162	0	141	0	2,386
Miscellaneous	598	300	0	(108)	136	709	(2)	100	(2)	27	1	30	1,789
Equipment Leases	0	0	0	0	0	42	136	35	0	0	0	0	213
Dues And Subscriptions	85	85	0	54	0	0	0	0	0	0	95	48	367
Rent-Nashville	1,600	1,950	0	1,600	1,600	1,600	0	0	0	0	0	0	8,350
Credit Card Processing Fees	481	956	523	538	618	520	515	903	602	523	572	273	7,024
Storage	126	126	201	0	126	226	196	211	211	85	0	0	1,508
Website	0	0	0	0	0	0	0	0	0	0	0	24	24
REIMBURSED EXPENSE	1,395	0	0	214	83	87	75	73	64	47	37	38	2,113
Computer Software	0	0	0	0	170	170	170	170	170	0	0	0	850
Total Operating Expenses	31,640	25,952	24,079	30,155	28,543	48,674	15,351	28,041	18,138	18,294	15,649	(2,972)	281,544

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

	7/31/15	8/31/15	9/30/15	10/31/15	11/30/15	12/31/15	1/31/16	2/29/16	3/31/16	4/30/16	5/31/16	6/30/16	Total
Operating Income (Loss)	(13,435)	(8,103)	(2,992)	(12,877)	(10,587)	(34,445)	6,873	(8,889)	(1,282)	(4,751)	(5,914)	17,466	(78,936)
Other Income (Expense)													
Other Income	4	9	7	6	3	7	4	0	2	2	2	1	47
Total Other Income (Expense)	4	9	7	6	3	7	4	0	2	2	2	1	47
NET INCOME (LOSS) Before Taxes	$ (14,099)	$ (11,238)	$ (6,271)	$ (15,162)	$ (11,757)	$ (33,454)	$ 5,946	$ (10,120)	$ (1,709)	$ (5,088)	$ (6,322)	$ 17,243	$ (92,031)

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