

# **ISSUER INFORMATION DISCLOSURE**

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## **BEFUT INTERNATIONAL CO., LTD.**

**F/K/A BEFUT INTERNATIONAL CO., LTD.  
(a Nevada Corporation)**



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**2835 Hollywood Blvd  
Hollywood Florida 33024.**

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## **QUARTERLY DISCLOSURE STATEMENT**

**For the period ended March 31, 2016**

**October 13, 2016**



October 13, 2016

**Information required for compliance with the provisions of the  
OTC Markets Group Inc. (f/k/a Pink Sheets, LLC)  
OTC Pink Basic Disclosure Guidelines  
(Version 1.1 – April 25, 2013)**

The following information specifies forward-looking statements of our management; this Issuer Information Statement contains certain “forward-looking statements” (as such term is defined in Section 21E of the Securities Exchange Act of 1934, as amended). These statements reflect our current expectations regarding our possible future results of operations, performance, and achievements. These forward-looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, regulation of the Securities and Exchange Commission, and common law.

This disclosure document contains certain forward-looking statements, including among others (i) anticipated trends in our financial condition and results of operations, and (ii) our business strategy for managing and expanding our operations. These forward-looking statements are based largely on our current expectations and are subject to a number of risks and uncertainties. Actual results could differ materially from these forward-looking statements. In addition to other risks described elsewhere, important factors to consider in evaluating such forward-looking statements include (i) changes in external competitive market factors or in our internal budgeting process which might impact trends in our results of operations; (ii) unanticipated working capital or other cash requirements; (iii) changes in our business strategy or an inability to execute our strategy due to unanticipated changes in the industries in which we operate; and (iv) various competitive factors that may prevent us from competing successfully in the marketplace. In light of these risks and uncertainties, many of which are described in greater detail elsewhere in the “Risk Factors” discussion, there can be no assurance that the events predicted in forward-looking statements contained in this memorandum will, in fact, transpire. Prospective investors should have this Disclosure Statement reviewed by their personal investment advisers, legal counsel and/or accountants to properly evaluate the risks and contingencies of this offering

Our common shares offered are "restricted securities" as defined under the Securities Act. The resale of such securities may not be made without registration under the Securities Act and state securities laws or the existence of an exemption from such registration requirements.

Our current development plans are described in this disclosure document. Whether we continue developing the project will depend on the following factors:

- Availability and cost of capital;
- Costs and availability of equipment supplies and personnel necessary to conduct operations;
- Success or failure of activities in similar areas;
- Changes in the estimates of the costs to complete our projects; our ability to attract other industry partners to acquire a portion of the working interests, to reduce costs and exposure to risks;
- Decisions of our joint working interest owners and partners;
- Our operations may adversely impact the environment which could result in material liabilities to us;
- Obtaining governmental permits and approvals for operations, technology use and offerings, and/or operations which can be a costly and time-consuming process, can result in restrictions on our operations, and may delay or prevent us from obtaining necessary permits, licenses and/or other approvals and authorizations; and,
- Union represented labor may result in an increased risk of work stoppages and increased labor costs.

Wherever possible, we have tried to identify these forward-looking statements by using words such as “anticipate,” “believe,” “estimate,” “expect,” “plan,” “intend,” and similar expressions. These statements reflect our current beliefs and are based on information currently available to us. Accordingly, these statements are subject to certain risks, uncertainties, and contingencies, which could cause our actual results, performance, or achievements to differ materially from those expressed in, or implied by, such statements. These risks, uncertainties and contingencies include, without limitation, the factors set forth under “Item VI Describe the Issuer’s Business, Products and Services.” We have no obligation to update or revise any such forward-looking statements that may be made to reflect events or circumstances after the date of this Issuer Information Disclosure.

In preparing these unaudited consolidated financial statements in conformity with accounting principles generally accepted in the United States of America, management makes estimates and assumptions that affect the reported amounts of assets and liabilities in the balance sheet and revenue and expenses in the statement of operations. Actual results could differ from those estimates. In the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of financial position and the results of operations for the interim and year end periods presented have been reflected herein. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year.

## **Part A – General Company Information**

### **Item I            Name of the issuer and its predecessors (if any).**

The exact name of the Issuer is BEFUT INTERNATIONAL CO., LTD. (the “Issuer” or “Company”).

Other than listed above, the Issuer has used the following names in the past five years:  
Formerly = Befut International Co., Ltd. until 09-2016

### **Item II            Address of the issuer’s principal executive offices.**

#### Company Headquarters

2835 Hollywood Blvd  
Hollywood Florida 33024.  
Phone : (954) 404-7877  
Fax : 954  
E-mail : [carl@befutglobal.net](mailto:carl@befutglobal.net)  
Website: <http://www.befutglobal.net>;  
[www.cityworksinc.com](http://www.cityworksinc.com)

#### IR Contact

2835 Hollywood Blvd  
Hollywood Florida 33024.  
Phone: (954) 404-7877  
E-mail: [befutglobal@gmail.com](mailto:befutglobal@gmail.com)

### **Item 111        The jurisdiction(s) and date of the issuer’s incorporation or organization.**

The company now known as BEFUT INTERNATIONAL CO., LTD (BFTI) was originally incorporated in the State of Nevada on May 2, 2005 as Befut International Co., Ltd.

## **Part B – Share Structure**

### **Security Information.**

#### **The exact title and class of securities outstanding**

The Company has an authorized capitalization of 200,000,000 shares of common stock, \$0.001

par value per share as of March 31,2016.

The common stock has paid any dividends in the past but is not expected to pay any dividends in the foreseeable future. The Issuer has authorized two (2) classes of securities: common stock and preferred stock.

#### 1. Common Stock

Trading Symbol:	BFTI		
Exact title and class of securities outstanding:	Common Stock		
CUSIP:	05540J203:		
CIK NUMBER:	000132888		
Par or Stated Value:	\$0.001		
Total shares authorized:	200,000,000	as of:	March 31, 2016
Total shares issued:	29,715,640	as of:	March 31, 2016
Total shares outstanding:	29,715,640	as of:	March 31, 2016

#### 2. Preferred Stock

Trading Symbol:	N/A		
Exact title and class of securities outstanding:	Preferred AA Stock		
CUSIP:	None		
Par or Stated Value:	\$0.001		
Total shares authorized:	0	as of:	March 31, 2016
Total shares outstanding:	0	as of:	March 31, 2016

#### Transfer Agent

Corporate Stock Transfer, Inc.  
3200 Cherry Creek Drive South, #430  
Denver, CO 80209  
Phone: (303) 282-4800  
Facsimile: (303) 282-4800

Corporate Stock Transfer. is registered under the Federal Exchange Act, and as such is regulated by the Securities and Exchange Commission, in conjunction with FINRA.

**Item X      Issuer’s Certifications.**

**CERTIFICATIONS**

I, Carl Nurse, Chief Executive Officer of Befut International Co., Ltd., hereby certify that:

1. I have reviewed this “Quarterly Company Information and Disclosure Statement” of Befut International Co., Ltd. for the period through March 31 2016; and
2. Based on my knowledge, this disclosure statement 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 made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as, and for, the periods presenting this disclosure statement.

Date: October 5, 2016

/s/ Carl Nurse\_\_\_\_\_

By: Carl Nurse  
Chief Executive Officer

<b>BEFUT GLOBAL., INC</b>		
(Unaudited)		
<b>CONSOLIDATED BALANCE SHEET</b>		
	<b>For Period Ended</b>	
	<b>31-Mar</b>	<b>31-Dec</b>
<b>ASSETS</b>		
Current Assets		
Cash and Cash Equival	\$ 308,075.70	\$ 295,806.39
<b>Total Current Assets</b>	<b>\$ 308,075.70</b>	<b>\$ 295,806.39</b>
Fixed Assets	\$ 44,443.88	\$ 43,673.89
<b>Total Fixed Assets</b>	<b>\$ 44,443.88</b>	<b>\$ 43,673.89</b>
Goodwill	\$ 600,050.00	\$ 600,050.00
<b>Total Other Assets</b>	<b>\$ 600,050.00</b>	<b>\$ 600,050.00</b>
<b>TOTAL ASSETS</b>	<b>\$ 952,569.58</b>	<b>\$ 939,530.28</b>
<b>LIABILITIES &amp; EQUITY</b>		
Liabilities		
Current Liabilities	\$ 885,958.09	\$ 770,556.03
<b>Total Current Liabilities</b>	<b>\$ 885,958.09</b>	<b>\$ 770,556.03</b>
Long Term Liabilities	\$ 900,000.00	\$ 900,000.00
<b>Total Long Term Liabilities</b>	<b>\$ 900,000.00</b>	<b>\$ 900,000.00</b>
<b>Total Liabilities</b>	<b>\$1,785,958.09</b>	<b>\$1,670,556.03</b>
Stockholder's Deficit/Equity		
Common Stock par value \$0.001 authorized 250,000,000 shares, 29,715,640 and 29,715,640 shares issued and outstanding respectively	\$ 29,715.64	\$ 29,715.64
Additional Capital paid	\$ 103,910.18	\$ 103,464.29
Accumulated Deficit	\$ (967,014.33)	\$ (864,205.68)
<b>Total Equity</b>	<b>\$ (833,388.51)</b>	<b>\$ (731,025.75)</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>\$ 952,569.58</b>	<b>\$ 939,530.28</b>

**The accompanying notes are an integral part of these Financial statements.**

<b>BEFUT GLOBAL., INC</b>		
(Unaudited)		
<b>CONSOLIDATED INCOME STATEMENT</b>		
	<b>For the Period</b>	
	<b>Jan - Mar 16</b>	<b>Oct - Dec 15</b>
<b>Revenues</b>	\$ 407,752.14	\$ 536,605.85
<b>Costs of Goods</b>	\$(371,876.83)	\$(533,993.23)
<b>Gross Margin</b>	<u>\$ 35,875.31</u>	<u>\$ 2,612.62</u>
<b>Operating Expense:</b>		
<b>Operating Expense</b>	\$ 138,787.22	\$ 418,975.02
<b>Total Operating</b>	<u>\$ 138,787.22</u>	<u>\$ 418,975.02</u>
<b>Other Income/Expense</b>		
<b>Other Income</b>	\$ 103.26	\$ 48,806.18
<b>Other Expense</b>	\$ -	\$ -
<b>Total Other Income/Expense</b>	<u>\$ 103.26</u>	<u>\$ 48,806.18</u>
<b>Net Income (Loss) Before Taxes</b>	\$(102,808.65)	\$(367,556.22)
<b>Income Tax</b>	\$ -	\$ -
<b>Net Income (Loss)</b>	<u><b>\$(102,808.65)</b></u>	<u><b>\$(367,556.22)</b></u>
<b>Gain (Loss) per Share, Basic &amp; Diluted</b>	\$ (0.00)	\$ (0.01)
<b>Weighted Average Shares Outstanding</b>	<u><b>29,715,640</b></u>	<u><b>29,715,640</b></u>

<b>BEFUT GLOBAL., INC</b>		
(Unaudited)		
CONSOLIDATED STATEMENT OF CASH FLOWS		
	<b>Jan - Mar 31, 16</b>	
	<b>Oct - Dec 31, 15</b>	
<b>OPERATING ACTIVITIES</b>		
<b>Net Income</b>	\$(102,808.65)	\$ (404,370.84)
<b>Adjustments to reconcile Net Income to net cash provided by operations:</b>		
Accounts Receivable	\$ 43,268.86	\$ 36,213.85
Loan to Consultant	\$ (6,431.00)	
Retentions Receivable	\$ 15,580.64	\$ (12,289.97)
Accounts Payable	\$ (50,046.25)	\$ (23,721.58)
Bank of America	\$ 938.51	\$ 2,622.42
Chase Amazon	\$ (430.39)	\$ (198.38)
Home Depot Credit Services	\$ 3,192.43	\$ (2,224.23)
Master Card	\$ 2,631.38	\$ 2,369.80
Visa BOA		\$ (8,183.07)
Loan From Cap Specialty	\$ 80,000.00	\$ 85,000.00
Loan from Solargy		\$ 5,952.90
Loan Employees		\$ (375.00)
Loan from Capital for Merchants	\$ 29,941.94	
Loan Knight Cap Funding	\$ 35,514.40	
Payroll Liabilities	\$ 15,177.88	\$ (4,477.90)
Retentions Payables	\$ 914.54	\$ (22,073.87)
Suta & Futa Liabilities	\$ 1,881.75	\$ 177.51
2240 · Worker's Comp Payable	\$ (4,004.28)	\$ 17,428.00
<b>Net cash provided by Operating Activities</b>	<b>\$ 65,321.76</b>	<b>\$ (328,150.36)</b>
<b>INVESTING ACTIVITIES</b>		
Computer & Office Equipment	\$ (320.99)	
Computer Software	\$ (449.00)	\$ (2,097.99)
Goodwill		\$ (600,050.00)
<b>Net cash provided by Investing Activities</b>	<b>\$ (769.99)</b>	<b>\$ (602,147.99)</b>
<b>FINANCING ACTIVITIES</b>		
GBR Funding		\$ (46,811.00)
Officer Loan		\$ (98,800.94)
TCA Global Credit Master Fund,		\$ 900,000.00
Distribution	\$ (54.11)	
Opening Bal Equity		\$ 200.00
Owner's Capital: · Investments	\$ 500.00	\$ 25,471.94
<b>Net cash provided by Financing Activities</b>	<b>\$ 445.89</b>	<b>\$ 780,060.00</b>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>\$ 64,997.66</b>	<b>\$ (150,238.35)</b>
<b>Cash beginning of period</b>	<b>\$ 2,951.23</b>	<b>\$ 153,189.58</b>
<b>Cash End of period</b>	<b>\$ 67,948.89</b>	<b>\$ 2,951.23</b>



**BEFUT INTERNATIONAL CO., LTD**  
**NOTES TO**  
**CONSOLIDATED FINANCIAL**  
**STATEMENTS**  
**March 31, 2016**  
**(Unaudited)**

**NOTE 1 - ORGANIZATION AND DESCRIPTION OF BUSINESS**

*Consolidated Financial Statements*

The accompanying consolidated financial statements have been prepared by Befut International Co., Ltd. (the “Company”) without audit. In the opinion of management, all adjustments (which include only normal recurring adjustments) necessary to present fairly the financial position, results of operations, and cash flows at December 31, 2015, and for all the periods presented herein, have been made.

The summary of significant accounting policies of the Company is presented to assist in understanding the Company’s financial statements. The financial statements and notes are the representations of the Company’s management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the consolidated financial statements herein as of and for the three-month and twelve-months ended December 31, 2015 and for the year ended December 31, 2014.

The preparation of consolidated 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 amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from those estimates.

*Nature of Business*

Befut International Co., Ltd. (the “Company”) was originally organized under the laws of the State of Nevada on May 2, 2005. At the time BEFUT (BFTI) was a wholly owned subsidiary of Bio-Matrix Scientific Group, Inc. (“BMXG”), a Delaware Corporation. The Board of Directors of BMXG had voted to distribute all Shares of our common stock held by BMXG to holders of BMXG common stock of record as of May 31, 2005, which will be the record date. These stockholders will receive one share of our common stock for every one share(s) of BMXG common stock held on the record date. The distribution was paid on June 15, 2005.

Towards the end of 2015, the Company integrated and expanded its business plan to include the acquisition of construction companies throughout the Southern United States.

During the first quarter of 2016, the Board of Directors decided that the best course of action would be for the Company to acquire construction and real estate holdings to refocus its efforts on enhancing its revenue. The Company acquired Cityworks Construction, LLC, as a wholly owned subsidiary. Cityworks Construction, LLC was incorporated on September 12, 2007. The Company is engaged construction and construction management, primarily in southern Florida.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Basis of Presentation*

The Company’s consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America applicable to a going concern, which contemplates the realization of assets and liquidation of liabilities in the normal course of business. While the Company did generate revenues

during 2015 through its operations, those revenues had not yet proven to be a stable ongoing source of revenues sufficient to cover its operating costs and allow it to continue as a going concern. Therefore, the continuation of the Company as a going concern is dependent upon the continued financial support of its shareholders, the ability of the Company to obtain necessary financing to sustain operations and the attainment of profitable operations.

### *Principles of Consolidation*

## **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Cityworks Construction, Inc. There are no material intercompany transactions.

### *Business Combinations*

As previously noted, during August 2016, the Company acquired the assets of Cityworks (Note 1). In accordance with FASB ASC 805, business combinations are accounted for by applying the purchase method of accounting. Identifiable assets acquired and liabilities assumed in a business combination are measured at their estimated fair value at the acquisition date.

### *Long-Lived Assets*

In accordance with ASC 360, *Accounting for the Impairment or Disposal of Long-Lived Assets*, long-lived assets, such as property and equipment, and purchased intangible assets subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset be tested for possible impairment, the Company first compares undiscounted cash flows expected to be generated by an asset to the carrying value of the asset. If the carrying value of the long-lived asset is not recoverable on an undiscounted cash flow basis, impairment is recognized to the extent that the carrying value exceeds its fair value. Fair value is determined through various valuation techniques including discounted cash flow models, quoted market values and third-party independent appraisals, as considered necessary.

### *Fair Value of Financial Instruments*

In accordance with Accounting Standards Codification (“ASC”) Topic 820, *Fair Value Measurement and Disclosure*, the Company uses fair value measurements to record fair value adjustments to certain assets and to determine fair value disclosures.

Company bases fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When observable market prices and data are not readily available, significant management judgment often is necessary to estimate fair value.

In those cases, different assumptions could result in significant changes in valuation and may not be realized in an actual sale. Additionally, there may be inherent weaknesses in any calculation technique and changes in the underlying assumptions used, including discount rates, and expected cash flows could significantly affect the results of current or future values.

For certain financial instruments, including accounts receivable, accounts payable and accrued expenses, the carrying amounts approximate fair value due to their relatively short maturities. All assets of the Company are considered Level 1 type assets. In the case of the notes payable, the interest rate on the notes approximates the market rate of interest for similar borrowings. Consequently, the carrying value of the notes payable also approximates the fair value. It is not practicable to estimate the fair value of the related party notes payable and derivative liabilities due to a lack of market data, therefore requiring an entity to develop its own assumptions, such as valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable. Related party notes payable and derivative liabilities are considered Level 3 type liabilities.

### *Income Taxes*

The Company utilizes the asset and liability method of accounting for income taxes. The asset and liability method requires that the current or deferred tax consequences of all events recognized in the financial statements are measured by applying the provisions of enacted tax laws to determine the amount of taxes payable or refundable currently or in future years. Deferred tax assets are reviewed for recoverability and the Company records a valuation allowance to reduce its deferred tax assets when it is more likely than not that all or some portion of the deferred tax assets will not be recovered.

### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

In July 2006, the FASB issued guidance that clarified the accounting for income taxes by prescribing a minimum probability threshold that a tax position must meet before a financial statement benefit is recognized. The minimum threshold is defined as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement.

Company management believes that it had no material uncertain tax positions at December 31, 2015 and December 31, 2014.

### *Use of Estimates*

In preparing financial statements in conformity with generally accepted accounting principles in the United States of America, management makes estimates and assumptions that affect the reported amounts of assets and liabilities in the balance sheet and revenue and expenses in the statement of operations. The accounting estimates that require our significant, difficult, and subjective judgments include:

- the assessment of recoverability of long lived assets;
- the valuation of derivative instruments; and
- the valuation and recognition of share-based payments.

Actual results may differ from those estimates and such differences may be material to the financial statements. The current economic environment has increased the degree of uncertainty inherent in these estimates and assumptions.

### *Share-Based Payment*

The Company follows ASC Topic 718, *Share Based Payment*, which establishes standards for the accounting for transactions in which an entity exchanges its equity instruments for goods or services, primarily focusing on accounting for transactions where an entity obtains services in share based payment transactions. ASC Topic 718 requires entities to measure the cost of services received in exchange equity instruments, including stock options and warrants, based on the grant date fair value of the award and to recognize it as compensation expense over the period services are to be provided, usually the vesting period.

The fair value of options is calculated using the Black-Scholes option-pricing model. This model was developed to estimate the fair value of freely tradable, fully transferable options without vesting restrictions. As such, the values derived from using that model can differ significantly from other methods of valuing the Company's share based payment arrangements. The Black-Scholes model also requires subjective assumptions, including future stock price volatility and expected time to exercise, which greatly affect the calculated values. These factors could change in the future, affecting the determination of share based payment expense in future periods.

The assumptions used in the Black Scholes models referred to above are based upon the following data: (1) the expected life of the warrant is estimated by considering the contractual term of the warrant, the vesting period and

the expected exercise price. (2) The expected stock price volatility of the underlying shares over the expected term is based upon historical share price data. (3) The risk free interest rate is based on published U.S. Treasury Department interest rates for the expected terms. (4) Expected dividends are based on historical dividend data and expected future dividend activity.

#### *Variable Interest Entities*

In June 2009, the FASB issued guidance to revise the approach to determine when a variable interest entity (VIE) should be consolidated. The new consolidation model for VIEs considers whether an entity has the power to direct the activities that most significantly impact a VIE's economic performance and

#### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

shares in the significant risks and rewards of the VIE. The guidance on VIEs required companies to continually reassess VIEs to determine if consolidation is appropriate and provide additional disclosures.

The Company has reviewed the provisions of the guidance and does not believe that there is an impact on the Company's financial statements.

#### *Reclassifications*

Certain reclassifications have been made to the 2014 financial statements to conform to the 2015 presentation.

#### *Recently issued accounting pronouncements*

In March 2014, Financial Accounting Standards Update No. 2014-09 – “Revenue from Contracts with Customers” (“ASU No. 2014-09”) supersedes the revenue recognition requirements in Topic 605, *Revenue Recognition*, as well as most industry specific guidance, and significantly enhances comparability of revenue recognition practices across entities and industries by providing a principles based, comprehensive framework for addressing revenue recognition issues. In order for a provider of promised goods or services to recognize as revenue the consideration that it expects to receive in exchange for the promised goods or services, the provider should apply the following five steps: (1) identify the contract with a customer(s); (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance of the obligations in the contract; and (5) recognize revenue when (or as) the entity satisfies a performance obligation. ASU No. 2014-09 also specifies the accounting for some costs to obtain or fulfill a contract with a customer and provides enhanced disclosure requirements. ASU No. 2014-09 is effective for annual reporting periods beginning after December 15, 2016, including interim periods within that reporting period which for us will be our 2017 first quarter. We are permitted to use the retrospective or modified retrospective method when adopting ASU No. 2014-09. We are still assessing the impact that ASU No. 2014-09 will have on our financial statements and disclosures.

In June 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 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 amendments in this Update remove the financial statement distinction between development stage entities and other reporting entities from U.S. generally accepted accounting principles (“GAAP”). In addition, the amendments eliminate the requirements for development stage entities to: (1) present inception-to-date information in the statements of income, cash flows and shareholder equity; (2) label the financial statements as those of a development stage entity; (3) disclose a description of the development stage activities in which the entity is engaged; and (4) disclose in the first year in which the entity is no longer a development stage entity that in prior years it had been in the development stage.

For public entities, the amendments are effective for annual reporting periods beginning after December 15, 2014, and interim periods therein. Early application of each of the amendments is permitted for any annual reporting period or interim period for which the entity's financial statements have not yet been issued. The

Company has not determined the impact of the future adoption of the provisions of ASU No. 2014-10 on its consolidated financial statements.

In August 2014, the FASB issued ASU No. 2014-15, Presentation of Financial Statements – Going Concern (Subtopic 310-40): Disclosure of Uncertainties about an Entity’s Ability to Continue as a Going Concern. The amendments in this Update provide guidance in GAAP about management’s responsibility to evaluate whether there is substantial doubt about an entity’s ability to continue as a going concern and to provide related footnote disclosures. In doing so, the amendments are intended to reduce diversity in the timing and content of footnote disclosures. The amendments are effective for the annual period ending after December 15, 2016, and for annual periods and interim periods

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

thereafter. Early application is permitted. The Company has not determined the impact of the future adoption of the provisions of ASU No. 2014-15 on its consolidated financial statements.

Company management is in the process of reviewing the new accounting pronouncements issued or effective during the year and has not yet determined, if any, is expected to have a material impact on the financial statements.

**NOTE 3 – ACQUISITION**

As previously noted (Note 1), during September 2016, the Company acquired the assets of Cityworks. The purchase price of Cityworks was 100,000,000 common shares of the Company’s stock, with an estimated value of \$90,000, and an undermined amount of a new class of preferred stock with an estimated value of \$660,000. The preferred stock had not been issued as of December 31, 2015 and is reflected as a stock payable on the consolidated balance sheet. During the third quarter of 2016, the Company plans to issue to Cityworks, 500,000 Preferred AA shares in connection with the 2015 acquisition (Note 9).

The consolidated balance sheet of the Company reflects the acquisition of Cityworks, effective September 12, 2015, under the purchase method of accounting. The total cost of the acquisition has been allocated to the assets acquired and the liabilities assumed based upon their estimated fair values at the date of the acquisition. The estimated purchase price allocation is preliminary and is subject to revision. A preliminary valuation of the assets acquired and liabilities assumed was obtained and the Company is in the process of completing its evaluation of such. The final allocation will be made when this process is completed. The following represents the preliminary allocation of the aggregate purchase price to the development properties as of December 31, 2015:

*Property*

The cost of property and equipment is depreciated over the estimated useful lives of the related assets, which range from 5 to 7 years. Depreciation is computed using straight-line and accelerated methods. Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. When required, impairment losses are recognized based on the excess of the asset's carrying amount over the fair value of the asset. Long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less cost to sell.

Property and equipment is summarized as follows:

Equipment	\$40,858
Accumulated Depreciation	<u>(\$ 5,684)</u>
	\$ 35,174
Work Vehicle	\$29,845
Accumulated Depreciation	<u>(\$21,345)</u>

\$ 8,500

Depreciation expense amounted to \$27,029.00 for the year ended December 31, 2015.

### **Contracts Receivable**

Contracts receivable for the period ending March 31 includes balances due in the amount of \$162,828.07. The Company uses the reserve method to write-off uncollectible balances as amounts due are evaluated periodically by management and written-off if collection is deemed doubtful. All of the 2015 contract receivable balance was collected as of the report date.

### **Accrued Operating Expenses**

As of March 31, 2016, accrued expenses consist of accounts and wages payable in the amount of \$138,711.

Accrued net income was -\$102,808 for the period ending March 31, 2016.

### **Related parties**

The Company follows subtopic 850-10 of the FASB Accounting Standards Codification for the identification of related parties and disclosure of related party transactions.

Pursuant to Section 850-10-20 the Related parties include a) affiliates of the Company; b) Entities for which investments in their equity securities would be required, absent the election of the fair value option under the Fair Value Option Subsection of Section 825-10-15, to be accounted for by the equity method by the investing entity; c) trusts for the benefit of employees, such as pension and profit-sharing trusts that are managed by or under the trusteeship of management; d) principal owners of the Company; e) management of the Company; f) other parties with which the Company may deal if one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests; and g) Other parties that can significantly influence the management or operating policies of the transacting parties or that have an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests.

The financial statements shall include disclosures of material related party transactions, other than compensation arrangements, expense allowances, and other similar items in the ordinary course of business. However, disclosure of transactions that are eliminated in the preparation of consolidated or combined financial statements is not required in those statements. The disclosures shall include:

a. the nature of the relationship(s) involved description of the transactions, including transactions to which no amounts or nominal amounts were ascribed, for each of the periods for which income statements are presented, and such other information deemed necessary to an understanding of the effects of the transactions on the financial statements; c. the dollar amounts of transactions for each of the periods for which income statements are presented and the effects of any change in the method of establishing the terms from that used in the preceding period; amounts due from or to related parties as of the date of each balance sheet presented and, if not otherwise apparent, the terms and manner of settlement.

## **Commitments and contingencies**

The Company follows subtopic 450-20 of the FASB Accounting Standards Codification to report accounting for contingencies. Certain conditions may exist as of the date the consolidated financial statements are issued, 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 assesses 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 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, then the estimated liability would be accrued in the Company's consolidated financial statements. If the assessment indicates that a potential material loss contingency is not probable but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, and an estimate of the range of possible losses, if determinable and material, would be disclosed.

Loss contingencies considered remote are generally not disclosed unless they involve guarantees, in which case the guarantees would be disclosed. Management does not believe, based upon information available at this time, that these matters will have a material adverse effect on the Company's consolidated financial position, results of operations or cash flows. However, there is no assurance that such matters will not materially and adversely affect the Company's business, financial position, and results of operations or cash flows.

## **Revenue and Cost Recognition**

The Company follows paragraph 605-10-S99-1 of the FASB Accounting Standards Codification for revenue recognition. The Company will recognize revenue when it is realized or realizable and earned. The Company considers revenue realized or realizable and earned when all of the following criteria are met: (i) persuasive evidence of an arrangement exists, (ii) the product has been shipped or the services have been rendered to the customer, (iii) the sales price is fixed or determinable, and (iv) collectability is reasonably assured.

The Company recognizes revenues from fixed-price and modified fixed-price construction contracts on the percentage-of-completion method, measured by the percentage or work performed to total work required by the contract. This method is used because management considers engineers' estimates of work performed to be the best available measure of progress on contracts. Because of the inherent uncertainties in estimating costs, it is at least reasonably possible that the estimates used will change within the near term. Management believes that any uncertainties or changes in estimates that may occur will not have a material adverse effect on the business or financial position of the Company.

Contract costs include all direct materials, sub-contract and labor costs and those indirect costs related to contract performance. General and administrative costs, other than those directly allocated to jobs are

charged to operations as incurred. Provisions for estimated losses on uncompleted contracts are made in the period in which such losses are determined.

Changes in job performance, job conditions, and estimated profitability, including those arising from contract penalty provisions and final contract settlements, may result in revisions to costs and income, and are recognized in the period in which the revisions are determined. Changes in estimated job profitability resulting from job performance, job conditions, contract penalty provisions, claims, change orders, and final contract settlements, are accounted for as changes in estimates in the current period.

### **Income Tax Provisions**

The Company has elected, with the consent of the stockholders, to be taxed under S Corporation provisions of the Internal Revenue Code. Under these provisions, the taxable income of the Company is reflected by the stockholders on their personal income tax returns.

Construction contracts are reported for tax purposes on the completed contract method. For financial statement purposes, contracts are reported on the percentage-of-completion method. Accelerated depreciation and straight-line depreciation are used for tax and financial statement reporting.

The Company follows Section 740-10-30 of the FASB Accounting Standards Codification, which requires recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax assets and liabilities are based on the differences between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the fiscal year in which the differences are expected to reverse. Deferred tax assets are reduced by a valuation allowance to the extent management concludes it is more likely than not that the assets will not be realized. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the fiscal years in which those temporary 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 the Statements of Income and Comprehensive Income in the period that includes the enactment date.

The Company adopted section 740-10-25 of the FASB Accounting Standards Codification (“Section 740-10-25”) with regards to uncertainty income taxes. Section 740-10-25 addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under Section 740-10-25, the Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position should be measured based on the largest benefit that has a greater than fifty percent (50%) likelihood of being realized upon ultimate settlement. Section 740-10-25 also provides guidance on de-recognition, classification, interest and penalties on income taxes, accounting in interim periods and requires increased disclosures.

### **Net income (loss) per common share**

Net income (loss) per common share is computed pursuant to section 260-10-45 of the FASB Accounting Standards Codification. Basic net income (loss) per common share is computed by dividing net income (loss) by the weighted average number of shares of common stock outstanding during the period. Diluted net income (loss) per common share is computed by dividing net income (loss) by the weighted average number of shares of common stock and potentially outstanding shares of common stock during the period. The weighted average number of common shares outstanding and potentially outstanding common shares assumes that the Company incorporated as of the beginning of the first period presented.

There were no potentially dilutive shares outstanding for the period ended December 30, 2016 or 2015.

### **Cash flows reporting**

The Company adopted paragraph 230-10-45-24 of the FASB Accounting Standards Codification for cash flows reporting, classifies cash receipts and payments according to whether they stem from operating, investing, or financing activities and provides definitions of each category, and uses the indirect or reconciliation method (“Indirect method”) as defined by paragraph 230-10-45-25 of the FASB Accounting Standards Codification to report net cash flow from operating activities by adjusting net income to reconcile it to net cash flow from operating activities by removing the effects of (a) all deferrals of past operating cash receipts and payments and all accruals of expected future operating cash receipts and payments and (b) all items that are included in net income that do not affect operating cash receipts and payments. The Company reports the reporting currency equivalent of foreign currency cash flows, using the current exchange rate at the time of the cash flows and the effect of exchange rate changes on cash held in foreign currencies is reported as a separate item in the reconciliation of beginning and ending balances of cash and cash equivalents and separately provides information about investing and financing activities not resulting in cash receipts or payments in the period pursuant to paragraph 830-230-45-1 of the FASB Accounting Standards Codification.

### **NOTE 3 – GOING CONCERN**

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern, which contemplates continuity of operations, realization of assets, and liquidation of liabilities in the normal course of business.

As reflected in the accompanying financial statements, the Company had an accumulated deficit at March 31, 2016 of **-\$967,026**. This factor among others raise substantial doubt about the Company’s ability to continue as a going concern.

While the Company is attempting to commence operations and generate revenues, the Company's cash position may not be significant enough to support the Company's daily operations. Management intends to raise additional funds by way of a public or private offering. Management believes that the actions presently being taken to further implement its business plan and generate revenues provide the opportunity for the Company to continue as a going concern. While the Company believes in the viability of its strategy to generate revenues and in its ability to raise additional funds, there can be no assurances to that effect. The ability of the Company to continue as a going concern is dependent upon the Company's ability to further implement its business plan and generate revenues.

The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

#### **NOTE 4 – STOCKHOLDERS' DEFICIT**

##### *Shares authorized*

As of March 31, 2016 The Company is authorized to issue 200,000,000 shares of common stock with a par value of \$0.001 per share.

##### **Common Stock Issued**

During the three months ended March 31, 2016 and 2015 the Company did not issue any shares of capital stock, respectively.

#### **NOTE 5 – SUBSEQUENT EVENTS**

The Company has evaluated all events that occurred after the balance sheet date through the date when the financial statements were issued to determine if they must be reported. The Management of the Company determined that there were no reportable subsequent events to be disclosed.

During September 2016, the Board of Directors approved an amendment to the Company's Articles of Incorporation to file with the Secretary of State of Nevada to an amendment to the Company's Articles of Incorporation to increase in the number of authorized shares of Common Stock from 200,000,000 to 900,000,000 shares, including 10,000,000 Preferred convertible A and 5,000,000 super-voting Preferred Convertible B.

On April 27 of 2016, the Company entered into an Agreement with Adam Tracy, Esq. to provide legal services for a cash payment of \$30,000.

