SPROUT TINY HOMES, INC.

45825 Highway 96 East
Building 583E, Box 583
Pueblo, CO 81006

SUPPLEMENTAL INFORMATION

Item 4.02 Non-Reliance on Previously Issued Financial Statements or a Related Audit Report or Completed Interim Review.

The Company's accountants have determined that it is appropriate to account for revenues on a percentage of completion basis rather than a contractual basis. The percentage of completion method is used for to account the ongoing recognition of revenue and gross margin related to longer term projects. The purpose of doing so allows the Company to recognize a portion of gain (or loss) for a project each accounting period that the project is active. The percentage complete is calculated based upon the cost incurred through the reporting date divided by the total estimate of expenses to complete the project. Revenue is recorded based upon the percentage of complete. If the project is expected to generate a net profit, then no adjustment is required to the expenses incurred through the reporting date, and along with the revenue reported, the percentage of the expected margin would be recognized in the current period. However, if the project is expected to generate a net loss, then an accrual for the total amount of net loss would be recorded in the current period in addition to the expenses incurred. In this case, the expenses expected to be incurred would be equal to the revenue to be recorded.

The Company's financial statements for the period ended September 30, 2017 have been prepared on the percentage of completion basis. The financial statements for the periods ended March 31, 2017 and June 30, 2017 have been restated to apply percentage of completion accounting.

The Company previously posted financial statements on June 8, 2017 for the period ended March 31, 2017, and posted financial statements on August 21, 2017 for the period ended June 30, 2017. These financial statements accounted for revenue on a contractual basis rather than on a percentage of completion basis. For this reason, the Corporation's board of directors has concluded that the financial statements included in its Quarterly Reports posted June 8, 2017 and August 21, 2017 should not be relied upon.

Dated: Pueblo, Colorado
November 14, 2017

/s/ Rod Stambaugh
Rod Stambaugh, President