

Social Life Network, Inc.



**Unaudited Financial Statements for the
Twelve & Three Months Ended December 31, 2017**

March 15th, 2018

LETTER TO SHAREHOLDERS

To the Shareholders of Social Life Network, Inc.:

Social Life Network, Inc. (the “Company”) completed the merger of Sew-Cal Logo, Inc. and Life Marketing, Inc. on June 20th, 2016 per the definitive agreement entered in to February 2, 2016.

The Company sold 1,730,001 restricted common stock shares to 30 Accredited Investors at a per share price of \$0.15 for aggregate proceeds of \$259,500 from September 1st 2017 through December 31st, 2017. The securities were offered and sold in a private placement offering in reliance upon exemptions from registration pursuant to Section 4(2) of the Securities Act and Rule 506(b) of Regulation D promulgated under the Securities Act.

We have prepared these unaudited financial statements in accordance with accounting principles generally accepted in the United States of America.

The accompanying unaudited financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 1 to the unaudited financial statements, the Company has a limited operating history, minimal assets, and has suffered operating losses since inception, which raises substantial doubt about its ability to continue as a going concern. The Notes of these unaudited financial statements outline the status of the Company and business plans to remain a going concern as of the date of this filing. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Regards,

/s/ Ken Shawn Tapp
Chief Executive Officer

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

SOCIAL LIFE NETWORK, INC.
BALANCE SHEETS

	December 31, 2017	December 31, 2016
<u>ASSETS</u>		
Current Assets:		
Cash	\$ 53,722	\$ 7,311
Accounts receivable	3,795	9,274
Total Assets	<u>\$ 57,517</u>	<u>\$ 16,585</u>
<u>LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)</u>		
Current Liabilities:		
Other payables and accruals	\$ -	\$ 52,904
Total Current Liabilities	-	52,904
Loans payable – related party	80,800	84,400
Total Liabilities	<u>80,800</u>	<u>137,304</u>
Stockholders' Equity (Deficit):		
Common Stock par value \$0.001 500,000,000 shares authorized, 95,393,976 and 137,643,976 shares issued, respectively	95,394	137,644
Additional paid in capital	23,024,956	20,718,436
Stock subscription receivable	(2,000)	-
Common stock to be issued	5,730	4,000
Accumulated deficit	(23,147,363)	(20,980,799)
Total Stockholders' Equity (Deficit)	<u>(23,283)</u>	<u>(120,719)</u>
Total Liabilities and Stockholders' Equity	<u>\$ 57,517</u>	<u>\$ 16,585</u>

SOCIAL LIFE NETWORK, INC.
STATEMENTS OF OPERATIONS

	For the Years Ended December 31,	
	2017	2016
Revenues:		
Digital Marketing	\$ 59,380	\$ 182,737
Advertising	-	62,158
Licensing revenue – related party	82,400	-
Total revenue	141,780	244,895
Costs of goods sold	6,971	22,471
Gross margin	134,809	222,424
Operating Expenses:		
Compensation expense	60,909	119,122
Officer stock compensation	725,000	-
Consulting	214,500	240,000
Consulting - related party	42,600	32,000
Professional fees	94,452	163,579
Stock compensation - receivership	-	2,013,000
Stock compensation – receivership - related party	-	17,921,000
Stock based compensation - warrants	1,005,000	-
General and administrative	158,912	589,317
Total operating expenses	2,301,373	21,078,018
Loss from operations	(2,166,564)	(20,855,594)
Other expense		
Loss on conversion of debt	-	(101,080)
Total other expense	-	(101,080)
Net Loss	<u>\$ (2,166,564)</u>	<u>\$ (20,956,674)</u>
Loss per Share, Basic & Diluted	<u>\$ (0.02)</u>	<u>\$ (0.27)</u>
Weighted Average Shares Outstanding, Basic & Diluted	<u>135,628,223</u>	<u>78,080,690</u>

SOCIAL LIFE NETWORK, INC.
STATEMENTS OF STOCKHOLDERS EQUITY (DEFICIT)

	Preferred Stock		Common Stock		Additional Paid in Capital	Common Stock to be Issued	Common Stock Receivable	Accumulated Deficit	Total
	Shares	Amount	Shares	Amount					
Balance, December 31, 2015	12,000,000	\$ 12,000	420,642	\$ 421	\$ 7,351,257	\$ -	\$ -	\$ (7,387,803)	\$ (24,125)
Reverse Merger	(12,000,000)	(12,000)	-	-	(7,418,178)	-	-	7,363,678	(66,500)
Common stock issued for receivership	-	-	132,893,334	132,893	19,801,107	-	-	-	19,934,000
Common stock issued for debt	-	-	1,330,000	1,330	166,250	-	-	-	167,580
Common stock issued for services	-	-	3,000,000	3,000	793,500	3,500	-	-	800,000
Common stock sold for cash	-	-	-	-	24,500	500	-	-	25,000
Net Loss for the year ended December 31, 2016	-	-	-	-	-	-	-	(20,956,674)	(20,956,674)
Balance, December 31, 2016	-	-	137,643,976	137,644	20,718,436	4,000	-	(20,980,799)	(120,719)
Common stock issued for services	-	-	2,250,000	2,250	274,250	-	-	-	276,500
Common stock issued for services to officers	-	-	5,500,000	5,500	719,500	-	-	-	725,000
Common stock cancelled	-	-	(50,000,000)	(50,000)	50,000	-	-	-	-
Fair value of warrants issued	-	-	-	-	1,005,000	-	-	-	1,005,000
Common stock sold for cash	-	-	-	-	257,770	1,730	(2,000)	-	257,500
Net Loss for the year ended December 31, 2017	-	-	-	-	-	-	-	(2,166,564)	(2,166,564)
Balance, December 31, 2017	-	\$ -	95,393,976	\$ 95,394	\$ 23,024,956	\$ 5,730	\$ (2,000)	\$ (23,147,363)	\$ (23,283)

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

SOCIAL LIFE NETWORK, INC.
STATEMENTS OF CASH FLOWS

	For the Years Ended December 31,	
	2017	2016
Cash flow from operating activities:		
Net Loss for the Year	\$ (2,166,564)	\$ (20,956,674)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock based compensation	2,006,500	20,734,000
Loss on conversion of debt	-	101,080
Changes in operating assets and liabilities:		
Accounts receivable	5,479	28,428
Accounts payable	(52,904)	(20,833)
Net cash used operating activities	(207,489)	(113,999)
Cash flows used in investing activities:	-	-
Cash flows from (used in) financing activities:		
Loans from related parties	1,900	81,926
Repayments of related party loans	(5,500)	-
Proceeds from the sale of common stock	257,500	25,000
Net cash provided by financing activities	253,900	106,926
Net increase (decrease) in cash	46,411	(7,073)
Cash at beginning of year	7,311	14,384
Cash at end of year	\$ <u>53,722</u>	\$ <u>7,311</u>
Supplemental Disclosures:		
Cash paid during the year for:		
Interest	\$ <u>-</u>	\$ <u>-</u>
Income taxes	\$ <u>-</u>	\$ <u>-</u>
Supplemental disclosure of non-cash activities:		
Warrants issued for services	\$ <u>1,005,000</u>	\$ <u>-</u>

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

SOCIAL LIFE NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 1 – ORGANIZATION AND DESCRIPTION OF BUSINESS

Social Life Network, Inc. (the “Company”) was incorporated in the State of California on August 30, 1985, as C J Industries. On February 24, 2004, the Company merged with Calvert Corporation, a Nevada Corporation, and its name was changed to Sew Cal Logo, Inc., and the domicile changed to Nevada.

The Company licenses its Social Life Network SaaS (Software as a Service) Internet Platform (hereafter referred to as the “Platform”) to niche industries for an annual license fee and/or a percentage of profits. The Platform is a cloud-based social network and eCommerce system that can be accessed by a web browser or mobile application that allows end-users to socially connect with one another and their customers to market and advertise their products and services. The Platform can be customized to suit virtually any international niche industry or sub-culture, such as hunting and fishing, tennis, real estate professionals, health and fitness, and charity causes.

The Company also owns cannabis/hemp related websites from which it generates advertising revenue.

In June 2014, the Company was placed into receivership in Nevada’s 8th Judicial District (White Tiger Partners, LLC et al v. Sew Cal Logo, Inc. et al, Case No A-14-697251-C) (Dept. No.: XIII).

On January 29, 2016, the Company, as the seller (the “Seller”), completed a business combination/merger agreement (the “Agreement”) with the buyer, Life Marketing, Inc., a Colorado corporation (the “Buyer”), its subsidiaries and holdings and all of the Buyer’s securities holders. We acted through Robert Stevens, the court-appointed receiver and White Tiger Partners, LLC, our judgment creditor. The Agreement provided that the then current owners of the private company, Life Marketing, Inc., become the majority shareholders pursuant to which an aggregate of 119,473,334 restricted common stock shares were issued to our officers, composed of 59,736,667 shares each to our Chief Executive Officer, Ken Tapp, and Andrew Rodosevich, our Chief Financial Officer. The agreement further provides that:

- 1) The Company cancelled all previously created preferred class of stock;
- 2) The Company delivered our newly issued, restricted common stock shares equivalent to approximately 89.5% of our outstanding shares as a control block in exchange for 100% of the Buyer’s outstanding shares;
- 3) The court appointed receiver, Robert Stevens, sold to the Buyer its judgment and the Seller agreed to pay him \$30,000 and the equivalent of 9.99% of the outstanding stock post-merger of the newly issued unregistered exempt shares.
- 4) The Company’s then officers and directors were terminated and Ken Shawn Tapp and Andrew Rodosevich become the Company’s Chief Executive Officer/Director and Chief Financial Officer/Director, respectively;
- 5) The Company effected a 5,000 to 1 reverse stock split effective as of April 11, 2016, with each shareholder retaining a minimum of 100 shares;
- 6) The Company changed its name from Sew Cal Logo, Inc. to WeedLife, Inc, and later to Social Life Network, Inc. effective in Nevada as of April 11, 2016;
- 7) The Company changed its stock symbol from SEWC to WDLF;
- 8) The Company decreased its authorized common stock shares from 2,000,000,000 shares to 500,000,000 shares, which was effective with the Nevada Secretary of State on March 17, 2016.

On June 6, 2016, the Court in the receivership matter issued an order pursuant to Section 3(a) (10) of the Securities Act of 1933, as amended (the “Securities Act”), ratifying the above actions. The receiver was discharged on June 7, 2016.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The Company's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires 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. Significant estimates include the estimated useful lives of property and equipment. Actual results could differ from those estimates.

Concentrations of Credit Risk

We maintain our cash in bank deposit accounts, the balances of which at times may exceed federally insured limits. We continually monitor our banking relationships and consequently have not experienced any losses in our accounts. We believe we are not exposed to any significant credit risk on cash.

Cash equivalents

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. There were no cash equivalents for the year ended December 31, 2017 or 2016.

Accounts Receivable

Revenues that have been recognized but not yet received are recorded as accounts receivable. Losses on receivables will be recognized when it is more likely than not that a receivable will not be collected. An allowance for estimated uncollectible amounts will be recognized to reduce the amount of receivables to its net realizable value when considered necessary. Any allowance for uncollectible amounts is evaluated quarterly.

Fair value of financial instruments

The Company follows paragraph 825-10-50-10 of the FASB Accounting Standards Codification for disclosures about fair value of its financial instruments and paragraph 820-10-35-37 of the FASB Accounting Standards Codification ("Paragraph 820-10-35-37") to measure the fair value of its financial instruments. Paragraph 820-10-35-37 establishes a framework for measuring fair value in accounting principles generally accepted in the United States of America (U.S. GAAP), and expands disclosures about fair value measurements. To increase consistency and comparability in fair value measurements and related disclosures, Paragraph 820-10-35-37 establishes a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value into three (3) broad levels. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three (3) levels of fair value hierarchy defined by Paragraph 820-10-35-37 are described below:

Level 1: Quoted market prices available in active markets for identical assets or liabilities as of the reporting date.

Level 2: Pricing inputs other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reporting date.

Level 3: Pricing inputs that are generally observable inputs and not corroborated by market data.

The carrying amount of the Company's financial assets and liabilities, such as cash, prepaid expenses and accrued expenses approximate their fair value because of the short maturity of those instruments. The Company's notes payable approximates the fair value of such instruments based upon management's best estimate of interest rates that would be available to the Company for similar financial arrangements at December 31, 2017.

The Company does not have any assets or liabilities measured at fair value on a recurring or a non-recurring basis as of December 31, 2017 and 2016.

Revenue recognition

The Company follows paragraph 605-15-25 of the FASB Accounting Standards Codification for revenue recognition when the right of return exists. 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) The seller's price to the buyer is substantially fixed or determinable at the date of sale, (ii) The buyer has paid the seller, or the buyer is obligated to pay the seller and the obligation is not contingent on resale of the product. If the buyer does not pay at time of sale and the buyer's obligation to pay is contractually or implicitly excused until the buyer resells the product, then this condition is not met., (iii) The buyer's obligation to the seller would not be changed in the event of theft or physical destruction or damage of the product, (iv) The buyer acquiring the product for resale has economic substance apart from that provided by the seller. This condition relates primarily to buyers that exist on paper, that is, buyers that have little or no physical facilities or employees. It prevents entities from recognizing sales revenue on transactions with parties that the sellers have established primarily for the purpose of recognizing such sales revenue, (v) The seller does not have significant obligations for future performance to directly bring about resale of the product by the buyer, and (vi) The amount of future returns can be reasonably estimated.

The Company generates revenues through three primary sources: 1) licensing agreements from which the Company receives an annual license fee or a percentage of net profits; 2) online advertising with priced based on the CPC (cost per click) and CPM (cost per 1000 ad impressions); and 3) premium monthly digital marketing subscriptions which provide business director and online review management for monthly subscriptions.

Income taxes

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 in the period that includes the enactment date.

On December 22, 2017, the Tax Cuts and Jobs Act (TCJA) was signed into law by the President of the United States. TCJA is a tax reform act that among other things, reduced corporate tax rates to 21 percent effective January 1, 2018. FASB ASC 740, Income Taxes, requires deferred tax assets and liabilities to be adjusted for the effect of a change in tax laws or rates in the year of enactment, which is the year in which the change was signed into law. Accordingly, the Company adjusted its deferred tax assets and liabilities at December 31, 2017, using the new corporate tax rate of 21 percent. See Note 7.

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. The Company had no material adjustments to its liabilities for unrecognized income tax benefits according to the provisions of Section 740-10-25.

Stock-based Compensation

We account for equity-based transactions with nonemployees under the provisions of ASC Topic No. 505-50, *Equity-Based Payments to Non-Employees* ("ASC 505-50"). ASC 505-50 establishes that equity-based payment transactions with nonemployees shall be measured at the fair value of the consideration received or the fair value of the equity instruments issued, whichever is more reliably measurable. The fair value of common stock issued for payments to nonemployees is measured at the market price on the date of grant. The fair value of equity instruments, other than common stock, is estimated using the Black-Scholes option valuation model. In general, we recognize the fair value of the equity instruments issued as deferred stock compensation and amortize the cost over the term of the contract.

We account for employee stock-based compensation in accordance with the guidance of FASB ASC Topic 718, *Compensation—Stock Compensation*, which requires all share-based payments to employees, including grants of

employee stock options, to be recognized in the financial statements based on their fair values. The fair value of the equity instrument is charged directly to compensation expense and credited to additional paid-in capital over the period during which services are rendered.

Basic and Diluted Earnings Per 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.

As of December 31, 2017 and 2016, the Company had 16,300,020 and 6,400,00 potentially dilutive shares; however, the diluted loss per share is the same as the basic loss per share for the years ended December 31, 2017 and 2016, as the inclusion of any potential shares would have had an antidilutive effect due to our loss from operations.

Recently issued accounting pronouncements

In January 2017, the FASB issued ASU 2017-01, *Business Combinations (Topic 805) Clarifying the Definition of a Business*. The amendments in this update clarify the definition of a business with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions or disposals of assets or businesses. The definition of a business affects many areas of accounting including acquisitions, disposals, goodwill, and consolidation. The guidance is effective for interim and annual periods beginning after December 15, 2017 and should be applied prospectively on or after the effective date. The Company is in the process of evaluating the impact of this accounting standard update.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*, which requires restricted cash to be presented with cash and cash equivalents on the statement of cash flows and disclosure of how the statement of cash flows reconciles to the balance sheet if restricted cash is shown separately from cash and cash equivalents on the balance sheet. ASU 2016-18 is effective for interim and annual periods beginning after December 15, 2017, with early adoption permitted. The Company is in the process of evaluating the impact of this accounting standard update on its financial statements.

In October 2016, the FASB issued ASU 2016-16, *Income Taxes (Topic 740): Intra-Entity Transfer of Assets Other than Inventory*, which requires the recognition of the income tax consequences of an intra-entity transfer of an asset, other than inventory, when the transfer occurs. ASU 2016-16 is effective for interim and annual periods beginning after December 15, 2018, with early adoption permitted. The Company is in the process of evaluating the impact of this accounting standard update on its financial statements.

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230), Classification of Certain Cash Receipts and Cash Payments*. ASU 2016-15 provides guidance for targeted changes with respect to how cash receipts and cash payments are classified in the statements of cash flows, with the objective of reducing diversity in practice. ASU 2016-15 is effective for interim and annual periods beginning after December 15, 2017, with early adoption permitted. The Company is in the process of evaluating the impact of this accounting standard update on its statements of cash flows.

In March 2016, the FASB issued ASU 2016-09, *Stock Compensation (Topic 718), Improvements to Employee Share-Based Payment Accounting*. ASU 2016-09, which amends several aspects of accounting for employee share-based payment transactions including the accounting for income taxes, forfeitures, and statutory tax withholding requirements, and classification in the statement of cash flows. ASU 2016-09 is effective for fiscal years beginning after December 15, 2016 and interim periods within annual periods beginning after December 15, 2016, with early adoption permitted. The Company has evaluating the impact of this accounting standard update and noted that it has had no material impact.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. ASU 2016-02 requires lessees to recognize lease assets and lease liabilities on the balance sheet and requires expanded disclosures about leasing arrangements. ASU 2016-02 is effective for fiscal years beginning after December 15, 2018 and interim periods in fiscal years beginning after December 15, 2018, with early adoption permitted. The Company is in the process of evaluating the

impact of this accounting standard update on its financial statements.

In May 2014, August 2015, April 2016 and May 2016, the Financial Accounting Standards Board ("FASB") issued ASU 2014-09 (ASC Topic 606), Revenue from Contracts with Customers, ASU 2015-14 (ASC Topic 606) Revenue from Contracts with Customers, Deferral of the Effective Date, ASU 2016- from Contracts with Customers, ASU 2015-14 (ASC Topic 606) Revenue from Contracts with Customers, Deferral of the Effective Date, ASU 2016-10 (ASC Topic 10 (ASC Topic 606) Revenue from Contracts with Customers, Identifying Performance Obligations and Licensing, and ASU 2016-12 (ASC Topic 606) Revenue from Contracts with 606) Revenue from Contracts with Customers, Identifying Performance Obligations and Licensing, and ASU 2016-12 (ASC Topic 606) Revenue from Contracts with accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. It also requires entities to disclose both quantitative and qualitative information that enable financial statements users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The amendments in these ASUs are effective for fiscal years, and interim periods within those years, beginning after December 15, 2017. Early adoption is permitted for annual periods beginning after December 15, 2016. The Company is in the process of assessing the impact, if any, on its financial statements.

The Company has implemented all new accounting pronouncements that are in effect. These pronouncements did not have any material impact on the financial statements unless otherwise disclosed, and the Company does not believe that there are any other new accounting pronouncements that have been issued that might have a material impact on its financial position or results of operations.

NOTE 3 – GOING CONCERN

Our financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities and commitments in the normal course of business for the foreseeable future. The Company has an accumulated deficit of \$23,147,363 at December 31, 2017, had a net loss of \$2,166,564, and used net cash of \$207,489 in operating activities for the year ended December 31, 2017. These factors raise substantial doubt about our ability to continue as a going concern. Our ability to continue as a going concern is dependent upon our generating profitable operations in the future and/or to obtain the necessary financing to meet our obligations and repay our liabilities arising from normal business operations when they come due. Our management intends to finance operating costs over the next twelve months with existing cash on hand and public issuance of common stock. While we believe that we will be successful in obtaining the necessary financing and generating revenue to fund our operations, meet regulatory requirements and achieve commercial goals, there are no assurances that such additional funding will be achieved and that we will succeed in our future operations.

NOTE 4 – RELATED PARTY TRANSACTIONS

The Company has software license agreements with Real Estate Social Network, Inc. and Sports Social Network. With the Real Estate Social Work license agreement, the Company will receive 20% of the net profits from all monthly subscriptions and online ad sales from the licensee (Real Estate Social Network), paid annually, on the 31st day of January for the preceding year. Due to the related party nature of this agreement, revenue will only be recognized when received. The Company received \$25,000 and \$0 for the year ended December 31, 2017 and 2016, respectively from Real Estate Social Network, Inc. With the Sports Social Life Network license agreement, the Company will receive \$125,000 annually for the first two years of this agreement, and thereafter will receive 20% of the net profits from all monthly subscriptions and online ad sales from the licensee, paid annually, on the 31st day of January for the preceding year. Early payment or installment payments on a monthly or quarterly basis are allowed for both license agreements. Due to the related party nature of this agreement revenue will only be recognized when received. The Company received \$57,400 and \$0 for the year ended December 31, 2017 and 2016, respectively from Sports Social Network. The Company's Chief Executive Officer, Ken Tapp owns 59.6% of the Company's outstanding shares and is also the Chief Technology Officer of Real Estate Social Network and Sports Social Network and owns approximately 40% each of those entities through LBC Consulting, LLC, of which he is the only member. The Company's Chief Financial Officer, Andrew Rodosevich, owns 14.7% of our outstanding shares and is a Managing Member of Real Estate Social Network and Sports Social Network and owns approximately 39% of those entities through Rodosevich Investments, LLC, of which Andrew Rodosevich is the sole member.

On February 16, 2016, the Company executed a Note Payable with an employee for \$5,000. The note was unsecured, non-interest bearing and due February 1, 2018. This note was repaid in full on December 29, 2017.

On June 6, 2016, the Company issued 59,736,667 restricted common stock shares to LVC Consulting, LLC. The shares are valued at \$0.15, the closing stock price on the date of grant, for total non-cash expense of \$8,960,500. The Managing Member of LVC Consulting is the Company's Chief Executive Officer, Ken Tapp.

On June 6, 2016, the Company issued 59,736,667 restricted common stock shares to Rodosevich Investments, LLC. The shares are valued at \$0.15, the closing stock price on the date of grant, for total non-cash expense of \$8,960,500. The Managing Member of Rodosevich Investments is the Company's Chief Financial Officer, Andrew Rodosevich.

On July 18, 2016, the Company executed a Note Payable with Andy Rodosevich, the Company's CFO, for \$26,400 to pay for public company expenses. The note is unsecured, non-interest bearing and due December 31, 2019.

On September 1, 2016, the Company executed a Note Payable with Like RE, Inc. for \$53,000. Ken Tapp, our Chief Executive Officer is also an officer with Like RE, Inc. The note is unsecured, non-interest bearing and due December 31, 2018. During the year ended December 31, 2017, Like RE, Inc. advanced the Company an additional \$1,900, \$500 of which was repaid.

On December 7, 2017, the Company cancelled 50,000,000 shares held by Rodosevich Investments, LLC, and returned said shares to our treasury.

On December 14, 2017, the Company issued 5,000,000 shares of common stock to Andrew Rodosevich, CFO for services rendered. The shares are valued at \$0.13, the closing stock price on the date of grant, for total non-cash expense of \$650,000.

NOTE 5 – STOCK WARRANTS

During the year ended December 31, 2017 and 2016, the Company granted 9,900,020 and 6,400,000 warrants, respectively to various third parties for services. Each warrant entitles the holder to one common stock share at an exercise price of five cents. The term of the warrants is 5 years from the initial exercise date. The warrants will be expensed as they become exercisable beginning January 1, 2017 through September 1, 2019. During the year ended December 31, 2017, 5,100,000 of the warrants vested. The aggregate fair value of the warrants totaled \$1,005,000 based on the Black-Scholes-Merton pricing model using the following estimates: exercise price of \$0.05, stock prices ranging from \$0.07 to \$0.38, risk free rates ranging from 1.15% - 2.06%, volatility ranging from 481% to 502%, and expected life of the warrants of five years.

A summary of the status of the Company's outstanding stock warrants and changes during the periods is presented below:

	Shares available to purchase with warrants	Weighted Average Price	Weighted Average Fair Value
Outstanding, December 31, 2015	-	\$ -	\$ -
Issued	6,400,000	\$ 0.05	\$ -
Exercised	-	\$ -	\$ -
Expired	-	\$ -	\$ -
Outstanding, December 31, 2016	6,400,000	\$ 0.05	\$ -
Issued	9,900,020	\$ 0.05	\$ -
Exercised	-	\$ -	\$ -
Expired	-	\$ -	\$ -
Outstanding, December 31, 2017	<u>16,300,020</u>	\$ 0.05	\$ -
Exercisable, December 31, 2017	<u>5,100,000</u>	\$ 0.05	\$ 0.20

Range of Exercise Prices	Number Outstanding 12/31/2017	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price
\$0.05	16,300,020	4.40 years	\$ 0.05

NOTE 6 – COMMON STOCK

The Company effected a 5,000 to 1 reverse stock split effective as of April 11, 2016, with each shareholder retaining a minimum of 100 shares. All shares throughout these financial statements have been retroactively adjusted to reflect the reverse.

On June 6, 2016, the Company issued 13,420,000 restricted common stock shares to Somerset Private Fund, Ltd. The shares are valued at \$0.15, the closing stock price on the date of grant, for total non-cash expense of \$2,013,000.

On June 6, 2016, the Company issued 59,736,667 restricted common stock shares to LVC Consulting, LLC. The shares are valued at \$0.15, the closing stock price on the date of grant, for total non-cash expense of \$8,960,500. The Managing Member of LVC Consulting is the Company's Chief Executive Officer, Ken Tapp.

On June 6, 2016, the Company issued 59,736,667 restricted common stock shares to Rodosevich Investments, LLC. The shares are valued at \$0.15, the closing stock price on the date of grant, for total non-cash expense of \$8,960,500. The Managing Member of Rodosevich Investments is the Company's Chief Financial Officer, Andrew Rodosevich.

On June 10, 2016, the Company issued 1,000,000 restricted common stock shares to Michael Fuller in connection with his Search Optimization and Content Monitoring Services as an independent contractor. The shares are valued at \$0.16, the closing stock price on the date of grant, for total non-cash expense of \$160,000. As of December 31, 2017, the shares have not yet been issued by the transfer agent so the shares have been credited to the common stock to be issued account.

On June 10, 2016, the Company issued 500,000 restricted common stock shares to Bruce Kennedy in connection with his News Monitoring and Article Publishing Services to us as an independent contractor. The shares are valued at \$0.16, the closing stock price on the date of grant, for total non-cash expense of \$80,000. As of December 31, 2017, the shares have not yet been issued by the transfer agent so have been credited to the common stock to be issued account.

On June 10, 2016, the Company issued 1,000,000 restricted common stock shares to Trang Pham in connection with her Accounting Services to us as an independent contractor. The shares are valued at \$0.16, the closing stock price on the date of grant, for total non-cash expense of \$160,000. As of December 31, 2017, the shares have not yet been issued by the transfer agent so have been credited to the common stock to be issued account.

On June 10, 2016, the Company issued 1,000,000 restricted common stock shares to Lonnie Klaess in connection with his Secretarial and Office Management Services to us as an independent contractor. The shares are valued at \$0.16, the closing stock price on the date of grant, for total non-cash expense of \$160,000. As of December 31, 2017, the shares have not yet been issued by the transfer agent so have been credited to the common stock to be issued account.

On June 24, 2016, the Company issued 532,000 restricted common stock shares to Foxy Consulting, LLC, resulting from Foxy Consulting converting a receivership certificate in the amount of \$26,600. The shares are valued at \$0.11, the closing stock price on the date of grant, for a loss on conversion of debt of \$31,920.

On June 24, 2016, the Company issued 266,000 restricted common stock shares to Justin Pinkel resulting from Justin Pinkel converting a receivership certificate in the amount of \$13,300. The shares are valued at \$0.11, the closing stock price on the date of grant, for a loss on conversion of debt of \$15,960.

On June 24, 2016, the Company issued 266,000 restricted common stock shares to Robert P. Jacobsen resulting from Robert P. Jacobsen converting a receivership certificate in the amount of \$13,300. The shares are valued at \$0.11, the closing stock price on the date of grant, for a loss on conversion of debt of \$37,240.

On June 30, 2016, the Company issued 266,000 restricted common stock shares to Kevin Larson Presents, LLC, resulting from Kevin Larson Presents converting a receivership certificate in the amount of \$13,300. The shares are valued at \$0.19, the closing stock price on the date of grant, for a loss on conversion of debt of \$15,960.

On August 1, 2016, the Company issued 3,000,000 restricted common stock shares to Emerging Markets Consulting, LLC in connection with Emerging Markets' corporate information services. The shares are valued at \$0.08, the closing stock price on the date of grant, for total non-cash expense of \$240,000.

On August 2, 2017, the Company issued 1,750,000 restricted common stock shares to Emerging Markets Consulting, LLC in connection with Emerging Markets' corporate information services. The shares are valued at \$0.12, the closing stock price on the date of grant, for total non-cash expense of \$210,000.

On August 14, 2017, the Company issued 500,000 restricted common stock shares to Frederick M. Lehrer in connection with his services as the Company's corporate/securities counsel. The shares are valued at \$0.13, the closing stock price on the date of grant, for total non-cash expense of \$66,500.

On October 1, 2017, the Company issued 500,000 restricted common stock shares to D. Scott Karnedy in connection with his services as our Chief Operating Officer. The shares are valued at \$0.15, the closing stock price on the date of grant, for total non-cash expense of \$75,000.

From October 11 to December 13, 2017, the Company entered into subscription agreements with 30 accredited investors. We offered common stock shares to the accredited investors at \$0.15 per share. The Company issued a total of 1,730,001 shares for total gross proceeds of \$259,500. As of December 31, 2017, the shares have not yet been issued by the transfer agent; therefore \$1,730 has been credited to common stock payable. In addition, \$2,000 of the funds have not been received and has been debited to stock subscription receivable.

On December 7, 2017, the Company cancelled 50,000,000 shares held by Rodosevich Investments, LLC, and returned said shares to our treasury.

On December 14, 2017, the Company issued 5,000,000 shares of common stock to Andrew Rodosevich, CFO for services rendered. The shares are valued at \$0.13, the closing stock price on the date of grant, for total non-cash expense of \$650,000.

On December 20, 2017, the Company increased its authorized capital to 700,000,000 shares, par value, \$0.001, consisting of 500,000,000 Common shares, 100,000,000 Preferred Shares, and 100,000,000 Class B Common Shares. The rights of the Preferred Shares and Class B Common Shares have not yet been established.

NOTE 7 – INCOME TAX

Deferred taxes are provided on a liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss and tax credit carry forwards and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment. The Company has evaluated Staff Accounting Bulletin No. 118 regarding the impact of the decreased tax rates of the Tax Cuts & Jobs Act. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment. The U.S. federal income tax rate of 21% is being used due to the new tax law recently enacted.

Net deferred tax assets consist of the following components as of December 31:

	2017	2016
Deferred Tax Assets:		
NOL Carryover	\$ 35,200	\$ 86,400
Deferred tax liabilities:		
Less valuation allowance	(35,200)	(86,400)

Net deferred tax assets	\$	-	\$	-
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The income tax provision differs from the amount of income tax determined by applying the U.S. federal income tax rate to pretax income from continuing operations for the period ended December 31, due to the following:

	2017	2016
Book loss	\$ (455,000)	\$ (4,400,900)
Meals and entertainment	200	200
Stock based compensation	421,400	4,354,100
Valuation allowance	33,400	46,00
	\$ -	\$ -

At December 31, 2017, the Company had net operating loss carry forwards of approximately \$230,000 that may be offset against future taxable income from the year 2017 to 2036. No tax benefit has been reported in the December 31, 2017 financial statements since the potential tax benefit is offset by a valuation allowance of the same amount.

Due to the change in ownership provisions of the Tax Reform Act of 1986, net operating loss carry forwards for Federal Income tax reporting purposes are subject to annual limitations. Should a change in ownership occur net operating loss carry forwards may be limited as to use in future years. With few exceptions, the Company is no longer subject to U.S. federal, state and local income tax examinations by tax authorities for years before 2012.

NOTE 8 – SUBSEQUENT EVENTS

Management has evaluated subsequent events pursuant to the requirements of ASC Topic 855, from the balance sheet date through the date the financial statement were available to be issued, and has determined that there are no material subsequent events that require disclosure in the financial statements.