ABT HOLDINGS, INC.

(FORMERLY KNOWN AS ABT MINING CO.)

FINANCIAL STATEMENTS

as of

DECEMBER 31, 2015 & 2014

Together with

Report of Independent Registered Public Accounting Firm

ABT HOLDINGS, INC.
(FORMERLY KNOWN AS ABT MINING CO.)

Index to Consolidated Financial Statements

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders
ABT Holdings, Inc.
Pasadena, California

We have audited the accompanying consolidated balance sheets of ABT Holdings, Inc. (formerly known as ABT Mining Co.) and subsidiaries (collectively the "Company"), as of December 31, 2015 and 2014 and the related consolidated statements of operations, stockholders' deficit, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. The Company has determined that it is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included the consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of ABT Holdings, Inc. and subsidiaries, as of December 31, 2015 and 2014, and the results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States.

dbbmckennon

December 14, 2016

ABT HOLDINGS, INC.
(FORMERLY KNOWN AS ABT MINING CO.)
CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2015 AND 2014

	2015	2014
Assets		
Current assets:		
Cash	$ 1,094,696	$ -
Accounts receivable	1,180,844	-
Other current assets	36,390	-
Total current assets	2,311,930	-
Property and equipment, net	304,710	-
Acquired intangible assets, net	233,778	-
Other assets	321,125	-
Goodwill	1,424,494	-
Total assets	$ 4,596,037	$ -
Liabilities and Stockholders' Deficit		
Current liabilities:		
Accounts payable	$ 526,173	$ -
Accrued liabilities	681,035	127,650
Line of credit	385,000	-
Deferred revenue - current	155,000	-
Lease obligations - current	99,575	-
Notes payable - current	32,951	24,726
Convertible notes payable - current	784,500	522,812
Related party notes payable - current	229,413	8,000
Unearned license fees	150,000	-
Settlement liability	700,000	-
Total current liabilities	3,743,647	683,188
Notes payable - noncurrent	152,685	-
Convertible notes payable - noncurrent	628,575	-
Related party notes payable - noncurrent	60,000	-
Deferred revenue - noncurrent	576,252	-
Deferred rent and lease incentive liability - noncurrent	290,774	-
Lease obligations - noncurrent	129,797	-
Deferred tax liabilities	48,000	-
Total liabilities	5,629,730	683,188
Commitments and contingencies (Note 14)	-	-
Stockholders' Deficit:		
Preferred stock, par value $0.001 20,000,000 shares authorized, 20,000,000 and none issued and outstanding as of December 31, 2015 and 2014, respectively	20,000	-
Common stock, par value $0.0001, 1,200,000,000 shares authorized; 154,617,538 and 467,538 shares issued and outstanding as of December 31, 2015 and 2014, respectively	15,462	46
Additional paid-in capital	5,198,555	3,772,906
Stock issuable	-	1,000,000
Accumulated deficit	(6,702,038)	(5,456,140)
Total parent stockholders' deficit	(1,468,021)	(683,188)
Noncontrolling interest	434,328	-
Total stockholders' deficit	(1,033,693)	(683,188)
Total liabilities and stockholders' deficit	$ 4,596,037	$ -

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

ABT HOLDINGS, INC.
(FORMERLY KNOWN AS ABT MINING CO.)
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
Revenues	$ 5,011,551	$ -
Cost of revenues	3,638,600	-
Gross profit	1,372,951	-
Operating expenses:		
General and administrative	1,115,027	521,279
Sales and marketing	38,900	-
Total operating expenses	1,153,927	521,279
Operating income (loss)	219,024	(521,279)
Other income (expense):		
Interest expense	(125,690)	(11,340)
Other expense	(699,995)	-
Gain from extinguishment of debt	310,243	-
Loss from asset acquisition	(774,000)	-
Total other expense	(1,289,442)	(11,340)
Loss before provision for income taxes	(1,070,418)	(532,619)
Provision for income taxes	148,365	-
Net loss	$ (1,218,783)	$ (532,619)
Net income attributable to noncontrolling interest	27,115	-
Net loss attributable to controlling interest	$ (1,245,898)	$ (532,619)
Net loss per common share, basic and diluted	$ (0.01)	$ (1.14)
Weighted average number of common shares outstanding - basic and diluted	92,323,291	467,538

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

ABT HOLDINGS, INC.
(FORMERLY KNOWN AS ABT MINING CO.)
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	Preferred stock		Common stock		Additional Paid-in Capital	Common Stock Issuable	Accumulated Deficit	Total Parent Stockholders' Deficit	Noncontrolling interest	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount						
December 31, 2013	-	$ -	454,495	$ 45	$ 3,744,862	$ 1,000,000	$ (4,923,521)	$ (178,614)	$ -	$ (178,614)
Common shares issued for cash	-	-	13,043	1	9,999	-	-	10,000	-	10,000
Discount on convertible note	-	-	-	-	16,250	-	-	16,250	-	16,250
Contributed capital	-	-	-	-	1,795	-	-	1,795	-	1,795
Net loss	-	-	-	-	-	-	(532,619)	(532,619)	-	(532,619)
December 31, 2014	-	-	467,538	46	3,772,906	1,000,000	(5,456,140)	(683,188)	-	(683,188)
Common shares issued for asset (domain)	-	-	150,000,000	15,000	80,900	-	-	95,900	-	95,900
Preferred Series A shares issued for asset	18,400,000	18,400	-	-	159,700	-	-	178,100	-	178,100
Preferred Series A shares issued for services	1,600,000	1,600	-	-	74,900	-	-	76,500	-	76,500
Noncontrolling interest in subsidiary - value of 24% not owned by ABT Holdings, Inc.	-	-	-	-	-	-	-	-	407,213	407,213
Conversions of notes payable into common stock	-	-	4,150,000	416	33,009	-	-	33,425	-	33,425
Rescinded common shares	-	-	-	-	1,000,000	(1,000,000)	-	-	-	-
Contributed capital	-	-	-	-	12,640	-	-	12,640	-	12,640
Beneficial conversion feature in notes payable	-	-	-	-	64,500	-	-	64,500	-	64,500
Net loss attributable to controlling interest	-	-	-	-	-	-	(1,245,898)	(1,245,898)	-	(1,245,898)
Net income attributable to noncontrolling interest	-	-	-	-	-	-	-	-	27,115	27,115
December 31, 2015	20,000,000	$ 20,000	154,617,538	$ 15,462	$ 5,198,555	$ -	$ (6,702,038)	$ (1,468,021)	$ 434,328	$ (1,033,693)

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

ABT HOLDINGS, INC.
(FORMERLY KNOWN AS ABT MINING CO.)
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

		2015		2014
OPERATING ACTIVITIES				
Net loss	$	(1,218,783)	$	(532,619)
Adjustments to reconcile net loss to net cash				
provided by (used in) operating activities:				
Depreciation and amortization		49,037		-
Amortization of debt discount		76,688		4,062
Gain on forgiveness of debt		(310,243)		-
Loss from asset acquisition		774,000		-
Stock based compensation		76,500		-
Bad debt		40,000		-
Changes in operating assets and liabilities:				
Accounts receivable		(1,180,844)		-
Prepaid and other current assets		(21,750)		-
Accounts payable		525,834		-
Accrued liabilities		649,104		508,664
Deferred revenue		731,252		-
Deferred rent and lease incentive liability		15,774		-
Deferred tax liabilities		48,000		-
Settlement liability		700,000		-
Unearned license fee		150,000		-
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		1,104,569		(19,893)
INVESTING ACTIVITIES				
Other assets		(46,125)		-
Purchase of property and equipment		(69,191)		-
Acquisition of business, net of cash received		(34,581)		-
Issuance of note receivable		(100,000)		-
Payments received on note receivable		60,000		-
NET CASH USED IN INVESTING ACTIVITIES		(189,897)		-
FINANCING ACTIVITIES				
Contributed capital		12,640		1,795
Proceeds from sales of common stock		-		10,000
Proceeds from line of credit		385,000		-
Proceeds from notes payable		120,000		-
Payments on notes payable		(20,554)		-
Proceeds from related party notes payable		-		8,000
Payments on related party notes payable		(298,400)		-
Payments on lease obligation		(18,662)		-
NET CASH PROVIDED BY FINANCING ACTIVITIES		180,024		19,795
NET INCREASE (DECREASE) IN CASH		1,094,696		(98)
CASH AT BEGINNING OF YEAR		-		98
CASH AT END OF YEAR	$	1,094,696	$	-
SUPPLEMENTAL CASH FLOW DISCLOSURE:				
CASH PAID FOR:				
Interest	$	-	$	-
Income taxes	$	-	$	-
NON-CASH INVESTING AND FINANCING ACTIVITIES:				
Notes payable issued for services	$	50,000	$	385,000
Conversions of notes payable into common stock	$	33,425	$	-
Common stock rescinded	$	1,000,000	$	-
Preferred shares issued for asset	$	178,100	$	-
Common shares issued for asset	$	95,900	$	-
Related party notes payable issued for asset	$	507,500	$	-
Convertible notes payable issued for acquisition of company	$	1,260,000	$	-
Property and equipment purchased with financing agreement	$	248,034	$	-
Lease incentive receivable	$	275,000	$	-
Acquisition of Scoobeez, Inc. (see Note 6)				

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

NOTE 1. BUSINESS DESCRIPTION AND NATURE OF OPERATIONS

ABT Holdings, Inc. (the "Company"), previously known as ABT Mining Co., was incorporated under the laws of the state of Idaho in 1957 under the original name of Abot Mining Company. The Company's legal name was changed to ABT Mining Co. Inc. on March 1, 2007. Effective August 14, 2015, the Company's legal name was changed to ABT Holdings, Inc.

The Company's overall business strategy is to operate as a diversified holding company, which is primarily engaged in investing, acquiring, developing, operating and growing various businesses that will generate attractive returns, and provide significant free cash flow to the Company to maximize the value to its shareholders. Consequently, during the year ended December 31, 2015, the Company decided to take a more diversified approach to its current and future operations, which include, but are not limited to, acquisitions of advanced technology driven assets and businesses that improve value and productivity in critical areas of the value chain, enhance the life of end-users and customer experiences, and positively impact local and global commerce as it is rolled out in the domestic and international markets.

The Company's target portfolio companies are designed to be market leaders in their respective sectors by providing critical products and services that enable them to re-imagine the current revenue model, improve customer service, and streamline the decision-making process.

Software Technology Assets - AutoClaim App and Autoclaim.com Domain Name

On May 27, 2015, the Company expanded its asset and business portfolio with the acquisition of an in-process mobile app asset, known as the AutoClaim App and the Autoclaim.com domain name. The AutoClaim App is a free mobile app that enables users to document vehicle accidents and manage the insurance claim process while giving them access to accident-related service providers. The AutoClaim App also provides users with non-accident and accident-related discounts and offers (collectively known as deals) for automobile-related products and services.

The AutoClaim App provides a series of benefits to auto insurance claim industry at an operational and strategic level including but not limited to improving customer service, streamlining data management for effective decision making on claims, improving capital efficiency by correctly managing claims portfolio and many other benefits.

The Company intends to generate revenues from the AutoClaim assets through:

- Accident vendor referral services, through listings of accident service providers
- Automobile-related discounts and deals from local, regional, and national vendors and service providers
- User-data-based deals (weather-related, extended warranty, insurance, car lease or purchase) from local, regional, and national vendors
- Customized white label mobile accident documentation systems for insurance companies, municipalities, governments and enterprises with large fleet vehicles
- Data warehousing and management

The auto accident market represents an opportunity for providing mobile accident documentation connectivity to insurance carriers, auto accident-related vendors, and vehicle maintenance providers. The key features of the AutoClaim App include:

- A step-by-step guide and checklist for documenting an auto accident.
- A step-by-step guide and checklist for submitting an insurance claim.
- A comprehensive accident follow-up-management platform.
- Connectivity to insurance carriers.
- A claims tracking system.

Access to a wide range of accident service providers and vendors, including vehicle repair shops, chiropractors, attorneys, and others, within the accident vicinity and in the home base of users to assist them through the claim process.

The commercial version of the AutoClaim App can significantly reduce the time and paperwork required in expediting the insurance claim documentation process. When commercial drivers are equipped with the AutoClaim App, they can quickly and easily document all post- accident events at the scene of the accident such as instant photographic exchange of all parties' driver license & insurance, and registration documents thus eliminating information exchange errors. The App further records the time and pictures of the accident location, vehicle damage and injuries to all parties. The App will also make documents available for live viewing at the headquarters and management offices of respected companies nationwide.

For the year ended December 31, 2015, the Company has not earned any revenues in connection with the AutoClaim App. The Company has subsequently launched the AutoClaim App. See Note 5 for additional information.

On-Demand Delivery Business – Scoobeez, Inc.
On August 27, 2015, the Company entered the mobile app driven hyper-efficient logistics industry through the acquisition of Scoobeez, Inc. ("Scoobeez"), a California Corporation incorporated in September 2014. Scoobeez began its operations to serve the Greater Los Angeles Area by providing local (five-mile radius) messaging and courier services. The Company is the majority shareholder in Scoobeez and manages its day-to-day operations.

Since August 2015, Scoobeez has made a paradigm shift in its business model by delivering last mile delivery solutions to major enterprises. Major online and traditional retailers, and on-demand app companies are seeking immediate customized door-to-door capabilities in hopes of winning loyalty from online shoppers. Scoobeez is merging their online and store operations with its creative delivery system to complete the full cycle of e-commerce.

Scoobeez services consist of an On Demand/One to Two Hours and Same Day/Next Day door-to-door logistics and real-time delivery services that primarily utilizes cars along with scooters and motorcycles to facilitate same day deliveries. Scoobeez generates revenues primarily when customers place an order for delivery through its website, its mobile application or one of its listed phones numbers.

At the end of December 31, 2015, Scoobeez operated in Northern and Southern California, and Nevada. Scoobeez has pre-existing contractual arrangements (“Main Contract”) with on-demand mobile apps, retailers, e-tailers, logistic companies, and carriers. These entities are engaged in the business of transporting products, including groceries, food from restaurants, alcohol, and other product lines carried by supermarket chains and retail warehouses to their customers/end-users from delivery stations, sort centers, fulfillment centers, and other distribution points, including merchant locations.

Scoobeez has contract agreements with large enterprise client(s), whereby Scoobeez (also known as the Delivery Service Provider, “DSP”) provides last mile logistics necessary to deliver packages to Enterprise Client’s customers. Scoobeez receives fees for services which are usually directly tied to planned routes. These routes are the number of deliveries in each area that Enterprise Client plans for a single person and Vehicle for delivery on a specific shift and day and that in turn is assigned by Scoobeez to a person and Vehicle for delivery on a specific shift and day.

Scoobeez trains its drivers ("Delivery Associates") for approximately two full weeks consisting of in-house presentations, as well as working full-length shifts during which they perform numerous practice deliveries and dry runs. At the fulfillment centers, Scoobeez dispatchers work side by side with Enterprise Client’s dispatchers in assigning work to and monitoring the Delivery Associates.

For On Demand/One to Two Hour Delivery, each Delivery Associate stationed at the fulfillment centers receives a route planner slip ranging from 1 to 2-hour routes, number of the assigned packages, the sequence of deliveries, estimated transit time between deliveries, and customers’ names and addresses. After finishing one window’s deliveries, Delivery Associates return to the fulfillment center (or merchant location) to receive their assignments for the next delivery window. The only material variation for Delivery Associates stationed at merchant locations is that they receive their assignments via the Mobile App, instead of at the warehouse. Delivery Associates perform all of the delivery jobs in their personal vehicles.

During the first quarter of fiscal 2016, Scoobeez launched its Same Day/Next Day Delivery. Under this business segment, each Delivery Associate usually uses Scoobeez’ rented, leased or owned cargo vans. In some cases, Delivery Associate may use their personal vans. The Delivery Associates typically receives a route planner slip ranging from 6 to 10-hour routes, number of the assigned packages ranging from 80 to 120 packages, sequence of deliveries, estimated transit time between deliveries, and customers’ names and addresses. See Note 6 for additional information.

As of January 15, 2016, Scoobeez reclassified all its Delivery Associates as W-2 employees. Delivery Associates compensation now includes overtime, double-time, an hourly reimbursement rate and tips, and employee drivers are provided with pay stubs listing the pay period, hours worked, the rate of pay, tips, and tax withholdings. See Note 14 for accrual of potential contingencies related to the Delivery Associates' previous classification as independent contractors.

In certain scenarios, Scoobeez subcontracts part or all of the Main Contract to a qualified Service Provider, who desires to perform services, including offering messenger, preferred delivery and courier services. As part of the subcontract, Scoobeez often charges a Preferred Service Provider (“PSP”) fee to the Service Provider in the range of $200,000 to $300,000 paid at the time of signing the subcontract. This fee allows the Service Provider the first right of refusal in the event Scoobeez desires to offer new Logistics Service Agreements in the Authorized Territory.

Discontinued Exploration of Mining Option

Prior to September 28, 2015, the Company was an exploration stage company with a main focus in Nayarit, Mexico from December 11, 2011, which did not realize any revenues from its planned operations. It was primarily engaged in the acquisition, exploration and development of mineral properties.

On September 28, 2015, the Company decided not to engage in the exploration, discovery and production of precious and semi-precious metals and metal properties. The Company rescinded its option agreement on its Aztlan 8 B mining claim in Nayarit, Mexico. The Company is no longer involved in any mining activities at this point. Please refer to Note 9 for additional information.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Principles of Consolidation

The accompanying consolidated financial statements includes the accounts of ABT Holdings, Inc and Scoobeez, excluding the 24% non-controlling interest. All significant intercompany accounts and transactions have been eliminated. The consolidated statements of operations include the results of entities acquired from the date of the acquisition for accounting purposes.

Non-Controlling Interests

Non-controlling interests represent the portion of equity in a subsidiary not attributable, directly or indirectly, to a parent. The Company's accompanying consolidated financial statements include all assets, liabilities, revenues and expenses at their consolidated amounts, which include the amounts attributable to the Company and the non-controlling interest. The Company recognizes as a separate component of equity and earnings the portion of income or loss attributable to non-controlling interests based on the portion of the entity not owned by the Company.

The Company adopted the provisions of the Financial Accounting Standards Board's ("FASB") authoritative guidance regarding non-controlling interests in consolidated financial statements. The guidance requires the Company to clearly identify and present ownership interests in subsidiaries held by parties other than the Company in the consolidated financial statements within the equity section. It also requires the amounts of consolidated net earnings attributable to the Company and to the non-controlling interests to be clearly identified and presented on the face of the consolidated statements of operations. At December 31, 2015, the Company owned 76% of Scoobeez and 24% is owned by the former individual shareholders; see Note 6 for additional information.

Financial Statement Preparation and Use of Estimates

The Company's consolidated financial statements were prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"). The preparation of consolidated financial statements in conformity with GAAP requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and the related disclosures at the date of the financial statements, as well as the reported amounts of revenue and expenses during the periods presented. Estimates include revenue recognition, the allowance for doubtful accounts, website and internal-use software development costs, goodwill, depreciable lives of property and equipment, recoverability of intangible assets with finite lives and other long-lived assets, legal contingencies and stock-based compensation. Actual results could materially differ from these estimates.

Cash and Cash Equivalents

Cash includes demand deposits with banks or financial institutions. Cash equivalents include short-term, highly liquid investments that are both readily convertible to known amounts of cash, and that are so near their maturity that they present minimal risk of changes in value because of changes in interest rates. The Company's cash equivalents include only investments with original maturities of three months or less. The Company regularly maintains cash in excess of federally insured limits at financial institutions.

Accounts Receivable

Accounts receivable primarily represents the amount due from one customer for which almost all of our revenues are generated. Receivables from this customer are due on a net 30 days basis. At December 31, 2015, the Company has determined that no allowance is required. Bad debt expense for the year ended December 31, 2015 was not significant.

Advertising

The Company recognizes advertising expenses when incurred. The Company incurred approximately $15,800 and $150 in advertising costs for the years ended December 31, 2015 and 2014, respectively.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed principally on the straight-line method over the estimated useful life of each type of asset which ranges from three to five years. Leasehold improvements are depreciated over the life of the asset or the corresponding lease agreement, whichever is shorter. Major improvements are capitalized, while expenditures for repairs and maintenance are expensed when incurred. Upon retirement or disposition, the related costs and accumulated depreciation are removed from the accounts, and any resulting gains or losses are credited or charged to income.

Intangible Assets

Intangible assets with finite useful lives are amortized using the straight-line method over their useful lives and are reviewed for impairment. The Company evaluates intangible assets and other long-lived assets for impairment whenever events or circumstances indicate that they may not be recoverable, or at least annually. Recoverability is measured by comparing the carrying amount of an asset group to the future undiscounted net cash flows expected to be generated by that asset group. If this comparison indicates impairment, the amount of impairment to be recognized is calculated as the difference between the carrying value and the fair value of the asset group, generally measured by discounting estimated future cash flows.

Goodwill

Goodwill represents the excess of the cost of an acquired business over the fair value of the assets acquired at the date of acquisition. Absent any special circumstances that could require an interim test, the Company has elected to test for goodwill impairment at September 30 of each year.

The Company tests for impairment using a two-step process. The first step of the goodwill impairment test identifies if there is potential goodwill impairment. If step one indicates that an impairment may exist, a second step is performed to measure the amount of the goodwill impairment, if any, by comparing the implied fair value of goodwill with the carrying amount. If the implied fair value of goodwill is less than the carrying amount, a write-down is recorded. The Company determined there was no goodwill impairment during the year ended December 31, 2015.

Fair Value of Financial Instruments

Fair value is defined as the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability. The fair value should be calculated based on assumptions that market participants would use in pricing the asset or liability, not on assumptions specific to the entity. In addition, the fair value of liabilities should include consideration of non-performance risk including our own credit risk.

In addition to defining fair value, the standard expands the disclosure requirements around fair value and establishes a fair value hierarchy for valuation inputs. The hierarchy prioritizes the inputs into three levels based on the extent to which inputs used in measuring fair value are observable in the market. Each fair value measurement is reported in one of the three levels which is determined by the lowest level input that is significant to the fair value measurement in its entirety. These levels are:

> Level 1 – inputs are based upon unadjusted quoted prices for identical instruments traded in active markets.
> Level 2 – inputs are based upon significant observable inputs other than quoted prices included in Level 1, such as quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
> Level 3 – inputs are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques that include option pricing models, discounted cash flow models, and similar techniques.

The carrying value of the Company's financial assets and liabilities, which consist of cash, accounts receivable, other current assets, accounts payable, accrued liabilities, related parties and other notes payable, approximate their fair value due to the short maturity of such instruments. The Company does not have any level 2 or 3 financial instruments. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, exchange, or credit risks arising from these financial instruments.

Lease Incentive Receivable and Liability

For the Company's operating leases, the Company recognizes rent expenses on a straight-line basis over the term of the leases. Accordingly, the Company records the difference between cash rent payments and the recognition of rent expenses as a lease incentive liability in the consolidated balance sheets. The Company has landlord-funded leasehold improvements that are recorded as lease incentive receivable which are being amortized as a reduction of rent expense over the non-cancelable terms of the operating leases.

Revenue Recognition

On-Demand Delivery Business

In general, the Company recognizes revenue when (i) persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered to the customer, (iii) the fee is fixed or determinable and (iv) collectability is reasonably assured. The Company considers a signed agreement, a binding contract with the customer or other similar documentation reflecting the terms and conditions under which products or services will be provided to be persuasive evidence of an arrangement.

The Company generates local revenues primarily when customers place an order for delivery through our website, our mobile application or one of the Company's listed phone numbers. Revenues are generally recognized as soon as our Delivery Associate ("DA") makes the delivery.

Scoobeez generates revenues from the Enterprise Client when the Enterprise Client's customer or end-user places an order on the platform through their mobile applications for a two-hour delivery or one-hour delivery, and those order requests ("Deliverables") are delivered by Scoobeez's DAs in coordination with Scoobeez's Dispatcher or Enterprise Client' designees from delivery stations, sort centers, fulfillment centers, and/or other distribution points (including merchant locations) (collectively known as the "Distribution Points"). These deliverables are accepted by Scoobeez Monday through Sunday, 365 days a year, at times and days designated by our Enterprise Client. Revenue is recognized once delivery is made.

Tips received by our DAs are reimbursed by the Enterprise Client and paid out to DAs. The Company recognizes these tips as flow throw income and expenses.

In certain scenarios, Scoobeez subcontracts ("Logistics Services Agreement - LSA") the Main Contract to a Service Provider, who desires to perform services, including offering messenger, preferred delivery and courier services to such persons as it shall be directed by Scoobeez. The PSP fee for this limited Authorized Territory in this Agreement will generally range from $200,000 to $300,00 paid at the time of signing the Agreement. This fee allows the Service Provider the first right of refusal in the event Scoobeez desires to offer new Logistics Service Agreements in the Authorized Territory. The initial payments are recorded as deferred revenues, and license revenues are recognized over the terms of the agreement on a straight-line basis, generally three to five years.

In accordance with Accounting Standards Codification ("ASC") 605-45, Principal Agent Considerations, the gross sales of the Service Provider will be included/consolidated with the Company's revenues. The amount of revenue recorded by the Company is based on the entire amount generated from the reports between Scoobeez and Enterprise Client or other similar business or enterprise customers. The contractual rates with the Service Provider will be paid to the Service Provider and will be recorded as Cost of Sales. The administrative costs incurred for processing the transactions and providing support services are included in General and Administrative expenses in the consolidated statements of operations.

Other costs of revenue consist of mainly the labor costs of dispatchers and drivers.

Concentrations of Credit Risk

Cash

The Company maintains its cash balances at a single financial institution. The balance may at times exceed insured limits.

Revenues

During the year ended December 31, 2015, the Company has one significant customer. Revenues generated from this single customer represented approximately 97% of total revenue for the year ended December 31, 2015. Approximately 100% of accounts receivable was due from this single customer at December 31, 2015. The loss of this customer would have a significant impact on the Company's operations.

Legal Proceedings

The Company is currently involved in certain legal proceedings. The Company discloses a loss contingency if there is at least a reasonable possibility that a material loss has been incurred. The Company records its best estimate of a loss related to pending legal proceedings when the loss is considered probable and the amount can be reasonably estimated. Where a range of loss can be reasonably estimated with no best estimate in the range, the Company records the minimum estimated liability. As additional information becomes available, the Company assess the potential liability related to pending legal proceedings and revises its estimates and updates its disclosures accordingly. The Company's legal cost associated with defending itself are recorded to expense as incurred.

Impairment of Long Lived Assets

Long-lived assets are reviewed for impairment in accordance with the applicable FASB ASC 360, Property, Plant and Equipment. Under the standard, long-lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. An impairment charge is recognized for the amount, if any, when the carrying value of the asset exceeds the fair value.

Provision for Income Taxes

The provision for income taxes is determined using the asset and liability method. Under this method, deferred tax assets and liabilities are calculated based upon the temporary differences between the financial statement and income tax bases of assets and liabilities using the enacted tax rates that are applicable in a given year.

The Company utilizes a two-step approach to recognizing and measuring uncertain tax positions ("tax contingencies"). The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes. The second step is to measure the tax benefit as the largest amount which is more than 50% likely to be realized upon ultimate settlement. The Company considers many factors when evaluating and estimating its tax positions and tax benefits, which may require periodic adjustments and which may not accurately forecast actual outcomes. The Company includes interest and penalties related to tax contingencies in the provision for income taxes in the consolidated statements of operations. Management of the Company does not expect the total amount of unrecognized tax benefits to significantly change in the next 12 months.

Stock-Based Compensation

The Company records stock based compensation in accordance with the guidance in ASC 505, Equity and ASC 718, Compensation - Stock Compensation which requires the Company to recognize expenses related to the fair value of its employee stock option awards. This eliminates accounting for share-based compensation transactions using intrinsic value and requires instead that such transactions be accounted for using a fair-value-based method. The Company recognizes the cost of all share-based awards on a graded vesting basis over the vesting period of the award.

The Company accounts for equity instruments issued in exchange for the receipt of goods or services from other than employees at the estimated fair market value of the consideration received or the estimated fair value of the equity instruments issued, whichever is more reliably measurable. The value of equity instruments issued for consideration other than employee services is determined on the earliest of a performance commitment or completion of performance by the provider of goods or services.

Convertible Debentures

Accounting for convertible instruments (ASC 470-20), convertible instruments (primarily convertible debt and convertible preferred stock) should be further analyzed when the embedded conversion feature is not bifurcated pursuant to ASC 815, including ASC 815-40, because there may be further accounting for the conversion option.

The cash conversion guidance in ASC 470-20, Debt with Conversion and Other Options, is considered when evaluating the accounting for convertible debt instruments (this includes certain convertible preferred stock that is classified as a liability) to determine whether the conversion feature should be recognized as a separate component of equity. The cash conversion guidance applies to all convertible debt instruments that upon conversion may be settled entirely or partially in cash or other assets where the conversion option is not bifurcated and separately accounted for pursuant to ASC 815.

If the conversion features of conventional convertible debt provide for a rate of conversion that is below market value, this feature is characterized as a beneficial conversion feature ("BCF"). A BCF is recorded by the Company as a debt discount pursuant to ASC Topic 470-20, Debt with Conversion and Other Options. In those circumstances, the convertible debt is recorded net of the discount related to the BCF and the Company amortizes the discount to interest expense over the life of the debt using the effective interest method.

Basic and Diluted Loss per Share

The Company follows ASC 260, Earnings Per Share, to account for earnings per share. Basic earnings per share ("EPS") calculations are determined by dividing net loss by the weighted average number of shares of common stock outstanding during the year. Diluted earnings per share calculations are determined by dividing net income by the weighted average number of common shares and dilutive common share equivalents outstanding. During periods when common stock equivalents, if any, are anti-dilutive, they are not considered in the computation. As of December 31, 2015, the Company had approximately 778.4 million potential dilutive shares related to four convertible notes and 20 million preferred shares which were excluded from the diluted net loss per share as the effects would have been anti-dilutive. As of December 31, 2014, the Company had approximately 462.7 million potential dilutive shares related to five convertible notes which were excluded from the diluted net loss per share as the effects would have been anti-dilutive.

Recent Accounting Pronouncements

In November 2015, the FASB issued Accounting Standards Update ("ASU") 2015-17, Income Taxes – Balance Sheet Classification of Deferred Taxes. The purpose of the standard is to simplify the presentation of deferred taxes on a classified balance sheet. Under current GAAP, deferred income tax assets and liabilities are separated into current and noncurrent amounts in the balance sheet. The amendments in ASU 2015-17 require that all deferred tax assets and liabilities be classified as noncurrent in the balance sheet. The ASU is effective beginning in the first quarter of 2017, but with early adoption permitted, and may be applied either prospectively or retrospectively. The Company has elected to early adopt ASU 2015-17 on a retrospective basis effective in the fourth quarter of 2015. The adoption of ASU 2015-17 impacted the presentation of the Company's deferred tax assets and liabilities in the consolidated balance sheets and certain disclosures, but did not have an impact on the results of operations or cash flow fair values. See Note 16 for further details.

In September 2015, the FASB issued ASU No. 2015-16, Business Combinations (Topic 805): Simplifying the Accounting for Measurement-Period Adjustments, which eliminates the requirement to account for adjustments identified during the measurement-period in a business combination retrospectively. Instead, the acquirer must recognize measurement-period adjustments during the period in which they are identified, including the effect on earnings of any amounts that would have been recorded in previous periods had the purchase accounting been completed at the acquisition date. ASU 2015-16 will be effective for the Company in the first quarter of 2016 with early adoption permitted. The adoption of ASU 2015-16 is expected to eliminate costs related to retrospective application of any measurement-period adjustments that may be identified, but otherwise is not expected to have a material impact on the Company's consolidated financial position, results of operations or cash flows.

In April 2015, the FASB issued ASU 2015-05, Intangibles - Goodwill and Other – Internal Use Software (Subtopic 350-40): Customer's Accounting for Fees Paid in a Cloud Computing Arrangement, which provides guidance on accounting for fees paid in a cloud computing arrangement. Under ASU 2015-05, if a cloud computing arrangement includes a software license, the software license element should be accounted for consistent with the purchase of other software licenses. If the cloud computing arrangement does not include a software license, it should be accounted for as a service contract. ASU 2015-05 will be effective for the Company in the first quarter of 2016 and may be applied either prospectively or retrospectively. The Company has elected to apply ASU 2015-05 prospectively; however, its adoption is not expected to have a material impact on the Company's consolidated financial position, results of operations or cash flows.

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606), which supersedes the revenue recognition requirements in Topic 605, Revenue Recognition, including most industry-specific requirements. ASU 2014-09 establishes a five-step revenue recognition process in which an entity will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. ASU 2014-09 also requires enhanced disclosures regarding the nature, amount, timing and uncertainty of revenues and cash flows from contracts with customers. In August 2015, the FASB issued ASU 2015-14, Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date, which defers the effective date of ASU 2014-09 by one year. ASU 2014-09 will be effective for the Company in the first quarter of 2018. Management is currently evaluating the impact the adoption of ASU 2014 - 09 will have on the Company's consolidated financial position, results of operations or cash flows. The Company currently anticipates applying the modified retrospective approach when adopting the standard.

In August 2014, the FASB issued ASU No. 2014-15, Presentation of Financial Statements Going Concern, which requires management to evaluate, at each annual and interim reporting period, whether there are conditions or events that raise substantial doubt about the entity's ability to continue as a going concern within one year after the date the financial statements are issued and provide related disclosures. ASU 2014-15 is effective for annual periods ending after December 15, 2016 and interim periods thereafter. The guidance is not expected to have a material impact on the Company's consolidated financial statements.

In April 2015, FASB issued ASU 2015-03, Simplifying the Presentation of Debt Issuance Costs, which changes the presentation of debt issuance costs in financial statements. ASU 2015-03 requires an entity to present such costs in the balance sheet as a direct deduction from the related debt liability rather than as an asset. Amortization of debt issuance costs will continue to be reported as interest expense. ASU 2015-03 is effective for annual reporting periods beginning after December 15, 2015. Early adoption is permitted. The guidance did not have a material impact on the Company's consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 840), to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The amendments in this standard are effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years, for a public entity. Early adoption of the amendments in this standard is permitted for all entities and the Company must recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. The Company is currently in the process of evaluating the effect this guidance will have on its consolidated financial statements and related disclosures.

Other recent accounting pronouncements issued by the FASB (including its Emerging Issues Task Force) and the United States Securities and Exchange Commission did not or are not believed by management to have a material impact on the Company's present or future financial statements.

NOTE 3. MANAGEMENT'S PLANS

The Company's consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. The Company's ability to continue as a going concern may be dependent on the success of management's plans discussed below. The consolidated financial statements do not include any adjustments relating to the recoverability and classification of assets or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

To the extent the Company's operations are not sufficient to fund the Company's capital requirements, the Company may attempt to enter into a revolving loan agreement with financial institutions or attempt to raise capital through the sale of additional capital stock or through the issuance of debt. During the period from January 1, 2016 through the issuance date of these consolidated financial statements, the Company issued 3,995,000 shares of its common stock for net cash proceeds of approximately $620,000. In addition, in June 2016, the Company issued a promissory note in the amount of $500,000 with an individual. The Company intends to continue its efforts in growing its facilities service operations, as well as raising funds through private placement offering and debt financing. See Note 17 for additional issuances and borrowings.

NOTE 4. OTHER CURRENT ASSETS AND OTHER ASSETS

At December 31, 2015, other current assets consist mainly of approximately $12,750 in advances to employees and $13,600 in advances to the former officer of Scoobeez, as well as $10,000 in prepaid rent. These advances bear no interest and are due on demand.

On September 1, 2015, the Company advanced $100,000 to a third party through an unsecured promissory note that was due on October 1, 2015. As of December 31, 2015, $40,000 remained outstanding on the note. This was written off as uncollectible during the year ended December 31, 2015.

At December 31, 2015, other assets consist of approximately $46,000 in rent security deposits and $275,000 in lease incentive receivable; see Note 14 for additional information.

NOTE 5. ACQUISITION OF SOFTWARE TECHNOLOGY ASSET

On May 27, 2015, the Company entered into two agreements with Shahan Ohanessian (the "Seller") whereby, the Company acquired all powers and privileges of the AutoClaim Domain and AutoClaim App including but not limited to make, have made, use, or sell under patent law; to copy, adapt, distribute, display, and perform under copyright law; and to use and disclose under trade secret law, embodied in or comprising the AutoClaim Domain and AutoClaim App. The Company also has retained the services of the Seller to exploit the AutoClaim App and seek other opportunities for expansion into other APP product and services. The Company also has retained the services of the Seller to exploit the AutoClaim App and seek other opportunities for expansion into other App product and services.

In connection with these agreements, the Company issued 150,000,000 common shares, 18,400,000 shares of Series A Preferred Stock and a Promissory Note in the amount of $500,000. The Company valued the common shares and Series A Preferred Stock at $274,000 based upon a third-party valuation in which used the cost approach to determine the fair value. This cost approach took into consideration what it would cost the Company to develop the assets to the point in which they were purchased. At the time of purchase, the AutoClaim App required additional development.

Under ASC 805, a business combination occurs when an entity obtains control of a business by acquiring its net assets, or some or all of its equity interests. A business generally will consist of the following three elements: (1) inputs, (2) processes applied to those inputs and (3) outputs that are used to generate a return to investors. This transaction does not fall under the business combination accounting treatment, as the assets purchased do not constitute a business as they lack the three elements and activities, and has been accounted as an asset purchase. The products referred to above have never generated revenues.

Due to several factors, including industry competition, additional costs to be incurred to complete the assets for market, as well as marketing and sales, the uncertainty of future cash flows to be derived from these assets, and the continuing involvement of the Seller, the value of the consideration issued in connection with the above transactions was expensed on the acquisition date.in the accompanying consolidated statement of operations. The Company continues to pursue the development and launch of AutoClaim App as discussed in Note 1 and below.

AutoClaim App Development

The AutoClaim App was completed in June 2016. The completion included but not limited to: back office reporting and analytics, user management, listing management, permission/app management, payment integration with various merchant services, membership system for featured and advertising, iOS and Android application, and data integration, where the Company has integrated all the information with over 55,000 listings for the local deal section.

The AutoClaim App was submitted to Apple and Google Play in June 2016 and was approved in the month of July 2016. The soft launch of the AutoClaim App was successfully completed in July 2016 as the AutoClaim App was placed in the Apple and Google Play for beta testers with limited access and can be downloaded by invite only. The Company is currently evaluating user experience and usability of key features of the AutoClaim App.

The Company is currently developing a highly interactive website for the AutoClaim App and preparing marketing and sales strategy. The AutoClaim App is expected to be officially launched to the public in the first quarter of fiscal 2017 and shall be available for free download from Apple Store and Google Play. The Company expects to earn recurring advertising rebates, commission, and/or subscription fees from accident service providers, including tow trucks, body shops, doctors, auto repair shops, windshield repair vendors, attorneys, marketing agencies, and others.

NOTE 6. ACQUISITION OF BUSINESS

On August 27, 2015, the Company entered into a formal agreement to purchase 76% of outstanding equity of Scoobeez for $36,000 in cash, a $60,000 short term note payable and $1,200,000 in convertible promissory notes totaling $1,296,000 in consideration.

The excess of the consideration transferred in the acquisition over the net amounts assigned to the fair value of the assets acquired was recorded as goodwill, which represents the opportunity to expand the on-demand delivery services and enhance the breadth and depth of the Company’s networks. The goodwill related to this acquisition of $1,424,494 is expected to be deductible for income tax purposes through amortization over 15-year period.

There were no acquisition-related costs incurred to effect the acquisition and no such costs have been expensed during the period. The Company conducted its own internal valuation analysis and no finder's fees, advisory, legal, accounting, valuation, and other professional or consulting fees were paid out. The general administrative costs, including the costs of maintaining acquisition documentation, and costs of registering and issuing debt and equity securities were incurred by the Company.

The assets acquired and liabilities assumed of Scoobeez were recorded at their estimated fair values as of the closing dates of August 27, 2015. The following table summarizes the final purchase price allocation of acquisition-date fair values of the assets and liabilities acquired in connection with the Scoobeez acquisition:

Cash and cash equivalents	$	1,419
Loan receivable from officer		14,640
Customer relationships		119,000
Non-compete		55,000
Trademarks		89,000
Goodwill		1,424,494
Accounts payable		(340)
Total purchase price plus cash acquired		1,703,213
Cash acquired		(1,419)
Fair value of non-controlling interest		(407,213)
Fair value of notes payable issued		(1,260,000)
Net cash paid	$	34,581

The estimated fair values of the intangible assets acquired was determined based upon a third-party valuation using a combination of the income and cost approaches to measure the fair value of the customer relationships, non-competes and trademarks. The fair value of the non-competes was measured based on variation of income approach, typically a "with-without" enterprise cash flow analysis. The fair value of the trademarks was measured based on the relief from royalty method. The income approach, specifically the residual earnings method, was used to value the customer relationships.

The initial fair value of non-controlling interest was calculated by multiplying the fair value of the net identifiable assets acquired from Scoobeez by the non-controlling percentage:

Cash and cash equivalents	$	1,419
Loan receivable from officer		14,640
Customer relationships		119,000
Non-compete		55,000
Trademarks		89,000
Goodwill		1,418,000
Accounts payable		(340)
Total fair value of net identifiable assets		1,696,719
Non-controlling interest percentage of ownership		24%
Fair value of non-controlling interest	$	407,213

The results of operations of Scoobeez have been included in the Company's consolidated financial statements since August 28, 2015. The total amount of revenues and net income from the acquisitions included in the Company's operating results since the respective acquisition dates through December 31, 2015 were $5,011,551 and $112,981, respectively.

The following unaudited pro forma information presents a summary of the operating results of the Company for the year ended December, 2015 as if the acquisition had occurred on January 1, 2015:

	Year Ended December 31, 2015	
Revenues	$	5,116,196
Net loss		(1,233,507)
Net loss per common share - basic and diluted	$	(0.01)
Weighted average number of common shares outstanding - basic and diluted		92,323,291

Unaudited pro forma information was not provided for the year ended December 31, 2014 as Scoobeez did not have any significant operations prior to 2015. The unaudited pro forma revenues and net income are not intended to represent or be indicative of the Company's consolidated results of operations or financial condition that would have been reported had the

acquisitions been completed as of the beginning of the periods presented and should not be taken as indicative of the Company's future consolidated results of operations or financial condition.

Scoobeez, Inc. – Growth in On-Demand Delivery Business
As of the issuance date of these consolidated financial statements, Scoobeez currently operates in Northern and Southern California, Illinois, Texas and Nevada.

For its On Demand/One to Two Hour Delivery services, the Company is operating and contracting for 10 distribution points/locations at the end of September 30, 2016. These locations are San Francisco, CA, Redondo Beach, CA, Santa Monica, CA, Irvine, CA, Silver Lake, CA, San Diego, CA, Berkeley, CA, Sacramento, CA, Chicago, IL, Las Vegas, NV.

For its Same Day/Next Day Delivery services, the Company is operating and contracting for 23 distribution points/locations at the end of September 30, 2016. These locations are Alsip, IL, Chicago, IL, Lisle, IL, Farmers Branch, TX, Garland, TX, Ft. Worth, TX, Inglewood, CA, Buena Park, CA (A), Commerce, CA, Irvine (2), CA, Riverside, CA, Hawthorne, CA, Miami (2), FL, Miami Gardens, FL, San Diego, CA, Carlsbad, CA, San Jose, CA, San Leandro, CA, San Francisco, CA, Richmond, CA and San Antonio, TX.

NOTE 7. GOODWILL AND ACQUIRED INTANGIBLE ASSETS

The changes in the carrying amount of goodwill for the years ended December 31, 2015 and 2014 were as follows:

	Goodwill	Impairment Losses	Net Book Value
Balance as of December 31, 2014	$ -	$ -	$ -
Acquisitions	1,424,494	-	1,424,494
Balance as of December 31, 2015	$ 1,424,494	$ -	$ 1,424,494

The components of acquired intangible assets as of December 31, 2015, were as follows:

	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value
Customer Relationships	$ 119,000	$ (13,222)	$ 105,778
Non-compete	55,000	(6,111)	48,889
Trademarks	89,000	(9,889)	79,111
Acquired intangible assets, net	$ 263,000	$ (29,222)	$ 233,778

There were no acquired intangible assets as of December 31, 2014.

Amortization expense for acquired intangible assets was $29,222 and $0 for the years ended December 31, 2015 and 2014, respectively.

During the year ended December 31, 2015, the Company recorded additions to acquired intangible assets of $263,000 as a result of the acquisition of Scoobeez. The components of the acquired intangibles assets added during the year ended December 31, 2015 were as follows:

	Year Ended December 31, 2015	Amortization Period (Years)
Customer and vendor relationships	$ 119,000	3
Non-compete	55,000	3
Trademarks	89,000	3
Total	$ 263,000	

Estimated future amortization expense of acquired intangible assets as of December 31, 2015, will be follows for the years ending:

2016	$	87,667
2017		87,667
2018		58,444
Total	$	233,778

As of December 31, 2015, the estimated remaining weighted-average useful life of the Company's acquired intangibles was 2.8 years. The Company recognizes amortization expense for acquired intangibles on a straight-line basis.

NOTE 8. PROPERTY AND EQUIPMENT

At December 31, 2015 and 2014, property and equipment consisted of the following:

	December 31, 2015		December 31, 2014	
Furniture and fixtures	$	8,757	$	-
Office equipment		276,095		-
Vehicles		14,600		-
Leasehold improvements		25,073		-
		324,525		-
Accumulated depreciation		(19,815)		-
Total	$	304,710	$	-

During the years ended December 31, 2015 and 2014, depreciation expense was $19,815 and $0, respectively. As of December 31, 2015, equipment purchased under capital leases had a cost of $248,034 and accumulated depreciation of $15,681.

NOTE 9. DISCONTINUED EXPLORATION OF MINING OPTION

On December 6, 2011, the Company entered into an option agreement with Rising Star Mining for the exploration and development of Aztlan 8B property in Nayarit, Mexico, and valued its investment at the total of the cash paid of $50,000 and the market price of its stock to be issued on the date of the agreement, or 20,000,000 shares at the closing price of $0.05, for a total value of $1,050,000. In 2012, the Company invested a total of $35,000 in cash for additional rights to receive profits on reprocessing of silver tailings and grounded ore from previous production runs.

During the year ended December 31, 2013, the Company reevaluated its Mining Investment in Aztlan 8B and determined that the Mining Investment amount exceeded the undiscounted future cash flows expected to be generated after the exploration and development of the asset. The Company assessed that Company's right to explore Aztlan 8B project will expire by the end of December 31, 2013 with no expectation of renewal. The Company further estimated that it is not in its best interest to budget for further exploration or evaluation expenditure in the area. At December 31, 2013, the Company wrote off the investment of $1,085,000 as non-collectable and worthless and recorded an impairment loss in the same amount. The book value of the investment was zero at December 31, 2013.

On September 28, 2015, the Company informed Rising Star that it will no longer be involved in mining activities and rescinded and cancelled all agreements and discussions with Rising Star for exploration and development of mining projects in Nayarit, Mexico. The Company is no longer obligated to issue the common stock equal to $1,000,000 or to make any payments in relation to the development of mining properties. The $1,000,000 stock issuable has been removed and adjusted to the Additional Paid in Capital account. There were no significant activity, assets, or liabilities as of and for the years ended December 31, 2015 and 2014 related to these mining activities that would necessitate the presentation of discontinued operations in the accompanying financial statements.

NOTE 10. RELATED PARTY TRANSACTIONS

During the year ended December 31, 2014, the Company received advances from the Chief Financial Officer totaling $8,000. These advances did not bear interest and were due on demand. The Company paid the outstanding amount owed in September 2015.

As of December 31, 2015, and 2014, the Company has accrued officers' compensation due to the Chief Executive Officer and Chief Financial Officer in the amount of $186,733 and $121,233, respectively.

As of December 31, 2015, the Company advanced a total of $190,400 to its Chief Executive Officer. This amount was offset against the note payable due to the same Officer. See Note 12.

On December 31, 2013, the Company issued a non-interest bearing convertible promissory note of $150,000, due December 31, 2013, as payment for the accrued salary of its Chief Financial Officer. Please see Note 12 for more details.

On May 27, 2015, the Company issued 150,000,000 Common Shares and a Promissory Note in an amount of $500,000 to its Chief Executive Officer, pursuant to the Asset Purchase Agreement. Please see Notes 5 and 12 for more details.

On May 27, 2015, the Company issued 18,400,000 shares of Series A Preferred Stock to its Chief Executive Officer, pursuant to the Asset Purchase Agreement. Please see Note 5 for more details.

NOTE 11. LINE OF CREDIT

On November 30, 2015, the Company obtained a $400,000 revolving line of credit from Premier Business Bank to be used to fund operations. The line of credit has a maturity date of November 3, 2016 with a variable interest rate equal to the Wall Street Journal's prime rate plus 1.50% (5.00% at December 31, 2015); and a floor of 4.75% per annum. At December 31, 2015, the Company has drawn $385,000 on the line of credit. In addition, the line of credit is secured by all of the Company's real and personal property (tangible or intangible) and contains various financial and non-financial covenants. As of December 31, 2015, the Company is in compliance with these covenants.

NOTE 12. NOTES PAYABLE

Convertible Notes Payable

On December 31, 2013, the Company issued a non-interest bearing convertible promissory note ("CPN") of $150,000, due December 31, 2013, as payment for the accrued salary due to its Chief Financial Officer at that time. This CPN was then assigned to a third-party on the same day. This CPN can be converted at any time and has a conversion price of $0.0005 per share and does not provide for adjustment to the fixed conversion price based on split ratio. During the year ended December 31, 2015, the third party converted $1,425 of the CPN into 2,850,000 shares of the Company's common stock. The balance of the CPN as of December 31, 2015, was $148,575. On June 30, 2016, the Company issued 5,100,000 shares as a final settlement of all amounts due under the CPN.

On October 1, 2014, the Company issued a CPN of $65,000 to an individual for consulting services related to marketing and website development. This CPN bears interest at a rate of 7.7% per annum and was due September 30, 2015. This CPN can be converted at any time and has a conversion price of $0.0004 per share and does not provide for adjustment to the fixed conversion price based on split ratio. During the year ended December 31, 2015, the noteholder converted $500 of the CPN into 1,250,000 shares of the Company's common stock. The balance of the CPN as of December 31, 2015, was $64,500. The Company determined a beneficial conversion feature existed at the date of issuance and recorded $16,250 as a debt discount during the year ended December 31, 2014. During the year ended December 31, 2015, the Company amended the terms of the note to adjust the conversion price to a variable conversion price of 45% of the lowest trading price in the preceding 10 days, with a conversion price floor of $0.0004. As the modification was significant, it was treated as an extinguishment for accounting purposes. A new beneficial conversion feature was recorded on the date of modification in the amount of $64,500. Due to the short-term nature of the convertible promissory note the discount was amortized using the straight-line method. The Company recorded amortization of debt discount of $76,688 and $4,062 as interest expense for the years ended December 31, 2015 and 2014, respectively. The unamortized debt discount was $0 and $12,188 at December 31, 2015 and 2014, respectively. On January 19, 2016, the Company settled all amounts due under this CPN through a cash payment of $45,000.

On October 10, 2014, the Company issued a CPN of $175,000 to an individual for consulting services related to identifying and evaluating mining projects in Mexico. This CPN bore interest at a rate of 9.875% per annum and was due October 9,

2015. This CPN could be converted at any time and had a conversion price of $2.07 and provides for adjustment to fixed conversion price based on split ratio. On August 6, 2015, the Company settled the CPN by issuing 20,000 shares of its common stock to the consultant, and the remaining principal balance of $162,400 and accrued interest of $13,506 has been forgiven by the noteholders and recorded as a gain from forgiveness of debt.

On October 30, 2014, the Company issued a CPN of $95,000 to an individual for consulting services. This CPN bore interest at a rate of 8.0% per annum and was due October 29, 2015. This CPN could be converted at any time and had a conversion price of $2.30 and provides for adjustment to fixed conversion price based on split ratio. On August 6, 2015, the Company settled the CPN by issuing 15,000 shares of its common stock as payment of to the consultant, and the remaining principal balance of $85,550 and accrued interest of $5,854 has been forgiven by the noteholders and recorded as a gain from forgiveness of debt.

On November 14, 2014, the Company issued a CPN of $50,000 to an individual for consulting services. The CPN bore interest at 6.5% per annum and was due November 13, 2015. This CPN could be converted at any time and had a conversion price of $1.61 and provides for adjustment to fixed conversion price based on split ratio. On August 6, 2015, the Company settled the CPN by issuing 15,000 shares of its common stock as payment of $9,450 to the consultant, and the remaining principal balance of $40,550 and accrued interest of $2,383 has been forgiven by the noteholders and recorded as a gain from forgiveness of debt.

On August 27, 2015, with connection with the acquisition of Scoobeez, the Company issued two non-interest bearing convertible promissory notes (“Notes”) of $720,000 and $480,000, due August 26, 2016, to the two owners of Scoobeez in exchange for a total ownership interest of 76%. These Notes can be converted at or after the maturity date of the Notes, and the conversion price is based on the trailing 7-day volume weighted average price (VWAP) of the Company's common stock. The conversion price at the date of issuance was $0.44. The balance of these Notes as of December 31, 2015, was $1,200,000. If the Notes were held to maturity, derivative accounting would apply. On January 22, 2016, the Company settled one of the individuals Notes with a face value of $720,000 and rescinded his 15% equity interest in Scoobeez for a cash payment of $125,000. As a result of this settlement, Company’s ownership interest in Scoobeez increased to 89.41%. On March 31, 2016, the Company issued 1,800,000 common shares to the other individual as a settlement amount against the combined notes of $540,000, which included the $480,000 Note above and the $60,000 note to related party below.

Related Party Notes Payable

The Company’s notes payable to related parties consist of the following:

	December 31, 2015	December 31, 2014
0% note payable to Chief Financial Officer, principal due on demand	$ -	$ 8,000
6% note payable to the Chief Executive Officer, principal and accrued interest are due on May 27, 2016	229,413	-
0% note payable to related individual, principal due on demand	60,000	-
Total related party notes payable	$ 289,413	$ 8,000
Less: current	(229,413)	(8,000)
Related party notes payable, non-current	$ 60,000	$ -

As noted above, the $60,000 related party note payable was settled subsequent to year-end through the issuance of common shares. In addition, the note payable to the Chief Executive Officer was repaid in full.

Notes Payable
The Company's notes payable consist of the following:

	December 31, 2015	December 31, 2014
6% note payable to a third party, principal and accrued interest due on demand	$ 26,205	$ 24,726
10% note payable to an individual, principal and accrued interest due on July 17, 2016, satisfied on June 30, 2016	102,685	-
0% note payable to an individual, issued for services, principal due on July 1, 2016, satisfied on June 30, 2016	50,000	-
8% note payable to a third party, with $175 monthly payments with a maturity of September 30, 2019, balance satisfied in full in February 2016	6,746	-
Total loans payable	$ 185,636	$ 24,726
Less: current	(32,951)	(24,726)
Loans payable, non-current	$ 152,685	$ -

On June 30, 2016, the Company issued 975,000 shares as a final settlement to one of the noteholders in relation to his promissory notes above in the principal amounts of $102,685 and $50,000, totaling $152,685, thus reported as noncurrent in the accompanying balance sheet as of December 31, 2015.

NOTE 13. UNEARNED LICENSE FEE AND DEFERRED REVENUE

During the year end December 31, 2015, the Company executed PSP license agreements for authorized territories of San Francisco, California for $275,000 in license fees; San Diego, California for $200,000; and Las Vegas, Nevada for $300,000 in license fees. These license agreements contain an initial term of five years. The PSP license agreement with Nevada was cancelled in May of 2016; please see Note 17 for more details.

The Licensee shall have an exclusive right within the scope of this agreement to perform the services using the Scoobeez system in the authorized territory. The Company will provide training, marketing or other support to the licensee.

The Company recorded the total license fee received as deferred revenue and will earn and record the fee as license revenue over the initial period of five years. During the year ended December 31, 2015, the Company recognized $43,748 in PSP license agreement revenues. Deferred revenue was $731,252 as of December 31, 2015.

In connection with these license agreements, the licensees have agreed to reimburse the Company for certain expenses paid for by the Company on their behalf. The amounts due to the Company are netted against the amounts due to the licensees from the Company for the contractual rate earned for the subcontracted services. As of December 31, 2015, the net amount due to the three licensees is approximately $510,000, of which approximately $449,000 and $61,000 is included within accounts payable and accrued liabilities, respectively, in the accompanying balance sheet.

During the year end December 31, 2015, the Company signed a future license agreement with two individuals for the right to become a future licensee when it becomes available. The deposit amount received under this agreement was $150,000. The Company recorded the total amount of $150,000 as unearned license fees at December 31, 2015. This agreement was later cancelled in February 2016. The Company paid back the deposit amount of $150,000.

NOTE 14. COMMITMENTS AND CONTINGENCIES

Office Facility and Other Operating Leases
The Company has various operating lease agreements for its office facilities which expire at various dates through March 2021. The terms of the lease agreements provide for rental payments on a graduated basis. The Company can, after the initial lease term, renew its leases for an additional five years under right of first offer terms at fair value at the time of renewal. The lease agreement for the facility located at 3710 Verdugo Rd., Montrose, California, has provides for an option to purchase the facility for a price ranging from $1,700,000 to $1,775,000, from April 1, 2016 through January 5, 2019, depending on the date of exercise. The Company recognizes rent expense on a straight-line basis over the lease term.

Pursuant to the terms of one of these leases, the landlord will reimburse $275,000 to the Company as a tenant allowance for the Company's tenant improvements which is reflected within other assets on the accompanying consolidated balance sheet at December 31, 2015. As of December 31, 2015, the Company has not commenced any leasehold improvements and has not received any reimbursement.

Rental expense was $27,600 and $0 for the years ended December 31, 2015 and 2014, respectively.

During the year ended December 31, 2015, the Company signed two operating vehicle lease agreements for its officers, which expire in July 2017. The terms of the lease agreements provide for equal monthly lease payments of approximately $1,800. The Company made approximately $8,800 in lease payments for the year ended December 31, 2015.

Future annual minimum lease payments under the Company's operating lease agreements that have initial or remaining non-cancelable lease terms in excess of one year as of December 31, 2015, were as follows:

Year Ending December 31,		
2016	$	154,000
2017		176,000
2018		168,000
2019		149,000
2020		130,000
Thereafter		33,000
Total	$	810,000

Equipment Capital Leases

During the year ended December 31, 2015, the Company capitalized approximately $248,000 of office equipment with a two year, interest free, monthly lease installment payment plan, which expire at various dates through 2017 and 2018. No interest was imputed on the lease as the amount would not be material. During the year ended December 31, 2105, the Company paid approximately $18,600 in lease payments and the remaining lease obligation as of December 31, 2015, was approximately $229,000.

Future annual minimum lease payments under the Company's capital lease agreements as of December 31, 2015, were as follows:

Year Ending December 31,		
2016	$	100,000
2017		99,000
2018		30,000
Total	$	229,000

Employment Agreement

Effective May 27, 2015, the Company is obligated to pay its Chief Executive Officer and the Chief Financial Officer a salary of $15,000 each per month with increases each succeeding year should the agreement be approved annually by the Company. There are also provisions for performance based bonuses. These agreements have not been formalized.

Pending Litigation

On October 27, 2015, a class action lawsuit was filed in Superior Court for the State of California in County of Los Angeles against the Company, Scoobeez, and Amazon alleging that delivery drivers or drivers' associates for the new Amazon Prime Now service have been wrongfully paid as independent contractors. The Company is required to assess the appropriateness of the consolidated financial statement disclosures regarding this pending litigation. The Company's ability to assess this contingent liability depends upon receiving information from the Company's attorneys. The Company has not received a detailed assessment from its attorney in order to further estimate these liabilities. As of October 10, 2016, all parties have verbally agreed to settle the lawsuit for approximately $700,000 and are pending the final settlement documents to be signed. Based on this status, the Company has record a contingent liability in the estimated amount as of December 31, 2015, which has been included within other expense in the accompanying statement of operations for the year ended December 31, 2015.

The following factors were considered in determining whether accrual and/or disclosure is required with respect to pending or threatened litigation and actual or possible claims and assessments:

- The period in which the underlying cause of the pending or threatened litigation or of the actual or possible claim or assessment occurred from date of hire of plaintiffs to date of conversion to employee.

- The degree of probability of an unfavorable outcome as per Company is probable, hence the Company has accrued the loss and disclosed the contingency.

- The ability to make a reasonable estimate of the amount of loss equal to is approximately as per Management's estimate.

The Company reviews these provisions at least quarterly and adjusts them accordingly to reflect the impact of negotiations, settlements, rulings, advice of legal counsel, and updated information.

NOTE 15. STOCKHOLDERS' DEFICIT

Authorized Shares

As of December 31, 2015, the authorized capital stock of the Company consists of 20,000,000 shares of preferred stock, par value $0.001 per share and 1,200,000,000 shares of common stock, par value $0.0001 per share. As of December 31, 2015, the Company had 154,617,538 common shares issued and outstanding and 20,000,000 preferred shares issued and outstanding.

On March 3, 2015, pursuant to the authority vested in the Board of Directors by the Certificate of Incorporation of the Company and by the majority shareholders, the Board of Directors of the Company created and authorized 20,000,000 shares of Series A Preferred Stock of the Company with a par value of $0.001 (the "Series A Preferred Stock"). The stated value of the Series A Preferred Stock shall be the par value, $0.001. The holder of the Series A Preferred Stock shall have 10,000 votes for every one vote of common stock. The shares of Series A Preferred Stock shall be convertible on a one for 100 basis with the common shares of the Company at any time after the date of issuance of such shares at the office of this Company into such number of fully paid and non-assessable shares of common stock of the Company.

In the event of any liquidation, dissolution or winding up of this Corporation, either voluntary or involuntary, the holder of Series A Preferred Stock may at his sole option elect to receive, prior and in preference senior to any distribution of any of the assets of this Corporation to the holders of common stock or other classes of preferred stock by reason of their ownership thereof, an amount per share equal to $0.001 for the outstanding shares of Series A Preferred Stock.
On December 21, 2015, pursuant to the authority vested in the Board of Directors by the Certificate of Incorporation of the Company and by the majority shareholders, the Board of Directors of the Company amended the conversion of Series A Preferred Stock from one for 100 to one for 15.

Reverse Split

The Company filed a Company Related Corporate Action Notification with FINRA to implement a 1-for- 2,300 reverse split of the Company's issued and outstanding common stock (the "Reverse Stock Split") with all the fractional shares rounded to the nearest whole, as authorized at a special meeting of shareholder held on April 16, 2015. The Reverse Stock Split became effective at the opening of trading on the OTC Pink Marketplace on May 19, 2015 (the "Effective Date"). As of the Effective Date, every 2,300 shares of issued and outstanding common stock were combined into one issued share of common stock. No fractional shares were issued in connection with the Reverse Stock Split. Total cash payments made by the Company to stockholders in lieu of fractional shares were not material. All share and per share amounts relating to the common stock, and the conversion ratios of preferred stock included in the financial statements and footnotes have been restated to reflect the reverse stock split.

Preferred Stock

On March 6, 2015, the Company issued 1,600,000 shares of Series A Preferred Stock to its Chief Financial Officer for services rendered valued at $76,500. The fair value of the Series A Preferred Stock at the time was based on the trading price of the Company's common stock multiplied by the as-converted common stock equivalents of the Series A Preferred Stock. As of December 31, 2015, the 1,600,000 shares of Series A Preferred Stock represented 8% of the issued and outstanding shares.

On May 27, 2015, the Company issued 18,400,000 shares of Series A Preferred Stock to its current Chief Executive Officer pursuant to the Asset Purchase Agreement; whereby the Company acquired under the terms specified in the Asset Purchase Agreement, the right, title, interest, and benefit of proprietary technology known as the AutoClaim App from the Chief Executive Officer, also known as the "Technology Rights". The fair value of the Series A Preferred Stock determined by an independent valuation specialist was recorded at $178,100. See Note 5.

Common Stock
During the year ended December 31, 2014, the Company issued 13,043 shares of common stock to one investor for cash of $10,000. The price per share was $0.77.

On May 27, 2015, the Company issued 150,000,000 common shares to the Chief Executive Officer of the Company, pursuant to the Asset Purchase Agreement, whereby the Company acquired all powers and privileges of the AutoClaim Domain assets. The fair value of the common shares determined by an independent valuation specialist was recorded at $95,900. Please refer to Note 5 for more details.

During the year ended December 31, 2015, the Company issued 4,150,000 shares of common stock to satisfy convertible totaling $33,425.

During the year ended December 31, 2015, certain shareholders contributed capital in the amount of $12,640 to the Company.

NOTE 16. INCOME TAXES

Income taxes are calculated using the asset and liability method of accounting. Deferred income taxes are computed by multiplying statutory rates applicable to estimated future year differences between the financial statement and tax basis carrying amounts of assets and liabilities.

The income tax provision is summarized as follows:

	2015	2014
Current:		
Federal	$ 79,087	$ -
State	21,278	-
	100,365	-
Deferred:		
Federal	(328,000)	(44,000)
Valuation allowance	376,000	44,000
Total tax expense	$ 148,365	$ -

The tax effects of significant items comprising the Company's deferred taxes are as follows:

	2015	2014
Deferred tax assets:		
Accrued officers' compensation	$ 97,000	$ 39,000
Settlement liability	238,000	-
Loss on impairment of asset	170,000	-
Net operating losses	41,000	119,000
	546,000	158,000
Less: valuation allowance	(534,000)	(158,000)
	12,000	-
Deferred tax liabilities:		
Depreciation and amortization	(60,000)	-
Net deferred tax asset (liability)	$ (48,000)	$ -

The Company has federal net operating loss ("NOL") carry forwards of approximately $121,000 and $351,000 at December 31, 2015 and 2014, respectively. During the year ended December 31, 2015, the Company allocated $6,366 of its NOL carry forwards towards current income. The federal net operating loss carry forwards begin to expire in 2025. A 34% statutory federal income tax rate was used for the calculation of the deferred tax assets and liabilities. Management has established a valuation allowance equal to the estimated deferred tax asset due to uncertainties related to the ability to realize these tax assets. The valuation allowance increased by approximately $376,000 and $44,000 during the years ended December 31, 2015 and 2014, respectively.

As a result of the May 27, 2015 share issuances discussed in Note 15, a significant change in ownership was deemed to have taken place. The NOL carry forwards may be significantly limited under Section 382 of the Internal Revenue Code ("IRC") as a result of this change in ownership. The limitation imposed by Section 382 would place an annual limitation

on the amount of the NOL carry forwards that can be utilized. As a result, the net operating losses prior to this change in ownership have been reduced based on the Company's calculation.

The following is a reconciliation of income taxes computed at the U.S. federal statutory rate to the income taxes reported in the consolidated statements of operations for the years ended December 31, 2015 and 2014:

	2015	2014
Federal statutory income tax rate	(34%)	(34%)
State income taxes	2%	-%
Permanent differences	6%	25%
Temporary differences	38%	8%
Net operating losses and other	(32%)	(7%)
Increase in valuation allowance	35%	8%
Effective tax rate	15%	-%

For the years ended December 31, 2015, the Company did an analysis of its ASC 740 position and has not identified any uncertain tax positions as defined under ASC 740. Should such position be identified in the future and should the Company owe interest and penalties as a result of this, these would be recognized as interest expense and other expense, respectively, in the financial statements.

The Company has identified the United States Federal tax returns as its "major" tax jurisdiction. The United States Federal return years 2013 through 2015 are still subject to tax examination by the United States Internal Revenue Service; however, we do not currently have any ongoing tax examinations. The Company is subject to examination by the California Franchise Tax Board for the years ended 2012 through 2015 and currently does not have any ongoing tax examinations.

NOTE 17. SUBSEQUENT EVENTS

On April 29, 2016, the Company signed a one-year commercial lease agreements for facility located at 396 S. Pasadena Ave, Pasadena California, which will expire in May 2017. The terms of the lease agreements provide for equal monthly lease payments of approximately $7,047.

In May 2016, the Company cancelled the PSP license agreements with authorized territories of Nevada. The Company issued common shares in relation to the settlement; see below for more details.

On October 7, 2016, pursuant to the authority vested in the Board of Directors by the Certificate of Incorporation of the Company and by the majority shareholders, the Board of Directors of the Company increased the number of authorized Series A Preferred Stock from 20,000,000 to 25,000,000 authorized shares.

On November 17, 2016, the Company purchased its Montrose facility for a total purchase price including fees of approximately $1,410,000. On November 22, 2016, the Company sold the facility for approximately $1,615,000.

Common Stock Issuance

On January 1, 2016, the Company agreed to issue 319,829 shares to a consultant in lieu of marketing and consulting services provided by the consultant for period from January 1, 2016 to March 31, 2016.

On February 1, 2016, the Company issued 1,595,000 restricted common shares to two individuals at a purchase price of $0.17 per share for total proceeds of $269,700.

On April 21, 2016, subject to the terms and conditions of the Stock Purchase Agreement by and between one of the owners of the Nevada licensee partner, the Company issued 2,400,000 shares for an investment of $350,000. The Securities were issued with a restrictive legend.

On April 21, 2016, the Company issued 560,000 shares to a third party for certain settlement related to Scoobeez and Scoobeez NV LLC, a former licensee partner of Scoobeez.

On July 23, 2016, the Company issued 67,300 shares to unrelated parties for certain settlement related to Scoobeez and Scoobeez NV LLC, a former licensee partner of Scoobeez.

Debt Financing

In June 2016, the Company entered into a letter of intent with a financial institution for a $6,000,000 revolving line of credit, secured by the Company's assets. The final agreement has not yet been executed, and the Company has not yet drawn down any funds on the line.

The Dolan Loan Agreement was entered into as of the July 20, 2016, by and between one of the owners of the Nevada licensee partner (the "Lender"), and the Company. All borrowings under the agreement is evidenced by a promissory note to the Lender, in the aggregate principal amount of $500,000. The note shall be payable over a one-year term, in 12 annual installments of interest only, with all outstanding principal and interest due and payable on the first anniversary of the date of the note. Interest on that portion of the unpaid principal balance attributable to each such borrowing shall accrue from the date of such borrowing at 14% as of the date of such borrowing.

Subsequent to year ended December 31, 2015, the Company obtained several merchant loans that total approximately $2,800,000 with several lenders to be used to fund operations. These loans have a maturity date of that ranges from 3 to 4 months with financing costs ranging from 19% to 85% of the loan amounts and are secured by the Company's accounts receivable. These loans contain various financial and non-financial covenants. As of the date of issuance, the Company is in compliance with these covenants.

On October 7, 2016, the Company issued a Senior Secured Convertible Debenture ("CN") for $5,800,000 with Hillair Capital Investment L.P. ("Lender"). This CN has a quarterly interest only payment that bears interest at a rate of 8% per annum, and matures October 1, 2018. This CN could be converted at any time after the Original issue date until this debenture is no longer outstanding and has a conversion price of $0.50 and provides for adjustment to the fixed conversion price based on split ratio and stock dividends distributions, as well as for certain subsequent issuances of equity and convertible instruments as well as for revenue adjustments. The adjustment provisions contain a conversion price floor of $0.01. The Company also issued a Securities Purchase Agreement to the lender, which consists of issuing 1,650,000 of series A preferred stock and a warrant to purchases up to 11,600,000 of Company's common stock with an exercise price of $0.50, exercisable on or before the expiration date. The exercise price of the warrants is subject to the same adjustment provisions as the CN. The warrants expire five (5) years from October 7, 2016. In addition, the NC is secured by all of the Company's real and personal property (tangible or intangible) and contains various financial and non-financial covenants.

See also Notes 12, 13 and 14 for additional subsequent events.

The Company has evaluated subsequent events which occurred after December 31, 2015 through December 14, 2016, the date of issuance of these consolidated financial statements.