

**ALL FOR ONE MEDIA CORP. AND SUBSIDIARY
CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
UNAUDITED**

SEPTEMBER 30, 2016 AND 2015

ALL FOR ONE MEDIA CORP.

| | |
|---|-----|
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ALL FOR ONE MEDIA CORP. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS

| | September 30, 2016 | September 30, 2015 |
|--|-----------------------|-----------------------|
| ASSETS | (Unaudited) | |
| Current assets: | | |
| Cash | \$ 44,323 | \$ 102 |
| Prepaid expense | 24,380 | - |
| Total current assets | 68,703 | 102 |
| TOTAL ASSETS | \$ 68,703 | \$ 102 |
| LIABILITIES AND STOCKHOLDERS' DEFICIT | | |
| Current liabilities: | | |
| Accounts payable and accrued liabilities | \$ 36,599 | \$ 17,805 |
| Accounts payable and accrued liabilities - related party | - | 12,273 |
| Accrued interest | 352 | 491 |
| Convertible notes payable - related party | - | 58,000 |
| Convertible note payable, net of debt discount - current | 10,834 | - |
| Accrued interest - related party | - | 13,870 |
| Due to related parties | 2,701 | - |
| Derivative liabilities | 221,374 | - |
| Total current liabilities | 271,860 | 102,439 |
| Long-term liabilities: | | |
| Convertible note payable including accrued interest, net of debt discount - long term | 10,299 | 11,250 |
| Convertible note payable - related party | - | 11,100 |
| Total liabilities | 282,159 | 124,789 |
| Commitments and Contingencies (see Note 8) | | |
| Stockholders' deficit: | | |
| Preferred stock, \$0.001 par value; 5,000,000 shares authorized: none shares issued and outstanding | - | - |
| Common stock, \$0.001, 50,000,000 shares authorized: 16,509,852 shares and 998,500 shares issued and outstanding as of September 30, 2016 and 2015, respectively | 16,510 | 999 |
| Additional paid-in capital | 2,350,889 | 171,893 |
| Accumulated deficit | (2,580,855) | (297,579) |
| Total Stockholders' deficit | (213,456) | (124,687) |
| TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT | \$ 68,703 | \$ 102 |

See accompanying notes to unaudited consolidated financial statements.

ALL FOR ONE MEDIA CORP. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF OPERATIONS

| | For the Years Ended September 30, | |
|--|-----------------------------------|-------------|
| | 2016 | 2015 |
| | (Unaudited) | |
| Net revenues | \$ - | \$ - |
| Operating expenses: | | |
| Compensation expense | 713,701 | - |
| Professional and consulting expense | 1,400,701 | 46,860 |
| General and administrative expense | 60,704 | 7,589 |
| Total operating expense | 2,175,106 | 54,449 |
| Loss from operations | (2,175,106) | (54,449) |
| Other expense | | |
| Derivative expense | (204,947) | - |
| Change in fair value of derivative liabilities | 118,573 | - |
| Interest expense | (21,796) | (6,992) |
| Total other expense | (108,170) | (6,992) |
| Loss before provision for income taxes | (2,283,276) | (61,441) |
| Provision for income taxes | - | - |
| Net loss | \$ (2,283,276) | \$ (61,441) |
| WEIGHTED AVERAGE COMMON SHARES | | |
| Basic and Diluted | 10,367,847 | 998,500 |
| NET LOSS PER COMMON SHARE: | | |
| OUTSTANDING - Basic and Diluted | \$ (0.22) | \$ (0.06) |

See accompanying notes to unaudited consolidated financial statements.

ALL FOR ONE MEDIA CORP.
STATEMENT OF CHANGES IN STOCKHOLDERS' DEFICIT
FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015
(Unaudited)

| | Preferred Stock \$0.001 Par Value | | Common Stock \$0.001 Par Value | | Additional Paid-in Capital | Accumulated Deficit | Total Stockholders' Deficit |
|--|--------------------------------------|--------|-----------------------------------|-----------|-------------------------------|------------------------|-----------------------------------|
| | Shares | Amount | Shares | Amount | | | |
| Balance, September 30, 2014 | - | \$ - | 998,500 | \$999 | \$165,901 | (\$236,138) | (\$69,238) |
| Imputed interest on accrued liabilities - related party as of September 30, 2015 | - | - | - | - | 428 | - | 428 |
| Capital contribution by a former director of the Company | - | - | - | - | 5,564 | \$ - | 5,564 |
| Net loss for the year ended September 30, 2015 | - | - | - | - | - | (61,441) | (61,441) |
| Balance, September 30, 2015 | - | - | 998,500 | 999 | 171,893 | (297,579) | (124,687) |
| Issuance of common stock for cash | - | - | 580,000 | 580 | 138,495 | - | 139,075 |
| Issuance of common stock for cash and services | - | - | 6,288,500 | 6,289 | 1,320,637 | - | 1,326,926 |
| Issuance of common stock in connection with asset exchange agreement | - | - | 5,201,500 | 5,201 | (5,201) | - | - |
| Issuance of common stock for prepaid services | - | - | 12,000 | 12 | 4,368 | - | 4,380 |
| Issuance of common stock for services | - | - | 3,429,352 | 3,429 | 720,697 | - | 724,126 |
| Net loss for the year ended September 30, 2016 | - | - | - | - | - | (2,283,276) | (2,283,276) |
| Balance, September 30, 2016 | - | \$ - | 16,509,852 | \$ 16,510 | \$ 2,350,889 | \$ (2,580,855) | \$ (213,456) |

See accompanying notes to unaudited consolidated financial statements
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ALL FOR ONE MEDIA CORP. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS

| | For the Years Ended September 30, | |
|--|-----------------------------------|-----------------|
| | 2016 | 2015 |
| | (Unaudited) | |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net Loss | \$ (2,283,276) | \$ (61,441) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Amortization of debt discount | 19,250 | - |
| Stock-based compensation | 1,984,427 | - |
| Derivative expense | 204,947 | - |
| Imputed interest on accrued liabilities - related party | - | 428 |
| Change in fair value of derivative liabilities | (118,573) | - |
| Changes in assets and liabilities: | | |
| Prepaid expenses | (20,000) | - |
| Accounts payable and accrued liabilities | 18,794 | 23,606 |
| Accounts payable and accrued liabilities - related party | (12,273) | 12,273 |
| Accrued interest | 1,744 | 491 |
| Accrued interest - related party | (13,870) | 6,072 |
| NET CASH USED IN OPERATING ACTIVITIES | (218,830) | (18,571) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Advances from related party | 2,701 | - |
| Payments on convertible notes | (80,350) | - |
| Proceeds from notes payable | 135,000 | 5,000 |
| Proceeds from notes payable - related party | - | 11,100 |
| Proceeds from sale of common stock, net of issuance costs | 205,700 | - |
| NET CASH PROVIDED BY FINANCING ACTIVITIES | 263,051 | 16,100 |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 44,221 | (2,471) |
| CASH AND CASH EQUIVALENTS- beginning of year | 102 | 2,573 |
| CASH AND CASH EQUIVALENTS- end of year | \$ 44,323 | \$ 102 |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION: | | |
| Cash paid for: | | |
| Interest | \$ 14,672 | \$ - |
| Income taxes | \$ - | \$ - |
| SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES: | | |
| Issuance of common stock in connection with asset exchange agreement | \$ 5,201 | \$ - |
| Issuance of common stock for accrued salaries | \$ 7,500 | \$ - |
| Issuance of common stock for prepaid services | \$ 4,380 | \$ - |
| Discount on derivative liabilities | \$ 135,000 | \$ - |

See accompanying notes to unaudited consolidated financial statements.

ALL FOR ONE MEDIA CORP. AND SUBSIDIARY
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2016 AND 2015

NOTE 1 – ORGANIZATION AND DESCRIPTION OF BUSINESS

All For One Media Corp. (formerly Early Equine, Inc.) (the “Company”) was incorporated in the State of Utah on March 2, 2004. The Company is a media and entertainment company focused on creating, launching and marketing original pop music groups commonly referred to as “Boy Bands and “Girl Groups”. The Company’s former operations were in the business of acquiring, training, and reselling horses with an emphasis in the purchase of thoroughbred weanlings or yearlings that were resold as juveniles.

On October 26, 2015, the Company entered into an Asset Exchange Agreement (the “Asset Exchange”) with Crazy For The Boys, LLC (“CFTB”), a privately held company, and certain members owning membership interest in CFTB whereby the Company acquired certain assets from CFTB in exchange for 5,201,500 shares of the Company’s common stock. The assets that were acquired included a movie screenplay, master recordings, trademarks, and web domain names (the “CFTB Assets”).

Consequently, the issuance of 5,201,500 shares of the Company’s common stock to CFTB accounted for approximately 66% of the total issued and outstanding stock of the Company as of October 26, 2015 and the Company became a majority owned subsidiary of CFTB. Upon the closing of the Asset Exchange, the Company’s director resigned and a new board of directors and new officers were appointed which consists of Brian Lukow, Brian Gold and Aimee O’Brien. Following the closing, Mr. Lukow was also appointed as Chief Executive Officer and President of the Company. Mr. Lukow and Mr. Gold (the “CFTB Members”) own approximately 17% and 20% membership interest in CFTB, respectively. Accordingly, the CFTB Members are considered to be founders and promoters of CFTB.

The Company accounted for the acquisition of the CFTB Assets pursuant to the Asset Exchange under Accounting Standards Codification (“ASC”) 845-10-S99 “Transfer of Nonmonetary Assets by Promoters or Shareholders” whereby the transfer of nonmonetary assets to a company by its promoters or shareholders in exchange for stock prior to or at the time of the company’s initial public offering normally should be recorded at the transferors’ historical cost basis determined under US GAAP. The Company recorded the acquired CFTB assets at historical cost basis of the nonmonetary assets transferred which amounted to \$0. Consequently, the Company valued the issuance of 5,201,500 shares of common stock in connection with the Asset Exchange at par value and a corresponding decrease in additional paid in capital. Additionally, the Company evaluated this acquisition transaction in accordance with ASC 805 and determined that the CFTB Assets do not constitute a business. The assets acquired have no processes and no outputs but rather comprised of certain assets consisting of a movie screenplay, master recordings, trademarks, and web domain names.

On December 15, 2015 the Company organized a new wholly owned subsidiary in the state of Florida, Tween Entertainment Brands, Inc. (“Tween Entertainment”). To date, Tween Entertainment has minimal operating activities and the Company plans to discontinue this subsidiary.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation and principles of consolidation

The Company’s consolidated financial statements include the financial statements of its wholly-owned subsidiary. All significant intercompany accounts and transactions have been eliminated in consolidation.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

ALL FOR ONE MEDIA CORP. AND SUBSIDIARY
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2016 AND 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The accompanying unaudited consolidated financial statements are unaudited, but in the opinion of management of the Company, contain all adjustments, which include normal recurring adjustments, necessary to present fairly the financial position at September 30, 2016, and the results of operations and cash flows for the year ended September 30, 2016. Certain information and footnote disclosures normally included in unaudited consolidated financial statements that have been prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission, although management of the Company believes that the disclosures contained in these unaudited consolidated financial statements are adequate to make the information presented therein not misleading.

Cash

The Company considers all highly liquid investments with a maturity of three months or less when acquired to be cash equivalents. The Company did not have cash equivalents at September 30, 2016. The Company places its cash with high credit quality financial institutions. The Company's accounts at these institutions are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. At September 30, 2016, the Company had not reached bank balances exceeding the FDIC insurance limit on interest bearing accounts. To reduce its risk associated with the failure of such financial institutions, the Company evaluates at least annually the rating of the financial institutions in which it holds deposits.

Use of estimates

In preparing the consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the consolidated balance sheet, and revenues and expenses for the period then ended. Actual results may differ significantly from those estimates. Significant estimates made by management include, but are not limited to asset valuations and the fair value of common stock issued, valuation of debt discount, the valuation of derivative liabilities and the valuation of stock-based compensation.

Fair value of financial instruments

The Company adopted ASC 820, "Fair Value Measurements and Disclosures" ("ASC 820"), for assets and liabilities measured at fair value on a recurring basis. ASC 820 establishes a common definition for fair value to be applied to existing generally accepted accounting principles that require the use of fair value measurements, establishes a framework for measuring fair value and expands disclosure about such fair value measurements. The adoption of ASC 820 did not have an impact on the Company's financial position or operating results, but did expand certain disclosures.

ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Additionally, ASC 820 requires the use of valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. These inputs are prioritized below:

- Level 1: Observable inputs such as quoted market prices in active markets for identical assets or liabilities
- Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data
- Level 3: Unobservable inputs for which there is little or no market data, which require the use of the reporting entity's own assumptions.

The Company analyzes all financial instruments with features of both liabilities and equity under the FASB's accounting standard for such instruments. Under this standard, financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. Depending on the product and the terms of the transaction, the fair value of notes payable and derivative liabilities were modeled using a series of techniques, including closed-form analytic formula, such as the Black-Scholes option-pricing model.

ALL FOR ONE MEDIA CORP. AND SUBSIDIARY
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2016 AND 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The carrying amounts reported in the consolidated balance sheets for cash, prepaid expense, accounts payable and accrued liabilities approximate their estimated fair market value based on the short-term maturity of these instruments. The Company did not identify any other assets or liabilities that are required to be presented on the consolidated balance sheets at fair value in accordance with the accounting guidance.

The Company's convertible notes payable approximate the fair value of such instruments based upon management's best estimate of interest rates that would be available to the Company for similar financial arrangements at September 30, 2016 and 2015.

Fair Value of Financial Assets and Liabilities Measured on a Recurring Basis

Level 3 Financial Liabilities - Derivative Liability on Conversion Feature

The Company uses Level 3 of the fair value hierarchy to measure the fair value of the derivative liabilities and revalues its derivative liability on the conversion feature at every reporting period and recognizes gains or losses in the statements of operations that are attributable to the change in the fair value of the derivative liabilities.

The following table presents the derivative financial instruments, measured and recorded at fair value on the Company's unaudited condensed balance sheets on a recurring basis, and their level within the fair value hierarchy as of September 30, 2015:

| | <u>Amount</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> |
|--|---------------|----------------|----------------|----------------|
| Derivative liability - Embedded conversion | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

The following table presents the derivative financial instruments, measured and recorded at fair value on the Company's unaudited condensed balance sheets on a recurring basis, and their level within the fair value hierarchy as of September 30, 2016:

| | <u>Amount</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> |
|--|-------------------|----------------|----------------|-------------------|
| Derivative liability - Embedded conversion | <u>\$ 221,374</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 221,374</u> |

Basic and diluted net loss per share

Basic net loss per share is computed by dividing the net loss by the weighted average number of common shares during the period. Diluted net loss per share is computed using the weighted average number of common shares and potentially dilutive securities outstanding during the period. At September 30, 2016 and 2015, the Company has 656,338 and 378,844 potentially dilutive securities outstanding, respectively, related to the convertible promissory notes. Those potentially dilutive common stock equivalents were excluded from the dilutive loss per share calculation as they would be antidilutive due to the net loss.

Income taxes

The Company accounts for income taxes pursuant to the provision of ASC 740-10, "Accounting for Income Taxes" ("ASC 740-10"), which requires, among other things, an asset and liability approach to calculating deferred income taxes. The asset and liability approach requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. A valuation allowance is provided to offset any net deferred tax assets for which management believes it is more likely than not that the net deferred asset will not be realized.

ALL FOR ONE MEDIA CORP. AND SUBSIDIARY
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2016 AND 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company follows the provision of ASC 740-10 related to Accounting for Uncertain Income Tax Positions. When tax returns are filed, there may be uncertainty about the merits of positions taken or the amount of the position that would be ultimately sustained. In accordance with the guidance of ASC 740-10, the benefit of a tax position is recognized in the financial statements in the period during which, based on all available evidence, management believes it is more likely than not that the position will be sustained upon examination, including the resolution of appeals or litigation processes, if any. Tax positions taken are not offset or aggregated with other positions.

Tax positions that meet the more likely than not recognition threshold are measured at the largest amount of tax benefit that is more than 50 percent likely of being realized upon settlement with the applicable taxing authority. The portion of the benefit associated with tax positions taken that exceed the amount measured as described above should be reflected as a liability for uncertain tax benefits in the accompanying balance sheet along with any associated interest and penalties that would be payable to the taxing authorities upon examination. The Company believes its tax positions are all more likely than not to be upheld upon examination. As such, the Company has not recorded a liability for uncertain tax benefits.

The Company has adopted ASC 740-10-25, "Definition of Settlement", which provides guidance on how an entity should determine whether a tax position is effectively settled for the purpose of recognizing previously unrecognized tax benefits and provides that a tax position can be effectively settled upon the completion and examination by a taxing authority without being legally extinguished. For tax positions considered effectively settled, an entity would recognize the full amount of tax benefit, even if the tax position is not considered more likely than not to be sustained based solely on the basis of its technical merits and the statute of limitations remains open. The federal and state income tax returns of the Company are subject to examination by the IRS and state taxing authorities, generally for three years after they are filed. The Company currently has no federal or state tax examinations nor has it had any federal or state examinations since its inception. The Company's 2015, 2014, and 2013 tax years may still be subject to federal and state tax examination.

Stock-based compensation

Stock-based compensation is accounted for based on the requirements of the Share-Based Payment Topic of ASC 718 which requires recognition in the consolidated financial statements of the cost of employee and director services received in exchange for an award of equity instruments over the period the employee or director is required to perform the services in exchange for the award (presumptively, the vesting period). The ASC also requires measurement of the cost of employee and director services received in exchange for an award based on the grant-date fair value of the award.

Pursuant to ASC Topic 505-50, for share-based payments to consultants and other third-parties, compensation expense is determined at the "measurement date." The expense is recognized over the vesting period of the award. Until the measurement date is reached, the total amount of compensation expense remains uncertain. The Company initially records compensation expense based on the fair value of the award at the reporting date.

Recent Accounting Pronouncements

Accounting standards that have been issued or proposed by the FASB that do not require adoption until a future date are not expected to have a material impact on the consolidated financial statements upon adoption.

ALL FOR ONE MEDIA CORP. AND SUBSIDIARY
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2016 AND 2015

NOTE 3 –GOING CONCERN

As reflected in the accompanying consolidated financial statements, the Company had a net loss and net cash used in operations of \$2,283,276 and \$218,830, respectively, for the year ended September 30, 2016. Additionally the Company had an accumulated deficit of \$2,580,855 and working capital deficit of \$203,157 at September 30, 2016. These circumstances cause substantial doubt about the Company’s ability to continue as a going concern. The ability to continue as a going concern is dependent upon the Company generating profitable operations in the future and/or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. The Company’s ability to raise additional capital through the future issuances of common stock is unknown. The obtainment of additional financing, the successful development of the Company’s contemplated plan of operations, and its transition, ultimately, to the attainment of profitable operations are necessary for the Company to continue operations.

Uncertainty regarding these matters, raises substantial doubt about the Company’s ability to continue as a going concern. The consolidated financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern. While the Company believes in the viability of its strategy to generate revenues, there can be no assurances to that effect.

NOTE 4 – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consisted of the following:

| | <u>September 30, 2016</u> |
|---------------------------|---------------------------|
| Accounts payable | \$ 8,147 |
| Accrued salaries | 15,752 |
| Accrued rent | 2,700 |
| Accrued professional fees | 10,000 |
| Total | <u>\$ 36,599</u> |

NOTE 5 – CONVERTIBLE NOTES PAYABLE

Convertible notes payable consisted of the following:

| | <u>September 30, 2016</u> | <u>September 30, 2015</u> |
|--|---------------------------|---------------------------|
| Convertible notes payable – unrelated party, net of debt discount of \$125,750 and \$0, respectively | \$ 21,113 | \$ 11,250 |
| Convertible notes payable – related party | - | 69,100 |
| Less: non-current maturities, net of debt discount of \$81,584 and \$0, respectively | (10,299) | (22,350) |
| Convertible notes payable, current maturities | <u>\$ 10,834</u> | <u>\$ 58,000</u> |

Convertible note payable – related party

Between January 2012 and August 2015, the Company issued 8% convertible promissory notes to Duane S. Jenson, the Company’s former President and director that provided for additional working capital in the total amount of \$69,100. The notes were convertible into shares of the Company’s common stock at a conversion price of \$0.25 per share at the option of the Company. The principal amount of the note for \$20,000 and accrued interest were due on demand. The principal amount of the note for \$38,000 and \$11,100 were due on June 19, 2016 and February 25, 2018, respectively.

ALL FOR ONE MEDIA CORP. AND SUBSIDIARY
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2016 AND 2015

NOTE 5 – CONVERTIBLE NOTES PAYABLE (continued)

Convertible note payable – unrelated party

At September 30, 2016, current portion of convertible notes payable – unrelated party consisted of the following:

| | September 30, 2016 |
|--|--------------------|
| Principal amount | \$ 65,000 |
| Less: unamortized debt discount | (54,166) |
| Convertible notes payable, net – current | \$ 10,834 |

Additionally between February 2015 and June 2015, Clearline Ventures, LLC, an unrelated party, entered into an 8% convertible promissory note to provide additional working capital to the Company in the amount of \$11,250. The principal amount of the note was due on February 25, 2018.

Management evaluated these convertible notes in accordance with ASC 815 and determined that there is no embedded derivative associated with the conversion feature of the note on the date of issuance. Management evaluated these convertible note payable in accordance with ASC 470 and determined that there was no beneficial conversion associated with these notes on the date of issuance.

In October 2015, the Company fully paid the total principal of \$80,350 and accrued interest of \$14,672 leaving a zero outstanding balance related to this note as of September 30, 2016.

On August 25, 2016, the Company issued a 10% Convertible Promissory Note for principal borrowings of up to \$85,000. The 10% convertible promissory note and all accrued interest are due on February 25, 2017. As of September 30, 2016, the Company received proceeds of \$65,000. The note is unsecured and bears interest at the rate of 10% per annum from the issuance date thereof until the note is paid. The note holder shall have the right to convert beginning on the date which is 180 days following the issuance date the outstanding principal amount and accrued but unpaid interest into the Company’s common stock at a conversion price equal to a price which is 50% multiplied by the lowest trading price of the Company’s common stock during the 20 trading days immediately preceding the conversion date. The note may not be prepaid in whole or in part. Any amount of principal or interest on this note which is not paid when due shall bear interest at the rate of twenty-two percent (22%) per annum from the due date thereof until the same is paid. The conversion price, however, is subject to full ratchet anti-dilution in the event that the Company issues any securities at a per share price lower than the conversion price then in effect.

The Company paid original issuance cost of \$5,000 in connection with this note payable which is being amortized over the term of the note.

The Company evaluated whether or not the convertible promissory note contains embedded conversion features, which meet the definition of derivatives under ASC 815 and related interpretations. The Company determined that the terms of the notes discussed above include a down-round provision under which the conversion price could be affected by future equity offerings undertaken by the Company which cause the embedded conversion options to be accounted for as derivative liabilities. In accordance with ASC 815, the Company has bifurcated the conversion feature of the convertible notes and recorded derivative liabilities on their issuance date and adjusted to fair value through earnings at each reporting date. The Company uses the Black-Scholes option pricing model to value the derivative liabilities.

The note was discounted in the amount of \$65,000 based on the valuations. The total debt discount from the valuation of the derivatives is being amortized over the terms of the note. These derivative liabilities are then revalued on each reporting date. The gain resulting from the decrease in fair value of these convertible instruments was \$101,140 for the year ended September 30, 2016. At September 30, 2016, the Company had recorded derivative liability of \$89,744.

ALL FOR ONE MEDIA CORP. AND SUBSIDIARY
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2016 AND 2015

NOTE 5 – CONVERTIBLE NOTES PAYABLE (continued)

During the year ended September 30, 2016, the fair value of the derivative liabilities were estimated using the Black-Scholes pricing model with the following assumptions:

| | |
|-------------------------|-------------------|
| Dividend rate | 0 |
| Term (in years) | 0.41 to 0.49 year |
| Volatility | 194% to 197% |
| Risk-free interest rate | 0.45% to 0.51% |

For the year ended September 30, 2016, amortization of debt discounts related to the convertible note amounted to \$10,834 which has been included in interest expense on the accompanying consolidated statements of operations. Accrued interest related to this unrelated party convertible note amounted to \$352 at September 30, 2016 which was included in accrued interest on the accompanying consolidated balance sheets.

Long-term convertible note payable

At September 30, 2016, long-term convertible notes payable consisted of the following:

| | September 30, 2016 |
|--|--------------------|
| Principal amount | \$ 80,000 |
| Accrued interest | 1,883 |
| Less: unamortized debt discount | (71,584) |
| Convertible notes payable, net – long-term | \$ 10,299 |

The Company issued a 10% Convertible Promissory Note for principal borrowings of up to \$80,000. The 10% convertible promissory note and all accrued interest are due on June 21, 2018. As of September 30, 2016, the Company received proceeds of \$80,000. The note is unsecured and bears interest at the rate of 10% per annum from the issuance date thereof until the note is paid. The note holder shall have the right to convert beginning on the date which is 180 days following the issuance date the outstanding principal amount and accrued but unpaid interest into the Company's common stock at a conversion price equal to a price which is 50% of the volume weighted average price of the Company's common stock during the 20 trading days immediately preceding the conversion date. During the first 180 days following the date of the note the Company has the right to prepay the principal and accrued but unpaid interest due under the note, together with any other amounts that the Company may owe the holder under the terms of the note, at a premium of 150%. After this initial 180 day period, the Company does not have a right to prepay the note. The conversion price, however, is subject to full ratchet anti-dilution in the event that the Company issues any securities at a per share price lower than the conversion price then in effect.

The Company paid original issuance cost of \$5,000 in connection with this note payable which is being amortized over the term of the note.

The Company evaluated whether or not the convertible promissory note contains embedded conversion features, which meet the definition of derivatives under ASC 815 and related interpretations. The Company determined that the terms of the notes discussed above include a down-round provision under which the conversion price could be affected by future equity offerings undertaken by the Company which cause the embedded conversion options to be accounted for as derivative liabilities. In accordance with ASC 815, the Company has bifurcated the conversion feature of the convertible notes and recorded derivative liabilities on their issuance date and adjusted to fair value through earnings at each reporting date. The Company uses the Black-Scholes option pricing model to value the derivative liabilities.

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NOTE 5 – CONVERTIBLE NOTES PAYABLE (continued)

The note was discounted in the amount of \$80,000 based on the valuations. The total debt discount from the valuation of the derivatives is being amortized over the terms of the note. These derivative liabilities are then revalued on each reporting date. The gain resulting from the decrease in fair value of these convertible instruments was \$17,433 for the year ended September 30, 2016. At September 30, 2016, the Company had recorded derivative liability of \$131,630.

During the year ended September 30, 2016, the fair value of the derivative liabilities were estimated using the Black-Scholes pricing model with the following assumptions:

| | |
|-------------------------|--------------------|
| Dividend rate | 0 |
| Term (in years) | 1.72 to 2.00 years |
| Volatility | 194% to 197% |
| Risk-free interest rate | 0.58% to 0.77% |

For the year ended September 30, 2016, amortization of debt discounts related to these convertible notes amounted to \$8,416 which has been included in interest expense on the accompanying consolidated statements of operations. Accrued interest related to this long-term convertible note amounted to \$1,883 and \$0 at September 30, 2016 and 2015, respectively.

NOTE 6 – RELATED PARTY TRANSACTIONS

Parties are considered to be related to the Company if the parties directly or indirectly, through one or more intermediaries, control, are controlled by, or are under common control with the Company. Related parties also include principal stockholders of the Company, its management, members of the immediate families of principal stockholders of the Company and its management and other parties with which the Company may deal where one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests. The Company discloses all related party transactions. All transactions shall be recorded at fair value of the goods or services exchanged. Property purchased from a related party is recorded at the cost to the related party and any payment to or on behalf of the related party in excess of the cost is reflected as compensation or distribution to related parties depending on the transaction.

Between January 2012 and August 2015, the Company issued an 8% convertible promissory note to Duane S. Jenson, the Company's former President and director that provided for additional working capital in the total amount of \$69,100. In October 2015, the Company fully paid the total principal of \$69,100 and accrued interest of \$14,142 leaving a zero outstanding balance as of September 30, 2016 (see Note 5).

In December 2015, the Company through its wholly owned subsidiary, Tween Entertainment, executed a month to month operating lease agreement with the CEO of the Company. The lease premise is located in Mt. Kisco, New York and the initial term is for a period of 12 months commencing in December 2015 and expiring in December 2016. The lease requires the Company to pay a monthly base rent of \$1,000. The Company has paid rent of \$6,700 during the year ended September 30, 2016.

On January 5, 2016, the Company entered into a 2 month consulting agreement with a consultant company to provide business advisory services. Pursuant to the consulting agreement, the Company paid a total of \$5,000 during the term of the agreement. One of the members of CFTB is an affiliate of this consulting company (see Note 8).

During April 2016, the CEO and a director of the Company loaned \$201 and \$2,500, respectively, to the Company for working capital purposes. This loan is non-interest bearing and is due on demand.

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NOTE 6 – RELATED PARTY TRANSACTIONS (continued)

On April 5, 2016, the Company sold 40,000 shares of the Company's common stock to a director of the Company for gross proceeds of \$4,000 (see Note 7).

In June 2016, the Company sold 1,000,000 shares of the Company's common stock to a consultant at \$0.0025 per common share or \$2,500. The Company received the proceeds of \$2,500 as of September 30, 2016 from the consultant. The consultant is one of the members of CFTB (see Note 7).

NOTE 7 – STOCKHOLDERS' DEFICIT

The authorized capital of the Company consists of 50,000,000 shares of common stock, par value \$0.001 per share and 5,000,000 shares of preferred stock, par value \$0.001 per share.

Common stock

On October 26, 2015, the Company entered into the Asset Exchange with CFTB and certain members owning membership interest in CFTB whereby the Company acquired certain assets from CFTB in exchange for 5,201,500 shares of the Company's common stock (see Note 1). The assets that were acquired included a movie screenplay, master recordings, trademarks, and web domain names. Consequently, the issuance of 5,201,500 shares of the Company's common stock to CFTB accounted for approximately 66% of the total issued and outstanding stock of the Company as of October 26, 2015 and the Company became a majority owned subsidiary of CFTB. Upon the closing of the Asset Exchange, the Company's directors resigned and a new board of directors and new officers were appointed which consists of Brian Lukow, Brian Gold and Aimee O'Brien. Following the closing, Mr. Lukow was also appointed as Chief Executive Officer and President of the Company. Mr. Lukow and Mr. Gold own approximately 17% and 20% membership interest in CFTB, respectively. Accordingly, the CFTB Members are considered to be founders and promoters of CFTB.

The Company accounted for the acquisition of the CFTB Assets pursuant to the Asset Exchange under ASC 845-10-S99 "Transfer of Nonmonetary Assets by Promoters or Shareholders" whereby the transfer of nonmonetary assets to a company by its promoters or shareholders in exchange for stock prior to or at the time of the company's initial public offering normally should be recorded at the transferors' historical cost basis determined under US GAAP. The Company recorded the acquired CFTB assets at historical cost basis of the nonmonetary assets transferred which amounted to \$0. Consequently, the Company valued the issuance of 5,201,500 shares of common stock in connection with the Asset Exchange at par value and a corresponding decrease in additional paid in capital. Additionally, the Company evaluated this acquisition transaction in accordance with ASC 805 and determined that the CFTB Assets do not constitute a business. The assets acquired have no processes and no outputs but rather comprised of certain assets consisting of a movie screenplay, master recordings, trademarks, and web domain names.

In October 2015, the Company sold an aggregate of 440,000 shares of the Company's common stock for cash and received net proceeds of \$104,075. The Company paid \$5,000 legal fees and \$925 escrow fees in connection with the sale. The Company used these proceeds to pay certain debts, convertible notes and accrued interest owed by the Company.

In October 2015, the Company sold an aggregate 1,248,500 shares of the Company's common stock to three unrelated parties with purchase prices ranging from \$0.001 to \$0.08 per common share or \$50,124. The Company recorded stock based compensation of \$262,001 which is equal to the fair value of shares issued in excess of the purchase price of \$50,124. The Company has determined that the fair value of the common stock is \$0.25 per share which is based on the sale of common stock in the recent private placement.

In December 2015, the Company sold an aggregate of 140,000 shares of the Company's common stock for gross proceeds of \$30,000 and subscription receivable of \$5,000. The Company collected the subscription receivable of \$5,000 in January 2016. The Company used these proceeds for working capital purposes.

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NOTE 7 – STOCKHOLDERS’ DEFICIT (continued)

Between October 2015 and January 2016, the Company issued 65,806 shares of the Company’s common stock to the CEO of the Company as payment for services rendered pursuant to the Employment agreement (see Note 8). The Company valued these common shares at the fair value of \$16,452 or \$0.25 per common share based on the sale of common stock in a private placement at \$0.25 per common share and was recorded as stock based compensation.

Between October 2015 and January 2016, the Company issued 65,806 shares of the Company’s common stock to a consultant as payment for services rendered. The Company valued these common shares at the fair value of \$16,452 or \$0.25 per common share based on the sale of common stock in a private placement at \$0.25 per common share and was recorded as stock based compensation.

Between October 2015 and January 2016, the Company issued an aggregate of 19,740 shares of the Company’s common stock to the three directors of the Company as payment for services rendered pursuant to corporate director agreements (see Note 8). The Company valued these common shares at the fair value of \$4,935 or \$0.25 per common share based on the sale of common stock in a private placement at \$0.25 per common share and was recorded as stock based compensation.

In February 2016, the Company issued 20,000 shares of the Company’s common stock to the CEO of the Company as payment for services rendered pursuant to the Employment agreement (see Note 8). The Company valued these common shares at the fair value of \$5,000 or \$0.25 per common share based on the sale of common stock in a private placement at \$0.25 per common share and was recorded as stock based compensation.

In February 2016, the Company issued 20,000 shares of the Company’s common stock to a consultant as payment for services rendered. The Company valued these common shares at the fair value of \$5,000 or \$0.25 per common share based on the sale of common stock in a private placement at \$0.25 per common share and was recorded as stock based compensation.

In February 2016, the Company issued an aggregate of 6,000 shares of the Company’s common stock to the three directors of the Company as payment for services rendered pursuant to corporate director agreements (see Note 8). The Company valued these common shares at the fair value of \$1,500 or \$0.25 per common share based on the sale of common stock in a private placement at \$0.25 per common share and was recorded as stock based compensation.

Between March 2016 and May 2016, the Company issued 60,000 shares of the Company’s common stock to the CEO of the Company as payment for services rendered pursuant to the Employment agreement (see Note 8). The Company valued these common shares at the fair value ranging from \$0.17 to \$0.37 per common share or \$14,800 based on the quoted trading price on the date of grants and was recorded as stock based compensation.

Between March 2016 and May 2016, the Company issued an aggregate of 18,000 shares of the Company’s common stock to the three directors of the Company as payment for services rendered pursuant to corporate director agreements (see Note 8). The Company valued these common shares at the fair value ranging from \$0.17 to \$0.37 per common share based on the quoted trading price on the date of grants and was recorded as stock based compensation.

In April 2016, the Company issued 50,000 shares of the Company’s common stock to a consultant as payment for financial advisory services rendered. These shares vested immediately on the date of issuance. The Company valued these common shares at the fair value of \$18,500 or \$0.37 per common share based on the quoted trading price on the date of grant and was recorded as stock based compensation.

In April 2016, the Company sold 40,000 shares of the Company’s common stock to a director of the Company for gross proceeds of \$4,000. The Company recorded stock based compensation of \$10,800 which is equal to the fair value of shares issued in excess of the purchase price of \$4,000. The Company has determined that the fair value of the common stock is \$0.37 per share which is based on the quoted trading price on the date of grant and was recorded as stock based compensation.

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NOTE 7 – STOCKHOLDERS’ DEFICIT (continued)

In June 2016, the Company sold an aggregate of 4,000,000 shares of its common stock at \$0.0025 per common share for proceeds of \$10,000 which was paid by 2 directors of the Company. Additionally, in June 2016, the Company sold an aggregate of 3,000,000 shares of its common stock at \$0.0025 per common share for a settlement of accrued salaries to the CEO of the Company for \$7,500. The Company recorded stock based compensation of \$1,382,500 which is equal to the fair value of shares issued in excess of the total purchase price of \$17,500. ASC 718 establishes that share-based payment transactions with employees shall be measured at the fair value of the equity instruments issued. The Company has determined that the fair value of the common stock is \$0.20 per share which is based on the quoted trading price on the date of grant.

In June 2016, the Company sold 1,000,000 shares of the Company’s common stock to a consultant at \$0.0025 per common share or \$2,500. The Company recorded stock based compensation of \$197,500 which is equal to the fair value of shares issued in excess of the purchase price of \$2,500. The Company has determined that the fair value of the common stock is \$0.20 per share which is based on the quoted trading price on the date of grant. The Company received proceeds of \$2,500 as of September 30, 2016. The consultant is one of the members of CFTB.

In June 2016, the Company issued 20,000 shares of the Company’s common stock to the CEO of the Company as payment for services rendered pursuant to the Employment agreement (see Note 8). The Company valued these common shares at the fair value of \$5,000 or \$0.25 per common share based on the quoted trading price on the date of grant and was recorded as stock based compensation.

In June 2016, the Company issued an aggregate of 6,000 shares of the Company’s common stock to the three directors of the Company as payment for services rendered and to be rendered for future services pursuant to corporate director agreements (see Note 8). The Company valued these common shares at the fair value of \$1,500 or \$0.25 per common share based on the quoted trading price on the date of grant and was recorded as stock based compensation.

In July 2016, the Company issued 20,000 shares of the Company’s common stock to the CEO of the Company as payment for services rendered pursuant to the Employment agreement (see Note 8). The Company valued these common shares at the fair value of \$3,938 or \$0.20 per common share based on the quoted trading price on the date of grant and was recorded as stock based compensation.

In July 2016, the Company issued an aggregate of 30,000 shares of the Company’s common stock to the three directors of the Company as payment for services rendered and to be rendered for future services pursuant to corporate director agreements (see Note 8). The Company valued these common shares at the fair value ranging from \$0.20 to \$0.54 per common share or \$11,430 based on the quoted trading price on the dates of grants. The Company recorded stock based compensation of \$7,050 and prepaid expense of \$4,380 to be amortized over the term of the service period.

In August 2016, the Company issued 20,000 shares of the Company’s common stock to the CEO of the Company as payment for services rendered pursuant to the Employment agreement (see Note 8). The Company valued these common shares at the fair value of \$10,700 or \$0.54 per common share based on the quoted trading price on the date of grant.

In September 2016, the Company issued 20,000 shares of the Company’s common stock to the CEO of the Company as payment for services rendered pursuant to the Employment agreement (see Note 8). The Company valued these common shares at the fair value of \$8,860 or \$0.44 per common share based on the quoted trading price on the date of grant.

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NOTE 8 – COMMITMENTS AND CONTINGENCIES

Employment agreement

In October 2015, the Company entered into an Employment Agreement (the “Employment Agreement”) with Mr. Brian Lukow, the CEO of the Company. As compensation for his services per the terms of the Employment Agreement, the Company shall pay \$5,000 per month and 20,000 shares of the Company’s common stock calculated at \$0.25 per share. The Employment Agreement may be terminated by either party upon two months written notice. As of September 30, 2016, accrued salaries to Mr. Lukow amounted to \$15,752 and was included in accounts payable and accrued liabilities as reflected in the accompanying consolidated balance sheets.

Corporate director agreements

In October 2015, the Company entered into three corporate director agreements with Mr. Brian Lukow, Mr. Brian Gold and Ms. Aimee O’Brien to serve as members of the Company’s board of directors. The term of the agreements shall continue until September 30, 2016 unless earlier terminated by the Company. As compensation for their services per the terms of their respective corporate director agreements, the Company pays fees to i) Mr. Lukow of 2,000 shares of the Company’s common stock per month calculated at \$0.25 per share ii) Ms. O’Brien of 2,000 shares of the Company’s common stock per month calculated at \$0.25 per share and iii) Mr. Gold of 2,000 shares of the Company’s common stock per month during the month of service. Pursuant to the agreement, the director who will introduce and arrange for equity funding and acquisitions shall be entitled with a 10% commission fee as defined in the agreement. As of September 30, 2016, accrued director fees amounted to \$0.

Consulting agreement

On March 29, 2016, the Company entered into a six-month consulting agreement with a consultant who has agreed to provide strategic planning and business development consulting services to the Company. The term of the agreement commenced on June 1, 2016. In August 2016, the Company entered into an amendment agreement with such consultant to amend the compensation terms whereby both parties agree that the consultant, in exchange for his services will be issued 1,000,000 shares of the Company’s common stock upon effectiveness of the Company’s registration statement and another 1,000,000 shares to be issued upon the effectiveness of another registration statement as defined in the consulting agreement. An additional 2,000,000 share of the Company’s common stock will be issued if the Company renews and extends the term of this agreement.

Operating Lease

In December 2015, the Company through its wholly owned subsidiary, Tween Entertainment, executed a month to month operating lease agreement located in Boca Raton, Florida. The lease is for a period of 12 months commencing in December 2015 and expiring in December 2016. The lease requires the Company to pay a monthly rent of \$1,000. The Company terminated the month to month lease agreement for the Boca Raton office in February 2016.

In December 2015, the Company through its wholly owned subsidiary, Tween Entertainment, executed a month to month operating lease agreement with the CEO of the Company. The lease premise is located in Mt. Kisco, New York and the initial term is for a period of 12 months commencing in December 2015 and expiring in December 2016. The lease requires the Company to pay a monthly rent of \$1,000.

Rent expense was \$12,400 for the year ended September 30, 2016.

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NOTE 9 – INCOME TAXES

Management believes that the realization of the benefits from these losses appears not more than likely due to the Company's limited operating history and continuing losses for United States income tax purposes. Accordingly, the Company has provided a 100% valuation allowance on the deferred tax asset to reduce the asset to zero. Management will review this valuation allowance periodically and make adjustments as necessary.

The items accounting for the difference between income taxes at the effective statutory rate and the provision for income taxes were as follows:

| | Year Ended September 30, 2016 | Year Ended September 30, 2015 |
|--|----------------------------------|----------------------------------|
| Income tax benefit at U.S. statutory rate of 34% | \$ (776,314) | \$ (20,890) |
| Income tax benefit - State | (114,164) | (3,072) |
| Non-deductible expenses | 815,287 | 167 |
| Increase in valuation allowance | <u>75,191</u> | <u>23,795</u> |
| Total provision for income tax | <u>\$ -</u> | <u>\$ -</u> |

The Company's approximate net deferred tax asset was as follows:

| Deferred Tax Asset: | September 30, 2016 | September 30, 2015 |
|---------------------------------|--------------------|--------------------|
| Net operating loss carryforward | \$ 184,535 | \$ 109,344 |
| Valuation allowance | <u>(184,535)</u> | <u>(109,344)</u> |
| Net deferred tax asset | <u>\$ -</u> | <u>\$ -</u> |

The net operating loss carryforward was \$473,166 at September 30, 2016. The Company provided a valuation allowance equal to the deferred income tax asset for the year ended September 30, 2016 and 2015 because it was not known whether future taxable income will be sufficient to utilize the loss carryforward. The increase in the allowance was \$75,191 in fiscal 2016. The potential tax benefit arising from the loss carryforward will expire in 2036.

Additionally, the future utilization of the net operating loss carryforward to offset future taxable income may be subject to an annual limitation as a result of ownership changes that could occur in the future. If necessary, the deferred tax assets will be reduced by any carryforward that expires prior to utilization as a result of such limitations, with a corresponding reduction of the valuation allowance. The Company does not have any uncertain tax positions or events leading to uncertainty in a tax position

NOTE 10 – SUBSEQUENT EVENTS

The Company evaluates events that have occurred after the balance sheet date through December 22, 2016. Based upon the evaluation, the Company did not identify any recognized or non-recognized subsequent events that would have required adjustment or disclosure in the accompanying consolidated financial statements other than those set forth below.

In October 2016, the Company received additional proceeds of \$20,000 in connection with a promissory note issued on August 25, 2016 (see Note 5).

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NOTE 10 – SUBSEQUENT EVENTS (continued)

On October 25, 2016, the Company issued a 10% Convertible Promissory Note for principal borrowings of up to \$95,000. The 10% convertible promissory note and all accrued interest are due on October 25, 2018. The note is unsecured and bears interest at the rate of 10% per annum from the issuance date thereof until the note is paid. The note holder shall have the right to convert beginning on the date which is 180 days following the issuance date the outstanding principal amount and accrued but unpaid interest into the Company's common stock at a conversion price equal to a price which is 50% of the volume weighted average price of the Company's common stock during the 20 trading days immediately preceding the conversion date. The note may not be prepaid in whole or in part. Any amount of principal or interest on this note which is not paid when due shall bear interest at the rate of 18% per annum from the due date thereof until the same is paid. The conversion price, however, is subject to full ratchet anti-dilution in the event that the Company issues any securities at a per share price lower than the conversion price then in effect. Between October 2016 and November 2016, the Company received proceeds of \$60,000 in connection with this note. The Company paid original issuance cost of \$5,000 in connection with this note payable which will be amortized over the term of the note.