KBT

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders

Code Green Apparel Corporation:

I have audited the accompanying balance sheets of Code Green Apparel Corporation, (the "Company") as of December 31, 2015 and 2014 and the related statements of operations, stockholders' deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. I was not engaged to perform an audit of its internal control over financial reporting. My audit included 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, I express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Code Green Apparel Corporation as of December 31, 2015 and 2014 and the results of its operations and cash flows the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming that the company will continue as a going concern. As discussed in Note 6 to the consolidated financial statements, the Company has suffered losses from operations and negative cash flows from operations. These factors raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 6. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/K. Brice Toussaint
K. Brice Toussaint

Dallas TX
April 8, 2016

CODE GREEN APPAREL CORP
BALANCE SHEETS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	DECEMBER 31, 2015	DECEMBER 31, 2014
ASSETS		
Cash	$ 32,205	$ 10,009
Inventory	199,324	-
Prepaid expenses	33,387	-
Fixed assets, net	1,574	2,024
TOTAL ASSETS	$ 266,490	$ 12,033
LIABILITIES		
Accounts payable	$ 161,473	$ 138,473
Accrued interest	77,608	33,777
Convertible debts payable, net of discount of $23,082 and $-0-	439,418	673,500
Derivative liability	824,468	200,337
TOTAL LIABILITIES	1,502,967	1,046,087
STOCKHOLDERS' DEFICIT		
Preferred A stock, par value $0.001 per share, Authorized – 1,000 shares, Issued and outstanding – 1,000 and -0- shares, respectively	1	-
Preferred B stock, par value $0.001 per share, Authorized – 200,000 shares, Issued and outstanding – 40,000 and -0- shares, respectively	40	-
Common stock, par value $0.001 per share, Authorized – 500,000,000 shares, Issued and outstanding – 346,439,646 and 252,952,540 shares, respectively	346,440	252,953
Additional paid-in capital	10,050,497	8,56,025
Accumulated deficit	(11,633,455)	(9,851,032)
TOTAL STOCKHOLDERS' DEFICIT	(1,236,477)	(1,034,054)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	$ 266,490	$ 12,033

See notes to financial statements.

CODE GREEN APPAREL CORP
STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
REVENUE, net	$ -	$ -
OPERATING EXPENSES		
Selling, general and administrative	1,112,543	2,136,924
TOTAL OPERATING EXPENSES	1,112,543	2,136,924
LOSS FROM OPERATIONS	(1,112,543)	(2,139,924)
OTHER INCOME (EXPENSE)		
Change in fair value of derivative	(396,385)	300,505
Interest expense	(273,495)	(534,619)
TOTAL OTHER INCOME (EXPENSE)	(669,880)	(234,114)
LOSS BEFORE INCOME TAXES	(1,782,423)	(2,371,038)
Income tax expense	-	-
NET LOSS	$ (1,782,423))	$ (2,371,038)
NET LOSS PER COMMON SHARE		
Basic and diluted	$ (0.01)	$ (0.01)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING		
Basic and diluted	310,575,705	221,704,960

See notes to financial statements.

CODE GREEN APPAREL CORP
STATEMENT OF STOCKHOLDERS' DEFICIT
FOR THE YEAR ENDED DECEMBER 31, 2015

	Preferred B Stock		Preferred A Stock		Common Stock		Additional Paid-in	Accumulated	Total Stockholders'
	Shares	**Amount**	**Shares**	**Amount**	**Shares**	**Amount**	**Capital**	**Deficit**	**Equity (Deficit)**
Balance, December 31, 2014	-	$ -	-	$ -	252,952,540	$252,953	$ 8,564,025	$ (9,851,032)	$ (1,034,054)
Issuance of shares for cash	-	-	-	-	85,676,666	85,677	809,323	-	895,000
Issuance of shares for services	-	-	1,000	1	8,150,000	8,150	290,849	-	299,000
Issuance of shares for convertible debt	-	-	-	-	39,660,440	39,660	346,340	-	386,000
Exchange of shares	40,000	40	-	-	(40,000,000)	(40,000)	39,960	-	-
Net loss	-	-	-	-	-	-	-	(1,782,423)	(1,782,423)
Balance, December 31, 2015	40,000	$ 40	1,000	$ 1	346,439,646	$346,440	$10,050,497	$ (11,633,455)	$ (1,236,477)

See notes to financial statements.

CODE GREEN APPAREL CORP
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

		2015		2014
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net loss	$	(1,782,423)	$	(2,371,038)
Adjustments to reconcile net loss to net cash (used) provided by operating activities:				
Loss on derivative revaluation		396,385		(300,505)
Depreciation		450		225
Preferred A stock issued for services		180,000		-
Common stock issued for services		119,000		1,412,110
Amortization of debt discount		1,918		
Non-cash interest expense		227,746		500,842
Non-cash compensation		-		500,000
Changes in operating assets and liabilities:				
Inventory		(199,324)		-
Prepaid expenses		11,613		
Accounts payable		23,000		35,332
Accrued interest		43,831		33,777
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		(977,804)		(189,257)
CASH FLOWS USED BY INVESTING ACTIVITIES:				
Purchase of fixed assets		-		-
NET CASH USED BY INVESTING ACTIVITIES		-		-
CASH FLOWS FROM FINANCING ACTIVITIES:				
Proceeds from the sale of common stock		895,000		20,000
Proceeds from the issuance of convertible debt, net of fees		105,000		173,500
Proceeds from related party notes		-		8,000
NET CASH PROVIDED BY FINANCING ACTIVITIES		1,000,000		201,500
NET INCREASE (DECREASE) IN CASH		22,196		9,994
CASH AT THE BEGINNING OF THE PERIOD		10,009		15
CASH AT THE END OF THE PERIOD	$	32,205	$	10,009
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION				
Interest paid	$	-	$	-
Taxes paid	$	-	$	-

See notes to financial statements.

CODE GREEN APPAREL CORP
(A DEVELOPMENT STAGE COMPANY)
NOTES TO FINANCIAL STATEMENTS

NOTE 1 ORGANIZATION AND BASIS OF PRESENTATION

Organization and Nature of Business

Code Green Apparel Corp, formerly known as Gold Standard Mining Corp. (the "Company") was incorporated in Nevada on December 11, 2007 as Fluid Solutions, Inc. On May 6, 2009, Fluid Solutions, Inc. acquired all of the outstanding capital stock of Gold Standard Mining Corp., a Wyoming corporation ("GS Wyoming"), in exchange for 100,669,998 shares of its common stock pursuant to an Exchange Agreement dated May 6, 2009 with that corporation and its shareholders. Concurrently with the acquisition, Pantelis Zachos, its Chief Executive Officer and a director, tendered 59,400,000 shares of common stock back to Fluid Solutions, Inc. for retirement.

On May 18, 2009, Fluid Solutions, Inc. changed its name to "Gold Standard Mining Corp." and effected a 3.3 to 1 forward stock split. This split has been retroactively reflected in these financial statements.

As of the date that the Company acquired GS Wyoming, GS Wyoming's principal asset was an Exchange Agreement, dated February 9, 2009, pursuant to which GS Wyoming had agreed to acquire Rosszoloto Co. Ltd., a limited liability company organized under the laws of Russia ("Rosszoloto"), in a stock exchange. Rosszoloto is engaged in the business of gold mining in the Amur region of Russia near the border between Russia and China. The Company completed the acquisition of Rosszoloto in June 2010. The Company issued a total of 100,669,998 shares to the shareholders of GS Wyoming.

In the spring of 2011, during the course of preparation of financial statements of the Company, the Board of Directors concluded that the Company could not get the financial information regarding Rosszoloto necessary for the financial statements of the Company, including Rosszoloto, to be audited. Based on this, in May 2011, the Company rescinded the acquisition of Rosszoloto and has treated the transaction as never having occurred. In connection with such rescission, the Company received back 51,499,998 shares of its common stock that they issued to acquire GS Wyoming.

On July 17, 2012, Gold Standard Mining Corp. changed its name to J.D. Hutt Corporation as it sought to engage in opportunities outside of mining and natural resource exploration. From that time, and for a period of nearly two years, the Company's operations consisted of seeking other opportunities. On April 26, 2014, and with the appointment of George Powell as its CEO and Director, the Company officially changed its business model to offer eco-friendly corporate apparel primarily constructed from recycled textiles. To better reflect the Company's change in business direction, the Company officially changed its name to Code Green Apparel Corp on May 15, 2015.

The Company is a publicly held Nevada corporation, whose common stock trades on the OTC Market Group, Inc.'s Pink Sheets under the trading symbol, "CGAC."

Basis of Presentation and Going Concern

The Company has not generated any revenues from operations since inception. Since inception, it has incurred significant losses to date, and as of December 31, 2015, has an accumulated deficit of approximately $11,600,000. The Company's ability to continue its operations is uncertain and is dependent upon its ability to implement a business plan sufficient to generate a positive cash flow and/or raise capital to fund its operations.

These financial statements do not include any adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations in the normal course of business.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the reported amounts and timing of revenues and expenses, the reported amounts and classification of assets and liabilities, and the disclosure of contingent assets and liabilities. These estimates and assumptions are based on the Company's historical results as well as management's future expectations. The Company's actual results could vary materially from management's estimates and assumptions. Additionally, interim results may not be indicative of the Company's results for future interim periods, or the Company's annual results.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and cash in time deposits, certificates of deposit and all highly liquid debt instruments with original maturities of three months or less.

Stock Based Compensation

The Company from time to time issues shares of common stock for services. These issuances have been valued at the estimated fair market value of the services since its stock is thinly traded and the Company has raised minimal cash from sales of stock.

Disclosure About Fair Value of Financial Instruments

The Company estimates that the fair value of all financial instruments at December 31, 2015 and 2014 do not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying condensed balance sheets. The estimated fair value amounts have been determined by the Company using available market information and appropriate valuation methodologies. Considerable judgment is required in interpreting market data to develop the estimates of fair value, and accordingly, the estimates are not necessarily indicative of the amounts that the Company could realize in a current market exchange.

Derivative Financial Instruments

The Company evaluates its financial instruments to determine if such instruments are derivatives or contain features that qualify as embedded derivatives. For derivative financial instruments that are accounted for as liabilities, the derivative instrument is initially recorded at its fair value and is then re-valued at each reporting date, with changes in the fair value reported in the statements of operations. For stock-based derivative financial instruments, the Company uses the Black-Scholes-Merton pricing model to value the derivative instruments. The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is evaluated at the end of each reporting period. Derivative instrument liabilities are classified in the balance sheet as current or non-current based on whether or not net-cash settlement of the derivative instrument could be required within 12 months of the balance sheet date.

The Company has determined that certain convertible debt instruments outstanding as of the date of these financial statements include an exercise price "reset" adjustment that qualifies as derivative financial instruments under the provisions of ASC 815-40, Derivatives and Hedging - Contracts in an Entity's Own Stock ("ASC 815-40"). Certain of the convertible debentures have a variable exercise price, thus are convertible into an indeterminate number of shares for which we cannot determine if we have sufficient authorized shares to settle the transaction with. Accordingly, the embedded conversion option is a derivative liability and is marked to market through earnings at the end of each reporting period. Any change in fair value during the period recorded in earnings as "Other income (expense) - gain (loss) on change in derivative liabilities."

	Carrying Value	Fair Value Measurements Using Fair Value Hierarchy		
		Level 1	Level 2	Level 3
Derivative liability – December 31, 2014	$ 200,337	$ --	$ --	$ 200,337
Derivative liability – December 31, 2015	$ 824,468	$ -	$ -	$ 824,468

The following table represents the Company's derivative liability activity for the year ended:

Balance at December 31, 2014	$ 200,337
Initial measurement at issuance date of the notes	227,746
Change in derivative liability during the year ended December 31, 2015	396,385
Balance December 31 2015	$ 824,468

Net Income (Loss) Per Share

Basic earnings (loss) per share is computed by dividing net income (loss) available to common stockholders by the weighted average number of common shares outstanding for the period. Diluted earnings (loss) per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock. Any anti-dilutive effects on net income (loss) per share are excluded. The Company has no potentially dilutive securities outstanding as of the year ended December 31, 2015.

Income Taxes

Provisions for income taxes are based on taxes payable or refundable for the current year and deferred taxes on temporary differences between the amount of taxable income and pretax financial income and between the tax bases of assets and liabilities and their reported amounts in the financial statements. Deferred tax assets and liabilities are included in the financial statements at currently enacted income tax rates applicable to the period in which the deferred tax assets and liabilities are expected to be realized or settled. As changes in tax laws or rates are enacted, deferred tax assets and liabilities are adjusted through the provision for income taxes.

In assessing the recoverability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon generation of future taxable income during the periods in which temporary differences such as loss carry-forwards and tax credits become deductible. Management considers projected future taxable income and tax planning strategies in making this assessment and ensuring that the deferred tax asset valuation allowance is adjusted as appropriate.

Recent Pronouncements

In August 2014, the Financial Accounting Standards Board issued Accounting Standards Update ASU No. 2014-15, "Presentation of Financial Statements - Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern" ("ASU 2014-15"), 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. Early application is permitted. The adoption of ASU 2014-15 is not expected to have a material effect on our condensed financial statements or disclosures.

NOTE 2 CONVERTIBLE NOTES

On May 1, 2014, the Company entered into an agreement with a business advisor. The agreement calls for monthly payments of $2,500 in service fees along with the issuance of a $500,000 fully earned convertible debt that accrues interest at 8%. During December 2015 the Company issued 25,000,000 shares of common stock in payment of $212,500 of principal on this convertible debt. At December 31, 2015 and December 31, 2014, $50,000 and $20,000 was owed in services fees, accrued interest was $65,581 and $26,849 and the outstanding convertible debt was $287,500 and $500,000, respectively.

During the year ended December 31, 2014, the Company issued $173,500 of convertible debts. The convertible debts carry interest at 10% per annum and are due in 24 months from the date of issuance, June 2016 through September 2016. The note holder has the option to convert into shares of the Company's common stock after 180 days at 50% of the market price. Total outstanding convertible debt was $-0- and $173,500 at December 31, 2015 and December 31, 2014, respectively. The accrued interest on the convertible debt was $12,027 and $6,928 at December 31, 2015 and December 31, 2014, respectively.

During December 2015, the Company issued a convertible debt in the amount of $175,000. The convertible debt is due in one year and contains a prepayment penalty of $25,000. The remaining balance due at December 31, 2015 was $175,000.

Derivative Liability

On May 1, 2014, the Company secured $500,000 in the form of a convertible promissory note. The note bear interest at the rate of 8% until they mature, or until there is an event of default. The note matured on May 1, 2015. The holder has the option to convert any balance of principal and interest into common stock of the Company. The rate of conversion for these notes is calculated as the lowest of the 20 trading closing prices immediately preceding such conversion, discounted by 50%.

On December 3, 2015, the Company secured $175,000 in the form of a convertible promissory note. The note does not bear interest if there is an event of default. The note matures on December 3, 2016. The holder has the option to convert any balance of principal into common stock of the Company. The rate of conversion for these notes is calculated as the lowest of the 10 trading closing prices immediately preceding such conversion, discounted by 32.5%.

Due to the variable conversion price associated with these convertible promissory notes, the Company has determined that the conversion feature is considered a derivative liability. The accounting treatment of derivative financial instruments requires that the Company record the fair value of the derivatives as of the inception date of the Convertible Promissory Note and to adjust the fair value as of each subsequent balance sheet date.

The initial fair value of the embedded debt derivative of $500,842 and $227,746 was charged to current period operations as interest expenses. The fair value of the described embedded derivative was determined using the Black-Scholes Model with the following assumptions:

(1) risk free interest rate of	0.10%;
(2) dividend yield of	0%;
(3) volatility factor of	435%;
(4) an expected life of the conversion feature of	365 days, and
(5) estimated fair value of the company's common stock of	$0.008 per share.

During the year ended December 31, 2015, the Company recorded the loss (gain) in fair value of derivative $396,385.
The following table represents the Company's derivative liability activity for the year ended:

Balance at December 31, 2014	$	200,337
Initial measurement at issuance date of the notes		227,746
Change in derivative liability during the year ended December 31, 2015		396,385
Balance December 31, 2015	$	824,468

NOTE 3 STOCKHOLDERS' EQUITY

On March 9, 2015, the Company issued 2,610,000 shares of its common stock in connection with a stock subscription agreement and received $25,000.

On April 3, 2015, the Company issued 25,000,000 shares of its common stock in connection with a stock subscription agreement and received $250,000.

On April 28, 2015, the Company issued 400,000 shares of its common stock in connection with a stock subscription agreement and received $10,000.

On May 15, 2015, the Circuit Court of the Twelfth Judicial Circuit in and for Sarasota County, Florida (the "Court") entered an Order Granting Approval of Settlement Agreement and Stipulation (the "Order") in the matter titled JPM Capital Advisors, LLC ("JPM") v. J.D Hutt Corporation. The Order and the Stipulation for Settlement of Claims, dated May 13, 2013, between the Company and JPM (the "Stipulation"), provides for the full and final settlement of JPM's $530,000 claim against the Company in connection with past due amounts in connection with consulting fees and a Convertible Promissory Note owed to JPM (the "Claim").

Pursuant to the terms of the Order and Stipulation, the Company is required to initially issue and deliver to JPM, in one or more tranches as necessary, shares of Common Stock sufficient to satisfy the Claim at a fifty percent (50%) discount to market and based on the market price during the preceding twenty (20) days and free of restrictive legend pursuant to Section 3(a)(10) of the Securities Act (the "Settlement shares"). Further, the Company issued to JPM on May 18, 2015 Five Million (5,000,000) shares of Common Stock free of restrictive legend pursuant to Section 3(a)(10) of the Securities Act as a settlement fee.

On June 9, 2015, the Company issued 1,000,000 shares of its common stock in connection with a stock subscription agreement and received $10,000.

On June 29, 2015, the Company issued 25,000,000 shares of its common stock in connection with a stock subscription agreement and received $250,000.

On September 5, 2015, the Company issued 6,666,666 shares of its common stock in connection with a stock subscription agreement and received $100,000.

On September 28, 2015, the Company issued 25,000,000 shares of its common stock in connection with a stock subscription agreement and received $250,000.

During the year ended December 31, 2015, the Company issued 8,150,000 shares of common stock in payment of services received valued at $119,000.

During the year ended December 31, 2015, the Company issued 39,660,440 shares of common stock in payment of $386,000 of principal related to the convertible debt.

Preferred A Stock

On May 22, 2015, the Company designated a series of Preferred A Stock. The holders of the preferred A stock shall not be entitled to receive dividends paid on the Company's common stock. The holders of the preferred A stock shall not be entitled to any liquidation preferences. The shares of the preferred A stock have no conversion rights. Following the third anniversary of the original issuance of the preferred A stock, the Company shall have the option to redeem any and all outstanding shares of the preferred A stock by paying the holders a redemption price of $100 per share.

On May 22, 2015, the Company issued 1,000 shares of its preferred A stock to its President in payment of services received valued at $180,000.

Preferred B Stock

On December 7, 2015, the Company designated a series of Preferred B Stock. The holders of the preferred B stock shall not be entitled to receive dividends paid on the Company's common stock. The holders of the preferred B stock shall not be entitled to any liquidation preferences. The shares of the preferred B stock have no conversion rights. Following the third anniversary of the original issuance of the preferred B stock, the Company shall have the option to redeem any and all outstanding shares of the preferred B stock by paying the holders a redemption price of $40 per share.

On December 7, 2015, the Company issued 40,000 shares of its preferred B stock in exchange for 40,000,000 of common shares held by an unrelated investor.

NOTE 4 COMMITMENT

On December 15, 2015 the Company entered into a consulting agreement that extends through February 15, 2016. The Company paid $45,000 according to the agreement. Of this amount, $11,613 is including in the operating expenses for the year ended December 31, 2015 and $33,387 remains as prepaid expense at December 31, 2015.

NOTE 5 GOING CONCERN

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern, which contemplates the realization of assets and the liquidation of liabilities in the normal course of business. The Company has had no revenues since inception. Since inception, it has incurred significant losses to date, and as of December 31, 2015, has an accumulated deficit of approximately $11,600,000. The Company's ability to continue its operations is uncertain and is dependent upon its ability to implement a business plan sufficient to generate a positive cash flow and/or raise capital to fund its operations. These financial statements do not include any adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations in the normal course of business.

NOTE 6 SUBSEQUENT EVENTS

On January 4, 2016, the Company sold 25,000 shares of its restricted Series B Convertible Preferred Stock to Dr. Scheffey in connection with the Subscription Agreement as dated December 7, 2015 (the January 1, 2016 payment) and received $250,000.

On January 10, 2016, the Company issued 10,000,000 shares of its restricted common stock to its President and CEO, George J. Powell, III as a bonus in consideration for his efforts throughout the 2015 fiscal year. The shares had a fair market value of $30,000.

On January 10, 2016, the Company issued 10,000,000 shares of its restricted common stock to its newly appointed Director and COO, Thomas Witthuhn, as a signing bonus for his appointment to the Company's board of directors. The shares had a fair market value of $30,000.

On January 10, 2016, the Company issued 5,000,000 shares of its restricted common stock to Anubis Capital Partners as a bonus and in consideration for strategic advisory services rendered throughout the 2015 fiscal year. The shares had a fair market value of $15,000.