

**EF Hutton America, Inc.**  
UNAUDITED FINANCIAL STATEMENTS

For the quarter ended June 30, 2016

**EF HUTTON AMERICA, INC.**  
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**EF HUTTON AMERICA, INC.**  
**CONDENSED BALANCE SHEETS**

	<b>June 30, 2016</b> <b>(Unaudited)</b>	<b>December 31, 2015</b> <b>(Audited)</b> (Restated)
<b><u>Assets</u></b>		
Current assets		
Cash	\$ 581,393	\$ 23,240
Prepaid expenses & other	25,000	27,509
Loan Origination Fees	20,315	-
Due from shareholder	<u>12,500</u>	<u>12,500</u>
Total current assets	639,208	63,249
Other assets:		
Loans receivable	45,250	45,250
Accrued interest receivable	7,293	4,126
License	30,000	30,000
Brand assets	<u>10,025,000</u>	<u>10,025,000</u>
Total other assets	<u>10,107,543</u>	<u>10,104,376</u>
	<u><u>\$10,746,752</u></u>	<u><u>\$10,167,625</u></u>
<b><u>Liabilities and Stockholders' Equity</u></b>		
Current liabilities:		
Advances from related parties	\$ 97,507	\$ 75,852
Advance from shareholder to be settled in stock	50,000	50,000
Due to related party	72,000	62,000
Deposit		150,000
Loan payable	600,000	-
Accounts payable	65,986	26,298
Accrued expense to be settled in stock	124,001	345,571
Accrued expenses	<u>51,070</u>	<u>27,070</u>
Total current liabilities	<u>1,060,564</u>	<u>736,791</u>
Commitments and contingencies	-	-
Stockholders' equity:		
Common stock, \$0.001 par value; 90,000,000 shares authorized; 53,837,331 and 53,724,673 shares issued and outstanding, respectively	53,837	53,725
Class B common stock, \$0.001 par value, 10,000,000 shares authorized, 5,797,000 issued and outstanding	5,797	5,797
Preferred Shares, \$0.001 par value; 10,000,000 shares authorized; none issued and outstanding	-	-
Additional paid-in capital	11,004,497	10,593,038
Accumulated deficit	<u>(1,377,943)</u>	<u>(1,221,726)</u>
Total stockholders' equity	<u>9,686,188</u>	<u>9,430,834</u>
	<u><u>\$10,746,752</u></u>	<u><u>\$10,167,625</u></u>

See accompanying notes to condensed financial statements.

**EF HUTTON AMERICA, INC.**  
**CONDENSED STATEMENTS OF OPERATION**  
(Unaudited)

	<b>Three Months Ended June 30,</b>	
	<b><u>2016</u></b>	<b><u>2015</u></b>
Operating expenses		
Professional Fees	\$ 44,944	\$ 36,913
Rent Expenses	2,700	1,350
Stock-based compensation	40,000	180,000
General and administrative	<u>71,565</u>	<u>25,772</u>
Total operating expenses	159,209	244,035
Other Income		
Interest Expense	(175)	-
Interest income	<u>3,168</u>	<u>(973)</u>
Net Other Income	<u>2,993</u>	<u>(973)</u>
Loss from operations (net of tax)	\$ (156,216)	\$ (243,062)
Net loss from operations	<u><u>\$ (156,216)</u></u>	<u><u>\$ (243,062)</u></u>
Basic and diluted loss per common share		
Loss from operations	(0.00)	(0.00)
Net loss per share – basic and diluted	<u><u>\$ (0.00)</u></u>	<u><u>\$ (0.00)</u></u>
Weighted average number of common shares outstanding - basic and diluted	53,808,854	53,143,095

See accompanying notes to condensed financial statements.

**EF HUTTON AMERICA, INC.**  
**CONDENSED STATEMENTS OF CASH FLOWS**  
(Unaudited)

**Three Months Ended**  
**June 30, 2016**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Net loss	\$ (156,217)
Non-Cash Adjustments:	
Stock-based compensation	40,000
Changes in operating assets and liabilities:	
Accounts payable	19,688
Loan origination fee	(20,315)
Due to related party	30,000
Accrued expenses	24,000
Prepaid Expenses	2,509
Accrued interest receivables	<u>(3,168)</u>
Net Cash used in (provided by) operating activities	\$ (63,503)

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Fixed asset purchases	-
Loan receivable	-
Acquisition of intangible assets	-
Increase in restricted cash reserves	<u>-</u>
Net Cash used in investing activities	-

**CASH FLOWS FROM FINANCING ACTIVITIES:**

Shares issued for cash	\$ -
Advances from related parties	21,656
Advances from shareholder to be settled in stock	-
Loan Proceeds	600,000
Due from shareholder	-
Debt issuance costs	<u>-</u>
Net Cash provided by financing activities	\$ 621,656

Net increase (decrease) in cash	558,153
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Cash - Beginning of Period	\$ 23,240
Cash - End of Period	\$ 581,393

**SCHEDULE OF NON-CASH INVESTING AND FINANCING ACTIVITIES**

Supplemental Disclosure	
Cash paid for interest	\$ -
Cash paid for income taxes	\$ -

See accompanying notes to condensed financial statements.

**EF Hutton America, Inc.**  
Notes to Condensed Financial Statements  
(Unaudited)

Note 1 – Nature of Operations

Nature of Operations

EF Hutton America, Inc. (the “Company”) was incorporated in the State of Colorado on March 8, 2007 under the name of Twentyfour/seven Ventures, Inc. The name of the Company was changed to EFH Group, Inc. on October 28, 2014. Effective April 24, 2015, the name of the Company was changed to EF Hutton America, Inc.

EF Hutton Financial Corp., a wholly owned subsidiary of the company, is developing a digital financial services business including an internet marketplace that connects consumers with a network of financial providers across a range of financial products and services, including, but not limited to insurance, tax, real estate and financial planning. In addition to digital financial services, our subsidiary intends to offer specialty financial services through its institution division.

On November 25, 2014, the Company purchased certain assets of EFH Group, Inc., a Wyoming corporation (“EFH Wyoming”). The assets consist of various trademarks and license rights, rights to computer programming code and other intellectual property. Prior to the purchase, the Company engaged an independent expert to appraise the assets. Based on the fair value, the assets will be held on the balance sheet at value of \$57,970,000. The Company issued a total of 52,173,000 restricted common shares and 5,797,000 restricted Class B common shares as consideration for the EFH Wyoming asset purchase.

On November 23, 2014, the assets and liabilities of the Company were contributed at book value to Liberty Ventures, Inc., a wholly owned subsidiary of the Company. The common shares of EF Hutton Financial Corp., a wholly owned subsidiary of the Company were not included in the spin-off. Effective on November 25, 2014, the Company spun off Liberty Ventures, Inc. to its shareholders as of November 24, 2014.

Note 2 – Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with GAAP requires the Company to make estimates, assumptions and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of expenses during the periods presented.

The Company makes the estimate of the ultimate outcome for these items based on historical trends and other information available when the financial statements are prepared. Changes in estimates are recognized in accordance with the accounting rules for the estimate, which is typically in the period when new information becomes available. The Company believes that significant estimates, assumptions and judgments are reasonable, based upon information available at the time they are made. Actual results could differ from these estimates, making it possible that a change in these estimates could occur in the near term.

#### Cash and cash equivalents

The Company considers all highly liquid investments with an original maturity of three months or less as cash equivalents.

#### Property and equipment

Property and equipment are recorded at cost and depreciated under straight line methods over each item's estimated useful life, generally seven years for furniture and fixtures and five years for office equipment.

#### Revenue recognition

The Company recognizes revenue when upon receipt of the fees received for services rendered through its Gateway system.

#### Income tax

The Company accounts for income taxes pursuant to ASC 740. Under ASC 740 deferred taxes are provided on a liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss carryforwards and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

#### Net income (loss) per share

The net income (loss) per share is computed by dividing the net income (loss) by the weighted average number of shares of common outstanding.

#### Long-Lived Assets

In accordance with ASC 350, the Company regularly reviews the carrying value of intangible and other long-lived assets for the existence of facts or circumstances, both internally and externally, that suggest impairment. If impairment testing indicates a lack of recoverability, an impairment loss is recognized by the Company if the carrying amount of a long-lived asset exceeds its fair value.

#### New Accounting Standards

From time to time, the Financial Accounting Standards Board ("FASB") or other standards setting bodies issue new accounting pronouncements. Updates to the FASB Accounting Standards Codification ("ASC") are communicated through issuance of an Accounting Standards Update ("ASU"). Unless otherwise discussed, the Company believes that the impact of recently issued guidance, whether adopted or to be adopted in the future, is not expected to have a material impact on the condensed financial statements upon adoption.

#### Note 3 – Going Concern

The Company's financial statements have been prepared on a going concern basis that assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company's ability to continue as a going concern depends on its ability to generate profitable operations in the future and, or, obtaining the necessary financing to meet its obligations and repay its liabilities when they come due. There is no assurance that these events will be satisfactorily completed.

#### Note 4 - Income Taxes

Deferred income taxes arise from the temporary differences between financial statement and income tax recognition of net operating losses and other items. Loss carryovers are limited under the Internal Revenue Code should a significant change in ownership occur. The Company accounts for income taxes pursuant to ASC 740.

Income taxes at federal and state statutory rates are reconciled to the Company's actual income taxes as follows:

	<u>June 30, 2016</u>
Net operating loss carryforward	-
Total Deferred Tax Asset	\$ 78,436
Reserve for Deferred Tax Asset	<u>(78,436)</u>
Deferred tax asset, net	-

#### Note 5 – Fair Value of Financial Instruments

The Company has adopted the guidance of ASC 820, "Fair Value Measurement" which clarifies the definition of fair value, prescribes methods for measuring fair value, and establishes a fair value hierarchy to classify the inputs used in measuring fair value as follows:

Level 1-Inputs are unadjusted quoted prices in active markets for identical assets or liabilities available at the measurement date.



Level 2-Inputs are unadjusted quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, inputs other than quoted prices that are observable, and inputs derived from or corroborated by observable market data.

Level 3-Inputs are unobservable inputs which reflect the reporting entity's own assumptions on what assumptions the market participants would use in pricing the asset or liability based on the best available information.

ASC 825, "Financial Instruments", allows entities to voluntarily choose to measure certain financial assets and liabilities at fair value (fair value option). The fair value option may be elected on an instrument-by-instrument basis and is irrevocable, unless a new election date occurs. If the fair value option is elected for an instrument, unrealized gains and losses for that instrument should be reported in earnings at each subsequent reporting date. The Company has not elected to apply the fair value option to any outstanding instruments.

The Company's financial instruments primarily consist of cash, due from shareholder, receivables, accounts payable, accrued expenses and advances and amounts due to related parties. Fair value is based on 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. The carrying amount of cash, accounts receivable, prepaid rent, customer deposits held, accounts and income taxes payable, accrued liabilities, customer deposits owed and deferred purchase agreement approximate fair value because of the short-term nature of these financial instruments. The carrying amounts of its advances and amounts due to related parties approximates fair value as of the condensed balance sheets dates presented, because interest rates on these instruments approximate market interest rates after consideration of stated interest rates.

#### Note 6 – Intangible Assets

On November 25, 2014, the Company purchased certain assets of EFH Group, Inc., a Wyoming corporation. The assets consist of various trademarks and license rights, rights to computer programming code and other intellectual property. The Company issued a total of 52,173,000 restricted common shares and 5,797,000 restricted Class B common shares as consideration for the EFH Wyoming asset purchase.

#### Note 7 – Stockholders' Equity

##### Common stock

On March 2, 2016, the Company issued 412,857 common shares to Triple Eight Markets related to a set of transactions that closed in October 2015.

Effective June 23, 2016, the Company cancelled 300,000 shares of ordinary common stock. The cancelled stock had previously been issued in error to directors Dennis White (200,000 shares) and to Christopher Daniels (100,000 shares).

In return for a personal guaranty of a June 30, 2016 Note by Mr. S.H. Rumbough, our chairman, and Mr. Daniels, our chief executive officer, the Company provided an option to purchase 1,800,000 shares of ordinary common stock at a price of \$0.26 per share, which option expires on June 30, 2021.

#### Note 8 – Related Party Transactions

During the quarter ended June 30, 2016, the officers and directors of the Company advanced an aggregate of \$21,656. Lance Diamond, our chief financial officer, advanced \$3,948, Stanley Hutton Rumbough, our chairman, advanced \$13,269 and Christopher Daniels, our chief executive officer and a director, advanced \$4,439.

As mentioned above, in return for a personal guaranty of a June 30, 2016 Note by Mr. S.H. Rumbough, our chairman, and Mr. Daniels, our chief executive officer, the Company provided an option to purchase 1,800,000 shares of ordinary common stock at a price of \$0.26 per share, which option expires on June 30, 2021.

For the six months ended June 30 2016, the following stock options were awarded to Christopher Daniels as part of a three year employment agreement; Mr. Daniels received an option with the right to purchase up to 61,200,000 shares for an exercise price of \$.50 per share and vesting schedule in accordance with the 2015 Stock Awards Plan. The Fair Value of the stock options is \$15,031,886 and the Black Scholes method was used to determine the fair value with the following assumptions: (1) Stock Price as of March 22<sup>nd</sup> \$.365 per share (2) Exercise Price of \$.50 (3) Term equal to 3.02 years (4) Volatility of 122.80% and (5) Risk Free Rate of 1.22%

For the six months ended the following stock options were awarded Lance Diamond, CFO. Mr. Diamond received an option with the right to purchase up to 300,000 shares for an exercise price of \$.50 per share and vesting schedule in accordance with the 2015 ESOP Plan. The Fair Value of the stock options is \$133,825 and the Black Scholes method was used to determine the fair value with the following assumptions: (1) Stock Price as of April 16<sup>nd</sup> \$.55 per share (2) Exercise Price of \$.40 (3) Term equal to 4.1 years (4) Volatility of 118.60% and (5) Risk Free Rate of 1.22%

For the six months ended June 30, 2016, the following stock options were awarded to Messrs. Christopher Daniels, Stanley Rumbough and Dennis White, officers and directors and John Daniels, a former officer and director. They received stock options to purchase up to 800,000 shares for an exercise price of \$.40 per share and vesting schedule in accordance with the 2015 Stock Awards Plan. The Net Fair Value of the Stock Rescinded and Cancelled and the awarded stock options are \$136,868 and the

Black Scholes method was used to determine the fair value with the following assumptions: (1) Stock Price as of April 16<sup>nd</sup> \$.55 per share (2) Exercise Price of \$.40 (3) Term equal to 4.1 years (4) Volatility of 118.60% and (5) Risk Free Rate of 1.22%.

#### Note 9 – Subsequent Events

On August 1, 2016, the Company entered into a lease for one full floor of commercial office space amounting to 15,000 square feet in a ten story office building located at One South Limestone Street in Springfield Ohio. The lease term is six months and the lease payments are \$5,000 per month.

On August 22, 2016, the board approved a consulting contract effective July 1, 2016 with John Daniels, a former director of the Company and brother of our chief executive officer, that provides for monthly payments of \$20,000 plus expenses and a \$100,000 bonus payment. Either party may defer payment for up to one year. If payment is deferred, the cash compensation shall be reduced by half and Mr. Daniels shall receive a stock option to purchase up to 2,000,000 ordinary common shares at \$.50 per share. The stock option shall expire five years after grant.