LOANS4LESS.COM, INC.

CONSOLIDATED FINANCIAL STATEMENTS

For The Years Ended December 31, 2014 and 2013

with

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

LOANS4LESS.COM, INC.

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of
Loans4Less.com, Inc.

We have audited the accompanying consolidated balance sheets of Loans4Less.com, Inc. (the "Company") as of December 31, 2014 and 2013, and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the years in the two-year period ended December 31, 2014. These consolidated financial statements are the responsibility of the entity's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. 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. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Loans4Less.com, Inc. as of December 31, 2014 and 2013, and the results of its operations and its cash flows for each of the years in the two-year period ended December 31, 2014, 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 2 to the consolidated financial statements, the Company had an accumulated deficit at December 31, 2014 and 2013 and recurring net losses during the years ended December 31, 2014 and 2013, which raises substantial doubt about its ability to continue as a going concern. Management's plans concerning these matters are also described in Note 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Hartley Moore Accountancy Corporation

Hartley Moore Accountancy Corporation
Irvine, CA

Loans4Less.com, Inc.

CONSOLIDATED BALANCE SHEETS

	December 31, 2014	December 31, 2013
ASSETS		
Current assets:		
Cash	48,365	29,457
Prepaid expenses	77,795	5,098
Total current assets	126,160	34,555
Property and Equipment, net	5,223	6,964
Other Non-current Assets	1,614	1,614
Total Assets	**$ 132,997**	**$ 43,133**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	$ 65,717	$ 38,943
Total current liabilities	65,717	38,943
Long-term liabilities:		
Notes Payable, net of debt discount of $125,000	-	-
Total liabilities	65,717	38,943
Stockholders' equity:		
Series A preferred stock; $0.00001 par value; 21,500,000 shares authorized; 21,500,000 shares issued and outstanding	215	215
Series B preferred stock; $0.00001 par value; 1,000,000 shares authorized; no shares issued or outstanding	-	-
Common stock; $0.00001 par value; 250,000,000 shares authorized; 29,547,547 and 29,639,899 shares issued and outstanding, respectively	297	297
Additional Paid-in capital	1,207,489	947,713
Accumulated deficit	(1,140,721)	(944,035)
Total stockholders' equity	67,280	4,190
Total Liabilities and Stockholders' Equity	**$ 132,997**	**$ 43,133**

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

Loans4less.com, Inc.
Consolidated Statements of Operations

	Years Ended December 31, 2014	2013
Commissions, net of rebates	$ 188,770	$ 570,585
Operating Expenses		
General and administrative	379,603	580,474
Total operating expenses	379,603	580,474
Loss from operations	(190,833)	(9,889)
Other Income (Expense)		
Interest expense	(4,253)	(151)
Other Income (Expense)	-	(3,999)
Realized loss on securities	-	(20,847)
Total other expense, net	(4,253)	(24,997)
Income Before Provision for Income Tax	(195,086)	(34,886)
Provision for Income Taxes	1,600	18,068
Net loss	$ (196,686)	$ (52,954)
Loss per share - basic and diluted	$ (0.01)	$ (0.00)
Weighted average shares outstanding	29,648,932	29,523,996

Loans4Less.com, Inc.
Consolidated Statements of Stockholders' Equity

	Preferred Stock		Common Stock		Additional	Accumulated	Total Stockholders'
	Shares	Amount	Shares	Amount	Paid-In Capital	Deficit	Equity
Balance, December 31, 2012 (as restated)	21,500,000	$ 215	29,042,196	$ 291	$ 897,899	$ (891,081)	$ 7,324
Issuance of common stock for services			200,000	2	16,998	-	17,000
Redemption of common stock			(607,500)	(6)	(67,694)		(67,700)
Vesting of common stock issued for services			1,005,203	10	100,510		100,520
Net loss						(52,954)	(52,954)
Balance, December 31, 2013	21,500,000	215	29,639,899	297	947,713	(944,035)	4,190
Estimated FV of common stock issued for services			255,000	3	24,947	-	24,950
Redemption of common stock			(607,500)	(6)	(60,994)	-	(61,000)
Relative fair value of warrants/BCF issued with debt					125,000		125,000
Warrants issued for services					149,000		149,000
Vesting of common stock issued for services, net of forfeitures			260,148	3	21,823		21,826
Net loss						(196,686)	(196,686)
Balance, December 31, 2014	**21,500,000**	**$ 215**	**29,547,547**	**$ 297**	**$1,207,489**	**$(1,140,721)**	**$ 67,280**

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

Loans4Less.com, Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	2014	2013
Cash flows from operating activities:		
Net loss	$ (196,686)	$ (52,954)
Adjustments to reconcile net loss to net cash used in operating activities:		
Common stock issued for services	46,776	117,520
Estimated fair value of warrants issued for services	149,000	-
Depreciation and amortization	1,741	1,741
Realized loss on securities	-	20,847
Changes in operating assets and liabilities:		
Accounts receivable	-	25,655
Prepaid expenses and other current assets	(72,697)	14,902
Accounts payable and accrued expenses	26,774	(127,596)
Net cash (used in) provided by operating activities	(45,092)	115
Cash flows from investing activities:		
Purchases of fixed assets	-	(8,705)
Net cash used in investing activities	-	(8,705)
Cash flows from financing activities:		
Proceeds from the issuance of notes payable	125,000	-
Cash paid for repurchase of common stock	(61,000)	(67,700)
Net cash provided by financing activities	64,000	(67,700)
Net change in cash	18,908	(76,290)
Cash, beginning of year	29,457	105,747
Cash, end of year	$ 48,365	$ 29,457
Non-cash investing and financing activities:		
Estimated fair value of debt discount in connection with notes payable	$ 125,000	$ -
Cash paid for:		
Income taxes	$ 6,647	$ 12,746
Interest	$ 3,614	$ -

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Loans4Less.com, Inc. was incorporated in the state of Delaware as a C Corporation on June 30, 1999 and is located in Southern California. Loans4Less.com, Inc. and its wholly owned subsidiary, Union Discount Mortgage, Inc. (collectively, the "Company") is an online mortgage loan brokerage, which relies on various wholesale lenders for its retail home loan programs in California. The Company does not operate a warehouse line of credit, hold trust funds, lend directly or service loans.

Principles of Consolidation

The consolidated financial statements of the Company include the accounts of Loans4Less.com, Inc. and its wholly owned subsidiary Union Discount Mortgage, Inc. All significant intercompany accounts and transactions have been eliminated in the consolidated financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Significant estimates made by management include, among others, valuation of deferred income taxes, warranty accrual, beneficial conversion features and share-based compensation.

Fair Value of Financial Instruments

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants as of the measurement date. Applicable accounting guidance provides an established hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in valuing the asset or liability and are developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company's assumptions about the factors that market participants would use in valuing the asset or liability. There are three levels of inputs that may be used to measure fair value:

- Level 1 - Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 - Include other inputs that are directly or indirectly observable in the marketplace.
- Level 3 - Unobservable inputs which are supported by little or no market activity.

The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Fair-value estimates discussed herein are based upon certain market assumptions and pertinent information available to management as of December 31, 2014 and 2013. The respective carrying value of certain on-balance-sheet financial instruments approximated their fair values. These financial instruments include cash, prepaid expenses, and accounts payable and accrued expenses. Fair values for these items were assumed to approximate carrying values because of their short term in nature or they are payable on demand.

Net Loss Per Share

The Company applies Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 260, "Earnings per Share." Basic earnings (loss) per share are computed by dividing earnings (loss) available to common stockholders by the weighted-average number of common shares outstanding. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the denominator is increased to include additional common shares available upon exercise of stock options and warrants using the treasury stock method, except for periods for which no common share equivalents are included because their effect would be anti-dilutive. There were 4,677,887 and no warrants that were excluded from the calculation of diluted net loss per share for the years ended December 31, 2014 and 2013, respectively, because they were anti-dilutive.

Revenue Recognition

The Company recognizes loan origination fees and real estate commissions when the related loan transaction has funded and been recorded by the appropriate statutory agency.

The Company recognizes revenues in accordance with the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 605. Accordingly, the Company recognizes revenues when there is persuasive evidence of an arrangement, services have occurred, the sales price is fixed or determinable, and collectability of the resulting receivable is reasonably assured.

Cash and Cash Equivalents

The Company considers all highly liquid, short-term investments with original maturities of three months or less when purchased to be cash equivalents.

During the years ended December 31, 2013, the Company invested in various securities. At December 31, 2014 and 2013, the investment balance was $0 and the Company recognized net investment loss of approximately $0 and $20,000 for the years ended December 31, 2014 and 2013, respectively.

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Long-Lived Assets

The Company's management assesses the recoverability of its long-lived assets upon the occurrence of a triggering event by determining whether the depreciation and amortization of long-lived assets over their remaining lives can be recovered through projected undiscounted future cash flows. The amount of long-lived asset impairment, if any, is measured based on fair value and is charged to operations in the period in which long-lived asset impairment is determined by management. At December 31, 2014 and 2013, the Company's management believes there is no impairment of its long-lived assets. There can be no assurance however, that market conditions will not change or demand for the Company's products and services will continue, which could result in impairment of long-lived assets in the future.

Warranty Accrual

The Company provides a warranty to its lenders that the Company will repay any amounts earned if its customers refinance with another lender within 120 days of the related loan closing date. Estimated future warranty obligations related to such obligation are estimated and charged to operations in the period in which the related revenue is earned. At December 31, 2014 and 2013, the Company did not have a reserve based on its historical repayment rate and expensed approximately $4,000 and $8,000 related to the warranty during the years ended December 31, 2014 and 2013, respectively.

Advertising

Advertising expenses are charged against operations when incurred. Advertising expenses for the years ended December 31, 2014 and 2013 approximated $48,000 and $16,000, respectively, and are included in general and administrative expenses in the accompanying statements of income.

Beneficial Conversion Features

In certain instances, the Company entered into convertible notes that provide for an effective or actual rate of conversion that is below market value, and the embedded beneficial conversion feature ("BCF") does not qualify for derivative treatment. In these instances, the Company accounts for the value of the BCF as a debt discount, which is then amortized to interest expense over the life of the related debt using the straight-line method which approximates the effective interest method.

Stock-Based Compensation

The Company accounts for stock options issued to employees under ASC 718 "Share-Based Payment". Under ASC 718, share-based compensation cost to employees is measured at the grant date, based on the estimated fair value of the award, and is recognized as expense over the employee's requisite vesting period. The fair value of each stock option or warrant award is estimated on the date of grant using the Black-Scholes option valuation model.

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

In accordance with the guidance, an asset acquired in exchange for issuance of fully vested, non-forfeitable equity instruments should not be presented or classified as an offset to equity on the grantor's balance sheet once the equity instrument is granted for accounting purposes. The Company had no issuances recorded as prepaid expenses at December 31, 2014 and 2013.

The Company measures compensation expense for its non-employee stock-based compensation under ASC 505 "Equity". The fair value of the option issued or committed to be issued is used to measure the transaction, as this is more reliable than the fair value of the services received. The fair value is measured at the value of the Company's common stock on the date that the commitment for performance by the counterparty has been reached or the counterparty's performance is complete. The fair value of the equity instrument is charged directly to stock-based compensation expense and credited to additional paid-in capital.

Income Taxes

The Company applies ASC 740 "Income Taxes" ("ASC 740"). Deferred income taxes are recognized for the tax consequences in future years of differences between the tax bases of assets and liabilities and their financial statement reported amounts at each period end, based on enacted tax laws and statutory tax rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized. The provision for income taxes represents the tax expense for the period, if any, and the change during the period in deferred tax assets and liabilities. At December 31, 2014 and 2013, the Company has established a full reserve against all deferred tax assets.

ASC 740 also provides criteria for the recognition, measurement, presentation and disclosure of uncertain tax positions. A tax benefit from an uncertain position is recognized only if it is "more likely than not" that the position is sustainable upon examination by the relevant taxing authority based on its technical merit.

Recent Accounting Pronouncements

In May 2014, the FASB issued new accounting guidance regarding revenue recognition under GAAP. This new guidance will supersede nearly all existing revenue recognition guidance, and is effective for public entities for annual and interim periods beginning after December 31, 2017. Early adoption is not permitted. The Company is currently evaluating the impact of this new guidance on the Company's financial statements.

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

In August 2014, the FASB issued Accounting Standards Update No. 2014-15, "Presentation of Financial Statements—Going Concern", which requires management to evaluate, at each annual and interim reporting period, whether there are conditions or events that raise substantial doubt about the entity's ability to continue as a going concern within one year after the date the financial statements are issued and provide related disclosures. ASU 2014-15 is effective for annual periods ending after December 15, 2016 and interim periods thereafter. Early application is permitted. Management is still in the process of assessing the impact of ASU 2014-15 on the Company's financial statements.

In April 2015, the FASB issued Accounting Standard Update ("ASU") 2015-03, Simplifying the Presentation of Debt Issuance Costs. This update requires capitalized debt issuance costs to be classified as a reduction to the carrying value of debt rather than a deferred charge, as is currently required. This update will be effective for the Company for all annual and interim periods beginning after December 15, 2015 and is required to be adopted retroactively for all periods presented, and early adoption is permitted. The Company is currently evaluating the expected impact of this new accounting standard on its financial statements.

The Financial Accounting Standards Board issues Accounting Standard Updates ("ASU") to amend the authoritative literature in ASC. There have been a number of ASUs to date that amend the original text of ASC. The Company believes those issued to date either (i) provide supplemental guidance, (ii) are technical corrections, (iii) are not applicable to the Company or (iv) are not expected to have a significant impact on the Company.

Risks and Uncertainties and Concentrations

The Company maintains cash balances at a major financial institution. Accounts at this institution are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000. At December 31, 2014 and 2013, the Company had no balances in these accounts in excess of the FDIC insurance limit. Management believes that it has invested in high credit, quality institutions for which the Company has not experienced any losses in such accounts.

Credit is extended for all customers based on financial condition and, generally, collateral is not required. Credit losses are provided for in the financial statements and consistently have been within management's expectations.

During the year ended December 31, 2014 and 2013, approximately 70% and 71%, respectively, of the Company's revenues were generated by two lenders.

NOTE 2 – GOING CONCERN

The Company's financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. The Company had an accumulated deficit of approximately $1,140,000 at December 31, 2014, incurred net losses and did not generate significant revenues during the years ended December 31 2014 and 2013. These factors raise substantial doubt about the Company's ability to continue as a going concern.

If adequate cash flow from operations are not available when needed, the Company may be required to significantly modify its business model and operations to reduce spending to a sustainable level. It could cause the Company to be unable to execute its business plan, take advantage of future opportunities, or respond to competitive pressures or customer requirements. While there is no assurance that the Company can meet its revenue forecasts, management anticipates that it can successfully execute its plans and continue operations for at least the next twelve months. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern. The report from the Company's independent registered public accounting firm state that there is substantial doubt about the Company's ability to continue as a going concern.

NOTE 3 – INCOME TAXES

Income taxes (benefit) consisted of the following:

	Year Ended December 31, 2014	Year Ended December 31, 2013
Current:		
Federal	$ -	$ 13,587
State	1,600	4,481
Deferred:		
Federal	13,241	9,582
State	3,301	3,194
Valuation allowance	(16,542)	(12,776)
	$ 1,600	$ 18,068

Income taxes are disproportionate to income due to net operating loss carryforwards, which are fully reserved. As of the balance sheet date, the Company has federal and state net operating loss carryforwards of approximately $68,000 each, which will begin to expire in 2027. The tax benefit of such net operating losses is recorded as an asset to the extent management assesses the utilization of such net operating losses to be more likely than not. Based upon the Company's short term historical operating performance, the Company has established a valuation allowance for any income tax benefit recorded for its net operating loss carryforwards.

The following is a summary of the significant components of the Company's net deferred income tax assets and liabilities as of December 31, 2014 and 2013:

NOTE 3 – INCOME TAXES, continued

	Year Ended December 31, 2014	Year Ended December 31, 2013
Current deferred income tax assets:		
State taxes	$ 544	$ -
Non-current deferred income tax assets and liabilities:		
Net operating loss carryforwards	39,580	12,776
Accumulated depreciation of furniture and equipment	746	-
Less valuation allowance	(40,870)	(12,776)
Net non-current deferred tax assets	$ -	$ -

The Company has applied the provision of FASB ASC 740, "Income Tax" which clarifies the accounting for uncertainty in tax positions. FASB ASC 740 requires the recognition of the impact of a tax position in the financial statements if that position is more likely than not of being sustained on a tax return upon examination by the relevant taxing authority, based on the technical merits of the position. At December 31, 2014 and 2013, the Company had no unrecognized tax benefits.

The Company recognizes interest and penalties related to income tax matters in interest expense and operating expenses, respectively. As of December 31, 2014 and 2013, the Company has no accrued interest and penalties related to uncertain tax positions.

The reconciliation between the statutory income tax rate and the effective tax rate is as follows:

Statutory federal income tax rate	34.0%
States taxes	(0.5)
Stock based compensation	(26.6)
Other	(0.89)
Valuation reserve for income taxes	(6.79)
	(0.82)%

The Company is subject to tax in the United States ("U.S.") and files tax returns in the U.S. Federal jurisdiction and California state jurisdiction. The Company is no longer subject to U.S. Federal, state and local income tax examinations by tax authorities for years before 2011. The Company currently is not under examination by any tax authority.

NOTE 4 – NOTES PAYABLE

In December 2014, the Company issued senior convertible notes payable to three individuals in the aggregate amount of $125,000. The notes bear interest at 10% annually, are convertible into shares of the Company's common stock at a fixed conversion price of $0.09 and mature in December 2016. In connection with the notes, the Company issued the holders of the notes warrants to purchase an aggregate of 2,999,999 shares of the Company's common stock at an exercise price of $0.075 per share with an expiration date of December 2019. The relative fair value of the warrants and beneficial conversion features amounted to $125,000 and is treated as a debt discount and is amortized over the life of the notes. During the year ended December 31, 2014, there was no related amortization.

NOTE 5 - STOCKHOLDERS' EQUITY

Preferred Stock

The Company has authorized 21,500,000 shares of convertible Series A Preferred Stock ("Series A") with a par value of $0.00001 per share. The Series A is convertible into one share of the Company's common stock, has voting rights of ten votes per share held and has liquidation preference equal to $0.00001 per share before any payment or distribution shall be made on common stock. There are 21,500,000 shares of Series A outstanding at December 31, 2014 and 2013.

The Company has authorized 1,000,000 shares of convertible Series B Preferred Stock ("Series B") with a par value of $0.00001 per share. The Series B is convertible into one share of the Company's common stock, has no voting rights and has liquidation preference equal to $0.00001 per share before any payment or distribution shall be made on common stock. Each share of the Series B shall be entitled to a dividend at a rate of 6.75% per annum of the amount paid for such share. There are no shares of Series B outstanding at December 31, 2014 and 2013.

At December 31, 2014 and 2013, there were no dividends payable under the Series A and B.

Common Stock

On July 11, 2011, the Board of Directors of the Company approved restricted stock awards of an aggregate of 3,015,608 shares of its common stock to certain employees and directors. The shares vest ratably over a three year period. The Company amortized approximately $22,000 (net of forfeitures – see below) and $100,000 of compensation expense during the years ended December 31, 2014 and 2013, which is included in general and administrative expenses in the accompanying statements of operations. In 2014, 242,453 shares were forfeited and approximately $12,000 of previously recorded compensation expense was reversed, as such shares did not vest.

NOTE 5 - STOCKHOLDERS' EQUITY, continued

A summary of restricted stock activity as of December 31, 2014 and changes during the year ended, is presented below:

Unvested restricted stock outstanding at January 21, 2013	1,507,804
Granted	-
Forfeited	-
Vested	(1,005,203)
Unvested restricted stock outstanding at December 31, 2013	502,601
Granted	-
Forfeited	(242,453)
Vested	(260,148)
Unvested restricted stock outstanding at December 31, 2014	-

During the year ended December 31, 2014, the Company issued an aggregate of 255,000 shares of its common stock valued at approximately $25,000 for services rendered.

During the year ended December 31, 2013, the Company issued an aggregate of 200,000 shares of its common stock valued at approximately $17,000 for services rendered.

Common Stock Repurchased

On July 1, 2009, the Board of Directors authorized the repurchase of its common stock at the closing price on the measurement date of any such redemption. During the years ended December 31, 2014 and 2013, the Company repurchased 607,500 and 607,500 shares at a cost of approximately $68,000 and $61,000, respectively. All of the related shares have been retired.

Warrants

During the year ended December 31, 2014, the Company issued warrants to purchase 4,677,887 shares of the Company's common stock at exercise prices ranging from $0.075 - $0.09 per share in connection with the issuance of notes payable and for services provided. The warrants vest immediately and expire in December 2019. The relative fair value of the warrants issued with notes payable (see Note 4) were valued at approximately $84,000 and the fair value of the warrants issued for services was $149,000, using the Black-Scholes option pricing model.

NOTE 5 - STOCKHOLDERS' EQUITY, continued

The assumptions used in the Black-Scholes option pricing model for warrants issued are as follows:

	For the year ended December 31, 2014
Risk-free interest rate	0.14% - 0.16%
Expected dividend yield	0%
Expected lives	5 years
Expected volatility	272%

A summary of the Company's warrant activity and related information is as follows:

	Options	Weighted Average Price	Weighted Average Remaining Contractual Term	Exercisable
Outstanding at December 31, 2013	-	$ -	-	-
Granted	4,677,887	0.08	5.00	4,677,887
Exercised	-	-	-	-
Expired/Cancelled	-	-	-	
Outstanding at December 31, 2014	4,677,887	$ 0.08	4.97	4,677,887

The aggregate intrinsic value of the warrants was approximately $7,700 at December 31, 2014.

NOTE 6 – COMMITMENTS AND CONTINGENCIES

Indemnities and Guarantees

During the normal course of business, the Company has made certain indemnities and guarantees under which it may be required to make payments in relation to certain transactions. These indemnities include certain agreements with the Company's officers, under which the Company may be required to indemnify such persons for liabilities arising out of their employment relationship. In addition, in connection with its facilities lease, the Company has indemnified its lessor for certain claims arising from the use of the facilities. The duration of these indemnities and guarantees varies and, in certain cases, is indefinite. The majority of these indemnities and guarantees do not provide for any limitation of the maximum potential future payments the Company could be obligated to make. Historically, the Company has not been obligated nor incurred any payments for these obligations and, therefore, no liabilities have been recorded for these indemnities and guarantees in the accompanying balance sheet.

NOTE 6 – COMMITMENTS AND CONTINGENCIES, continued

Legal

The Company is not involved in any litigation matters. Management is not aware of any legal matters that have the potential to have a materially adverse effect on the Company's financial statements.

Simplified Employee Pension

The Company adopted a Simplified Employee Pension ("SEP") plan in order to compensate its employees in which the Company can make a discretionary contribution each year, up to 25% of eligible wages. At December 31, 2014 and 2013, the Company has elected not to contribute to the SEP plan.

NOTE 7 - RESTATEMENTS

Income Taxes

The Company issued its financial statements for the year ended December 31, 2012 before its income taxes were filed and used an estimated income tax expense. Based on the final tax return filed, the Company reduced income tax expense and the related payable by approximately $97,000; such is reflected in the accompanying statement of stockholders' equity at December 31, 2012 (as restated).

Common Stock Issued for Services

On July 11, 2011, the Board of Directors of the Company approved restricted stock awards of an aggregate of 3,015,608 shares of its common stock to certain employees and directors. The shares vested ratably over a three year period. The shares were valued at $0.10 per share on the measurement date. Based on the Company's original evaluation of the transaction, the value of the shares of common stock was recorded as a prepaid expense and is to be amortized as compensation cost ratably over the service period of three years based on an understanding of the shares being non-forfeitable. The Company amortized $100,521 of compensation expense during the year ended December 31, 2012. Approximately 1,550,000 unvested shares, valued at $154,969 were included in prepaid services on the consolidated balance sheet and additional paid-in capital at December 31, 2012. Based on the forfeiture of the shares during 2014, the Company has adjusted the accounting effect of such shares based on the forfeitable nature by reducing prepaid expenses and additional paid-in capital.

NOTE 7 – RESTATEMENTS, continued

	As Filed	Restatement	Restated
Balance Sheet			
Prepaid expenses	$ 154,969	(154,969)	$ -
Total assets	$ 328,831	(154,969)	$ 173,862
Income taxes payable	$ 142,000	(96,943)	$ 45,057
Total liabilities	$ 263,481	(96,943)	$ 166,538
Common stock	$ 306	(15)	$ 291
Additional Paid-In Capital	$ 1,052,853	(154,954)	$ 897,899
Accumulated Deficit	$ (988,024)	96,943	$ 891,081
Total Stockholders' Equity	$ 65,350	(58,026)	$ 7,324
Statement of Operations			
Income tax expense	$ 142,000	(96,943)	$ 45,057
Net income	$ 64,573	96,943	$ 161,516
Statement of cash flows			
Net income	$ 64,573	96,942	$ 161,515
Income taxes payable	$ 84,000	(96,942)	$ (12,942)
Net cash provided by operations	$ 252,575	-	$ 252,575
Non cash addition of prepaid expense	$ 301,561	(301,561)	$ -

NOTE 8 – RELATED PARTY TRANSACTIONS

Included in the disclosure in Note 4, the Company issued a note payable for $75,000 and a warrant to purchase 2,000,000 shares of the Company's common stock to a relative of the Company's CEO. The related party note payable is at terms comparable with the other notes.

During the years ended December 31, 2014 and 2013, the Company utilized the legal services of one of its board members. The amounts billed and paid during the years ended December 31, 2014 and 2013, was approximately $6,000 and $0, respectively. There were no amounts due to the related party at December 31, 2014 and 2013.

During the years ended December 31, 2014 and 2013, the Company utilized the accounting services of one of its board members. The amounts billed and paid during the years ended December 31, 2014 and 2013, was approximately $2,000 and $3,000, respectively. There were no amounts due to the related party at December 31, 2014 and 2013.

NOTE 8 - SUBSEQUENT EVENTS

Subsequent Events

The Company has evaluated and determined that no events have occurred subsequent to the balance sheet date and through June 2, 2015, the date of issuance of these financial statements, which would require inclusion or disclosure in its financial statements other than as described in the accompanying notes.