

My Social Income, Inc.  
Consolidated Balance Sheets  
As of December 31, 2016, 2015, 2014

	<u>12/31/2016</u>	<u>12/31/2015</u>	<u>12/31/2014</u>
<b>ASSETS:</b>			
<b>Current Assets:</b>			
Cash	\$ 4.44	\$ 3,345.46	\$ (273.12)
Accounts Receivable	(9,903.44)	(9,903.44)	(9,903.44)
Other Receivables	-	-	-
Inventory	35,008.00	35,008.00	35,008.00
Prepaid Expenses	-	-	-
Total Current Assets	<u>25,109.00</u>	<u>28,450.02</u>	<u>24,831.44</u>
Property, Plant and Equipment	315,686.78	315,686.78	315,686.78
Less Accumulated Depreciation	<u>(305,065.71)</u>	<u>(305,065.71)</u>	<u>(305,126.99)</u>
Property, Plant and Equipment, net	10,621.07	10,621.07	10,621.07
<b>Other Assets:</b>			
Organization Costs, Net	-	-	-
Investment in Flyfone	-	-	-
Investment in Mission Group	-	-	-
Other Assets	1,164.52	1,164.52	1,164.52
Total Assets	<u><u>\$ 36,894.59</u></u>	<u><u>\$ 40,235.61</u></u>	<u><u>\$ 36,617.03</u></u>
<b>Liabilities and Shareholder's Equity:</b>			
<b>Current Liabilities:</b>			
Trade Payables	\$ (30,857.92)	\$ (30,857.92)	\$ 642.08
Customer Deposits	-	-	-
Accrued Wages and Payroll Taxes	-	-	-
Other Current Liabilities	(79.45)	431,739.37	431,739.37
Notes Payable -- Convertible	5,000.00	195,000.00	202,620.00
Interest Payable Conv. Notes	-	-	-
Total Current Liabilities	<u>(25,937.37)</u>	<u>595,881.45</u>	<u>635,001.45</u>
<b>Long-Term Liabilities:</b>			
Notes Payable	326,294.21	271,274.97	1,429,244.41
Interest Payable on LT Notes	199,973.07	169,872.33	829,726.13
Unearned Revenue	-	-	-
Total Long-Term Liabilities	<u>526,267.28</u>	<u>441,147.30</u>	<u>2,258,970.54</u>
<b>Shareholder's Equity</b>			
Common Stock	4,109,693.62	4,109,693.62	4,109,693.62
Common Stock -- Stock Purchase Plan	2,818,058.60	2,818,058.60	2,823,058.60
Stock Premium	3,746,342.91	3,746,342.91	1,795,431.91
Retained Earnings	(11,347,998.27)	(11,574,752.01)	(11,387,692.30)
Current Earnings	210,467.82	(96,136.26)	(197,846.79)
Total Shareholder's Equity	<u>(463,435.32)</u>	<u>(996,793.14)</u>	<u>(2,857,354.96)</u>
Total Liabilities and Shareholder's Equity	<u><u>\$ 36,894.59</u></u>	<u><u>\$ 40,235.61</u></u>	<u><u>\$ 36,617.03</u></u>

My Social Income, Inc.  
Consolidated Statements of Operations  
For the Years Ending December 31, 2016, 2015, 2014

	<u>12/31/2016</u>	<u>12/31/2015</u>	<u>12/31/2014</u>
REVENUES:			
Product Sales, Net	\$ 22.90	\$ 10,739.89	\$ 22,932.36
Licensing and Marketing Product Sales	-	-	-
TOTAL REVENUES	<u>22.90</u>	<u>10,739.89</u>	<u>22,932.36</u>
LESS: Cost of Goods Sold	88,979.38	-	-
Sales Commissions	-	-	(460.00)
Gross Profit	<u>89,002.28</u>	<u>10,739.89</u>	<u>22,472.36</u>
OPERATING EXPENSES:			
Personnel and Administrative Expenses	55,469.81	81,801.69	43,915.94
Administrative Expenses Paid in Stock	-	-	-
Selling Expenses	-	-	-
Interest Expense	30,100.74	-	165,330.45
Banking and Credit Card Fees	2,063.35	3,259.73	3,322.76
Professional Fees	1,825.00	21,780.73	5,700.00
Bad Debt Expense	-	-	-
All Other Expenses	-	-	-
Total Operating Expenses	<u>89,458.90</u>	<u>106,842.15</u>	<u>218,269.15</u>
Operating Net Loss	<u>(456.62)</u>	<u>(96,102.26)</u>	<u>(195,796.79)</u>
OTHER INCOME(EXPENSE):			
Other Revenue	210,924.44	-	-
Other Expense	-	(34.00)	-
Gain(Loss) On Disposal of Assets	-	-	-
Total Other Income(Expense)	<u>210,924.44</u>	<u>(34.00)</u>	<u>-</u>
Net Income(Loss)	<u>\$ 210,467.82</u>	<u>\$ (96,136.26)</u>	<u>\$ (195,796.79)</u>

My Social Income, Inc.  
Consolidated Statements of Cash Flows  
For the Years Ending December 31, 2016, 2015, 2014

	<u>12/31/2016</u>	<u>12/31/2015</u>	<u>12/31/2014</u>
Cash Flows From Operating Activities:			
Net Loss	\$ 210,467.82	\$ (96,136.26)	\$ (195,796.79)
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:			
Depreciation and Amortization	-	-	-
Change In:			
Accounts Receivable	-	-	-
Other Receivables	-	-	-
Inventory	-	-	-
Prepaid Charges	-	-	-
Investments	-	-	-
Other Assets	-	-	-
Trade Payables	-	(31,500.00)	-
Payroll Liabilities	-	-	-
Interest Payable	30,100.74	(659,853.80)	165,330.45
Other Current Liabilities	(431,818.82)	-	-
Unearned Revenue	-	-	-
Net Cash Used in Operating Activities	<u>(191,250.26)</u>	<u>(787,490.06)</u>	<u>(30,466.34)</u>
Cash Flows From(Used in) Investing Activities:			
Purchase of Property, Plant and Equipment	-	-	-
Investment in FlyFone	-	-	-
Investment in Mission Group	-	-	-
Investment in Airplane	-	-	-
Net Cash From(Used in) Investing Activities	<u>-</u>	<u>-</u>	<u>-</u>
Cash Flows From Financing Activities:			
Proceeds from Issuance of Notes Payable	(134,980.76)	(1,165,589.44)	17,429.50
Conversion of Notes to Common Stock	-	-	-
Proceeds from Issuance of Common Stock	-	1,945,911.00	13,000.00
Net Cash From Financing Activities	<u>(134,980.76)</u>	<u>780,321.56</u>	<u>30,429.50</u>
Net Increase(Decrease) in Cash and Equivalents	(326,231.02)	(7,168.50)	(36.84)
Cash and Equivalents, Beginning of Year	3,345.46	(273.12)	463.72
Cash and Equivalents, End of Year	<u>\$ (322,885.56)</u>	<u>\$ (7,441.62)</u>	<u>\$ 426.88</u>

My Social Income, Inc.  
Statement of Changes in Shareholder's Equity  
For the Years Ending December 31, 2016, 2015, 2014

	12/31/2016	12/31/2015	12/31/2014
Balance, December 31 of Prior Year	\$ 4,098,385.63	\$ 4,194,521.89	\$ 4,390,318.68
Notes Payable Converted to Common Stock	-	-	-
Common Stock Issued	-	-	-
Common Stock Acquired	-	-	-
Dividends Declared on Common Stock	-	-	-
Comprehensive Income:			
Net Loss	210,467.82	(96,136.26)	(195,796.79)
Total Comprehensive Loss	210,467.82	(96,136.26)	(195,796.79)
Balance December 31, Current Year	\$ 4,308,853.45	\$ 4,098,385.63	\$ 4,194,521.89

## **Note 1. BUSINESS**

Based in Irvine, California, My Social Income, Inc. ("MSOA"), was a global provider of VoIP services to wireless and wireline broadband customers. It now intends to become a holding company to acquire and develop subsidiaries and has developed a business plan of operations to acquire small but profitable businesses through the issuance of convertible preferred stock or cash. Each of these acquisitions will function as a standalone subsidiary within MSOA. Each will have its own P&L statement and balance sheet, with MSOA acting as a parent corporation, while allowing Managing Partners to continue the growth and operations of the subsidiary. The ultimate end goal will be to acquire \$4,000,000 in assets to enable the company to trade on the NYSE Marketplace Exchange.

The Company initiated operations in 1997 as a broker of long-distance telephone services. In 2004 the Company began operations in the VoIP field, and currently is a complete vertically-integrated VoIP enterprise.

## **Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **Basis of Presentation**

The consolidated financial statements include the accounts of Intelcom which became My Social Income, Inc. The Company owns no beneficial interest in any other commercial enterprises at the present time. The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Intercompany balances and transactions have been eliminated.

### **Use of Estimates**

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

### **Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand and amounts due from bank and credit card clearing companies.

### **Inventories**

Inventories consist of finished, ready to sell products only, are recorded at cost under a FIFO assumption, and are valued at the lower of cost or market.

### **Property, Plant and Equipment**

Fixed assets are recorded at cost. Depreciation and amortization are accounted for on the straight-line method based on the estimated useful lives of the assets.

### **Other Assets and Liabilities**

Other assets consist primarily of amounts prepaid for future services.

### **Sales**

Revenue is recognized when product is shipped, or when an IP number is activated if no product is shipped.

**Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**No Related Party Transactions**

**Note 3. INVESTMENTS**

The Company formerly carried an investment of \$305,000 in Flyfone LLC, an unrelated predecessor company to Intelcom. Flyfone LLC ceased doing business late in 2005; Intelcom picked up Flyfone's business when Flyfone ceased operations. The investment was written off in 2008.

**Note 4. PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment as of December 31:

	2016	2015	2014
Furniture and Fixtures	\$ 2,361	\$ 2,361	\$ 3,587
Equipment	147,448	145,329	145,329
Software	164,168	163,526	163,526
Leasehold Improvements	1,709	1,709	1,709
Vehicles	-	-	-
	315,687	312,926	314,152
Less: Accumulated Depreciation	(305,066)	(305,066)	(305,127)
	<u>\$ 10,621</u>	<u>\$ 7,861</u>	<u>\$ 9,025</u>

**Note 5. INTANGIBLE ASSETS**

The Company capitalized its VOiP start-up costs of \$1,913, and is amortizing this cost over 5 years. The Company reviews this account annually at December 31 for impairment. No impairment of this asset has been found.

**Note 6. INDEBTEDNESS**

The Company has financed its development and operations largely through issuing convertible notes to investors, both short-term and long term.

**Short Term Debt**

The Company incurred no Short-Term Debt for 2016, 2015, and 2014.

**Long-Term Debt**

Prior to 2005 the Company issued \$418,685.37 in long-term notes payable to three related entities. These notes bear 7.00% interest compounded annually and have no fixed maturity date. During 2007, 2006 and 2005 respectively, the Company borrowed \$45,000.00, \$2,012.07 and \$-0- from these entities, and repaid \$-0-, \$35,487.07 and \$8,000.00 to these parties.

## Note 6. INDEBTEDNESS, Continued

### Convertible Debt

Prior to 2004 the Company issued \$726,500.00 in long-term notes to investors, and issued an additional \$426,500.00 of such notes in 2004. Each dollar of these notes, including accrued interest, was convertible into 1.60 shares of common stock if originally issued prior to 11/1/03, and was convertible into 1.40 shares of Intelcom common stock if originally issued between 11/1/03 and 10/31/04. As of 11/1/04, all of these notes were converted into common stock per their agreements except for two notes valued at \$21,350.00 excluding accrued interest that were converted in 2005.

During 2007 and 2006, the Company incurred \$867,000.00 and \$178,000.00, respectively in new convertible debt in the form of notes payable to various individuals. These notes bear interest at an annual rate of 8.00%, and bear a term of one (1) year. Interest is not payable until conversion unless the trading price of the Company's common stock falls below \$0.75 per share. These notes start maturing in November 2007. These notes carry an attached stock purchase warrant that allows the holder to convert their note into common stock at a rate \$0.75 per dollar of note value. In the first quarter of 2010, 29 convertible noteholders exchanged their notes for 3,462,950 free trading shares including interest in shares. As of 12-31-16 there is only \$5,000.00 of outstanding convertible notes.

## Note 7. INCOME TAXES

The Company and its eligible subsidiary file a consolidated federal income tax return. No provision has been made in these financial statements for past, current or future federal income taxes. The Company has a significant federal and state loss carryforward..

## Note 8. SHAREHOLDER'S EQUITY

At the Balance Sheet dates, the number of authorized and issued shares of Common Stock and Preferred Stock, and their related par values and dividends paid are as follows:

	<u>12/31/2016</u>	<u>12/31/2015</u>	<u>12/31/2014</u>
Common Stock shares authorized	8,938,999,996	8,938,999,996	8,938,999,996
Preferred A Stock shares authorized	40,000,000	40,000,000	40,000,000
Preferred B Stock shares authorized	1,000,000	1,000,000	1,000,000
Preferred C Stock shares authorized	4	4	4
Preferred D Stock shares authorized	10,000,000	10,000,000	10,000,000
Preferred E Stock shares authorized	10,000,000	10,000,000	10,000,000
Common Stock shares issued	540,000,000	2,500,000,000	974,883,331
Preferred A Stock shares issued			-
Preferred B Stock shares issued			-
Preferred C Stock shares issued	3	1	
Preferred D Stock shares issued	100	778,864	
Common Stock shares outstanding	541,076,506	2,601,265,639	6,765,657,198
Preferred A Stock shares outstanding	34,600,000	34,600,000	0
Preferred B Stock shares outstanding	260,000	260,000	-
Preferred C Stock shares outstanding	4	4	1
Preferred D Stock shares outstanding	778,564	778,864	
Preferred E Stock shares outstanding			
Common Stock par value per share	0.001	0.001	0.001
Preferred A Stock par value per share	0.001	0.001	0.001
Preferred B Stock par value per share	0.001	0.001	0.001
Preferred C Stock par value per share	0.00001	0.00001	0.00001

Preferred D Stock par value per share	0.00001	0.00001	0.00001
Preferred E Stock par value per share	0.00001	0.00001	0.00001
Common Stock dividends paid	-	-	
Preferred A Stock dividends Paid	n/a	n/a	n/a
Preferred B Stock Dividends Paid	n/a	n/a	n/a
Preferred C Stock Dividends Paid	n/a	n/a	n/a
Preferred D Stock Dividends Paid	n/a	n/a	n/a
Preferred E Stock Dividends Paid	n/a	n/a	n/a

During 2007 the Company has issued 2,000,000 shares of Common Stock as payment for fees in preparation for taking the Company public. In accordance with SFAS 123 the issuance of stock as payment for fees was recorded as an increase in equity and a current year expense.

My Social Income, Inc.

Footnotes to Unaudited Financial Statements, Continued

#### **Note 9. EARNING PER SHARE**

Earnings per share are computed by dividing Net Income(Net Loss) by the average number of shares Common Stock shares outstanding during the year. The average number of Common Stock shares outstanding were as follows:

	<u>12/31/2016</u>	<u>12/31/2015</u>	<u>12/31/2014</u>
Average number of shares outstanding	541,076,506	2,601,265,693	6,765,657,198

#### **Note 10. COMMITMENTS AND CONTINGENT LIABILITIES**

The Company has no significant commitments to provide goods and/or services to any third party as of the Balance Sheet date. The Company is subject to legal proceedings and claims which arise in the ordinary course of business. In management's opinion there are no material claims as of the balance sheet date.

#### **Note 11. PRIOR PERIOD ADJUSTMENTS**

No prior period adjustments

#### **Note 12. RISKS AND UNCERTAINTIES**

The Company's future operating results may be affected by a number of factors.