



Outdoor Specialty Products

Salt Lake City, Utah

Financial Statements

For the years ended September 30, 2016 and 2015

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PRITCHETT, SILER & HARDY, P.C.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders
Outdoor Specialty Products, Inc.
Salt Lake City, Utah

We have audited the accompanying balance sheet of Outdoor Specialty Products, Inc. as of September 30, 2016 and 2015 and the related statements of operations, stockholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits 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, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 Outdoor Specialty Products, Inc. as of September 30, 2016 and 2015 and the results of its operations and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. The Company has a working capital deficit, a significant net loss, negative cash flows from operations, and a limited operating history which raises substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are described in Note 5. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Pritchett, Siler & Hardy, PC

Pritchett, Siler & Hardy, P.C.
Farmington, Utah 84025
January 17, 2017

OUTDOOR SPECIALTY PRODUCTS, INC.
Balance Sheets

	September 30, 2016	September 30, 2015
Assets:		
Current Assets:		
Cash	\$ 70,110	\$ 78,850
Product refund receivable	-	3,252
Inventory	4,925	4,266
Total current assets	<u>75,035</u>	<u>86,368</u>
Property, Plant and Equipment, net	<u>3,660</u>	<u>4,417</u>
Other Assets:		
Patents, net	<u>3,360</u>	<u>2,729</u>
Total Assets	<u>\$ 82,055</u>	<u>\$ 93,514</u>
Liabilities and Stockholders' Equity:		
Accounts payable	\$ -	\$ 1,200
Total Liabilities:	-	1,200
Stockholders' Equity:		
Preferred stock, \$0.001 par value, 10,000,000 shares authorized, none shares issued and outstanding, respectively	-	-
Common Stock, \$0.001 par value, 90,000,000 Shares authorized, 5,285,747 issued and outstanding, respectively	5,286	5,286
Additional paid-in capital	99,731	99,731
Accumulated deficit	(22,962)	(12,703)
Total Stockholders' Equity	<u>82,055</u>	<u>92,314</u>
Total Liabilities and Stockholders' Equity	<u>\$ 82,055</u>	<u>\$ 93,514</u>

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

OUTDOOR SPECIALTY PRODUCTS, INC.
Statements of Operations

	For the Year Ended September 30,	
	2016	2015
Income Statement		
Revenue	\$ 465	\$ -
Cost of Sales	404	-
Gross Profit	61	-
Expenses:		
General and administrative	10,320	9,636
Total Expense	10,320	9,636
Income (loss) from Operations	(10,259)	(9,636)
Other Expense		
Total other expense	-	-
Net Loss	\$ (10,259)	\$ (9,636)
Net loss per share of common stock	\$ 0.00	\$ 0.00
Weighted average number of common shares outstanding	5,285,787	5,285,787

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

OUTDOOR SPECIALTY PRODUCTS, INC.
Statement of Stockholders' Equity

	Common Stock		Additional Paid-in Capital		Accumulated Deficit		Total Stock- Holders' Equity
	<u>Shares</u>	<u>Amount</u>					
Balance, September 30, 2014	5,285,747	\$ 5,286	\$	99,731	\$	(3,067)	\$ 101,950
Net loss for the year ended September 30, 2015	<u>-</u>	<u>-</u>		<u>-</u>		<u>(9,636)</u>	<u>(9,636)</u>
Balance, September 30, 2015	5,285,747	\$ 5,286	\$	99,731	\$	(12,703)	\$ 92,314
Net loss for the year ended September 30, 2016	<u>-</u>	<u>-</u>		<u>-</u>		<u>(10,259)</u>	<u>(10,259)</u>
Balance, September 30, 2016	<u>5,285,747</u>	<u>\$ 5,286</u>	<u>\$</u>	<u>99,731</u>	<u>\$</u>	<u>(22,962)</u>	<u>\$ 82,055</u>

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

OUTDOOR SPECIALTY PRODUCTS, INC.
STATEMENTS OF CASH FLOWS

	For the Year Ended September 30,	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Loss	\$ (10,259)	\$ (9,636)
Adjustments to Reconcile Net Income To Net Cash Used by Operations		
Depreciation and Amortization	926	840
(Increase) Decrease in Assets:		
Decrease in product refund receivable	3,252	(3,252)
Increase in inventory	(659)	(4,266)
Increase (decrease) in accounts payable	(1,200)	1,200
Net Cash Used by Operating Activities	(7,940)	(15,114)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of patent	(800)	(2,812)
Net Cash Used by Investing Activities	(800)	(2,812)
CASH FLOWS FROM FINANCING ACTIVITIES	-	-
Net Cash Provided by Financing Activities	-	-
Net Decrease in Cash	(8,740)	(17,926)
Cash at Beginning of Period	78,850	96,776
Cash at End of Period	\$ 70,110	\$ 78,850
SUPPLEMENTAL DISCLOSURES:		
Cash Paid During the Period For:		
Interest	\$ -	\$ -
Income taxes	\$ -	\$ -
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING & FINANCING ACTIVITIES		
None		

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

OUTDOOR SPECIALTY PRODUCTS, INC.

Notes to Financial Statements

September 30, 2016 and 2015

Note 1 – Organization and Summary of Significant Accounting Policies

Organization – Outdoor Specialty Products, Inc. (or the “Company”) was incorporated in the State of Utah on January 31, 2014. The Company is in the business of developing, and selling outdoor products with its first product focused on a reel protector for fishing reels. The Company also will be selling third party products through its website. The Company has elected a September 30 fiscal year end.

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

Cash and Cash Equivalents – For the purpose of the financial statements, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Inventories – Inventories, consisting primarily of injection molded Reel Guards and Adhesive Strips, are stated at the lower of cost or market, with cost determined using primarily the first-in-first-out (FIFO) method. We purchased substantially all inventories from one supplier, and have been dependent on this supplier for all inventory purchases since we commenced operations.

Property, Plant, and Equipment – Property, plant, and equipment is stated at cost. Expenditures for major renewals and betterments that extend the useful lives of property, plant, and equipment are capitalized, upon being placed in service. Expenditures for maintenance and repairs are charged to expense as incurred. Depreciation is computed using the straight line method.

Patent – Patents consist of the cost of obtaining a patent for reel protector. The patent is currently in the patent pending status. The filing is currently being reviewed and comments from the patent office are not expected for approximately two years. The Company has reviewed the patent for impairment and has determined that no impairment loss has been incurred. The cost is being amortized over 17 years which is the estimated useful life of the patent.

Revenue Recognition – When the Company sells a reel protector, it recognizes revenue in accordance with Securities and Exchange Commission Staff Accounting Bulletin No. 104, “Revenue Recognition” (“SAB 104”). Under SAB 104, revenue is recognized at the point of passage to the customer of title and risk of loss, when there is persuasive evidence of an arrangement, the sales price is determinable, and collection of the resulting receivable is reasonably assured. The Company had \$465 in revenue during the year ended September 30, 2016.

OUTDOOR SPECIALTY PRODUCTS, INC.

Notes to Financial Statements

September 30, 2016 and 2015

Note 1 – Organization and Summary of Significant Accounting Policies (continued)

Income taxes – The Financial Accounting Standards Board (FASB) has issued FASB ASC 740-10 (Prior authoritative literature: Financial Interpretation No. 48, "Accounting for Uncertainty in Income Taxes - An Interpretation of FASB Statement No. 109 (FIN 48). FASB ASC 740-10 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with prior literature FASB Statement No. 109, Accounting for Income Taxes. This standard requires a company to determine whether it is more likely than not that a tax position will be sustained upon examination based upon the technical merits of the position. If the more-likely-than-not threshold is met, a company must measure the tax position to determine the amount to recognize in the financial statements. As a result of the implementation of this standard, the Company performed a review of its material tax positions in accordance with recognition and measurement standards established by FASB ASC 740-10.

Deferred taxes are provided on a liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss and tax credit carry-forwards 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 basis. 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.

Deferred tax asset and the valuation account are as follows at September 30:

	<u>2016</u>	<u>2015</u>
Approximate net operating loss carryforward	\$ 4,600	\$ 2,500
Valuation allowance	<u>(4,600)</u>	<u>(2,500)</u>
Deferred tax asset	\$ <u>-</u>	\$ <u>-</u>

OUTDOOR SPECIALTY PRODUCTS, INC.

Notes to Financial Statements

September 30, 2016 and 2015

NOTE 1 – Organization and Summary of Significant Accounting Policies (continued)

The components of income tax expense (benefit) are as follows:

	<u>2016</u>	<u>2015</u>
Current federal tax (15%)	\$ (1,539)	\$ (1,445)
Current state tax (5%)	(513)	(482)
Nondeductible expenses	<u>18</u>	<u>-</u>
Change in valuation allowance	<u>2,034</u>	<u>1,927</u>
	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>

Recently Enacted Pronouncements – The Company has reviewed all recently issued, but not yet adopted, accounting standards in order to determine their effects, if any, on its results of operation, financial position or cash flows. Based on that review, the Company believes that none of these pronouncements will have a significant effect on its current or future earnings or operations.

Basic and Diluted Loss Per Share - Basic loss per share is computed by dividing net income attributable to common shares by the weighted average number of common shares outstanding during the period. Diluted loss per share is computed by dividing net income attributable to common shares for the period by the weighted average number of common and potential common shares outstanding during the period. Potential common shares, composed of incremental common shares issuable upon the exercise of stock options and warrants, are included in the calculation of diluted net income per share, when they are present in the financial statements, to the extent such shares are dilutive. During the year ended September 30, 2016 the Company did not have any issuances of stock options, warrants, or other convertible instruments.

NOTE 2– Property, Plant, and Equipment

The Company's capital asset consists of molding equipment stated at cost. Depreciation is calculated using the straight-line method over the estimated useful life which is determined to be seven years. Expenditures for additions and improvements are capitalized, while repairs and maintenance costs are expensed as incurred. The cost and related accumulated depreciation of any capital assets that are sold or otherwise disposed of are removed from the accounts and any gain or loss is recorded in the year of disposal.

OUTDOOR SPECIALTY PRODUCTS, INC.
Notes to Financial Statements
September 30, 2016 and 2015

NOTE 2– Property, Plant, and Equipment (continued)

The following is a summary of property, plant, and equipment less accumulated depreciation as of September 30:

	<u>2016</u>	<u>2015</u>
Mold	\$ <u>5,300</u>	\$ <u>5,300</u>
Total property, plant and equipment	<u>5,300</u>	<u>5,300</u>
Less: provision for depreciation	<u>1,640</u>	<u>883</u>
Property, plant, equipment, net	\$ <u>3,660</u>	\$ <u>4,417</u>
Patent on Mold, net	\$ <u>3,360</u>	\$ <u>2,729</u>

Depreciation expense for the year ended September 30, 2016 and 2015 was \$757 and \$707, respectively. Amortization expense for the year ended September 30, 2016 and 2015 was \$169 and \$83, respectively.

NOTE 3 – Capital Stock

The Company has authorized 100,000,000 shares of stock with 90,000,000 shares designated common stock at a par value of \$0.001 per share, and 10,000,000 shares designated as preferred stock at a par value of \$0.001 per share.

During the period from inception on January 31, 2014 through September 30, 2014, the Company issued 5,000,000 shares of common stock for cash received of \$5,000. Shares were issued to the President of the Company as well as other investors. Price per share was \$0.001.

During this period the Company also issued 285,747 shares of common stock to the Company's president and other founders at a price of \$0.35 per share for a total of \$100,017.

OUTDOOR SPECIALTY PRODUCTS, INC.
Notes to Financial Statements
September 30, 2016 and 2015

NOTE 4 – Basic and Diluted Loss Per Share

The following table sets forth the computation of basic income per share for the year ended September 30:

	<u>2016</u>	<u>2015</u>
Loss (numerator)	\$ (10,259)	\$ (9,636)
Weighted average shares (denominator)	<u>5,285,747</u>	<u>5,285,747</u>
Net loss per share – basic and diluted	\$ <u>-</u>	\$ <u>-</u>

NOTE 5 – Going Concern

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. As shown in the accompanying financial statements, the Company did not generate sufficient revenue to generate net income and has a limited operating history. These factors, among others, indicate that there is substantial doubt that the Company will be able to continue as a going concern for a reasonable period of time.

The financial statements do not include any adjustments relating to the recoverability and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. The Company's continuation as a going concern is dependent upon its ability to generate sufficient cash flow to meet its obligations on a timely basis and ultimately to attain profitability. The Company intends to seek additional funding through equity offerings to fund its business plan. There is no assurance that the Company will be successful in raising additional funds.

NOTE 6 – Subsequent Events

The Company has evaluated subsequent events from the balance sheet date through January 18, 2017, the date of the financial statements were available to be posted, and determined that there are no other events to disclose.