



Financial Information

Prepared For

OVATION MUSIC STUDIOS, INC-CONSOLIDATED
9194 GLADES RD
BOCA RATON, FL 33434

September, 2016

Tax Consulting & Preparation * Financial Reporting * Business Advice
Complete Payroll Service * Government Compliance * 125 Plan Administration
Credit Card Processing * Pension Administration * Equipment Financing
Workers Compensation Payment System (not available in all states)

Padgett Business Services

1700 Dixie Hwy 100
Boca Raton, FL 33432
T: 561-361-0115

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Boca Raton, FL 33432
561-361-0115

Transmittal Letter

TO:

OVATION MUSIC STUDIOS, INC-CONSOLIDATED
9194 GLADES RD
BOCA RATON, FL 33434

We have prepared the accompanying reports of OVATION MUSIC STUDIOS, INC-CONSOLIDATED as of September 30, 2016 for the month then ended. The attached reports are the representation of management (owners) and for management's use only. The reports have been prepared using the same methodology used by the Company for income tax purposes.

Cordially,

Padgett Business Services
SEP. 30, 2016

**OVATION MUSIC STUDIOS, INC-CONSOLIDATED
BALANCE SHEET**

**As of September 30, 2016
ASSETS**

CURRENT ASSETS

PNC BANK 8581	\$	(438)	
Petty Cash		697	
Cash In Transit		2,301	
Total Cash			2,560
Investment-Parent Company			411,475
Inventory-Boca			10,050

Total Current Assets			<u>424,085</u>
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PROPERTY AND EQUIPMENT

Build Out		10,662
Signage		663
Computer Software-Mindbody		1,973
Accumulated Depreciation		<u>(2,134)</u>

Net Property and Equipment		<u>11,164</u>
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OTHER ASSETS

Total Other Assets		<u>0</u>
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TOTAL ASSETS	\$	<u><u>435,249</u></u>
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**OVATION MUSIC STUDIOS, INC-CONSOLIDATED
BALANCE SHEET**

As of September 30, 2016

CURRENT LIABILITIES

Payroll Clearing	\$ (1)
Advance-Director	10,400
Advance-Investors	21,850
Loans Payable	127,600
Accrued Transfer Fee	7,285
Sales Tax Payable	447

Total Current Liabilities	<u>167,581</u>
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LONG-TERM LIABILITIES

Total Long-Term Liabilities	<u>0</u>
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OTHER LIABILITIES

Total Other Liabilities	<u>0</u>
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Total Liabilities	<u>167,581</u>
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EQUITY

Paid In Capital	3,629,882
Common Stock-Class A	166,200
Common Stock-Class C	15,000
Retained Earnings	(3,932,353)
Investment-Ovation Music & Studio-Boca Raton Inc	411,475
Net Income	(22,536)

Total Equity	<u>267,668</u>
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TOTAL LIABILITIES AND EQUITY	<u><u>\$ 435,249</u></u>
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OVATION MUSIC STUDIOS, INC-CONSOLIDATED

STATEMENT OF OPERATIONS

~~For the 1 Month and 9 Months Ended September 30, 2016~~

	1 Month Ended		9 Months Ended	
	September 30, 2016	%	September 30, 2016	%
Income				
NON-TAXABLE SALES	\$ 8,981	53.7	\$ 117,870	81.8
TAXABLE SALES	7,734	46.3	26,178	18.2
Merchandise & Rentals	0	0.0	0	0.0
TN EQPT SALES	0	0.0	0	0.0
TN Sales	<u>0</u>	0.0	<u>0</u>	0.0
Total Income	<u>16,715</u>	100.0	<u>144,048</u>	100.0
Beginning Inventory	10,050		15,493	
Purchases	3,852	23.0	8,679	6.0
Less Ending Inventory	<u>10,050</u>		<u>10,050</u>	
Total Cost of Goods Sold	<u>3,852</u>	23.0	<u>14,122</u>	9.8
Gross Profit	<u>12,863</u>	77.0	<u>129,926</u>	90.2
Operating Expenses				
Wages	4,496	26.9	36,398	25.3
Officers Salaries	0	0.0	3,979	2.8
Employer Payroll Taxes	344	2.1	3,624	2.5
Supplies	0	0.0	1,448	1.0
Legal And Accounting	5,510	33.0	18,478	12.8
Advertising And Promotion	612	3.7	2,520	1.7
Rent-Boca	3,607	21.6	17,773	12.3
Outside Labor	5,678	34.0	43,387	30.1
Vehicles	136	0.8	289	0.2
Utilities	1,041	6.2	7,385	5.1
Licenses And Taxes	0	0.0	105	0.1
Freight	0	0.0	84	0.1
Repairs And Maintenance	0	0.0	216	0.1
Meals And Entertainment - 50	0	0.0	137	0.1
Bank Charges	39	0.2	3,141	2.2
Office	56	0.3	563	0.4
Miscellaneous	29	0.2	243	0.2
Equipment Leases	67	0.4	239	0.2
Dues And Subscriptions	48	0.3	285	0.2
Credit Card Processing Fees	458	2.7	4,366	3.0
Storage	0	0.0	703	0.5
Website	0	0.0	179	0.1
REIMBURSED EXPENSE	51	0.3	469	0.3
Computer Software	<u>0</u>	0.0	<u>510</u>	0.4
Total Operating Expenses	<u>22,172</u>	132.6	<u>146,521</u>	101.7
Operating Income (Loss)	<u>(9,309)</u>	(55.7)	<u>(16,595)</u>	(11.5)
Other Income (Expense)				
Other Income	22,659	135.6	22,681	15.7

OVATION MUSIC STUDIOS, INC-CONSOLIDATED

STATEMENT OF OPERATIONS

For the 1 Month and 9 Months Ended September 30, 2016

	1 Month Ended September 30, 2016	%	9 Months Ended September 30, 2016	%
Other Expense	<u>28,622</u>	171.2	<u>28,622</u>	19.9
Total Other Income (Expense)	<u>(5,963)</u>	(35.7)	<u>(5,941)</u>	(4.1)
NET INCOME (LOSS) BEFORE TAXES	<u>\$ (15,272)</u>	(91.4)	<u>\$ (22,536)</u>	(15.6)