

**INCUMAKER,  
INC.  
BALANCE  
SHEETS**

	<u>February 28, 2015</u>	<u>May 31, 2014</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 2,263	\$ 2,696
Total Current Assets	<u>2,263</u>	<u>2,696</u>
<b>TOTAL ASSETS</b>	<u>\$ 2,263</u>	<u>\$ 2,696</u>
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable and accrued expenses	\$ -	\$ -
Accrued interest	58,198	33,255
Notes payable	<u>465,836</u>	<u>465,836</u>
Total Current Liabilities	<u>524,034</u>	<u>499,091</u>
<b>STOCKHOLDERS' DEFICIT</b>		
Preferred stock, \$0.001 par value; 10,000,000 shares authorized: Series B preferred stock; \$0.001 par value; 350,000 shares designated; 0 and 350,000 shares issued and outstanding	-	-
Common stock, \$0.001 par value; 75,000,000 shares authorized; 10,140,421 shares issued and outstanding	10,140	10,140
Capital in excess of par value	132,979	132,979
Accumulated deficit	<u>(664,890)</u>	<u>(639,514)</u>
Total Stockholders' Deficit	<u>(521,771)</u>	<u>(496,395)</u>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT</b>	<u>\$ 2,263</u>	<u>\$ 2,696</u>

**INCUMAKER, INC.**  
**STATEMENTS OF**  
**OPERATIONS**

	For the Three Months Ended February 28,		For the Nine Months Ended February 28,	
	2015	2014	2015	2014
<b>REVENUE:</b>				
Sales	\$ -	\$ 6,802	\$ -	\$ 26,862
	-	6,802	-	26,862
<b>COST OF GOODS SOLD</b>	-	749	-	10,826
<b>GROSS MARGIN</b>	-	6,053	-	16,036
<b>OPERATING EXPENSES</b>				
Stock based compensation	-	9,000	-	9,000
Professional fees	2,442	-	9,631	-
Selling, general and administrative expenses	98	76,942	3,117	191,383
<b>TOTAL OPERATING EXPENSES</b>	2,540	76,942	12,748	191,383
<b>LOSS FROM OPERATIONS</b>	(2,540)	(70,889)	(12,748)	(175,347)
<b>OTHER EXPENSE (INCOME)</b>				
Other (gains) losses	-	-	(12,314)	17,392
Interest expense	8,314	-	24,942	47
Interest income	-	-	-	-
<b>TOTAL OTHER EXPENSE (INCOME)</b>	8,314	-	12,628	17,439
<b>NET LOSS</b>	\$ (10,854)	\$ (70,889)	\$ (25,376)	\$ (192,786)
<b>NET LOSS PER COMMON SHARE, BASIC AND DILUTED</b>	\$ (0.00)	\$ (0.01)	\$ (0.00)	\$ (0.03)
<b>WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING,</b>				
<b>BASIC AND DILUTED</b>	10,140,421	6,315,216	10,140,421	6,315,216

**INCUMAKER, INC.****STATEMENTS OF STOCKHOLDERS' DEFICIT**

	Preferred Stock		Common Stock		Capital in Excess of Par Value	Accumulated
	Shares	Amount	Shares	Amount		Deficit
Balance, May 31, 2013	350,000	\$ 350	5,940,421	\$ 5,940	\$ (6,281)	\$ (13,156)
Net loss	-	-	-	-	-	(8,511)
Balance, May 31, 2013	350,000	\$ 350	5,940,421	\$ 5,940	\$ (6,281)	\$ (21,667)
Conversion of preferred stock	(350,000)	(350)	2,000,000	2,000	(1,650)	-
Issuance of common stock	-	-	450,000	450	(450)	-
Issuance of common stock for services	-	-	650,000	650	83,460	-
Issuance of common stock for services	-	-	900,000	900	8,100	-
Issuance of common stock and warrants	-	-	200,000	200	49,800	-
Net loss	-	-	-	-	-	(617,847)
Balance, May 31, 2014	-	\$ -	10,140,421	\$ 10,140	\$ 132,979	\$ (639,514)
Net loss for the period ended February 28, 2015	-	-	-	-	-	(25,376)
Balance, February 28, 2015	-	\$ -	10,140,421	\$ 10,140	\$ 132,979	\$ (664,890)

**INCUMAKER,  
INC.  
STATEMENTS OF CASH FLOWS**

	<b>For the Nine Months Ended February 28,</b>	
	<b>2015</b>	<b>2014</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net loss	\$ (25,376)	\$ (192,786)
Increase in stock based compensation	-	143,110
Depreciation	-	17,942
Adjustments to reconcile net loss to net cash and cash equivalents provided by operating activities:		
Increase in prepaid expenses and other assets	-	(1,093)
(Decrease) increase in accounts payable	-	(4,955)
Increase in accrued interest	24,943	47
Net cash used by operating activities	(433)	(37,735)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Net cash used by investing activities	-	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from issuance of notes payable	-	40,925
Net cash provided by financing activities	-	40,925
Net increase in cash and cash equivalents	(433)	3,190
Cash and cash equivalents, beginning of period	2,696	-
Cash and cash equivalents, end of period	\$ 2,263	\$ 3,190
<b>SUPPLEMENTAL CASH FLOW INFORMATION:</b>		
Cash paid for interest	\$ -	\$ -
Cash paid for taxes	\$ -	\$ -

INCUMAKER, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE THREE AND NINE MONTHS ENDED FEBRUARY 28, 2015  
AND 2014

**NOTE 1 - ORGANIZATION AND DESCRIPTION OF BUSINESS**

Incumaker, Inc. (the "Company," "we," "Incumaker" or "us") was formed in the State of Delaware on April 13, 2011. On May 31, 2011, we completed holding company reorganization pursuant to Section 251(g) of the Delaware General Corporation Law. The old public company previously operated in the information technology business, but ceased operations in 2007.

To date, the Company has had minimal revenues but has not achieved profitability. Our strategic plan is to acquire interests in young businesses, and provide financing, advice and guidance to assist them in realizing their potential. We have targeted several prospects, but as of the date of these financial statements, the Company has generated limited revenues from the Cryotherapy clinics in Georgia. We continue to identify and evaluate potential acquisitions that we believe will ultimately create shareholder value and return.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies followed are:

The preparation of financial statements in conformity with accounting principles generally accepted 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 is maintained at financial institutions and, at times, balances may exceed federally insured limits. We have never experienced any losses related to these balances. All of our non-interest bearing cash balances were fully insured at February 28, 2015 and May 31, 2014. Insurance coverage was \$250,000 per depositor at each financial institution. At February 28, 2015 and May 31, 2014, there were no amounts held in excess of federally insured limits.

The Company's financial instruments include cash, accounts payable, accrued expenses and notes payable. The carrying amounts of cash, accounts payable and accrued expenses approximate their fair value, due to the short term nature of these items. The carrying amount of notes payable approximates their fair value due to the use of market rates of interest and maturity schedule.

Research and development costs are charged to operations when incurred and are included in operating expenses. There were no amounts charged to research and development for each of the three and nine months ended February 28, 2015 and 2014.

Deferred income tax assets and liabilities arise from temporary differences associated with differences between the financial statements and tax basis of assets and liabilities, as measured by the enacted tax rates, which are expected to be in effect when these differences reverse. Deferred tax assets and liabilities are classified as current or non-current, depending on the classification of the assets or liabilities to which they relate. Deferred tax assets and liabilities not related to an asset or liability are classified as current or non-current depending on the periods in which the temporary differences are expected to reverse.

The Company follows the provisions of FASB ASC 740-10 "Uncertainty in Income Taxes" (ASC 740-10), January 1, 2007. The Company has not recognized a liability as a result of the implementation of ASC 740-10. A reconciliation of the beginning and ending amount of unrecognized tax benefits has not been provided since there are no unrecognized benefits at February 28, 2015 or 2014. The Company has not recognized interest expense or penalties as a result of the implementation

of ASC 740-10. If there were an unrecognized tax benefit, the Company would recognize interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses.

Basic loss per share is computed by dividing net income by the weighted average number of shares of common stock outstanding during the year. Diluted losses per common share are computed by dividing net loss by the weighted average number of shares of common stock outstanding and dilutive options outstanding during the year. Common stock equivalents for the three and nine months ended February 28, 2015 and 2014 were anti-dilutive due to the net losses sustained by the Company during these periods.

The Company recognizes all share-based payments to employees, including grants of employee stock options, as compensation expense in the financial statements based on their fair values. That expense will be recognized over the period during which an employee is required to provide services in exchange for the award, known as the requisite service period (usually the vesting period). There were no grants awarded in 2014. During the nine months ended February 28, 2015, the Company issued 900,000 shares of common stock for consulting services.

The Company issues common stock and common stock options and warrants to consultants for various services. For these transactions, the Company follows the guidance in FASB ASC Topic 505. Costs for these transactions are measured at the fair value of the consideration received or the fair value of the equity instrument issued, whichever is more reliably measureable. The value of the common stock is measured at the earlier of (i) the date at which a firm commitment for performance by the counterparty to earn the equity instrument is reached or (ii) the date at which the counterparty's performance is complete.

In September 2006, the Financial Accounting Standards Board (FASB) introduced a framework for measuring fair value and expanded required disclosure about fair value measurements of assets and liabilities. The Company adopted the standard for those financial assets and liabilities as of the beginning of the 2008 fiscal year and the impact of adoption was not significant. FASB Accounting Standards Codification (ASC) 820 "Fair Value Measurements and Disclosures" (ASC 820) defines fair value 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 on the measurement date. ASC 820 also establishes a fair value hierarchy that distinguishes between (1) market participant assumptions developed based on market data obtained from independent sources (observable inputs) and (2) an entity's own assumptions about market participant assumptions developed based on the best information available in the circumstances (unobservable inputs). The fair value hierarchy consists of three broad levels, which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described below:

- Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
  - Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, including quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability (e.g., interest rates); and inputs that are derived principally from or corroborated by observable market data by correlation or other means.
  - Level 3 - Inputs that are both significant to the fair value measurement and unobservable.

Fair value estimates discussed herein are based upon certain market assumptions and pertinent information available to management as of February 28, 2015. The respective carrying value of certain on-balance-sheet financial instruments approximated their fair values due to the short-term nature of these instruments. These financial instruments include accounts payable and accrued expenses.

In June 2014, the FASB issued Accounting Standards Update (ASU) No. 2014-10, "Development Stage Entities (Topic 915) Elimination of Certain Financial Reporting Requirements, Including an Amendment to Variable Interest Entities Guidance in Topic 810, Consolidation". This ASU does the following among other things: a) eliminates the requirement to present inception-to-date information on the statements of income, cash flows, and shareholders' equity, b) eliminates the need to label the financial statements as those of a development stage entity, c) eliminates

the need to disclose a description of the development stage activities in which the entity is engaged, and d) amends FASB ASC 275, Risks and Uncertainties, to clarify that information on risks and uncertainties for entities that have not commenced planned principal operations is required. The amendments in ASU No. 2014-10 related to the elimination of Topic 915 disclosures and the additional disclosure for Topic 275 are effective for public companies for annual and interim reporting periods beginning after December 15, 2014. Early adoption is permitted. The Company has evaluated this ASU and adopted beginning with the year ended May 31, 2014. The adoption of this ASU resulted in the Company no longer reporting inception-to-date financial reporting for the Company's Statements of Operations, Statement of Changes in Stockholders' Deficit and Statements of Cash Flows.

In June 2014, the FASB issued Accounting Standards Update ("ASU") No. 2014-12, "Compensation—Stock Compensation (Topic 718), Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period" (ASU 2014-12). ASU 2014-12 provides special optional transitional guidance for awards with performance targets. The guidance is effective for annual periods beginning after December 15, 2015, and interim periods within those annual periods, with early adoption permitted. Management is currently assessing the impact the adoption of ASU 2014-12 will have on its financial statements.

In August 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-15, "Presentation of Financial Statements-Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern" ("ASU 2014-15"). ASU 2014-15 is intended to define management's responsibility to evaluate whether there is substantial doubt about an organization's ability to continue as a going concern and to provide related footnote disclosures. The amendments in this ASU are effective for reporting periods beginning after December 15, 2016, with early adoption permitted. The Company is currently assessing the impact the adoption of ASU 2014-15 will have on its financial statements.

### **NOTE 3 – GOING CONCERN**

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. For the three and nine months ended February 28, 2015, the Company had a net loss of \$19,854 and \$34,376. As of February 28, 2015, the Company has a working capital deficit of \$521,771. In view of these matters, the Company's ability to continue as a going concern is dependent upon the Company's ability to begin operations and to achieve a level of profitability. The Company intends on financing its future development activities and its working capital needs largely from the sale of public equity securities with some additional funding from other traditional financing sources, including term notes and proceeds from sub-licensing agreements until such time that funds provided by operations are sufficient to fund working capital requirements. The financial statements of the Company do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts and classifications of liabilities that might be necessary should the Company be unable to continue as a going concern.

### **NOTE 4 – RELATED PARTY TRANSACTIONS**

Incumaker has relied upon loans or proceeds from stock sales to support working capital. As of February 28, 2015 there was an outstanding balance of \$332,552 from the issuance of notes payable.

On April 29, 2014, the Company issued 900,000 shares to Darren Bankston for Consulting Services.

On April 10, 2014, the SHEP Trust sold 3,900,000 shares of Incumaker common stock to five individuals. The purchase price of the stock was \$ 1,950. The shares were issued as follows: Sharon Lasch 700,000, Paul Mannion 850,000, Matt Myers 850,000, Vince Sbarra 850,000 and Louis Thomson 650,000.

On April 9, 2014, the SHEP Trust sold \$255,837 of its debt to the ER Opportunity Fund, LP for cash consideration.

On August 29, 2013 the Company acquired a 1% investment in the Winter Garden, FL facility where the CryoMist II facility is located. This investment represents \$7,000. As part of the settlement with the Winter Garden owner, the Company has cancelled this investment.

On September 20, 2013, the Company issued a note payable to a SHEP Trust in exchange for \$7,875. The note bears interest at 0.0022% per annum and are due 1 year from the date of issuance. The note matured on June 29, 2014.

On August 29, 2013, 200,000 shares of restricted common stock were issued in exchange for the acquisition of the outstanding securities of CryoMist I, LLC and CryoMist II, LLC, two cryotherapy companies, in connection with a share exchange agreement.

On August 29, 2013, the Company issued a note payable to SHEP Trust in exchange for \$ 96,100. The note bears interest at 0.0022% per annum and is due 1 year from the date of issuance. The note matured on August 29, 2014.

On July 30, 2013, the Company issued a note payable to SHEP Trust in exchange for \$24,836. The note bears interest at 0.0022% per annum and are due 1 year from the date of issuance. The note matured on July 30, 2014.

On June 29, 2013, the Company issued a note payable to SHEP Trust in exchange for \$91,626. The note bears interest at 0.0022% per annum and are due 1 year from the date of issuance. The note matured on June 29, 2014.

In early June 2013, the Company and SHEP Trust reached an agreement to exchange and retire the outstanding 350,000 shares of Series B Convertible Preferred Stock for common stock. On June 24, 2013 the 350,000 shares of Series B Preferred Stock were exchanged for 2,000,000 shares of Common Stock and cancelled.

#### **NOTE 5 – NOTES PAYABLE**

On July 22, 2014, the ER Opportunity Fund and the Company entered into a settlement agreement covering \$127,025.17 of the Notes acquired by the Fund from the SHEP Trust in April 2014. The parties agreed to a negotiated amount of \$ 60,000 due for full satisfaction of both the May 2013 and June 2013 Notes. The payment will be made through the 3(a)(10) court settlement approved on August 20, 2014.

On April 15, 2014, the Company received a \$20,000 investment from ER Opportunity Fund, LP, an accredited investment fund. The 10% Convertible Note is due on May 5, 2015 and can be converted into common shares at a conversion price of \$0.10.

On February 19, 2014, the Company received a \$15,000 investment from Louis “Rusty” Thomson, an accredited investor. The 5% Note was due on April 19, 2014. The Note had no conversion feature and is currently due.

On February 11, 2014, the Company received a \$5,000 investment from Louis “Rusty” Thomson, an accredited investor. The 10% note was due on June 11, 2014. The Note has no conversion feature and is currently due.

On August 6, 2013, a Memorandum of Understanding was entered into between Incumaker and Louis “Rusty” Thomson. The MOU stated that a joint venture would be formed in which Mr. Thomson would invest up to \$ 100,000 towards the opening of a CryoTherapy Clinic and would own 80% of the Clinic. The MOU further states that the investor will receive 70% of the net profits of the Clinic. At such time as the SEC approves the merger of CryoMist I and II into Incumaker, CryoMist III will be merged in as well. At this time, the investor will receive \$150,000 of Incumaker stock in exchange for his \$100,000 investment. The Investor has the option to request the \$100,000 investment back and not receive the shares should he elect this option for a 14 day period after the merger has been completed.

On December 24, 2013, a \$70,000 Note was issued to Louis “Rusty” Thomson, the owner of CryoMist III, in return for working capital. The Note was due on February 14, 2014 and is convertible into shares at \$0.10 per share.



On October 22, 2013, the Company received a \$50,000 investment from Louis “Rusty” Thomson, an accredited investor. The investor purchased 200,000 shares at \$0.25 and received 200,000 2 year warrants exercisable at \$0.25.

On August 29, 2013 the Company acquired a 1% investment in the Winter Garden, FL facility where the CryoMist II facility is located. This investment represents \$7,000. As part of the settlement with the Winter Garden owner, the Company has cancelled this investment.

#### **NOTE 6 - CAPITAL STOCK**

At May 31, 2014, our authorized capital stock was 75,000,000 shares of Common Stock, par value \$0.001 per share, and 10,000,000 shares of Preferred Stock, par value \$0.001 per share. As of February 28, 2015, there were 10,140,421 shares of Common Stock issued and outstanding and no shares of Preferred Stock issued or outstanding.

On February 19, 2014, the Company hired a COO who joined the company to provide assistance in its growth plans. The COO will review operations, consultant and assist in the compilation of a business plan. The Employee was issued 900,000 shares of restricted stock in lieu of salary for the 3 months of service.

In early June 2013, the Company and a debt holder reached an agreement to exchange and retire the outstanding 350,000 shares of Series B Convertible Preferred Stock for common stock. On June 24, 2013 the 350,000 shares of Series B Preferred Stock were exchanged for 2,000,000 shares of Common Stock.

On August 29, 2013, 200,000 shares of restricted common stock were issued in exchange for the acquisition of the outstanding securities of CryoMist I, LLC and CryoMist II, LLC, two cryotherapy companies, in connection with a share exchange agreement.

On October 22, 2013, the Company issued 200,000 shares of common stock and 200,000 warrants for \$50,000. The warrants are immediately vested, expire on October 22, 2015 and are exercisable at \$0.25 per share.

#### **NOTE 7 – OPTIONS AND WARRANTS**

As of February 28, 2015, the Company had 1,333 options and outstanding to employees and consultants under our Stock Option Incentive Plan.

# Options	Category	Grant Date	Exercise Price	Expiration Date
1,333	Contractors	4/2/2005	\$20.25	4/2/2016

As of February 28, 2015, we had granted 700,000 warrants in various transactions.

# Warrants	Category	Grant Date	Exercise Price	Expiration Date
200,000	Investment	10/22/2013	\$0.25	10/22/2015
500,000	Consulting Agreement	11/11/2013	\$0.25	11/11/2018