2015

Fiscal Year Ended June 30, 2015

Report of Independent Registered Public Accounting Firm
Financial Statements and Accompanying Notes for the Years Ended June 30, 2015 and 2014

Rocky Mountain High Brands, Inc. (RMHB)

A Nevada Corporation Listed on the OTC Pink

Paritz & Company, P.A
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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders
Rocky Mountain High Brands, Inc.

We have audited the accompanying balance sheets of Rocky Mountain High Brands, Inc.(formerly known as Totally Hemp Crazy, Inc) as of June 30, 2015 and 2014 and the related statements of operations, changes in stockholders' deficiency and cash flows for the years ended June 30, 2015 and 2014. 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 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 audits 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 audit 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 audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Rocky Mountain High Brands, Inc.as of June 30, 2015 and 2014, 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 consolidated 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 disclosed in note 3 to the financial statements the Company has a stockholders deficit of $11,177,357, an accumulated deficit of $19,204,108 at June 30, 2015, and has generated operating losses since inception. These factors, among others, raise substantial doubt about the ability of the Company to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/S/***Paritz & Company, P.A.***

Hackensack, New Jersey
December 21, 2015

Rocky Mountain High Brands, Inc.
(Formerly Known as Totally Hemp Crazy, Inc.)
Balance Sheets

ASSETS

	June 30, 2015	June 30, 2014
Current Assets		
Cash	$95,726	$354
Accounts Receivable	132,201	
Inventory	755,471	
Prepaid Expense	988,026	916,667
Total current assets	1,971,424	917,021
Property and Equipment, net	14,687	1,560
TOTAL ASSETS	**$1,986,111**	**$918,581**

LIABILITIES AND STOCKHOLDERS' DEFICIT

	June 30, 2015	June 30, 2014
Current Liabilities		
Accounts Payable and Accrued Liabilities	$193,013	$436,455
Loans From Shareholders	11,000	61,766
Convertible Notes Payable, net of debt discount	1,303,989	204,002
Accrued Interest	121,457	59,333
Deferred Revenue	29,952	-
Derivative Liability	11,504,057	211,394
Total current liabilities	**13,163,468**	**972,950**
Stockholders' deficit		
Preferred Stock - Series A - Par Value of $.001		
1,000,000 shares authorized as of June 30, 2015 and 2014;		
1,000,000 shares issued and outstanding as of June 30, 2015 and 2014	1,000	1,000
Preferred Stock - Series B - Par Value of $.001		
9,000,000 shares authorized as of June 30, 2015 and 2014;		
No shares outstanding as of June 30, 2015 and 2014	-	-
Common Stock - Par Value of $.001		
600,000,000 shares authorized as of June 30, 2015;		
400,356,154 shares issued and outstanding as of June 30, 2015;		
5,000,000,000 shares authorized as of June 30, 2014;		
202,433,700 shares issued and outstanding as of June 30, 2014	400,356	202,434
Additional Paid In Capital	7,625,395	2,322,103
Accumulated Deficit	(19,204,108)	(2,579,906)
Total stockholders' deficit	**(11,177,357)**	**(54,369)**
TOTAL LIABILITIES AND STOCKHOLDERS DEFICIT	**$1,986,111**	**$918,581**

The Accompanying Notes are an Integral Part of the Financial Statement.

Rocky Mountain High Brands, Inc.
(Formerly Known as Totally Hemp Crazy, Inc.)
Statements of Operations

	Year Ended	
	June 30, 2015	**June 30, 2014**
Sales	**$489,849**	**$1,448**
Cost of Sales	**212,458**	**359**
Gross Profit	**277,391**	**1,089**
Operating Expenses		
General and Administrative	2,439,302	197,498
Advertising and Marketing	739,145	-
Goodwill Impairment	1,024,358	-
Total Operating Expenses	**4,202,804**	**197,498**
Loss from Operations	**(3,925,413)**	**(196,409)**
Other (Income)/Expenses:		
Interest Expense	1,090,285	183,333
(Gain)/Loss on change in fair value of derivative liability	11,608,504	(65,319)
Total Other (Income)/Expenses:	**12,698,789**	**118,014**
Loss before provision for income taxes	(16,624,202)	(314,423)
Income tax provision	-	-
Net Loss	**($16,624,202)**	**($314,423)**
Loss per share - basic and diluted		
Loss Per Common Share	($0.05)	($0.00)
Weighted Average Common Shares Outstanding	311,490,363	202,433,700

The Accompanying Notes are an Integral Part of the Financial Statement.

Rocky Mountain High Brands, Inc.		
(Formerly Known as Totally Hemp Crazy, Inc.)		
Statements of Cash Flow		
	Year Ended	
	June 30, 2015	June 30, 2014
Operating Activites:		
Net Income	($16,624,202)	($314,423)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock-based compensaton	2,339,353	83,333
Non-cash interest expense	1,089,909	123,008
Impairment of goodwill	1,024,358	-
(Gain)/Loss on change in fair value of derivative liablitiy	11,608,504	(65,319)
Disposal of equipment	1,560	-
Changes in operating assets and liabilities:		
Accounts Receivable	(132,201)	-
Inventory	(716,329)	-
Accounts Payable	(5,905)	136,532
Deffered Revenue	29,952	-
NET CASH USED IN OPERTATING ACTIVITIES	**(1,385,001)**	**(36,869)**
Investing Activites:		
Acquisition of equipment	(14,687)	-
NET CASH USED IN INVESTING ACTIVITIES	**(14,687)**	-
Financing Activities:		
Proceeds from issuance of convertible notes	1,250,744	37,000
Proceeds from issuance of common stock	244,316	-
NET CASH PROVIDED BY FINANCING ACTIVITIES	**1,495,060**	**37,000**
INCREASE IN CASH	**95,372**	**131**
CASH - BEGINNING OF YEAR	**354**	**223**
CASH - END OF YEAR	**$95,726**	**$354**
Supplemental cash flow information:		
Cash paid during the period for:		
Interest	$ -	$ -
Income taxes	$ -	$ -
Supplemental disclosure of non-cash finaning and investing activities:		
Derivative liability incurred for debt discount	$ 288,000	$ -
Common stock issued for acquistion	$ 1,063,500	$ -
Common stock issued for conversion of debt	$ 1,223,700	$ -
Derivative liability relieved upon conversion of related debt	$ 1,100,218	$ -
Convertible debt converted to shares of common stock	$ 115,740	$ -

The Accompanying Notes are an Integral Part of the Financial Statement.

Rocky Mountain High Brands, Inc.
(Formerly Known as Totally Hemp Crazy, Inc.)
Statement of Shareholder's Equity (Deficit)

	Common Stock		Preferred Stock		Additional Paid-In Capital	Accumulated Deficit	Total Shareholder's Equity (Deficit)
	Shares	Amount	Shares	Amount			
Balance, June 30, 2013	**202,433,700**	**$202,434**	**1,000,000**	**$1,000**	**$2,322,103**	**($2,265,483)**	**$260,054**
Net Loss for year ended June 30, 2014						(314,423)	(314,423)
Balance, June 30, 2014	**202,433,700**	**202,434**	**1,000,000**	**1,000**	**2,322,103**	**(2,579,906)**	**(54,369)**
Shares issued for settlement of debt	8,683,410	8,683			279,619		288,302
Shares issued for acquisition	4,500,000	4,500			1,059,000		1,063,500
Shares issued to CEO for compensation	21,000,000	21,000			193,200		214,200
Shares issued for services rendered	18,275,000	18,275			1,904,571		1,922,846
Shares issued upon conversion of convertible notes	115,740,714	115,741			1,107,959		1,223,700
Beneficial conversion feature of convertible note	-	-			12,500		12,500
Warrants issued for services and debt costs	-	-			531,850		531,850
Cashless Exercise of Warrants	18,500,000	18,500			(18,500)		0
Issuance of common stock for cash	11,223,330	11,223			233,093		244,316
Net Loss for year ended June 30, 2015						(16,624,202)	(16,624,202)
Balance, June 30, 2015	**400,356,154**	**$400,356**	**1,000,000**	**$1,000**	**$7,625,395**	**($19,204,108)**	**($11,177,357)**

The Accompanying Notes are an Integral Part of the Financial Statement.

Rocky Mountain High Brands, Inc.
(Formerly Totally Hemp Crazy, Inc.)
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2015 and June 30, 2014

NOTE 1 - Business

Rocky Mountain High Brands, Inc. ("RMHB" or the "Company") was incorporated under the laws of the State of Nevada. On July 17, 2014, the Company changed its name from Republic of Texas Brands Incorporated to Totally Hemp Crazy, Inc and on October 23, 2015, the Company changed its name to Rocky Mountain High Brands, Inc.

RMHB has developed and is currently selling in the marketplace a lineup of five "hemp-infused" beverages through its nationwide distributor network and online. The Company is launching a hemp-infused Energy Bar, Protein Bar and Chia Crisp Bar.

On December 16, 2013 the Company filed a petition under Chapter 11 of the Bankruptcy Code in the United Stated Bankruptcy Court for the Northern District of Texas (the "Court"). On July 11, 2014, the Court entered an order confirming the Company's Amended Plan of Reorganization.

NOTE 2 – Summary of Significant Accounting Policies

Use of Estimates

The preparation of the financial statements in conformity with Generally Accepted Accounting Principles ("GAAP") 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 dates of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from those estimates. Certain of the Company's estimates could be affected by external conditions, including those unique to its industry, and general economic conditions. It is possible that these external factors could have an effect on the Company's estimates that could cause actual results to differ from its estimates. The Company re-evaluates all of its accounting estimates at least quarterly based on these conditions and record adjustments when necessary.

Cash

The Company considers all short-term highly liquid investments with an original maturity at the date of purchase of three months or less to be cash equivalents.

Revenue Recognition

The Company follows the guidance of the Accounting Standards Codification ("ASC") Topic 605, "Revenue Recognition." It records revenue when persuasive evidence of an arrangement exists, product delivery has occurred, the selling price to the customer is fixed or determinable and collectability of the revenue is reasonably assured. The Company has not experienced any significant returns from customers and accordingly, in management's opinion, no reserve for returns has been provided. Payments received prior to shipment of goods are recorded as deferred revenue.

Accounts Receivable and Allowance for Doubtful Accounts Receivable

The Company has a policy of reserving for uncollectible accounts based on the best estimate of the amount of probable credit losses in our existing accounts receivable. We extend credit to customers based on an evaluation of their financial condition and other factors. The Company generally does not require collateral or other security to support accounts receivable and perform ongoing credit evaluations of customers and maintain an allowance for potential bad debts if required.

It is determined whether an allowance for doubtful accounts is required by evaluating specific accounts where information indicates the customers may have an inability to meet financial obligations. In these cases, we use assumptions and judgment, based on the best available facts and circumstances, to record a specific allowance for those customers against amounts due to reduce the receivable to the amount expected to be collected. These specific allowances are re-evaluated and adjusted as additional information is received. The amounts calculated are analyzed to determine the total amount of the allowance. The Company may also record a general allowance as necessary.

Direct write-offs are taken in the period when we have exhausted our efforts to collect overdue and unpaid receivables or otherwise evaluate other circumstances that indicate the collectability of receivables.

Inventories

Inventories, which consist of the Company's product held for resale, are stated at the lower of cost, determined using the first-in, first-out, and net realizable value. Net realizable value is the estimated selling price, in the ordinary course of business, less estimated costs to complete and dispose of the product.

If the Company identifies excess, obsolete or unsalable items, its inventories are written down to their realizable value in the period in which the impairment is first identified. Shipping and handling costs incurred for inventory purchases and product shipments are recorded in cost of sales in the Company's statements of operations.

Fair Value Measurements

The Company adopted the provisions of ASC Topic 820, "Fair Value Measurements and Disclosures", which defines fair value as used in numerous accounting pronouncements, establishes a framework for measuring fair value and expands disclosure of fair value measurements.

The estimated fair value of certain financial instruments, including cash and cash equivalents, accounts receivable, accounts payable and accrued expenses are carried at historical cost basis, which approximates their fair values because of the short-term nature of these instruments. The carrying amounts of our short and long term credit obligations approximate fair value because the effective yields on these obligations, which include contractual interest rates taken together with other features such as concurrent issuances of warrants and/or embedded conversion options, are comparable to rates of returns for instruments of similar credit risk.

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, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. ASC 820 describes three levels of inputs that may be used to measure fair value:

- Level 1 — quoted prices in active markets for identical assets or liabilities.
- Level 2 — quoted prices for similar assets and liabilities in active markets or inputs that are observable.
- Level 3 — inputs that are unobservable (for example cash flow modeling inputs based on assumptions).

The derivative liability in connection with the conversion feature of the convertible debt, classified as a Level 3 liability, is the only financial liability measure at fair value on a recurring basis.

The change in the Level 3 financial instrument is as follows:

Balance, July 1, 2013	$126,269
• Issued during the Year ended June 30, 2014	150,444
• Change in fair value recognized in operations	(65,319)
•	
Balance, June 30, 2014	$211,394
• Issued during the Year ended June 30, 2015	784,377
• Converted during the Year ended June 30, 2015	(1,100,218)
• Change in fair value recognized in operations	11,608,504
Balance, June 30, 2015	$11,504,057

The estimated fair value of the derivative instruments were valued using the Black-Scholes option pricing model, using the following assumptions as of June 30, 2015:

- Estimated Dividends____None
- Expected Volatility______________________________________223% to 355%
- Risk Free Interest Rate______________________________________0.90 – 0.27%
- Expected Term____.01 to 1 years

Property and Equipment

Property and equipment is stated at cost less accumulated depreciation. Depreciation is provided for on a straight-line basis over the useful lives of the assets. Expenditures for additions and improvements are capitalized; repairs and maintenance are expensed as incurred.

Impairment of Long-Lived Assets

The Company evaluates intangible assets for impairment whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable. The Company assesses the recoverability of the assets based on the undiscounted future cash flow and recognizes an impairment loss when the estimated undiscounted future cash flow expected to result from the use of the asset plus the net proceeds expected from disposition of the asset, if any, are less than the carrying value of the asset. When the Company identifies an impairment, it reduces the carrying amount of the asset to its estimated fair value based on a discounted cash flow approach or, when available and appropriate, to comparable market values. During the year ended June 30, 2015, the Company recorded impairment of $1,024,358 relating to goodwill recognized in the acquisition disclosed in Note 11.

Share-based Payments

Share-based payments to employees, including grants of employee stock options, are recognized as compensation expense in the financial statements based on their fair values, in accordance with FASB ASC Topic 718. That expense is 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). The Company had no common stock options or common stock equivalents granted or outstanding for all periods presented.

The Company issued restricted stock to consultants and employees for various services. Cost for these transactions are measured at the fair value of the consideration received or the fair value of the equity instruments issued, whichever is more reliably measurable. The value of the common stock is to be measured at the earlier of (i) the date at which a firm commitment for performance by the counterparty to earn the equity instruments is reached or (ii) the date at which the counterparty's performance is complete.

Convertible Instruments

The Company evaluates and accounts for conversion options embedded in convertible instruments in accordance with ASC 815 “Derivatives and Hedging Activities”. Applicable GAAP requires companies to bifurcate conversion options from their host instruments and account for them as freestanding derivative financial instruments according to certain criteria. The criteria include circumstances in which (a) the economic characteristics and risks of the embedded derivative instrument are not clearly and closely related to the economic characteristics and risks of the host contract, (b) the hybrid instrument that embodies both the embedded derivative instrument and the host contract is not re-measured at fair value under other GAAP with changes in fair value reported in earnings as they occur and (c) a separate instrument with the same terms as the embedded derivative instrument would be considered a derivative instrument.

Preferred Stock

We apply the guidance enumerated in ASC 480 “Distinguishing Liabilities from Equity” when determining the classification and measurement of preferred stock. Preferred shares subject to mandatory redemption (if any) are classified as liability instruments and are measured at fair value. We classify conditionally redeemable preferred shares (if any), which includes preferred shares that feature redemption rights that are either within the control of the holder or subject to redemption upon the occurrence of uncertain events not solely within our control, as temporary equity. At all other times, we classified our preferred shares in stockholders’ equity. Our preferred shares do not feature any redemption rights within the holders’ control or conditional redemption features not within our control. Accordingly all issuances of preferred stock are presented as a component of consolidated stockholders’ equity (deficit).

Advertising

Advertising and marketing expenses are charged to operations as incurred.

Income Taxes

The Company uses the asset and liability method of accounting for income taxes in accordance with ASC Topic 740, “Income Taxes.” Under this method, income tax expense is recognized for the amount of: (i) taxes payable or refundable for the current year and (ii) deferred tax consequences of temporary differences resulting from matters that have been recognized in an entity’s financial statements or tax returns. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the results of operations in the period that includes the enactment date. A valuation allowance is provided to reduce the deferred tax assets reported if based on the weight of the available positive and negative evidence, it is more likely than not some portion or all of the deferred tax assets will not be realized.

ASC Topic 740.10.30 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements and prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. ASC Topic 740.10.40 provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. The Company has no material uncertain tax positions.

Recent Accounting Pronouncements

In August 2014, the FASB issued Accounting Standard Update No. 2014-15, *Presentation of Financial Statements—Going Concern* (Subtopic 205-40), (ASU No. 2014-15), which requires management to assess an entity's ability to continue as a going concern by incorporating and expanding upon certain principles that are currently in U.S. auditing standards. Specifically, ASU 2014-15 provides a definition of the term substantial doubt and requires an assessment for a period of one year after the date that the financial statements are issued (or available to be issued). It also requires certain disclosures when substantial doubt is alleviated as a result of consideration of management's plans and requires an express statement and other disclosures when substantial doubt is not alleviated. ASU No. 2014-15 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2016, and early application is permitted.

In May 2014, the Financial Accounting Standards Board ("FASB") issued ASU No. 2014-09, *Revenue from Contracts with Customers*. This guidance requires companies to recognize revenue in a manner that depicts the transfer of promised goods or services to customers in amounts that reflect the consideration to which a company expects to be entitled in exchange for those goods or services. The new standard also will result in enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. This guidance will be effective beginning in fiscal 2017, and early adoption is not permitted. The standard allows for either a full retrospective or a modified retrospective transition method. The Company is currently evaluating the impact of this standard, including the transition method, on its consolidated results of operations, financial position and cash flows.

NOTE 3 – 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. The Company has a shareholders' deficit of $11,177,357 and an accumulated deficit of $19,204,108 at June 30, 2015, and has generated operating losses since inception. These factors, among others, raise substantial doubt about the ability of the Company to continue as a going concern. The Company's continuation as a going concern is dependent upon its ability to generate revenues and its ability to continue raising capital from third parties.

NOTE 4 – Property and Equipment

As of June 30, 2014, Property and Equipment consisted of one personal computer at a book value of $1,560. As of June 30, 2015, Property and Equipment consisted of one truck purchased in May 2015 at a value of $14,687. The personal computer was disposed of during the year ended June 30, 2015.

NOTE 5 – Convertible Notes Payable

During 2011 and 2012, the Company entered into a series of convertible notes with six lenders aggregating $110,000. These were one-year terms notes at 12% interest and convertible to Common stock at a conversion price of $.05 per share. As a part of the Bankruptcy Reorganization Plan confirmed in July 2014, the accrued interest on these notes was forgiven and the notes became zero interest bearing notes. As of June 30, 2015 and 2014 the principal balance on these notes was $110,000.

In 2012, the Company entered into a $40,000 Convertible Note Payable with an individual. The notes matured one-year from the date of issuance, bears interest at 12% per annum and is convertible into shares of Common stock at $.001. In 2015, the lender sold and re-assigned $17,500 of this note. The new note holders converted the $17,500 of principal into 17,500,000 shares of Common stock. As of June 30, 2015 and 2014 the principal balance on these notes was $22,500 and $40,000, respectively

On March 25, 2015 the Company entered into an amended and restated convertible promissory note with an individual, which amended two previously issued notes dated February 5, 2013 and July 17, 2014. According to the terms of the note, the Company may borrow up to an aggregate of $1,500,000; the note bears interest at 12% per annum, and the holder may demand repayment of any portion of the note after one year from the effective date of the note. The note is convertible in whole or in part at a conversion price per share equal to the lesser of $.001 per share, or at an 80% discount to the average of the five lowest bid prices during the thirty trading days prior to the date of the conversion notice. The holder is limited in his conversions whereby he may not at any time own more than 9.99% of the Company's outstanding common stock. The holder may, at his option, file a UCC-1 financing statement against all assets of the company and have a guarantee and security agreement with the principal controlling or majority shareholders of the Company. During the year ended June 30, 2014 and 2015, the holder advanced an aggregate of $72,000 and $1,015,744, respectively. During the year ended June 30, 2015, the holder converted $98,241 of principle into 98,240,710 shares of the Company's common stock. At June 30, 2015 and 2014 the principal balance of the note was $989,503 and $72,000 respectively. This note was exchanged for Series C Preferred Shares on November 16, 2015. See Note 12 (A).

On October 5, 2014 the Company entered into a convertible notes with an individual for $12,500. The note matures on October 5, 2015, bears interest at 8% per annum and contains a conversion feature at a conversion price per share, which is 20% of the average bid price of Common stock over a trailing 10-day period. As of June 30, 2015 the principal balance on the note was $12,500.

On February 2, 2015 the Company entered into a convertible notes with an individual for $165,000 (with a $5,000 original issue discount). The note matured on May 2, 2015 which was extended to August 2, 2015, bears interest at 12% per annum and is convertible in whole or in part at a conversion price per share equal to the lesser of $.001 per share, or at an 80% discount to the average of the five lowest bid prices during the thirty trading days prior to the date of the conversion notice. The holder is limited in his conversions whereby he may not at any time own more than 9.99% of the Company's outstanding common stock. As of June 30, 2015 the principal balance on the note was $165,000, and was fully repaid with interest in August 2015. See Note 12 (B).

On March 20 and 23, 2015, the Company entered into separate Convertible notes with an individual and his wife for $25,000 each. The notes mature one-year from the date of issuance, bear interest at a rate of 7% per annum and contained a conversion feature at 50% of the average bid price for Common stock over a trailing 10-day period. The holders are limited in their conversions whereby they may not at any time own more than 4.9% of the Company's outstanding common stock. As of June 30, 2015 the principal balance on the notes was $50,000.

On March 23, 2015, the Company entered into a convertible note with an individual for $12,500. The note mature one-year from the date of issuance, bears interest at a rate of 18% per annum is convertible into shares of the Company's common stock at a conversion price of $.04 per share. As of June 30, 2015 the principal balance on the note was $12,500.

The Company has determined that the conversion feature embedded in the notes referred to above that contain a potential variable conversion amount constitutes a derivative which has been bifurcated from the note and recorded as a derivative liability, with a corresponding discount recorded to the associated debt. The excess of the derivative value over the face amount of the note is recorded immediately to interest expense at inception. The Company recorded $400,380 and $113,443 of interest expense for the years ended June 30, 2015 and 2014, respectively, at the inception of the notes relating to the excess of derivative value over the face of the notes. The above notes are presented net of a discount of $53,013 and $17,998 at June 30, 2015 and 2014, respectively, on the accompanying balance sheet.

NOTE 6 – Related Party

As of June 30, 2015 and 2014 the Company owed a shareholder the amounts of $11,000 and $61,766, respectively. This loan is non-interest bearing with not set terms of repayment. The Company plans to repay the loan as cash flow permits.

NOTE 7 – Shareholders' Deficiency

Common Stock:

On July 7, 2013, the Company amended its Article of Incorporation to raise its authorized shares of Common stock from 400,000,000 to 5,000,000,000 shares.

On August 1, 2014 the Company amended its Articles of Incorporation to reduce the number of authorized shares to 400,000,000.

On February 2, 2015 the Company amended its Articles of Incorporation to increase the number of authorized shares to 600,000,000.

During the year ended June 30, 2015, the Company issued the following shares of common stock:

As a part of the Plan of Reorganization executed by the Bankruptcy Court in Dallas County, Texas in July 2014, the Company issued 8,683,410 shares of common stock as settlements of certain liabilities of the Company.

In March 2015, the Company issued 4,500,000 shares of common stock to acquire the assets of Smarterita Brands, valued at $1,063,500 (See Note 11).

The Company entered into a five-year employment agreement with Thomas Shuman to provide services as President and Chief Executive Officer of the Company. As a part of that agreement, the Company issued Mr. Shuman 21,000,000 shares of common stock and warrants to purchase 20,000,000 shares of common stock. The shares of common stock were valued at $214,200 and the warrants were valued at $265,925. The value has been recorded as a prepaid expense and is being amortized over the life of the employment agreement.

The Company issued 17,275,000 shares of common stock to various individuals who performed services for the Company during the year. The services were recorded at the fair value of the shares of common stock at the measurement date that the shares were issued which aggregated $1,922,846.

Warrants of 18,500,000, issued to a note holder as a part of a convertible debt agreement, were exercised during 2015 on a cashless basis.

Various individuals purchased 11,223,330 shares of common stock during the year for gross proceeds of $244,316

During the year ended June 30, 2015, noteholders converted $115,741 of principal into 115,740,710 shares of common stock in accordance with the conversion terms of the notes.

Preferred Stock:

On July 7, 2013, the Company amended its Articles of Incorporation to create Preferred A and Preferred B stock. The Company authorized 10,000,000 shares of Preferred A and 2,000,000 shares of Preferred B stock.

On August 1, 2014, the Company amended its Articles of Incorporation to reduce the Preferred A authorized shares from 10,000,000 to 1,000,000 shares. The same Amendment increased the Preferred B shares authorized from 2,000,000 to 9,000,000 shares authorized.

As of June 30, 2015 and 2014 the Company has outstanding 1,000,000 shares of Preferred A shares, which were previously issued to the Company's chairman in connection with his employment agreement (see Note 10). The fair value of the shares was recorded as a prepaid expense and is being amortized over the life of the agreement.

Note 8 – Concentrations

During the year ended June 30, 2015, the Company's two largest customers accounted for approximately 27% and 26% of sales, respectively.

Note 9 – Income Taxes

The reconciliation of income tax benefit at the U.S. statutory rate of 34% to the Company's effective rate for the periods presented is as follows:

	2015	2014
U.S federal statutory rate	(34%)	(34%)
State income tax, net of federal benefit	(0.0%)	(0.0%)
Increase in valuation allowance	34%	34%
Income tax provision (benefit)	0.0%	0.0%

The tax effects of temporary differences that give rise to the Company's net deferred tax liability as of June 30, 2015 and 2014 are as follows:

	June 30, 2015	June 30, 2014
Deferred Tax Assets		
Net Operating Losses	$2,040,000	$680,000
Less: Valuation Allowance	($2,040,000)	($680,000)
	$ --	$ --

As of June 30, 2015, the Company had approximately $6,000,000 of federal and state net operating loss carryovers ("NOLs"), which begin to expire in 2027. Utilization of the NOLs may be subject to limitation under the Internal Revenue Code Section 382 should there be a greater than 50% ownership change as determined under regulations.

In assessing the realization of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment. Based on the assessment, management has established a full valuation allowance against the entire deferred tax asset relating to NOLs for every period because it is more likely than not that all of the deferred tax asset will not be realized.

NOTE 10 – Commitments

The Company is committed under an operating lease for its premises. The lease calls for monthly payments of $6,020. The lease expires December 31, 2015.

The Company has entered into employment agreement with the following officers:

In 2013 the Company entered into a ten-year employment agreement with Jerry Grisaffi, Chairman of the Board of Directors. Under the agreement, the Company agreed to compensate Mr. Grisaffi at a rate of $120,000 per year and to bonus obligations based on the profitability of the Company. The Company issued 1,000,000 shares of Preferred Series A stock to Mr. Grisaffi under the terms of the agreement.

In 2014 the Company entered into a five-year employment agreement with Thomas Shuman, President. Under the agreement, the Company agreed to compensate Mr. Shuman at a rate of $120,000 per year and to bonus obligations based on the profitability of the Company. The Company issued 21,000,000 shares of common stock and warrants to purchase 20,000,000 shares of common stock, exercisable in June 2015 to Mr. Shuman under the terms of the agreement. The fair values of the shares and warrants issued have been recorded as a prepaid expense and are being amortized over the life of the employment agreement.

NOTE 11 – Acquisition

On March 31, 2015 the Company acquired certain assets from Vintage Specialists, LLC. The purchased assets included certain inventory defined in the agreement and the trade name "Smarterita". Consideration for the acquisition was 4,500,000 restricted shares of the Company's common stock. The acquisition is being accounted for as a business combination in accordance with ASC 805 "Business Combinations". The total purchase price for the acquisition was allocated to the net tangible assets based upon their estimated fair values as of March 31, 2015 as set forth below. The excess of the purchase price over the net assets was recorded as goodwill. The following table summarizes the estimated fair values of the assets assumed at the acquisition date.

Inventory	$39,142
Goodwill	$1,024,358
Total Consideration:	$1,063,500

The Company initially had considered entering into the markets served by Smarterita Brands, but has decided to refocus its efforts on other business opportunities. As of June 30, 2015, the full amount of goodwill acquired has been impaired.

Vintage Specialist, LLC did not have any revenues prior to the acquisition and minimal operating expenses. Pro forma historical results have not been presented since they would not be material to the financial statements.

NOTE 12 – Subsequent Events

A. Series C Preferred Shares and Convertible Note Exchange

The Company amended its Articles of Incorporation as of November 13, 2015 to create a Series C preferred shares, which are 12% interest bearing, cumulative, exchangeable, redeemable, non-voting, convertible preferred stock. Authorized shares will be 2,000,000 shares authorized.

On November 16, 2015, the Company exchanged $1,107,607 of the principal balance of a convertible note payable and accrued interest for same number of newly created preferred C shares. Each Series C preferred share can be converted to 50 shares of common stock.

B. Purchase and Sale of Asset

On July 17, 2015, the Company acquired all of the assets of Dollar Shots Club, LLC in consideration of 2,000,000 shares of the Company's common stock. On September 18, 2015 the Company sold these assets to Dollar Shots Club, Inc in exchange for 5,000,000 shares of Dollar Shots Club, Inc common stock.

C. Debt Repayment

On August 29, 2015, the Company repaid a convertible note payable and accrued interest of $197,734 to one of its debtholders.

D. Borrowings

In October 2015, the Company entered into a $500,000 note payable at 12% simple interest for a one-year period.

E. Name Change

On Oct 23, 2015, the Company changed its name from Totally Hemp Crazy, Inc to Rocky Mountain High Brands, Inc.