CREDNOLOGY HOLDING CORPORATION

INDEX TO FINANCIAL STATEMENTS

CREDNOLOGY HOLDING CORPORATION

CONSOLIDATED BALANCE SHEETS
UNAUDITED

	September 30, 2017	December 31, 2016
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 34,836	$ 36,414
Accounts receivable	60,057	48,386
Organizational costs	144,000	144,000
Total current assets	238,893	228,800
PROPERTY AND EQUIPMENT, net of accumulated depreciation of $ 47,634 and $ 28,575, respectively	430,937	439,071
OTHER ASSETS		
Goodwill	451,695	451,695
Deposits	4,500	4,500
Total other assets	456,195	456,195
TOTAL ASSETS	$ 1,126,025	$ 1,124,066
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	$ 9,545	$ 11,791
Notes Payable (Current Portion)	114,641	99,660
Convertible Notes Payable	2,636	6,087
Accrued Default Interest	41,761	153,782
Total current liabilities	168,583	271,320
LONG-TERM LIABILITIES		
Note Payable	483,812	551,226
Total Long Term Liabilities	483,812	551,226
STOCKHOLDERS' EQUITY		
Preferred stock authorized 20,000,000 shares, $.001 par value each. At September 30, 2017 and December 31, 2016 there are 3 and 3 shares issued and outstanding, respectively	-	-
Common stock authorized 3,500,000,000 shares, $.001 par value each. At September 30, 2017 and December 31, 2016 there are 1,396,578 and 491,444,722 shares issued and outstanding, respectively	1,396,575	491,445
Additional paid in capital	117,623	887,018
Retained earnings (deficit)	(1,040,568)	(1,076,943)
Total stockholders' equity	473,630	301,520
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$1,126,025	$ 1,124,066

The accompanying notes are an integral part of these statements.

CREDNOLOGY HOLDING CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS

UNAUDITED

	For Nine Months Ended September 30, 2017	For Nine Months Ended September 30, 2016
Revenue-Merchandise sales	$ 863,721	$ 457,700
Operating Expenses		
Salaries and wages	42,594	86,840
Selling, general and administrative	700,467	444,995
Stock issued consulting-employment services	-	80,000
Depreciation and amortization expense	47,634	28,575
Total operating expenses	790,695	640,410
Net income (loss) from operations	73,026	(182,710)
Other income (expenses)		
Defaulted interest expense		2,987
Organization costs relating to parent	35,000	
Total other expense	35,000	2,987
Net income (loss)	$ 38,026	$ (185,697)
Basic earnings per common share	$ .00	$ .00
Weighted average shares outstanding (basic and diluted)	807,093,172	424,916.944

The accompanying notes are an integral part of these statements

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CREDNOLOGY HOLDING CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

UNAUDITED

	For Nine Months Ended September 30, 2017	For Nine Months Ended September 30, 2016
OPERATING ACTIVITIES		
Net Profit (loss)	$ 38,026	$ (185,697)
Adjustments for noncash and nonoperating items:		
Depreciation and amortization expense	47,634	28,575
Issuance of common stock for consulting/employment services	-	80,000
Issuance of common stock for debt	134,085	20,000
Changes in operating assets and liabilities:		
Accounts receivable	(11,671)	111,956
Accounts payable	(2,246)	(23,580)
Payroll liabilities and withholdings	-	1,992
Officers loan payable		(432)
Accrued default interest		2,989
Cash provided (used) by operating activities	205,828	35,803
INVESTING ACTIVITIES:		
Purchase of new equipment	(39,500)	
Cash (used) by investing activities	(39,500)	(27,500)
FINANCING ACTIVITIES:		
Payments on convertible notes	(3,451)	-
Payments on Notes payable	(52,434)	(6,000)
Accrued interest payments	(112,021)	-
Cash provided (used) by financing activities	(167,906)	(6,000)
NET INCREASE (DECREASE) IN CASH	(1,578)	29,803
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	36,414	30,188
CASH AND CASH EQUIVALENTS, END OF PERIOD	$34,836	$ 59,991
Supplemental Disclosures of Cash Flow Information:		
Income tax expense	$ -	$ -

The accompanying notes are an integral part of these statements

CREDNOLOGY HOLDING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
UNAUDITED

September 30, 2017

NOTE A – BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations:

Crednology Holding Corporation (the "Company") (formerly "Cooper Holding Corp") was incorporated in the state of Delaware in 1998 under the name of Celebrity Entertainment Group, Inc.

Crednology Holding Corp.

Crednology Holding Corp, a Delaware corporation, is a public holding company that is an acquirer and operator of subsidiaries which concentrate their activities within the cloud computing, disaster recovery and electronic waste industries. The Company is dedicated to enhancing shareholder value through a strategic combination of organic growth, mergers and acquisitions. The Company's three operating subsidiaries are:

Landmark PMG, LLC dba 4 Service Cloud:

4Service is a business continuity solutions provider that specializes in cloud computing and disaster recovery services.

The Company offers a 3-Tier approach to our disaster recovery strategy and our Private Managed Cloud Computing offering is comprised of only the best-in-class Industry leading equipment.

Utilizing the newest desktop and server virtualization technologies, our Cloud Computing solution allows any organization, regardless of size, to gain a world-class infrastructure and dramatically cut its IT costs across the board.

This Company was acquired on October 14, 2016

NOTE A – BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Nature of Operations: (continued)

Riteman, Inc. dba ITatOnce:

ITatOnce is a Managed Services Provider specializing in High-End Technical and Professional Services with a focus on Infrastructure Virtualization.

ITatOnce offers a full array of IT Solutions and has a proven track record in deploying, implementing, and managing on-premise and cloud virtualized environments.

ITatOnce has helped many companies stabilize their IT environments by partnering with industry leading companies and deploying sound proven technical solutions.

This Company was acquired on October 14, 2016

California Recycles, Inc.:

California Recycles Inc. is a state certified E-Waste organization founded in 2003. The company primarily operates by entering into long term collection program agreements and managing collection events with Corporate Entities, Educational Institutions, State and Local municipalities. The State of California is leading the US in the collection of Electronic Waste efforts and each local municipality has a mandate to achieve required quotas of annual collection. The company has built a good reputation in the field among its type of clientele.

This Company was acquired on November 14, 2016

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
UNAUDITED

September 30, 2017

NOTE A – BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Nature of Operations: (Continued)

The following companies were sold during the year ended December 31, 2016

CreditDNA, Inc.

CreditDNA offers an exclusive Personal Credit and Financial Management program not available through any non-affiliated credit or financial management company. With our cutting-edge Point Deduction Technology, easy to use Target Score Simulator, Budget Analysis Software and top-of-the-line Customer Service, we offer a unique way to understand your credit and finances. CreditDNA was created to inform the public about the importance of establishing and maintaining a healthy financial and credit lifestyle. Our staff has over 31 years of experience in educating the public on behavioral patterns in managing finances and credit. Combining strategic procedures, education, and testing, along with easy to use software, our members are able to develop and conquer their personal goals allowing them to become desirable borrowers for lenders, (who will in turn give them better rates), for anyone that is paying high insurance premiums, for anyone that is thinking of applying for credit or even a new job rates, for anyone that is paying high insurance premiums, for anyone that is thinking of applying for credit or even a new job.

This Company was sold on October 17, 2016

NOTE A – BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Nature of Operations: (Continued)

ScoreNavigator, Inc.

ScoreNavigator is a credit data analysis company designed for customers and loan originators. ScoreNavigator provides consumers with an electronic version of a credit report and trans risk credit score. It's scientific analytical tool identifies where most errors occur in credit data, assigns a number from 0 to 100+ per credit line item, and recommendations provided are based on the understanding of credit score calculations and how different factors affect either positively or negatively. Our credit monitoring feature can be helpful for spotting certain problems, such as if somebody opens a new credit account in your name using stolen information. Members are alerted to important activity such as credit inquiries, public records, delinquencies, negative information, new accounts and other changes in their credit history.

The Target Score Simulator is an innovative product allowing you to enter a target score and based on credit data will provide a plan to achieve your goal. The Target Simulator, using Point Deduction Technology, analyzes your credit data and creates a list of recommendations. This information allows members to build a plan enabling them to capture and/or build points in the fastest, easiest, and most economical way.

This Company was sold on October 17, 2016

Basis of Presentation:

The financial statements included herein have been prepared without audit. Certain information and footnote disclosure normally included in financial statements prepared in accordance 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. While management believes that the procedures followed in preparing these financial statements are reasonable, the accuracy of the amounts are in respects dependent upon the facts that will exist, and procedures that will be accomplished by the Company later in the year. These unaudited financial statements reflect all adjustments, including normal recurring adjustments which, in the opinion of management, are necessary to present the operations and cash flows for the periods presented.

Restatement of Previously Issued Financial Statements

During the second quarter ended June 30, 2013, after the Agreement and Plan of Exchange between Crednology Holding Corporation and Cooper Holding Corp, the following events have been restated to correct omissions in regards to the merger.

Convertible notes payable: (see Note-H)

Convertible notes payable aggregating $30,000 and $20,000 in the year 2013 have been restated. This resulted in an increase of $10,000 to legal and administrative fees and $40,000 to consulting and professional fees.

At December 31, 2014, the $30,000 note was in default and the $20,000 note had a balance of $3,955. At December 31, 2015, both notes were in default in the amounts of $ 33,300 and $ 3,955.

Accounts payable:

A consulting agreement executed on June 1, 2013 for professional services in the amount of $20,000 has been restated resulting in an increase to professional expenses.

Officer loan payable:

Expenses incurred by the President of the Company aggregated $160,000 during and after the merger. The restated expenses of travel, legal fees, general and administrative expenses resulted in an increase to operating expenses in the year 2013.

The effect of the above restatements resulted in an increase of net loss by $230,000 in the year 2013, an increase in net income by $9,669 in the year 2014 and a decrease of net loss by $11,003 in the year 2015.

CREDNOLOGY HOLDING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
UNAUDITED

September 30, 2017

NOTE A – BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash Equivalents

Investments having an original maturity of 90 days or less that are readily convertible into cash are considered to be cash equivalents. During the periods presented, the Company had no cash equivalents.

Accounts receivable

The Company uses the allowance method to account for uncollectible accounts receivable. We maintain allowances for the estimated losses from doubtful accounts which result when our customers are unable to make required payments. If the financial condition of our customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required which would result in an additional general and administrative expense in the period such determination was made. As of September 30, 2017 and December 31, 2016, there were no doubtful allowances recorded.

Prepaid Expenses

Prepaid expenses for the quarter ended September 30, 2017 and December 31, 2016 was $0

NOTE A – BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recently Enacted Accounting Standards

In May 2011, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("ASU") No. 2011-04 ("ASU 2011-04"), "Fair Value Measurement: Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs." ASU 2011-04 improves comparability of fair value measurements presented and disclosed in financial statements prepared in accordance with U.S. generally accepted accounting principles and International Financial Reporting Standards. ASU 2011-04 clarifies the application of existing fair value measurement requirements including (1) the application of the highest and best use and valuation premise concepts, (2) measuring the fair value of an instrument classified in a reporting entity's shareholders' equity, and (3) quantitative information required for fair value measurements categorized within Level 3. ASU 2011-04 also provides guidance on measuring the fair value of financial instruments managed within a portfolio and application of premiums and discounts in a fair value measurement. In addition, ASU 2011-04 requires additional disclosure for Level 3 measurements regarding the sensitivity of fair value to changes in unobservable inputs and any interrelationships between those inputs. The amendments in this guidance are to be applied prospectively, and are effective for interim and annual periods beginning after December 15, 2011. The Corporation adopted this standard on March 1, 2012. The adoption of this standard did not have a material effect on the Corporation's financial statements.

NOTE A – BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recently Enacted Accounting Standards (continued)

In June 2011, the FASB issued ASU No. 2011-05 ("ASU 2011-05"), "Comprehensive Income (Topic 220): Presentation of Comprehensive Income." ASU 2011-05 eliminates the option to present components of other comprehensive income as part of the statement of changes in shareholders' equity and requires the presentation of components of net income and other comprehensive income either in a single continuous statement or in two separate but consecutive statements. The provisions of this guidance are effective for interim and annual periods beginning after December 15, 2011. Effective March 1, 2012, the Corporation adopted the two consecutive statements approach for the presentation of components of net income (loss) and other comprehensive income (loss) and a total for comprehensive income (loss). The Corporation's Consolidated Financial Statements include the Consolidated Statement of Comprehensive Income as a result of adopting this standard. In February 2013, the FASB issued ASU No. 2013-02 ("ASU 2013-02"), "Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income." ASU 2013-02 requires entities to disclose additional information about changes in other comprehensive income by component. In addition, an entity is required to present, either on the face of the statement where income is presented or in the notes, significant amounts reclassified out of accumulated other comprehensive income and the income statement line items affected. The provisions of this guidance are effective prospectively for annual and interim periods beginning after December 15, 2012. The Corporation does not expect that the adoption of this standard will have a material effect on its financial statements.

In July 2012, the FASB issued ASU No. 2012-02 ("ASU 2012-02"), "Testing Indefinite-Lived Intangible Assets for Impairment." ASU 2012-02 gives entities an option to first assess qualitative factors to determine whether the existence of events and circumstances indicate that it is more likely than not that an indefinite-lived intangible asset is impaired. If based on its qualitative assessment an entity concludes that it is more likely than not that the fair value of an indefinite-lived intangible asset is less than its carrying amount, quantitative impairment testing is required. However, if an entity concludes otherwise, quantitative impairment testing is not required. ASU 2012-02 is effective for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012. The Corporation does not expect that the adoption of this standard will have a material effect on its financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
UNAUDITED

September 30, 2017

NOTE A – BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

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 reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Property and Equipment

Property and equipment are stated at cost and are depreciated principally on methods and at rates designed to amortize their costs over their estimated useful lives.

The estimated service lives of property and equipment are principally as follows:

Furniture and fixtures	5- 7 years
Computer equipment	5- 7 years

Repairs and maintenance are expensed as incurred. Expenditures that increase the value or productive capacity of assets are capitalized.

Asset Impairment

The company regularly reviews its investments and other assets that include the extent to which carrying value exceeds its related market value, the financial condition of the investee, and the intent and ability to retain the investment for a sufficient period of time to allow for recovery of the market value of the investments.

NOTE A – BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value of Financial Instruments

The Company defines the fair value of a financial instrument as the amount at which the instrument could be exchanged in a current transaction between willing parties. Financial instruments included in the Company's financial statements include cash and cash equivalents, short-term investments, accounts receivable, other receivables, other assets, accounts payable, notes payable and due to affiliates. Unless otherwise disclosed in the notes to the financial statements, the carrying value of financial instruments is considered to approximate fair value due to the short maturity and characteristics of those instruments.

Marketing and Advertising Cost

Marketing and Advertising expense for the three months ended September 30, 2017 and 2016 aggregated $6,598 and $3,742 respectively and for the nine months ended September 30, 2017 and 2016 were $39,691 and $4,310 respectively.

Revenue Recognition

We derive revenue principally from cloud service fees and sales of electronic waste.

Cloud services are provided to our customers on a month to month basis and on yearly contract basis. We commence revenue recognition when all the following core revenue recognition criteria are satisfied: i) persuasive evidence of an arrangement exists; ii) delivery of the service has occurred or is occurring; iii) the fee is fixed or determinable and iv) collection of the arrangement fee is probable.

We recognize revenue from the sale of electronic waste when the goods have been delivered to and accepted by the customer.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
UNAUDITED

September 30, 20176

NOTE B—EARNINGS PER SHARE

The computation of earnings per share is based on the weighted average number of common shares outstanding during the period presented. Diluted earnings per common share is the same as basic earnings per common share as there are no potentially dilutive securities outstanding (options and warrants). The weighted average number of shares outstanding for the period in which the combination took place is based on the weighted average number of shares of the legal subsidiary that are outstanding from the beginning of the period to the date.

NOTE C - INCOME TAXES

The Company provides for the tax effects of transactions reported in the financial statements. The provision, if any, consists of taxes currently due plus deferred taxes related primarily to differences between the basis of assets and liabilities for financial and income tax reporting. The deferred tax assets and liabilities, if any, represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. As of September 30, 2017 and December 31, 2016, the Company had deferred tax assets of $ 780,784 and $ 780,021. A valuation allowance has been applied against deferred tax assets. The Company had no deferred or current tax liabilities as of September 30, 2017 and December 31, 2016.

At December 31, 2016, the Company has net operating loss carryforwards for income tax purposes in excess of $1.2 million. These carry forward losses are available to offset future taxable income, if any, and expire in the year 2022.

NOTE D – INTANGIBLE ASSETS

Intangible Assets:

Intangible assets consist principally of acquired customer list leads, goodwill and licensing agreements. The amounts allocated to these intangible assets represent our estimates of their fair values at the acquisition date. The fair values are primarily estimated using the present value of expected future cash flows method of applying the income approach.

Goodwill:

Goodwill represents the excess of the purchase consideration over the net of the acquisition-date fair value of identifiable assets acquired, including identifiable intangible assets, and liabilities assumed in connection with our business combinations. Upon acquisition, goodwill was assigned to the reporting units with 4 Service Cloud being the major contributor to benefit from the synergies of the business combination. Since goodwill was only recorded on the acquisition dates in October and November 2016, the Company will test for impairment as of January 1 of each fiscal year, or more frequently if events or changes in circumstances indicate that the fair value of a reporting unit has been reduced below its carrying value. When conducting our annual goodwill impairment assessment, we will use a three step process. The first step is to perform an optional qualitative evaluation as to whether it is more likely than not that the fair value of any of our reporting units is less than its carrying value, using an assessment of relevant events and circumstances. In performing this assessment, we are required to make assumptions and judgments including but not limited to an evaluation of macroeconomic conditions as they relate to our business, industry and market trends, as well as the overall future financial performance of our reporting units and future opportunities in the markets in which they operate. If we determine that it is not more likely than not that the fair value of a reporting unit is less than its carrying value, we are not required to perform any additional tests in assessing goodwill for impairment. However, if we conclude otherwise or elect not to perform the qualitative assessment, we perform a second step for that reporting unit, consisting of a quantitative assessment of goodwill impairment. This quantitative assessment requires us to estimate the fair value of each reporting unit and compare the estimated fair value of each reporting unit determined using a combination of the income and market approaches on an invested capital basis, to its respective carrying value (including goodwill) as of the date of the impairment test. The third step, employed for any reporting unit that fails the second step, is used to measure the amount of any potential impairment and compares the implied fair value of the reporting unit with the carrying amount of goodwill. If a reporting unit's carrying value is negative, the Company does not follow this three-step process, and instead performs a qualitative evaluation to determine whether it is more likely than not that the reporting unit's goodwill is impaired. If such reporting unit's goodwill is determined to be impaired, the third step discussed above is performed to measure the amount of any potential impairment.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
UNAUDITED

September 30, 2017

NOTE D – INTANGIBLE ASSETS (Continued)

Goodwill as of September 30, 2017 and December 31, 2016 is $451,695.

Goodwill represents the excess of the purchase consideration over the net of the acquisition-date fair value of identifiable assets acquired, including identifiable intangible assets, and liabilities assumed in connection with our business combinations. The goodwill as of December 31, 2016 that arose due to the acquisition of CreditDNA, Inc. and ScoreNavigator, Inc. has been eliminated on sale.

NOTE E – COMMON/PREFERRED STOCK ISSUANCES

During the six months ended June 30, 2016, the following common stock shares were issued. 50,000,000 shares of common stock issued for consulting services valued at $40,000, effectively completed and earned on November 2, 2015. 50,000,000 shares of common stock were issued to certain employees for services rendered valued at 40,000 effectively completed on December 31, 2015. 25,000,000 shares of common stock were issued for consulting services valued at $20,000, effectively completed and earned on December 1, 2013.

In November and December 2016 there were two conversions of stock totaling 42,222,222 shares of common stock.

In the nine month period ended September 30, 2017 there were 905,463,743 shares of common stock issued. These shares were issued to pay outstanding capital and default interest penalties on old convertible notes of the Company.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
UNAUDITED

September 30, 2017

NOTE F– COMMITMENTS AND CONTINGENCIES

Lease agreement:

In March, 2017, the Company renewed its current standard lease agreement for one year with an option for an additional three years at a monthly rental fee of $3,850.

Legal Issues:

The Company may become subject to claims from time to time during the ordinary course of doing business. Until the merits of any such claim can be determined and the related monetary effect defined, the Company does not report any adjustment to the financial statements or recognize a contingent liability.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
UNAUDITED

September 30, 2017

NOTE G– RELATED PARTY TRANSACTIONS

There were no related party transactions during the quarter ended March 31, 2017.

On February 23, 2016, the Company issued 80,000,000 shares of restricted common stock to four officers' of the Company upon the terms and provisions and, subject to the conditions set forth in the Agreement valued at $80,000.

NOTE H - CONVERTIBLE NOTE PAYABLE

Convertible notes payable, excluding accrued default interest totals $4,287 and $6,087 at June 30, 2017 and December 31, 2016, respectively.

Convertible notes payable consist of the following:

On July 18, 2013, the Company entered into a Convertible Note ("Convertible Note") with Tangiers Investment Group, LLC, ("Tangiers") in the amount of Twenty Thousand Dollars ($20,000). The Convertible Note was fully funded on July 18, 2013. The Convertible Note is convertible, in whole or in part, at any time and from time to time before maturity at the option of the holder at the Variable Conversion Price, which shall mean 50% of the Market Price. The Market Price is defined as the lowest Trading Price for the common stock during the 20 (twenty) Trading Day period ending one Trading Day prior to the date the Conversion Notice is sent. The Convertible Note has a term of one (1) year and accrues interest at a rate equal to ten percent (10%) per year. In the Event of Default, the Note shall bear interest on the due and unpaid principal amount at the rate ("Default rate") equal to the lower of 20% per annum or the highest rate permitted by law. In the event of acceleration of the Note, the amount due and owing to the Holder shall be 150% of the outstanding Principal Amount of the Note held by the Holder plus all accrued interest, fees and liquidated damages. As of September 30, 2017 and December 31, 2016, the Note is in default with principal outstanding balance of $2,636 and accrued default interest aggregating $ 15,110 and $36,552, respectively.

On July 18, 2013, the Company entered into a Convertible Note ("Convertible Note") with Tangiers Investment Group, LLC, ("Tangiers") in the amount of Thirty Thousand Dollars $(30,000). The Convertible Note was fully funded on July 18, 2013. The Convertible Note is convertible, in whole or in part, at any time and from time to time before maturity at the option of the holder at the Variable Conversion Price, which shall mean 50% of the Market Price. The Market

Price is defined as the lowest Trading Price for the common stock during the 20 (twenty) Trading Day period ending one Trading Day prior to the date the Conversion Notice is sent. The Convertible Note has a term of one (1) year and accrues interest at a rate equal to ten percent (10%) per year. In the Event of Default, the Note shall bear interest on the due and unpaid principal amount at the rate ("Default rate") equal to the lower of 20% per annum or the highest rate permitted by law. In the event of acceleration of the Note, the amount due and owing to the Holder shall be 150% of the outstanding Principal Amount of the Note held by the Holder plus all accrued interest, fees and liquidated damages. As of June 30, 2017 and December 31, 2016, the Note is in default with principal outstanding balances of $0 and $3,450, respectively. Accrued default interest as of September 30, 2017 and December 31, 2016, aggregated $30,000 and $113,291, respectively.

On January 18, 2017 the Company agreed to an amendment to the note dated July 18, 2013. The terms of this amendment are as follows;

The “Conversion Price” shall be equal to 40% of the lowest trading price of the Company’s common stock during the 20 consecutive Trading Days prior to the date on which Holder elects to convert all or part of the Note. For the purpose of calculating the Conversion Price only, any time after 4:00 pm Eastern Time (the closing time of the Principal Market) shall be considered to be the beginning of the next Business Day. If the Company is placed on “chilled” status with the Depository Trust Company (“DTC”), the discount shall be increased by 10%, i.e., from 60% to 70%, until such chill is remedied. If the Company is not Deposits and Withdrawal at Custodian (“DWAC”) eligible through their Transfer Agent and DTC’s Fast Automated Securities Transfer (“FAST”) system, the discount will be increased by 5%, i.e., from 60% to 65%. In the case of both, the discount shall be a cumulative increase of 15%, i.e., from 60% to 75%. Any default of this Note not remedied within the applicable cure period will result in a permanent additional 10% increase, i.e., from 60% to 70%, in addition to any other discount, as provided above, to the Conversion Price discount.

On January 26, 2017, the Company entered into a Convertible Note (“Convertible Note”) with Tangiers Investment Group, LLC, (“Tangiers”) in the amount of Fifty Thousand Dollars ($50,000). The Convertible Note included an original issue discount of $5,000. The Convertible Note is convertible, in whole or in part, at any time and from time to time before maturity at the option of the holder at the Variable Conversion Price, which shall mean 40% of the Market Price. The Market Price is defined as the lowest Trading Price for the common stock during the 20 (twenty) Trading Day period ending one Trading Day prior to the date the Conversion Notice is sent. The Convertible Note has a term of one (1) year and bears guaranteed interest at ten percent (10%). In the Event of Default, the Note shall bear interest on the due and unpaid principal amount at the rate ("Default rate") equal to the lower of 20% per annum or the highest rate permitted by law. In the event of acceleration of the Note, the amount due and owing to the Holder shall be 150% of the outstanding Principal Amount of the Note held by the Holder plus all accrued interest, fees and liquidated damages. respectively.

On April 6, 2017, the Company entered into a Convertible Note ("Convertible Note") with Tangiers Investment Group, LLC, ("Tangiers") in the amount of One Hundred and Ten Thousand Dollars ($110,000). The Convertible Note included an original issue discount of $10,000. The Convertible Note is convertible, in whole or in part, at any time and from time to time before maturity at the option of the holder at the Variable Conversion Price, which shall mean 40% of the Market Price. The Market Price is defined as the lowest Trading Price for the common stock during the 20 (twenty) Trading Day period ending one Trading Day prior to the date the Conversion Notice is sent. The Convertible Note has a term of one (1) year and bears guaranteed interest at ten percent (10%). In the Event of Default, the Note shall bear interest on the due and unpaid principal amount at the rate ("Default rate") equal to the lower of 20% per annum or the highest rate permitted by law. In the event of acceleration of the Note, the amount due and owing to the Holder shall be 150% of the outstanding Principal Amount of the Note held by the Holder plus all accrued interest, fees and liquidated damages. respectively.

The Company has drawn $90,000 down of this $110,000 note to date.

Due to an error on the notes the outstanding balance due on this note has been reduced by $47,963

NOTE I – LONG TERM LIABILITIES

Notes Payable

Notes Payable as at June 30, 2017 and December 31, 2016 totaled $642,912 and $651,226 respectively.

The first note is a loan that was raised to assist in the financing of infrastructure and growth of 4service Cloud. The original amount of the loan was $720,000 with interest at prime plus 3.5% repayable in monthly instalments of $8,087 over ten years. The loan is current with a balance as of September 30, 2017 and December 31, 2016 of $332,146 and $400,886 respectively.

The second loan was the financing of $250,000 provided by our CEO, Orie Rechtman for the purchase of California Recycles, Inc. The interest rate on this loan is at prime plus 2%. Mr. Rechtman has the option to convert the loan into common or preferred stock in the Company.

As of September 30, 2017 and December 31, 2016 there is $250,000 due and outstanding respectively.

In June 2017, a new loan of $35,000 was obtained for new servers and infrastructure in our data centers. The payments are $1,020.22 per month with interest charged at 14% per annum. The note is due in 48 months.

NOTE J – SUBSEQUENT EVENTS

The Company signed a letter of Intent to acquire another cloud based company. This transaction has not closed as yet due to some issues that arose during the due diligence process. It was originally believed that the acquisition would result in increased revenues of over $400,000 per annum with profit margins of approximately 50%. However further due diligence is being performed to be absolutely sure that these numbers are accurate. We expect a final decision on whether to proceed with the acquisition during the month of November.