

# **AmeriStar** Network, Inc.

**BALANCE SHEET AS AT DECEMBER 31, 2013**  
(unaudited)

**INCOME STATEMENT FOR THE PERIOD**  
**January 1, 2013 to December 31, 2013**  
(unaudited)

**STATEMENT OF CASH FLOWS FOR THE PERIOD**  
**January 1, 2013 to December 31, 2013**  
(unaudited)

January 27, 2014

# AmeriStar Network, Inc.

## BALANCE SHEET AS AT DECEMBER 31, 2013 (unaudited)

### ASSETS

#### Current Assets

Cash	\$	16	
Advances Receivable		<u>29,007</u>	
Total Current Assets	\$		29,023

#### Intellectual Property Assets

InterText	\$	720,000	
TUOUT		720,000	
SecurVoice		<u>5,635,100</u>	
Total Intellectual Property Assets			<u>7,075,100</u>

TOTAL ASSETS \$ 7,104,123

### LIABILITIES & CAPITAL

#### Current Liabilities

Accounts Payable	\$	100,425	
Deferred Compensation Payable		100,000	
Notes Payable		<u>18,521</u>	
TOTAL LIABILITIES	\$		218,946

#### Capital

Common Stock	\$	84,500	
Authorized 90,000,000 Shares			
Issued 84,000,000 Shares			
Par Value \$0.001			
Preferred Stock		3,000	
Authorized 10,000,000 Shares			
Issued 3,000,000 Shares			
Par Value \$0.001			
Paid-in Capital		9,982,791	
Retained Earnings			
Opening Balance	\$	(3,175,400)	
Plus: Net Loss – 2013		<u>(9,714)</u>	
			<u>(3,185,114)</u>
TOTAL CAPITAL	\$		<u>6,885,177</u>
TOTAL LIABILITIES & CAPITAL	\$		<u>7,104,123</u>

**AmeriStar Network, Inc.**  
**INCOME STATEMENT**  
**For the Period January 1, 2013 to December 31, 2013**  
**(unaudited)**

**INCOME** \$ -0-

**EXPENSES**

Bank Charges	\$ 57
Interest Expense	960
Entertainment	-0-
Legal & Accounting	1,000
Office Expenses	1,665
Postage & Delivery	60
Salary Expense	-0-
Tax & License	-0-
Travel	743
Other	<u>5,229</u>

Total Expenses 9,714

NET LOSS FOR THE PERIOD (\$ 9,714)

**AmeriStar Network, Inc.**  
**STATEMENT OF CASH FLOWS**  
**For the Period January 1, 2013 to December 31, 2013**  
**(unaudited)**

Cash Flows from Operating Activities:	
Net (Loss) Income	\$ (9,714)
Adjustments:	
Interest Added to Principal on Notes Payable	960
Changes in Operating Assets & Liabilities:	
Advances Receivable	974
Accounts Payable	<u>286</u>
Net Cash Provided by Operating Activities	\$ (7,494)
Cash Flows from Investing Activities:	-0-
Cash Flows from Financing Activities:	<u>7,500</u>
Net Increase (Decrease) in Cash & Equivalents	\$ 6
Cash & Equivalents at beginning of period	<u>10</u>
Cash & Equivalents at end of period	<u><u>\$ 16</u></u>

# AmeriStar Network, Inc.

## NOTES to the 2013 FINANCIAL STATEMENTS

1. **Description of the Business** – AmeriStar Network, Inc., a Delaware corporation incorporated in 1996, and its subsidiaries (collectively, “AmeriStar” or the “Company”) has acquired and disposed of a number of technology companies and is now a development stage company focused on wireless communication applications and web-based communication services.
2. **Business Acquisitions** – In February 2011, the Company acquired three companies that owned and had developed technologies in the field of mobile communications and web-based applications: (1) InterText Corporation; (2) TUOUT Corporation; and (3) SecurDigital, Inc. AmeriStar issued its common stock to the owners of such corporations in return for those companies merging into subsidiaries of the Company in transactions termed “triangular mergers” pursuant to Section 368(a)(2)(E) of the Internal Revenue Code of 1986, as amended. The Company issued 3,600,000 shares to the owners of InterText Corporation, 3,600,000 shares to the owners of Tuout Corporation and 28,175,500 shares to the owners of SecurDigital, Inc.
3. **Liquidity and Capital Resources** – The Company has a negative working capital and, when the value of its Intellectual Property is not included, a stockholders equity deficiency.
4. **Accounting Policies** – The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”). In the opinion of management, these unaudited financial statements contain all adjustments, consisting of normal recurring adjustments, necessary to present fairly the financial position, results of operations and cash flows for the period presented. Included are the Balance Sheet, Income Statement and Statement of Cash Flows as of and for the year ended December 31, 2012. GAAP requires management to make estimates and assumptions in the preparation of the financial statements that may affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates. The most significant areas that require management judgment are fair values of consideration issued and net assets acquired in connection with business combinations; revenue and cost recognition, collectability of receivables, impairment of long-lived assets, intangible assets and goodwill, accrued expenses, calculation and recognition of stock-based compensation, warrant and debt-related liabilities, contingencies and litigation.
5. **Fair Value Measurement** – FASB ASC Subtopic 820-10, *Fair Value Measurements*, clarifies the definition of “fair value,” establishes a framework for measuring fair value and expands the disclosure on fair value measurements. FASB ASC Subtopic 820-10 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. FASB ASC Subtopic 820-10 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. FASB ASC Subtopic 820-10 describes three levels of inputs that may be used to measure fair value:
  - Level 1: Quoted prices for identical assets or liabilities in active markets.
  - Level 2: Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liabilities.

Level 3: Unobservable inputs that are supported by little or no market activity and that relate to financial instruments whose values are determined using pricing models, discounted cash flow methodologies or similar techniques, as well as instruments for which the determination of fair value requires significant judgment or estimates.

The Company issued a total of 35,373,500 shares of its Common Stock to acquire the intellectual property owned and developed by the acquired companies. During the weeks preceding these transactions, AmeriStar sold shares of its Common Stock to non-shareholders at a price of \$0.20 per share. Therefore, the management of the Company has estimated a fair market value of the intellectual property acquired in such transactions at an aggregate of \$7,075,100, which has been booked as a debit to the Intellectual Property Assets accounts and a credit to the Paid-in Capital account.

6. **Reverse Stock Split** – On February 14, 2011, the Company approved a reverse stock swap of two shares of stock into one new share. All shares of the Common and Preferred Stock of the Company in the accompanying Financial Statements have been adjusted to give effect to the reverse stock swap.
7. **Intangible Assets** – The Company has estimated a fair market value of the Intellectual Property Assets, which consist of Unpatented Technology acquired in three mergers in February 2011, to be \$7,075,100 and intends to amortize such amounts over a ten-year period commencing on the date on which each Unpatented Technology makes a first sale to bona fide third parties of a product incorporating each such Unpatented Technology.
8. **Warrants** – The Company has issued warrants to purchase an aggregate of 6,000,000 Shares of Common Stock. On December 20, 2013, the Company extended all warrants to an expiration date of December 31, 2016. A summary of the outstanding warrants as of December 31, 2012, is as follows:

<u>EXERCISE INTO</u>	<u>NUMBER OF SHARES</u>	<u>EXERCISE PRICE PER SHARE</u>	<u>EXPIRATION DATE</u>
Common Stock	6,000,000	\$0.10	December 31, 2016

9. **Capital Stock** – At December 31, 2012, the Company had authorized 10,000,000 Shares of Preferred Stock at a par value of \$0.001 per Share and 90,000,000 Shares of Common Stock at a par value of \$0.001 per Share; the Preferred Stock is convertible into Common Stock on a one-for-one basis. A total of 3,000,000 Shares of Preferred Stock and 84,500,000 Shares of Common Stock were issued and outstanding as of December 31, 2013.

10. **Balance Sheets for the current year and the preceding two years:**

	<u>2013</u>	<u>2012</u>	<u>2011</u>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	\$ 16	\$ 10	\$ -0-
Subscriptions Receivable	-0-	-0-	-0-
Advances Receivable	<u>29,007</u>	<u>29,981</u>	<u>30,729</u>
Total Current Assets	\$ 29,023	\$ 29,991	\$ 30,729
<b>Intellectual Property Assets</b>			
InterText	720,000	720,000	720,000
TUOUT	720,000	720,000	720,000
SecurVoice	5,635,100	5,635,100	5,635,100
Investment in Portfolio Companies	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<b>TOTAL ASSETS</b>	<u><b>\$7,104,123</b></u>	<u><b>\$7,105,091</b></u>	<u><b>\$7,105,829</b></u>

LIABILITIES & CAPITAL

Current Liabilities

Accounts Payable	\$ 100,425	\$ 100,139	\$ 99,639
Deferred Compensation	100,000	100,000	100,000
Notes Payable	<u>18,521</u>	<u>10,061</u>	<u>9,491</u>
TOTAL LIABILITIES	<u>\$ 218,946</u>	<u>\$ 210,200</u>	<u>\$ 209,130</u>

Capital

Common Stock	\$ 84,500	\$ 84,000	\$ 53,497
Preferred Stock	3,000	3,000	3,000
Paid-In Capital	9,982,791	9,983,291	10,013,794
Retained Earnings/Loss	<u>(3,185,114)</u>	<u>(3,175,400)</u>	<u>(3,173,592)</u>
TOTAL CAPITAL	<u>\$ 6,885,177</u>	<u>\$ 6,894,891</u>	<u>\$ 6,896,699</u>

TOTAL LIABILITIES & CAPITAL	<u>\$7,105,091</u>	<u>\$7,105,091</u>	<u>\$ 7,105,829</u>
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11. Income Statements for the current year and the preceding two years:

	<u>2013</u>	<u>2012</u>	<u>2011</u>
INCOME	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
EXPENSES			
Bank Charges	\$ 57	\$ 190	\$ 50
Interest Expense	960	537	507
Entertainment Expense	-0-	3,104	214
Legal & Accounting	1,000	3,362	3,035
Office Expense	1,665	2,835	53
Postage & Delivery	60	280	67
Salary Expense	-0-	100,000	-0-
Tax & License	-0-	8,414	-0-
Travel Expense	743	4,194	399
Other	<u>5,229</u>	<u>1,276</u>	<u>-0-</u>
Total Expenses	<u>\$ 9,714</u>	<u>\$ 124,192</u>	<u>\$ 4,325</u>
NET LOSS FOR THE PERIOD	<u>\$ (9,714)</u>	<u>\$(124,192)</u>	<u>\$ (4,325)</u>

12. **Litigation** – The Company is not a party to any litigation at the present time, and management is not aware of any pending litigation.

# **AmeriStar** Network, Inc.

**BALANCE SHEET AS AT DECEMBER 31, 2012**  
(unaudited)

**INCOME STATEMENT FOR THE PERIOD**  
**January 1, 2012 to December 31, 2012**  
(unaudited)

**STATEMENT OF CASH FLOWS FOR THE PERIOD**  
**January 1, 2012 to December 31, 2012**  
(unaudited)

January 27, 2014



# AmeriStar Network, Inc.

## BALANCE SHEET AS AT DECEMBER 31, 2012 (unaudited)

### ASSETS

#### Current Assets

Cash	\$	10	
Advances Receivable		<u>29,981</u>	
Total Current Assets	\$		29,991

#### Intellectual Property Assets

InterText	\$	720,000	
TUOUT		720,000	
SecurVoice		<u>5,635,100</u>	
Total Intellectual Property Assets			<u>7,075,100</u>

TOTAL ASSETS \$ 7,105,091

### LIABILITIES & CAPITAL

#### Current Liabilities

Accounts Payable	\$	100,139	
Deferred Compensation Payable		100,000	
Notes Payable		<u>10,061</u>	
TOTAL LIABILITIES	\$		210,200

#### Capital

Common Stock	\$	84,000	
Authorized 90,000,000 Shares			
Issued 84,000,000 Shares			
Par Value \$0.001			
Preferred Stock		6,000	
Authorized 10,000,000 Shares			
Issued 3,000,000 Shares			
Par Value \$0.001			
Paid-in Capital		9,983,291	
Retained Earnings			
Opening Balance	\$	(3,173,592)	
Plus: Net Loss – 2012		<u>(1,808)</u>	
			<u>(3,175,400)</u>
TOTAL CAPITAL	\$		<u>6,894,891</u>
TOTAL LIABILITIES & CAPITAL	\$		<u>7,105,091</u>

**AmeriStar Network, Inc.**  
**INCOME STATEMENT**  
**For the Period January 1, 2012 to December 31, 2012**  
**(unaudited)**

**INCOME** \$ -0-

**EXPENSES**

Bank Charges	\$ 30
Interest Expense	570
Entertainment	137
Legal & Accounting	-0-
Office Expenses	-0-
Postage & Delivery	-0-
Salary Expense	-0-
Tax & License	529
Travel	42
Other	<u>500</u>

Total Expenses \$ 1,808

NET LOSS FOR THE PERIOD \$ 1,808

**AmeriStar Network, Inc.**  
**STATEMENT OF CASH FLOWS**  
**For the Period January 1, 2012 to December 31, 2012**  
**(unaudited)**

Cash Flows from Operating Activities:	
Net (Loss) Income	\$ (1,808)
Adjustments:	
Interest Added to Principal on Notes Payable	570
Changes in Operating Assets & Liabilities:	
Advances Receivable	748
Accounts Payable	<u>500</u>
Net Cash Provided by Operating Activities	\$ 10
Cash Flows from Investing Activities:	-0-
Cash Flows from Financing Activities:	<u>-0-</u>
Net Increase (Decrease) in Cash & Equivalents	\$ 10
Cash & Equivalents at beginning of period	<u>-0-</u>
Cash & Equivalents at end of period	<u><u>\$ 10</u></u>

# AmeriStar Network, Inc.

## NOTES to the 2012 FINANCIAL STATEMENTS

13. **Description of the Business** – AmeriStar Network, Inc., a Delaware corporation incorporated in 1996, and its subsidiaries (collectively, “AmeriStar” or the “Company”) has acquired and disposed of a number of technology companies and is now a development stage company focused on wireless communication applications and web-based communication services.
14. **Business Acquisitions** – In February 2011, the Company acquired three companies that owned and had developed technologies in the field of mobile communications and web-based applications: (1) InterText Corporation; (2) TUOUT Corporation; and (3) SecurDigital, Inc. AmeriStar issued its common stock to the owners of such corporations in return for those companies merging into subsidiaries of the Company in transactions termed “triangular mergers” pursuant to Section 368(a)(2)(E) of the Internal Revenue Code of 1986, as amended. The Company issued 3,600,000 shares to the owners of InterText Corporation, 3,600,000 shares to the owners of Tuout Corporation and 28,175,500 shares to the owners of SecurDigital, Inc.
15. **Liquidity and Capital Resources** – The Company has a negative working capital and, when the value of its Intellectual Property is not included, a stockholders equity deficiency.
16. **Accounting Policies** – The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”). In the opinion of management, these unaudited financial statements contain all adjustments, consisting of normal recurring adjustments, necessary to present fairly the financial position, results of operations and cash flows for the period presented. Included are the Balance Sheet, Income Statement and Statement of Cash Flows as of and for the year ended December 31, 2012. GAAP requires management to make estimates and assumptions in the preparation of the financial statements that may affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates. The most significant areas that require management judgment are fair values of consideration issued and net assets acquired in connection with business combinations; revenue and cost recognition, collectability of receivables, impairment of long-lived assets, intangible assets and goodwill, accrued expenses, calculation and recognition of stock-based compensation, warrant and debt-related liabilities, contingencies and litigation.
17. **Fair Value Measurement** – FASB ASC Subtopic 820-10, *Fair Value Measurements*, clarifies the definition of “fair value,” establishes a framework for measuring fair value and expands the disclosure on fair value measurements. FASB ASC Subtopic 820-10 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. FASB ASC Subtopic 820-10 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. FASB ASC Subtopic 820-10 describes three levels of inputs that may be used to measure fair value:
  - Level 1: Quoted prices for identical assets or liabilities in active markets.
  - Level 2: Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liabilities.

Level 3: Unobservable inputs that are supported by little or no market activity and that relate to financial instruments whose values are determined using pricing models, discounted cash flow methodologies or similar techniques, as well as instruments for which the determination of fair value requires significant judgment or estimates.

The Company issued a total of 35,373,500 shares of its Common Stock to acquire the intellectual property owned and developed by the acquired companies. During the weeks preceding these transactions, AmeriStar sold shares of its Common Stock to non-shareholders at a price of \$0.20 per share. Therefore, the management of the Company has estimated a fair market value of the intellectual property acquired in such transactions at an aggregate of \$7,075,100, which has been booked as a debit to the Intellectual Property Assets accounts and a credit to the Paid-in Capital account.

18. **Reverse Stock Split** – On February 14, 2011, the Company approved a reverse stock swap of two shares of stock into one new share. All shares of the Common and Preferred Stock of the Company in the accompanying Financial Statements have been adjusted to give effect to the reverse stock swap.

19. **Intangible Assets** – The Company has estimated a fair market value of the Intellectual Property Assets, which consist of Unpatented Technology acquired in three mergers in February 2011, to be \$7,075,100 and intends to amortize such amounts over a ten-year period commencing on the date on which each Unpatented Technology makes a first sale to bona fide third parties of a product incorporating each such Unpatented Technology.

20. **Warrants** – The Company has issued warrants to purchase an aggregate of 6,000,000 Shares of Common Stock. On August 8, 2012, the Company extended all warrants to an expiration date of December 31, 2014. A summary of the outstanding warrants as of December 31, 2012, is as follows:

<u>EXERCISE INTO</u>	<u>NUMBER OF SHARES</u>	<u>EXERCISE PRICE PER SHARE</u>	<u>EXPIRATION DATE</u>
Common Stock	6,000,000	\$0.10	December 31, 2014

21. **Capital Stock** – At December 31, 2012, the Company had authorized 10,000,000 Shares of Preferred Stock at a par value of \$0.001 per Share and 90,000,000 Shares of Common Stock at a par value of \$0.001 per Share; the Preferred Stock is convertible into Common Stock on a one-for-one basis. A total of 3,000,000 Shares of Preferred Stock and 84,000,000 Shares of Common Stock were issued and outstanding as of December 31, 2012.

22. **Balance Sheets for the current year and the preceding two years:**

	<u>2012</u>	<u>2011</u>	<u>2010</u>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	\$ 10	\$ -0-	\$ 25
Subscriptions Receivable	-0-	-0-	200,000
Advances Receivable	<u>29,981</u>	<u>30,729</u>	<u>-0-</u>
Total Current Assets	\$ 29,991	\$ 30,729	\$ 200,025
<b>Intellectual Property Assets</b>			
InterText	720,000	720,000	-0-
TUOUT	720,000	720,000	-0-
SecurVoice	5,635,100	5,635,100	-0-
Investment in Portfolio Companies	<u>-0-</u>	<u>-0-</u>	<u>139,854</u>
<b>TOTAL ASSETS</b>	<u><b>\$7,105,091</b></u>	<u><b>\$7,105,829</b></u>	<u><b>\$ 339,879</b></u>

LIABILITIES & CAPITAL

Current Liabilities

Accounts Payable	\$ 100,139	\$ 99,639	\$ 95,280
Deferred Compensation	100,000	100,000	-0-
Notes Payable	<u>10,061</u>	<u>9,491</u>	<u>8,954</u>
TOTAL LIABILITIES	<u>\$ 210,200</u>	<u>\$ 209,130</u>	<u>\$ 104,234</u>

Capital

Common Stock	\$ 84,000	\$ 53,497	\$ 35,168
Preferred Stock	3,000	3,000	6,000
Paid-In Capital	9,983,291	10,013,794	3,104,023
Retained Earnings/Loss	<u>(3,175,400)</u>	<u>(3,173,592)</u>	<u>(2,909,546)</u>
TOTAL CAPITAL	<u>\$6,894,891</u>	<u>\$6,896,699</u>	<u>\$ 235,645</u>

TOTAL LIABILITIES & CAPITAL	<u>\$7,105,091</u>	<u>\$7,105,829</u>	<u>\$ 339,879</u>
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23. Income Statements for the current year and the preceding two years:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
INCOME	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
EXPENSES			
Bank Charges	\$ 30	\$ 190	\$ 50
Interest Expense	570	537	507
Entertainment Expense	137	3,104	214
Legal & Accounting	-0-	3,362	3,035
Office Expense	-0-	2,835	53
Postage & Delivery	-0-	280	67
Salary Expense	-0-	100,000	-0-
Tax & License	529	8,414	-0-
Travel Expense	42	4,194	399
Other	<u>500</u>	<u>1,276</u>	<u>-0-</u>
Total Expenses	<u>\$ 1,808</u>	<u>\$ 124,192</u>	<u>\$ 4,325</u>
NET LOSS FOR THE PERIOD	<u>\$ (1,808)</u>	<u>\$(124,192)</u>	<u>\$ (4,325)</u>

24. **Litigation** – The Company is not a party to any litigation at the present time, and management is not aware of any pending litigation.

# **AmeriStar** Network, Inc.

**BALANCE SHEET AS AT DECEMBER 31, 2011**  
**(unaudited)**

**INCOME STATEMENT FOR THE PERIOD**  
**January 1, 2012 to December 31, 2011**  
**(unaudited)**

**STATEMENT OF CASH FLOWS FOR THE PERIOD**  
**January 1, 2012 to December 31, 2011**  
**(unaudited)**

**January 27, 2014**

# AmeriStar Network, Inc.

## BALANCE SHEET AS AT DECEMBER 31, 2011 (unaudited)

### ASSETS

#### Current Assets

Cash	\$	-0-	
Advances Receivable		<u>30,729</u>	
Total Current Assets	\$		30,729

#### Intellectual Property Assets

InterText	\$	720,000	
TUOUT		720,000	
SecurVoice		<u>5,635,100</u>	
Total Intellectual Property Assets			<u>7,075,100</u>

TOTAL ASSETS \$ 7,105,829

### LIABILITIES & CAPITAL

#### Current Liabilities

Accounts Payable	\$	99,639	
Deferred Compensation Payable		100,000	
Notes Payable		<u>9,491</u>	
TOTAL LIABILITIES	\$		209,130

#### Capital

Common Stock	\$	53,497	
Authorized 90,000,000 Shares			
Issued 53,496,425 Shares			
Par Value \$0.001			
Preferred Stock		3,000	
Authorized 10,000,000 Shares			
Issued 3,000,000 Shares			
Par Value \$0.001			
Paid-in Capital		10,013,794	
Retained Earnings			
Opening Balance	\$	(3,049,400)	
Plus: Net Loss – 2011		<u>(124,192)</u>	
			<u>(3,173,592)</u>
TOTAL CAPITAL			<u>\$ 6,896,699</u>
TOTAL LIABILITIES & CAPITAL			<u>\$ 7,105,829</u>



**AmeriStar Network, Inc.**  
**INCOME STATEMENT**  
**For the Period January 1, 2011 to December 31, 2011**  
**(unaudited)**

**INCOME** \$ -0-

**EXPENSES**

Bank Charges	\$ 190
Interest Expense	537
Entertainment	3,104
Legal & Accounting	3,362
Office Expenses	2,835
Postage & Delivery	280
Salary Expense	100,000
Tax & License	8,414
Travel	4,194
Other	<u>1,276</u>

Total Expenses \$ 124,192

NET LOSS FOR THE PERIOD (\$ 124,192)

**AmeriStar Network, Inc.**  
**STATEMENT OF CASH FLOWS**  
**For the Period January 1, 2011 to December 31, 2011**  
**(unaudited)**

Cash Flows from Operating Activities:	
Net (Loss) Income	\$ (124,192)
Adjustments:	
Interest Added to Principal on Notes Payable	537
Changes in Operating Assets & Liabilities:	
Advances Receivable	(30,729)
Accounts Payable	4,359
Advances Payable	<u>100,000</u>
Net Cash Provided by Operating Activities	\$ (50,025)
Cash Flows from Investing Activities:	\$ -0-
Cash Flows from Financing Activities:	
Proceeds from issuance of Common Stock	<u>\$ 50,000</u>
Net Increase (Decrease) in Cash & Equivalents	\$ (25)
Cash & Equivalents at beginning of period	<u>25</u>
Cash & Equivalents at end of period	<u><u>\$ -0-</u></u>

# AmeriStar Network, Inc.

## NOTES to the 2011 FINANCIAL STATEMENTS

- 1. Description of the Business** – AmeriStar Network, Inc., a Delaware corporation incorporated in 1996, and its subsidiaries (collectively, “AmeriStar” or the “Company”) has acquired and disposed of a number of technology companies and is now a development stage company focused on wireless communication applications and web-based communication services.
- 2. Business Acquisitions** – In February 2011, the Company acquired three companies that owned and had developed technologies in the field of mobile communications and web-based applications: (1) InterText Corporation; (2) TUOUT Corporation; and (3) SecurDigital, Inc. AmeriStar issued its common stock to the owners of such corporations in return for those companies merging into subsidiaries of the Company in transactions termed “triangular mergers” pursuant to Section 368(a)(2)(E) of the Internal Revenue Code of 1986, as amended. The Company issued 3,600,000 shares to the owners of InterText Corporation, 3,600,000 shares to the owners of Tuout Corporation and 28,175,500 shares to the owners of SecurDigital, Inc.
- 3. Liquidity and Capital Resources** – The Company has a negative working capital and, when the value of its Intellectual Property is not included, a stockholders equity deficiency.
- 4. Accounting Policies** – The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”). In the opinion of management, these unaudited financial statements contain all adjustments, consisting of normal recurring adjustments, necessary to present fairly the financial position, results of operations and cash flows for the period presented. Included are the Balance Sheet, Income Statement and Statement of Cash Flows as of and for the year ended December 31, 2011. GAAP requires management to make estimates and assumptions in the preparation of the financial statements that may affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates. The most significant areas that require management judgment are fair values of consideration issued and net assets acquired in connection with business combinations; revenue and cost recognition, collectability of receivables, impairment of long-lived assets, intangible assets and goodwill, accrued expenses, calculation and recognition of stock-based compensation, warrant and debt-related liabilities, contingencies and litigation.
- 5. Fair Value Measurement** – FASB ASC Subtopic 820-10, *Fair Value Measurements*, clarifies the definition of “fair value,” establishes a framework for measuring fair value and expands the disclosure on fair value measurements. FASB ASC Subtopic 820-10 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. FASB ASC Subtopic 820-10 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. FASB ASC Subtopic 820-10 describes three levels of inputs that may be used to measure fair value:

  - Level 1: Quoted prices for identical assets or liabilities in active markets.
  - Level 2: Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liabilities.

Level 3: Unobservable inputs that are supported by little or no market activity and that relate to financial instruments whose values are determined using pricing models, discounted cash flow methodologies or similar techniques, as well as instruments for which the determination of fair value requires significant judgment or estimates.

The Company issued a total of 35,373,500 shares of its Common Stock to acquire the intellectual property owned and developed by the acquired companies. During the weeks preceding these transactions, AmeriStar sold shares of its Common Stock to non-shareholders at a price of \$0.20 per share. Therefore, the management of the Company has estimated a fair market value of the intellectual property acquired in such transactions at an aggregate of \$7,075,100, which has been booked as a debit to the Intellectual Property Assets accounts and a credit to the Paid-in Capital account.

**6. Reverse Stock Split** – On February 14, 2011, the Company approved a reverse stock swap of two shares of stock into one new share. All shares of the Common and Preferred Stock of the Company in the accompanying Financial Statements have been adjusted to give effect to the reverse stock swap.

**7. Loss on Investment in Portfolio Companies** – The Company invested an aggregate of \$138,854 in Mortgage Internet Technologies, Inc. (“MIT”) in 1999, which was converted into an equity interest in that company equal to 20% of MIT’s common stock. On July 29, 2010, MIT filed a Voluntary Petition for relief under Chapter 11 of the Bankruptcy Code. The Company attempted to negotiate a settlement with the creditor of MIT in early 2011, which was not successful, and in June 2010, management determined that the fair value of its equity in MIT was zero.

**8. Intangible Assets** – The Company has estimated a fair market value of the Intellectual Property Assets, which consist of Unpatented Technology acquired in three mergers in February 2011, to be \$7,075,100 and intends to amortize such amounts over a ten-year period commencing on the date on which each Unpatented Technology makes a first sale to bona fide third parties of a product incorporating each such Unpatented Technology.

**9. Warrants** – The Company has issued warrants to purchase an aggregate of 6,000,000 Shares of Common Stock. A summary of the outstanding warrants as of December 31, 2012, is as follows:

<u>EXERCISE INTO</u>	<u>NUMBER OF SHARES</u>	<u>EXERCISE PRICE PER SHARE</u>	<u>EXPIRATION DATE</u>
Common Stock	862,500	\$0.10	November 8, 2014
Common Stock	2,637,500	\$0.10	September 18, 2012
Common Stock	840,000	\$0.10	February 13, 2013
Common Stock	300,000	\$0.10	February 14, 2013
Common Stock	1,360,000	\$0.10	August 2, 2013

**10. Capital Stock** – At December 31, 2011, the Company had authorized 10,000,000 Shares of Preferred Stock at a par value of \$0.001 per Share and 90,000,000 Shares of Common Stock at a par value of \$0.001 per Share; the Preferred Stock is convertible into Common Stock on a one-for-one basis. A total of 3,000,000 Shares of Preferred Stock and 53,496,425 Shares of Common Stock were issued and outstanding as of December 31, 2011.

**11. Balance Sheets for the current year and the preceding two years:**

	<u>2011</u>	<u>2010</u>	<u>2009</u>
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ -0-	\$ 25	\$ 330
Subscriptions Receivable	-0-	200,000	-0-

Advances Receivable	<u>30,729</u>	<u>-0-</u>	<u>-0-</u>
Total Current Assets	\$ 30,729	\$ 30,729	\$ 330
Intellectual Property Assets			
InterText	720,000	-0-	-0-
TUOUT	720,000	-0-	-0-
SecurVoice	5,635,100	-0-	-0-
Investment in Portfolio Companies	<u>-0-</u>	<u>139,854</u>	<u>139,854</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 7,105,829</u></b>	<b><u>\$ 339,879</u></b>	<b><u>\$ 140,184</u></b>
<b>LIABILITIES &amp; CAPITAL</b>			
<b>Current Liabilities</b>			
Accounts Payable	\$ 99,639	\$ 95,280	\$ 91,767
Deferred Compensation	100,000	-0-	-0-
Notes Payable	<u>9,491</u>	<u>8,954</u>	<u>8,448</u>
<b>TOTAL LIABILITIES</b>	<b><u>\$ 209,130</u></b>	<b><u>\$ 104,234</u></b>	<b><u>\$ 100,215</u></b>
<b>Capital</b>			
Common Stock	\$ 53,497	\$ 35,168	\$ 23,681
Preferred Stock	3,000	6,000	6,000
Paid-In Capital	10,013,794	3,104,023	2,915,509
Retained Earnings/Loss	<u>(3,173,592)</u>	<u>(2,909,546)</u>	<u>(2,905,221)</u>
<b>TOTAL CAPITAL</b>	<b><u>\$ 6,896,699</u></b>	<b><u>\$ 235,645</u></b>	<b><u>\$ 39,969</u></b>
<b>TOTAL LIABILITIES &amp; CAPITAL</b>	<b><u>\$ 7,105,829</u></b>	<b><u>\$ 339,879</u></b>	<b><u>\$ 140,184</u></b>

**12. Income Statements for the current year and the preceding two years:**

	<u>2011</u>	<u>2010</u>	<u>2009</u>
INCOME	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
<b>EXPENSES</b>			
Bank Charges	\$ 190	\$ 50	\$ -0-
Interest Expense	537	507	1,844
Entertainment Expense	3,104	214	-0-
Legal & Accounting	3,362	3,035	37,374
Office Expense	2,835	53	638
Postage & Delivery	280	67	89
Salary Expense	100,000	-0-	-0-
Tax & License	8,414	-0-	929
Travel Expense	4,194	399	153
Other	<u>1,276</u>	<u>-0-</u>	<u>-0-</u>
Total Expenses	<u>\$ 124,192</u>	<u>\$ 4,325</u>	<u>\$ 41,027</u>
<b>NET LOSS FOR THE PERIOD</b>	<b><u>\$ (124,192)</u></b>	<b><u>\$ (4,325)</u></b>	<b><u>\$ (41,027)</u></b>

**13. Litigation** – The Company is not a party to any litigation at the present time, and management is not aware of any pending or potential litigation.