

KALI, INC.
CONSOLIDATED FINANCIALS
UNAUDITED
12/31/16

BALANCE SHEET

ASSETS	
Current	
Cash	1,548
Inventory Asset	42,500
Loans to Officers	<u>40,982</u>
TOTAL ASSETS	<u><u>85,030</u></u>

LIABILITIES	
Current	
Note Payable - LR	37,000
Note Payable - BP	345,000
Note Payable - OI	19,295
Due to Shareholder	<u>32,563</u>
TOTAL LIABILITIES	<u><u>433,858</u></u>

STOCKHOLDERS' EQUITY	
SHARE CAPITAL	
As of Dec 31, 2016 common shares, 650,000,000 authorized, par value \$0.0001 - issued and outstanding Dec 31, 2016 - 285,133,954	285,134
Preferred shares issued 10,000,000	10,000
Accumulated Deficit	<u>(643,962)</u>
Shareholders net gain (loss)	<u><u>(348,828)</u></u>
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	<u><u>85,030</u></u>

STATEMENTS OF EARNINGS

REVENUE	
Total Income	<u><u>71,544</u></u>
EXPENSES	
Total Operating Expenses	<u><u>70,191</u></u>
NET GAIN (LOSS)	<u><u>1,353</u></u>
Weighted Average Number of Common Shares	285,133,954
Net Loss Per Share - Basic and Fully Diluted	0.00

STATEMENT OF STOCKHOLDERS' EQUITY

	Common Shares outstanding	Shares Amount	Preferred Shares outstanding	Preferred Shares	Shares Amount	Accumulated Deficit	Current Deficit
Balance - December 31, 2012	6,500,000	6,500				15,721	29,671
Shares issued for services	2,700,000	2,700					
Shares issued for cash							
Balance December 31, 2013	9,200,000	9,200				4,578	13,778
Shares issued for services	2,400,000	1,400					
Shares issued for cash							
balance December 31, 2014	11,600,000	7,948				7,948	15,896
Shares issued for services	2,250,000						
Shares issued for cash							
Balance December 31, 2015	13,850,000	13,850				(19,349)	(5,499)
Shares issued for services	22,750,621	22,751	10,000,000				
Shares issued for acquisition	37,500,000	37,500					
Balance March 31, 2016	60,250,621	60,251	10,000,000	10,000,000	10,000	(67,539)	2,712
Shares issued for debt	5,333,333	5,333					
Shares issued for acquisition	200,000,000	200,000					
Balance June 30, 2016	265,583,954	265,584	10,000,000	10,000,000	10,000	(290,525)	(14,941)

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Shares issued for debt	10,333,333	10,333						
Shares issued for acquisition	9,216,667	9,217						
Balance September 30, 2016	285,133,954	285,134	10,000,000	10,000,000	10,000	(643,962)	(348,828)	
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Shares issued for services	-	-						
Shares issued for cash	-	-						
Balance December 31, 2016	285,133,954	285,134	10,000,000	10,000,000	10,000	85,030	380,164	
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CASH FLOWS FROM OPERATING ACTIVITIES

Net Gain (loss)	1,353
Changes in assets and liabilities	-
Accounts payable	-
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NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES 1,353

CASH FLOWS FROM FINANCING ACTIVITIES

Advances by(to) shareholder	-
Share capital issued	-
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NET CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES -

Cash at Beginning of year	(5,131)
Cash and Cash Equivalents - end of quarter	1,548
Net Change In Cash	(3,583)

KALI, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 (UNAUDITED)

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

a) Basis of Presentation:

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. At the balance sheet date, the Company has a stockholders' deficiency and a deficit accumulated during the development stage. Management plans to issue more shares of common stock in order to raise funds.

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. In the opinion of management, these financial statements include all adjustments necessary in order to make them not misleading.

b) Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the balance sheet and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

c) Cash and Cash Equivalents:

For purposes of the statement of cash flows, the Company considers highly liquid financial instruments purchased with maturity of three months or less to be cash equivalents.

d) Income taxes:

The Company utilizes the liability method of accounting for income taxes. Under the liability method deferred tax assets and liabilities are determined based on the differences between financial reporting basis and the tax basis of the assets and liabilities and are measured using enacted tax rates and laws that will be in effect, when the differences are expected to reverse. An allowance against deferred tax assets is recognized, when it is more likely than not, that such tax benefits will not be realized.

Any deferred tax asset is considered immaterial and has been fully offset by a valuation allowance because at this time the Company believes that it is more likely than not that the future tax benefit will not be realized as the Company has no current operations.

e) Loss per Common Share:

Basic loss per share is calculated using the weighted-average number of common shares outstanding during each reporting period. Diluted loss per share includes potentially dilutive securities such as outstanding options and warrants, using various methods such as the treasury stock or modified treasury stock method in the determination of dilutive shares outstanding during each reporting period. The Company does not have any potentially dilutive instruments.

f) Fair Value of Financial Instruments:

The carrying value of cash, due from affiliate and due to shareholder approximate their fair value due to the short period of time to maturity.

g) Comprehensive Income:

Comprehensive income (loss) is not presented in the Company's financial statements since there is no difference between net loss and comprehensive loss in any period presented.

NOTE 3 – CAPITAL STOCK

The total number of shares of capital stock, which the Company shall have authority to issue, is 650,000,000 shares common shares par value \$0.0001. Holders of shares of common stock are entitled to cast one vote for each share held at all stockholders' meetings for all purposes, including the election of directors. The common stock does not have cumulative voting rights.

NOTE 4 – NOTES PAYABLE

The Company's subsidiary signed promissory notes to L&R Investments of Manatee LLC on September 15, 2016 and October 21, 2016 in the amounts of \$16,000.00 and \$21,000.

The Company's subsidiary signed a promissory note to Oxford Industrial on December 30, 2016 in the amount of \$19,215.

The Company's subsidiary signed promissory notes to Bermuda Partners on August 1, 2015, October 1, 2015 and November 1, 2015 in the amounts of \$150,000, \$120,000 and \$75,000.

NOTE 5 – DUE TO SHAREHOLDER

Advances by a shareholder are unsecured, non-interest bearing and have no fixed terms of repayment.

NOTE 6 – INCOME TAXES

The Company has incurred net losses and, therefore, has no tax liability. The net deferred tax asset generated by the loss carry-forward has been fully reserved

NOTE 7 – GOING CONCERN

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As shown in the accompanying financial statements, the Company incurred losses since its inception and has not produced enough revenues from operations. These factors raise substantial doubt about the Company's ability to continue as a going concern.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts and classification of liabilities that might be necessary in the event that the Company cannot continue as a going concern. Management anticipates that it will be able to raise additional working capital through the issuance of stock and through additional loans from investors.

The ability of the Company to continue as a going concern is dependent upon the Company's ability to attain a satisfactory level of profitability and obtain suitable and adequate financing. There can be no assurance that management's plan will be successful.

NOTE 8 – LACK OF INSURANCE

The Company could be exposed to liabilities or other claims for which the Company would have no insurance protection. The Company does not currently maintain any property insurance, business interruption insurance, products liability insurance, or any other comprehensive insurance policy. Any purchaser of the Company's common stock could lose their entire investment should uninsured losses occur

CERTIFICATION

I, Charles Yawn President of Kali, Inc., certify that: The consolidated financial statements and the attached notes filed herewith are in conformity with consistently applied accounting principles generally accepted in the United States, and fairly present, in all material respects, the financial position and results of operations for the period ended December 31, 2016.

/S/ Charles Yawn
President