

ACCOUNTANT'S COMPILATION REPORT

To Management  
USA REAL ESTATE HOLDING COMPANY  
Wichita, KS

We have compiled the accompanying consolidated balance sheet of USA Real Estate Holding Company (and subsidiary) as of December 31, 2013, and the related consolidated statements of expenses and cash flows for the year then ended and from inception (November 30, 2007) through December 31, 2013, and the related consolidated statements of changes in stockholders' equity (deficit) for the period from inception (November 30, 2007) through December 31, 2013. We have not audited or reviewed the accompanying consolidated financial statements and, accordingly, do not express an opinion or provide any assurance about whether the consolidated financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the consolidated financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of consolidated financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the consolidated financial statements.

We are not independent with respect to USA Real Estate Holding Company.

*Cox CPA Services, Inc.*

April 15, 2014

# USA REAL ESTATE HOLDING COMPANY

(A Development Stage Company)

Consolidated Balance Sheet

As of December 31, 2013

## ASSETS

### Current Assets

Deposit	\$	15
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### TOTAL ASSETS

\$	15
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## LIABILITIES AND STOCKHOLDERS' DEFICIT

### Current Liabilities

Accounts payable and accrued expenses	\$	33,197
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Shareholders' loan		99,067
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<b>Total Current Liabilities</b>		<b>132,264</b>
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### STOCKHOLDERS' DEFICIT

Series A Preferred stock, \$.00001 par value, 100,000,000 shares authorized; 0 issued and outstanding		-
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Series B Preferred stock, \$.00001 par value, 1,000,000,000 shares authorized; 8,165,582 shares issued and outstanding		81
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Series C Preferred stock, \$.00001 par value, 20,000,000 shares authorized; 4,600 shares issued and outstanding		-
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Common stock, \$.00001 par value, 500,000,000,000 shares authorized; 1,520,599,000 shares issued and outstanding		15,206
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Additional paid-in capital		341,218
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Accumulated deficit		(488,754)
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<b>TOTAL STOCKHOLDERS' DEFICIT</b>		<b>(132,249)</b>
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### TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT

\$	15
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See accompanying accountant's compilation report.

**USA REAL ESTATE HOLDING COMPANY**

(A Development Stage Company)

## Consolidated Statements of Expenses

	<b>Year Ended</b> <b>December 31, 2013</b>	<b>November 30,</b> <b>2007 (inception)</b> <b>through</b> <b>December 31, 2013</b>
<b>REVENUES</b>	\$ -	\$ -
<b>EXPENSES</b>	<u>28,615</u>	<u>488,754</u>
<b>NET LOSS</b>	<u>\$ (28,615)</u>	<u>\$ (488,754)</u>
Net loss per share - basic and diluted	<u>\$ -</u>	
Weighted average common shares outstanding –basic and diluted	<u>1,374,270,233</u>	

See accompanying accountant's compilation report.

**USA REAL ESTATE HOLDING COMPANY**

(A Development Stage Company)

## Consolidated Statements of Cash Flows

	<b>Year Ended</b>	<b>November 30,</b>
	<b>December 31, 2013</b>	<b>2007 (inception)</b>
	<b>through</b>	<b>December 31, 2013</b>
	<b>December 31, 2013</b>	<b>December 31, 2013</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net loss	\$ (28,615)	\$ (488,754)
Adjustments to reconcile net loss to net cash used in operating activities:		
Shares issued for services	27,500	335,000
Changes in operating assets and liabilities:		
Accounts payable and accrued expenses	(1,467)	33,197
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>(2,582)</b>	<b>(120,557)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Shares repurchased	-	(3,000)
Proceeds from shareholders' loan	2,753	105,671
Repayment of shareholders' loan	(204)	(6,604)
Proceeds from issuance of preferred stock	-	23,000
Proceeds from issuance of common stock	-	1,490
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>2,549</b>	<b>120,557</b>
<b>DECREASE IN CASH</b>	<b>(33)</b>	<b>-</b>
<b>CASH - BEGINNING OF PERIOD</b>	<b>33</b>	<b>-</b>
<b>CASH - END OF PERIOD</b>	<b>\$ -</b>	<b>\$ -</b>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
Cash paid for income taxes	\$ -	\$ -
Cash paid for interest	\$ -	\$ -

See accompanying accountant's compilation report.

**USA REAL ESTATE HOLDING COMPANY**

(A Development Stage Company)

Consolidated Statement of Changes in Stockholders' Equity (Deficit)

For the Period from Inception (November 30, 2007) through December 31, 2013

	Series B Preferred Stock		Series C Preferred Stock		Common Stock		Additional Paid-in Capital	Deficit Accumulated in the Development Stage	Stockholders' Equity (Deficit)
	Shares	Amount	Shares	Amount	Shares	Amount			
Balance, November 30, 2007 (Inception)	-	\$ -	-	\$ -	-	\$ -	\$ -	\$ -	\$ -
Shares issued for services	-	-	-	-	36,000,000	360	35,640	-	36,000
Net loss for the year	-	-	-	-	-	-	-	(41,207)	(41,207)
Balance, December 31, 2007	-	-	-	-	36,000,000	360	35,640	(41,207)	(5,207)
Net loss for the year	-	-	-	-	-	-	-	(4,520)	(4,520)
Balance, December 31, 2008	-	-	-	-	36,000,000	360	35,640	(45,727)	(9,727)
Acquisition of USA Real Estate, Inc.	-	-	-	-	108,000,000	1,080	(1,080)	-	-
Cancellation of USA Real Estate, Inc.'s shares	-	-	-	-	(36,000,000)	(360)	360	-	-
Shares repurchased	-	-	-	-	(600,000)	(6)	(2,994)	-	(3,000)
Shares issued for services	-	-	-	-	26,050,000	261	260,239	-	260,500
Shares issued for cash	-	-	-	-	149,000	1	1,489	-	1,490
Net loss for the year	-	-	-	-	-	-	-	(333,790)	(333,790)
Balance, December 31, 2009	-	-	-	-	133,599,000	1,336	293,654	(379,517)	(84,527)
Series B Preferred stock dividends	6,679,932	67	-	-	-	-	(67)	-	-
Shares issued for cash	-	-	4,200	-	-	-	21,000	-	21,000
Net loss for the year	-	-	-	-	-	-	-	(29,343)	(29,343)
Balance, December 31, 2010	6,679,932	67	4,200	-	133,599,000	1,336	314,587	(408,860)	(92,870)
Shares issued for cash	-	-	400	-	-	-	2,000	-	2,000
Shares converted	(55,600)	-	-	-	1,112,000,000	11,120	(11,120)	-	-
Shares issued to purchase property	1,555,000	15	-	-	-	-	11,000	-	11,015
Net loss for the year	-	-	-	-	-	-	-	(45,069)	(45,069)
Balance, December 31, 2011	8,179,332	82	4,600	-	1,245,599,000	12,456	316,467	(453,929)	(124,924)
Shares converted	(5,250)	-	-	-	105,000,000	1,050	(1,050)	-	-
Net loss for the year	-	-	-	-	-	-	-	(6,210)	(6,210)
Balance, December 31, 2012	8,174,082	82	4,600	-	1,350,599,000	13,506	315,417	(460,139)	(131,134)
Shares converted	(57,500)	(1)	-	-	170,000,000	1,700	(1,699)	-	-
Shares issued for services	49,000	-	-	-	-	-	27,500	-	27,500
Net loss for the period	-	-	-	-	-	-	-	(28,615)	(28,615)
Balance, September 30, 2013	8,165,582	\$ 81	4,600	\$ -	1,520,599,000	\$ 15,206	\$ 341,218	\$ (488,754)	\$ (132,249)

See accompanying accountant's compilation report.

## **USA REAL ESTATE HOLDING COMPANY**

(A Development Stage Company)

Notes to Consolidated Financial Statements

December 31, 2013

### **Note 1 – Organization, Nature of Operations and Summary of Significant Accounting Policies**

#### **Organization and Business**

USA Real Estate Holding Company (the “Company”) was incorporated in Delaware on February 3, 2009. The Company was formed for the purpose of investing in real estate.

#### **Principles of Consolidation**

The audited consolidated financial statements include the accounts of USA Real Estate, Inc., the Company’s wholly-owned subsidiary, after the elimination of significant intercompany accounts and transactions.

#### **Use of Estimates**

The preparation of consolidated 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 as of the date of the consolidated financial statements and the reported amounts of revenues and expense during the period. Actual results could differ from those estimates.

#### **Fair Value of Financial Instruments**

The carrying amount of the Company’s cash and shareholders’ loan approximate their estimated fair values due to the short-term nature of those financial instruments.

#### **Income Taxes**

Income taxes are accounted for in accordance with the provisions of FASB ASC Topic No. 740 - *Income Taxes*. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. 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 income in the period that includes the enactment date. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amounts expected to be realized.

#### **Stock-Based Compensation**

Stock based compensation is accounted for under FASB ASC Topic No. 718 – *Compensation – Stock Compensation*. The guidance requires recognition in the financial statements of the cost of employee services received in exchange for an award of equity instruments over the period the employee is required to perform the services in exchange for the award (presumptively the vesting period). The guidance also requires measurement of the cost of employee services received in exchange for an award based on the grant-date fair value of the award. The Company accounts for non-employee share-based awards in accordance with guidance related to equity instruments that are issued to other than employees for acquisition, or in conjunction with selling, goods or services.

#### **Basic and Diluted Net Loss Per Common Share**

Basic and diluted net loss per share calculations are presented in accordance with FASB ASC Topic No. 260 – *Earnings per Share*, and are calculated on the basis of the weighted average number of common shares outstanding during the period. Diluted net loss per share calculations include the dilutive effect of common stock equivalents in years with net income. Basic and diluted loss per share is the same due to the absence of common stock equivalents.

## **Recent Accounting Pronouncements**

The Company does not expect the adoption of any other recently issued accounting pronouncements to have a significant effect on its consolidated financial position or results of operations.

## **Note 2 - Going Concern**

As reflected in the accompanying consolidated financial statements, the Company has an accumulated deficit of \$488,754 and negative working capital of \$132,249 as of December 31, 2013. This raises substantial doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent on its ability to raise additional capital and implement its business plan. The consolidated financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

Management believes that actions presently being taken to obtain additional funding and implement its strategic plans provide the opportunity for the Company to continue as a going concern.

## **Note 3 – Stockholders' Equity**

### ***Common and preferred stock***

The holders of Series B and Series C preferred shares are entitled to dividends when and if declared by the Board of Directors at its sole discretion.

### ***Preferred stock rights***

#### ***Series A preferred stock***

If at least one share of Series A preferred stock is issued and outstanding, then the total aggregate issued Series A preferred shares shall be convertible into the number of shares of common stock which equals four times the sum of: (a) the total number of shares of common stock which are issued and outstanding at the time of conversion, plus (b) the total number of shares of Series B and Series C preferred stock which are outstanding at the time of conversion (the "Series A preferred stock conversion factor"). Each individual share of Series A preferred stock shall be convertible using the Series A preferred stock conversion factor divided by the number of Series A preferred shares issued and outstanding at the time of conversion. The voting rights of Series A preferred shares are determined based on a formula similar to its conversion rights. There are no issued and outstanding shares of Series A preferred stock as of December 31, 2013.

#### ***Series B preferred stock***

Each share of Series B preferred stock is convertible into the number of shares of common stock equal to the price of the Series B Preferred Stock of \$2 per share, as stated in the Company's Bylaws, divided by ten (10) times the par value of the common stock, subject to adjustment as may be determined by the Board of Directors, but may not be converted for a period of six (6) months from the date of purchase. Each share of Series B preferred stock shall have ten votes for any election or other vote placed before the stockholders of the Company.

#### ***Series C preferred stock***

Each share of Series C preferred stock is convertible into 500 shares of common stock but may not be converted for a period of six (6) months from the date of purchase. Each share of Series C preferred stock shall have one vote for any election or other vote placed before the stockholders of the Company.

### ***Issuance of common stock***

On June 22, 2013, 20,000,000 shares of common stock were issued in connection with converting 50,000 shares of Series B preferred stock.

On November 26, 2013, 100,000,000 shares of common stock were issued in connection with converting 5,000 shares of Series B preferred stock.

On December 5, 2013, 50,000,000 shares of common stock were issued in connection with converting 2,500 shares of Series B preferred stock.

***Issuance of Series B preferred stock***

On June 22, 2013, 50,000 shares of Series B preferred stock were returned in connection with converting those shares into 20,000,000 shares of common stock.

On November 26, 2013, 5,000 shares of Series B preferred stock were returned in connection with converting those shares into 100,000,000 shares of common stock.

On December 5, 2013, 2,500 shares of Series B preferred stock were returned in connection with converting those shares into 50,000,000 shares of common stock.

During 2013, a stockholder paid invoices totaling \$27,500 using his own funds. On December 12, 2013, 49,000 shares of Series B preferred stock were issued to repay the stockholder.

The convertible Series B preferred stock was evaluated for a beneficial conversion feature and whether derivative accounting would apply. Management determined that there is no beneficial conversion feature and derivative accounting does not apply to the related instruments.

**Note 4 – Income Taxes**

Since inception, the Company has incurred net losses and therefore had no tax liability as of December 31, 2013. The net deferred tax asset generated by the loss carry-forward has been fully reserved. The cumulative net operating loss carry-forward is approximately \$490,000 and will start to expire in 2028.

At December 31, 2013, the deferred tax assets consisted of the following:

Net operating loss	\$	165,000
Less: Valuation allowance		<u>(165,000)</u>
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**Note 5 – Related Party Transactions**

During 2013, the Company received additional loans from the Company's President amounting to \$2,753 and repaid the President \$204.

The Company's principal office is located in the office of the Company's President pursuant to a verbal agreement on a rent-free basis.

**Note 6 - Subsequent Events**

Subsequent events were evaluated through April 15, 2014, which is the date the financial statements were available to be issued.

During the first quarter of 2014, 3,500 shares of Series B preferred stock were converted to 70,000,000 shares of common stock.