

MyEcheck, Inc.

FINANCIAL STATEMENTS

FOR THE QUARTERS AND SIX MONTHS ENDED

JUNE 30, 2014

AND

JUNE 30, 2013

MyEcheck, Inc.
BALANCE SHEET
FOR THE QUARTERS ENDED JUNE 30, 2014 AND JUNE 30, 2013

	<u>June 30, 2014</u>	<u>June 30, 2013</u>
	(Unaudited)	(Unaudited)
<u>ASSETS</u>		
Current Assets		
Cash	\$ 1,020,209	\$ -
Accounts receivable	593,545	-
Prepaid expenses	46,602	-
Total Current Assets	<u>1,660,356</u>	<u>-</u>
Fixed Assets Net	15,167	-
Intangible Assets-Website Net	17,000	-
Other Assets	32,812	1,710
Total Other Assets	<u>64,979</u>	<u>1,710</u>
Total Assets	<u>\$ 1,725,335</u>	<u>\$ 1,710</u>
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
Current Liabilities		
Accounts payable and accrued expenses	\$ 472,268	-
Loans payable - related party	29,029	-
Deferred revenue	500	-
Note payable - Current	-	804,320
Total Current Liabilities	<u>501,797</u>	<u>804,320</u>
Stockholders' Equity (Deficit)		
Preferred stock, \$0.00001 par value, 100,000,000 authorized, one issued and outstanding	-	-
Common stock, \$0.00001 par value, 4,900,000,000 shares authorized. 4,117,470,000 and 4,142,470,000 shares issued and outstanding, respectively	51,175	40,125
Treasury stock	(10,000)	-
Additional paid in capital	3,609,577	3,563,096
Accumulated deficit	(2,427,214)	(4,405,831)
Total Stockholders' Equity (Deficit)	<u>1,223,538</u>	<u>(802,610)</u>
Total Liabilities and Stockholders' Equity (Deficit)	<u>\$ 1,725,335</u>	<u>\$ 1,710</u>

MyEcheck, Inc.
STATEMENT OF OPERATIONS
FOR THE QUARTERS AND SIX MONTHS ENDED JUNE 30, 2014 AND JUNE 30, 2013

	<u>For the Quarters Ended June 30,</u>		<u>For the Six Months Ended June 30,</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Revenues	\$ 182,281	\$ -	\$ 1,544,063	\$ 3,025
Cost of revenues	<u>44,527</u>	<u>-</u>	<u>44,527</u>	<u>-</u>
Gross profit	<u>137,754</u>	<u>-</u>	<u>1,499,536</u>	<u>3,025</u>
Operating expenses				
General and administrative	120,611	4,306	152,348	8,612
Research and Development	<u>35,359</u>	<u>3,657</u>	<u>41,359</u>	<u>7,350</u>
Total Operating Expenses	155,970	7,963	193,707	15,962
Profit or (Loss) from Operations	<u>(18,216)</u>	<u>(7,963)</u>	<u>1,305,829</u>	<u>(12,937)</u>
Other Income/(Expense)				
Interest expense	(2,934)	-	(2,934)	-
Other income or (expense) cost recovery	53,484	400,000	53,095	400,000
Other income and expenses	<u>47</u>	<u>-</u>	<u>47</u>	<u>-</u>
Total Other Income/(Expense)	<u>50,597</u>	<u>400,000</u>	<u>50,208</u>	<u>400,000</u>
Net income or (loss)	<u><u>\$ 32,381</u></u>	<u><u>\$ 392,037</u></u>	<u><u>\$ 1,356,037</u></u>	<u><u>\$ 387,063</u></u>

MyEcheck, Inc.
STATEMENT OF CASH FLOWS
FOR THE QUARTERS AND SIX MONTHS ENDED JUNE 30, 2014 AND JUNE 30, 2013

	<u>For the Quarters Ended June 30,</u>		<u>For the Six Months Ended June</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Cash Flows from Operating Activities:				
Net Profit or (loss)	\$ 32,381	\$ 392,037	\$ 1,356,037	\$ 387,063
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:				
Depreciation expense	1,087	-	1,265	-
Stock based services	-	-	4,250	-
Changes in operating assets and liabilities:				
(Increase) Decrease in:				
Accounts receivable	1,073,600	-	(243,545)	-
Prepaid expenses	(46,102)	-	(46,602)	-
Increase (Decrease) in:				
Accounts payable and accrued expenses	(13,987)	(400,000)	(5,920)	(400,000)
Deferred revenue	(2,000)	-	(1,500)	-
Net Cash Provided By (Used in) Operating Activities	<u>1,044,979</u>	<u>(7,963)</u>	<u>1,063,985</u>	<u>(12,937)</u>
Cash Flows from Financing Activities:				
Proceeds from loan payable - related parties	<u>18,677</u>	<u>7,963</u>	<u>29,029</u>	<u>12,937</u>
Net Cash Provided by Financing Activities	<u>18,677</u>	<u>7,963</u>	<u>29,029</u>	<u>12,937</u>
Cash Flows from Investing Activities				
Purchase of treasury stock	-	-	(10,000)	-
Purchase of computer equipment	(13,058)	-	(13,058)	-
Cost incurred capitalized website	(17,000)	-	(17,000)	-
Security deposit new lease	(32,812)	-	(32,812)	-
Net Cash Provided by Financing Activities	<u>(62,870)</u>	<u>-</u>	<u>(72,870)</u>	<u>-</u>
Net Increase or (Decrease) in Cash	1,000,786	-	1,020,144	-
Cash at Beginning of Period	<u>19,423</u>	<u>-</u>	<u>65</u>	<u>-</u>
Cash at End of Period	<u>\$ 1,020,209</u>	<u>\$ -</u>	<u>\$ 1,020,209</u>	<u>\$ -</u>

MyEcheck, Inc.
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE QUARTERS ENDED JUNE 30, 2014 AND JUNE 30, 2013

	Preferred Stock		Common Stock		Treasury Stock		Additional Paid-in Capital	Accumulated Deficit	Total
	Shares	Amount	Shares	Amount	Shares	Amount			
Balance, December 31, 2011	-	\$ -	2,470,000	\$ 25	-	\$ -	\$ 3,563,096	\$ (4,740,664)	\$ (1,177,543)
December 6, 2012	1	-	3,000,000,000	30,000	-	-	-	-	30,000
December 21, 2012	-	-	255,000,000	2,550	-	-	-	(2,550)	-
January 9, 2013	-	-	260,000,000	2,600	-	-	-	-	2,600
Net Income or (loss)	-	-	-	-	-	-	-	(52,230)	(52,230)
Balance, December 31, 2012	1	-	3,517,470,000	35,175	-	-	3,563,096	(4,795,444)	(1,197,173)
January 4, 2013	-	-	275,000,000	2,750	-	-	-	-	2,750
Net Income or (loss)	-	-	-	-	-	-	-	(8,269)	(8,269)
Balance, March 31, 2013	1	-	3,792,470,000	37,925	-	-	3,563,096	(4,803,713)	(1,202,692)
May 10, 2013	-	-	350,000,000	3,500	-	-	-	(3,500)	-
Net Income or (loss)	-	-	-	-	-	-	-	8,269	8,269
Balance, June 30, 2013	1	-	4,142,470,000	41,425	-	-	3,563,096	(4,798,944)	(1,194,423)
August 22, 2013	-	-	300,000,000	3,000	-	-	-	(3,000)	-
Net Income or (loss)	-	-	-	-	-	-	-	553,610	553,610
Balance, September 30, 2013	1	-	4,442,470,000	44,425	-	-	3,563,096	(4,248,334)	(640,813)
November 15, 2013	-	-	250,000,000	2,500	-	-	46,481	-	48,981
Net Income or (loss)	-	-	-	-	-	-	-	465,083	465,083
Balance, December 31, 2013	1	-	4,692,470,000	46,925	-	-	3,609,577	(3,783,251)	(126,749)
January 17, 2014	-	-	25,000,000	250	-	-	-	-	250
February 14, 2014	-	-	(1,000,000,000)	-	(1,000,000,000)	(10,000)	-	-	(10,000)
February 14, 2014	-	-	400,000,000	4,000	-	-	-	-	4,000
Net Income, 2014	-	-	-	-	-	-	-	1,323,656	1,323,656
Balance, March 31, 2014	1	-	4,117,470,000	\$ 51,175	(1,000,000,000)	\$ (10,000)	\$ 3,609,577	\$ (2,459,595)	\$ 1,191,157
Net loss or (loss), 2014	-	-	-	-	-	-	-	32,381	32,381
Balance, June 30, 2014	1	-	4,117,470,000	\$ 51,175	(1,000,000,000)	\$ (10,000)	\$ 3,609,577	\$ (2,427,214)	\$ 1,223,538

MyEcheck, Inc.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE QUARTERS AND SIX MONTHS ENDED JUNE 30, 2014 AND JUNE 30, 2013

NOTE 1 – ORGANIZATION

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Company uses the accrual basis of accounting and accounting principles generally accepted in the United States of America (“GAAP” accounting) are the financial statements are presented in US dollars. The Company has adopted a December 31 fiscal year end.

Use of Estimates and Assumptions

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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and the expenses during the reporting period. Actual results could differ from those estimates.

Financial Instruments

The carrying value of the Company’s financial instruments approximates their fair value because of the short maturity of these instruments.

Income Taxes

Income taxes are accounted for under the assets and liability method. Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates in effect for one year in which those temporary differences are expected to be recovered or settled. Use of net operating loss carry forwards for income tax purposes may be limited by Internal Revenue Code section 382 if a change of ownership occurs. The Company’s NOL will be determined and declared in the audited financial statement for years ended December 31, 2012 and December 31, 2013; therefore, no income tax benefit or provision has been recorded in 2014.

Basic Income (Loss) Per Share

Basic income (loss) per share is calculated by dividing the Company’s net loss applicable to common shareholders by the weighted average number of common shares during the period. Diluted earnings per share is calculated by dividing the Company’s net income available to common shareholders by the diluted weight average number of shares outstanding during the year. The diluted weighted average number of shares outstanding is the basic weighted number of shares adjusted for any potentially dilutive debt or equity. There are no such common stock equivalents outstanding as of June 30, 2014.

MyEcheck, Inc.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE QUARTERS AND SIX MONTHS ENDED JUNE 30, 2014 AND JUNE 30, 2013

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Dividends

The Company has not adopted any policy regarding payment of dividends. No dividends have been paid during any of the periods shown.

Impairment of Long-Lived Assets

The Company continually monitors events and changes in circumstances that could indicate carrying amounts of long-lived assets may not be recoverable. When such events or changes in circumstances are present, the Company assesses the recoverability of long lived assets by determining whether the carrying value of such assets will be recovered. Impairment of Long-Lived Assets (Continued) through undiscounted expected future cash flows. If the total of the future cash flows is less than the carrying amount of those assets, the Company recognizes an impairment loss based on the excess of the carrying amount over the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or the fair value less costs to sell. The Company's website is not impaired. For further discussion see Note 7.

Advertising Costs

The Company's policy regarding advertising is to expense advertising when incurred. Revenue Recognition. The Company recognizes revenue when products are fully delivered or services have been provided and collection is reasonably assured.

Stock-Based Compensation

Stock-based compensation is accounted for at fair value in accordance with SFAS No. 123 and 123 (R) (ASC 718). To date, the Company has not adopted a stock option plan and has not granted any stock options.

New Authoritative Accounting Guidance

On July 1, 2009, the Accounting Standards Codification ("ASC") became the Financial Accounting Standards Board ("FASB") officially recognized source of authoritative U.S. generally accepted accounting principles applicable to all public and non-public nongovernmental entities, superseding existing FASB, AICPA, EITF and related literature. Rules and interpretive releases of the SEC under the authority of federal securities laws are also sources of authoritative GAAP for SEC registrants. All other accounting literature is considered non-authoritative. The switch to the ASC affects the away companies refer to U.S. GAAP in financial statements and accounting policies. Citing particular content in the ASC involves specifying the unique numeric path to the content through the Topic, Subtopic, Section and Paragraph structure. *FASB ASC Topic 260, "Earnings Per Share."*

MyEcheck, Inc.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE QUARTERS AND SIX MONTHS ENDED JUNE 30, 2014 AND JUNE 30, 2013

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

New Authoritative Accounting Guidance (Cont.)

On January 1, 2009, the Company adopted new authoritative accounting guidance under ASB ASC Topic 260, “Earnings Per Share,” which provides that unvested share-based payment awards that contain non-forfeitable rights to dividends or dividend equivalents (whether paid or unpaid) are participating securities and shall be included in the computation of earnings per share pursuant to the two-class method.

FASB ASC Topic 820, “Fair Value Measurements and Disclosures.” New authoritative accounting guidance under ASC Topic 820, “Fair Value Measurements and Disclosures,” affirms that the objective of fair value when the market for an asset is not active is the price that would be received to sell the asset in an orderly transaction, and clarifies and includes additional factors for determining whether there has been a significant decrease in market activity for an asset when the market for the asset is not active.

ASC Topic 820 requires an entity to base its conclusion about whether a transaction was not orderly on the weight of the evidence.

The new account guidance amended prior guidance to expand certain disclosure requirements. The Company adopted the new authoritative accounting guidance under ASC Topic 820 during the first quarter of 2009. Adoption of the new guidance did not significantly impact the Company’s consolidated financial statements. Further new authoritative accounting guidance (Accounting Standards Update No. 2009-5) under ASC Topic 820 provides guidance for measuring the fair value of a liability in circumstances in which a quoted price in an active market for the identical liability is not available. In such instances, a reporting entity is required to measure fair value utilizing a valuation technique that uses (i) the quoted price of the identical liability when traded as an asset, (ii) another valuation technique that is consistent with the existing principles of ASC Topic 820, such as an income approach or market approach. The new authoritative accounting guidance also clarifies that when estimating the fair value of a liability, a reporting entity is not required to include a separate input or adjustment to other inputs relating to the existence of a restriction that prevents the transfer of the liability. The foregoing new authoritative accounting guidance under ASC Topic 820 will be effective for the Company’s consolidated financial statements beginning October 1, 2009 and is not expected to have a significant impact on the Company’s consolidated financial statements FASB ASC Topic 825 “Financial Instruments.” New authoritative accounting guidance under ASC Topic 825, “Financial Instruments,” requires an entity to provide disclosures about the fair value of financial instruments in interim financial information and amends prior guidance to require those disclosures in summarized financial information at interim reporting periods.

MyEcheck, Inc.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE QUARTERS AND SIX MONTHS ENDED JUNE 30, 2014 AND JUNE 30, 2013

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

New Authoritative Accounting Guidance (Cont.)

New Authoritative Accounting Guidance (continued) FASB ASC Topic 855, “*Subsequent Events.*” New Authoritative accounting guidance under ASC Topic 855, “Subsequent Events,” establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or available to be issued.

ASC Topic 855 defines (i) the period after the balance sheet date during which a reporting entity’s management should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements, (ii) the circumstances under which an entity should recognize events or transactions occurring after the balance sheet date in its financial statements, and (iii) the disclosures an entity should make about events or transactions that occurred after the balance sheet date. The new authoritative accounting guidance under ASC Topic 855 became effective for the Company’s financial statements for periods ending after June 15, 2009. Effective February 24, 2010, the FASB issued Accounting Standards Update (“ASU”) No. 2010-09, “Subsequent Events (Topic 855): Amendments to Certain Recognition and Disclosure Requirements” which revised certain disclosure requirements. ASU No. 2010-09 did not have a significant impact on the Company’s consolidated financial statements. The company evaluated subsequent events, which are events or transactions that occurred after March 31, 2011 through the issuance of the accompanying consolidated financial statements. Management does not believe that any other recently issued but not yet effective accounting pronouncements, if adopted, would have an effect on the accompanying consolidated financial statements.

Revenue Recognition

MyEcheck’s revenue recognition policy is based on SOP 97-2 as amended by SOP 98-4 and SOP 98-9. MyEcheck recognizes revenue when persuasive evidence of an arrangement exists. MyEcheck has delivered the product or performed the service, the fee is fixed or determinable and collection is reasonable assured. If any of these criteria are not met, MyEcheck defers revenue until such time as all criteria are met. The Company generated \$182,281 in revenue for the quarter ended June 30, 2014 generating \$1,544,063 in total revenue for the six months ended June 30, 2014. Detail is broken down as follows:

	<u>For the</u> <u>Quarter Ended</u> <u>June 30, 2014</u>	<u>For the</u> <u>Quarter Ended</u> <u>June 30, 2013</u>	<u>For the Six</u> <u>Months Ended</u> <u>June 30, 2014</u>	<u>For the Six</u> <u>Months Ended</u> <u>June 30, 2013</u>
Transaction fees	\$ 1,166	\$ -	\$ 3,948	\$ 3,025
Licensing revenue	(50,000)	-	1,300,000	-
Maintenance fees	29,000	-	38,000	-
Consulting on Licensing Agreements	202,000	-	202,000	-
Other	115	-	115	-
	<u>\$ 182,281</u>	<u>\$ -</u>	<u>\$ 1,544,063</u>	<u>\$ 3,025</u>

MyEcheck, Inc.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE QUARTERS AND SIX MONTHS ENDED JUNE 30, 2014 AND JUNE 30, 2013

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Cost of Goods Sold

The Company records the cost of fully burdened labor for both in-house and outsourced programmers as cost of goods sold. Labor for developing applications attribute to the license agreements under the consulting provisions with its customers. At the quarter ended June 30, 2014 the cost was \$44,527.

NOTE 3 – CONCENTRATIONS

Cash

At June 30, 2014, the Company had \$1,020,209 in two (2) different Banks; \$251,000 was federally insured and \$769,209 was uninsured.

Concentration on Credit Risk

The Company grants credit to its customers under their licensing agreements for additional services for maintenance fees and consulting work. Management believes that its contract acceptance, billing, and collections policies are adequate to minimize potential credit risk.

Customers and Concentration

Collectively, three customers comprised 99.74% and 99.30% of the total revenue for the six months and quarter ended June 30, 2014, respectively. The same three customers represented 99.83% of net accounts receivable at June 30, 2014.

NOTE 4 – RELATED PARTY TRANSACTIONS

The Company's major shareholder has agreed to advance short term funding until revenue or other funding has been obtained. The advances and repayments will fluctuate depending on cash flow. As of June 30, 2014, the amount owed the shareholder was \$29,029. Subsequently, on July 10, 2014 the Company repaid \$10,000 of the advance. As of the date of the filing the amount owed the shareholder was \$19,029. At December 31, 2014 the Company will finalize a new note payable.

NOTE 5 – LEASES AND COMMITMENTS

The Company entered into a secured lease with QTS Data Center. The terms of this agreement are three (3) years at \$500 per month. The following table represents the future lease payments:

12/31/2014	\$	4,500
12/31/2015		6,000
12/31/2016		4,500
Total	\$	<u>15,000</u>

MyEcheck, Inc.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE QUARTERS AND SIX MONTHS ENDED JUNE 30, 2014 AND JUNE 30, 2013

NOTE 6 – FACILITY

On June 14, 2014, MyEcheck entered into a lease agreement with Maidu Investment, LLC (Maidu Investment) at the office development known as College Point Business Center, located at 2600 E. Bidwell Street in the City of Folsom, State of California. The premises leased is defined as Suite 140 with a commencement date of July 1, 2014. The lease term is 42 months expiring on December 31, 2017 with an average rent per month of \$4,866. MyEcheck paid a security deposit in the amount of \$32,812. The security deposit is not an advance rental deposit or a measure of damages incurred by Landlord in case of MyEcheck's default.

Any remaining balance of the security deposit shall be returned by Landlord to MyEcheck at such time after termination of the lease that all of MyEcheck's obligations under this lease have been fulfilled, reduced by such amounts as may be required by Landlord to remedy defaults on the part of MyEcheck or other obligations of MyEcheck under this lease, such as repairs and to clean the premises. MyEcheck will also receive a move-in allowance in the amount of \$9,175.

For the years ended December 31,

2014	\$	10,938
2015		66,564
2016		68,436
2017		<u>58,438</u>
Totals		<u><u>\$ 204,376</u></u>

NOTE 7 – FIXED ASSETS

Fixed assets are stated at cost. The policy of the Company is to provide for depreciation using straight-line methods based on estimated useful lives. The estimated useful lives range from three to seven years. Depreciation expense for the six months ended June 30, 2014 was \$1,265; amortization was \$0 for a total amount reported of \$1,265, respectively. A breakdown of the fixed assets are in the table below:

Computer equipment	\$	12,060
Furniture and fixtures		4,550
Accumulated depreciation		<u>(1,443)</u>
Net Fixed Assets		<u><u>\$ 15,167</u></u>

MyEcheck, Inc.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE QUARTERS AND SIX MONTHS ENDED JUNE 30, 2014 AND JUNE 30, 2013

NOTE 8 – WEBSITE

Using the Company's employees and outside consultants, the company invested \$17,000 in the second quarter ended June 30, 2014 and another \$7,000 in quarter three to develop a new website as a critical component of its new marketing plan. In addition, \$8,439 in content was expensed. The Company's website went live on July 25, 2014. The Company has elected to amortize the capitalized costs over a thirty six month period for both financial reporting and for income tax purposes once the website is placed in service.

NOTE 9 – MAJOR EVENTS

As of June 30, 2014, the Company continues to negotiate with Sierra Global to purchase GreenPay, LLC. At the time of the filing the negotiations were ongoing.

The Company received benefit from Sierra Global in the amount of \$53,484. This was recorded as cost recovery as Sierra Global agreed to pay professional fees associated with the acquisition of the Tangiers note. The Company has carried the obligation as part of its accounts payable as both Companies were obligated to pay the fees incurred back in 2010 and 2011. The matter was resolved on June 25, 2014 whereas the Company received a general release of the obligation.

In the second quarter of 2014, a longtime customer, Simplifile, renewed their contract expanding their use of our payment processing services.

NOTE 10 – SUBSEQUENT EVENTS

The Company contracted with an outside consultant to develop its website. The process began at the end of March, 2014 and continued through June with the support of additional consultants. The compensation for his services was 500,000 shares of common stock valued at .03 per share for a total of \$15,000. The shares have not been issued as of the filing date, but the board resolution was sent to the transfer agent. The amount of \$15,000 was included as part of the capitalized website and in accrued expenses.

Management has elected not to revise the quarterly and annual financial statements for fiscal years ended 2013 and 2012 for the common stock issuance discrepancy as they will be adjusted during the eminent upcoming audit.