Helix TCS, Inc.

Financial Statements

For the Twelve Months Ended December 31, 2015 and 2014

HELIX TCS, INC.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of Helix TCS, Inc.:

We have audited the accompanying consolidated balance sheet of Helix TCS, Inc. ("the Company") as of December 31, 2015 and 2014, and the related statement of operations, stockholders' equity (deficit) and cash flows for the period March 26, 2015 (inception) through December 31, 2015. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statement referred to above present fairly, in all material respects, the financial position of Helix TCS, Inc., as of December 31, 2015 and 2014, and the results of its operations and its cash flows for the period March 26, 2015 (inception) through December 31, 2015, in conformity with generally accepted accounting principles in the United States of America.

The company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the Company's internal control over financial reporting. Accordingly, we express no such opinion.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the financial statements, the Company's significant operating losses raise substantial doubt about its ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

B F Borgers CPA PC

B F Borgers CPA PC
Lakewood, CO
August 12, 2016

HELIX TCS, INC.
CONSOLIDATED BALANCE SHEETS

	December 31, 2015		December 31, 2014	
ASSETS				
Current assets:				
Cash	$	154,282	$	-
Accounts receivable		94,779		-
Prepaid expenses		16,648		-
Total current assets		265,709		-
Property and equipment, net		54,357		-
Other assets		20,008		-
Total assets	$	340,074	$	-
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities:				
Accounts payable and accrued liabilities		2,256		-
Total current liabilities		2,256		-
Convertible notes payable		90,436		-
Total liabilities		92,692		-
Commitments and contingencies				
Stockholders' equity				
Preferred stock, $.001 par value, 20,000,000 shares authorized; 1,000,000				
shares issued and outstanding as of December 31, 2015		1,000		-
Common stock, $0.001 par value; 200,000,000 shares authorized; 23,203,241 and 977,154		-		-
shares issued and outstanding as of December 31, 2015 and 2014, respectively		23,203		977
Additional paid-in capital		539,134		(977)
Accumulated deficit		(315,955)		-
Total stockholders' equity		247,382		-
Total liabilities and stockholders' equity	$	340,074		-

See accompanying notes to the consolidated financial statements.

HELIX TCS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

	For the Years Ended December 31,	
	2015	2014
Revenue	$ 244,898	$ -
Cost of revenues	219,824	-
Gross Margin	25,074	-
Operating expenses		
General and administrative	167,764	-
Payroll	82,146	-
Professional services	100,683	-
Total operating expenses	350,593	-
Loss from operations	(325,519)	-
Other income		
Change in fair value of derivative instrument	9,564	-
Other income	9,564	-
Net loss	$ (315,955)	$ -
Net loss per share - basic and diluted	$ (0.20)	$ -
Weighted average common shares - basic and diluted	1,568,387	-

See accompanying notes to the consolidated financial statements.

HELIX TCS, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Common stock		Preferred stock				
	Shares	Amount	Shares	Amount	Additional Paid-in Capital	Accumulated Deficit	Total
Balance - December 31, 2014	977,154	$ 977	-	$ -	$ (977)	$ -	$ 0
Share purchase agreement issuance of common stock	2,225,000	2,225	-	-	49,475	-	51,700
Issuance of preferred shares as part of reorganization	-	-	1,000,000	1,000	-	-	1,000
Issuance of common stock as part of reorganization	20,000,000	20,000	-	-	490,616	-	510,616
		-					
Issuance of common stock on the open market	1,087	1	-	-	20	-	21
Net loss	-	-	-	-	-	(315,955)	(315,955)
Balance - December 31, 2015	23,203,241	$ 23,203	$ 1,000,000	$ 1,000	$ 539,134	$ (315,955)	$ 247,382

See accompanying notes to the consolidated financial statements.

HELIX TCS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Years Ended December 31,	
	2015	**2014**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net (loss) income	$ (315,955)	$ -
Adjustment to reconcile net loss to net cash used in operating activities:		
Depreciation	5,620	-
Gain on change in fair value of derivative instrument	(9,564)	-
Change in operating assets and liabilities		
Accounts receivable	(94,779)	-
Prepaid expenses	(16,648)	-
Other assets	(20,008)	-
Accounts payable and accrued liabilities	2,256	-
Net cash used in operating activities	(449,078)	-
CASH FLOWS FROM INVESTING ACITIVITES:		
Purchase of property and equipment	(59,977)	-
Net cash used in investing activities	(59,977)	-
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from convertible notes payable	100,000	-
Proceeds from issuance of preferred stock	1,000	-
Proceeds from issuance of common stock	562,337	-
Net cash provided by financing activities	663,337	-
Net increase in cash	154,282	-
Cash at beginning of year	-	-
Cash at end of year	$ 154,282	$ -

See accompanying notes to the consolidated financial statements.

Note 1 – Organization and Operations

Helix TCS, Inc. ("the Company"), formerly Jubilee4Gold, Inc. ("Jubilee4Gold"), a Delaware corporation, was initially formed on April 18, 2004. On October 9, 2015, Helix Opportunities, LLC entered into a Share Purchase Agreement ("the Purchase Agreement") acquiring the shares of the Company owned by Syndicated Equity, Inc. and acquired 8.9 million new shares of the Company's common stock. The Company then initiated a 1 for 4 reverse stock split whereby each previously issued share of common stock subsequently represented one quarter of a new share. Effective October 1, 2015, as part of a reorganization, Helix Opportunities LLC contributed 100% of itself and its wholly-owned subsidiaries, Security Consultants Group, LLC and Boss Security Solutions to the Company in exchange for 20 million common shares and 1 million convertible preferred shares of the Company. The Company provides security, compliance, and technology services to the legal cannabis industry.

The Purchase Agreement was treated as a recapitalization for financial accounting purposes. Jubilee4 Gold, Inc. is considered the acquiree for accounting purposes and their historical financial statements before the Purchase Agreement will be replaced with the historical financial statements of the Company. The common stock account of the Company continues post-merger, while the retained earnings of the acquiree is eliminated. The historical information of the Helix TCS, Inc. is presented for comparative purposes. Helix TCS, Inc. was formed in 2015 and therefore has no operations in prior year.

Note 2 - Going Concern

The Company's financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. As shown in the financial statements for the years ended December 31, 2015 and 2014, the Company has generated minimal revenues and has incurred losses. . These conditions raise substantial doubt as to the Company's ability to continue as a going concern. These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

The continuation of the Company as a going concern is dependent upon the ability to raise equity or debt financing, and the attainment of profitable operations from the Company's planned business. Management cannot provide any assurances that the Company will be successful in accomplishing any of its plans.

Note 3 - Significant and Critical Accounting Policies and Practices

The management of the Company is responsible for the selection and use of appropriate accounting policies and the appropriateness of accounting policies and their application. Critical accounting policies and practices are those that are both most important to the portrayal of the Company's financial condition and results and require management's most difficult, subjective, or complex judgments, often as a result of the need to make estimates about the effects of matters that are inherently uncertain. The Company's significant and critical accounting policies and practices are disclosed below as required by accounting principles generally accepted in the United States of America ("U.S. GAAP").

Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with U.S. GAAP for year-end financial information and the rules and regulations of the Securities and Exchange Commission (the "SEC"). Accordingly, since they are year-end statements, the accompanying consolidated financial statements include all of the information and notes required by U.S. GAAP for annual financial statements, but reflect all adjustments consisting of normal, recurring adjustments, that are necessary for a fair presentation of the financial position for the year ended December 31, 2015 and the results of operations and cash flows for the annual periods presented.

Principles of Consolidation

The Company's consolidated financial statements include all of its accounts and any intercompany balances have been eliminated in accordance with U.S. GAAP. The Company has three subsidiaries, BOSS Security Solutions, Helix TCS LLC, and Security Consultants LLC.

Use of Estimates and Assumptions and Critical Accounting Estimates and Assumptions

The preparation of consolidated financial statements in conformity with U.S. GAAP 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(s) of the financial statements and the reported amounts of revenues and expenses during the reporting period(s).

The preparation of financial statements and related disclosures in conformity with U.S. GAAP, and the Company's discussion and analysis of its financial condition and operating results require the Company's management to make judgments, assumptions and estimates that affect the amounts reported in its consolidated financial statements and accompanying notes. Management bases its estimates on historical experience and on various other assumptions it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities. Actual results may differ from these estimates and such differences may be material.

Management believes the Company's critical accounting policies and estimates are those related to revenue recognition, allowances, leases and income taxes.

Cash

Cash consists of checking accounts. The Company considers all highly-liquid investments purchased with an original maturity of three months or less to be cash.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are recorded at the invoiced amount, net of an allowance for doubtful accounts. The Company performs ongoing credit evaluations of its customers and adjusts credit limits based upon payment history and the customer's current credit worthiness, as determined by the review of their current credit information; and determines the allowance for doubtful accounts based on historical write-off experience, customer specific facts and economic conditions.

Management charges balances off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. The Company determines when receivables are past due or delinquent based on how recently payments have been received.

Outstanding account balances are reviewed individually for collectability. The allowance for doubtful accounts is the Company's best estimate of the amount of probable credit losses in the Company's existing accounts receivable. For the year ended December 31, 2015, the allowance for doubtful accounts was not material. Additionally, there were no write-offs of the Company accounts receivables for the year ended December 31, 2015. The Company does not have any off-balance-sheet credit exposure to its customers.

Property and Equipment

Property and equipment is recorded at cost. Expenditures for major additions and betterments are capitalized. Maintenance and repairs are charged to operations as incurred. Depreciation of property and equipment is computed by the straight-line method (after taking into account their respective estimated residual values) over the estimated useful lives of the respective assets. Property and equipment consists of vehicles, which have an estimated useful life of 1 to 3 years.

Leases

Lease agreements are evaluated to determine if they are capital leases meeting any of the following criteria at inception: (a) transfer of ownership; (b) bargain purchase option; (c) the lease term is equal to 75 percent or more of the estimated economic life of the leased property; or (d) the present value at the beginning of the lease term of the minimum lease payments, excluding that portion of the payments representing executory costs such as insurance, maintenance, and taxes to be paid by the lessor, including any profit thereon, equals or exceeds 90 percent of the excess of the fair value of the leased property to the lessor at lease inception over any related investment tax credit retained by the lessor and expected to be realized by the lessor.

If at its inception a lease meets any of the four lease criteria above, the lease is classified by the Company as a capital lease; and if none of the four criteria are met, the lease is classified by the Company as an operating lease.

Revenue Recognition

The Company provides its services under time-based contracts. Revenues earned under time-based arrangements are recognized as services are provided. The Company recognizes revenue from the provision of professional services when it is realized or realizable and earned. The Company considers revenue realized or realizable and earned when all of the following criteria are met: (i) persuasive evidence of an arrangement exists, (ii) the services have been rendered to the customer, (iii) the sales price is fixed or determinable and (iv) collectability is reasonably assured. Appropriate allowances for discounts are recorded concurrent with revenue recognition.

Advertising Costs

Advertising costs are expensed as incurred and included in selling, general and administrative expenses and amounted to $7,854 and $0 for the years ended December 31, 2015 and 2014, respectively.

Operating Expenses

The Company's operating expenses encompass selling, general and administrative expenses consisting primarily of compensation and related costs for personnel and costs related to the Company's facilities, finance, human resources, information technology and fees for professional services. Professional services are principally comprised of outside legal, audit, information technology consulting, marketing and outsourcing services as well as the costs related to being a publically traded company.

Earnings (Loss) Per Share Applicable to Common Stockholders

The Company follows ASC 260, *"Earnings Per Share"*, which requires presentation of basic and diluted earnings per share ("EPS") on the face of the income statement for all entities with complex capital structures, and requires a reconciliation of the numerator and denominator of the basic EPS computation to the numerator and denominator of the diluted EPS computation.

In the accompanying financial statements, basic loss per share is computed by dividing net loss by the weighted average number of shares of common stock outstanding during the period.

Potential common shares includable in the computation of fully-diluted per share results are not presented for the year ended December 31, 2015 in the consolidated financial statements as their effect would be anti-dilutive.

Diluted loss per share is computed in a manner similar to the basic loss per share, except the weighted-average number of shares outstanding is increased to include all common shares, including those with the potential to be issued by virtue of warrants, options, convertible debt and other such convertible instruments. Diluted loss per share contemplates a complete conversion to common shares of all convertible instruments only if they are dilutive in nature with regards to earnings per share.

The anti-dilutive shares of common stock outstanding for the year ended December 31, 2015 and 2014 were as follows:

	For the Year Ended	
	December 31, 2015	**December 31, 2014**
Potentially dilutive securities:		
Convertible notes payable	1,412,429	-
Convertible preferred stock	36,921,875	-

Common Stock, Additional Paid-In Capital and share data at December 31, 2014 have been adjusted retroactively to reflect a 1-for-4 reverse stock split effective October 24, 2015.

Income Taxes

The Company accounts for income taxes under the asset and liability method. This approach requires the recognition of deferred tax assets and liabilities of the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. The U.S. GAAP guidance for income taxes prescribes a two-step approach for the financial statement recognition and measurement of income tax positions taken or expected to be taken in an income tax return. The first step evaluates an income tax position in order to determine whether it is more likely than not that the position will be sustained upon examination, based on the technical merits of the position. The second step measures the benefit to be recognized in the financial statements for those income tax positions that meet the more likely than not recognition threshold. U.S. GAAP also provides guidance on derecognition, classification, recognition and classification of interest and penalties, accounting in interim periods, disclosers and transition. Under U.S. GAAP, the Company may recognize a previously unrecognized tax benefit if the tax position is effectively (rather than "ultimately") settled through examination, negotiation or litigation. The Company reevaluates these uncertain tax positions on a quarterly basis. This evaluation is based on factors including, but not limited to, changes in facts and circumstances, changes in tax law, effectively settled issues, and new audit activity. Any changes in these factors could result in changes to a tax benefit or tax provision.

Recently Issued Accounting Pronouncements

In April 2015, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("ASU") ASU 2015-03, "Simplifying the Presentation of Debt Issuance Costs". ASU 2015-03 requires debt issuance costs to be presented in the balance sheet as a direct deduction from the associated debt liability. ASU 2015-03 is effective for interim and annual reporting periods beginning after December 15, 2015. The new guidance will be applied on a retrospective basis and early adoption is permitted. The Company does not expect the adoption of ASU 2015-03 to have a significant impact on the Company's consolidated results of operations, financial position or cash flows.

In November 2015, the FASB issued ASU 2015-17, "Income Taxes (Topic 740) – Balance Sheet Classification of Deferred Taxes". To simplify the presentation of deferred income taxes, the amendments in this Update require that deferred tax liabilities and assets be classified as noncurrent in a classified statement of financial position. The amendments in this Update apply to all entities that present a classified statement of financial position. The current requirement that deferred tax liabilities and assets of a tax-paying component of an entity be offset and presented as a single amount is not affected by the amendments in this Update. For public business entities, the amendments in this Update are effective for financial statements issued for annual periods beginning after December 15, 2016, and interim periods within those annual periods. For all other entities, the amendments in this Update are effective for financial statements issued for annual periods beginning after December 15, 2017, and interim periods within annual periods beginning after December 15, 2018. Earlier application is permitted for all entities as of the beginning of an interim or annual reporting period. The amendments in this Update may be applied either prospectively to all deferred tax liabilities and assets or retrospectively to all periods presented. If an entity applies the guidance prospectively, the entity should disclose in the first interim and first annual period of change, the nature of and reason for the change in accounting principle and a statement that prior periods were not retrospectively adjusted. If an entity applies the guidance retrospectively, the entity should disclose in the first interim and first annual period of change the nature of and reason for the change in accounting principle and quantitative information about the effects of the accounting change on prior periods. The Company does not expect the adoption of ASU 2015-17 to have a significant impact on the Company's consolidated results of operations, financial position or cash flows.

In January 2016, the FASB issued ASU 2016-01 – "Financial Instruments – Overall (Subtopic 825-10) – Recognition and Measurement of Financial Assets and Financial Liabilities." ASU 2016-01, among other changes, requires equity investments (except those accounted for under the equity method of accounting or those that result in consolidation of the investee) to be measured at fair value with changes in fair value recognized in net income. This Update also simplifies the impairment assessment of equity investments without readily determinable fair values by requiring a qualitative assessment to identify impairment. The amendments in ASU 2016-01 will become effective for public business entities for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. The Company is currently evaluating the effect of the adoption of ASU 2016-01 will have on its consolidated results of operations, financial position or cash flows.

In February 2016, the FASB issued ASU 2016-02 – "Leases (Topic 842)." Under ASU 2016-02, entities will be required to recognize of lease asset and lease liabilities by lessees for those leases classified as operating leases. Among other changes in accounting for leases, a lessee should recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. When measuring assets and liabilities arising from a lease, a lessee (and a lessor) should include payments to be made in optional periods only if the lessee is reasonably certain to exercise an option to extend the lease or not to exercise an option to terminate the lease. Similarly, optional payments to purchase the underlying asset should be included in the measurement of lease assets and lease liabilities only if the lessee is reasonably certain to exercise that purchase option. The amendments in ASU 2016-02 will become effective for fiscal years beginning after December 15, 2018, including interim periods with those fiscal years, for public business entities. The Company is currently evaluating the effect of the adoption of ASU 2016-02 will have on its consolidated results of operations, financial position or cash flows.

In April 2016 the FASB issued ASC 2016-10 – "Revenue from Contracts with Customers (Topic 606) - Identifying Performance Obligations and Licensing." The core principle of the guidance in Topic 606 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve that core principle, an entity should apply the following steps:

1. Identify the contract(s) with a customer.
2. Identify the performance obligations in the contract.
3. Determine the transaction price.
4. Allocate the transaction price to the performance obligations in the contract.
5. Recognize revenue when (or as) the entity satisfies a performance obligation.

The amendments in this Update do not change the core principle of the guidance in Topic 606. Rather, the amendments in this Update clarify the following two aspects of Topic 606: identifying performance obligations and the licensing implementation guidance, while retaining the related principles for those areas. The amendments in this Update affect the guidance in Accounting Standards Update 2014-09, Revenue from Contracts with Customers (Topic 606), which is not yet effective. The effective date and transition requirements for the amendments in this Update are the same as the effective date and transition requirements in Topic 606 (and any other Topic amended by Update 2014-09). Accounting Standards Update 2015-14, Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date, defers the effective date of Update 2014-09 by one year. The Company is currently evaluating the effect of the adoption of ASU 2016-10 will have on its consolidated results of operations, financial position or cash flows.

Note 4 – Reverse Recapitalization

On October 9, 2015, the Company executed the Purchase Agreement, with Jubilee4 Gold, Inc. ("Jubilee4 Gold"), a then non-reporting shell corporation. The Purchase Agreement was treated as a recapitalization for financial accounting purposes. Jubilee4 Gold, Inc. is considered the acquiree for accounting purposes and their historical financial statements before the Purchase Agreement will be replaced with the historical financial statements of the Company. The common stock account of the Company continues post-merger, while the retained earnings of the acquiree is eliminated. The historical information of the Helix TCS, Inc. is presented for comparative purposes. Helix TCS, Inc. was formed in 2015 and therefore has no operations in prior year.

Since the transaction is considered a reverse recapitalization, the presentation of pro-forma financial information was not required. All share and per share amounts have been retroactively restated to the earliest periods presented to reflect the transaction. At the recapitalization date, Jubilee4 Gold sold 1,944,000 restricted shares of its Common Stock for $148,300 and issued 8,900,000 shares of its Common Stock for $51,700, from which certain Purchase Agreement expenses were paid

Note 5 - Fair Value of Financial Instruments

The Company has categorized its financial assets and liabilities measured at fair value into a three level hierarchy in accordance with U.S. GAAP. Fair value is defined as an exit price, the amount that would be received upon the sale of an asset or paid upon the transfer of a liability in an orderly transaction between market participants at the measurement date. The degree of judgment utilized in measuring the fair value of assets and liabilities generally correlates to the level of pricing observability. Financial assets and liabilities with readily available, actively quoted prices or for which fair value can be measured from actively quoted prices in active markets generally have more pricing observability and require less judgment in measuring fair value. Conversely, financial assets and liabilities that are rarely traded or not quoted have less price observability and are generally measured at fair value using valuation models that require more judgment. These valuation techniques involve some level of management estimation and judgment, the degree of which is dependent on the price transparency of the asset, liability or market and the nature of the asset or liability.

The three levels of fair value hierarchy are described below:

Level 1 Quoted market prices available in active markets for identical assets or liabilities as of the reporting date.

Level 2 Pricing inputs other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reporting date.

Level 3 Pricing inputs that are generally observable inputs and not corroborated by market data.

The carrying amounts of the Company's financial assets and liabilities, such as cash, accounts receivable and accounts payable approximate their fair values because of the short maturity of these instruments.

Note 6 – Prepaid expenses

Prepaid expenses consist of the following for the periods indicated:

	December 31, 2015	December 31, 2014
Prepaid expenses	$ 8,578	$ -
Prepaid insurance	8,070	-
Total Prepaid expenses and other current assets	$ 16,648	$ -

Note 7 – Property and Equipment, net

The following is a summary of property and equipment, net for the periods indicated:

	December 31, 2015	December 31, 2014
Property and equipment	$ 59,977	$ -
Less accumulated depreciation	(5,620)	-
	$ 54,357	$ -

Depreciation and amortization expense totaled $5,334 and $0 for the years ended December 31, 2015, and 2014, respectively

Note 8 – Other Assets

Other assets consist of the following for the periods indicated:

	December 31, 2015	December 31, 2014
Deposits	$ 20,008	$ -
Total Other assets	$ 20,008	$ -

Note 9 – Convertible Promissory Notes

On December 16, 2015 the Company entered into a Convertible Promissory Note ("Note One") with a lender ("the Holder) in which the Holder provided the Company $100,000, and the Company promised to pay the principal amount, together with interest at the annual rate of 7%, under the terms and provisions as set forth below. Note One is issued by the Company pursuant to a certain Subscription Agreement by and between the Company and the Holder. The principal balance of Note One shall be convertible at the election of the holder of the Note One, in whole or in part, at any time of from time to time, into the Company's common stock at a 40% discount to the average market closing price for the previous 5 trading days, preceding the date that the notice of conversion is delivered to the Company in writing.

On December 18, 2015, the Company entered into a Convertible Promissory Note ("Note Two") with a lender ("the Second Holder") in which the Second Holder provided the Company $100,000, and the Company promised to pay the principal amount, together with interest at the annual rate of 7%. Note Two is issued by the Company pursuant to a certain Subscription Agreement by and between the Company and the Second Holder. The principal balance of Note Two shall be convertible at the election of the holder of the Note Two, in whole or in part, at any time of from time to time, into the Company's common stock at a 40% discount to the average market closing price for the previous 5 trading days, preceding the date that the notice of conversion is delivered to the Company in writing.

In accordance with ASC 480, Note One and Note Two will be accounted for as a liability initially measured at fair value and subsequently at fair value with changes in fair value recognized in earnings. At each measurement date the 40% discount must be taken into consideration when recording the instrument at fair value. While the shares issued are based upon the principal value of the debt, the 40% discount in place results in the holder having the ability to receive value beyond the principal amount of the debt by settling the at their market value. Accordingly, the fair value of the instrument is calculated at market value of the shares to be received upon conversion at each measurement date and a gain or loss is recorded as such. The market value of the shares as of December 31, 2015 is the Company's common stock at a 40% discount to the average market closing price for the previous 5 trading days.

As of December 31, 2015 and 2014, the Company had principal outstanding of $90,436 and $0, respectively. For the year ended December 31, 2015, the Company accrued interest expense of $537.

Note 10 – Stockholders' Equity

Preferred Stock

On October 1, 2015 the Company issued a total of 1,000,000 shares of its Class A Preferred Stock as part of a reorganization in which Helix Opportunities LLC contributed 100% of itself and its wholly-owned subsidiaries, Security Consultants Group, LLC and Boss Security Solutions to the Company in exchange for 1,000,000 convertible preferred shares of the Company. The Class A Preferred Stock includes super majority voting rights and are convertible into 60% of common stock.

As of December 31, 2015, the Company was authorized to issue 20,000,000 shares of preferred stock, with a par value of $0.001, of which 1,000,000 shares were issued and outstanding.

Common Stock

On October 1, 2015 the Company issued a total of 20,000,000 shares of its restricted common stock as part of a reorganization in which Helix Opportunities LLC contributed 100% of Helix TCS, LLC, and its wholly-owned subsidiary, Security Consultants Group, LLC, to the Company in exchange for 1,000,000 convertible preferred shares of the Company.

On October 9, 2015 the Company issued a total of 8,900,000 shares of its common stock as part of the Purchase Agreement for $51,700, from which certain transaction expenses were paid.

On November 17, 2015 the Company has a net issuance of 1,087 shares of its common stock on the open market for $21.

As of December 31, 2015, the Company was authorized to issue 200,000,000 shares of common stock, with a par value of $0.001, of which 23,203,241 shares were issued and outstanding.

Reverse Split

In October 2015, the Company's shareholders and its Board of Directors approved a 1 for 4 reverse split of the Company's common stock. Such reverse split was effective on October 27, 2015. Prior to the reverse split the Company had 3,908,617 shares issued and outstanding, post-split the Company had 977,154 shares issued and outstanding.

Note 11 – Commitments and Contingencies

Operating Leases

The Company is obligated under an operating lease agreement for an office facility in Colorado.

Rent expense under all office leases aggregated to $14,728 and $0 for the years ended December 31, 2015 and 2014, respectively. Rent expense was recorded in selling general and administrative expenses in the accompanying Consolidated Statements of Operations.

Future minimum payments of the Company's operating leases are as follows:

2016	$	57,280
2017		76,374
2018		76,374
2019		76,374
2020		76,374
Thereafter		19,093
Total	$	381,870

Note 12 – Income Taxes

No provision for U.S. federal or state income taxes has been recorded as the Company has incurred net operating losses since inception. Significant components of the Company's net deferred income tax assets as of December 31, 2015 and 2014 consist of income tax loss carryforwards. These amounts are available for carryforward for use in offsetting taxable income of future years through 2035. Realization of the future tax benefits is dependent on the Company's ability to generate sufficient taxable income within the carry-forward period. Utilization of the net operating loss carry-forwards may be subject to a substantial annual limitation due to the ownership change limitations provided by the Internal Revenue Code of 1986, as amended, and similar state provisions. Due to the Company's history of operating losses, these deferred tax assets arising from the future tax benefits are currently not likely to be realized and are thus reduced to zero by an offsetting valuation allowance. As a result, there is no provision for income taxes.

Note 13 – Subsequent Events

In February 2016 the Company issued a $100,000 convertible note payable.

In March 2016 the Company issued a $150,000 convertible note payable.

In March 2016, the Company issued 960,000 restricted common shares for $150,000 with option to acquire up to 1,920,000 shares for $300,000.

In April 2016, the Company issued 200,000 restricted common shares to Uptick Capital for fundraising assistance.

In April 2016, the Company issued 75,000 restricted common shares to Odeon Capital Group and 75,000 restricted common shares to related party.

In April 2016, the Company issued 714,286 restricted common shares for $250,000.

In April 2016, the Company acquired all of the assets of Revolutionary Software, LLC for $300,000 cash and 2,320,000 restricted common shares.