

# Hollywall Entertainment, Inc.

## Notes to Consolidated Financial Statements

March 31, 2017

### NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Nature of Operations

Hollywall Entertainment, Inc., formerly known as Acceleritas Corp. and prior thereto as National Intelligence Association Inc. (the “Company”) (the “Company”) was incorporated in the State of Nevada on May 12, 2009. On September 11, 2013 the Company acquired all of the assets of Hollywall Acquisition Corp. for 40,560,513 shares of common stock and 43,000 shares of Series A Convertible Preferred stock.

Hollywall Entertainment, Inc. (“Hollywall”), [www.hollywall.com](http://www.hollywall.com), is a multifaceted media and entertainment company focused on maximizing its ownership and other exclusive and non exclusive rights, as well as further content acquisition, of music, film, television, home video, and computer game software libraries. The Company is developing a one of a kind, state of the art, digital distribution and verification system- designed to maximize customer delivery, quality control, and revenues for artists, writers, content developers, copyright owners and shareholders. The Company holds exclusive and non- exclusive rights to market, manufacture and distribute over 17,500 Music Recording Masters. Most of the recorded master rights held by Hollywall Entertainment's consist of all the “Proprietary Rights” including but not limited to the tangible and intangible rights, artist images, likenesses, marks, trademarks, names, trade names, symbols, service marks, logos, copyrights and registrations thereof, designs and drawings, and licenses in respect of the Masters (the “Proprietary Rights” The master recordings contains performances by such legends as *Ray Charles, The Jackson 5, Frank Sinatra, Tony Bennett, George Gershwin, Marvin Gaye and Duke Ellington*. They include songs that have never been or may be released in addition to songs that have been released by other record companies which hold similar licensing rights to market the songs. Hollywall Entertainment’s current music business is the sale of the music recordings in the form of packaged CD compilation sales, digital downloads and ringtones and licensing for use in motion pictures, television and commercial advertising.

Hollywall operates its collection of family entertainment content through four (4) operating divisions: ***Hollywall Music, Hollywall TV, Hollywall Films and Hollywall Networks***. The operating areas offer high- quality products and services focusing on music recording, publishing, special sports events, film production, and television broadcasting.

Hollywall's wholly-owned subsidiary, **Investigative Services Agency Inc.**, provides investigation and security services to clients throughout the United States. It is developing a proprietary system to enhance royalty incomes realized by holders of music, film, and other libraries, including those held by the parent company.

#### Summary of Significant Accounting Policies

##### Basis of Presentation

The financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States (“US GAAP”) and are expressed in U.S. dollars. The statements contain the financial information of Hollywall Entertainment, Inc. and its wholly-owned subsidiary, Investigative Services Agency, acquired effective December 15, 2013.

##### Use of Estimates

The preparation of financial statements in conformity with US 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 of the financial statements and the reported amounts of revenues and expenses during the reporting period. The Company regularly evaluates estimates and assumptions related to the deferred income tax asset valuation allowances. The Company bases its estimates and assumptions on current facts, historical experience and various other factors that 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 and the accrual of costs and expenses that are not readily apparent from other sources. The actual results experienced by the Company may differ materially and adversely from the Company's estimates. To the extent there are material differences between the estimates and the actual results, future results of operations will be affected.

## **NOTE 2 - FAIR VALUE MEASUREMENTS**

Pursuant to ASC 820, *Fair Value Measurements and Disclosures*, an entity is required to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. ASC 820 establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. ASC 820 prioritizes the inputs into three levels that may be used to measure fair value:

### *Level 1*

Level 1 applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

### *Level 2*

Level 2 applies to assets or liabilities for which there are inputs other than quoted prices that are observable for the asset or liability such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which significant inputs are observable or can be derived principally from, or corroborated by, observable market data.

### *Level 3*

Level 3 applies to assets or liabilities for which there are unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities.

The Company's only significant asset that is considered to be valued pursuant to a Level 3 method of estimation is the Tangible Music Master Recordings Library, which has been independently appraised. The Company does not believe that there are any indications of impairment of the recorded value of this asset. The value of this asset is recorded at \$ 33,866,603 at September 30, 2014.

## **NOTE 1 – TANGIBLE MUSIC AND MEDIA MASTER RECORDING LIBRARIES - (1)**

Tangible assets consist of the following: Music, Video and Software Game Master Recordings Libraries

\$ 65,502,058

In October 2013, the company issued 40,560,513 common shares, with a fair market value of \$ 23,272,573, to the shareholders and consultants of Hollywall Acquisition Corp. for the purchase of music, software games, videos and other media rights and assets owned by Hollywall

Acquisition Corp. The intellectual property owned by Hollywall Entertainment was recently appraised by Entertainment Financial Services, Inc. The music library was appraised based on total forecasted net revenue (before tax) of \$90,855,182 during the 2014 to 2023 measurement period. The appraisal amount is based on a gross valuation of \$78,811,503 net of tax effect of \$31,524,600 for a net after tax valuation of \$47,286,902.

**NOTE 2 - NOTES PAYABLE- (2)**

Convertible Notes Payable in the amount of \$278,000 dated November 1, 2013 bearing interest at 5% per year. Total due as of current date.

Convertible	\$	149,000
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Note Payable in the amount of \$108,000 Dated October 14, 2013- bearing interest at 10% per year, Note Due and payable October 09/30/14

119,475

Convertible Note Payable for \$87,000 dated August 17, 2014 bearing interest at 10% per year, Note Due and payable August 17, 2015

97,000

Convertible Note Payable in the amount of \$35,000 dated January 15, 2014 bearing interest at 5% per year, Note Due and payable January 15, 2015

36,750

Convertible Note Payable in the amount of \$32,000 dated December 16, 2014 bearing interest at 5% per year, Note Due and payable December 16, 2015

33,600

Convertible Note Payable in the amount of \$22,000 dated April 21, 2015 bearing interest at 5% per year, Note Due and payable April 21, 2016

22,000

Convertible Note Payable in the amount of \$15,000 dated May 27, 2015 bearing interest at 5% per year, Note Due and payable May 27, 2016

15,750

Convertible Note Payable in the amount of \$12,500 dated June 15, 2015 bearing interest at 5% per year, Note Due and payable June 15, 2016

12,500

Convertible Note Payable in the amount of \$25,000 dated July 10, 2015 bearing interest at 5% per year, Note Due and payable July 10, 2016.

3,700

Convertible Note Payable in the amount of \$7,500 dated July 10, 2016 bearing interest at 5% per year, Note Due and payable July 10, 2017.

7,500

Convertible Note Payable in the amount of \$15,000 dated August 1, 2015 bearing interest at 5% per year, Note Due and payable August 1, 2016	10,500
Accrued Salaries owed to Executive Officers in the amount of 237,000 dated September 30, 2016 bearing interest at 5% per year. due and payable on October 1, 2016.	237,500
Convertible Note Payable in the amount of \$16,000 dated April, 30, 2016 bearing interest at 5% per year, Note Due and payable April 30, 2017	16,000
Convertible Note Payable in the amount of \$26,500 dated April, 15, 2016 bearing interest at 5% per year, Note Due and payable April 15, 2017	26,000
Convertible Note Payable in the amount of \$32,408 October 4, 2016 bearing interest at 5% per year, Note Due and payable December 31, 2017.	32,408
Convertible Note Payable in the amount of \$32,449 October 14, 2016 bearing interest at 5% per year, Note Due and payable December 31, 2017.	32,449
Convertible Note Payable in the amount of \$26,969 November 17, 2016 bearing interest at 5% per year, Note Due and payable December 31, 2017.	26,969
Convertible Note Payable in the amount of \$54,582 January 8, 2017 bearing interest at 5% per year, Note Due and payable December 31, 2017.	54,582
Convertible Note Payable in the amount of \$29,325 May 16, 2017 bearing interest at 5% per year, Note Due and payable December 31, 2018.	29,325
Convertible Note Payable in the amount of \$29,390 June 5, 2016 bearing interest at 5% per year, Note Due and payable December 31, 2018.	29,390
<b>TOTAL NOTES PAYABLE</b>	<b>992,398</b>

**Note 3- STOCKHOLDER EQUITY- (3)**

The Company was incorporated under the laws of the state of Nevada. At June 30, 2017 the Company has authorized 300,000 shares of common stock with a par value of \$0.01. At June 30, 2017 there are 207,516 shares issued and outstanding. On June 30, 2017 the company had authorized 100,000 shares of convertible preferred stock with a par value of \$0.001 per share. The shares are convertible to shares of the company's common stock if certain operational goals are met.

On September 30, 2013, the company issued 43,000 shares of Series A Convertible Preferred stock. As of March 31, 2017, there are 43,000 shares of Series A Convertible Preferred stock issued.

On July 29, 2015, the Company effectuated a reverse stock split of its common shares, whereby one new share was exchanged for each seventy-seven (77) old shares. The shareholders of the Corporation voted for this reverse split. Additionally, in July of 2015 the Company was issued a new Cusip Number: 436122204.

**During the year 2015** the Company issued the common shares:

- 1.) 162,500 shares of common stock were issued for consultant services.
- 2) During the year 2015 the Company issued 20,570,660 shares of common stock in exchange for a total of \$753,495 in convertible promissory notes.
- 3) During the year 2015 the Company issued 24,345,000 shares of common stock in exchange for executive consultant services for a total of \$24,345
- 4) Convertible Note Payable in the amount of \$25,000 - bearing interest at 5% per year, dated June 29, 2015. A partial note of in the amount of \$6,000 was converted and paid on July 2, 2015 for 1,200,000 common shares at \$.005 per share. A partial note of in the amount of \$5,000 was converted and paid on August 5, 2016 for 1,000,000 common shares at \$.05 per share. A partial note of in the amount of \$5,000 was converted and paid on August 14, 2016 for 1,000,000 common shares at \$.05 per share. A partial note of in the amount of \$700 was converted and paid on September 12, 2016 for 7,000,000 common shares at \$.0001 per share. A partial note of in the amount of \$800 was converted and paid on September 27, 2016 for 8,000,000 common shares at \$.0001 per share. A partial note of in the amount of \$900 was converted and paid on October 31, 2016 for 8,000,000 common shares at \$.0001 per share. A partial note of in the amount of \$1,000 was converted and paid on November 14, 2016 for 10,000,000 common shares at \$.0001 per share. A partial note of in the amount of \$1,000 was converted and paid on November 21, 2016 for 10,000,000 common shares at \$.0001 per share. The balance of this note owed in the amount of \$3700.00 was paid in full on May 30, 2017

On December 10, 2015 Hollywall Entertainment, Inc. entered into an agreement to acquire all of the assets of Openvision Networks, Inc. On December 14, 2015, Hollywall Entertainment, Inc. entered into an Asset Purchase Agreement with OpenVision Networks, Inc.

**During the year 2016** the Company issued the following common shares:

- 1) One Million Four Hundred Thousand Shares was issued for professional and corporate web-design and digital media consultant services in exchange for \$58,000
- 2) In March of 2016, and in preparation for resolving unsettled claims from founding shareholders, the company issued from treasury 24,444,000 shares of common stock
- 3) In July of 2016 the company issued 20,000,000 shares of common stock to be set in reserve for a company warrant and stock option plan.
- 4) During the year 2016 the Company issued 48,000,000 shares of common stock in exchange for a total of \$10,380 in convertible promissory notes.
- 5) During the year 2016 the Company issued 6,137,500 shares of common stock in exchange for executive consultant services for a total of \$118,750

6) The company initiated a subscription agreement to place a total of 2,000,000 shares of common stock at \$1.50 per share. As of March 31, 2016, there were a total of 220,000 shares issued to investors that subscribed to the offering.

7) On August 3, 2016 Hollywall Entertainment, Inc. (Hollywall) signed an Asset Purchase Agreement with ASG Entertainment, Inc.

8) During the year 2016 the Company issued 14,687,00 shares of common stock in exchange for executive consultant services for a total of \$593,750

9). During the year 2016 the Company issued 24,345,000 shares of common stock in exchange for executive consultant services for a total of \$24,345

During the year 2017, the Company issued the following common shares:

1) Four Million Shares was issued for professional and corporate web-design and digital media consultant services in exchange for a total of \$28,000

2) The Company issued 32,142,857 shares of common stock in exchange for executive consultant services for a total of \$250,000.

3) The Company issued 20,000,000 shares of common stock in exchange for a total of \$25,00 in convertible notes.

#### **NOTE 4 - COMMITMENTS AND CONTINGENCIES AND SUBSEQUENT EVENTS.**

The Company had no significant lease commitments at March 31, 2017.

On December 10, 2015 Hollywall Entertainment, Inc. entered into an agreement to acquire all of the assets of Openvision Networks, Inc. On December 14, 2015, Hollywall Entertainment, Inc. entered into an Asset Purchase Agreement with OpenVision Networks, Inc.

In March of 2016 the company initiated a subscription agreement to place a total of 2,000,000 shares of common stock at \$1.50 per share. As of March 31, 2016, there were a total of 220,000 shares issued to investors that subscribed to the offering

In March of 2016, and in preparation for resolving unsettled claims from founding shareholders, the company issued from treasury 21,700,000 shares of common stock.

In July of 2016 the company issued 20,000,000 shares of common stock to be set in reserve for a company warrant and stock option plan.

On August 3, 2016 Hollywall Entertainment, Inc. signed an Asset Purchase Agreement with ASG Entertainment, Inc., creating a new film and television studio division, Aspire Hollywall (Aspire).

On May 30, 2017 "Blackbridge Capital, LLC, and Hollywall Entertainment, Inc., entered into a confidential settlement agreement that amicably resolves all their disputes. Their respective attorneys, Craig A. Huffman,

Esq. for Hollywall Entertainment, Inc., and Bryan J. Yarnell, Esq. for Blackbridge Capital, LLC, have filed a joint dismissal with prejudice of the lawsuit Hollywall Entertainment, Inc., filed against Blackbridge Capital, LLC, in Tampa, Florida, in 2016.”

On June 27, 2017, the Company effectuated a reverse stock split of its common shares, whereby one new share was exchanged for fourteen hundred (1400) old shares. The shareholders of the Corporation voted for this reverse split. Additionally, in June of 2017 the Company was issued a new Cusip Number: 436122303

#### **NOTE 5 - GAIN ON BARGAIN PURCHASE**

During the year ended September 30, 2014 the Company recognized a gain from a bargain purchase in the amount of \$ 54,687,503. This gain was due to an appraisal of the music library dated September 15, 2014 wherein the music library was appraised at \$78,811,503, resulting in a gain compared to the acquisition price of the music library.