

# Lot78, Inc.

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**Annual Report For Period Ending December 31, 2016**

## **CURRENT INFORMATION REGARDING**

### **Lot78, Inc. A Nevada corporation**

The following information is furnished to assist with "due diligence" compliance. The information is furnished pursuant to Rule 15c2-11 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended: The items and attachments generally follow the format set forth in Rule 15c2-11.

#### **1. Exact name of Company and its predecessor (If any)**

The exact name of the issuer is Lot78, Inc. (herein sometimes called the "Company" or the "Issuer").

The Company was incorporated in the State of Nevada on June 27, 2008 under the name "Global Club, Inc." The original business plan of the Company was to develop a wide range of loyalty programs based on a system of "Global Club points" awarded for purchases made in associated establishments. The Company was not successful in implementing its Global Club points business model on a large-scale basis, and pursued alternative business opportunities and potential acquisition partners. On March 14, 2011, the Company filed a Certificate of Amendment with the Secretary of State of Nevada changing the name of the Company to "Bold Energy, Inc."

On November 12, 2012, the Company, then under the name Bold Energy, Inc., entered into a Share Exchange Agreement with Anio Limited a limited liability company established under the laws of the United Kingdom ("Anio Ltd."), which conducts its primary line of business under the name Lot78, Inc., the shareholders of Anio Ltd., and the controlling stockholders of the Company. Pursuant to the Share Exchange Agreement, the Company acquired 11,510 (100%) shares of common stock of Anio Ltd. from the Anio Ltd. Shareholders and in exchange issued 31,909,654 pre-split (54.26%) restricted shares of its common stock to the Anio Ltd. Shareholders. The Share Exchange Agreement contains customary representations, warranties and conditions to closing. The closing of the Share Exchange Agreement occurred on February 4, 2013. As a result of the Share Exchange Agreement, Anio Ltd. became a wholly-owned subsidiary of the Company and the Company now carries on the business of Anio Ltd. as its primary business. Effective May 14, 2013, the Company changed its fiscal year end from July 31st to September 30th to align its fiscal year end with that of Anio Ltd. The company changed names to Lot78, Inc. on January 31, 2013. Anio Ltd. subsequently changed its name to Lot78 UK Ltd. on March 28, 2013.

On July 15, 2016, the Company entered into a Letter of Intent to merge with Compound Holdings, LLC, a Connecticut limited liability company. Subsequently, on July 18, 2016,

the Company and Compound Holdings LLC entered into a definitive Agreement and Plan of Merger. Pursuant to the plan of merger, upon closing, the Company intends to change its name to Compound Holdings, Inc.

**2. Address of its principal executive offices**

**A. Company Headquarters**

One Technology Way  
Tolland, CT 06084

Phone: 860.308.2054  
Email: dave@juicebar.com  
Website: www.juicebar.com

**B. Investor Relations Contact**

Pacifix Financial Ltd.  
2100 Manchester Road Suite 615  
Wheaton, IL 60187

Phone: 888.611.7716  
Email: at@pacifixfinancial.com  
Website: www.pacifixfinancial.com

**3. Security Information**

A. The Company's Amended Articles of Incorporation authorize it to issue up to One Billion (1,000,000,000) shares of common stock, par value \$0.001 per share. The Company's Amended Articles of Incorporation also provide for the issuance of up to Ten Million (10,000,000) shares of preferred stock, no par value.

Trading Symbol:	LOTE
Exact Title & Class of Securities Outstanding:	Common
CUSIP:	54567W200
Par or Stated Value:	\$0.001 per Share
Total Shares Authorized (as of January 9, 2017)	1,000,000,000
Total Shares Outstanding (as of January 9, 2017)	163,502,619

Trading Symbol:	None
Exact Title & Class of Securities Outstanding:	Preferred
CUSIP:	None
Par or Stated Value:	None
Total Shares Authorized (as of January 9, 2017)	10,000,000
Total Shares Outstanding (as of January 9, 2017)	-0-

**B. Transfer Agent**

VStock Transfer LLC  
18 Lafayette Place  
Woodmere, NY 11598  
(212) 828-8436

The transfer agent is registered under the Exchange Act.

C. List Any Restrictions on the Transfer of the Securities None.

D. Describe Any Trading Suspension Orders Issued by the SEC in the Past 12 Months  
None.

E. List Any Stock Split, Stock Dividend, Recapitalization, Merger, Acquisition, Spin-Off or Reorganization either Currently Anticipated or that Occurred within the Past 12 Months.

On February 17, 2016 Barton Hollow, LLC, a Nevada limited liability company, and stockholder of the Issuer, filed an Application for Appointment of Custodian pursuant to Section 78.347 of the Act in the District Court for Clark County, Nevada. Barton Hollow was subsequently appointed custodian of the Issuer by Order of the Court on April 4, 2016 (the "Order"). In accordance with the provisions of the Order, Barton Hollow thereafter moved to: (a) reinstate the Issuer with the State of Nevada; (b) provide for the election of interim officers and directors; and (c) call and hold a stockholder meeting.

On July 15, 2016, Barton Hollow, together with the newly-elected director of the Issuer, caused the Issuer to enter into a Letter of Intent to merge with Compound Holdings, LLC, a Connecticut limited liability company. Pursuant to the Letter of Intent, the parties thereto would endeavor to arrive at, and enter into, a definitive merger agreement providing for the Merger. As an inducement to the members of Compound Holdings LLC to enter into the Letter of Intent and thereafter transact, the Issuer caused to be issued to the members 500,000,000 (Five Hundred Million) shares of its common stock.

Subsequently, on July 18, 2016, the Issuer and Compound Holdings LLC entered into a definitive Agreement and Plan of Merger (the "Merger Agreement"). Concomitant therewith, the stockholders of the Issuer elected David Schmid, the President of Compound Holdings LLC, Chief Executive Officer of the Issuer, who, along with Barton Hollow, ratified and approved the Merger Agreement and Merger.

The Issuer anticipates the Merger will close in the 4th quarter of 2016. The Merger is designed as a reverse subsidiary merger pursuant to Section 368(a)(2)(E) of the Internal Revenue Code. That is, upon closing, Compound Holdings LLC will merge into a newly created subsidiary of the Issuer with the members of Compound Holdings LLC receiving shares of the common stock of the Issuer as consideration therefor. Upon closing of the Merger, Compound Holdings LLC will be the surviving corporation in its merger with the wholly-owned subsidiary of the Issuer, therefore has become the wholly-owned operating subsidiary of the Issuer.

#### **4. Issuance History.**

As of the date of this Annual Report, there are 163,502,619 shares of the Company's common stock issued and outstanding.

During the preceding two (2) years, the Company has issued the following securities:

On July 15, 2016, we issued 500,000,000 (Five Hundred Million) shares of our common stock to David Schmid, our Chief Executive Officer, pursuant to the Letter of Intent dated July 15, 2016.

**5. Financial Statements**

See Exhibits.

**6. Describe the Issuer's Business, Products and Services**

**A. Description of the Issuer's Business Operations**

Lot78, Inc. (hereinafter "Lot78" or the "Company") is a business development company based in Connecticut. The Company plans to invest and help grow companies it believes are either under-performing or would be helped by the business experience of the Company.

The Company is currently targeting a 20% holding in an electric vehicle charging Station Company.

The Company will not restrict its investment opportunities to any specific market.

**B. Date and State (or Jurisdiction) of Incorporation**

The Company was incorporated in the State of Nevada on June 27, 2008 under the name "Global Club, Inc."

**C. The Issuer's Primary SIC Code:**

Primary: 6719

**D. The Issuers Fiscal Year End**

December 31st

**E. The Issuer's Principal Products or Services, and Their Markets.**

The Company is a business development company whose principal service involves the facilitation of growth of those companies it invests in. The Company will not restrict its investment opportunities to any specific markets.

**7. Describe the Issuer's Facilities.**

We currently maintains a shared office space at One Technology Way, Tolland, CT 06084. The lease is \$971 per month.

## 8. Officers, Directors and Control Persons.

### A. Names of Officers, Directors and Control Persons

The following table sets forth certain information furnished by the following persons, or their representatives, regarding the ownership of the Common Shares of the Company as of the date of this report, by (i) each person known to the Company to be the beneficial owner of more than 5% of the outstanding shares of Common Stock, (ii) each of the Company's executive officers and directors, and (iii) all of the Company's executive officers and directors as a group. Unless otherwise indicated, the named person is deemed to be the sole beneficial owner of the shares.

#### Name of Beneficial Owner

	<b>Number of Shares</b>	<b>Percent</b>
Wentworth Hightower Opportunity Fund (1)	95,000,000	58.103%
David Schmid	56,818,181	34.751%
Ambrose & Keith LTD	10,657,217	6.518%
Total (Officer and Director):	151,818,181	92.854%

(1) Control Person is David Schmid.

### B. Legal/Disciplinary History.

Please identify whether any of the foregoing persons have, in the last five years, been the subject of:

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);

None.

2. The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities;

None.

3. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated; or

None.

4. The entry of an order by a self-regulatory organization that permanently or temporarily barred suspended or otherwise limited such person's involvement in any type of business or securities activities.

None.

C. Beneficial Shareholders.

Provide a list of the name, address and shareholdings or the percentage of shares owned by all persons beneficially owning more than ten percent (10%) of any class of the issuer's equity securities. If any of the beneficial shareholders are corporate shareholders, provide the name and address of the person(s) owning or controlling such corporate shareholders and the resident agents of the corporate shareholders.

<u>Name</u>	<u>Address</u>	<u>No. of Shares</u>	<u>%</u>
David Schmid	One Technology Way Tolland, CT 06084	56,818,181	34.751%
Wentworth Hightower Opportunity Fund	18375 Ventura Blvd. Suite 303 Tarzana, CA 91356	10,657,217	58.103%

9. **Third Party Providers**

A. Legal Counsel

Adam S. Tracy, Esq.  
Securities Compliance Group, Ltd.  
2100 Manchester Road Suite  
615  
Wheaton IL 60187  
(888) 978-9901  
[at@ibankattorneys.com](mailto:at@ibankattorneys.com)

B. Accountant or Auditor

C. Investor Relations Consultant

**10. Issuer Certification**

I, David Schmid, certify that:

1. I have reviewed this Information Statement of LOT78, Inc.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Lot78, Inc

A handwritten signature in dark ink, appearing to read 'David Schmid', is written over a horizontal line.

Date: February 14, 2017

David Schmid - PRESIDENT AND CHIEF  
EXECUTIVE OFFICER



## EXHIBITS

The following documents are attached hereto as exhibits and are incorporated herein.

### ATTACHMENT

### DESCRIPTION

A. Financial Statements for the Period ending December 31, 2016

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#### **Three Rivers Mobile Home Community**

01/04/17

Accrual Basis

#### **Balance Sheet** **As of December 31, 2016**

Dec 31, 16

#### **ASSETS**

##### Current Assets

##### Checking/Savings

Operating 607.33

Peoples United 3.37

Security Deposit Account 1,300.00

Total Checking/Savings 1,910.70

##### Accounts Receivable

Accounts Receivable 8,288.00

Total Accounts Receivable 8,288.00

Total Current Assets 10,198.70

##### Fixed Assets

Furniture and Equipment 6,500.00

Total Fixed Assets 6,500.00

**TOTAL ASSETS 16,698.70**

#### **LIABILITIES & EQUITY**

##### Liabilities

##### Current Liabilities

##### Other Current Liabilities

Due To(From) David Schmid 25,415.09

Payroll Liabilities 1,949.72

Tenant Security Deposits Held 1,500.00

Total Other Current Liabilities 28,864.81

Total Current Liabilities 28,864.81

##### Long Term Liabilities

Loan-David Schmid 2,000.00

Total Long Term Liabilities 2,000.00

Total Liabilities 30,864.81

##### Equity

Member 1 Equity 128,447.18

Retained Earnings -113,799.91

Net Income -28,813.38

Total Equity -14,166.11

**TOTAL LIABILITIES & EQUITY 16,698.70**

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**Three Rivers Mobile Home Community**

01/04/17

Accrual Basis

**Profit & Loss**

January through December 2016

Jan - Dec 16

<b>Ordinary Income/Expense</b>	
<b>Income</b>	
Down Payment	1,000.00
Sales	65,403.50
Rental Income	50,243.00
<b>Total Income</b>	<b>116,646.50</b>
<b>Expense</b>	
Automobile Expense	536.52
Bank Service Charge	35.50
Bookkeeping	1,050.00
Dues & Subscriptions	312.00
Fuel	41.59
Insurance Expense	5,529.33
Licenses & Fees	6,499.88
Marketing	3,232.64
Meals and Entertainment	487.57
Mortgage	19,970.34
Office Supplies	24.25
Payroll Expense	32,841.57
Postage and Delivery	135.42
Professional Fees	2,552.00
Property	54,000.00
Repairs and Maintenance	3,017.69
Rubbish Removal	3,575.00
Subscriptions	137.61
<b>Utilities</b>	
Water	58.34
Utilities	4,209.49
<b>Total Utilities</b>	<b>4,267.83</b>
<b>Total Expense</b>	<b>138,246.74</b>
<b>Net Ordinary Income</b>	<b>-21,600.24</b>
<b>Net Income</b>	<b>-21,600.24</b>

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01/04/17

**Three Rivers Mobile Home Community****Statement of Cash Flows**

January through December 2016

Jan - Dec 16

**OPERATING ACTIVITIES**

Net Income	-28,813.38
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Adjustments to reconcile Net Income  
to net cash provided by operations:

Accounts Receivable	-8,288.00
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Due To(From) David Schmid	10,649.11
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Payroll Liabilities	-827.75
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Tenant Security Deposits Held	1,500.00
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Net cash provided by Operating Activities	-25,780.02
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**INVESTING ACTIVITIES**

Furniture and Equipment	-6,500.00
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Net cash provided by Investing Activities	-6,500.00
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**FINANCING ACTIVITIES**

Member 1 Equity	6,468.71
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Loan-David Schmid	2,000.00
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Net cash provided by Financing Activities	8,468.71
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Net cash increase for period	-23,811.31
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Cash at beginning of period	22,722.01
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Cash at end of period	-1,089.30
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## **NOTES TO FINANCIAL STATEMENTS**

### **Note 1. Organization, History and Business**

Lot78, Inc. ("the Company") was incorporated in Nevada on June 27, 2008.

### **Note 2. Summary of Significant Accounting Policies**

#### Revenue Recognition

Revenue is derived from contracts with our consumers. Revenue is recognized in accordance with ASC 605. As such, the Company identifies performance obligations and recognizes revenue over the period through which the Company satisfies these obligations. Any contracts that by nature cannot be broken down by specific performance criteria will recognize revenue on a straight line basis over the contractual term of period of the contract.

#### Accounts Receivable

Accounts receivable is reported at the customers' outstanding balances, less any allowance for doubtful accounts. Interest is not accrued on overdue accounts receivable.

#### Allowance for Doubtful Accounts

An allowance for doubtful accounts on accounts receivable is charged to operations in amounts sufficient to maintain the allowance for uncollectible accounts at a level management believes is adequate to cover any probable losses. Management determines the adequacy of the allowance based on historical write-off percentages and information collected from individual customers. Accounts receivable are charged off against the allowance when collectability is determined to be permanently impaired.

#### Stock Based Compensation

When applicable, the Company will account for stock-based payments to employees in accordance with ASC 718, "Stock Compensation" ("ASC 718"). Stock-based payments to employees include grants of stock, grants of stock options and issuance of warrants that are recognized in the consolidated statement of operations based on their fair values at the date of grant.

The Company accounts for stock-based payments to non-employees in accordance with ASC 50550, "Equity-Based Payments to Non-Employees." Stock-based payments to non-employees

include grants of stock, grants of stock options and issuances of warrants that are recognized in the consolidated statement of operations based on the value of the vested portion of the award over the requisite service period as measured at its then-current fair value as of each financial reporting date.

The Company calculates the fair value of option grants and warrant issuances utilizing the Binomial pricing model. The amount of stock-based compensation recognized during a period is based on the value of the portion of the awards that are ultimately expected to vest. ASC 718 requires forfeitures to be estimated at the time stock options are granted and warrants are issued to employees and non-employees, and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. The term "forfeitures" is distinct from "cancellations" or "expirations" and represents only the unvested portion of the surrendered stock option or warrant. The Company estimates forfeiture rates for all unvested awards when calculating the expense for the period. In estimating the forfeiture rate, the Company monitors both stock option and warrant exercises as well as employee termination patterns. The resulting stock-based compensation expense for both employee and non-employee awards is generally recognized on a straight-line basis over the period in which the Company expects to receive the benefit, which is generally the vesting period.

#### Loss per Share

The Company reports earnings (loss) per share in accordance with ASC Topic 260-10, "Earnings per Share." Basic earnings (loss) per share is computed by dividing income (loss) available to common shareholders by the weighted average number of common shares available. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the denominator is increased to include the number of additional common shares that would have been outstanding if the potential common shares had been issued and if the additional common shares were dilutive. Diluted earnings (loss) per share has not been presented since there are no dilutive securities.

#### Cash and Cash Equivalents

For purpose of the statements of cash flows, the Company considers cash and cash equivalents to include all stable, highly liquid investments with maturities of three months or less.

#### Concentration of Credit Risk

The Company primarily transacts its business with one financial institution. The amount on deposit in that one institution may from time to time exceed the federally-insured limit.

#### Depreciation

Equipment is stated at cost less accumulated depreciation. Major improvements are capitalized while minor replacements, maintenance and repairs are charged to current operations. Depreciation is computed by applying the straight-line method over the estimated useful lives, which are generally three to five years.

## Use of Estimates

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 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. Actual results could differ from those estimates.

## Business segments

ASC 280, "*Segment Reporting*" requires use of the "*management approach*" model for segment reporting. The management approach model is based on the way a company's management organizes segments within the company for making operating decisions and assessing performance. The Company determined it has one operating segment as of September 30, 2016.

## Income Taxes

The Company accounts for its income taxes under the provisions of ASC Topic 740, "Income Taxes." The method of accounting for income taxes under ASC 740 is an asset and liability method. The asset and liability method requires the recognition of deferred tax liabilities and assets for the expected future tax consequences of temporary differences between tax bases and financial reporting bases of other assets and liabilities.

## Recent Accounting Pronouncements

The Company continually assesses any new accounting pronouncements to determine their applicability to the Company. Where it is determined that a new accounting pronouncement affects the Company's financial reporting, the Company undertakes a study to determine the consequence of the change to its financial statements and assures that there are proper controls in place to ascertain that the Company's financials properly reflect the change. The Company currently does not have any recent accounting pronouncements that they are studying and feel may be applicable.

### **Note 3. Income Taxes**

Deferred income tax assets and liabilities are computed annually for differences between financial statement and tax bases of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Income tax expense is the tax payable or refundable for the period plus or minus the change during the period in deferred tax assets and liabilities.

The effective tax rate on the net loss before income taxes differs from the U.S. statutory rate as follows:

12/31/2016



U.S statutory rate	34.00%
Less valuation allowance	- 34.00%
Effective tax rate	0.00%

The significant components of deferred tax assets and liabilities are as follows:

12/31/2016		
Deferred tax assets		
Net operating losses	\$	<u>21,600.24</u>
Deferred tax liability		
Net deferred tax assets		(21,600.24)
Less valuation allowance		21,600.24
Deferred tax asset - net valuation allowance	\$	<u>0</u>

On an interim basis, the Company has a net operating loss carryover of approximately \$21,600.24 available to offset future income for income tax reporting purposes, which will expire in various years through 2032, if not previously utilized. However, the Company's ability to use the carryover net operating loss may be substantially limited or eliminated pursuant to Internal Revenue Code Section 382.

The Company adopted the provisions of ASC 740-10-50, formerly FIN 48, and "Accounting for Uncertainty in Income Taxes". The Company had no material unrecognized income tax assets or liabilities as of December 31, 2016.

The Company's policy regarding income tax interest and penalties is to expense those items as general and administrative expense but to identify them for tax purposes. During the period ending December 31, 2016 there were no income tax, or related interest and penalty items in the income statement, or liabilities on the balance sheet. The Company files income tax returns in the U.S. federal jurisdiction and Nevada state jurisdiction. We are not currently involved in any income tax examinations.

#### **Note 4. Related Party Transactions**

None.

## Note 5. Stockholders' Equity

### Common Stock

The holders of the Company's common stock are entitled to one vote per share of common stock held.

As of January 9, 2017 the Company had 68,502,619 shares issued and outstanding.

## Note 6. Commitments and Contingencies

### Commitments:

The Company currently has no long term commitments as of our balance sheet date.

### Contingencies:

None as of our balance sheet date.

## Note 7 – Net Income (Loss) Per Share

The following table sets forth the information used to compute basic and diluted net income per share attributable to Lot78, Inc. for the period ending December 31, 2016.

	9/30/16 \$
Net Income (Loss)	(21,600.24)
Weighted-average common shares outstanding basic:	
Weighted-average common stock	68,502,619
Equivalents	
Stock options	0
Warrants	0
Convertible Notes	0
Weighted-average common shares	
Outstanding-Diluted	
<u>68,502,619</u>	

## Note 9. Going Concern



The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. Currently, the Company has no operating history and has incurred operating losses, and as of the period ending December 31, 2016 the Company had a working capital deficit and an accumulated deficit. These factors raise substantial doubt about the Company's ability to continue as a going concern.

Management believes that the Company's capital requirements will depend on many factors including the success of the Company's development efforts and its efforts to raise capital. Management also believes the Company needs to raise additional capital for working capital purposes. There is no assurance that such financing will be available in the future. The conditions described above raise substantial doubt about our ability to continue as a going concern. The financial statements of the Company do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts and classifications of liabilities that might be necessary should the Company be unable to continue as a going concern.

#### **Note 10. Subsequent Events**

On April 4, 2016, Barton Hollow, LLC was appointed custodian of the Company by the District Court of Clark County Nevada. Barton Hollow, as custodian, has taken steps to reinstate the corporate charter, call a special meeting of shareholders and appoint interim officers and directors.