MUELLER & CO., LLP

Certified Public Accountants ~ Business Advisors

ASSURANCE

SCOUT SECURITY, INC.

AUDITED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2016 AND 2015, AND THE PERIOD FROM JULY 15, 2013 TO JUNE 30, 2014

Drent J. Shields

1707 N. Randall Road, Ste. 200

Elgin, Illinois 60123

MUELLER

Chicago & Elgin
www.muellercpa.com
847.888.8600 Phone
847.888.0635 Fax

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MUELLER & CO., LLP
1707 N. Randall Rd., Suite 200 ■ Elgin, Illinois 60123
847.888.8600 Fax: 847.888.0635 ■ www.muellercpa.com

INDEPENDENT AUDITORS' REPORT

Board of Directors
Scout Security, Inc.
210 N. Racine Ave #3S
Chicago, IL 60607

Report on the Financial Statements

We have audited the accompanying financial statements of Scout Security, Inc. (the Company), which comprise the statements of financial position as of June 30, 2016, 2015 and 2014, and the related statements of profit and loss, changes in equity and cash flows for the years ended June 30, 2016 and 2015, and for the period from July 15, 2013 to June 30, 2014 and the related notes to the financial statements (collectively, the financial statements).

We are independent of the Company in accordance with ethical requirements that are relevant to our audit of the financial statements in the United States of America, together with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants*, and we have fulfilled our other ethical responsibilities in accordance with these requirements, respectively.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations or has no realistic alternative but do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error. Reasonable assurance is a high level of assurance but is not a guarantee that an audit will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We design audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error because fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation, structure, and content of the financial statements, including disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

As part of an audit, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

Auditors' Responsibility, Continued

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies or material weaknesses in internal control that we identify during our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Scout Security, Inc. as of June 30, 2016, 2015 and 2014, and the financial performance and their cash flows for the years ended June 30, 2016 and 2015, and for the period from July 15, 2013 to June 30, 2014 in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

Mueller & Co., LLP

Elgin, Illinois
February 10, 2017

SCOUT SECURITY, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2016, 2015 AND 2014

ASSETS

	2016	2015	2014
Current assets:			
Cash	$ 267,851	232,821	22,447
Accounts receivable	2,005	46,382	-
Notes receivable	-	-	19,905
Inventories	23,764	243,352	-
Other	-	-	44,000
Prepaid expenses	232,443	-	35,980
Total current assets	526,063	522,555	122,332
Property and equipment:			
Machinery and equipment	286,393	286,393	105,350
Less accumulated depreciation	(165,826)	(124,264)	-
	120,567	162,129	105,350
Other assets -			
Goodwill	200,000	200,000	200,000
	200,000	200,000	200,000
	$ 846,630	884,684	427,682

See accompanying notes to the financial statements.

LIABILITIES AND EQUITY

	2016	2015	2014
Current liabilities:			
Line of credit	$ 24,966	20,573	-
Accounts payable	161,793	224,690	75,129
Supplier payable	630,279	734,097	-
Accrued expenses	169,188	24,352	18,768
Accrued wages	-	12,852	4,322
Accrued payroll taxes	9,140	5,905	2,249
Customer deposits	131,424	27,858	56,683
Reserve for sales returns	46,804	16,540	-
Convertible promissory notes	-	1,413,500	-
Total current liabilities	1,173,594	2,480,367	157,151
Equity:			
Common stock	114	114	100
Preferred stock	3,599,420	850,000	850,000
Retained deficit	(3,926,498)	(2,445,797)	(579,569)
	(326,964)	(1,595,683)	270,531
	$ 846,630	884,684	427,682

SCOUT SECURITY, INC.

STATEMENTS OF PROFIT AND LOSS

YEARS ENDED JUNE 30, 2016 AND 2015
AND PERIOD JULY 15, 2013 THROUGH JUNE 30, 2014

	2016	2015	2014
Revenue	$ 1,853,956	691,976	-
Cost of sales	1,718,469	1,034,074	83,228
Gross profit (loss)	135,487	(342,098)	(83,228)
Operating expenses	1,505,180	1,458,569	486,762
Loss from operations	(1,369,693)	(1,800,667)	(569,990)
Other income (expense):			
Other income	16	-	501
Interest expense	(107,954)	(48,500)	-
Other expense	(3,070)	(17,061)	(10,080)
	(111,008)	(65,561)	(9,579)
Loss	$ (1,480,701)	(1,866,228)	(579,569)

See accompanying notes to the financial statements.

SCOUT SECURITY, INC.

STATEMENTS OF CHANGES IN EQUITY

YEARS ENDED JUNE 30, 2016 AND 2015
AND PERIOD JULY 15, 2013 THROUGH JUNE 30, 2014

		COMMON STOCK	PREFERRED STOCK	RETAINED DEFICIT	TOTAL
Balance, July 15, 2013	$	100	-	-	100
Loss		-	-	(579,569)	(579,569)
Issuance of preferred stock		-	850,000	-	850,000
Balance, June 30, 2014		100	850,000	(579,569)	270,531
Loss		-	-	(1,866,228)	(1,866,228)
Issuance of common stock		14	-	-	14
Balance, June 30, 2015		114	850,000	(2,445,797)	(1,595,683)
Loss		-	-	(1,480,701)	(1,480,701)
Issuance of preferred stock		-	1,045,880	-	1,045,880
Conversion of promissory notes		-	1,703,540	-	1,703,540
Balance, June 30, 2016	$	114	3,599,420	(3,926,498)	(326,964)

See accompanying notes to the financial statements.

SCOUT SECURITY, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2016 AND 2015
AND PERIOD JULY 15, 2013 THROUGH JUNE 30, 2014

	2016	2015	2014
Cash provided by (applied to) operating activities:			
Loss	$ (1,480,701)	(1,866,228)	(579,569)
Adjustments to reconcile loss to net cash applied to operating activities:			
Depreciation and amortization	41,562	124,264	-
Services for equity transactions	-	220,000	-
Interest on convertible promissory notes	94,040	48,500	-
Changes in:			
Accounts receivable	44,377	(46,382)	-
Notes receivable	-	19,905	(19,905)
Inventories	219,588	(243,352)	-
Prepaid expenses	(232,443)	35,980	(35,980)
Other assets	-	44,000	(44,000)
Accounts payable	(62,897)	149,561	75,129
Supplier payable	(103,818)	734,097	-
Accrued expenses	144,836	5,584	18,768
Accrued wages	(12,852)	8,530	4,322
Accrued payroll taxes	3,235	3,656	2,249
Customer deposits	103,566	(28,825)	56,683
Reserve for sales returns	30,264	16,540	-
	(1,211,243)	(774,170)	(522,303)
Cash applied to investing activities:			
Acquisition	-	-	(200,000)
Purchases of property and equipment	-	(181,043)	(105,350)
	-	(181,043)	(305,350)

See accompanying notes to the financial statements.

		2016	2015	2014
Cash provided by financing activities:				
Net proceeds on line of credit	$	4,393	20,573	-
Issuance of common stock		-	14	100
Issuance of preferred stock		1,045,880	-	850,000
Issuance of convertible promissory notes		196,000	1,145,000	-
		1,246,273	1,165,587	850,100
Net increase in cash		35,030	210,374	22,447
Cash, beginning of year		232,821	22,447	-
Cash, end of year	$	267,851	232,821	22,447

Other cash flow information:				
Interest paid	$	13,914	-	-

NOTE 1 - NATURE OF OPERATIONS

Scout Security, Inc. (the Company), a Delaware Corporation based in Illinois, develops and distributes home security systems. The Company's mission is to create a home security system that is smart, simple and affordable. The principal markets for the Company's products are individuals and businesses in the United States of America.

NOTE 2 - BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and presented in US dollars, which is the Company's functional currency.

The principal accounting policies adopted in the preparation of the financial statements are set out in Note 3. The policies have been consistently applied to all the years presented, unless otherwise stated.

The preparation of the financial statements in compliance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements are disclosed in Note 4.

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES

New Standards, Interpretations and Amendments

No new or revised Standards and Interpretations have been adopted in the current year.

Revenue Recognition

Revenue, from the sale of goods, is recognized when the significant risks and rewards of ownership have passed to the buyer and it is probable that the Company will receive the previously agreed upon payment. These criteria are considered to be met when the goods are delivered to the buyer. Revenue from services is recognized when those services have been rendered under an agreement, provided that the amount of revenue can be measured reliably and that it is probable that the economic benefits associated with the transaction will flow to the Company.

Revenue is measured at the fair value of the consideration received and receivable and represents amounts receivable for goods and services provided in the normal course of business, net of returns and discounts.

Current and Non-current Classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Current and Non-current Classification, Continued

An asset is classified as current when: it is either expected to be realized or intended to be sold or consumed in the Company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realized within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and Cash Equivalents

Cash equivalents comprise short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. An investment with a maturity of three months or less is normally classified as being short-term. Bank overdrafts are shown within borrowing in current liabilities.

Accounts Receivable

The Company carries its accounts receivable at fair value less any provision for impairment. The receivables are reduced by appropriate allowances for estimated irrecoverable amounts. The allowance is estimated based on the Company's historical bad debt experience, the aging of the receivables and based on management's judgment. Any finance charges earned on open accounts receivable are recognized when received. An allowance was not considered necessary at June 30, 2016, 2015 and 2014.

Inventories

Inventories consist of purchased items that are carried at the lower of cost or net realizable value on a first-in, first-out (FIFO) basis. Cost comprised of purchase and delivery costs, net of rebates and discounts received or receivable. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Prepaid expenses

Prepaid expenses primarily relate to prepaid inventory orders.

Property and Equipment

All property and equipment assets are stated at cost less accumulated depreciation.

Depreciation of property and equipment is provided to write off the cost, less residual value, on a straight line basis over the useful life. Machinery and equipment useful lives range between 3 and 7 years.

Residual values, remaining useful lives and depreciation methods are reviewed annually and adjusted if appropriate.

Gains or losses on disposal are included in profit or loss.

Goodwill

Goodwill acquired in a business combination is recognized as an asset and is initially measured at its cost. The cost of goodwill is the excess of the consideration paid over the entity's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities.

Goodwill is carried at cost less accumulated impairment losses and tested for impairment annually. Goodwill was determined to not be impaired at June 30, 2016, 2015 and 2014.

Impairment of Non-Financial Assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Accounts Payable and Other Current Liabilities

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year and which are unpaid. Supplier payable is the balance due to the Company's contract manufacturer which encompasses the various costs related to the production of Company hardware from inception to present day. Due to their short-term nature they are measured at cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Equity Instruments

Equity instruments issued by the Company are recorded at the value of proceeds received, net of costs directly attributable to the issue of the instruments.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Due to recurring losses, no tax is currently payable in all periods presented.

Deferred tax is the future tax consequences of temporary differences between the carrying amounts and tax bases of assets and liabilities shown on the statements of financial position. Deferred tax assets and liabilities are not recognized if they arise in the following situations: the initial recognition of goodwill; or the initial recognition of assets and liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of recovery or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantially enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. The carrying amount of the deferred tax assets are reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Due to the improbability that a deferred tax asset would be used in future years, no deferred tax asset was recorded for net operating loss carryforwards.

The Company files US income tax returns and may be subject to income taxes in states in which it conducts business. All tax returns filed remain subject to examination by the Internal Revenue Service and state agencies.

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Provisions

Provisions are recognized when the Company has a presented obligation as a result of a past event, it is probable that the Company will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Concentration of Credit Risk

The Company maintains its cash in bank deposits which, at times, may exceed federally insured limits. The Company believes it is not exposed to any significant credit risk on cash.

Advertising

The Company expenses advertising costs as incurred. Advertising expense was $57,202 and $99,136 for the years ended June 30, 2016 and 2015, respectively and $18,331 for the period July 15, 2013 to June 30, 2014.

Research and Development Costs

Research and development costs are expensed in the period incurred. Such costs amounted to $45,547 and $7,922 for the years ended June 30, 2016 and 2015, respectively and $78,074 for the period July 15, 2013 to June 30, 2014.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following has been demonstrated: (a) the technical feasibility of completing the intangible asset so that it will be available for use or sale; (b) the intention to complete the intangible asset and use or sell it; (c) the ability to use or sell the intangible asset; (d) how the intangible asset will generate probable future economic benefits; (e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and (f) the ability to measure reliably the expenditure attributable to the intangible asset during its development. Accordingly, the Company has not capitalized any development costs to date.

Subsequent Events

Subsequent events have been evaluated through February 10, 2017, the date that the financial statements were available for issue.

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Approval of Financial Statements

These financial statements were approved by the Board of Directors and authorized for issue on February 10, 2017.

Standards, Interpretations and Amendments Issued and Not Yet Effective

At the date of approval of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not effective for the years presented:

IFRS 9 in respect of Financial Instruments which will be effective for the accounting periods beginning on or after January 1, 2018.

IFRS 14 in respect of Regulatory Deferral Accounts which will be effective for the accounting periods beginning on or after January 1, 2016.

IFRS 15 in respect of Revenue from Contracts with Customers which will be effective for the accounting periods beginning on or after January 1, 2017.

IFRS 16 in respect of Leases which will be effective for the accounting periods beginning on or after January 1, 2019.

The effect of IFRS15 *Revenues from Contracts with Customers* is still being assessed as this new standard may have a significant effect on the Company's future financial statements. It is not expected that the adoption of any other Standards or Interpretations which have been issued but have not been adopted will have a material impact on the financial statements. The Company intends to adopt the new Standards and Interpretations as they become effective.

NOTE 4 - CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The Company considers the following to be significant estimates and assumptions:

Revenue recognition – Provision of rights to return goods if customers are dissatisfied.

Impairment of goodwill – Estimate of future cash flows and determination of the discount rate.

Income taxes – Provisions for deferred tax assets and income taxes in various jurisdictions.

NOTE 5 - STOCK TRANSFER

On July 15, 2013, 100% of the 5 million outstanding shares of common stock held by the Company were transferred to new investors for $200,000. At the time, the Company had no determinable assets or liabilities of value and was in the initial development phase of the business. The entire transaction price was allocated to goodwill. The values identified in relation to the acquisition are final.

NOTE 6 - REVENUE

The Company's revenue comprises at June 30:

		2016	2015
Sale of goods	$	1,579,627	611,997
Services rendered		274,329	79,979
	$	1,853,956	691,976

The Company did not have any revenue for the period ended June 30, 2014. For the years ended June 30, 2016 and 2015 and the period July 15, 2013 through June 30, 2014, the Company had deferred revenue of $131,424, $27,858 and $56,683, respectively, related to customer deposits.

NOTE 7 - LINE OF CREDIT

During the year ended June 30, 2015, the Company opened a line of credit with an online small business lender. The terms include 4% monthly interest with borrowing limits based on bank account balances and sales volumes. The outstanding balance was $24,966 and $20,573 at June 30, 2016 and 2015, respectively. The remaining outstanding balance was paid in full prior to December 31, 2016.

NOTE 8 - CONVERTIBLE PROMISSORY NOTES

Throughout the years ended June 30, 2016 and 2015, notes were issued to provide the Company with additional resources to conduct its business. The Company issued and closed two rounds of convertible notes with general interest investors. It also completed a third convertible note directly with a vendor. In addition to the convertible notes that were cash for equity arrangements, the Company also completed two service-for-equity notes with two organizations that were influential getting the Company's product manufactured and successfully branded.

NOTE 8 - CONVERTIBLE PROMISSORY NOTES, CONTINUED

Series A Convertible Promissory Notes
During the year ended June 30, 2015, the Company issued Series A convertible promissory notes in the amount of $650,000. The notes bore interest at a rate of 8% and had a maturity date of one year with a conversion to shares of preferred stock upon the Company's achievement of qualified financing as defined in the convertible notes agreements.

Series B Convertible Promissory Notes
During the years ended June 30, 2016 and 2015, the Company issued Series B convertible promissory notes in the amount of $196,000 and $245,000, respectively. These notes were issued with the same terms as the Series A convertible notes described above.

Convertible Promissory Note #1
The note with an organization influential in getting the Company's product manufactured was issued in February 2015 in the amount of $70,000 for services received. The note bore interest at a rate of 2% and had a maturity date of two years with a conversion to shares of preferred stock upon the Company's achievement of qualified financing as defined in the agreement. No cash was directly received or paid out in this transaction.

Convertible Promissory Note #2
In May 2015, the Company entered into a simple agreement for future equity with an organization influential in getting the Company's product successfully branded in the amount of $150,000. In exchange for services rendered and to be rendered, the Company issued shares of preferred stock upon the Company's achievement of qualified financing. No cash was directly received or paid out in this transaction.

Convertible Promissory Note #3
The note with a vendor was issued in June 2015 in the amount of $250,000. The note bore interest at a rate of 5% and had a maturity date of one year with a conversion to shares of preferred stock upon the Company's achievement of qualified financing as defined in the agreement.

The Company accrued approximately $94,000 and $48,500 of interest for the years ended June 30, 2016 and 2015, respectively. No cash was directly paid out for these accruals.

During the year ended June 30, 2016, all outstanding promissory notes were extended to a maturity date of May 15, 2016.

On May 13, 2016, the Company reached the qualified financing condition of the convertible notes agreements. Consequently all outstanding convertible promissory notes were simultaneously converted to preferred stock. See Note 9.

NOTE 9 - EQUITY

Common Stock
In July 2013, the Board of Directors authorized the amendment of the Company's certificate of incorporation to increase the number of authorized shares of common shares to 13 million from the prior level of 5 million. There was no change in the stated par value of the shares of $0.00002 as a result of this transaction. During the year ended June 30, 2015, the Company issued 718,544 shares to new investors and reserved 269,456 for an unissued option plan.

On February 11, 2016, the Board of Directors authorized the amendment and restatement of the Company's Amended and Restated Certificate of Incorporation to set the number of shares of the Company's Common Stock authorized for issuance to 17,657,254 shares. There was no change in the stated par value of the shares as a result of this transaction.

Warrants
In February 2014, the Company issued a warrant to purchase 76,746 shares of the Company's Common Stock at an exercise price of $0.04 per share in consideration of the advisory services provided and to be provided to the Company by a vendor. As of June 30, 2016 these warrants have not been exercised.

Series Seed Preferred Stock
In July 2013, the Board of Directors authorized the amendment of the Company's certificate of incorporation to also authorize the issuance of up to 4,361,208 shares of Series Seed Preferred Stock. The Company was authorized to sell and issue up to the total number of authorized Series Seed Preferred Stock at a purchase price of $.2004 per share.

During year ended June 30, 2015, the Company issued 4,241,512 shares of Series Seed Preferred Stock for $850,000.

Series A Preferred Stock
As part of the Company's Amended and Restated Certificate of Incorporation on February 11, 2016, the Company authorized 7,427,742 shares of Series A Preferred Stock.

On May 13, 2016, the Company issued 1,794,255 shares of Series A preferred stock to new investors for approximately $1,045,880.

Series A Preferred Stock from Convertible Notes
Upon the issuance of the Series A Preferred Stock described above, the outstanding convertible notes were simultaneously converted to Series A Preferred Stock on May 13, 2016. In accordance with terms of agreements, the notes were converted to 3,417,523 shares with a value of $1,703,540. No cash was directly received or paid out in this transaction.

NOTE 10 - OPERATING LEASE

The Company leases office space under operating leases which require monthly rental payments of $840 and $850 and expire in October 2016 and February 2017, respectively. Additionally, the leases require the Company to be responsible for the real estate taxes, all utilities, repairs and maintenance of the facilities and adequate insurance on the facilities.

Rent expense included in the statements of profit and loss under these lease agreements totaled $11,674, $10,830 and $5,117 for the years ended June 30, 2016 and 2015, and the period ended June 30, 2014, respectively.

In November 2016, the Company entered into a two year lease for new office space in Chicago, Illinois with monthly payments of approximately $3,400. The lease has annual escalating rent payments and an option to extend the lease for an additional two years.

The aggregate future minimum lease commitment on these leases is as follows:

2017	$	40,695
2018		48,312
2019		13,972
	$	102,979

NOTE 11 - RELATED PARTIES

During the year ended June 30, 2014, the Company had a note receivable from a stockholder. The note was related to payroll related draws prior to the setup of an official payroll process. The balance was settled in full prior to June 30, 2015.

NOTE 12 - MAJOR CUSTOMERS

The Company derived approximately 50% of its total revenues from three customers for the years ended June 30, 2016 and 2015. Accounts receivable from these customers were 100% of total accounts receivable as of June 30, 2016 and 2015.