

**WHITECLOUDS, INC.**  
**BALANCE SHEET**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

<u>ASSETS</u>	
<b>CURRENT ASSETS</b>	
Cash	\$ 100,651
Accounts Receivable	240,679
Inventory	500,650
Other Current Assets	<u>11,578</u>
	<u>TOTAL CURRENT ASSETS</u>
	<u>853,558</u>
<b>NON-CURRENT ASSETS</b>	
Property and Equipment, Net	3,099,289
Deposits	45,145
Patents, Net	-
Goodwill	<u>842,009</u>
	<u>3,986,443</u>
	<u>TOTAL ASSETS</u>
	<u><u>\$ 4,840,001</u></u>
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>	
<b>CURRENT LIABILITIES</b>	
Accounts Payable	\$ 487,975
Accrued Expenses	-
Accrued Payroll	98,910
Taxes Payable	<u>81,915</u>
	<u>TOTAL CURRENT LIABILITIES</u>
	<u>668,799</u>
<b>NON-CURRENT LIABILITIES</b>	
Lease Payables, Long Term	712,901
Notes Payable	<u>600,000</u>
	<u>TOTAL NON-CURRENT LIABILITIES</u>
	<u>1,312,901</u>
	<u>TOTAL LIABILITIES</u>
	<u><u>1,981,700</u></u>
<b>SHAREHOLDERS' EQUITY</b>	
Common Stock	5
Additional Paid in Capital	2,967,019
Retained Earnings (Deficit)	<u>(108,722)</u>
	<u>TOTAL SHAREHOLDERS' EQUITY</u>
	<u>2,858,302</u>
	<u>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</u>
	<u><u>\$ 4,840,001</u></u>

**WHITECLOUDS, INC.**  
**INCOME STATEMENT**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	<b><u>2015</u></b>
<b>Operating Income</b>	
Sales	\$ 4,906,343
Cost of Sales	(854,311)
<b>Gross Profit</b>	<hr/> 4,052,032
<b>Operating Expense</b>	
Employee Compensation	1,354,303
Research and Development	314,235
Depreciation	414,357
General and Administrative	91,357
Advertising	87,970
Facility Rental	85,079
Computer and Internet	56,124
Shipping to Customers	55,302
Supplies	31,951
Travel	36,708
Legal and Professional Services	27,383
Insurance	17,945
Royalties	496
Contract Labor	11,712
Equipment Rental	2,094
Bad Debt	4,915
Consulting	1,640
	<hr/> 2,593,572
<b>Net Income from Operations</b>	1,458,460
<b>Other Income (Expense)</b>	
Interest Income	2,597
Amortization Expense	-
Other Income (Expense)	4,315
Non-Income Tax Expense	(13,937)
Interest Expense	(6,399)
	<hr/> 1,445,036
<b>Net Income Before Provision for Income Tax</b>	1,445,036
<b>Provision for Income Taxes</b>	(64,435)
<b>Net Income</b>	<hr/> \$ 1,380,601

**WHITECLOUDS, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR THEN ENDED DECEMBER 31, 2015**

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	<b><u>2015</u></b>
<b>Cash Flows From Operating Activities</b>	
Net Income (Loss) For The Period	\$ -
Change in Payables	250,788
Change in Receivables	(167,965)
Change in Accrued Payroll	98,910
Change in Taxes Payable	64,513
Change in Inventory	(298,166)
Change in Deposits	(27,125)
 <b>Net Cash Flows From Operating Activities</b>	 <hr style="width: 100px; margin-left: 0; border: 0.5px solid black;"/> (79,046)
<b>Cash Flows From Investing Activities</b>	
Purchase or Sale of Software and Equipment	(2,216,218)
Change in Patents	-
Change in Goodwill	(923,599)
Leasehold Improvements	(250,922)
Facility and Equipment Deposits	(23,894)
Change in Accumulated Depreciation	415,715
Change in Accumulated Amortization	-
 <b>Net Cash Flows From Investing Activities</b>	 <hr style="width: 100px; margin-left: 0; border: 0.5px solid black;"/> (2,998,918)
<b>Cash Flows From Financing Activities</b>	
Change in Lease Payables, Long Term	185,912
Change in Convertible Notes	600,000
Change in Additional Paid in Capital	818,417
Sale of Stock	5
 <b>Net Cash Flows From Financing Activities</b>	 <hr style="width: 100px; margin-left: 0; border: 0.5px solid black;"/> 1,604,334
<b>Cash at Beginning of Period</b>	193,678
<b>Net Increase (Decrease) In Cash</b>	(1,473,629)
<b>Cash at End of Period</b>	<hr style="width: 100px; margin-left: 0; border: 0.5px solid black;"/> <u>\$ (1,279,950)</u>