

**WHITECLOUDS, INC.**  
**BALANCE SHEET**  
**DECEMBER 31, 2016**

**ASSETS**

<b>CURRENT ASSETS</b>	<u><b>2016</b></u>
Cash	\$ 64,892
Accounts Receivable	204,952
Inventory	406,491
Other Current Assets	11,578
<b>TOTAL CURRENT ASSETS</b>	<u><b>687,913</b></u>

<b>NON-CURRENT ASSETS</b>	
Property and Equipment, Net	2,293,372
Deposits	45,145
Patents, Net	16,309
Goodwill	922,791
	<u><b>3,277,617</b></u>
<b>TOTAL ASSETS</b>	<u><u><b>\$ 3,965,530</b></u></u>

**LIABILITIES AND SHAREHOLDERS' EQUITY**

<b>CURRENT LIABILITIES</b>	
Accounts Payable	\$ 843,423
Accrued Expenses	24,832
Accrued Payroll	94,991
Taxes Payable	15,610
<b>TOTAL CURRENT LIABILITIES</b>	<u><b>978,856</b></u>

<b>NON-CURRENT LIABILITIES</b>	
Lease Payables, Long Term	405,807
Notes Payable	4,444,000
<b>TOTAL NON-CURRENT LIABILITIES</b>	<u><b>4,849,807</b></u>

<b>TOTAL LIABILITIES</b>	<u><u><b>5,828,663</b></u></u>
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<b>SHAREHOLDERS' EQUITY</b>	
Common Stock	6,903
Additional Paid in Capital	2,967,019
Retained Earnings (Deficit)	(4,837,054)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<u><b>(1,863,132)</b></u>

<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<u><u><b>\$ 3,965,530</b></u></u>
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**WHITECLOUDS, INC.**  
**INCOME STATEMENT**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

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	<u><b>2016</b></u>
<b>Operating Income</b>	
Sales	\$ 2,562,441
Cost of Sales	(1,528,380)
<b>Gross Profit</b>	<hr style="width: 100%; border: 0.5px solid black;"/> 1,034,062
<b>Operating Expense</b>	
Employee Compensation	2,504,125
Research and Development	766,676
Depreciation	645,583
General and Administrative	460,566
Advertising	397,963
Facility Rental	338,497
Computer and Internet	150,088
Shipping to Customers	10,433
Supplies	95,153
Travel	83,560
Legal and Professional Services	42,709
Insurance	34,100
Royalties	23,503
Contract Labor	22,900
Equipment Rental	1,628
Bad Debt	490
Consulting	-
	<hr style="width: 100%; border: 0.5px solid black;"/> 5,577,974
<b>Net Income from Operations</b>	(4,543,912)
<b>Other Income (Expense)</b>	
Interest Income	2,000
Amortization Expense	(35,420)
Other Income (Expense)	(82,844)
Non-Income Tax Expense	(78,638)
Interest Expense	(54,106)
<b>Net Income Before Provision for Income Tax</b>	<hr style="width: 100%; border: 0.5px solid black;"/> (4,792,920)
<b>Provision for Income Taxes</b>	64,335
<b>Net Income</b>	<hr style="width: 100%; border: 0.5px solid black;"/> <u><u>\$ (4,728,585)</u></u>

**WHITECLOUDS, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

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	<u><b>2016</b></u>
<b>Cash Flows From Operating Activities</b>	
Net Income (Loss) For The Period	\$ -
Change in Payables	380,280
Change in Receivables	35,727
Change in Accrued Payroll	(3,919)
Change in Taxes Payable	(66,305)
Change in Inventory	94,159
Change in Deposits	-
<b>Net Cash Flows From Operating Activities</b>	<hr style="width: 100%; border: 0.5px solid black;"/> 439,942
<b>Cash Flows From Investing Activities</b>	
Purchase or Sale of Software and Equipment	188,747
Change in Patents	(16,309)
Change in Goodwill	(13,951)
Leasehold Improvements	(17,767)
Facility and Equipment Deposits	-
Change in Accumulated Depreciation	573,252
Change in Accumulated Amortization	(4,893)
<b>Net Cash Flows From Investing Activities</b>	<hr style="width: 100%; border: 0.5px solid black;"/> 709,078
<b>Cash Flows From Financing Activities</b>	
Change in Lease Payables, Long Term	(307,094)
Change in Convertible Notes	3,844,000
Change in Additional Paid in Capital	-
Sale of Stock	6,898
<b>Net Cash Flows From Financing Activities</b>	<hr style="width: 100%; border: 0.5px solid black;"/> 3,543,804
<b>Cash at Beginning of Period</b>	100,651
<b>Net Increase (Decrease) In Cash</b>	4,692,824
<b>Cash at End of Period</b>	<hr style="width: 100%; border: 0.5px solid black;"/> <u>\$ 4,793,476</u>