

INDEPENDENT INVESTMENT BANKERS, CORP.

Notes to the Financial Statements

December 31, 2015

Note 1 - Nature of Business

Independent Investment Bankers, Corp. (the "Company"), a Delaware Corporation, is a broker-dealer in securities registered with the Securities and Exchange Commission ("SEC") and is a member of the Financial Industry Regulatory Authority ("FINRA"). The Company operates under the provisions of Paragraph K(2)(i) of Rule 15c3-3 of the SEC, and accordingly is exempt from the remaining provisions of that Rule. The Company is a limited purpose broker dealer and is primarily engaged in the business of providing registered investment banking professionals a platform to assist private and public companies obtain equity/debt capital or liquidity or growth through mergers or acquisition. Offerings are made primarily to institutional investors.

Note 2 - Significant Accounting Policies

Basis of Accounting

These financial statements are presented on the accrual basis of accounting in accordance with generally accepted accounting principles whereby revenues are recognized in the period earned and expenses when incurred.

Cash equivalents

For purposes of the statements of cash flows, the Company considers short-term investments, which may be withdrawn at any time without penalty, and restricted cash, which will become available within one year from the date of the financial statements, to be cash equivalents.

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.

Revenue Recognition

Commissions are recognized on an accrual basis and are included in income as commissions are earned from the completion of transactions or as payments are received per agreement with the client.

Financial instruments and credit risk

Financial instruments that potentially subject the Company to credit risk include cash and accrued expenses.

Property and Equipment

Property and equipment are recorded at cost and are depreciated using the straight-line depreciation method over their estimated useful lives. Computers and equipment are depreciated over three years. Upon disposal, property and equipment and the related accumulated depreciation and amortization are removed from the accounts and the resulting gain or loss is reflected in the statements of operations.

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Note 2 - Significant Accounting Policies (continued)

Fair Value Measurements

The fair value of the Company's financial instruments reflects the amounts that the Company estimates to receive in connection with the sale of an asset or paid in connection with the transfer of a liability in an orderly transaction between market participants at the measurement date (exit price). The fair value hierarchy that prioritizes the use of inputs used in valuation techniques is as follows:

Level 1 – quoted prices in active markets for identical assets and liabilities;

Level 2 – observable inputs other than quoted prices in active markets, such as quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data;

Level 3 – unobservable inputs reflecting management's assumptions, consistent with reasonably available assumptions made by other market participants. These valuations require significant judgment.

The carrying amounts of the Company's financial instruments, which include cash and cash equivalents other assets, accounts payable and accrued expenses, approximate their fair values due to their short maturities.

Income Taxes

The Company accounts for income taxes using the asset and liability method whereby deferred tax asset and liability account balances are determined based on differences between financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the asset or liability is expected to be realized or settled. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized.

In the ordinary course of business, there are many transactions for which the ultimate tax outcome is uncertain. The Company regularly assesses uncertain tax positions in each of the tax jurisdictions in which it has operations and accounts for the related financial statement implications. Unrecognized tax benefits are reported using the two-step approach under which tax effects of a position are recognized only if it is "more-likely-than-not" to be sustained and the amount of the tax benefit recognized is equal to the largest tax benefit that is greater than fifty percent likely of being realized upon ultimate settlement of the tax position. Determining the appropriate level of unrecognized tax benefits requires the Company to exercise judgment regarding the uncertain application of tax law. The amount of unrecognized tax benefits is adjusted when information becomes available or when an event occurs indicating a change is appropriate. The Company includes interest and penalties related to its uncertain tax positions as part of income tax expense, if any.

The Company has not changed any of its tax accrual estimates. The Company files U.S. federal and U.S. state tax returns. The Company is generally no longer subject to tax examinations relating to federal and state tax returns for years prior to 2012.

The Company is subject to Texas franchise tax, which is based on taxable margin, rather than being based on federal taxable income. For the year ended December 31, 2015, the Company recorded \$0 in Texas margin tax expense.

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Note 2 - Significant Accounting Policies (continued)

Management Review

The Company has evaluated subsequent events through February 8, 2016, the date the financial statements were available to be issued.

Recent Accounting Pronouncements

Accounting standards that have been issued or proposed by the Financial Accounting Standards Board ("FASB") or other standards-setting bodies are not expected to have a material impact on the Company's financial position, results of operations or cash flows.

Note 3 - Property and Equipment

Property and equipment consists of the following at December 31, 2015:

Computers and equipment	\$ 8,134
Subtotal	<u>8,134</u>
Less accumulated depreciation and amortization	<u>(6,849)</u>
Total	<u>\$ 1,285</u>

Depreciation expense for the year ended December 31, 2015 was \$2,093.

Note 4 - Commitments and Contingencies

The Company leased office space on a month to month basis and terminated its lease effective December 31, 2015. On December 16, 2015, The Company entered into a 3 month 16 day lease. Total rent expense under both leases was \$12,258 for the year ended December 31, 2015. As of December 31, 2015, the Company has future minimum lease payment of \$3,300 for the year ended December 31, 2016.

Note 5 - Net Capital Requirements

The Company is subject to the SEC uniform net capital rule ("Rule 15c3-1"), which requires the maintenance of a minimum amount of net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. Rule 15c3-1 also provides that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1. At December 31, 2015, the Company had net capital and net capital requirements of \$107,926 and \$6,322, respectively, which was \$101,604 in excess of the required minimum. The Company's aggregate indebtedness to net capital ratio was 0.88 to 1.

Note 6 - Income Taxes

The Company recorded \$3,792 in federal income tax expense for the year ended December 31, 2015 and approximately \$0 in Texas state margin tax expense for the year ended December 31, 2015.

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Note 6 - Income Taxes (continued)

The income tax expense for the year ended December 31, 2015 differs from the amount computed by applying the U.S. Federal income tax rate of 34% as a result of state income taxes, a graduated marginal tax rate and other nondeductible expenses as follows:

Federal tax at statutory rate	\$ (1,289)
State taxes	0
Permanent differences and other	<u>5,081</u>
Total income tax expense	<u>\$ 3,792</u>

The income tax expense for the year ended December 31, 2015 consists of the following:

Current portion of income tax expense	<u>\$ 3,792</u>
Total income tax expense	<u>\$ 3,792</u>

As of December 31, 2015, deferred tax assets and liabilities were not significant.