

**CROWDFUNDING OFFERING
STATEMENT**

August 2016



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The Collective HTX, LLC

This Offering Statement (this “**Disclosure**”) is furnished solely to prospective investors through the crowdfunding portal available at www.nextseed.co and each subdomain thereof (the “**Portal**”) and operated by NextSeed US LLC, a Delaware limited liability company (“**NextSeed**”), for the sole purpose of evaluating investments in certain securities (“**Securities**”) offered by The Collective HTX, LLC, a Texas limited liability company (the “**Issuer**”). The Securities will be issued pursuant to, and will be governed by, a note purchase agreement among the Issuer and the purchasers of the Securities (the “**NPA**”). The Issuer is seeking to raise a minimum of \$150,000 and maximum of \$250,000 through the offer and sale of Securities on the Portal (the “**Offering**”) in reliance on the exemption from registration pursuant to Section 4(a)(6) (the “**4(a)(6) Exemption**”) of the U.S. Securities Act of 1933 (the “**Securities Act**”) and the regulations promulgated with respect thereto (“**Regulation Crowdfunding**”).

A crowdfunding investment involves risk. An investor should not invest any funds in this Offering unless he or she can afford to lose his or her entire investment. In making an investment decision, investors must rely on their own examination of the Issuer and the terms of the Offering, including the merits and risks involved. The Securities have not been recommended or approved by any federal or state securities commission or regulatory authority. Furthermore, these authorities have not passed upon the accuracy or adequacy of this document. The U.S. Securities and Exchange Commission (the “**SEC**”) does not pass upon the merits of any Securities offered or the terms of the Offering, nor does it pass upon the accuracy or completeness of any offering document or literature, including this Disclosure. These Securities are offered under the 4(a)(6) Exemption; however, the SEC has not made an independent determination that the Securities are exempt from registration. Prospective investors should not construe the contents of this Disclosure as legal, business, tax, accounting, regulatory, investment or other advice, and should consult their own advisors concerning the Securities.

The Securities may not be transferred by any investor during the one-year period beginning when the Securities are issued, unless the Securities are transferred: (i) to the Issuer; (ii) to an “accredited investor” as defined in Rule 501(a) of Regulation D; (iii) as part of an offering registered with the SEC; or (iv) to a member of the family of the investor or the equivalent, to a trust controlled by the investor, to a trust created for the benefit of a member of the family of the investor or the equivalent, or in connection with the death or divorce of the investor or other similar circumstance. In addition, there is no ready market for the sale of the Securities and it may be difficult or impossible for an investor to sell or otherwise dispose of the Securities. Furthermore, the investors are not permitted to assign the Securities without the Issuer’s prior written consent in accordance with the terms of the NPA.

No person other than the Issuer has been authorized to provide prospective investors with any information concerning the Issuer or the Offering or to make any representation not contained in this Disclosure. To invest in the Securities, each prospective investor will be required to (i) register for an investor account with the Portal, (ii) make representations regarding the investor’s investment eligibility and complete a questionnaire to demonstrate his or her understanding of the risks involved in investing in the Securities and (iii) execute the NPA. The Issuer reserves the right to modify any of the terms of the Offering and the Securities at any time before the Offering closes.

Certain information contained in this Disclosure constitute “forward-looking statements” that can be identified by the use of forward-looking terminology such as “may,” “will,” “should,” “expect,” “anticipate,” “estimate,” “intend,” “continue,” or “believe” or the negatives or variations thereof. Furthermore, any forecasts or other estimates in this Disclosure, including estimates of returns or performance, are “forward-looking statements” and are based upon certain assumptions that may change. Due to various risks and uncertainties, actual events or results or the actual performance of the Securities may differ materially from those contemplated in such forward-looking statements. Moreover, actual events are difficult to project and often depend upon factors that are beyond the control of the Issuer or the Portal. Neither the delivery of this Disclosure at any time nor any sale hereunder shall under any circumstances create an implication that the information contained herein is correct as of any time after the earlier of the relevant date specified herein or the date of this Disclosure.

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APPENDIX A FINANCIAL STATEMENTS WITH ACCOUNTANT'S REVIEW REPORT

I. SUMMARY OF OFFERING

SUMMARY OF TERMS

The following is a summary of the terms of the Offering. This summary does not purport to be complete and is qualified in its entirety by reference to the remainder of this Disclosure and the Note Purchase Agreement (“NPA”).

The Securities being offered for sale by the Issuer on the Portal are governed by the NPA. Each NPA is an agreement between an investor and the Issuer, under which the investor agrees to make a loan to the Issuer pursuant to the specified terms therein. **By investing in the Securities, investors do not receive any equity interests in the Issuer and do not have any voting or management rights with respect to the Issuer.** Payments to investors will commence after the first full month following the Closing.

Issuer	
Offering Amount	Minimum of \$150,000 and maximum of \$250,000
Offering Period	42 days, until 11:59 PM of October 11, 2016
Minimum Investment	\$100
Closing and Escrow Process	48 hours before the end of the Offering Period, investors that have signed the NPA will contribute their committed investment amounts into the designated escrow account for the Offering (instructions are available on the Portal during the investment process). Once the Offering Amount has been raised and the Offering Period has ended, the committed investment amounts will be released from escrow upon the Issuer’s satisfaction of the conditions set forth in the NPA, which includes providing NextSeed with sufficient evidence of all sources of capital for the project as described in this Disclosure, and the Offering will be deemed to have successfully closed (the “ Closing ”) and the NPA and the applicable Note will be posted to the respective investors’ page on the Portal. If the Offering Amount is not raised by the end of the Offering Period, all committed funds will be returned to the investors.
Cancellation of Investment Commitment	<p>Investors may cancel an investment commitment until 48 hours prior to the end of the Offering Period identified in this Disclosure.</p> <p>NextSeed will notify investors if the target Offering Amount has been met.</p> <p>If an investor does not cancel an investment commitment before the 48-hour period prior to the end of the Offering Period, the funds will be released to the Issuer upon the Closing and the investor will receive Securities in exchange for his or her investment.</p> <p>If there are any material changes to the Offering, investors will be</p>

	<p>notified of such change and given instructions to reconfirm his or her investment commitment within 5 business days. If an investor does not reconfirm his or her investment commitment within such time period, the investor's investment commitment will be cancelled and the committed funds will be returned.</p>
Revenue Sharing Percentage	13.5% of each month's gross revenue
Investment Multiple	<p>1.4x</p> <p>Investors will each receive in the aggregate 1.4x their original investments, as a result of being paid their proportionate shares of the Issuer's gross revenue on a monthly basis.</p>
Payment	The Issuer will make monthly payments based on the relevant revenue sharing percentage.
Maturity	If the investors have not been paid in full within 48 months after the Closing (commencing with the first full month after the Closing), the Issuer is required to promptly pay the entire outstanding balance to the investors.
Assignment	<p>The Securities may not be transferred by any investor during the one-year period beginning when the Securities are issued, unless the Securities are transferred: (i) to the Issuer; (ii) to an "accredited investor"; (iii) as part of an offering registered with the SEC; or (iv) to a member of the family of the investor or the equivalent, to a trust controlled by the investor, to a trust created for the benefit of a member of the family of the investor or the equivalent, or in connection with the death or divorce of the investor or other similar circumstance.¹ In addition, there is no ready market for the sale of the Securities and it may be difficult or impossible for an investor to sell or otherwise dispose of the Securities. Furthermore, the investors are not permitted to assign the Securities without the Issuer's prior written consent in accordance with the NPA.</p>
Escrow Agent / Paying Agent	GoldStar Trust Company, a trust only branch of Happy State Bank.

¹ The term "accredited investor" means any person who comes within any of the categories set forth in Rule 501(a) of Regulation D, or who the seller reasonably believes comes within any of such categories, at the time of the sale of the securities to that person.

The term "member of the family of the purchaser or the equivalent" includes a child, stepchild, grandchild, parent, stepparent, grandparent, spouse or spousal equivalent, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law of the purchaser, and includes adoptive relationships. The term "spousal equivalent" means a cohabitant occupying a relationship generally equivalent to that of a spouse.

NextSeed Fee	There are no fees to open an investment account on the Portal or to make an investment in Securities. For each payment made by the Issuer, NextSeed will deduct a service fee in an amount equal to 1.0% of such payment to cover transaction and administrative costs.
Security Interest	The Issuer will grant a security interest in all of its assets in favor of NextSeed for the benefit of the investors to secure the Issuer's obligations under the NPA and the Notes
Tax Considerations	<p>The Issuer intends to treat the Securities as contingent debt instruments for U.S. federal income tax purposes. Preparation and distribution of required tax documents to investors (e.g., Form 1099-INT) will be handled electronically at no additional cost on an annual basis.</p> <p>See Section IX for more details.</p>
Modification of Terms	Investors may not modify the terms of the investment set forth in the NPA.
Governing Law	Each NPA and Note will be governed by the laws of the State of Texas.

The Issuer certifies that all of the following statements are true for the Issuer:

- It is organized under, and subject to, the laws of a State or territory of the United States or the District of Columbia.
- It is not subject to the requirement to file reports pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934.
- It is not an investment company as defined in the Investment Company Act of 1940 or exempt from such definition under Section 3(b) or Section 3(c) thereof.
- It is not disqualified from relying on the Section 4(a)(6) Exemption under Rule 503(a) of Regulation Crowdfunding.
- It and its predecessors have not previously failed to comply with any ongoing reporting requirements of Rule 202 of Regulation Crowdfunding.
- It is not a development stage company that (a) has no specific business plan or (b) has indicated that its business plan is to engage in a merger or acquisition with an unidentified company or companies.

II. DESCRIPTION OF BUSINESS CAPITALIZATION

OVERVIEW

The two Partners, Anne Le and Sandy Tran, each hold 50% of the membership interests in the Issuer. The Issuer has no other securities outstanding at this time.

Note: Membership interests in the Issuer are equity interests in the Issuer, distinct from the Securities offered to investors through the Offering. The Issuer may offer membership interests or other equity interests in the Issuer for sale; however, the Securities will not be materially limited, diluted or qualified by the rights of the membership interests or any other equity interests.

MATERIAL TERMS OF ANY INDEBTEDNESS:

The Issuer has no outstanding debt.

III. KEY PERSONS

Thuy-My (Anne) Le

Partner, April 2015 – Present

Anne was born and raised in Houston. Her experience in the food and beverage industry spans 16 years. Armed with an MBA and her operational experience from four years with Hewlett Packard's Global Logistics team, Anne is uniquely equipped to lead the group to success. With her passion in event planning and design, Anne heads up kitchen operations, leads the team's community engagement and spends time focusing on scaling the growing portfolio for Sweet, Tout Suite and beyond. She has a Bachelor's of Science in Human Development & Family Sciences from the University of Texas at Austin and an MBA from the University of Phoenix.

Ms. Le's business experience in the last three years includes managing several coffee shops/bakeries in Houston as Chief Executive Officer:

- Sweet (since February 2011)
- Tout Suite (since September 2014)
- Tout Suite Memorial (since June, 2016)

Sandy Tran

Partner, April 2015 – Present

Sandy is a life-long Houstonian. Her 17 years in the service industry (9 years launching various startup restaurants) has been built on a foundation of restaurant accounting and finance. After graduating from the University of Houston with a BA in Accounting, she set out on a career path with Ernst & Young as an Auditor. But a few years in, she redirected her energy towards her passion - entrepreneurship. She now handles the planning, accounting, and financial growth of Sweet, Tout Suite and the expansion for the group.

Ms. Tran's business experience in the last three years includes managing several coffee shops/bakeries in Houston as Chief Financial Officer:

- Sweet (since February 2011)
- Tout Suite (since September 2014)
- Tout Suite Memorial (since June, 2016)

IV. USE OF PROCEEDS

	If Target Offering Amount Raised	If Maximum Offering Amount Raised
Total Proceeds	\$150,000	\$250,000
Less: Offering Expenses ²	Up to \$15,000	Up to \$25,000
Net Proceeds	At least \$135,000	At least \$225,000
Use of Net Proceeds	Proceeds will be used to complete the construction of the property.	Any additional funding will be used strategically towards upgrading the facility such as technology, materials used for build-out, landscaping on the property, and fixtures/furniture.

The Issuer anticipates that the total cost of the project will be approximately \$570,000 (“**Project Cost**”). The Partners have contributed a total of \$280,822 as of July 1, 2016, and the Issuer is seeking to crowdfund an amount between minimum of \$150,000 and maximum of \$250,000 through the NextSeed. In the event the Issuer is able to hold a successful Closing, the Partners hereby commit to provide or arrange sufficient equity financing for the Issuer to cover the remaining balance of the Project Cost.

²NextSeed charges 10% of the total offering amount as compensation for its services provided in connection with the Offering; provided that NextSeed will only charge 5% of the amount raised from investors that were introduced to the NextSeed website by the Issuer.

V. FINANCIAL STATEMENTS

Since the Issuer was formed recently (April 2015), the Issuer's current financial statements only reflect the startup costs incurred thus far and the equity contributions made by the Partners to date.

REVIEWED FINANCIAL STATEMENTS³

THE COLLECTIVE HTX, LLC

Balance Sheets

	July 1, 2016	December 31, 2015
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 86	\$ -
Prepaid assets	-	70,722
Total current assets	86	70,722
Non Current Assets		
Leasehold improvements	438,469	-
Total non current assets	438,469	-
Total assets	<u>\$ 438,555</u>	<u>\$ 70,722</u>
LIABILITIES AND MEMBERS' EQUITY		
Current Liabilities		
Accounts payable	\$ 157,747	\$ -
Accrued liabilities	1,250	-
Total current liabilities	158,997	-
Members' Equity		
Capital contributions	280,822	70,722
Accumulated deficit	(1,264)	-
Total members' equity	279,558	70,722
Total liabilities and members' equity	<u>\$ 438,555</u>	<u>\$ 70,722</u>

³Please see Appendix A of this document for the full review report by the Issuer's accountant.

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Statements of Operations and Members' Equity

	For the Period	
	January 1, 2016 - July 1, 2016	April 24, 2015 (date of inception) - December 31, 2015
Revenue	\$ -	\$ -
Operating Expenses		
General and administrative expenses	1,264	-
Total operating expenses	1,264	-
Operating loss	(1,264)	-
Net loss	(1,264)	-
Beginning balance	70,722	-
Capital contributions	210,100	70,722
Ending balance	<u>\$ 279,558</u>	<u>\$ 70,722</u>

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Statement of Cash Flows

	For the Period	
	January 1, 2016 - July 1, 2016	April 24, 2015 (date of inception) - December 31, 2015
Cash flows from operating activities		
Net loss	\$ (1,264)	\$ -
Changes in operating assets and liabilities		
Prepaid assets	-	(70,722)
Accounts payable	157,747	-
Accrued liabilities	1,250	-
Net cash provided by (used in) operating activities	157,733	(70,722)
Cash flows from investing activities		
Lease hold improvements	(367,747)	-
Net cash (used in) investing activities	(367,747)	-
Cash flows from financing activities		
Capital contribution	210,100	70,722
Net cash provided by financing activities	210,100	70,722
Net increase in cash and cash equivalents	86	-
Cash and cash equivalents, beginning of period	-	-
Cash and cash equivalents, end of period	\$ 86	\$ -
Supplemental disclosure		
Non-cash activity		
Prepaid assets trasfered to leasehold improvements	\$ 70,722	\$ -

PRO FORMA FINANCIAL STATEMENT

To illustrate its earning potential, the Issuer is providing a summary of its 4-year financial forecast on the following page. The forecast has been developed by the Issuer using reasonable best efforts based on operating statistics of comparable companies in co-working and/or office space leasing sectors. The key revenue drivers and other operating assumptions have been benchmarked against industry standards and reflect the ongoing prospect and cost of doing business in Houston.

	Year 1	Year 2	Year 3	Year 4
Revenue				
Office - 12' x 14'	\$31,920.00	\$31,920.00	\$31,920.00	\$31,920.00
Units	24	24	24	24
ASP	\$1,400.00	\$1,400.00	\$1,400.00	\$1,400.00
Occupancy Rate	95%	95%	95%	95%
Office - 10' x 10'	\$79,800.00	\$79,800.00	\$79,800.00	\$79,800.00
Units	84	84	84	84
ASP	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00
Occupancy Rate	95%	95%	95%	95%
Permanent Desks	\$60,000.00	\$90,000.00	\$114,000.00	\$114,000.00
Units	240	240	240	240
ASP	\$500.00	\$500.00	\$500.00	\$500.00
Occupancy Rate	50%	75%	95%	95%
Virtual Desks	\$108,000.00	\$180,000.00	\$198,000.00	\$198,000.00
Units	360	600	660	660
ASP	\$300.00	\$300.00	\$300.00	\$300.00
Day Pass	\$5,200.00	\$9,600.00	\$9,600.00	\$9,600.00
Units	260	480	480	480
ASP	\$20.00	\$20.00	\$20.00	\$20.00
Suite A	\$26,220.00	\$26,220.00	\$26,220.00	\$26,220.00
Occupancy Rate	95%	95%	95%	
Suite B	\$26,220.00	\$26,220.00	\$26,220.00	\$26,220.00
Occupancy Rate	95%	95%	95%	
Suite C	\$19,380.00	\$19,380.00	\$19,380.00	\$19,380.00
Occupancy Rate	95%	95%	95%	
SM Conference RM	\$25,080.00	\$31,920.00	\$36,480.00	\$36,480.00
Units	660	840	960	960
ASP	\$40.00	\$40.00	\$40.00	\$40.00
Occupancy Rate	95%	95%	95%	95%
LG Conference RM	\$41,382.00	\$52,668.00	\$60,192.00	\$60,192.00
Units	660	840	960	960
ASP	\$66.00	\$66.00	\$66.00	\$66.00
Occupancy Rate	95%	95%	95%	95%
Total Revenue	\$423,204.85	\$547,730.85	\$601,814.85	\$601,812.00

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	Year 1	Year 2	Year 3	Year 4
Fixed Rev	\$243,540.00	\$273,540.00	\$297,540.00	\$297,540.00
Variable Rev	\$179,664.85	\$274,190.85	\$304,274.85	\$304,272.00
<i>% of Total</i>				
<i>Fixed Rev</i>	<i>58%</i>	<i>50%</i>	<i>49%</i>	<i>49%</i>
<i>Variable Rev</i>	<i>42%</i>	<i>50%</i>	<i>51%</i>	<i>51%</i>
Operating Expenses:				
Payroll	\$144,000.00	\$144,000.00	\$144,000.00	\$144,000.00
Rent	\$72,000.00	\$72,000.00	\$72,000.00	\$72,000.00
Supplies	\$12,696.15	\$16,431.93	\$18,054.45	\$18,054.36
Utilities				
Electricity	\$12,000.00	\$12,000.00	\$12,000.00	\$12,000.00
Water	\$2,040.00	\$2,040.00	\$2,040.00	\$2,040.00
Phone	\$12,000.00	\$12,000.00	\$12,000.00	\$12,000.00
Internet	\$6,000.00	\$6,000.00	\$6,000.00	\$6,000.00
Services				
Copier Rental	\$2,400.00	\$2,400.00	\$2,400.00	\$2,400.00
Insurance	\$10,600.00	\$9,600.00	\$9,600.00	\$9,600.00
Security	\$26,400.00	\$26,400.00	\$26,400.00	\$26,400.00
Janitorial	\$12,000.00	\$12,000.00	\$12,000.00	\$12,000.00
Trash	\$6,000.00	\$6,000.00	\$6,000.00	\$6,000.00
Credit Card Fees	\$12,696.15	\$16,431.93	\$18,054.45	\$18,054.36
Marketing	\$12,000.00	\$12,000.00	\$12,000.00	\$12,000.00
Legal	\$12,000.00	\$12,000.00	\$12,000.00	\$12,000.00
Total Operating Expenses	\$354,832.29	\$361,303.85	\$364,548.89	\$364,548.72
EBITDA	\$68,372.56	\$186,427.00	\$237,265.96	\$237,265.96
<i>Margins</i>	<i>16%</i>	<i>34%</i>	<i>39%</i>	<i>39%</i>
Growth Rate		173%	27%	0%

VI. RISK FACTORS

A crowdfunding investment involves risk. An investor should not invest any funds in this Offering unless he or she can afford to lose his or her entire investment. In making an investment decision, investors must rely on their own examination of the Issuer and the terms of the Offering, including the merits and risks involved. These Securities have not been recommended or approved by any federal or state securities commission or regulatory authority. Furthermore, these authorities have not passed upon the accuracy or adequacy of this document. The SEC does not pass upon the merits of any Securities offered or the terms of the Offering, nor does it pass upon the accuracy or completeness of any offering document or literature. These Securities are offered under an exemption from registration; however, the SEC has not made an independent determination that these securities are exempt from registration.

Business Risks

The Issuer's success depends on its brand perception, in part, upon the popularity of their establishment and the customer's experience. The Issuer intends to reinforce and extend positive brand perception, including by providing a training program for its employees to ensure a high quality of customer service. Any shortcomings in the Issuer's brand building initiatives or business incidents that diminish customer perceptions of the Issuer's brand could negatively impact revenues. While the Issuer is optimistic that the multifaceted market it aims to target (i.e., college students, freelancers in the design or art industry, professionals in real estate, law, architecture) is broad enough to support the Issuer's business, if the Issuer overestimates the demand for its business or underestimates the popularity of its competition, the Issuer may not fully realize its anticipated revenue. The Issuer's business, financial condition and results of operations depends in part on the Issuer's ability to anticipate, identify and respond to changing customer preferences. Any failure by the Issuer to anticipate and respond to changing customer preferences could make the Issuer's business less appealing and adversely affect business.

Reputational Risks

Adverse publicity concerning coworking spaces and the business could damage the Issuer's brand and negatively affect the future success of the business. This can take different forms, such as word-of-mouth criticisms, web blogs, social media websites, and other Internet-based communications that allow individuals access to a broad audience of consumers and other interested persons. Many social media platforms immediately publish the content their subscribers and participants can post, often without filters or checks on accuracy of the content posted. There is significant opportunity for dissemination of information, including inaccurate information. Information about the Issuer's business may be posted on such platforms at any time, and may be adverse or inaccurate, either of which may harm the business and the Issuer's financial performance. The harm may be immediate without affording the Issuer an opportunity for redress or correction.

Competition Risks

The market for coworking spaces is competitive and the Issuer may need to compete with various competitors, such as other well-funded coworking spaces and more traditional office spaces. There are

little barriers to entry in Houston for coworking spaces or traditional office spaces due to surplus commercial real estate. The Issuer competes with other competitors on the basis of quality and price of the services offered, atmosphere, location and overall member experience. The entrance of new competitors, whether other coworking spaces or traditional office spaces, into the Issuer's market could reduce revenue and operating margins. Some competitors may have greater financial and other resources, greater name recognition, and/or more experience in the business. Any inability to compete successfully with competitors, shifts in consumer preferences away from coworking spaces or the Issuer's inability to develop new services that appeal to consumers may negatively affect revenues.

Management Risks

Any operational growth experienced by the Issuer will place additional demands on the Issuer's administrative, management and financial resources. If the Issuer's management does not effectively manage growth, the Issuer's operations and financial condition may be negatively impacted. The timing and extent of future growth depends, in part, on the Issuer's ability to manage its organizational structure and financial resources.

Personnel Risks

The success of the business is heavily dependent on the judgment and ability of the Issuer's leadership team. Although the Partners have extensive background in managing business ventures, the coworking space industry is a new industry and the Partners have limited direct experience in this industry. In addition, if they are unable to attend to the business for health or personal reasons for an extended period of time or if any Partner decides to leave, the Issuer may have difficulty finding a replacement, and the business may suffer. While the Partners are confident that they can attract talented personnel, there can be no assurance that the Issuer will be able to successfully attract and retain the leadership team and other key management personnel needed.

Labor Supply Risks

An important component of the Issuer's operations is labor. The Issuer competes with other employers in the market for hourly workers and may be subject to higher labor costs as a result of such competition. The Issuer devotes resources to recruiting and training team members, as its success depends, in part, upon its ability to attract, motivate and retain qualified employees. If the Issuer is unable to recruit and retain sufficiently qualified personnel, the business and its growth could be adversely affected. Any material increases in employee turnover rates or any employee dissatisfaction could have a material adverse effect on the Issuer's business and results of operations. The Issuer may sustain an increase in operating costs if it pays increased compensation or benefits to its employees. The Issuer must follow various federal and state labor laws, including but not limited to employee classifications as exempt or non-exempt, unemployment tax rates, workers' compensation rates, citizenship requirements and other wage and benefit requirements for employees classified as non-exempt. The Issuer may be adversely affected by legal or governmental proceedings brought by or on behalf of its employees or customers. Although the Issuer requires all workers to provide government-specified documentation evidencing employment eligibility, some employees may, without the Issuer's knowledge, be unauthorized workers. If any of the Issuer's workers are found to be unauthorized, the Issuer may experience adverse publicity that negatively impacts their ability to hire and keep qualified

employees. Termination of a significant number of employees who were unauthorized employees may disrupt the Issuer's operations, cause temporary increases in labor costs as new employees are trained and result in additional negative publicity. The Issuer could also become subject to fines, penalties and other costs related to claims that the Issuer did not fully comply with all record-keeping obligations of federal and state immigration compliance laws. These factors may have a material adverse effect on the Issuer's business, financial condition and results of operations.

Market Conditions

The Issuer's success depends to a significant degree on numerous factors affecting discretionary spending of its members, including general economic conditions, disposable income and confidence. The Issuer will cater to both business and individual members. Accordingly, cost-conscious consumers may reduce their level of discretionary spending, including on coworking spaces, during economic turmoil or periods of uncertainty. Any material decline in the amount of discretionary spending could have a material adverse effect on our revenue, results of operations, business and financial condition. The Issuer's sales are also dependent on foot traffic in and popularity of a specific location. If the foot traffic in the area declines, or the Issuer is forced to move its operations to a different location, revenues may be negatively impacted. The Issuer's success also depends on the popularity of coworking spaces and the overall experience provided to our members. Any shift in consumer preferences away from the Issuer's business concept could negatively affect financial performance.

Supply and Delivery Cost Risks

Supplies and prices of various products and services that the Issuer offers can be affected by a variety of factors, such as weather, seasonal fluctuations, demand, politics and economics in the producing regions. These factors may subject the Issuer to shortages or interruptions in supplies, which could adversely affect revenue. The Issuer does not have control over the businesses of its vendors, suppliers and distributors, and its efforts to specify and monitor the standards under which they perform may not be successful. Higher diesel and gasoline prices may affect supply or transportation costs and may affect the Issuer's profitability. If the Issuer has long-term purchase commitments in excess of what the Issuer needs due to a decline in demand, this may also adversely affect profitability. Furthermore, certain supplies may be perishable, and the Issuer has limited control over whether those items will be delivered in an appropriate condition for use in its business. If any of the Issuer's vendors, suppliers or distributors are unable to fulfill their obligations to the Issuer's standards, or if a replacement provider cannot be found in the event of a supply or service disruption, the Issuer could encounter supply shortages and incur higher costs to secure adequate supplies, which could materially adversely affect the Issuer's business, financial condition and results of operation.

Operational Risks

The Issuer's business operations require processing and/or maintaining certain personal, business and financial information about customers, vendors and employees. The use of such information by the Issuer is regulated by federal and state laws, as well as certain third party agreements. If the Issuer's security and information systems are compromised or if employees fail to comply with the applicable laws and regulations, and this information is obtained by unauthorized persons or used inappropriately, it could adversely affect the Issuer's reputation and result in litigation and settlement costs, damage

awards or penalties and fines. As privacy and information security law and regulations change, the Issuer may incur additional costs to ensure compliance.

Financing Risks

The Issuer has not yet commenced operations and has not generated any revenue to date. In order to begin business operations, the Issuer will need to incur expenses related to the development of the planned service, expenses related to the acquisition of certain supplies, expenses related to the opening of the first planned location, and other start-up costs. Accordingly, if the Issuer does not obtain the requisite financing, including the financing sought in this offering, the business will likely fail.

Development Risk

The Issuer's dependence on development exposes the Issuer to timing, budgeting and other risks. New project development has a number of risks, including risks associated with:

- construction delays or cost overruns that may increase project costs;
- receipt of zoning, occupancy and other required governmental permits and authorizations;
- development costs incurred for projects that are not pursued to completion;
- so-called acts of God such as earthquakes, hurricanes, floods or fires that could adversely impact a project;
- defects in design or construction that may result in additional costs to remedy or require all or a portion of a property to be closed during the period required to rectify the situation;
- ability to raise capital; and
- governmental restrictions on the nature or size of a project or timing of completion.

The Issuer cannot assure you that any development project will in fact be developed, and, if developed, the time period or the budget of such development may be greater than initially contemplated and the actual number of units or rooms constructed may be less than initially contemplated.

Real Estate Risks

The Issuer is leasing its business location and is subject to any penalties that may result from a violation of the lease terms, such as early lease cancellation. The current location of the Issuer may become unattractive as demographic patterns change. The Issuer may fail to negotiate renewals of the lease, either on commercially acceptable terms or at all, which could require the Issuer to lose a desirable location.

The Issuer is planning to open in Houston area. There is no guarantee that this site will remain suitable, or that the business will be operated profitably. The Issuer depends on cash flow from operations to pay lease obligations and to fulfill other cash requirements. If the business does not generate sufficient cash flow and sufficient funds are not otherwise available to the Issuer from other sources, the Issuer may not be able to meet its lease obligations, grow the business, respond to competitive challenges or fund its other liquidity and capital needs, which would have a material adverse effect on the Issuer.

Negative effects on the Issuer's landlord due to any inaccessibility of credit and other unfavorable economic factors may, in turn, adversely affect the Issuer's business and results of operations. If the

Issuer's landlord is unable to obtain financing or remain in good standing under their existing financing arrangements, they may be unable to provide construction contributions or satisfy other lease covenants with the Issuer. If the landlord files for bankruptcy protection, the landlord may be able to reject the Issuer's lease in the bankruptcy proceedings. While the Issuer may have the option to retain its rights under the lease, the Issuer may not be able to compel the landlord to perform any of its obligations and would be left with damages as the sole recourse. In addition, if the landlord is unable to obtain sufficient credit to continue to properly manage its retail site, the Issuer may experience a drop in the level of quality of such retail center. The Issuer may be adversely affected by the negative financial situations of developers and landlords.

Legal Risks

Businesses in the Issuer's industry can be adversely affected by litigation and complaints from customers or government authorities resulting from health claims, allergens, illness, injury or other health concerns or other various operating issues stemming from one or more retail locations. Negative publicity about these allegations may negatively affect the Issuer, regardless of whether the allegations are true, by discouraging customers from patronizing the Issuer. The Issuer may also be impacted by industry trends in litigation, including class-action allegations brought under various consumer protection laws, securities and derivative lawsuits claiming violations of state and federal securities law, and employee lawsuits, including wage and hour claims. Due to the inherent uncertainties of litigation and regulatory proceedings, the Issuer cannot accurately predict the outcome of any such proceedings. An unfavorable outcome could have a material adverse impact on the Issuer's business, financial condition and results of operations. Further, regardless of outcome, these proceedings could result in substantial costs and may require resources of the Issuer be used to defend any claims.

Environmental Risks

The Issuer is subject to national, state and local laws and regulations in the U.S. concerning waste disposal, pollution, protection of the environment, and the presence, discharge, storage, handling, release and disposal of, and exposure to, hazardous or toxic substances. These environmental laws provide for significant fines and penalties for noncompliance and liabilities for remediation, sometimes without regard to whether the owner or operator of the property knew of, or was responsible for, the release or presence of hazardous toxic substances. Third parties may also make claims against owners or operators of properties for personal injuries and property damage associated with releases of, or actual or alleged exposure to, such hazardous or toxic substances at, on or from the Issuer's business. Environmental conditions relating to releases of hazardous substances at the Issuer's site could materially adversely affect the business, financial condition and results of operations. Further, environmental laws, and the administration, interpretation and enforcement thereof, are subject to change and may become more stringent in the future, each of which could materially adversely affect the Issuer's business, financial condition and results of operations.

Information Technology Risks

The Issuer relies heavily on information systems, such as point-of-sale processing, for management of the Issuer's supply chain, payment of obligations, collection of cash, credit and debit card transactions, provision of internet and other network services to its members on premises, and other processes and procedures. The Issuer's ability to efficiently and effectively manage its business depends significantly on the reliability and capacity of these systems. The Issuer's operations depend on its ability to protect its

computer equipment and systems against damage from physical theft, fire, power loss, telecommunications failure or other catastrophic events, as well as from internal and external security breaches, viruses and other disruptive problems. The failure of these systems to operate effectively, maintenance problems, upgrading or transitioning to new platforms, expanding the Issuer's systems or a breach in security of these systems could result in delays in guest service and reduce operational efficiency. Remediation of such problems could result in significant, unplanned capital investments.

Accounting Risks

Changes to existing accounting rules or regulations may impact the Issuer's future results of operations or cause the perception that the Issuer is more highly leveraged. Other new accounting rules or regulations and varying interpretations of existing accounting rules or regulations have occurred and may occur in the future. For example, accounting regulatory authorities have indicated that they may begin to require lessees to capitalize operating leases in their financial statements for the next few years. If adopted, such change would require the Issuer to record significant capital lease obligations on its balance sheet and make other changes to its financial statements. This and other future changes to accounting rules or regulations may impact the Issuer's future operating results.

Intellectual Property Risks

The Issuer's intellectual property is material to conducting business. The Issuer's success depends in part on furthering brand recognition using its trademarks, service marks, trade dress, trade secrets and other proprietary intellectual property, including its name, logos and unique ambiance of its property. The Issuer has taken efforts to protect its brand, but if its efforts are inadequate, or if any third party misappropriates or infringes on the Issuer's intellectual property, the value of the store brand or consumer products brand may be harmed, which could have a material adverse effect on the business. There are no material claims against us from prior users of intellectual property, but there can be no assurances that the Issuer will not encounter any material claims in the future. If this happens, it could harm the Issuer's image, brands or competitive position and cause the Issuer to incur significant penalties and costs.

Regulatory Risks

Products and services offered by the Issuer are subject to regulation. Regulatory action could substantially increase the Issuer's costs, damage reputation and materially affect operating results. The Issuer's increased costs in complying with these requirements or failure to obtain required licenses or permits in a timely fashion may materially affect operations.

Regulations regarding climate change, energy usage and emissions controls may impact the Issuer directly through higher cost of goods. The potential impacts of climate change and climate change regulations are highly uncertain at this time, and the Issuer cannot anticipate or predict the material adverse effects on the business as a result of climate change or climate change regulation.

The Issuer is subject to various federal, state and local regulations, including regulations related to zoning and building codes, land use and employee, health, sanitation and safety matters. The Issuer is also subject to the U.S. Fair Labor Standards Act, which governs such matters as working conditions, family leave mandates and other employment law matters. Compliance with additional regulations can become costly and affect the Issuer's operating results.

Tax Risks

The Issuer is subject to federal, state and local taxes. In making tax estimates and paying taxes, significant judgment is often required. Although the Issuer believes its tax positions and estimates are reasonable, the Issuer could have additional tax liability, including interest and penalties, if a taxing authority disagrees with the positions taken by the Issuer. If material, payment of such additional amounts could have a material impact on the Issuer's results of operations and financial position.

Risks from Work Stoppages, Terrorism or Natural Disasters

The Issuer's operations may be subject to disruption for a variety of reasons, including work stoppages, terrorism, acts of war, pandemics, fire, earthquake, flooding, tornadoes or other natural disasters. These disruptions can result in, among other things, lost sales due to the inability of customers, employees or suppliers to reach the store, property damage and lost sales if the Issuer is forced to close for an extended period of time.

Limited Source of Repayment

The only source of financial return for investors before maturity is through payments as set forth in the NPA and the Notes and there is no guarantee of any investment return. The Securities are speculative investments inherently involving a degree of risk, meaning part or all of such investments may be lost. Neither the Issuer nor NextSeed guarantees loan payment or investor returns.

Risks Relating to Debt Financing

The Issuer's debt service obligations may adversely affect its cash flow. As a result of any future debt obligations, the Issuer may be subject to: (i) the risk that cash flow from operations will be insufficient to meet required payments of principal and interest, (ii) restrictive covenants, including covenants relating to certain financial ratios, and (iii) interest rate risk. Although the Issuer anticipates that it will be able to repay or refinance any indebtedness when it matures, there can be no assurance that it will be able to do so or that the terms of such refinancing will be favorable. The Issuer's leverage may have important consequences including the following: (i) its ability to obtain additional financing for acquisitions, working capital, capital expenditures or other purposes, if necessary, may be impaired or such financing may not be available on terms favorable to the Issuer and (ii) a substantial decrease in operating cash flow or a substantial increase in its expenses could make it difficult for the Issuer to meet its debt service requirements and restrictive covenants and force the Issuer to sell assets and/or modify its operations.

VII. CERTAIN LEGAL MATTERS AND TAX CONSIDERATIONS

LEGAL PROCEEDINGS

The Issuer is not aware of any material legal proceeding in which the Issuer, any of its affiliates, or any of its property is currently a party or subject to legal proceedings.

ELIGIBILITY UNDER RULE 503 OF REGULATION CROWDFUNDING

With respect to the Issuer, any predecessor of the Issuer, any affiliated issuer, any director, officer, general partner or managing member of the Issuer, any beneficial owner of 20 percent or more of the Issuer's outstanding voting equity securities, any promoter connected with the Issuer in any capacity at the time of the Offering, any person that has been or will be paid (directly or indirectly) remuneration for solicitation of investors in connection with the sale of Securities, or any general partner, director, officer or managing member of any such solicitor:

(1) None of any such person has been convicted, within 10 years (or five years, in the case of Issuers, their predecessors and affiliated issuers) before the filing of this Disclosure, of any felony or misdemeanor:

(i) in connection with the purchase or sale of any security;

(ii) involving the making of any false filing with the SEC; or

(iii) arising out of the conduct of the business of an underwriter, broker, dealer, municipal securities dealer, investment adviser, funding portal or paid solicitor of purchasers of securities.

(2) None of any such person has been subject to any order, judgment or decree of any court of competent jurisdiction, entered within five years before the filing of the information required by Section 4A(b) of the Securities Act that, at the time of filing of this Disclosure, restrains or enjoins such person from engaging or continuing to engage in any conduct or practice:

(i) in connection with the purchase or sale of any security;

(ii) involving the making of any false filing with the SEC; or

(iii) arising out of the conduct of the business of an underwriter, broker, dealer, municipal securities dealer, investment adviser, funding portal or paid solicitor of purchasers of securities.

(3) None of any such person has been subject to a final order of a state securities commission (or an agency or officer of a state performing like functions); a state authority that supervises or examines banks, savings associations or credit unions; a state insurance commission (or an agency or officer of a state performing like functions); an appropriate federal banking agency; the U.S. Commodity Futures Trading Commission; or the National Credit Union Administration that:

(i) at the time of the filing of this Disclosure bars the person from:

(A) association with an entity regulated by such commission, authority, agency or officer;

(B) engaging in the business of securities, insurance or banking; or

(C) engaging in savings association or credit union activities; or

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(ii) constitutes a final order based on a violation of any law or regulation that prohibits fraudulent, manipulative or deceptive conduct and for which the order was entered within the 10-year period ending on the date of the filing of this Disclosure.

(4) None of any such person has been subject to an order of the SEC entered pursuant to Section 15(b) or 15B(c) of the Exchange Act or Section 203(e) or (f) of the Investment Advisers Act of 1940 that, at the time of the filing of this Disclosure:

(i) suspends or revokes such person's registration as a broker, dealer, municipal securities dealer, investment adviser or funding portal;

(ii) places limitations on the activities, functions or operations of such person; or

(iii) bars such person from being associated with any entity or from participating in the offering of any penny stock.

(5) None of any such person has been subject to any order of the SEC entered within five years before the filing of this Disclosure that, at the time of the filing of this Disclosure, orders the person to cease and desist from committing or causing a violation or future violation of:

(i) any scienter-based anti-fraud provision of the federal securities laws, including without limitation Section 17(a)(1) of the Securities Act, Section 10(b) of the Exchange Act, Section 15(c)(1) of the Exchange Act and Section 206(1) of the Investment Advisers Act of 1940 or any other rule or regulation thereunder; or

(ii) Section 5 of the Securities Act.

(6) None of any such person has been suspended or expelled from membership in, or suspended or barred from association with a member of, a registered national securities exchange or a registered national or affiliated securities association for any act or omission to act constituting conduct inconsistent with just and equitable principles of trade.

(7) None of any such person filed (as a registrant or Issuer), and none of any such person was or was named as an underwriter in, any registration statement or Regulation A Disclosure filed with the SEC that, within five years before the filing of this Disclosure, was the subject of a refusal order, stop order, or order suspending the Regulation A exemption, and none of any such person, at the time of such filing, has been the subject of an investigation or proceeding to determine whether a stop order or suspension order should be issued.

(8) None of any such person has been subject to a United States Postal Service false representation order entered within five years before the filing of the information required by Section 4A(b) of the Securities Act, and none of any such person, at the time of filing of this Disclosure, has been subject to a temporary restraining order or preliminary injunction with respect to conduct alleged by the United States Postal Service to constitute a scheme or device for obtaining money or property through the mail by means of false representations.

AFFILIATED PARTY TRANSACTIONS

The Issuer or any entities controlled by or under common control with the issuer was not party to any transaction since the beginning of the Issuer's last fiscal year, or any currently proposed transaction, where the amount involved exceeds five percent of the aggregate amount of capital raised by the Issuer

in reliance of 4(a)(6) Exemption during the preceding 12-month period, including the amount the issuer seeks to raise in the Offering, in which any of the following persons had or is to have a direct or indirect material interest:

- (1) any director or officer of the Issuer;
- (2) any person who is, as of the most recent practicable date, the beneficial owner of 20 percent or more of the Issuer's outstanding voting equity securities, calculated on the basis of voting power;
- (3) if the Issuer was incorporated or organized within the past three years, any promoter of the Issuer; or
- (4) any immediate family member of any of the foregoing persons.

CERTAIN TAX CONSIDERATIONS

The Issuer intends to treat the Securities as contingent debt instruments for U.S. federal income tax purposes. The Issuer's good-faith determination that the Securities should be considered contingent debt instruments for U.S. federal income tax purposes is not intended to be, nor should be construed to be, legal or tax advice to any particular person. This consideration is not binding and therefore may be subject to review and challenge by the IRS. All prospective investors are urged to consult their own tax advisors with respect to the U.S. federal, state, local and non-U.S. tax consequences related to the purchase, ownership and disposition of the Securities based on their particular circumstances. Preparation and distribution of required tax documents to investors (e.g., Form 1099-INT) will be handled electronically at no additional cost on an annual basis.

OTHER MATTERS

NextSeed Assessment

Every offering on the Portal undergoes a standardized risk assessment by NextSeed that is applied on all businesses listing on NextSeed. The risk assessment is intended to first determine if a prospective issuer fits the business categories offered on NextSeed, based on the objective criteria established by NextSeed. If a good fit is found, NextSeed helps the Issuer determine the loan terms to offer to their prospective investors. When assessing the feasibility of a prospective offering, NextSeed typically considers the following key factors:

- **Historical Financial Performance** – comparison of key financial ratios to industry standards to evaluate the prospective issuer's strengths and weaknesses
- **Projected Impact of Proposed Loan Terms** – analysis of proposed terms' potential impact on the prospective issuer's overall financial condition
- **Credit History Information** – credit history of the prospective issuer, as well as personal credit histories of key personnel
- **Leadership Experience and Stability** – the level of industry expertise and length of tenure of the prospective issuer's leadership
- **Industry Risk** – overall success/failure rate in the relevant industry in which the prospective issuer operates, according to historical data

The final investment terms offered to prospective investors reflect NextSeed's and the Issuer's good-faith assessment, and are not a guarantee or guidance of performance of any kind. Investors should consider their own financial advisors for risk assessment and projected investment returns.

Payment Processing Operations

Collection and repayment of funds to investors who have purchased the Securities depend on the continuous operation of NextSeed and its banking partner(s) that facilitate payments. If either NextSeed or its banking partner(s) were to stop or otherwise be unable to continue operations in the future, while NextSeed will make all commercially reasonable efforts to facilitate repayment of all outstanding Securities, it may not be possible to service the existing Securities until completion.

Legal and Regulatory Implications

The legal and regulatory regime governing investment crowdfunding is a recent development and subject to inherent uncertainty as the applicable legal and regulatory environment continues to evolve. Accordingly, there may be changes to the legal and regulatory requirements that negatively affect the operations of NextSeed, including servicing the Securities. In addition, while the effective interest rates that may be charged to the Issuer are intended to be compliant with state usury law requirements, if in the event that any lawsuit brought by any issuer on NextSeed results in the Securities being found to violate state usury laws, such Securities may lose certain value.

Limited Security and Enforcement Options

The Issuer will grant a security interest in all of its assets in favor of NextSeed for the benefit of the investors but the Securities are not insured by any third party or backed by any government authority in any way. NextSeed (and any designated third-party collection agency that may be appointed by NextSeed) may be limited in its ability to collect payments in the event the Issuer is unable or unwilling to comply with its payment obligations.

Requests for Additional Investor Information

Each investor will be required to comply promptly with reasonable requests for information made by or on behalf of the Issuer or the Portal in order for the Issuer or the Portal to satisfy any request for information about such investor or its investment, including requests made by any national, federal, state, local or regulatory authority, agency, committee, court, exchange or self-regulatory organization.

Additional Issuer Information

Prior to the Closing, each prospective investor will be able to ask questions and receive answers concerning the Offering via the Portal. All communication with the Issuer regarding the Offering is required to take place on the Portal. No other person other than the Issuer has been authorized to give information or to make any representations concerning the Issuer or the Offering outside of this Disclosure, and if given or made, such other information or representations must not be relied upon as having been authorized by the Issuer.

This Disclosure is intended to present a general disclosure regarding the Issuer. Each prospective investor should thoroughly review the NPA, which specifies the terms of investment in the Securities.

ONGOING REPORTING

The Issuer will file a report electronically with the SEC annually and post the report on its website, no later than: April 30 of the following year, 120 days after the end of each fiscal year covered by the report.

Once posted, the annual report may be found on the issuer's website at: www.thecoophtx.com.

The issuer must continue to comply with the ongoing reporting requirements until:

- (1) the Issuer is required to file reports under Section 13(a) or Section 15(d) of the Exchange Act;
- (2) the Issuer has filed at least one annual report pursuant to Regulation Crowdfunding and has fewer than 300 holders of record and has total assets that do not exceed \$10,000,000;
- (3) the Issuer has filed at least three annual reports pursuant to Regulation Crowdfunding;
- (4) the Issuer or another party repurchases all of the securities issued in reliance on 4(a)(6) Exemption, including any payment in full of Securities and any other debt securities or any complete redemption of redeemable securities; or
- (5) the Issuer liquidates or dissolves its business in accordance with state law.

APPENDIX A

FINANCIAL STATEMENTS WITH ACCOUNTANT'S REVIEW REPORT

THE COLLECTIVE HTX, LLC

FINANCIAL STATEMENTS

July 1, 2016 and December 31, 2015

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Members,
The Collective HTX, LLC
Houston, Texas

We have reviewed the accompanying financial statements of The Collective HTX, LLC, (the "Company"), which comprise the balance sheets as of July 1, 2016 and December 31, 2015 and the related statements of operations and members' equity, and cash flows for the periods from April 24, 2015 (date of inception) to December 31, 2015, and January 1, 2016 to July 1, 2016, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

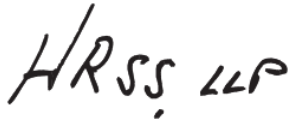
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "HRSS LLP". The letters are stylized and slanted to the right.

Houston, Texas
August 26, 2016

THE COLLECTIVE HTX, LLC

Balance Sheets

	July 1, 2016	December 31, 2015
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 86	\$ -
Prepaid assets	-	70,722
Total current assets	86	70,722
Non Current Assets		
Leasehold improvements	438,469	-
Total non current assets	438,469	-
Total assets	<u>\$ 438,555</u>	<u>\$ 70,722</u>
LIABILITIES AND MEMBERS' EQUITY		
Current Liabilities		
Accounts payable	\$ 157,747	\$ -
Accrued liabilities	1,250	-
Total current liabilities	158,997	-
Members' Equity		
Capital contributions	280,822	70,722
Accumulated deficit	(1,264)	-
Total members' equity	279,558	70,722
Total liabilities and members' equity	<u>\$ 438,555</u>	<u>\$ 70,722</u>

See accompanying accountant's review report and notes to financial statements.

THE COLLECTIVE HTX, LLC
Statements of Operations and Members' Equity

	For the Period	
	January 1, 2016 - July 1, 2016	April 24, 2015 (date of inception) - December 31, 2015
Revenue	\$ -	\$ -
Operating Expenses		
General and administrative expenses	1,264	-
Total operating expenses	1,264	-
Operating loss	(1,264)	-
Net loss	<u>(1,264)</u>	<u>-</u>
Beginning balance	70,722	-
Capital contributions	210,100	70,722
Ending balance	<u>\$ 279,558</u>	<u>\$ 70,722</u>

See accompanying accountant's review report and notes to financial statements.

THE COLLECTIVE HTX, LLC

Statement of Cash Flows

	For the Period	
	January 1, 2016 - July 1, 2016	April 24, 2015 (date of inception) - December 31, 2015
Cash flows from operating activities		
Net loss	\$ (1,264)	\$ -
Changes in operating assets and liabilities		
Prepaid assets	-	(70,722)
Accounts payable	157,747	-
Accrued liabilities	1,250	-
Net cash provided by (used in) operating activities	157,733	(70,722)
Cash flows from investing activities		
Lease hold improvements	(367,747)	-
Net cash (used in) investing activities	(367,747)	-
Cash flows from financing activities		
Capital contribution	210,100	70,722
Net cash provided by financing activities	210,100	70,722
Net increase in cash and cash equivalents	86	-
Cash and cash equivalents, beginning of period	-	-
Cash and cash equivalents, end of period	\$ 86	\$ -
Supplemental disclosure		
Non-cash activity		
Prepaid assets trasfered to leasehold impovements	\$ 70,722	\$ -

See accompanying accountant's review report and notes to financial statements.

NOTE 1 – ORGANIZATION AND NATURE OF OPERATIONS

The Collective HTX, LLC (“HTX” or the “Company”) was created in the State of Texas as a Limited Liability Company on April 24, 2015. The Company is set up to manage and sublease a portion of the retail rental property located in Houston, Texas.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Company is presented to assist in understanding the Company’s financial statement. The financial statement and notes are representations of the Company’s management who is responsible for the integrity and objectivity of the financial statement. These accounting policies conform to Generally Accepted Accounting Principles (GAAP) and have been consistently applied in the preparation of the financial statement.

Use of Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States, require management to make estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates. It is reasonably possible that changes in estimates will occur in the near term.

Basis of Accounting

The Company’s accounting period ends December 31. The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Risks and Uncertainties

The Company is set up to manage and sublease a portion of the rental retail property located at 2007 Commerce Street in Houston, Texas. The Company has a limited operating history and has not generated revenue intended operations. In accordance with the Financial Accounting Standards Board’s (“FASB”) ASC 275-10 “Risks and Uncertainties,” the Company’s activities are subject to significant risks and uncertainties. A host of factors beyond the Company’s control could cause fluctuations in these conditions, including failure to sublease the property, local competition impacting rental rates and consumer demand in the area.

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less when purchased, to be cash equivalents.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Concentration of Credit Risk

The Company maintains its cash with a major financial institution located in the United States of America, which it believes to be credit worthy. At times, the Company maintains balances in excess of the federally insured limits. Accounts are guaranteed by the Federally Deposit Insurance Corporation (“FDIC”) up to \$250,000. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant financial risk on cash.

Income Taxes

The Company is taxed as Limited Liability Company. Under these provisions, the Company does not pay federal corporate income taxes on its taxable income. Instead, the shareholders are liable for individual federal and state income taxes on their respective shares of the Company’s taxable income. The Company is not yet subject to tax examination by the Internal Revenue Service or state regulatory agencies.

Revenue Recognition

The Company plans to sublease a portion of the retail rental property. Revenue will be recognized when the property is subleased and rental agreement is signed.

Leasehold Improvements

Leasehold improvements are stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the lesser of the useful life or lease terms. The lease will commence from October 1, 2016; therefore, leasehold improvements on the property were not in use during the period from April 24, 2015 to July 1, 2016, and as such no depreciation had incurred for this period. Expenditures for maintenance and repairs are charged to expense when incurred. Expenditures for improvements are capitalized and depreciated. The cost of assets retired or otherwise disposed of and the related accumulated depreciation are eliminated from the accounts in the year of disposal and the resulting gain or loss is credited or charged to operations. As of July 1, 2016, leasehold improvements totaled \$438,469. There were no leasehold improvements at December 31, 2015.

Impairment of Long-Lived Assets

The long-lived assets held and used by the Company are reviewed for impairment annually or whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In the event that facts and circumstances indicate that the cost of any long-lived assets may be impaired, an evaluation of recoverability is performed. There can be no assurance, however, that market conditions will not change or demand for the Company’s products and services will continue, which could result in impairment of long-lived assets in the future.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, Leases, that requires organizations that lease assets, referred to as “lessees”, to recognize on the balance sheet the assets and liabilities for the rights and obligations created by those leases with lease terms of more than 12 months. ASU 2016-02 will also require disclosures to help investors and other financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases and will include qualitative and quantitative requirements. The new standard will be effective for fiscal years beginning after December 15, 2018, including interim periods within those annual years, and early application is permitted. We are currently evaluating the effect that the updated standard will have on our financial statements and related disclosures.

NOTE 3 – ACCRUED LIABILITIES

Accrued liabilities relate to professional fees. As of July 1, 2016, accrued liabilities totaled \$1,250. There were no accrued liabilities at December 31, 2015.

NOTE 4 – MEMBERS’ EQUITY

The Company is equally owned by two founding members: Thuy-My Luong and Sandy Le Tran. As of July 1, 2016 and December 31, 2015, the founding members had total capital contributions of \$280,822 and \$70,722, respectively.

NOTE 5 – COMMITMENTS AND CONTINGENCIES

The Company entered into an 83-month lease agreement for 10,000 square feet of co-shared office retail space located in Houston, Texas, with a related party, which is fully owned and managed by the two founding members of the Company. This lease will commence from October 1, 2016 and end on August 31, 2023, at a monthly rent of \$6,000.

NOTE 5 – COMMITMENTS AND CONTINGENCIES (continued)

Minimum future rental payments having remaining terms in excess of one year as of July 1, 2016 for each of the years are as follows:

<u>Year Ending December 31,</u>	
2016	\$ 18,000
2017	72,000
2018	72,000
2019	72,000
2020 and remaining	<u>264,000</u>
	<u><u>\$ 498,000</u></u>

NOTE 6 – SUBSEQUENT EVENTS

The Company has evaluated subsequent events through August 26, 2016, which is the date these financial statements were available for issuance. There were no subsequent events requiring recognition or additional disclosure in these financial statements.

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