

Unaudited

**IPIANOLAB, LLC**

*Unaudited Financial Statements For Fiscal Years Ending July 31, 2018, 2017 and 2016*

*Dec 23, 2017*

**IPIANOLAB, LLC**  
**BALANCE SHEET**  
**JULY 31, 2018, 2017 & 2016**

**ASSETS**

**CURRENT ASSETS**

|                      | <b><u>2018*</u></b> | <b><u>2017</u></b> | <b><u>2016</u></b> |
|----------------------|---------------------|--------------------|--------------------|
| Cash                 | 36,874              | 12,327             | 25,848             |
| Accounts Receivable  | -                   | 2,810              | 2,515              |
| TOTAL CURRENT ASSETS | 36,874              | 17,154             | 28,362             |

**NON-CURRENT ASSETS**

|                           |        |       |       |
|---------------------------|--------|-------|-------|
| Property & Equipment, Net | 16,431 | 9,985 | 6,835 |
| TOTAL NON-CURRENT ASSETS  | 16,431 | 9,985 | 6,835 |

|              |               |               |               |
|--------------|---------------|---------------|---------------|
| TOTAL ASSETS | <b>53,305</b> | <b>25,122</b> | <b>35,198</b> |
|--------------|---------------|---------------|---------------|

**LIABILITIES & SHAREHOLDER'S EQUITY**

**CURRENT LIABILITIES**

|                           |        |        |        |
|---------------------------|--------|--------|--------|
| Accounts Payable          | 5,514  | (622)  | -      |
| Notes Payable, Short Term | 19,742 | 18,200 | 30,000 |
| TOTAL CURRENT LIABILITIES | 25,256 | 17,578 | 30,000 |

**NON-CURRENT LIABILITIES**

|                               |       |       |   |
|-------------------------------|-------|-------|---|
| Notes Payable, Long Term      | 2,085 | 2,085 | - |
| TOTAL NON-CURRENT LIABILITIES | 2,085 | 2,085 | - |

|                   |        |        |        |
|-------------------|--------|--------|--------|
| TOTAL LIABILITIES | 27,341 | 19,663 | 30,000 |
|-------------------|--------|--------|--------|

**SHAREHOLDER'S EQUITY**

|                            |        |        |        |
|----------------------------|--------|--------|--------|
| Additional Paid In Capital | 15,474 | 15,474 | 15,474 |
|----------------------------|--------|--------|--------|

## Unaudited

|  |               |               |               |
|--|---------------|---------------|---------------|
| Current Year Earnings                    | 20,505        | 261           | (6910)        |
| Retained Earnings                        | (10,015)      | (10,276)      | (3,366)       |
| TOTAL SHAREHOLDER'S EQUITY               | 25,964        | 5,459         | 5,198         |
| <hr/>                                    |               |               |               |
| TOTAL LIABILITIES & SHAREHOLDER'S EQUITY | <b>53,305</b> | <b>25,122</b> | <b>35,198</b> |

Unaudited – See Accompanying Notes

\*FY 2017 Current through Dec 23, 2017

**IPIANOLAB, LLC**  
**INCOME STATEMENT**  
**FOR FISCAL YEARS ENDING JULY 31, 2018, 2017 & 2016**

| <b>Operating Income</b>                  | <b><u>2018*</u></b> | <b><u>2017</u></b> | <b><u>2016</u></b> |
|--|---------------------|--------------------|--------------------|
| Sales                                    | 167,582             | 274,549            | 156,109            |
| Refunds & Returns                        | (11,839)            | (9,886)            | (7,870)            |
| Cost of Sales                            | (17,846)            | (22,880)           | (12,910)           |
| <b>Gross Profit</b>                      | <b>149,735</b>      | <b>241,783</b>     | <b>135,329</b>     |
| <b>Operating Expense</b>                 |                     |                    |                    |
| Accounting & Legal Fees                  | 1,817               | 2,769              | 1,382              |
| Bad Debt                                 | 553                 | -                  | -                  |
| Bank Service Charges                     | 102                 | 163                | 115                |
| Business Licenses & Fees                 | 350                 | 350                | 1,891              |
| Employee Recruiting                      | 1,542               | 1,419              | 1,652              |
| Equipment Maintenance & Repair           | 75                  | 107                | 175                |
| Facility Rental                          | 11,182              | 19,586             | 7,281              |
| Food                                     | 688                 | 1,019              | 489                |
| Insurance                                | 1,248               | 2,690              | 1,410              |
| Marketing Expense                        | 1,333               | 108                | 75                 |
| Office Services & Supplies               | 460                 | 685                | 581                |
| Reimbursable Expenses                    | 877                 | 2,065              | 1,174              |
| Rent Paid                                | 4,163               | 11,029             | 8,810              |
| Shipping & Freight                       | 89                  | 160                | 40                 |
| Travel Expense                           | 1,885               | 2,788              | 2,664              |
| Automobile Expense                       | 2,253               | 2,748              | 2,208              |
| Utilities                                | 1,157               | 2,085              | 1,012              |
| Virtual Office Services                  | 755                 | 2,253              | -                  |
| Wages & Salaries, Net                    | 93,035              | 171,216            | 104,067            |
| Web Hosting & Technology Services        | 1,157               | 2,151              | 754                |
|  | <b>124,719</b>      | <b>225,390</b>     | <b>135,781</b>     |
| <b>Net Income (Loss) From Operations</b> | <b>25,016</b>       | <b>16,393</b>      | <b>(452)</b>       |

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### Other Income (Expense)

|                                       |               |            |                |
|---------------------------------------|---------------|------------|----------------|
| Vendor Refunds                        | 1,489         | 111        | -              |
| Savings Interest                      | -             | -          | -              |
| Amortization (Depreciation)           | -             | (7,743)    | (6,458)        |
| Loan Interest                         | (6,000)       | (8,500)    | -              |
| <b>Net Income Before Income Taxes</b> | <b>20,505</b> | <b>261</b> | <b>(6,190)</b> |
| <b>Provision for Income Taxes</b>     | <b>-</b>      | <b>-</b>   | <b>-</b>       |
| <b>Net Income (Loss)</b>              | <b>20,505</b> | <b>261</b> | <b>(6,910)</b> |

Unaudited – See Accompanying Notes

\*FY 2017 Current through Dec 23, 2017

**IPIANOLAB, LLC**  
**STATEMENT OF CASH FLOWS**  
**FOR FISCAL YEARS ENDING JULY 31, 2018, 2017 & 2016**

|   | <u><b>2018*</b></u>  | <u><b>2017</b></u>   | <u><b>2016</b></u>   |
|---|----------------------|----------------------|----------------------|
| <b>Cash Flows From Operating Activities</b>     |                      |                      |                      |
| Net Income (Loss)                               | 20,505               | 261                  | (6,910)              |
| Change In Payables                              | 6,136                | (622)                | -                    |
| Change in Receivables                           | 2,810                | (295)                | 1,585                |
| <b>Net Cash Flows From Operating Activities</b> | <u>29,451</u>        | <u>(656)</u>         | <u>(5,326)</u>       |
| <b>Cash Flows from Investing Activities</b>     |                      |                      |                      |
| Purchase or Sale of Equipment                   | (6,446)              | (10,893)             | (5496)               |
| Change in Accumulated Depreciation              | -                    | 7,743                | 6458                 |
| Change in Accumulated Amortization              | -                    | -                    | -                    |
| <b>Net Cash Flows From Investing Activities</b> | <u>(6,446)</u>       | <u>(3,150)</u>       | <u>962</u>           |
| <b>Cash Flows from Financing Activities</b>     |                      |                      |                      |
| Change in Notes Payable, Short Term             | 1,542                | (11,800)             | 30,000               |
| Change in Notes Payable, Long Term              | -                    | 2,085                | -                    |
| Change in Additional Paid In Capital            | -                    | -                    | -                    |
| <b>Net Cash Flows From Financing Activities</b> | <u>1,542</u>         | <u>(9,715)</u>       | <u>30,000</u>        |
| <b>Cash At Beginning of Period</b>              | 12,327               | 25,848               | 212                  |
| <b>Net Increase (Decrease)</b>                  | <u>24,547</u>        | <u>(13,521)</u>      | <u>25,636</u>        |
| <b>Cash At End of Period</b>                    | <u><b>36,874</b></u> | <u><b>12,327</b></u> | <u><b>25,848</b></u> |

Unaudited – See Accompanying Notes

\*FY 2017 Current through Dec 23, 2017

**IPIANOLAB, LLC**  
**NOTES TO FINANCIAL STATEMENTS (UNAUDITED)**  
**FISCAL YEARS ENDING JULY 31, 2018, 2017 & 2016**

**NOTE A – ORGANIZATION AND NATURE OF ACTIVITIES**

iPianoLab, LLC (“The Company”) is a Limited Liability Company formed under the laws of the State of Nevada. The Company has elected to be taxed as a Corporation under IRS rules. The Company derives value from providing after-school, community, and online music enrichment programs to children and adults.

The Company will provide a debt-based crowdfund offering during the third quarter of Fiscal Year 2017 for the purpose of raising operating capital. The Company’s ability to continue as a going concern or to achieve management’s objectives may be dependent on the outcome of the offering or management’s other efforts to raise operating capital.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“US GAAP”).

**Fiscal Year**

The Company operates on a non-standard 12-month fiscal year beginning August 1 and ending July 31. Because the accompanying financial statements are being issued after 120 days of the beginning of the 2017 Fiscal Year, amounts have been provided for a partial FY 2017 (ending July 31, 2018) and are current as of December 23, 2017.

**Use of Estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual amounts could differ from those estimates.

**Cash and Cash Equivalents**

Cash and cash equivalents include all cash balances, and highly liquid investments with maturities of three months or less when purchased.

### **Accounts Receivable**

Accounts Receivables consist of amounts billed to vendors for classes in progress for which payment has not yet been received by The Company. Management's experience suggests that losses on account are likely to be infrequent. Therefore, no amount has been recognized in the statements as a reserve for losses on accounts receivable, however, actual allowances for bad debt are expensed as incurred. During FY 2017, the company incurred a loss on accounts receivable of \$553. No other losses have been incurred on accounts receivable.

### **Inventory**

Due to the nature of services offered, The Company does not currently keep inventory, or maintain balances to reflect raw materials or work in progress.

### **Property and Equipment**

The Company capitalizes long-lived assets that are shared equipment for the purposes of running its classes with a purchase value of \$100 or more. Depreciation is calculated and recorded according to The Company's annual tax returns following IRS 200 / HB, Straight Line, and Section 179 rules.

### **Cost of Sales**

Cost of Sales includes printing, student supplies and materials, and credit card processing fees related to directly to realizing sales.

### **Advertising and Marketing Costs**

The Company expenses Advertising and Marketing costs as they are incurred.

## **NOTE C – LEASES**

The Company leases storage and office buildings (or portions thereof) used by The Company in the ordinary course of business. All storage and month-to-month real-estate leases are expensed as Rents Paid as the cost is incurred. Long-term lease obligations are recorded under accounts payable.

## **NOTE D – INCOME TAXES**

The Company is subject to tax filing requirements in the federal jurisdiction of the United States. The Company recorded a net operating loss in FY 2015, and the NOL Carry-forward will be applied to future income tax returns, and is subject to Internal



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Revenue Service review until 2020. Due to management's uncertainty as to the valuation and timing of tax benefits associated with the loss, The Company has not estimated a provision for income tax on the accompanying statements for FY 2017 to account for it.

The Company is subject to Corporate Franchise Tax in the State of Texas on revenues exceeding \$1,000,000. The Company was not subject to Corporate Franchise Tax in FY 2015, 2016, and does not anticipate being subject to Corporate Franchise Tax in FY 2017.