

Varner, et al. v. Atlas44, LLC, et al.
Case No. CV-2018-053074
Amended Verified Complaint

Exhibit 10

(Consolidated Financials for the Six Months Prior to June 30, 2015)

KAISER & CAROLIN, P.C.

Certified Public Accountants

Michael C. Kaiser, CPA

Kathleen A. Carolin, CPA

INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

To Management
Atlas44, LLC and Subsidiaries
Scottsdale, Arizona

We have compiled the accompanying consolidated balance sheet of Atlas44, LLC and subsidiaries as of June 30, 2015, and the related consolidated statements of operations and changes in members' equity and cash flows for the six months then ended. We have not audited or reviewed the accompanying consolidated financial statements and, accordingly, do not express an opinion or provide any assurance about whether the consolidated financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the consolidated financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of consolidated financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the consolidated financial statements.

Management has elected to omit substantially all of the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the consolidated financial statements, they might influence the user's conclusions about the Company's financial position, results of operations, and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

Kaiser & Carolin, P.C.

Kaiser & Carolin, P.C.

July 15, 2015

ATLAS44, LLC AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
June 30, 2015

ASSETS

	Atlas44, LLC	CS Jefferson Companies, LLC dba Lien Giant	Titan Lien Services, LLC	Credit Suppliers, LLC	Eliminations	Consolidated Totals
Current Assets						
Cash and cash equivalents	\$ 175,209	\$ 18,023	\$ 28,267	\$ 373,949	\$ -	\$ 595,448
Accounts receivable, net	-	47,570	65,026	1,314,690	-	1,427,286
Prepaid expenses	-	2,590	-	-	-	2,590
Due from Credit Suppliers, LLC	-	362,738	-	-	(362,738)	-
Due from CS Jefferson Companies, LLC	16,446	-	33,203	-	(49,649)	-
Total Current Assets	191,655	430,921	126,496	1,688,639	(412,387)	2,025,324
Property and Equipment						
Furniture and equipment	-	29,609	-	62,587	-	92,196
Software	-	20,000	50,000	-	-	70,000
Total	-	49,609	50,000	62,587	-	162,196
Less accumulated depreciation	-	(11,882)	(8,333)	(9,218)	-	(29,433)
Property and Equipment, Net	-	37,727	41,667	53,369	-	132,763
Investments in Subsidiaries						
Investment Titan Lien Services, LLC	-	100,000	-	-	(100,000)	-
Investment in Credit Suppliers, LLC	1,077,392	-	-	-	(1,077,392)	-
Investment in CS Jefferson Companies, LLC	1,088,598	-	-	-	(1,088,598)	-
	2,165,990	100,000	-	-	(2,265,990)	-
Intangible Assets						
Goodwill	-	57,390	35,000	-	-	92,390
Patents and trademarks	33,280	-	-	150,429	-	183,709
Noncompete agreement	-	10,000	-	-	-	10,000
Accumulated amortization	-	(16,109)	(2,917)	-	-	(19,026)
Organization costs	17,919	-	-	-	-	17,919
Syndication costs	45,887	-	-	-	-	45,887
Total Other Assets	97,086	51,281	32,083	150,429	-	330,879
Total Assets	\$ 2,454,731	\$ 619,929	\$ 200,246	\$ 1,892,437	\$ (2,678,377)	\$ 2,488,966

LIABILITIES AND MEMBERS' EQUITY

Current Liabilities						
Due to CS Jefferson Companies, LLC	\$ -	\$ -	\$ -	\$ 374,814	\$ (374,814)	\$ -
Due to Titan Lien, LLC	-	33,203	-	-	(33,203)	-
Due to Atlas44, LLC	-	16,446	-	-	(16,446)	-
Accounts payable	18,696	16,576	3,232	127,903	-	166,407
Accrued payroll	-	44,042	-	-	-	44,042
Due to members	-	5,627	-	-	-	5,627
Notes payable	-	-	-	1,694,500	-	1,694,500
Current portion of long-term debt	-	-	-	7,459	-	7,459
Total Current Liabilities	18,696	115,894	3,232	2,204,676	(424,463)	1,918,035
Long-Term Debt						
Note payable, net of current portion	-	-	-	14,021	-	14,021
Total Liabilities	18,696	115,894	3,232	2,218,697	(424,463)	1,932,056
Members' Equity	2,436,035	504,035	197,014	(326,260)	(2,253,914)	556,910
Total Liabilities and Equity	\$ 2,454,731	\$ 619,929	\$ 200,246	\$ 1,892,437	\$ (2,678,377)	\$ 2,488,966

See independent accountants' compilation report.

ATLAS44, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF OPERATIONS AND CHANGES IN MEMBERS' EQUITY
For the Six-Months Ended June 30, 2015

	Atlas44, LLC	CS Jefferson Companies, LLC dba Lien Giant	Titan Lien Services, LLC	Credit Suppliers, LLC	Eliminations	Consolidated Totals
Revenues						
Services	\$ -	\$ 195,867	\$ 239,513	\$ 31,733	\$ -	\$ 467,113
Interest and other	-	-	-	71,134	-	71,134
Total Revenues	-	195,867	239,513	102,867	-	538,247
Expenses						
Advertising and promotion	-	2,546	2,797	27,221	-	32,564
Amortization	-	5,370	1,750	-	-	7,120
Auto expense	-	4,635	-	-	-	4,635
Bank charges	30	1,868	874	2,372	-	5,144
Business licenses and permits	290	1,270	-	3,372	-	4,932
Computer and internet	-	16,384	1,960	4,991	-	23,335
Consulting	-	11,673	-	25,000	-	36,673
Depreciation	-	4,962	5,000	6,042	-	16,004
Dues and subscriptions	-	32	35	2,935	-	3,002
Employee benefits	-	321	-	5,208	-	5,529
Employee wages	-	201,449	114,224	523,444	-	839,117
Employment taxes	-	33,844	10,202	2,438	-	46,484
Equipment leasing	-	17,963	-	25	-	17,988
Insurance	49,365	5,799	8,040	41,659	-	104,863
Interest	-	375	-	55,850	-	56,225
Meals and entertainment	-	975	273	900	-	2,148
Office supplies and expense	-	10,163	7,989	21,241	-	39,393
Postage	-	30,222	44,609	-	-	74,831
Professional fees	33,376	2,917	600	134,200	-	171,093
Recording fees	-	3,391	4,000	-	-	7,391
Rent	-	6,050	4,637	5,773	-	16,460
Repairs and maintenance	-	-	642	-	-	642
Telephone	-	5,812	2,571	352	-	8,735
Third party software	-	10,615	-	-	-	10,615
Travel	-	4,606	14	1,943	-	6,563
Utilities	-	78	1,166	-	-	1,244
Total Expenses	83,061	383,320	211,383	864,966	-	1,542,730
Net Income (Loss)	(83,061)	(187,453)	28,130	(762,099)	-	(1,004,483)
Members' Equity, beginning of year	2,288,703	691,488	168,884	(312,682)	(1,275,000)	1,561,393
Intercompany Transfers	230,393	-	-	748,521	(978,914)	-
Member Distributions	-	-	-	-	-	-
Members' Equity, June 30, 2015	\$ 2,436,035	\$ 504,035	\$ 197,014	\$ (326,260)	\$ (2,253,914)	\$ 556,910

See independent accountants' compilation report.

ATLAS44, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Six Months Ended June 30, 2015

	Atlas44, LLC	CS Jefferson Companies, LLC dba Lien Giant	Titan Lien Services, LLC	Credit Suppliers, LLC	Eliminations	Consolidated Totals
CASH FLOWS FROM OPERATING ACTIVITIES:						
Cash received from customers	\$ -	\$ 186,764	\$ 225,944	\$ 31,733	\$ -	\$ 444,441
Cash paid to suppliers and employees	(64,365)	(387,433)	(203,407)	(673,475)	-	(1,328,680)
Cash advanced to customers	-	-	-	(1,306,367)	-	(1,306,367)
Interest received	-	-	-	71,134	-	71,134
Interest paid	-	(375)	-	(55,850)	-	(56,225)
Net cash provided (used) by operating activities	(64,365)	(201,044)	22,537	(1,932,825)	-	(2,175,697)
CASH FLOWS FROM INVESTING ACTIVITIES:						
Capital expenditures	-	-	-	(2,172)	-	(2,172)
Investment in Credit Suppliers, LLC	(842,392)	-	-	-	842,392	-
Investment in CS Jefferson Companies, LLC	(148,598)	-	-	-	148,598	-
Net cash used by investing activities	(990,990)	-	-	(2,172)	990,990	(2,172)
CASH FLOWS FROM FINANCING ACTIVITIES:						
Advances to (from) subsidiaries	176,038	232,039	(31,003)	613,916	(990,990)	-
Payments on long-term debt	-	-	-	(3,520)	-	(3,520)
Proceeds from short-term debt	-	-	-	1,694,500	-	1,694,500
Payments on member loans	-	(8,650)	-	-	-	(8,650)
Net cash provided (used) by financing activities	176,038	223,389	(31,003)	2,304,896	(990,990)	1,682,330
Net increase (decrease) in cash	(879,317)	22,345	(8,466)	369,899	-	(495,539)
Cash and cash equivalents, beginning of year	1,054,526	(4,322)	36,733	4,050	-	1,090,987
Cash and cash equivalents, end of year	\$ 175,209	\$ 18,023	\$ 28,267	\$ 373,949	\$ -	\$ 595,448
RECONCILIATION OF NET INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:						
Net Income (Loss)	\$ (83,061)	\$ (187,453)	\$ 28,130	\$ (762,099)	\$ -	\$ (1,004,483)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:						
Depreciation and amortization	-	10,332	6,750	6,042	-	23,124
(Increase) decrease in assets:						
Accounts receivable	-	(9,103)	(13,569)	(1,306,373)	-	(1,329,045)
Prepaid expenses	-	(2,590)	-	19,579	-	16,989
Increase (decrease) in liabilities:						
Accounts payable	18,696	7,360	3,232	110,026	-	139,314
Accrued payroll	-	(19,590)	(2,006)	-	-	(21,596)
Total adjustments	18,696	(13,591)	(5,593)	(1,170,726)	-	(1,171,214)
Net cash provided (used) by operating activities	\$ (64,365)	\$ (201,044)	\$ 22,537	\$ (1,932,825)	\$ -	\$ (2,175,697)

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