

KELYNIAM GLOBAL, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2015 and 2014

KOPEC & ASSOCIATES, P.C.

Certified Public Accountant

KOPEC & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANT

23 Noah Chapin Drive
Somers, CT 06071
Tel (860) 539-5560

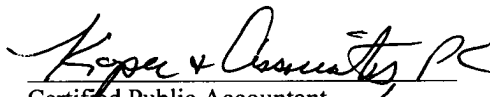
To the Board of Directors
Kelyniam Global, Inc.
Canton, CT

Management is responsible for the accompanying statements of Kelyniam Global, Inc. (a C corporation) which comprise the balance sheets as of December 31, 2015 and 2014, and the related statements of income and stockholders' equity and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. I have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. I did not audit or review the financial statements nor was I required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, I do not express an opinion, a conclusion, nor provide any form of assurance on these 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 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.

Supplementary Information

The supplementary information contained in Schedules of Cost of Sales and Schedule of General and Administrative Expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements. The information is the representation of management. The information was subject to our compilation engagement, however, I have not audited or reviewed the supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any assurance on such supplementary information.


Certified Public Accountant

August 1, 2016

KELYNIAM GLOBAL, INC.
BALANCE SHEETS
DECEMBER 31, 2015 AND 2014

	<u>ASSETS</u>		<u>2015</u>	<u>2014</u>
CURRENT ASSETS				
Cash		\$	36,447	\$ 60,125
Accounts receivable			172,076	208,521
Inventory			29,530	19,899
Prepaid expenses			-	3,752
Investment securities available for sale			60,712	104,085
Total current assets			<u>298,765</u>	<u>396,382</u>
CAPITAL ASSETS				
Manufacturing equipment			359,582	359,582
Computer equipment			33,373	26,957
Furniture and fixtures			8,043	8,043
Leasehold improvements			189,455	189,455
			<u>590,453</u>	<u>584,037</u>
Less accumulated depreciation			<u>(388,124)</u>	<u>(350,962)</u>
Total capital assets			<u>202,329</u>	<u>233,075</u>
OTHER ASSETS				
License, net of accumulated amortization			30,555	33,611
Security deposit			8,000	8,000
Deferred income tax asset			670,668	644,351
Total other assets			<u>709,223</u>	<u>685,962</u>
TOTAL ASSETS		\$	<u>1,210,317</u>	\$ <u>1,315,419</u>
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>				
CURRENT LIABILITIES				
Accounts payable		\$	45,332	\$ -
Notes payable			17,000	59,750
Line of credit - bank			135,623	90,623
Credit cards payable			2,213	1,483
Commissions payable			-	44,984
Medical device tax payable			116,581	82,530
Accrued interest			-	2,778
Current portion long-term debt			31,683	30,542
Current portion of capital leases			18,003	28,980
Total current liabilities			<u>366,435</u>	<u>341,670</u>
LONG-TERM DEBT				
Long-term debt, less current portion			185,002	214,116
Capital lease obligations, less current portion			-	18,001
Total long-term debt			<u>185,002</u>	<u>232,117</u>
STOCKHOLDERS' EQUITY				
Common stock, \$.001 par value, 60,000,000 shares authorized, 20,376,800 shares issued and 20,376,800 outstanding in 2015 and 2014			19,867	19,867
Additional paid in-capital			2,525,714	2,525,714
Retained earnings (deficit)			<u>(1,886,701)</u>	<u>(1,803,949)</u>
Total stockholders' equity			<u>658,880</u>	<u>741,632</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		\$	<u>1,210,317</u>	\$ <u>1,315,419</u>

See accountants' compilation report.

KELYNIAM GLOBAL, INC.
STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Sales	\$ 1,519,629	\$ 1,788,765
Cost of sales	<u>718,894</u>	<u>880,823</u>
Gross profit	800,735	907,942
General and administrative expenses	<u>867,015</u>	<u>906,756</u>
(Loss) Income from operations	(66,280)	1,186
Other income (expense)		
Interest income	-	9
Income tax benefit	26,317	-
Income tax expense	<u>-</u>	<u>(5,967)</u>
Net loss	(39,963)	(4,772)
Unrealized (Loss) Gain on investment securities	<u>(43,373)</u>	<u>22,885</u>
Total comprehensive (Loss) Income	<u>\$ (83,336)</u>	<u>\$ 18,113</u>

See accountants' compilation report.

KELYNIAM GLOBAL, INC.
 STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
 FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	Common stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount			
BALANCE- December 31,2014	20,376,800	\$ 19,867	\$ 2,525,713	\$ (1,803,365)	\$ 742,215
Issuance of common stock	-	-	-	-	-
Net Loss	-	-	-	(83,336)	(83,336)
BALANCE- December 31,2015	<u>20,376,800</u>	<u>\$ 19,867</u>	<u>\$ 2,525,713</u>	<u>\$ (1,886,701)</u>	<u>\$ 658,879</u>

See accountants' compilation report.

KELYNIAM GLOBAL, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
CASH FLOW FROM OPERATING ACTIVITIES		
Net (Loss) Income	\$ (83,336)	\$ 18,113
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	40,802	58,038
Unrealized Loss (Gain) on investment securities	43,373	(22,885)
(Increase) decrease in		
Accounts receivable	36,445	(35,984)
Inventory	(9,631)	3,903
Prepaid expenses	3,752	-
Deferred income taxes	(26,317)	5,967
Increase (decrease) in		
Accounts payable	45,332	-
Commissions payable	(44,984)	23,618
Accrued interest	(2,778)	(16,538)
Medical device tax payable	<u>34,051</u>	<u>22,073</u>
Net cash provided by operating activities	<u>36,709</u>	<u>56,305</u>
CASH FLOW USED IN INVESTING ACTIVITIES		
Capital expenditures	<u>(6,416)</u>	<u>(1,975)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds (repayments) from short-term debt	(42,750)	(134,285)
Net borrowings on line of credit	45,000	55,258
Principle payments on long-term debt	(27,973)	(9,951)
Principle payments on capital lease obligations	(28,978)	(26,758)
Shareholder equity contributions	-	90,000
Net borrowings (payments) on credit cards payable	<u>730</u>	<u>(959)</u>
Net cash (used in) provided by financing activities	<u>(53,971)</u>	<u>(26,695)</u>
NET (DECREASE) INCREASE IN CASH	(23,678)	27,635
CASH, BEGINNING OF YEAR	<u>60,125</u>	<u>32,490</u>
CASH, END OF YEAR	<u>\$ 36,447</u>	<u>\$ 60,125</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for:		
Interest	<u>\$ 12,543</u>	<u>\$ 27,630</u>

See accountants' compilation report.

KELYNIAM GLOBAL, INC.

SUPPLEMENTAL INFORMATION

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

KELYNIAM GLOBAL, INC.
SCHEDULE I - COST OF SALES
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Raw materials	\$ <u>138,497</u>	\$ <u>200,337</u>
Direct labor	<u>117,164</u>	<u>132,954</u>
Operating expenses:		
Commission expense	331,079	394,497
Depreciation	24,104	39,212
Amortization	3,056	3,056
Machine repairs	-	841
Payroll taxes	14,924	9,933
Rent	24,389	22,513
Shipping, freight and delivery	3,500	9,686
Shop supplies	16,869	14,477
Medical device tax	34,052	40,346
Utilities	<u>11,260</u>	<u>12,971</u>
Total operating expenses	<u>463,233</u>	<u>547,532</u>
Total cost of sales	<u>\$ 718,894</u>	<u>\$ 880,823</u>

See accountants' compilation report.

KELYNIAM GLOBAL, INC.
SCHEDULE II - GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Officer's compensation	\$ 369,633	\$ 316,721
Salaries and wages	68,128	132,748
Advertising	15,896	18,440
Auto expense	-	312
Bank and credit card fees	2,953	5,190
Consulting fees	17,553	45,000
Contributions	2,500	-
Depreciation	13,058	15,771
Insurance	102,525	126,866
Interest expense	12,543	11,092
Licenses and permits	3,876	-
Office expenses	12,464	12,966
Other taxes	3,343	11,882
Payroll taxes	32,039	65,561
Payroll service	3,208	2,309
Product development	216	
Professional fees	82,140	41,212
Rent expense	24,389	18,761
Repairs and maintenance	7,055	1,933
Telephone	10,108	13,789
Transfer agent fees	2,500	2,500
Travel and entertainment	50,197	30,012
Utilities	11,260	10,495
Web services	<u>19,431</u>	<u>23,196</u>
Total general and administrative expenses	<u>\$ 867,015</u>	<u>\$ 906,756</u>

See accountants' compilation report.