WEED, INC.

(Formerly United Mines, Inc.)

Financial Statements
For the Three and Nine Months Ended
September 30, 2017 and 2016
(Unaudited)

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WEED, INC. (Formerly United Mines, Inc.) & Subsidiary
BALANCE SHEETS
(Unaudited)

	September 30, 2017	December 31, 2016
ASSETS		
Current assets:		
Cash	$ 265,145	$ 231
Prepaid expenses	25,879	5,053
Total current assets	291,024	5,284
Investment in land and property	1,005,000	-
Property and equipment, net	113,966	264
Total assets	$ 1,409,990	$ 5,548
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities:		
Accounts payable	$ 80,036	$ 35,661
Accrued officer compensation	176,831	157,505
Accrued interest	9,952	36,760
Convertible notes payable	-	35,000
Notes payable, related parties	12,000	16,300
Note payable	475,000	-
Total current liabilities	753,819	281,226
Commitments and contingencies	-	-
Stockholders' equity (deficit):		
Preferred stock, $0.001 par value, 20,000,000 shares authorized, no shares designated, issued and outstanding	-	-
Common stock, $0.001 par value, 200,000,000 shares authorized, 100,638,020 and 103,953,307 shares issued and outstanding at September 30, 2017 and December 31, 2016, respectively	100,638	103,953
Additional paid in capital	18,836,163	15,219,762
Subscriptions payable, consisting of 100,000 and -0- shares at September 30, 2017 and December 31, 2016, respectively	200,770	-
Accumulated deficit	(18,481,400)	(15,599,393)
Total stockholders' equity (deficit)	656,171	(275,678)
Total liabilities and stockholders' equity (deficit)	$ 1,409,990	$ 5,548

See accompanying notes to financial statements.

WEED, INC. (Formerly United Mines, Inc.) & Subsidiary
STATEMENTS OF OPERATIONS
(Unaudited)

	For the Three Months Ended September 30, 2017	For the Three Months Ended September 30, 2016	For the Nine Months Ended September 30, 2017	For the Nine Months Ended September 30, 2016
Revenue	$ -	$ -	$ -	$ -
Operating expenses:				
General and administrative	166,729	22,988	319,176	71,323
Professional fees	399,733	251,095	1,457,030	371,638
Depreciation and amortization	5,435	33	15,095	98
Total operating expenses	571,897	274,116	1,791,301	443,059
Net operating loss	(571,897)	(274,116)	(1,791,301)	(443,059)
Other expense:				
Goodwill impairment	-	-	(1,015,910)	-
Loss on extinguishment of debt	-	-	(67,983)	-
Interest expense	(4,595)	(1,382)	(6,813)	(3,957)
Net loss	$ (576,492)	$ (275,498)	$ (2,882,007)	$ (447,016)
Weighted average number of common shares outstanding - basic and fully diluted	100,145,770	61,118,307	101,405,789	61,118,307
Net loss per share - basic and fully diluted	$ (0.01)	$ (0.00)	$ (0.03)	$ (0.01)

See accompanying notes to financial statements.

WEED, INC. (Formerly United Mines, Inc.) & Subsidiary
STATEMENTS OF CASH FLOWS
(Unaudited)

	For the Nine Months Ended September 30, 2017	For the Nine Months Ended September 30, 2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss)	$ (2,882,007)	$ (447,016)
Adjustments to reconcile net loss		
to net cash used in operating activities:		
Depreciation	15,095	98
Goodwill impairment	1,015,910	-
Imputed interest on non-interest bearing related party debts	371	483
Loss on extinguishment of debt	67,983	-
Shares issued for services	1,340,271	369,312
Decrease (increase) in assets:		
Prepaid expenses	(20,826)	(206)
Increase (decrease) in liabilities:		
Accounts payable	18,446	3,847
Accrued compensation	19,326	60,000
Accrued interest	6,442	3,474
Net cash used in operating activities	(418,989)	(10,008)
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash received in acquisition	54	-
Purchase of investment property	(500,000)	-
Purchases of land and property	(9,850)	-
Net cash used in investing activities	(509,796)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from notes payable, related parties	9,000	16,005
Repayments on notes payable, related parties	(13,300)	(6,000)
Proceeds from the sale of common stock	1,197,999	-
Net cash provided by financing activities	1,193,699	10,005
NET CHANGE IN CASH	264,914	(3)
CASH AT BEGINNING OF PERIOD	231	7
CASH AT END OF PERIOD	$ 265,145	$ 4
SUPPLEMENTAL INFORMATION:		
Interest paid	$ -	$ -
Income taxes paid	$ -	$ -
NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Value of shares issued for acuisition of Sangre AT, LLC	$ 1,003,850	$ -
Value of shares issued for acuisition of land and property	$ 30,000	$ -
Mortgage issued for acuisition of land and property	$ 475,000	$ -
Value of shares issued in exchange for settlement of convertible debt	$ 86,800	$ -
Value of warrants issued in exchange for settlement of convertible debt	$ 49,433	$ -
Value of fixed assets acquired in exchange for stock	$ 105,132	$ -

See accompanying notes to financial statements.

WEED, INC.
(Formerly United Mines, Inc.)
Notes to Financial Statements
For the Three and Nine Months Ended September 30, 2017 and 2016
(Unaudited)

Note 1 – Nature of Business and Significant Accounting Policies

Nature of Business
WEED, Inc. (the "Company"), (formerly United Mines, Inc.) was incorporated under the laws of the State of Arizona on August 20, 1999 ("Inception Date") as Plae, Inc. to engage in the exploration of gold and silver mining properties. On November 26, 2014, the Company was renamed from United Mines, Inc. to WEED, Inc. and was repurposed to pursue a business involving the purchase of land, and building Commercial Grade "Cultivation Centers" to consult, assist, manage & lease to Licensed Dispensary owners and organic grow operators on a contract basis, with a concentration on the legal and medical marijuana sector. The Company's plan is to become a True "Seed-to-Sale" company providing infrastructure, financial solutions and real estate options in this new emerging market. The Company, under United Mines, was formerly in the process of acquiring mineral properties or claims located in the State of Arizona, USA. The name was previously changed on February 18, 2005 to King Mines, Inc. and then subsequently changed to United Mines, Inc. on March 30, 2005. The Company trades on the OTC Pink Sheets under the stock symbol: BUDZ.

On April 20, 2017, the Company acquired Sangre AT, LLC, a Wyoming company doing business as Sangre AgroTech. ("Sangre"). Sangre is a plant genomic research and breeding company comprised of top-echelon scientists with extensive expertise in genomic sequencing, genetics-based breeding, plant tissue culture, and plant biochemistry, utilizing the most advanced sequencing and analytical technologies and proprietary bioinformatics data systems available. Sangre is working on a cannabis genomic study to complete a global genomic classification of the cannabis plant genus.

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America. These statements reflect all adjustments, consisting of normal recurring adjustments, which in the opinion of management are necessary for fair presentation of the information contained therein.

The Company has a calendar year end for reporting purposes.

Principles of Consolidation
The accompanying consolidated financial statements include the accounts of the following entities, all of which are under common control and ownership:

Name of Entity	State of Incorporation	Relationship[(1)]	Abbreviated Reference
WEED, Inc.	Nevada	Parent	WEED
Sangre AT, LLC[(2)]	Wyoming	Subsidiary	Sangre

[(1)]Sangre is a wholly-owned subsidiary of WEED, Inc.
[(2)]Sangre AT, LLC is doing business as Sangre AgroTech.

The consolidated financial statements herein contain the operations of the wholly-owned subsidiary listed above. All significant inter-company transactions have been eliminated in the preparation of these financial statements. The parent company, WEED and subsidiary, Sangre will be collectively referred to herein as the "Company", or "WEED". The Company's headquarters are located in Tucson, Arizona and its operations are primarily within the United States, with minimal operations in Australia.

These statements reflect all adjustments, consisting of normal recurring adjustments, which in the opinion of management are necessary for fair presentation of the information contained therein.

Use of Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents
We maintain cash balances in non-interest-bearing accounts, which do not currently exceed federally insured limits. For the purpose of the statements of cash flows, all highly liquid investments with an original maturity of three months or less are considered to be cash equivalents. There were no cash equivalents on hand for the periods presented herein.

Note 1 – Nature of Business and Significant Accounting Policies (Continued)

Cash in Excess of FDIC Insured Limits

The Company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to $250,000, under current regulations. The Company had $1,273 in excess of FDIC insured limits at September 30, 2017. The Company has not experienced any losses in such accounts.

Fair Value of Financial Instruments

Under FASB ASC 820-10-05, the Financial Accounting Standards Board establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. This Statement reaffirms that fair value is the relevant measurement attribute. The adoption of this standard did not have a material effect on the Company's financial statements as reflected herein. The carrying amounts of cash, prepaid expenses and accrued expenses reported on the balance sheet are estimated by management to approximate fair value primarily due to the short term nature of the instruments.

Property and Equipment

Property and equipment is stated at the lower of cost or estimated net recoverable amount. The cost of property, plant and equipment is depreciated using the straight-line method based on the lesser of the estimated useful lives of the assets or the lease term based on the following life expectancy:

Software	3 years
Furniture and fixtures	5 years
Equipment	5-7 years

Repairs and maintenance expenditures are charged to operations as incurred. Major improvements and replacements, which have extend the useful life of an asset, are capitalized and depreciated over the remaining estimated useful life of the asset. When assets are retired or sold, the cost and related accumulated depreciation and amortization are eliminated and any resulting gain or loss is reflected in operations.

Impairment of Long-Lived Assets

Long-lived assets held and used by the Company are reviewed for possible impairment whenever events or circumstances indicate the carrying amount of an asset may not be recoverable or is impaired. Recoverability is assessed using undiscounted cash flows based upon historical results and current projections of earnings before interest and taxes. Impairment is measured using discounted cash flows of future operating results based upon a rate that corresponds to the cost of capital. Impairments are recognized in operating results to the extent that carrying value exceeds discounted cash flows of future operations.

Goodwill

The Company evaluates the carrying value of goodwill during the fourth quarter of each year and between annual evaluations if events occur or circumstances change that would more likely than not reduce the fair value of the reporting unit below its carrying amount. Such circumstances could include, but are not limited to (1) a significant adverse change in legal factors or in business climate, (2) unanticipated competition, or (3) an adverse action or assessment by a regulator. When evaluating whether goodwill is impaired, the Company compares the fair value of the reporting unit to which the goodwill is assigned to the reporting unit's carrying amount, including goodwill. The fair value of the reporting unit is estimated using a combination of the income, or discounted cash flows, approach and the market approach, which utilizes comparable companies' data. If the carrying amount of a reporting unit exceeds its fair value, then the amount of the impairment loss must be measured. The impairment loss would be calculated by comparing the implied fair value of reporting unit goodwill to its carrying amount. In calculating the implied fair value of reporting unit goodwill, the fair value of the reporting unit is allocated to all of the other assets and liabilities of that unit based on their fair values. The excess of the fair value of a reporting unit over the amount assigned to its other assets and liabilities is the implied fair value of goodwill. An impairment loss would be recognized when the carrying amount of goodwill exceeds its implied fair value. The Company's evaluation of goodwill completed during the period resulted in an impairment loss of $1,015,910.

Basic and Diluted Loss Per Share

The basic net loss per common share is computed by dividing the net loss by the weighted average number of common shares outstanding. Diluted net loss per common share is computed by dividing the net loss adjusted on an "as if converted" basis, by the weighted average number of common shares outstanding plus potential dilutive securities. For the periods presented, potential dilutive securities had an anti-dilutive effect and were not included in the calculation of diluted net loss per common share.

Note 1 – Nature of Business and Significant Accounting Policies (Continued)

Stock-Based Compensation

Under FASB ASC 718-10-30-2, all share-based payments to employees, including grants of employee stock options, to be recognized in the income statement based on their fair values. Pro forma disclosure is no longer an alternative. The Company's stock based compensation issued for services was $1,340,271 and $369,312 for the nine months ended September 30, 2017 and 2016, respectively.

Revenue Recognition

Sales on fixed price contracts are recorded when services are earned, the earnings process is complete or substantially complete, and the revenue is measurable and collectability is reasonably assured. Provisions for discounts and rebates to customers, estimated returns and allowances, and other adjustments are provided for in the same period the related sales are recorded. The Company will defer any revenue from sales in which payment has been received, but the earnings process has not occurred. Sales have not yet commenced on the MMJ business. The Company also did not recognize revenues from its previous mining operations during the periods presented herein.

Advertising and Promotion

All costs associated with advertising and promoting products are expensed as incurred. These expenses were $3,156 and $-0- for the nine months ended September 30, 2017 and 2016, respectively.

Income Taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. A valuation allowance is provided for significant deferred tax assets when it is more likely than not, that such asset will not be recovered through future operations.

Uncertain Tax Positions

In accordance with ASC 740, "Income Taxes" ("ASC 740"), the Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be capable of withstanding examination by the taxing authorities based on the technical merits of the position. These standards prescribe a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. These standards also provide guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition.

Various taxing authorities periodically audit the Company's income tax returns. These audits include questions regarding the Company's tax filing positions, including the timing and amount of deductions and the allocation of income to various tax jurisdictions. In evaluating the exposures connected with these various tax filing positions, including state and local taxes, the Company records allowances for probable exposures. A number of years may elapse before a particular matter, for which an allowance has been established, is audited and fully resolved. The Company has not yet undergone an examination by any taxing authorities.

The assessment of the Company's tax position relies on the judgment of management to estimate the exposures associated with the Company's various filing positions.

Note 1 – Nature of Business and Significant Accounting Policies (Continued)

Recently Issued Accounting Pronouncements
In May 2017, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") No. 2017-09, *Compensation — Stock Compensation (Topic 718): Scope of Modification Accounting*. ASU 2017-09, which provides guidance about which changes to the terms or conditions of a share-based payment award require an entity to apply modification accounting in Topic 718. Per ASU 2017-9, an entity should account for the effects of a modification unless all the following are met: (1) the fair value (or calculated value or intrinsic value, if such an alternative measurement method is used) of the modified award is the same as the fair value (or calculated value or intrinsic value, if such an alternative measurement method is used) of the original award immediately before the original award is modified. If the modification does not affect any of the inputs to the valuation technique that the entity uses to value the award, the entity is not required to estimate the value immediately before and after the modification, (2) the vesting conditions of the modified award are the same as the vesting conditions of the original award immediately before the original award is modified, and (3) the classification of the modified award as an equity instrument or a liability instrument is the same as the classification of the original award immediately before the original award is modified. The current disclosure requirements in Topic 718 apply regardless of whether an entity is required to apply modification accounting under the amendments in ASU 2017-9. ASU 2017-9 is effective for public business entities for annual and interim periods in fiscal years beginning after December 15, 2017. Early adoption is permitted, including adoption in any interim period, for (1) public business entities for reporting periods for which financial statements have not yet been issued and (2) all other entities for reporting periods for which financial statements have not yet been made available for issuance. The amendments in this ASU should be applied prospectively to an award modified on or after the adoption date. The adoption of *ASU 2017-9* is not expected to have a material impact on the Company's financial statements or related disclosures.

In March 2017, the FASB issued ASU No. 2017-7, *Compensation - Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*. This ASU requires that an employer report the service cost component in the same line item or items as other compensation costs arising from services rendered by the pertinent employees during the period. The other components of net benefit cost, which include interest cost and prior service cost or credit, among others, are required to be presented in the income statement separately from the service cost component and outside a subtotal of income from operations, if one is presented. This ASU is effective for the Company's fiscal year 2018, including interim periods. The Company is currently evaluating the effects that the adoption of this ASU will have on its consolidated financial statements. The Company has not yet concluded how the new standard will impact the consolidated financial statements.

In January 2017, the FASB issued ASU 2017-04, *Intangibles – Goodwill and Other (Topic 350)*. ASU 2017-04 simplifies the subsequent measurement of goodwill by removing the second step of the two-step impairment test. The amendment requires an entity to perform its annual, or interim goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount. An impairment charge should be recognized for the amount by which the carrying amount exceeds the reporting unit's fair value; however, the loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. An entity still has the option to perform the qualitative assessment for a reporting unit to determine if the quantitative impairment test is necessary. The amendment should be applied on a prospective basis. ASU 2017-04 is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. The Company intends to early adopt the ASU in 2017.

In January 2017, the FASB issued ASU 2017-01, *Business Combinations (Topic 805): Clarifying the Definition of a Business*, which clarifies the definition of a business to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. The standard will be effective for the Company in the first quarter of 2018. Early adoption is permitted. The Company is currently evaluating the impact of adopting this ASU on its consolidated financial statements.

No other new accounting pronouncements, issued or effective during the nine months ended September 30, 2017, have had or are expected to have a significant impact on the Company's financial statements.

Note 2 – Going Concern

As shown in the accompanying financial statements, the Company has no revenues, incurred net losses from operations resulting in an accumulated deficit of $18,481,400, and had working capital of $462,795 at September 30, 2017. These factors raise substantial doubt about the Company's ability to continue as a going concern. Management is actively pursuing new products and services to begin generating revenues. In addition, the Company is currently seeking additional sources of capital to fund short term operations. The Company, however, is dependent upon its ability to secure equity and/or debt financing and there are no assurances that the Company will be successful; therefore, without sufficient financing it would be unlikely for the Company to continue as a going concern.

The financial statements do not include any adjustments that might result from the outcome of any uncertainty as to the Company's ability to continue as a going concern. The financial statements also do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or amounts and classifications of liabilities that might be necessary should the Company be unable to continue as a going concern.

Note 3 – Business Combination

Business Combination – Sangre AT, LLC, April 20, 2017
On April 20, 2017, the Company closed on a Share Exchange Agreement ("SEA") with Sangre AT, LLC, a Wyoming company doing business as Sangre AgroTech. Pursuant to the SEA, we purchased all of the outstanding membership interests in consideration for an a total of 500,000 shares of common to seven individuals, valued at $1,003,850 based on the closing price of the Company's common stock on the date of grant.

Sangre is a plant genomic research and breeding company comprised of top-echelon scientists with extensive expertise in genomic sequencing, genetics-based breeding, plant tissue culture, and plant biochemistry, utilizing the most advanced sequencing and analytical technologies and proprietary bioinformatics data systems available. Sangre is working on a cannabis genomic study to complete a global genomic classification of the cannabis plant genus.

In connection with the SEA, two members of Sangre and the Company entered into Consulting Agreements, pursuant to which the members of Sangre agreed to provide consulting services to the Company for a period of one year following closing, with the option to extend for a two year period in annual increments, upon mutual written agreement by both parties. Pursuant to the agreement, the members were each awarded 50,000 shares of common stock with the issuances deferred until January 1, 2108.

Note 3 – Business Combination (Continued)

This acquisition was accounted for as a business combination under the purchase method of accounting, given that substantially all of the Company's assets and ongoing operations were acquired. The purchase resulted in $1,015,910 of goodwill, which was subsequently impaired and expensed in the current period. According to the purchase method of accounting, the Company recognized the identifiable assets acquired and liabilities assumed as follows:

		April 20, 2017
Consideration:		
Fair value of common stock paid at closing[(1)]	$	1,003,850
Short term liabilities assumed[(2)]		25,929
Fair value of total consideration exchanged	$	1,029,779
Fair value of identifiable assets acquired assumed:		
Cash	$	54
Fixed assets		13,815
Total fair value of assets assumed		13,869
Consideration paid in excess of fair value (Goodwill)[(3)]	$	1,015,910

(1) Consideration consisted of 500,000 shares of the Company's common stock valued at $1,003,850 based on the closing price of the Company's common stock on the date of grant.

(2) Assumed liabilities consisted of trade payables and outstanding credit card debt.

(3) The fair value of the seller financed note in excess of the $100,000 principal balance attributable to the deferred payment terms will be amortized to interest expense over the deferred financing period.

(3) The consideration paid in excess of the net fair value of assets acquired and liabilities assumed has been recognized as goodwill and was expensed due to economic uncertainties and the absence of a revenue stream.

Management believes the intangible assets acquired, consisting of the personnel of Sangre, will enable the Company to launch their business model and take advantage of additional growth opportunities.

Note 3 – Business Combination (Continued)

The unaudited supplemental pro forma results of operations of the combined entities had the dates of the acquisitions been January 1, 2017 are as follows:

	Combined Pro Forma: For the three months ended September 30, 2017	For the nine months ended September 30, 2017
Revenue:	$ -	$ -
Expenses:		
Operating expenses	569,960	1,803,626
Net operating loss	(569,960)	(1,803,626)
Other income (expense)	(475,063)	(1,090,706)
Net loss	$ (1,045,023)	$ (2,894,332)
Weighted average number of common shares Outstanding – basic and fully diluted	100,145,770	101,607,254
Net loss per share – basic and fully diluted	$ (0.01)	$ (0.03)

Note 4 – Related Party

Notes Payable
From time to time, the Company has received short term loans from officers and directors as disclosed in Note 10, below.

Capital Contributions
The Company imputed interest on non-interest bearing, related party loans, resulting in a total of $321 and $259 of contributed capital during the nine months ended September 30, 2017 and 2016, respectively.

Common Stock Issued for Bartered Assets
On January 18, 2017, the Company exchanged 66,000 units, consisting of 66,000 shares of common stock and warrants to purchase 66,000 shares of common stock at an exercise price of $3.00 per share, exercisable until January 18, 2018, in exchange for a 2017 Audi Q7 and a 2017 Audi A4 driven by the Officers. The total fair value received, based on the market price of the stock at $4.02 per share, was allocated to the $105,132 purchase price of the vehicles and the $160,188 excess value of the common stock and warrants was expensed as stock based compensation.

A total of $176,831 and $157,505 of officer compensation was unpaid and outstanding at September 30, 2017 and December 31, 2016, respectively.

Note 5 – Fair Value of Financial Instruments

Under FASB ASC 820-10-5, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). The standard outlines a valuation framework and creates a fair value hierarchy in order to increase the consistency and comparability of fair value measurements and the related disclosures. Under GAAP, certain assets and liabilities must be measured at fair value, and FASB ASC 820-10-50 details the disclosures that are required for items measured at fair value.

The Company has certain financial instruments that must be measured under the new fair value standard. The Company's financial assets and liabilities are measured using inputs from the three levels of the fair value hierarchy. The three levels are as follows:

Level 1 - Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.

Level 2 - Inputs include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability (e.g., interest rates, yield curves, etc.), and inputs that are derived principally from or corroborated by observable market data by correlation or other means (market corroborated inputs).

Level 3 - Unobservable inputs that reflect our assumptions about the assumptions that market participants would use in pricing the asset or liability.

The following schedule summarizes the valuation of financial instruments at fair value on a recurring basis in the balance sheets as of September 30, 2017 and December 31, 2016, respectively:

	Fair Value Measurements at September 30, 2017		
	Level 1	Level 2	Level 3
Assets			
Cash	$ 265,145	$ -	$ -
Total assets	265,145	-	-
Liabilities			
Notes payable, related parties		12,000	
Note payable	-	475,000	-
Total liabilities	-	487,000	-
	$ 265,145	$ (487,000)	$ -

	Fair Value Measurements at December 31, 2016		
	Level 1	Level 2	Level 3
Assets			
Cash	$ 231	$ -	$ -
Total assets	231	-	-
Liabilities			
Convertible notes payable	-	35,000	-
Notes payable, related parties	-	16,300	-
Total liabilities	-	51,300	-
	$ 231	$ (51,300)	$ -

The fair values of our related party debts are deemed to approximate book value, and are considered Level 2 inputs as defined by ASC Topic 820-10-35.

There were no transfers of financial assets or liabilities between Level 1, Level 2 and Level 3 inputs for the nine months ended September 30, 2017 and the year ended December 31, 2016.

Note 6 – Prepaid Expenses

Prepaid expenses consisted of the following as of September 30, 2017 and December 31, 2016, respectively:

	September 30, 2017	December 31, 2016
Annual license fees	$ 466	$ 3,400
Prepaid legal professional services	20,643	-
Prepaid insurance	2,497	-
Annual mining claim fees	2,273	1,653
	$ 25,879	$ 5,053

Note 7 – Investment in Land and Property

On July 26, 2017, the Company closed on the purchase of property, consisting of a home, recreational facility and RV park located at 5535 State Highway 12 in La Veta, Colorado to be developed into a bioscience center. The home has 4 Bedrooms and 2 Baths, and the recreational facility has showers, laundry, and reception area with an additional equipment barn attached, in addition to another facility with 9,500 square feet. The RV Park has 24 sites with full hook-ups including water, sewer, and electric, which the Company plans to convert into a series of small research pods. The total purchase price was as follows:

	July 26, 2017
Consideration:	
Common stock payment of 25,000 shares(1)	$ 30,000
Cash payment of down payment	50,000
Cash paid at closing	444,640
Short term liabilities assumed and paid at closing(2)	5,360
Note payable(3)	475,000
Total purchase price	$ 1,005,000

(1) Consideration consisted of an advance payment of 25,000 shares of the Company's common stock valued at $30,000 based on the closing price of the Company's common stock on the July 18, 2017 date of grant.

(2) Purchaser's shares of closing costs, including the seller's prepaid property taxes.

(3) As disclosed in Note 11, the seller financed $475,000 with a promissory note bearing interest at 5%, payable in four consecutive semi-annual installments in the amount of $118,750 plus accrued interest commencing on January 26, 2018 and continuing on the 26th day of July and the 26th day of January each year until the debt is repaid on July 26, 2019. The note carries a late fee of $5,937.50 in the event any installment payment is more than 30 days late, and upon default the interest rate shall increase to 12% per annum.

Note 8 – Property and Equipment

Property and equipment consist of the following at September 30, 2017 and December 31, 2016, respectively:

	September 30, 2017	December 31, 2016
Leasehold improvements	$ 5,000	$ -
Automobiles	105,132	-
Office equipment	4,113	650
Lab equipment	15,202	-
	129,447	650
Less accumulated depreciation	(15,481)	(386)
	$ 113,966	$ 264

Depreciation and amortization expense totaled $15,095 and $98 for the nine months ended September 30, 2017 and 2016, respectively.

Note 9 – Convertible Notes Payable

Convertible notes payable consist of the following at September 30, 2017 and December 31, 2016, respectively:

	September 30, 2017	December 31, 2016
On December 7, 2007, the Company issued a 10% note payable to the Lebrecht Group, PC (“Lebrecht Note”) for services rendered related to the registration of certain securities of the Company. The note and accrued interest were due December 7, 2008 and at the option of the holder payable in full on the maturity date or in 12 monthly payments beginning on the maturity date. The note and accrued interest are convertible to common shares at any time at the option of the holder at 75% of the average closing bid price on the five trading days immediately preceding the conversion. Management estimates, at this time, that 1,650,000 shares may be issued if this conversion feature is exercised. In accordance with generally accepted accounting principles, the 25% discount to market related to the beneficial conversion feature has been reported as a component of additional paid in capital. Additionally, since this represents a prepayment for services related to a future public offering, management had elected to offset the cost to future capital raised as a result of the offering, if any. Furthermore, the Company confirmed and agreed with Lebrecht Law Group, PC that they would not force the Company to settle in shares of common stock in the event there are not enough authorized shares at time of conversion.	$ -	$ 35,000

The Company recognized interest expense of $1,759 and $2,625 related to the convertible debts for the nine months ended September 30, 2017 and 2016, respectively.

On June 16, 2017, the note was assigned to another party and the debt, consisting of $35,000 of principal and $33,250 of interest, was exchanged for 70,000 shares of common stock and warrants to acquire 70,000 more shares at $3 per share over the following twelve months. The securities exchanged were valued at $136,233 based on the closing price of the Company’s common stock on the date of exchange, resulting in a loss on extinguishment of $67,983.

Note 10 – Notes Payable, Related Parties

Notes payable, related parties consist of the following at September 30, 2017 and December 31, 2016, respectively:

	September 30, 2017	December 31, 2016
On various dates, the Company received advances from the Company's CEO, Glenn Martin. Mr. Martin owns approximately 56% of our common stock. The unsecured non-interest bearing loans were due on demand. The largest aggregate amount outstanding was $9,000 and $10,000 during the periods ended September 30, 2017 and December 31, 2016, respectively. The $9,000 of advances were repaid over various dates between March 23, 2017 and July 3, 2017.	$ -	$ -
On August 23, 2016, the Company received an unsecured, non-interest bearing loan in the amount of $3,000, due on demand from Wendy Seabre, bearing interest at 10% per annum. Repaid on June 15, 2017. The largest aggregate amount outstanding was $3,000 during the periods ended September 30, 2017 and December 31, 2016. Mrs. Seabre is the wife of Mr. Roger Seabre, who owns approximately 2% of our common stock and has been a significant investor recently.	-	3,000
On January 21, 2015, the Company received an unsecured loan in the amount of $1,300, due on demand from Wendy Seabre, bearing interest at 10% per annum. Repaid on June 15, 2017. The largest aggregate amount outstanding was $1,300 during the periods ended September 30, 2017 and December 31, 2016. Mrs. Seabre is the wife of Mr. Roger Seabre, who owns approximately 2% of our common stock and has been a significant investor recently.	-	1,300
On April 12, 2010, the Company received an unsecured, non-interest bearing loan in the amount of $2,000, due on demand from Robert Leitzman. Interest is being imputed at the Company's estimated borrowing rate, or 10% per annum. The largest aggregate amount outstanding was $2,000 during the periods ended September 30, 2017 and December 31, 2016. Mr. Leitzman owns less than 1% of the Company's common stock, however, the Mr. Leitzman is deemed to be a related party given the non-interest bearing nature of the loan and the materiality of the debt at the time of origination.	2,000	2,000
Over various dates in 2011 and 2012, the Company received unsecured loans in the aggregate amount of $10,000, due on demand, bearing interest at 10%, from Sandra Orman. The largest aggregate amount outstanding was $10,000 during the periods ended September 30, 2017 and December 31, 2016. Mrs. Orman owns less than 1% of the Company's common stock, however, Mrs. Orman is deemed to be a related party given the nature of the loan and the materiality of the debt at the time of origination.	10,000	10,000
Notes payable, related parties	$ 12,000	$ 16,300

The Company recorded interest expense in the amount of $759 and $1,332 for the nine months ended September 30, 2017 and 2016, respectively, including imputed interest expense in the amount of $371 and $483 for the nine months ended September 30, 2017 and 2016, respectively related to notes payable, related parties.

Note 11 – Note Payable

Note payable consist of the following at September 30, 2017 and December 31, 2016, respectively:

	September 30, 2017	December 31, 2016
On July 26, 2017, the Company issued a $475,000 note payable, bearing interest at 5% per annum, to A.R. Miller ("Miller Note") pursuant to the purchase of land and property in La Veta, Colorado. The note is to be paid in four consecutive semi-annual installments in the amount of $118,750 plus accrued interest commencing on January 26, 2018 and continuing on the 26th day of July and the 26th day of January each year until the debt is repaid on July 26, 2019. The note carries a late fee of $5,937.50 in the event any installment payment is more than 30 days late, and upon default the interest rate shall increase to 12% per annum.	$ 475,000	$ -

The Company recognized interest expense of $4,295 and $-0- related to the note payable for the nine months ended September 30, 2017 and 2016, respectively.

Note 12 – Commitments and Contingencies

On November 8, 2016, the Company entered into an agreement with Gregory DiPaolo's Pro Am Golf, LLC to acquire land currently housing a golf course and restaurant. The total purchase price of $1,600,000 is to be paid with a deposit of 50,000 shares of common stock, followed by cash of $1,250,000 and 300,000 shares of the Company's common stock to be delivered at closing. The deposit of 50,000 shares issued as a deposit was valued at $42,500 based on the closing price of the Company's common stock on the date of grant. The Company does not currently have sufficient resources to close on the purchase and the good faith deposit of 50,000 shares was expensed upon the issuance in 2016.

Note 13 – Stockholders' Equity

<u>Preferred Stock</u>
On December 5, 2014, the Company amended the Articles of Incorporation, pursuant to which 20,000,000 shares of "blank check" preferred stock with a par value of $0.001 were authorized. No series of preferred stock has been designated to date.

<u>Common Stock</u>
On December 5, 2014, the Company amended the Articles of Incorporation, and increased the authorized shares to 200,000,000 shares of $0.001 par value common stock.

<u>Common Stock Sales</u>
On September 29, 2017, the Company sold 300,000 units at $0.50 per unit, consisting of 300,000 shares of common stock and warrants to purchase 300,000 shares of common stock at an exercise price of $3.00 per share, exercisable until September 29, 2019, in exchange for total proceeds of $150,000. The proceeds received were allocated between the common stock and warrants on a relative fair value basis.

On September 24, 2017, the Company sold 133,000 units at $0.7519 per unit, consisting of 133,000 shares of common stock and warrants to purchase 133,000 shares of common stock at an exercise price of $3.00 per share, exercisable until September 24, 2019, in exchange for total proceeds of $100,000. The proceeds received were allocated between the common stock and warrants on a relative fair value basis.

On September 5, 2017, the Company sold 40,000 units at $0.50 per unit, consisting of 40,000 shares of common stock and warrants to purchase 40,000 shares of common stock at an exercise price of $3.00 per share, exercisable until September 5, 2019, in exchange for total proceeds of $20,000. The proceeds received were allocated between the common stock and warrants on a relative fair value basis.

Note 13 – Stockholders' Equity (Continued)

On August 2, 2017, the Company sold 100,000 units at $0.50 per unit, consisting of 100,000 shares of common stock and warrants to purchase 100,000 shares of common stock at an exercise price of $3.00 per share, exercisable until August 2, 2019, in exchange for total proceeds of $50,000. The proceeds received were allocated between the common stock and warrants on a relative fair value basis.

On July 7, 2017, the Company sold 200,000 units at $0.50 per unit, consisting of 200,000 shares of common stock and warrants to purchase 200,000 shares of common stock at an exercise price of $3.00 per share, exercisable until July 7, 2019, in exchange for total proceeds of $100,000. The proceeds received were allocated between the common stock and warrants on a relative fair value basis.

On May 31, 2017, the Company sold 20,000 units at $0.50 per unit, consisting of 20,000 shares of common stock and warrants to purchase 20,000 shares of common stock at an exercise price of $3.00 per share, exercisable until May 31, 2019, in exchange for total proceeds of $10,000. The proceeds received were allocated between the common stock and warrants on a relative fair value basis.

On May 31, 2017, the Company sold 300,000 units at $0.50 per unit, consisting of 300,000 shares of common stock and warrants to purchase 150,000 shares of common stock at an exercise price of $3.00 per share, exercisable until May 31, 2019, in exchange for total proceeds of $150,000. The proceeds received were allocated between the common stock and warrants on a relative fair value basis.

On May 25, 2017, the Company sold 20,000 units at $0.50 per unit, consisting of 20,000 shares of common stock and warrants to purchase 20,000 shares of common stock at an exercise price of $3.00 per share, exercisable until May 25, 2019, in exchange for total proceeds of $10,000. The proceeds received were allocated between the common stock and warrants on a relative fair value basis.

On May 25, 2017, the Company sold 20,000 units at $0.50 per unit, consisting of 100,000 shares of common stock and warrants to purchase 100,000 shares of common stock at an exercise price of $3.00 per share, exercisable until May 25, 2019, in exchange for total proceeds of $50,000. The proceeds received were allocated between the common stock and warrants on a relative fair value basis.

On April 20, 2017, the Company sold 500,000 units at $1.00 per unit, consisting of 500,000 shares of common stock and warrants to purchase 500,000 shares of common stock at an exercise price of $3.00 per share, exercisable until April 20, 2018, in exchange for total proceeds of $500,000. The proceeds received were allocated between the common stock and warrants on a relative fair value basis.

On January 23, 2017, the Company sold 2,000 units at $2.00 per unit, consisting of 2,000 shares of common stock and warrants to purchase 2,000 shares of common stock at an exercise price of $3.00 per share, exercisable until January 23, 2018, in exchange for total proceeds of $4,000. The proceeds received were allocated between the common stock and warrants on a relative fair value basis.

On January 9, 2017, the Company sold 50,000 units at $1.00 per unit, consisting of 50,000 shares of common stock and warrants to purchase 50,000 shares of common stock at an exercise price of $3.00 per share, exercisable until January 9, 2018, in exchange for total proceeds of $50,000. The proceeds received were allocated between the common stock and warrants on a relative fair value basis.

Warrants Exercised
On January 7, 2017, a warrant holder exercised warrants to purchase 2,666 shares of common stock at a strike price of $1.50 in exchange for proceeds of $3,999.

Common Stock Issued for Acquisitions and Property Purchases
On July 18, 2017, the Company issued 25,000 shares of common stock as a good faith deposit toward the purchase of land and property located in La Veta, CO that closed on July 26, 2017, which were valued at $30,000 based on the closing price of the Company's common stock on the date of grant.

On April 20, 2017, the Company issued a total of 500,000 shares of common to seven individuals pursuant to the closing of an acquisition of Sangre AT, LLC, a Wyoming limited liability company ("Sangre") in exchange for 100% of the interests in Sangre. The total fair value of the common stock was $1,003,850 based on the closing price of the Company's common stock on the date of grant.

Note 13 – Stockholders' Equity (Continued)

Common Stock Issued for Bartered Assets

On January 18, 2017, the Company exchanged 66,000 units, consisting of 66,000 shares of common stock and warrants to purchase 66,000 shares of common stock at an exercise price of $3.00 per share, exercisable until January 18, 2018, in exchange for a 2017 Audi Q7 and a 2017 Audi A4. The total fair value received, based on the market price of the stock at $4.02 per share, was allocated to the $105,132 purchase price of the vehicles and the $160,188 excess value of the common stock and warrants was expensed as stock based compensation.

Common Stock and warrants Issued for Settlement of Convertible Debt

On June 16, 2017, a convertible note, consisting of $35,000 of principal and $33,250 of unpaid interest, was assigned to a third party and the debt was exchanged for a unit offering, consisting of 70,000 shares of common stock and warrants to purchase 70,000 shares of common stock at an exercise price of $3.00 per share, exercisable until June 16, 2018. The stock was valued at $86,800 based on the closing price of the Company's common stock on the date of exchange and the warrants were valued at $49,433 using the Black-Scholes option-pricing model was $49,433, or $0.70618 per share, based on a volatility rate of 211%, a risk-free interest rate of 1.21% and an expected term of 1.0 year, resulting in a loss on extinguishment of $67,983.

Common Stock Issued for Services

On August 1, 2017, the Company granted an aggregate of 349,000 shares of common stock to eight consultants for services performed. The aggregate fair value of the common stock was $359,470 based on the closing price of the Company's common stock on the date of grant.

On April 20, 2017, the Company granted an aggregate of 116,000 shares of common stock to eleven consultants for services performed. The aggregate fair value of the common stock was $232,893 based on the closing price of the Company's common stock on the date of grant.

On March 2, 2017, the Company granted 50,000 shares of common stock to a consultant for services performed. The total fair value of the common stock was $142,500 based on the closing price of the Company's common stock on the date of grant. The shares were subsequently issued on April 28, 2017.

On March 2, 2017, the Company granted 12,000 shares of common stock to a consultant for services performed. The total fair value of the common stock was $34,200 based on the closing price of the Company's common stock on the date of grant.

On January 7, 2017, the Company granted 50,000 shares of common stock to a consultant for services performed. The total fair value of the common stock was $210,250 based on the closing price of the Company's common stock on the date of grant.

Common Stock Subscribed for Services

On April 20, 2017, the Company granted 50,000 shares of common stock to each of two consultants for services performed. The issuance of the shares has been deferred until January 1, 2018. The aggregate fair value of the common stock was $200,770 based on the closing price of the Company's common stock on the date of grant.

Note 13 – Stockholders' Equity (Continued)

Common Stock Cancellations

On July 24, 2017, the Company cancelled a total of 500,000 shares of common stock previously granted to a consultant for non-performance of services.

On April 25, 2017, a total of 4,820,953 shares were cancelled and returned to treasury pursuant to compliance with the September 30, 2014 approval by the majority of shareholders of the terms of a Settlement Agreement dated December 11, 2013 and signed on August 19, 2014 pursuant to Case No. C20125545 in the Superior Court of the State of Arizona, whereby among other provisions, the Plaintiffs, consisting of United Mines, Inc. ("UMI") and its then principals, agreed to the cancellation of a total of 4,820,953 shares of common stock and control of the Company in exchange for (i) sixty five (65) of the unpatented Bureau of Land Management ("BLM") mining claims, the mill site, buildings and equipment, (ii) the four (4) Arizona State Land Department Exploration Permits registered to the Company, (iii) any permits, financial and reclamation guaranties, bonds and licenses connected with the foregoing assets. In addition, thirty-three (33) unpatented BLM mining claims remained the property of UMI, along with any associated permits, financial and reclamation guaranties, bonds, licenses, and the rights to the corporation, the corporation's name, stock symbol, or any other asset of UMI, shall remain the property of UMI under the management of Glenn E. Martin.

On January 26, 2017, the Company cancelled a total of 1,000,000 shares of common stock previously granted to two individuals for non-performance of services.

Capital Contributions

The Company imputed interest on non-interest bearing, related party loans, resulting in a total of $371 and $483 of contributed capital during the nine months ended September 30, 2017 and 2016, respectively.

Note 14 – Common Stock Warrants

Common Stock Warrants Granted

On September 29, 2017, the Company sold warrants to purchase 300,000 shares of common stock at $3.00 per share over a two (2) year period from the date of sale, in exchange for total proceeds of $150,000 in conjunction with the sale of 300,000 shares of common stock. The relative fair value of the 300,000 common stock warrants using the Black-Scholes option-pricing model was $303,242, or $1.01081 per share, based on a volatility rate of 206%, a risk-free interest rate of 1.47% and an expected term of 2.0 years. The proceeds received were allocated between the common stock and warrants on a relative fair value basis.

On September 24, 2017, the Company sold warrants to purchase 133,000 shares of common stock at $3.00 per share over a two (2) year period from the date of sale, in exchange for total proceeds of $100,000 in conjunction with the sale of 133,000 shares of common stock. The relative fair value of the 133,000 common stock warrants using the Black-Scholes option-pricing model was $152,795, or $1.14884 per share, based on a volatility rate of 206%, a risk-free interest rate of 1.46% and an expected term of 2.0 years. The proceeds received were allocated between the common stock and warrants on a relative fair value basis.

On September 5, 2017, the Company sold warrants to purchase 40,000 shares of common stock at $3.00 per share over a two (2) year period from the date of sale, in exchange for total proceeds of $20,000 in conjunction with the sale of 40,000 shares of common stock. The relative fair value of the 40,000 common stock warrants using the Black-Scholes option-pricing model was $27,215, or $0.68039 per share, based on a volatility rate of 207%, a risk-free interest rate of 1.30% and an expected term of 2.0 years. The proceeds received were allocated between the common stock and warrants on a relative fair value basis.

On August 2, 2017, the Company sold warrants to purchase 100,000 shares of common stock at $3.00 per share over a two (2) year period from the date of sale, in exchange for total proceeds of $50,000 in conjunction with the sale of 100,000 shares of common stock. The relative fair value of the 100,000 common stock warrants using the Black-Scholes option-pricing model was $80,872, or $0.80872 per share, based on a volatility rate of 210%, a risk-free interest rate of 1.36% and an expected term of 2.0 years.. The proceeds received were allocated between the common stock and warrants on a relative fair value basis.

Note 14 – Common Stock Warrants (Continued)

On July 7, 2017, the Company sold warrants to purchase 200,000 shares of common stock at $3.00 per share over a two (2) year period from the date of sale, in exchange for total proceeds of $100,000 in conjunction with the sale of 200,000 shares of common stock. The relative fair value of the 200,000 common stock warrants using the Black-Scholes option-pricing model was $156,339, or $0.78169 per share, based on a volatility rate of 209%, a risk-free interest rate of 1.40% and an expected term of 2.0 years. The proceeds received were allocated between the common stock and warrants on a relative fair value basis.

On June 16, 2017, the Company issued warrants to purchase 70,000 shares of common stock at $3.00 per share over a one (1) year period from the date of exchange in conjunction with the issuance of 70,000 shares of common stock in exchange for the settlement of a convertible note, consisting of $35,000 of principal and $33,250 of interest. The relative fair value of the 70,000 common stock warrants using the Black-Scholes option-pricing model was $49,433, or $0.70618 per share, based on a volatility rate of 211%, a risk-free interest rate of 1.21% and an expected term of 1.0 year. The proceeds received were allocated between the common stock and warrants on a relative fair value basis.

On May 31, 2017, the Company sold warrants to purchase 20,000 shares of common stock at $3.00 per share over a two (2) year period from the date of sale, in exchange for total proceeds of $10,000 in conjunction with the sale of 20,000 shares of common stock. The relative fair value of the 20,000 common stock warrants using the Black-Scholes option-pricing model was $8,946, or $0.44730 per share, based on a volatility rate of 209%, a risk-free interest rate of 1.28% and an expected term of 2.0 years. The proceeds received were allocated between the common stock and warrants on a relative fair value basis.

On May 31, 2017, the Company sold warrants to purchase 300,000 shares of common stock at $3.00 per share over a two (2) year period from the date of sale, in exchange for total proceeds of $150,000 in conjunction with the sale of 300,000 shares of common stock. The relative fair value of the 300,000 common stock warrants using the Black-Scholes option-pricing model was $134,190, or $0.44730 per share, based on a volatility rate of 209%, a risk-free interest rate of 1.28% and an expected term of 2.0 years. The proceeds received were allocated between the common stock and warrants on a relative fair value basis.

On May 25, 2017, the Company sold warrants to purchase 20,000 shares of common stock at $3.00 per share over a two (2) year period from the date of sale, in exchange for total proceeds of $10,000 in conjunction with the sale of 20,000 shares of common stock. The relative fair value of the 20,000 common stock warrants using the Black-Scholes option-pricing model was $5,887, or $0.29434 per share, based on a volatility rate of 205%, a risk-free interest rate of 1.30% and an expected term of 2.0 years. The proceeds received were allocated between the common stock and warrants on a relative fair value basis.

On May 25, 2017, the Company sold warrants to purchase 100,000 shares of common stock at $3.00 per share over a two (2) year period from the date of sale, in exchange for total proceeds of $50,000 in conjunction with the sale of 100,000 shares of common stock. The relative fair value of the 100,000 common stock warrants using the Black-Scholes option-pricing model was $29,434, or $0.29434 per share, based on a volatility rate of 205%, a risk-free interest rate of 1.30% and an expected term of 2.0 years. The proceeds received were allocated between the common stock and warrants on a relative fair value basis.

On April 20, 2017, the Company sold warrants to purchase 500,000 shares of common stock at $3.00 per share over a one (1) year period from the date of sale, in exchange for total proceeds of $500,000 in conjunction with the sale of 500,000 shares of common stock. The relative fair value of the 500,000 common stock warrants using the Black-Scholes option-pricing model was $626,641, or $1.25328 per share, based on a volatility rate of 202%, a risk-free interest rate of 1.01% and an expected term of 1.0 year. The proceeds received were allocated between the common stock and warrants on a relative fair value basis.

On January 23, 2017, the Company sold warrants to purchase 2,000 shares of common stock at $3.00 per share over a one (1) year period from the date of sale, in exchange for total proceeds of $4,000 in conjunction with the sale of 2,000 shares of common stock. The relative fair value of the 2,000 common stock warrants using the Black-Scholes option-pricing model was $5,106, or $2.55281 per share, based on a volatility rate of 211%, a risk-free interest rate of 0.79% and an expected term of 1.0 year. The proceeds received were allocated between the common stock and warrants on a relative fair value basis.

On January 9, 2017, the Company sold warrants to purchase 50,000 shares of common stock at $3.00 per share over a one (1) year period from the date of sale, in exchange for total proceeds of $50,000 in conjunction with the sale of 50,000 shares of common stock. The relative fair value of the 50,000 common stock warrants using the Black-Scholes option-pricing model was $108,228, or $2.16456 per share, based on a volatility rate of 210%, a risk-free interest rate of 0.82% and an expected term of 1.0 year. The proceeds received were allocated between the common stock and warrants on a relative fair value basis.

Note 14 – Common Stock Warrants (Continued)

Warrants Exercised
On January 7, 2017, a warrant holder exercised warrants to purchase 2,666 shares of common stock at a strike price of $1.50 in exchange for proceeds of $3,999.

Common Stock Warrants Expired or Cancelled
No warrants were expired or cancelled during the nine months ended September 30, 2017.

Note 15 – Income Taxes

The Company accounts for income taxes under FASB ASC 740-10, which requires use of the liability method. FASB ASC 740-10-25 provides that deferred tax assets and liabilities are recorded based on the differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, referred to as temporary differences.

For the nine months ended September 30, 2017 and the year ended December 31, 2016, the Company incurred a net operating loss and, accordingly, no provision for income taxes has been recorded. In addition, no benefit for income taxes has been recorded due to the uncertainty of the realization of any tax assets. At September 30, 2017 and December 31, 2016, the Company had approximately $10,598,000 and $10,212,000 of federal net operating losses, respectively. The net operating loss carry forwards, if not utilized, will begin to expire in 2031.

The components of the Company's deferred tax asset are as follows:

	September 30, 2017	December 31, 2016
Deferred tax assets:		
Net operating loss carry forwards	$ 3,709,300	$ 3,574,200
Net deferred tax assets before valuation allowance	$ 3,709,300	$ 3,574,200
Less: Valuation allowance	(3,709,300)	(3,574,200)
Net deferred tax assets	$ -	$ -

Based on the available objective evidence, including the Company's history of losses, management believes it is more likely than not that the net deferred tax assets will not be fully realizable. Accordingly, the Company provided for a full valuation allowance against its net deferred tax assets at September 30, 2017 and December 31, 2016, respectively.

A reconciliation between the amounts of income tax benefit determined by applying the applicable U.S. and State statutory income tax rate to pre-tax loss is as follows:

	September 30, 2017	December 31, 2016
Federal and state statutory rate	35%	35%
Change in valuation allowance on deferred tax assets	(35%)	(35%)

In accordance with FASB ASC 740, the Company has evaluated its tax positions and determined there are no uncertain tax positions.

Note 16 – Subsequent Events

There are no subsequent activities to report as of the date of this report.