

KELYNIAM GLOBAL, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2016 and 2015

KOPEC & ASSOCIATES, P.C.

Certified Public Accountant

KOPEC & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANT

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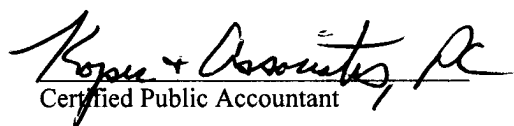
To the Board of Directors
Kelyniam Global, Inc.
Canton, CT

Management is responsible for the accompanying statements of Kelyniam Global, Inc. (a C corporation) which comprise the balance sheets as of December 31, 2016 and 2015, 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

March 10, 2017

KELYNIAM GLOBAL, INC.
BALANCE SHEETS
DECEMBER 31, 2016 AND 2015

	ASSETS	2016	2015
CURRENT ASSETS			
Cash		\$ 15,734	\$ 36,447
Accounts receivable		298,683	172,076
Inventory		16,870	29,530
Investment securities available for sale		100,098	60,712
Total current assets		431,385	298,765
CAPITAL ASSETS			
Manufacturing equipment		360,043	359,582
Computer equipment		34,100	33,373
Furniture and fixtures		8,043	8,043
Leasehold improvements		189,455	189,455
		591,641	590,453
Less accumulated depreciation		(418,886)	(388,124)
Total capital assets		172,755	202,329
OTHER ASSETS			
License, net of accumulated amortization		27,499	30,555
Security deposit		8,000	8,000
Deferred income tax asset		660,732	670,668
Total other assets		696,231	709,223
TOTAL ASSETS		\$ 1,300,371	\$ 1,210,317
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>			
CURRENT LIABILITIES			
Accounts payable		\$ 149,835	\$ 45,332
Notes payable		-	17,000
Line of credit - bank		162,623	135,623
Credit cards payable		-	2,213
Medical device tax payable		116,581	116,581
Current portion long-term debt		31,787	31,683
Current portion of capital leases		-	18,003
Total current liabilities		460,826	366,435
LONG-TERM DEBT			
Long-term debt, less current portion		153,792	185,002
Capital lease obligations, less current portion		-	-
Total long-term debt		153,792	185,002
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		2,525,713	2,525,714
Retained earnings (deficit)		(1,859,827)	(1,886,701)
Total stockholders' equity		685,753	658,880
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		\$ 1,300,371	\$ 1,210,317

See accountants' compilation report.

KELYNIAM GLOBAL, INC.
STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Sales	\$ 1,526,135	\$ 1,519,629
Cost of sales	<u>722,842</u>	<u>718,894</u>
Gross profit	803,293	800,735
General and administrative expenses	<u>816,870</u>	<u>867,015</u>
(Loss) from operations	(13,577)	(66,280)
Other income (expense)		
Interest income	1	-
Cancellation of debt	10,000	-
Income tax benefit	-	26,317
Income tax expense	<u>(9,936)</u>	<u>-</u>
Net Income (Loss)	(13,512)	(39,963)
Realized and unrealized (Loss) Gain on investment securities	<u>40,386</u>	<u>(43,373)</u>
Total comprehensive Income (Loss)	<u>\$ 26,874</u>	<u>\$ (83,336)</u>

See accountants' compilation report.

KELYNIAM GLOBAL, INC.
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	Common stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount			
BALANCE- December 31,2015	20,376,800	\$ 19,867	\$ 2,525,713	\$ (1,886,701)	\$ 658,879
Net Income	-	-	-	26,874	26,874
BALANCE- December 31,2016	<u>20,376,800</u>	<u>\$ 19,867</u>	<u>\$ 2,525,713</u>	<u>\$ (1,859,827)</u>	<u>\$ 685,753</u>

See accountants' compilation report.

KELYNIAM GLOBAL, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
CASH FLOW FROM OPERATING ACTIVITIES		
Net Income (Loss)	\$ 26,874	\$ (83,336)
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	33,818	40,802
Realized and unrealized gains on investments	(39,387)	43,373
Cancellation of debt	(10,000)	-
(Increase) decrease in		
Accounts receivable	(126,607)	36,445
Inventory	12,660	(9,631)
Prepaid expenses	-	3,752
Deferred income taxes	9,936	(26,317)
Increase (decrease) in		
Accounts payable	104,503	45,332
Commissions payable	-	(44,984)
Accrued interest	-	(2,778)
Medical device tax payable	-	34,051
Net cash provided by operating activities	<u>11,797</u>	<u>36,709</u>
CASH FLOW USED IN INVESTING ACTIVITIES		
Capital expenditures	<u>(1,188)</u>	<u>(6,416)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds (repayments) from short-term debt	(7,000)	(42,750)
Net borrowings on line of credit	27,000	45,000
Principle payments on long-term debt	(31,106)	(27,973)
Principle payments on capital lease obligations	(18,003)	(28,978)
Net borrowings (payments) on credit cards payable	(2,213)	730
Net cash (used in) provided by financing activities	<u>(31,322)</u>	<u>(53,971)</u>
NET (DECREASE) INCREASE IN CASH	(20,713)	(23,678)
CASH, BEGINNING OF YEAR	<u>36,447</u>	<u>60,125</u>
CASH, END OF YEAR	<u>\$ 15,734</u>	<u>\$ 36,447</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for:		
Interest	<u>\$ 4,679</u>	<u>\$ 12,543</u>

See accountants' compilation report.

KELYNIAM GLOBAL, INC.

SUPPLEMENTAL INFORMATION

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

KELYNIAM GLOBAL, INC.
SCHEDULE I - COST OF SALES
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Raw materials	<u>\$ 139,898</u>	<u>\$ 138,497</u>
Direct labor	<u>131,487</u>	<u>117,164</u>
Operating expenses:		
Commission expense	364,696	331,079
Depreciation	18,353	24,104
Amortization	3,056	3,056
Payroll taxes	19,675	14,924
Rent	22,513	24,389
Shipping, freight and delivery	4,518	3,500
Shop supplies	8,711	16,869
Medical device tax	-	34,052
Utilities	<u>9,935</u>	<u>11,260</u>
Total operating expenses	<u>451,457</u>	<u>463,233</u>
Total cost of sales	<u>\$ 722,842</u>	<u>\$ 718,894</u>

See accountants' compilation report.

KELYNIAM GLOBAL, INC.
SCHEDULE II - GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Officer's compensation	\$ 373,768	\$ 369,633
Salaries and wages	93,691	68,128
Advertising	4,857	15,896
Bank and credit card fees	3,258	2,953
Consulting fees	5,080	17,553
Contributions	6,175	2,500
Depreciation	12,409	13,058
Insurance	92,180	102,525
Interest expense	4,679	12,543
Licenses and permits	8,547	3,876
Office expenses	5,570	12,464
Other taxes	8,908	3,343
Payroll taxes	57,622	32,039
Payroll service	3,458	3,208
Product development	-	216
Professional fees	45,975	82,140
Rent expense	22,513	24,389
Repairs and maintenance	2,246	7,055
Telephone	9,588	10,108
Transfer agent fees	-	2,500
Travel and entertainment	29,442	50,197
Utilities	9,935	11,260
Web services	16,969	19,431
Total general and administrative expenses	<u>\$ 816,870</u>	<u>\$ 867,015</u>

See accountants' compilation report.