

**AUTISM DIAGNOSTIC TECHNOLOGIES, INC.**

Financial Statements

For the Nine Months Ended  
September 30, 2018

AUTISM DIAGNOSTIC TECHNOLOGIES, INC.

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors and Stockholders  
of Autism Diagnostic Technologies, Inc.

We have audited the accompanying financial statements of Autism Diagnostic Technologies, Inc. (a Delaware corporation), which comprise the balance sheets as of September 30, 2018 and December 31, 2017, and the related statements of operations and cash flows for the nine-month period ended September 30, 2018, and the statements of stockholders' equity for the nine months ended September 30, 2018 and the year ended December 31, 2017 and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Autism Diagnostic Technologies, Inc. as of September 30, 2018 and December 31, 2017, and the results of its operations and its cash flows for the nine-month period ended September 30, 2018 in accordance with accounting principles generally accepted in the United States of America.

**Other Matter**

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company needs to raise significant capital to carry out its business plan and commercialize its technology, causing substantial doubt that the entity will be able to continue as a going concern for a reasonable period of time. Management's evaluation of the events and conditions and management's plans regarding those matters also are described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to that matter.

*Rosenberg Rich Baker Berman & Company*

Somerset, New Jersey  
December 17, 2018

AUTISM DIAGNOSTIC TECHNOLOGIES, INC.

BALANCE SHEETS

	<u>September 30,</u> 2018	<u>December 31,</u> 2017
Assets		
Current Assets		
Cash and cash equivalents .....	\$ 47,727	\$ -
Total Current Assets .....	<u>47,727</u>	<u>-</u>
Other Assets		
Intangible assets, net of \$1,279 accumulated amortization .....	<u>29,429</u>	<u>-</u>
Total Assets .....	\$ 77,156	\$ -
	=====	=====
Liabilities and Stockholders' Equity		
Accounts payable .....	\$ 31,973	\$ -
Accrued expenses .....	<u>39,380</u>	<u>-</u>
Total Current Liabilities .....	<u>71,353</u>	<u>-</u>
Total Liabilities .....	<u>71,353</u>	<u>-</u>
Stockholders' Equity		
Preferred Stock, par value \$0.00001, 10,000,000 shares authorized, none issued .....	-	-
Common Stock, par value \$0.00001, 90,000,000 shares authorized, 83,492,609 and 55,595,000 shares issued, and 63,492,609 and 55,595,000 shares outstanding .....	835	556
Additional paid-in capital .....	52,185	10,301
Common Stock subscribed .....	1	-
Retained Deficit.....	<u>(47,218)</u>	<u>(10,857)</u>
Total Stockholders' Equity .....	<u>5,803</u>	<u>-</u>
Total Liabilities and Stockholders' Equity ... ..	\$ 77,156	\$ -
	=====	=====

NOTE: All Common Stock share numbers are pre-reverse split 10 to 1 (Note 7)

AUTISM DIAGNOSTIC TECHNOLOGIES, INC.

STATEMENT OF OPERATIONS

For the Nine Months  
Ended  
September 30,  
2018

Operating Expenses	
Personnel expenses .....	\$ 15,609
Professional and outside services .....	17,200
Selling, general and administrative expenses - other.....	2,273
Amortization expense.....	<u>1,279</u>
Total Operating Expenses .....	36,361
Loss from Operations .....	(36,361)
Provision for income taxes .....	<u>-</u>
Net Loss .....	<u><u>\$ (36,361)</u></u>

AUTISM DIAGNOSTIC TECHNOLOGIES, INC.

STATEMENTS OF STOCKHOLDERS' EQUITY

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Common Stock Subscribed	Accumulated Deficit	Total Equity
Balances at December 31, 2016	55,000,000	\$ 550	\$ 10,190	\$ -	\$ (10,740)	\$ -
Issuance of common stock to consultants	395,000	4	74	-	-	78
Issuance of common stock to current officer as employment incentive	200,000	2	37	-	-	39
Net Loss for fiscal year 2017	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(117)</u>	<u>(117)</u>
Balances at December 31, 2017	55,595,000	\$ 556	\$ 10,301	\$ -	\$ (10,857)	\$ -
Issuance of common stock pursuant to acquisition of intangible assets	4,782,609	48	887	-	-	935
Issuance of common stock to consultants	115,000	1	22	-	-	23
Grant of common stock to current officer	3,000,000	30	556	-	-	586
Issuance of common stock to consultant (conditionally issued)	20,000,000	200	(200)	-	-	-
Common stock subscribed, net of \$9,380 accrued offering costs	-	-	40,619	1	-	40,620
Net Loss for the nine months ended September 30, 2018	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(36,361)</u>	<u>(36,361)</u>
Balances at September 30, 2018	83,492,609	\$ 835	\$ 52,185	\$ 1	\$ (47,218)	\$ 5,803

NOTE: All Common Stock share numbers are pre-reverse split 10 to 1 (Note 7)

AUTISM DIAGNOSTIC TECHNOLOGIES, INC.

STATEMENT OF CASH FLOWS

For the Nine Months  
Ended  
September 30,  
2018

Cash Flows from Operating Activities	
Net Loss .....	\$ (36,361)
Adjustments to reconcile net loss to net cash provided by operating activities	
Depreciation and amortization .....	1,279
Stock issued for services .....	609
Increase in accounts payable and accruals .....	<u>61,973</u>
Net Cash provided by Operating Activities .....	<u>27,500</u>
Cash Flows from Investing Activities	
Acquisition of intangible assets .....	<u>(29,773)</u>
Net Cash used by Investing Activities .....	<u>(29,773)</u>
Cash Flows from Financing Activities	
Proceeds from subscriptions for common stock .....	<u>50,000</u>
Net Cash provided by Financing Activities .....	<u>50,000</u>
Net Increase in Cash and Cash Equivalents .....	47,727
Cash and Cash Equivalents at Beginning of Period .....	<u>-</u>
Cash and Cash Equivalents at End of Period .....	<u>\$ 47,727</u>

Supplemental Disclosure of Non-Cash Investing and Financing Activities:

Accrued Offering Costs .....	\$ 9,380
	=====
Shares issued for intangible assets .....	\$ 935
	=====

AUTISM DIAGNOSTIC TECHNOLOGIES, INC.  
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Autism Diagnostic Technologies, Inc. (the “Company”) was incorporated as a Delaware corporation on January 20, 2016.

Business

We are in the business of commercializing a late stage development medical diagnostic technology that has the potential of significantly facilitating, and enhancing the accuracy of, the diagnosis of certain neuro-disabling diseases. To that extent we plan, upon successful conclusion of our current efforts to raise enough new equity capital, to finalize the development of, obtain FDA clearance for, and bring to market this new diagnostic technology for early detection of Autism.

This technology assists in the diagnosis of neuro-disabling diseases through the use of advanced 3d brain mapping technology. Currently we are focused on developing this technology in order to provide a first of its kind diagnostic tool for Autism in order to reduce the time for diagnosis to ensure the earliest possible intervention. Our diagnostic software technology can diagnose Autism in infants as young as six months old at 90%+ rate of accuracy. The technology was developed with the help of physicians at the University of Louisville and is compatible with existing MRI scan imagery. Our software measures the thickness of Cerebral White Matter (CWM) gyrfication, and analyzes and classifies the shape of the brain based on this measurement.

Cash Equivalents

Cash and all highly liquid investments with an original maturity of three months or less from the date of purchase, including money market mutual funds, short-term time deposits, and certain government agency and corporate obligations, are classified as cash and cash equivalents. The Company had no cash equivalents at September 30, 2018 or December 31, 2017.

Long-Lived Assets

The Company assesses the valuation of components of its long-lived assets whenever events or circumstances dictate that the carrying value might not be recoverable. The Company bases its evaluation on indicators such as the nature of the assets, the future economic benefit of the assets, any historical or future profitability measurements and other external market conditions or factors that may be present. If such factors indicate that the carrying amount of an asset or asset group may not be recoverable, the Company determines whether impairment has occurred by analyzing an estimate of undiscounted future cash flows at the lowest level for which identifiable cash flows exist. If the estimate of undiscounted cash flows during the estimated useful life of the asset is less than the carrying value of the asset, the Company recognizes a loss for the difference between the carrying value of the asset and its estimated fair value, generally measured by the present value of the estimated cash flows.

Intangible Assets

The Company amortizes its intangible assets on a straight line over the estimated useful life of the assets and assesses the valuation of such assets whenever events or circumstances dictate that the carrying value might not be recoverable. At September 30, 2018 the Company’s only intangible asset is a license for the use of certain proprietary technology (see Note 2).

Stock-based Compensation

The Company records stock-based compensation in accordance with ASC 718, Compensation—Stock Compensation and ASC 505-50 Equity-Based Payments to Non-Employees. All transactions in which goods or services are the consideration received for the issuance of equity instruments are accounted for based on the fair value of the consideration received or the fair value of the equity instrument issued, whichever is more reliably measurable. Equity instruments issued to

AUTISM DIAGNOSTIC TECHNOLOGIES, INC.  
NOTES TO FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

employees and the cost of the services received as consideration are measured and recognized based on the fair value of the equity instruments issued and are recognized over the employees required service period, which is generally the vesting period.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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.

Going Concern

At September 30, 2018 the Company had a negative working capital balance and limited cash resources. In view of these conditions, the ability of the Company to continue as a going concern is in doubt and dependent upon a successful conclusion of the currently planned private offering of its common stock. Should the Company be unable to raise the desired amount of capital in its private offering or through alternate funding sources, its operating plans will be limited to the amount of capital that it can access which may not be enough to continue as a going concern. These financial statements do not give effect to any adjustments which will be necessary should the Company be unable to continue as a going concern.

Subsequent Events Evaluation Date

The Company evaluated the events and transactions subsequent to its September 30, 2018 balance sheet date and, in accordance with FASB ASC 855-10-50, "Subsequent Events" through December 17, 2018, which is the date the financial statements were available to be issued.

2. INTANGIBLE ASSETS

The patents, copyrights, and intellectual property rights to the technology that we seek to commercialize are owned by the University of Louisville Research Foundation Inc. (the "Research Foundation"). The Company was granted an exclusive worldwide license pursuant to an "Exclusive Agreement" dated January 31, 2017 which is valid through the expiration date of the last granted patent and can be terminated only upon occurrence of an uncured violation by the Company of the contract terms. The agreement, among other, obliges the Company to (1) pay royalties on income from the licensed products during the term of the agreement, (2) a 30% fee on non-royalty income from sub-licensing, (3) reimbursement of certain expenses originally aggregating \$34,273, of which \$4,500 were subsequently waived, payable in installments until February 2019, (4) adherence to certain milestone criteria for the raising of capital and submission of the product for FDA clearance, and (5) imposes ongoing reporting and disclosure requirements. The agreement furthermore called for issuance of a total 4,782,609 common shares (the "Foundation Shares") to the Research Foundation and the four inventors of the patented technology. We capitalized the license on our books at \$30,708 consisting of the above \$29,773 net expenses plus the value assigned to the Foundation Shares, to be amortized over the estimated remaining life of the license, presently calculated at 18 years, on a straight-line basis. For the nine months ended September 30, 2018 we recognized \$1,279 in amortization expense.

Scheduled amortization over the next five years and thereafter is as follows:

For the twelve months ending December 31,	
2018	\$ 427
2019	1,706
2020	1,706
2021	1,706
2022	1,706
Thereafter	<u>22,178</u>
Total	\$ 29,429

AUTISM DIAGNOSTIC TECHNOLOGIES, INC.  
NOTES TO FINANCIAL STATEMENTS

2. INTANGIBLE ASSETS, Continued

Licensed Patents:

1. U.S. Patent No. 9,230,321, "Computer Aided Diagnostic System Incorporating 3D Shape Analysis of the Brain for Identifying Developmental Brain Disorders," issued Jan. 5, 2016 from U.S. Patent App. No. 13/834,231 (ULRF Ref. 11064-02), which claims priority to U.S.
2. Provisional Patent App. No. 61/617,869, filed Mar. 30, 2012 (ULRF Ref. 11064-01, -02) 2. U.S. Patent App. No. 15/233,671, "Computer Aided Diagnostic System for Mapping of Brain Images," filed Jul. 29, 2016 (ULRF Ref. 13098-03), which claims priority to U.S. Provisional Patent App. No. 62/198,169, filed Jul. 29, 2015 (ULRF Ref. 13098-02,-03)

Royalties:

We will pay to the Research Foundation earned royalties ("Royalties") at the rate of five percent (5.0%) of Net Sales for all Licensed Products sold (licensed) by us.

3. RELATIONSHIP WITH ACADEMIC TECHNOLOGY VENTURES, INC.

Academic Technology Ventures, Inc. ("ATV") is a startup venture investment firm specializing in bringing technologies developed in academia, to market. ATV negotiated a license agreement for the autism diagnostic technology developed by the University of Louisville on behalf of the Company which they founded for the purpose of commercializing the technology.

When founding the Company, ATV retained shares in the name of three of its executives. They caused shares to be issued to the Research Foundation and, individually, to four named inventors of the technology, in accordance with the license agreement. The Company has no contractual, financial or commercial relationship with ATV, notwithstanding the fact that certain ATV executives are major shareholders of the Company.

4. EQUITY TRANSACTIONS

From inception until now and in absence of income or material assets which could provide a basis for deriving a value, the Company when issuing stock to employees or third parties calculated the value of such stock using as a measure, the calculated value per share of founders' shares issued for their services during and leading up to the formation of the Company.

During 2016 we issued 55,000,000 common shares (5,500,000 post-split – see Note 7 below) to the founders of the Company, two of who are directors of the Company, for services rendered during the initial stages of the Company's formation and valued at \$10,740. During 2017 we issued 395,000 (39,500 post-split) common shares to eight consultants and 200,000 (20,000 post-split) common shares to the current chief executive officer for services performed, altogether valued at \$117.

During the first quarter 2018 we issued a total of 4,782,609 (478,261 post-split) common shares valued at \$935 to the Research Foundation and the four inventors of the patented technology.

During the third quarter in 2018 we issued 115,000 (11,500 post-split) common shares to two consultants, valued at \$23 and 20,000,000 (2,000,000 post-split) to Yorktown Advisors Inc. ("Yorktown"), an unrelated party, for services. The latter shares were to be put in escrow pending satisfaction of certain additional conditions and therefore are not included in the number of outstanding shares (see Note "Subsequent Events"). During the quarter we also issued 3,000,000 (300,000 post-split) common shares valued at \$586 and subject to vesting over a three year period, to the current chief executive officer.

AUTISM DIAGNOSTIC TECHNOLOGIES, INC.  
NOTES TO FINANCIAL STATEMENTS

EQUITY TRANSACTIONS, Continued

During the quarter ended September 30, 2018 we received \$50,000 pursuant to an open subscription for the Company's equity from one of the inventors of the patented technology who also is a shareholder of the Company. The number of shares that are to be issued against this subscription was still under negotiation at September 30, 2018, however has since been agreed upon to be 55,556 post-split common shares and warrants for 27,778 (post-split) shares, which warrants are exercisable during five years at \$1.20 per share.

5. DEFERRED TAX ASSETS

The reconciliation of the effective income tax rate to the Federal statutory rate is as follows:

	<u>2018</u>	<u>2017</u>
Federal statutory rate on pre-tax book loss	(21)%	(34)%
State tax benefit	(6)%	(6)%
Issuance of equity for services	2%	40%
Other non-deductible expenses	0%	0%
Change in Valuation Allowance	<u>25%</u>	<u>0%</u>
Effective Income Tax Rate	<u>0%</u>	<u>0%</u>

The Company's total deferred tax asset and valuation allowance as of September 30, 2018 and December 31, 2017 are as follows:

	<u>Nine Months 2018</u>	<u>2017</u>
Loss per financial statements	\$36,361	\$117
Differences in financial statement and tax accounting for:		
Stock-based compensation	<u>(609)</u>	<u>(117)</u>
Loss adjusted for tax treatment	35,752	-
Deferred tax benefit (fully reserved)	35,752	-
Deferred tax asset	8,938	-
Less valuation allowance	<u>(8,938)</u>	<u>-</u>
Total deferred tax asset, net of valuation allowance	\$ <u>-</u>	\$ <u>-</u>

The Company was founded in 2016 as a shelf corporation, however, had applied for and received federal and state tax registration numbers only in 2018 when it started operations with the execution of the University of Louisville license agreement. Thus, its first tax returns will be for the year 2018 (it had not filed tax returns for the years 2016 and 2017). The Company believes that all of its positions taken in tax filings are more likely than not to be sustained upon examination by tax authorities.

6. RISKS AND UNCERTAINTIES

In order to finalize development of the licensed technology for commercial purpose, submit and obtain FDA clearance for the product, and commence marketing and distribution efforts the Company needs a substantial infusion of capital. To that extent the Company is preparing to undertake a private offering (the "Offering") of its stock to select private accredited investors, with the goal of raising up to \$3,000,000 in equity capital. There can be no assurance that the Offering will be successful in terms of gaining investor acceptance, and that a sufficient amount of new capital will be raised in the process. If we fail to receive a significant portion of the targeted amount, and cannot cover any shortfall from other sources we would experience delays in getting our product to market, or could even be forced to ultimately abandon our business plan which would potentially render the license to the technology worthless.

AUTISM DIAGNOSTIC TECHNOLOGIES, INC.  
NOTES TO FINANCIAL STATEMENTS

7. SUBSEQUENT EVENTS

In preparation for a planned private placement offering of the Company's equity, the Company, on September 18, 2018 obtained majority shareholder approval for a reverse split of its outstanding 84 million common shares, at the rate of ten for one. The reverse stock split of the Common Stock became effective with the filing of an amendment to the Company's certificate of incorporation which took place in October 2018. The number of authorized shares and the par value per share remained unchanged.

On October 9, 2018 the Company and Yorktown entered into an amendment to their services agreement which, among other, called for deletion of the escrow provision and the grant of a repurchase right to the Company for the 2,000,000 (post-split) shares at par, if the mentioned additional conditions were not satisfied.

On October 31, 2018 we received a Notice of Allowance from the U.S. Patent and Trademark Office on our U.S. Patent App. No. 15/233,671, "Computer Aided Diagnostic System for Mapping of Brain Images," filed July 29, 2016.