Locking Line Barriers Corporation
f/k/a Locking Line Barriers
A Colorado Corporation

Financial Statements (Unaudited) and
Independent Accountant's Review Report

December 31, 2018 and 2017

LOCKING LINE BARRIERS CORPORATION

TABLE OF CONTENTS

To the Board of Directors
Locking Line Barriers Corporation
Denver, Colorado

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

We have reviewed the accompanying financial statements of Locking Line Barriers Corporation (the "Company"), which comprise the balance sheets as of December 31, 2018 and 2017, and the related statements of operations, changes in stockholders' equity, and cash flows for the years then ended and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Accountant's Responsibility

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Going Concern

As discussed in Note 3, certain conditions indicate that the Company may be unable to continue as a going concern. The accompanying financial statements do not include any adjustments that might be necessary should the Company be unable to continue as a going concern.

Artesian CPA LLC

Denver, Colorado
March 26, 2019

Artesian CPA, LLC
1624 Market Street, Suite 202 | Denver, CO 80202
p: 877.968.3330 f: 720.634.0905
info@ArtesianCPA.com | www.ArtesianCPA.com

LOCKING LINE BARRIERS CORPORATION
BALANCE SHEETS (UNAUDITED)
As of December 31, 2018 and 2017

	2018	2017
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 39	$ 100
Deposits	3,000	-
Offering costs	5,150	-
Subscription receivable	13,980	-
Total Current Assets	22,169	100
Non-Current Assets:		
Intangibles	5,000	-
Total Non-Current Assets	5,000	-
TOTAL ASSETS	$ 27,169	$ 100
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Current Liabilities:		
Accounts payable	$ -	$ -
Total Liabilities	-	-
Stockholders' Equity:		
Preferred Stock, no par, 20,000,000 shares authorized, 0 shares issued and outstanding as of both December 31, 2018 and 2017	-	-
Class A Common Stock, no par, 8,500,000 shares authorized, 7,500,000 shares issued and outstanding, as of both December 31, 2018 and 2017	-	-
Class B Common Stock, no par, 2,500,000 shares authorized, 1,574,143 and 1,510,000 shares issued and outstanding as of December 31, 2018 and 2017, respectively	-	-
Common Stock-undesignated, no par, 9,000,000 shares authorized, 0 shares issued and outstanding as of December 31, 2018 and 2017, respectively	-	-
Treasury Stock, no par, 1,925,857 and 1,990,000 shares held as of December 31, 2018 and 2017, respectively	-	
Additional paid-in capital	85,936	100
Accumulated deficit	(58,767)	-
Total Stockholders' Equity	27,169	100
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 27,169	$ 100

See Independent Accountant's Review Report and accompanying notes, which are an integral part of these Financial Statements.

LOCKING LINE BARRIERS CORPORATION
STATEMENTS OF OPERATIONS (UNAUDITED)
For the years ended December 31, 2018 and 2017

	2018	2017
Net revenues	$ -	$ -
Costs of net revenues	-	-
Gross loss	-	-
Operating Expenses:		
General & administrative	56,709	-
Sales & marketing	2,058	-
Total Operating Expenses	58,767	-
Loss from operations	(58,767)	-
Provision for income taxes	-	-
Net Loss	$ (58,767)	$ -

See Independent Accountant's Review Report and accompanying notes, which are an integral part of these Financial Statements.

LOCKING LINE BARRIERS CORPORATION
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (UNAUDITED)
For the year ended December 31, 2018 and 2017

	Preferred Stock		Common Stock								
			Class A Common Stock		Class B Non-Voting Common Stock		Treasury Stock				
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Equity
Balance at December 31, 2016	-	$ -	7,500,000	$ -	1,500,000	$ -	2,000,000	$ -	$ -	$ -	$ -
Class B Common Stock Issuance	-	-	-	-	10,000	-	(10,000)	-	-	-	-
Founder's contribution	-	-	-	-	-	-	-	-	100	-	100
Net income/(loss)	-	-	-	-	-	-	-	-	-	-	-
Balance at December 31, 2017	-	$ -	7,500,000	$ -	1,510,000	$ -	1,990,000	$ -	$ 100	$ -	$ 100
Class B Common Stock Issuance	-	$ -	-	$ -	20,000	$ -	(20,000)	$ -	$ -	$ -	$ -
Class B Common Stock Issuance - Reg CF	-	-	-	-	44,143	-	(44,143)	-	85,836	-	85,836
Net loss	-	-	-	-	-	-	-	-	-	(58,767)	(58,767)
Balance at December 31, 2018	-	$ -	7,500,000	$ -	1,574,143	$ -	1,925,857	$ -	$ 85,936	$ (58,767)	$ 27,169

See Independent Accountant's Review Report and accompanying notes, which are an integral part of these Financial Statements.

LOCKING LINE BARRIERS CORPORATION
STATEMENTS OF CASH FLOWS (UNAUDITED)
For the year ended December 31, 2018 and 2017

	2018	2017
Cash Flows From Operating Activities		
Net Loss	$ (58,767)	$ -
Adjustments to reconcile net loss to net cash used in operating activities:		
Changes in operating assets and liabilities:		
Increase in deposits	(3,000)	-
Net Cash Used In Operating Activities	(61,767)	-
Cash Flows From Investing Activities		
Patent acquisition costs	(5,000)	-
Net Cash Used In Investing Activities	(5,000)	-
Cash Flows From Financing Activities		
Proceeds from issuance of Class B common stock	71,856	-
Contributions from founders	-	100
Offering costs	(5,150)	-
Net Cash Provided By Financing Activities	66,706	100
Net Change In Cash	(61)	100
Cash at Beginning of Period	100	-
Cash at End of Period	$ 39	$ 100
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	$ -	$ -
Cash paid for income taxes	$ -	$ -

See Independent Accountant's Review Report and accompanying notes, which are an integral part of these Financial Statements.

NOTE 1: NATURE OF OPERATIONS

Locking Line Barriers Corporation (the "Company") is a corporation organized on October 10, 2015 under the laws of Colorado under the name of Locking Line Barriers and does business under the trade name WaterBlocks. The Company changed its name from Locking Line Barriers to Locking Line Barriers Corporation on February 12, 2018. The Company was formed to market and distribute the WaterBlocks product line.

As of December 31, 2018, the Company has not commenced planned principal operations nor generated revenue. The Company's activities since inception have consisted of formation activities and preparations to raise capital. Once the Company commences its planned principal operations, it will incur significant additional expenses. The Company is dependent upon additional capital resources for the commencement of its planned principal operations and is subject to significant risks and uncertainties; including failing to secure funding to operationalize the Company's planned operations or failing to profitably operate the business.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accounting and reporting policies of the Company conform to accounting principles generally accepted in the United States of America (GAAP).

The Company adopted the calendar year as its basis of reporting.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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 Equivalents

For the purpose of the statement of cash flows, cash equivalents include time deposits, certificate of deposits, and all highly liquid debt instruments with original maturities of three months or less.

Stock Subscription Receivable

The Company records stock issuances at the effective date. If the subscription is not funded upon issuance, the Company records a stock subscription receivable as an asset on the balance sheet. When stock subscription receivables are not received prior to the issuance of financial statements at a reporting date in satisfaction of the requirements under FASB ASC 505-10-45-2, the stock subscription receivable is reclassified as a contra account to stockholders' equity on the balance sheet.

Intangible Assets

The Company capitalizes costs related to obtaining and filing patents, copyrights, and trademark applications and commences amortization over a patent's estimated useful life, typically 17 years, when a patent is successfully filed. During 2018, the Company capitalized $5,000 in patent, copyright, and trademark related costs, resulting in intangible assets of $5,000 as of December 31, 2018. Amortization expense for the year was not recorded as the patent is pending as of the date the financial statements were available to be issued.

Fair Value of Financial Instruments

Financial Accounting Standards Board ("FASB") guidance specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). The three levels of the fair value hierarchy are as follows:

> Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 1 primarily consists of financial instruments whose value is based on quoted market prices such as exchange-traded instruments and listed equities.
>
> Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (e.g., quoted prices of similar assets or liabilities in active markets, or quoted prices for identical or similar assets or liabilities in markets that are not active).
>
> Level 3 - Unobservable inputs for the asset or liability. Financial instruments are considered Level 3 when their fair values are determined using pricing models, discounted cash flows or similar techniques and at least one significant model assumption or input is unobservable.

The carrying amounts reported in the balance sheets approximate their fair value.

Deferred Offering Costs

The Company complies with the requirement of FASB ASC 340-10-S99-1. Prior to the completion of the offering these costs are capitalized as deferred offering costs on the balance sheet. The deferred offering costs are charged to stockholders' equity upon the completion of the offering.

Income Taxes

The Company uses the liability method of accounting for income taxes as set forth in ASC 740, *Income Taxes.* Under the liability method, deferred taxes are determined based on the temporary differences between the financial statement and tax basis of assets and liabilities using tax rates expected to be in effect during the years in which the basis differences reverse. A valuation allowance is recorded when it is unlikely that the deferred tax assets will be realized.

The Company assesses its income tax positions and records tax benefits for all years subject to examination based upon its evaluation of the facts, circumstances and information available at the reporting date. In accordance with ASC 740-10, for those tax positions where there is a greater than 50% likelihood that a tax benefit will be sustained, our policy is to record the largest amount of tax benefit that is more likely than not to be realized upon ultimate settlement with a taxing authority that has full knowledge of all relevant information. For those income tax positions where there is less than 50% likelihood that a tax benefit will be sustained, no tax benefit will be recognized in the financial statements. The Company has determined that there are no material uncertain tax positions.

The Company accounts for income taxes with the recognition of estimated income taxes payable or refundable on income tax returns for the current period and for the estimated future tax effect attributable to temporary differences and carryforwards. Measurement of deferred income items is based on enacted tax laws including tax rates, with the measurement of deferred income tax assets being reduced by available tax benefits not expected to be realized in the immediate future. The Company estimates it will have net operating loss carryforwards of $58,767 and $0 as of December 31, 2018 and 2017, respectively. The Company pays federal and Colorado income taxes at a combined effective rate of approximately 25% and has used this effective rate to derive net deferred tax assets of $14,491 and $0 as of December 31, 2018 and 2017, respectively, resulting from its net operating loss carryforward. Due to uncertainty as to the Company's ability to generate sufficient taxable income in the future to utilize the net operating loss carryforwards before they begin to expire in 2038, the Company has recorded a full valuation allowance to reduce the net deferred tax asset to zero.

The Company files U.S. federal and state income tax returns. The 2018 returns have not been filed. All tax periods since inception remain open to examination by the taxing jurisdictions to which the Company is subject.

NOTE 3: GOING CONCERN

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company is a business that has not yet generated profits, has sustained a net loss of $58,767 during the year ended December 31, 2018, has negative cash flows from operations, has an accumulated deficit of $58,767 as of December 31, 2018, and lacks liquidity to satisfy its obligations as they come due with just $39 of cash as of December 31, 2018.

The Company's ability to continue as a going concern in the next twelve months is dependent upon its ability to obtain capital financing from investors sufficient to meet current and future obligations and deploy such capital to produce profitable operating results. No assurance can be given that the Company will be successful in these efforts. These factors, among others, raise substantial doubt about the ability of the Company to continue as a going concern for a reasonable period of time. The balance sheet does not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

NOTE 4: STOCKHOLDERS' EQUITY

On September 5, 2018, the Company amended and restated its Articles of Incorporation authorizing 20,000,000 shares of Common Stock, designating 8,500,000 shares of common stock as Class A Unrestricted Voting Common Stock and 2,500,000 shares of common stock as Class B Restricted Non-Voting Common Stock, and 9,000,000 shares of undesignated common stock. All shares have no par value. The Company has also authorized 20,000,000 shares of Preferred Stock with no par value. Class A and Class B common stock holders have identical rights, with the exception of voting rights, to which Class B stockholders have no voting rights. Preferred stockholders voting rights are determined by the Board prior to offering and stated/confirmed at the time of issue, the Preferred Stock the Company is issuing has no voting rights. Preferred stock has liquidation preferences in the case of a liquidation of the Company under the terms of the articles of incorporation.

As of both December 31, 2018 and 2017, 7,500,000 shares of Class A Voting Common Stock were issued and outstanding. As of December 31, 2018 and 2017, 1,574,143 and 1,510,000 shares of Class B Non-Voting Common Stock were issued and outstanding, respectively. No shares of preferred stock are issued and outstanding as of December 31, 2018 and 2017.

The Company issued itself shares of common stock as treasury stock. Share issuances in 2017 and 2018 were out of the treasury stock balances. As of December 31, 2018 and 2017, 1,925,857 (1,000,000 shares of Class A common stock and 925,857 shares of Class B common stock) and 1,990,000 (1,000,000 shares of Class A common stock and shares of 990,000 Class B common stock) were held as treasury stock, respectively.

In 2017, the Company issued 10,000 shares of Class B Non-Voting Common Stock at $0.00 per share resulting in gross proceeds of $0. In 2018, the Company issued 20,000 shares of Class B Non-Voting Common Stock at $0.00 per share resulting in proceeds of $0.

In 2018, the Company has raised $85,836 through issuance of its Class B Non-Voting Common Stock pursuant to an offering under Regulation Crowdfunding, where 44,143 shares were issued at $2.00 per share. As of December 31, 2018 and 2017, there was $13,980 and $0 of subscription receivables, respectively, related to this issuance.

NOTE 5: RELATED PARTY TRANASACTIONS

<u>Related Party Management Fees</u>

The Company has a management agreement with Strategic Solutions Team, Inc. ("SST"), which has not been formalized or memorialized, SST is wholly owned by the CEO of the Company. The agreement is for SST to manage and facilitate all corporate and business needs and activities of the Company until such time the Company has the resources and begins operations on its own. For the years ended December 31, 2018 and 2017 the Company paid SST $54,060 and $0, respectively.

Related Party Global Distribution Agreement

On October 27, 2017, a global distribution agreement was entered into between the Company and Great American Holdings, Inc., in which the CEO of the Company, is the controlling shareholder. Great American Holdings, Inc. holds all intellectual property, manufacturing, sales and distribution rights to the WaterBlocks products. The Company agrees to pay Great American Holdings, Inc. 3% of the product sales price (as defined in the agreement) and 3% of product rental revenue. The agreement has a term of 20 years, commenced on October 27, 2017, and renews automatically for a like period in perpetuity, absent any objection by either party, upon 30 days written notice from the objecting party to the other.

NOTE 6: RECENT ACCOUNTING PRONOUNCEMENTS

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606). This ASU supersedes the previous revenue recognition requirements in ASC Topic 605—Revenue Recognition and most industry-specific guidance throughout the ASC. The core principle within this ASU is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration expected to be received for those goods or services. In August 2015, the FASB issued ASU 2015-14, *Revenue from Contracts with Customers*, which deferred the effective date for ASU 2014-09 by one year to fiscal years beginning after December 15, 2017, while providing the option to early adopt for fiscal years beginning after December 15, 2016. Transition methods under ASU 2014-09 must be through either (i) retrospective application to each prior reporting period presented, or (ii) retrospective application with a cumulative effect adjustment at the date of initial application. We are continuing to evaluate the impact of this new standard on our financial reporting and disclosures, including but not limited to a review of accounting policies, internal controls and processes. The Company adopted this new standard effective January 1, 2018.

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). This ASU requires a lessee to recognize a right-of-use asset and a lease liability under most operating leases in its balance sheet. The ASU is effective for annual and interim periods beginning after December 15, 2018, including interim periods within those fiscal years. Early adoption is permitted. We are continuing to evaluate the impact of this new standard on our financial reporting and disclosures.

Management does not believe that any recently issued, but not yet effective, accounting standards could have a material effect on the accompanying consolidated balance sheet. As new accounting pronouncements are issued, the Company will adopt those that are applicable under the circumstances.

NOTE 7: CONTINGENCIES

The Company may be subject to pending legal proceedings and regulatory actions in the ordinary course of business. The results of such proceedings cannot be predicted with certainty, but the Company does not anticipate that the final outcome, if any, arising out of any such matter will have a material adverse effect on its business, financial condition or results of operations.

NOTE 8: SUBSEQUENT EVENTS

Management has evaluated all subsequent events through March 26, 2019, the date the financial statements were available to be issued. There are no material events requiring disclosure or adjustment to the financial statements.