OTC Markets

OTC Pink® Basic Disclosure Guidelines

Federal securities laws, such as Rules 10b-5 and 15c2-11 of the Securities Exchange Act of 1934 ("Exchange Act") as well as Rule 144 of the Securities Act of 1933 ("Securities Act"), and state Blue Sky laws, require issuers to provide *adequate current information* to the public markets. With a view to encouraging compliance with these laws, OTC Markets Group has created these OTC Pink Basic Disclosure Guidelines. We use the basic disclosure information provided by OTC Pink companies under these guidelines to designate the appropriate tier in the OTC Pink marketplace: Current, Limited or No Information. OTC Markets Group may require companies with securities designated as Caveat Emptor to make additional disclosures in order to qualify for OTC Pink Current Information tier.

Qualifications for the OTC Pink - Current Information Tier

Companies that make the information described below publicly available on a timely basis (90 days after fiscal year end for Annual Reports; 45 days after each fiscal quarter end for Quarterly Reports) qualify for the Current Information Tier. Financial reports must be prepared according to U.S. GAAP or IFRS, but are *not required to be audited* to qualify for the OTC Pink Current Information tier.

Initial Qualification:

1. Subscribe to the OTC Disclosure & News Service on www.OTCIQ.com to publish your financial reports and material news.

2. Create the following documents, save them in PDF format and upload them via www.OTCIQ.com:
   - Annual Financial statements (Document must Include: Balance Sheet, Income Statement, Statement of Cash Flows, Notes to Financial Statements) for the previous two fiscal years. If these reports are audited, please attach the audit letter from the PCAOB registered audit firm. Each year's Annual Financial statements should be posted separately under the report type "Annual Report" in OTCIQ.
   - Any subsequent Quarterly Reports since the most recent Annual Report.
   - The most recent fiscal period end report should also include information in accordance with these OTC Pink Basic Disclosure Guidelines; use the fillable form beginning on page 3.

3. If financial reports are not audited by a PCAOB registered audit firm:
   - Submit a signed Attorney Letter Agreement (first two pages of the Attorney Letter Guidelines).
   - After following the appropriate procedures with a qualified attorney, upload an Attorney Letter complying with Attorney Letter Guidelines through your otciq.com account.

Ongoing Qualification:

1. **For each Fiscal Quarter End**, upload a Quarterly Report via www.OTCIQ.com within **45** days of the quarter end. (A separate quarterly report is not required for the 4th quarter.) The Quarterly Report should include:
   - Information in accordance with these OTC Pink Basic Disclosure Guidelines -- use the fillable form beginning on page 3.
   - Quarterly financial statements (Balance Sheet, Income Statement, Statement of Cash Flows, Notes to Financial Statements).
   - No Audit Letter or Attorney Letter is required**.**

2. **For each Fiscal Year End**, upload an Annual Report within **90 days** of the fiscal year end. The Annual Report should include:
   - Information in accordance with these OTC Pink Basic Disclosure Guidelines -- use the fillable form beginning on page 3.
   - Annual financial statements (Balance Sheet, Income Statement, Statement of Cash Flows, Notes to Financial Statements, and Audit Letter, if the financial statements are audited).

3. If financial reports are not audited by a PCAOB registered audit firm, upload an Attorney Letter via www.OTCIQ.com complying with the Attorney Letter Guidelines within **120 days** of the fiscal year end.

Qualifications for the OTC Pink - Limited Information Tier

Companies that make the information described below publicly available within the prior 6 months qualify for the Limited Information Tier.

1. Subscribe to the OTC Disclosure & News Service on www.OTCIQ.com to publish your financial reports and material news.
2. Create a Quarterly Report or Annual Report for a fiscal period ended within the previous 6 months, save it in PDF format and upload it via www.OTCIQ.com. The Quarterly Report or Annual Report includes:
   - Balance Sheet, Income Statement, and Total Number of Issued and Outstanding Shares. Financial statements must be prepared in accordance with US GAAP, but are not required to be audited. (Please note that Cash Flow Statements are not required to qualify for the Limited Information tier; however, unless the financial statements include a Cash Flow Statement, no financial data will be included in the OTC Financials Data Service, which distributes company financial data to online investor portals and makes the data available on your company's Financials tab on www.otcmarkets.com)
   - A company in the Limited Information tier, may, but is not required to, include information in accordance with these OTC Pink Basic Disclosure Guidelines using the fillable form beginning on page 3.

Current Reporting of Material Corporate Events

OTC Markets Group encourages companies to make public disclosure available regarding corporate events that may be material to the issuer and its securities. Persons with knowledge of such events would be considered to be in possession of material nonpublic information and may not buy or sell the issuer's securities until or unless such information is made public. If not included in the issuer's previous public disclosure documents or if any of the following events occur after the publication of such disclosure documents, the issuer shall publicly disclose such events by disseminating a news release within 4 business days following their occurrence, and posting such news release through the OTC Disclosure & News Service.

Material corporate events include:

- Entry or Termination of a Material Definitive Agreement
- Completion of Acquisition or Disposition of Assets, Including but not Limited to mergers
- Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of an Issuer
- Triggering Events That Accelerate or Increase a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement
- Costs Associated with Exit or Disposal Activities
- Material Impairments
- Sales of Equity Securities
- Material Modification to Rights of Security Holders
- Changes in Issuer's Certifying Accountant
- Non-Reliance on Previously Issued Financial Statements or a Related Audit Report or Completed Interim Review
- Changes in Control of Issuer
- Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers
- Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year
- Amendments to the Issuer's Code of Ethics, or Waiver of a Provision of the Code of Ethics
- Other events the issuer considers to be of importance

OTC Pink Basic Disclosure Guidelines

1) Name of the issuer and its predecessors (if any)

In answering this item, please also provide any names used by predecessor entities in the past five years and the dates of the name changes.

Tapinator, Inc.
Evolution Resources, Inc. (prior to November 4, 2013)

2) Address of the issuer's principal executive offices

Company Headquarters
Address 1: 140 West 57th Street
Address 2: Suite 9C
Address 3: New York, NY 10019
Phone: (914) 930-6232
Email: info@tapinator.com
Website(s): www.tapinator.com

IR Contact
Address 1: _____
Address 2: _____
Address 3: _____
Phone: _____
Email: _____
Website(s): _____

3) Security Information

Trading Symbol: TAPM
Exact title and class of securities outstanding: Common
CUSIP: 876037102
Par or Stated Value: $0.001
Total shares authorized: 74,000,000 as of: 12/31/13
Total shares outstanding: 45,874,372 as of: 6/30/14

Exact title and class of securities outstanding: Series A Preferred Stock
Par or Stated Value: $0.001
Total shares designated: 22,500 as of: 5/27/09
Total shares outstanding: 0 as of: 6/30/14

Exact title and class of securities outstanding: Series B Preferred Stock
Par or Stated Value: $0.001
Total shares designated: 10,000 as of: 12/12/13
Total shares outstanding: 10,000 as of: 6/30/14

Exact title and class of securities outstanding: Series C Preferred Stock
Par or Stated Value: $1.00
Total shares designated: 500,000 as of: 12/12/13
Total shares outstanding: 461,100 as of: 6/30/14

Exact title and class of securities outstanding: Series D Preferred Stock
Par or Stated Value: $1.00
Total shares designated: 1,000,000 as of: 6/10/14
Total shares outstanding: 885,500 as of: 6/30/14

Transfer Agent
Name: Action Stock Transfer
Address 1: 2469 E. Fort Union Blvd
Address 2: Suite 214
Address 3: Salt Lake City, Utah 84121
Phone: (801) 274 1088
Is the Transfer Agent registered under the Exchange Act?* Yes: ☒ No: ☐

*To be included in the OTC Pink Current Information tier, the transfer agent must be registered under the Exchange Act.
The certificates of preferred stock and the resulting converted common stock bear Rule 144 restrictive legends
List any restrictions on the transfer of security:

None

Describe any trading suspension orders issued by the SEC in the past 12 months.

None

List any stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months:

On November 13, 2013 the Company effectuated a 1 for 500 reverse split of its common stock.

On December 12, 2013 the Company migrated from Nevada to Delaware, and acquired Tapinator, Inc., a Colorado corporation.

On June 16, 2014, the Company executed a securities exchange agreement with the members of Tapinator, LLC, a New York limited liability company, whereby the Company issued 36,700,000 shares of its common stock to the members of Tapinator, LLC in exchange for 100% of the outstanding membership interest units of Tapinator, LLC (the "Securities Exchange Transaction"). The exchange resulted in a business combination, and a change of control within its business purpose.

Previously reported results for this period have been restated to reflect changes in the accounting treatment of the Securities Exchange Transaction and other accounting changes that were implemented pursuant to the Company's recent audit process. This restatement resulted in reductions to goodwill and stockholders' equity, and also resulted in changes to the Company's previously reported net income (loss), balance sheet and statement of cash flows.

4) Issuance History

List below any events, in chronological order, that resulted in changes in total shares outstanding by the issuer in the past two fiscal years and any interim period. The list shall include all offerings of equity securities, including debt convertible into equity securities, whether private or public, and all shares or any other securities or options to acquire such securities issued for services, describing (1) the securities, (2) the persons or entities to whom such securities were issued and (3) the services provided by such persons or entities. The list shall indicate:

A. The nature of each offering (e.g., Securities Act Rule 504, intrastate, etc.);

B. Any jurisdictions where the offering was registered or qualified;

C. The number of shares offered;

D. The number of shares sold;

E. The price at which the shares were offered, and the amount actually paid to the issuer;

F. The trading status of the shares; and

G. Whether the certificates or other documents that evidence the shares contain a legend (1) stating that the shares have not been registered under the Securities Act and (2) setting forth or referring to the restrictions on transferability and sale of the shares under the Securities Act.

On June 16, 2014, the Company cancelled 36,500,000 shares of its common stock, and issued 36,700,000 shares of restricted common stock (representing 80% of its then common stock outstanding after giving effect to the transaction) to the members of Tapinator, LLC, a New York limited liability company, pursuant to the share exchange agreement executed by the Company and the members. The certificates of stock issued pursuant to this transaction bear Rule 144 restrictive legends and state that the shares have not been registered under the Securities Act.

On June 9, 2014, the Company issued 885,500 shares of Series D preferred stock to various directors, advisory board members and consultants. The shares are convertible into restricted common shares at a conversion price of $0.154.

From October 2013 to April 2014, the Company issued 461,100 shares of Series C Preferred stock at a price per share of $1.00 pursuant to a private placement offering of up to 500,000 shares in which the Company received $351,000 of net cash proceeds. All Series C Preferred shares were subsequently converted to 3,074,000 restricted common shares in July 2014. The certificates of stock issued pursuant to this offering bear Rule 144 restrictive legends and state that the shares have not been registered under the Securities Act

From December 2013 to June 2014, a total of 36,574,372 shares of restricted common stock were issued pursuant to the Company' acquisition of Tapinator, Inc. (Colorado); a total of 6,825,000 shares of free trading stock were issued to owners of the Company's series A preferred stock in response to notices of conversion of such preferred stock; and a total of 2,237,117 shares of free trading stock were issued in response to a notice of conversion of $212,526.16 of the Company's convertible debt.

5) Financial Statements

Provide the financial statements described below for the most recent fiscal year end or quarter end to maintain qualification for the OTC Pink Current Information tier. For the initial disclosure statement (qualifying for Current Information for the first time) please provide reports for the two previous fiscal years and any interim periods.

A. Balance sheet;
B. Statement of income;
C. Statement of cash flows;
D. Financial notes; and
E. Audit letter, if audited

The financial statements requested pursuant to this item shall be prepared in accordance with US GAAP by persons with sufficient financial skills.

You may either (i) attach/append the financial statements to this disclosure statement or (ii) post such financial statements through the OTC Disclosure & News Service as a separate report using the appropriate report name for the applicable period end. ("Annual Report," "Quarterly Report" or "Interim Report").

If you choose to publish the financial reports separately as described in part (ii) above, you must state in the accompanying disclosure statement that such financial statements are incorporated by reference. You may reference the document(s) containing the required financial statements by indicating the document name, period end date, and the date that it was posted to otciq.com in the field below.

Information contained in a Financial Report is considered current until the due date for the subsequent Financial Report.

To remain in the OTC Pink Current Information tier, a company must post its Annual Report within 90 days from its fiscal year-end date and Quarterly Reports within 45 days of its fiscal quarter-end date.

6) Describe the Issuer's Business, Products and Services

Describe the issuer's business so a potential investor can clearly understand the company. In answering this item, please include the following:

A. a description of the issuer's business operations;

The Company conceptualizes, designs, develops, publishes, markets and monetizes mobile games for the Apple iOS, Google Play and Amazon Kindle gaming platforms. The Company offers original, full-featured premium games, as well as rapidly developed, mass-appeal games utilizing its cost-effective offshore development resources and technology. The Company focuses on operating its own titles, publishing properties where it holds substantial ownership positions, and making strategic investments into promising mobile companies.

The Company's owned and operated portfolio includes over 50 mobile gaming titles that, collectively, have over 26 million users. A number of these games have been featured and have risen to the top of the mobile leaderboards.

B. Date and State (or Jurisdiction) of Incorporation:

March 15, 2005 Nevada, migrated to Delaware on December 12, 2013

C. the issuer's primary and secondary SIC Codes;

7372

D. the issuer's fiscal year end date;

December 31

E. principal products or services, and their markets;

Mobile games and applications for the Google Android, Apple iOS and Amazon Kindle mobile platforms.

7) Describe the Issuer's Facilities

The goal of this section is to provide a potential investor with a clear understanding of all assets, properties or facilities owned, used or leased by the issuer.

In responding to this item, please clearly describe the assets, properties or facilities of the issuer, give the location of the principal plants and other property of the issuer and describe the condition of the properties. If the issuer does not have complete ownership or control of the property (for example, if others also own the property or if there is a mortgage on the property), describe the limitations on the ownership.

If the issuer leases any assets, properties or facilities, clearly describe them as above and the terms of their leases.

In November 2014, the Company entered into a lease for office space located at 140 West 57th Street, Suite 9C, New York, NY 10019. This lease expires on November 30, 2017.

8) Officers, Directors, and Control Persons

The goal of this section is to provide an investor with a clear understanding of the identity of all the persons or entities that are involved in managing, controlling or advising the operations, business development and disclosure of the issuer, as well as the identity of any significant shareholders.

A. Names of Officers, Directors, and Control Persons. In responding to this item, please provide the names of each of the issuer's executive officers, directors, general partners and control persons (control persons are beneficial owners of more than five percent (5%) of any class of the issuer's equity securities), as of the date of this information statement.

Ilya Nikolayev, Director, CEO
Co-Founder and CEO of Familybuilder and its Family Tree application until the successful sale of the Company to Intelius in 2011. Raised venture capital funding for the business and grew the Company to profitability, with over 45 million users on the web, and over 2 million users on mobile (iOS and Android). Prior to Familybuilder, worked in banking for JP Morgan. Graduated cum laude from New York University.

Khurram Samad, President & CTO
Leads Tapinator's offshore engineering and design team. Prior to Tapinator, founded GeniTeam, an outsourced development Company focused on mobile with over 40 developers in-house. Experienced leader of offshore technical teams. Earned BS in Computer Science from National University of Computer and Emerging Science. MBA from LUMS.

Robert Crates, Director
Has over 25 years experience in private equity, investing in a broad range of industries and asset categories. He has invested in technology, entertainment, health care, manufacturing, distribution, industrial, commercial, financial, and oil & gas services business, including venture capital, buy-and-build, leveraged buyout, and distressed securities strategies. Has served on numerous boards of directors, including public and private companies

B. Legal/Disciplinary History. Please identify whether any of the foregoing persons have, in the last five years, been the subject of:

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);

   none

2. The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities;

   none

3. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated; or

   none

4. The entry of an order by a self-regulatory organization that permanently or temporarily barred suspended or otherwise limited such person's involvement in any type of business or securities activities.

   none

C. Beneficial Shareholders. Provide a list of the name, address and shareholdings or the percentage of shares owned by all persons beneficially owning more than ten percent (10%) of any class of the issuer's equity securities. If any of the beneficial shareholders are corporate shareholders, provide the name and address of the person(s) owning or controlling such corporate shareholders and the resident agents of the corporate shareholders.

Ilya Nikolayev / 57 West 57th St, 4th Floor, New York, NY 10019 / 27.3% of common

Ilya Nikolayev owns 5,000 shares of the Company's series B preferred stock, 57 West 57th Street, 4th Floor, New York, NY 10019.

Khurram Samad / 57 West 57th St, 4th Floor, New York, NY 10019 / 33.3% of common

Optima Corporate Services LLC owns 50% of Series B Preferred Stock. 3026 Mockingbird Lane, Suite 245, Dallas, TX 75205.

Riverview Capital Partners, Inc. owns 154,000 shares of the Company's series D preferred stock, which is controlled by Robert Crates, 2409 Faron St, Fort Worth, TX 76107.

Gabriel Ferrer owns 100,000 shares of the Company's series C preferred stock, Grand-Chene 7, Lausanne, Vaud, Switzerland, 1002

9) Third Party Providers

Please provide the name, address, telephone number, and email address of each of the following outside providers that advise your company on matters relating to operations, business development and disclosure:

Legal Counsel
Name: Joseph Pittera
Firm: The Law Offices of Joseph L. Pittera
Address 1: 2214 Torrance Blvd, Suite 101
Address 2: Torrance, CA 90501
Phone: (310) 328-3588
Email: jpitteralaw@gmail.com

Legal Counsel
Name: Jeffrey M. Quick
Firm: Quick Law Group PC
Address 1: 1035 Pearl Street, Suite 403
Address 2: Boulder, CO 80302
Phone: (720) 259-3393
Email: jquick@quicklawgroup.com

Accountant or Auditor
Name: _____
Firm: _____
Address 1: _____
Address 2: _____
Phone: _____
Email: _____

Investor Relations Consultant
Name: _____
Firm: _____
Address 1: _____
Address 2: _____
Phone: _____
Email: _____

Other Advisor: Any other advisor(s) that assisted, advised, prepared or provided information with respect to this disclosure statement.
Name: _____

Firm: _____
Address 1: _____
Address 2: _____
Phone: _____
Email: _____

10) Issuer Certification

The issuer shall include certifications by the chief executive officer and chief financial officer of the issuer (or any other persons with different titles, but having the same responsibilities).

The certifications shall follow the format below:

I, Ilya Nikolayev certify that:

1. I have reviewed this Quarterly Disclosure Statement of Tapinator, Inc.;

2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and

3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

May 20, 2015

/s/ Ilya Nikolayev

Director, CEO

Tapinator, Inc.
Consolidated Financial Statements
(Unaudited)

Quarter Ended June 30, 2014

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Tapinator, Inc.
Consolidated Balance Sheets
(Unaudited)

	June 30, 2014	December 31, 2013
Assets		
Current assets		
Cash and cash equivalents	$ 24,415	$ 12,418
Accounts receivable	139,371	34,199
Due from related parties	57,160	9,790
Total current assets	220,946	56,406
Property and equipment, net	1,777	2,158
Software development costs, net	3,078	-
Investments	12,500	-
Security deposits	5,800	5,690
Total assets	$ 244,102	$ 64,254
Liabilities and stockholders' equity		
Liabilities		
Current liabilities		
Accounts payable	$ 10,535	$ 9,750
Accrued expenses	-	7,000
Payable to related parties	130,107	25,811
Total current liabilities	140,642	42,561
Total liabilities	140,642	42,561
Stockholders' equity		
Common Stock, $0.001 par value; 75,000,000 shares authorized at June 30, 2014 and December 31, 2013; 45,874,372 and 36,700,000 shares issued and outstanding at June 30, 2014 and December 31, 2013, respectively	45,874	36,700
Series A Preferred Stock, $0.001 par value; 22,500 shares authorized at June 30, 2014 and December 31, 2013; no shares issued and outstanding at June 30, 2014 and December 31, 2013, respectively	-	-
Series B Preferred Stock, $0.001 par value; 10,000 shares authorized at June 30, 2014 and December 31, 2013; 10,000 and zero shares issued and outstanding at June 30, 2014 and December 31, 2013, respectively	10	-
Series C Preferred Stock, $1.00 par value; 500,000 shares authorized at June 30, 2014 and December 31, 2013; 461,100 and zero shares issued and outstanding at June 30, 2014 and December 31, 2013, respectively	461,100	-
Series D Preferred Stock, $1.00 par value; 1,000,000 and zero shares authorized at June 30, 2014 and December 31, 2013, respectively; 885,500 and zero shares issued and outstanding at June 30, 2014 and December 31, 2013, respectively	885,500	-
Additional paid-in capital	(1,237,984)	117,800
Subscriptions receivable	(37,500)	(115,000)
Retained earnings	(13,541)	(17,807)
Total stockholders' equity	103,459	21,693
Total liabilities and stockholders' equity	$ 244,102	$ 64,254

See accompanying notes.

Tapinator, Inc.
Consolidated Income Statements
(Unaudited)

	Three Months Ended June 30, 2014	Three Months Ended March 31, 2014
Revenue	$ 226,320	$ 95,984
Expenses		
Platform fees	67,736	28,763
Research and development	125,939	55,300
General and administrative	20,246	20,029
Total expenses	213,921	104,092
Pretax income (loss)	12,399	(8,108)
Income taxes	-	25
Net income (loss)	$ 12,399	$ (8,133)
Net income (loss) per share:		
Basic	$0.0003	-$0.0002
Diluted	$0.0003	-$0.0002
Weighted average common shares outstanding:		
Basic	45,874,372	36,700,000
Diluted	45,874,372	36,700,000

See accompanying notes.

Tapinator, Inc.
Consolidated Statements of Cash Flows
(Unaudited)

	Three Months Ended June 30, 2014	Three Months Ended March 31, 2014
Cash flows from operating activities		
Net income (loss)	$ 12,399	$ (8,133)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	190	190
Accounts receivable	(96,039)	(9,133)
Due from related party	(28,918)	(18,452)
Security deposits	-	(110)
Accounts payable	2,535	(1,750)
Accrued expenses	(7,000)	-
Payable to related parties	84,116	20,179
Deferred stock subscription	37,500	
Net cash provided by (used in) operating activities	4,784	(17,209)
Cash flows from investing activities		
Investments	(12,500)	-
Capitalized software development costs and other fixed assets	(3,078)	-
Net cash used in investing activities	(15,578)	-
Cash flows from financing activities		
Stock subscriptions	37,500	40,000
Net cash provided by financing activities	37,500	40,000
Net change to cash and cash equivalents	(10,794)	22,791
Cash and cash equivalents at beginning of period	35,209	12,418
Cash and cash equivalents at end of period	$ 24,415	$ 35,209

See accompanying notes.

NOTE 1 — ORGANIZATION AND DESCRIPTION OF BUSINESS

Tapinator, Inc. (the "Company") conceptualizes, designs, develops, publishes, markets and monetizes mobile games for the Apple iOS, Google Play and Amazon Kindle gaming platforms. The Company offers original, full-featured premium games, as well as rapidly developed, mass-appeal games utilizing its cost-effective offshore development resources and technology.

The Company was originally incorporated in March 2005 in the state of Nevada. The Company migrated from Nevada to Delaware in December 2013, and acquired Tapinator, Inc., a Colorado corporation, on the migration date.

In June 2014, the Company executed a securities exchange agreement with the members of Tapinator LLC, a New York limited liability company, whereby the Company issued 36,700,000 shares of its common stock (representing 80% of its then common stock outstanding after giving effect to the transaction) to the members of Tapinator LLC in exchange for 100% of the outstanding membership interests of Tapinator LLC. The transaction resulted in a business combination and a change of control within its business purpose.

For accounting and financial reporting purposes, Tapinator LLC was considered the acquirer and the transaction was treated as a reverse merger. All financial information presented for periods prior to the merger reflects only that of Tapinator LLC, and does not reflect the pre-merger Tapinator, Inc. assets, liabilities, or operating results. In addition, all share, per share and related Tapinator LLC information have been retrospectively adjusted to take into account the merger.

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Consolidation
The accompanying unaudited consolidated financial statements and related notes have been prepared in conformity with United States generally accepted accounting principles ("GAAP"). The consolidated financial statements include the operations of the Company and its wholly-owned subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation.

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 disclosure of contingent assets and liabilities at the date of the financial statements as well as the reported amount of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Revenue recognition
The Company derives revenue from paid downloads of its mobile games, and the sale of virtual goods and advertising within its mobile games. The Company recognizes revenue when all of the following conditions are satisfied: there is persuasive evidence of an arrangement; the service is delivered to the player; the collection of fees is reasonably assured; and the amount of fees to be paid by the player is fixed or determinable.

Accounts Receivable and Allowance for Doubtful Accounts
The Company monitors outstanding receivables based on factors surrounding the credit risk of specific customers, historical trends, and other information. The allowance for doubtful accounts is estimated based on an assessment of the Company's ability to collect on customer accounts receivable. There is judgment involved with estimating the allowance for doubtful accounts and if the financial condition of the Company's customers were to deteriorate, resulting in their inability to make the required payments, the Company may be required to record additional allowances or charges against revenues. The Company writes-off accounts receivable against the allowance when it determines a balance is uncollectible and no longer actively its collection. The Company's accounts receivable are not collateralized by any security. As of June 30, 2014 and December 31, 2013, based upon the review of the outstanding accounts receivable, the Company has determined that an allowance for doubtful accounts is not required.

Cash Equivalents
For purposes of the Statements of Cash Flows, the Company considers all highly liquid investments purchased with an original maturity date of three months or less to be cash equivalents.

Concentrations of Credit Risk
Financial instruments and related items which potentially subject the Company to concentrations of credit risk consist primarily of cash, cash equivalents and trade receivables. The Company places its cash and temporary cash investments with credit quality institutions. At times, such investments may be in excess of the FDIC insurance limit. The Company periodically reviews its trade receivables in determining its allowance for doubtful accounts.

Property and Equipment
Property and equipment are stated at cost. When retired or otherwise disposed, the related carrying value and accumulated depreciation are removed from the respective accounts and the net difference, less any amount realized from disposition, is reflected in earnings. Property and equipment are depreciated using the straight-line method over their estimated useful lives as follows:

Computer equipment	3 years
Furniture and fixtures	5 years
Leasehold improvements	remaining term of lease

Capitalized Software Development Costs
In accordance with ASC 985-20, *Accounting for the Costs of Computer Software to be Sold, Leased or Otherwise Marketed*, the Company capitalizes certain costs related to the development of new software products or the enhancement of existing software products for use in its product offerings. These costs are capitalized from the point in time that technological feasibility has been established, as evidenced by a working model or detailed working program design to the point in time that the product is available for general release to customers. Capitalized development costs are amortized on a straight-line basis over the estimated economic lives of the products, beginning when the product is placed into service. Such amortization is shown in the Research and Development line of the Statements of Operations.

Costs incurred prior to establishing technological feasibility and costs incurred subsequent to general product release to customers are charged to Research and Development as incurred. The Company periodically evaluates whether events or circumstances have occurred that indicate that the remaining useful lives of the capitalized software development costs should be revised or that the remaining balance of such assets may not be recoverable.

Impairment of Long-lived Assets
The Company regularly reviews property, equipment, software development costs and other long-lived assets for possible impairment. This review occurs annually or more frequently if events or changes in circumstances indicate the carrying amount of the asset may not be recoverable. The carrying amount of a long-lived asset is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset. Based on upon management’s assessment, there were no indicators of impairment of the Company’s property, equipment and software development costs during the periods ended June 30, 2014 and December 31, 2013.

Fair Value of Financial Instruments
Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Assets and liabilities that are measured at fair value are reported using a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. This hierarchy maximizes the use of observable inputs and minimizes the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

- Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date of identical, unrestricted assets or liabilities.
- Level 2 – Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability; and
- Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

As of June 30, 2014 and December 31, 2013, the Company did not identify any non-recurring assets and liabilities that are required to be presented in the balance sheets at fair value in accordance with ASC 825, *Financial Instruments.*

Investments in Nonconsolidated Affiliates
In general, investments in which the Company owns 20 percent to 50 percent of an entity's equity interest or otherwise exercises significant influence over the investee are accounted for under the equity method. The Company does not recognize gains or losses upon the issuance of securities by any of its equity method investees. The Company reviews the value of equity method investments and records impairment charges in the statement of operations for any decline in value that is determined to be other-than-temporary.

Platform Fees
The Company, along with all mobile application publishers, is required to pay platform fees to Apple, Google and Amazon equal to approximately 30% of gross revenue. The Company is also required to pay a revenue share of approximately 30% to Advertising Networks and similar service providers.

Advertising, Marketing and Public Relations
The Company follows the policy of charging the costs of advertising, marketing, and public relations to expense as incurred. Such costs were $173 and $144 for the periods ended June 30, 2014 and December 31, 2013, respectively.

Income taxes
The Company accounts for income taxes pursuant to the asset and liability method under ASC 740, *Income Taxes*, which requires deferred income tax assets and liabilities to be computed annually for temporary differences between the financial statement and tax bases of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted laws and rates applicable to the periods in which the temporary differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amounts expected to be realized.

Prior to June 2014, Tapinator LLC had elected to be treated under the Internal Revenue Code as a Limited Liability Company. As such, the Company's taxable income or loss was allocated to its members in accordance with their respective percentage ownership. In accordance with and since the share exchange agreement, the Company is treated under the Internal Revenue Code as a C-Corporation.

The Company recognizes a tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The tax benefits recognized in the consolidated financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. As of June 30, 2014 and December 31, 2013, the Company has not recorded any unrecognized tax benefits.

Basic and Diluted Net Income (Loss) per Share Calculations
Income (Loss) per share dictates the calculation of basic earnings per share and diluted earnings per share. Basic earnings per share is computed by dividing income available to common shareholders by the weighted-average number of common shares available. Diluted earnings per share is computed similar to basic earnings per share except that the denominator is increased to include the number of additional common shares that would have been outstanding if the potential common shares had been issued and if the additional common shares were dilutive.

Reclassification
Certain reclassifications have been made to the prior years' data to conform to the current year presentation. These reclassifications had no effect on reported income (losses).

NOTE 3 — STOCKHOLDERS' EQUITY

The authorized capital of the Company consists of 74,000,000 shares of common stock, par value $0.001 per share and 1,532,500 shares of preferred stock, consisting of 22,500 shares designated as Series A with a par value of $0.001 per share, 10,000 shares designated as Series B with a par value of $0.001 per share, 500,000 shares designated as Series C with a par value of $1.00 per share, and 1,000,000 shares designated as Series D with a par value of $1.00 per share.

The holders of all 22,500 shares Series A preferred stock converted their shares into common stock prior to the securities exchange transaction disclosed in Note 1, in which the Company issued 36,700,000 shares of its common stock to the members of Tapinator LLC in exchange for 100% of the outstanding membership interest units of Tapinator LLC. Accordingly, no Series A shares are issued or outstanding as of June 30, 2014.

The Company's Series B preferred stock provides the holders of such stock the right to vote 20,000 votes for every share held. Additionally, 2/3 of the holders of the Series B stock must consent to any major action taken by the

Company, including changes to its Articles of Incorporation. There are 10,000 shares of series B preferred stock issued and outstanding as of June 30, 2014.

In June 2014, prior to the securities exchange agreement, the Company issued 885,500 shares of Series D preferred stock.

NOTE 4 — RELATED PARTY TRANSACTIONS

The Company utilizes the services of an officer/shareholder for the development of rapidly developed, mass-appeal mobile games. Amounts expensed by the Company for such development services for the periods ended June 30, 2014 and December 31, 2013 were $179,614 and $66,204, respectively.

NOTE 5 — SUBSEQUENT EVENTS

Management has evaluated subsequent events in accordance with the requirements of ASC 855, *Subsequent Events*, and has determined that there are the following subsequent events:

In July 2014, the Company issued 334,266 shares of restricted common stock to purchase the debt obligations owed to the note holders of a related party.

In July 2014, all 461,100 shares of Series C preferred stock were converted into 3,074,000 shares of restricted common stock.

In July 2014, the Company purchased promissory notes with a principal amount of $91,000 plus accrued interest of $20,422 with a related party in exchange for 334,266 shares of the Company's common stock. Concurrent with this transaction, the Company entered into a services agreement with this related company whereby the Company received mobile game development services in exchange for (i) waiving of interest payments on the purchased notes, and (ii) a development fee of $180,000. Such development fee will offset against the outstanding balance on the notes and other loans extended to this related company.

In September, by consent of the Company and unanimous consent of the holders of this Series D, a mutual agreement was reached to amend the Series D designation. This amendment allowed the Company to retire all of the Series D shares by issuing 5,615,907 shares of restricted common stock by December 31, 2014.

In September 2014, the Company issued a convertible promissory note in the principal amount of $150,000 to a shareholder which is due and payable on October 1, 2015. The note bears an interest rate of 10% per year, provided however that any past due principal on the note shall bear interest until paid at the maximum non-usurious interest rate allowable under applicable law, or 18% per annum if no such maximum is established. On October 1, 2015, the Company shall automatically convert any outstanding unpaid balance into the Company's common stock at a conversion price equal to 80% of the volume weighted average closing price of the common stock during the ten trading days prior to the conversion date. The conversion price shall have a minimum price of $0.25, and a maximum price of $1.00. In April 2015, pursuant to a letter of acknowledgement received by the Company from the holder of the note, such note was restated into two separate convertible promissory notes of $75,000 each, issued to the original note holder and to a related party, with same terms as the original note.

In October 2014, the Company purchased the mini-game software development business from a related party (the "Minigame Acquisition"). The purchase consideration included the assumption of secured promissory notes in the aggregate amount of $153,677 and the issuance of Redeemable Series A Preferred Stock of the Company's newly formed subsidiary, Tapinator IAF LLC, totaling $773,499. For accounting purposes, the Minigame Acquisition was recorded as an asset acquisition as there was not sufficient continuity of the acquired entity's operations prior to and after the transaction to qualify as a business.

In November 2014, the Company entered into a lease for office space which expires in November 2017.

In December 2014, in exchange for $110,000 of proceeds, the Company sold a 12.5% royalty interest in the net revenues, as defined in the royalty agreements, to be generated by one of its original, full-featured premium games to two separate investors (6.25% was sold to each investor at $55,000), one of which is a shareholder, and the other a related entity of another shareholder. In March 2015, the royalty agreement of the entity related to a shareholder was cancelled. The payments made prior to cancellation of $30,000 were reclassified as a convertible promissory note. The note pays simple interest at the rate of 10% per year and matures in March 2016. The note is convertible into the

Company's common stock automatically upon a qualified financing, or absent a qualified financing, voluntarily by the holder at a 30% discount to the Company's 10 day volume weighted adjusted common share price, with a floor of $0.205 and ceiling of $0.30. Regarding the remaining royalty agreement, when royalty earnings of the shareholder investor have reached $120,000, the royalty rate shall be reduced to 1.25% for the remaining life of the game.

In March 2015, the Company issued a convertible promissory note to a shareholder in the principal amount of $6,500. The note pays simple interest at the rate of 10% per year and matures in March 2016. The note is convertible into the Company's common stock automatically upon a qualified financing, or absent a qualified financing, voluntarily by the holder at a 30% discount to the Company's 10 day volume weighted adjusted common share price, with a floor of $0.205 and ceiling of $0.30.

In April 2015, the Company entered into an agreement with the holder of 5,000 shares of its Series B preferred stock whereby such stock will be forfeited by the holder, and returned to the Company for cancellation on December 31, 2015.

In April 2015, the Company issued a convertible promissory note in the principal amount of $50,000. The note pays simple interest at the rate of 10% per year and matures in October 2015. The note is convertible into the Company's common stock automatically upon a qualified financing, or absent a qualified financing, voluntarily by the holder at a 30% discount to the Company's 10 day volume weighted adjusted common share price, with a floor of $0.205 and ceiling of $0.30.