

**An offering statement pursuant to Regulation A relating to these securities has been filed with the Securities and Exchange Commission. Information contained in this Preliminary Offering Circular is subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted before the offering statement filed with the Commission is qualified. This Preliminary Offering Circular shall not constitute an offer to sell or the solicitation of an offer to buy nor may there be any sales of these securities in any state in which such offer, solicitation or sale would be unlawful before registration or qualification under the laws of any such state. We may elect to satisfy our obligation to deliver a Final Offering Circular by sending you a notice within two business days after the completion of our sale to you that contains the URL where the Final Offering Circular or the offering statement in which such Final Offering Circular was filed may be obtained.**

**YILOLIFE INC.**

(Exact name of registrant as specified in its charter)

201 S. 36<sup>th</sup> Street  
Phoenix, Arizona 85034  
(305) 608-2362

(Address, including zip code, and telephone number, including area code, of issuer's principal executive offices)

**November [\_\_,] 2016**

(Date of offering circular)

**Up to 5,000,000 Shares of Class A Common Stock**  
**Minimum Investment: 610 Shares of Class A Common Stock (\$2,000.80)**

YiLoLife Inc., a Delaware corporation (the "Company", "YiLoLife", "we" or "our") is offering 5,000,000 shares of our Class A Common Stock, par value \$0.0001 per share (the "Common Stock" or "Shares") to be sold in this Offering. The Shares are being offered at a purchase price of \$3.28 per Share, up to an aggregate purchase price of \$16,400,000, before deduction of offering expenses. See "Securities Being Offered" beginning on page [ ] of this offering circular for more information regarding the securities.

This Offering is being conducted on a "best efforts" basis by our officers, directors and employees, and may be offered through broker-dealers who are registered with the Financial Industry Regulatory Authority ("FINRA"), or through other independent referral sources. As of the date of this offering circular, (i) no selling agreements had been entered into by us with any broker-dealer firms, although we expect to enter into an administrative agreement with a FINRA registered broker-dealer, and (ii) no posting agreements had been entered into by us with any crowdfunding websites, although we expect to enter into a posting agreement with FundAmerica Securities, LLC or a similar service provider selected by our management (FundAmerica Securities, LLC and such similar service provider are referred to as "Portal Provider"). Selling commissions may be paid to broker-dealers who are members of FINRA with respect to sales of shares made by them and compensation may be paid to consultants in connection with the offering of shares. We may also pay incentive compensation to registered broker-dealers in the form of common stock and warrants in us. We will indemnify participating broker-dealers and others with respect to disclosures made in the offering circular. Our executive officers, directors and employees will not receive any commission or any other remuneration for any sales of Shares. In offering Shares on our behalf, our executive officers will rely on the safe harbor from broker-dealer registration set out in Rule 3a4-1 under the Securities Exchange Act of 1934. If all Shares are purchased, the aggregate gross proceeds to us will be \$16,400,000. However, since the Offering is being conducted on a "best efforts" basis, there is no minimum number of Shares that must be sold. Accordingly, all funds raised in this Offering will become immediately

available to us and the selling stockholders, and may be used as they are accepted. Investors will not be entitled to a refund and could lose their entire investment. We have the option in our sole discretion to accept less than the minimum investment from a limited number of subscribers.

	Price to Public	Underwriting Discount and Commissions <sup>(1)</sup>	Proceeds to issuer <sup>(2)</sup>	Proceeds to Other persons <sup>(3)</sup>
Per share:	\$ 3.28	(1) \$	3.28	\$ 0.00
Total Maximum:	\$16,400,000	(1)	\$16,400,000	\$ 0.00
Total Minimum:	\$ 0.00	(1)	\$ 0.00	\$ 0.00

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- (2) Before deducting expenses of the Offering, which are estimated to be approximately \$700,000. We will receive the proceeds from the sale of 5,000,000 shares of Class A Common Stock if all Shares are sold.
- (3) No current shareholders will be selling shares in the Offering.

We will continue the Offering until Shares with an aggregate sales price of \$16,400,000 have been sold or until October 31, 2017, whichever is earlier. See "Plan of Distribution" beginning on page [ ] of this offering circular for more information regarding these arrangements.

**The United States Securities and Exchange Commission does not pass upon the merits of or give its approval to any securities offered or the terms of the offering, nor does it pass upon the accuracy or completeness of any offering circular or other solicitation materials. These securities are offered pursuant to an exemption from registration with the Commission; however, the Commission has not made an independent determination that the securities offered are exempt from registration.**

**Generally, no sale may be made to you in this offering if the aggregate purchase price you pay is more than 10% of the greater of your annual income or net worth. Different rules apply to accredited investors and non-natural persons. Before making any representation that your investment does not exceed applicable thresholds, we encourage you to review Rule 251(d)(2)(i)(C) of Regulation A. For general information on investing, we encourage you to refer to [www.investor.gov](http://www.investor.gov).**

**Our business and an investment in our securities involves a high degree of risk. See "Risk Factors" beginning on page [ ] of this offering circular for a discussion of information that you should consider before investing in our securities.**

This offering circular is in the disclosure format required by Form 1-A (17 CFR 239.90) for securities offerings made pursuant to Regulation A (17 CFR 230.251 *et seq.*)

Approximate date of commencement of proposed sale to the public: [ \_\_\_\_\_ ], 2016]

**THIS OFFERING CIRCULAR DOES NOT CONSTITUTE AN OFFER OR SOLICITATION IN ANY JURISDICTION IN WHICH SUCH AN OFFER OR SOLICITATION WOULD BE UNLAWFUL. NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS CONCERNING THE COMPANY OTHER THAN THOSE CONTAINED IN THIS OFFERING CIRCULAR, AND IF GIVEN OR MADE, SUCH OTHER INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON.**

**FOR RESIDENTS OF ALL STATES: THE PRESENCE OF A LEGEND FOR ANY GIVEN STATE REFLECTS ONLY THAT A LEGEND MAY BE REQUIRED BY THAT STATE AND SHOULD NOT BE CONSTRUED TO MEAN AN OFFER OR SALE MAY BE MADE IN A PARTICULAR STATE. IF YOU ARE UNCERTAIN AS TO WHETHER OR NOT OFFERS OR SALES MAY BE LAWFULLY MADE IN ANY GIVEN STATE, YOU ARE HEREBY ADVISED TO CONTACT THE COMPANY. THE SECURITIES DESCRIBED IN THIS OFFERING CIRCULAR HAVE NOT BEEN REGISTERED UNDER ANY STATE SECURITIES LAWS (COMMONLY CALLED "BLUE SKY" LAWS).**

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## RISK FACTORS

*Any investment in our Common Stock involves a high degree of risk. Investors should carefully consider the risks described below and all of the information contained in this offering circular before deciding whether to purchase our Common Stock. Our business, financial condition or results of operations could be materially adversely affected by these risks if any of them actually occur. This offering circular also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks we face as described below and elsewhere in this offering circular.*

***We are in the business of providing ancillary services to a single, non-profit organization that operates medical marijuana dispensaries in the State of Arizona. Because medical marijuana is illegal under federal law, we could be subject to criminal and civil sanctions for engaging in activities that violate those laws.***

We provide services to our sole client, NRC, and any prospective clients, solely in those states where the products sold by such clients are permitted by state law and regulation. Under the United States Federal Controlled Drugs and Substances Act (the "CSA"), the policies and regulations of the Federal Government and its agencies are that cannabis has no medical benefit and a range of activities including cultivation and the personal use of cannabis is prohibited. Unless and until Congress amends the CSA with respect to medical marijuana, as to the timing or scope of any such potential amendments there can be no assurance, there is a risk that federal authorities may enforce current federal law, and the business of NRC, the Company's sole client, or the Company's prospective clients may be deemed to be producing, cultivating or dispensing marijuana in violation of federal law.

### *U.S. Federal Laws*

The concepts of "medical marijuana" and "recreational marijuana" do not exist under federal law. The CSA classifies "marijuana" as a Schedule I drug. Under federal law, a Schedule I drug or substance has a high potential for abuse, no accepted medical use in United States, and a lack of safety for the use of the drug under medical supervision. As such, marijuana-related practices or activities including, without limitation, the manufacture, importation, possession, use or distribution of marijuana are illegal under federal law. Strict compliance with state laws with respect to marijuana will neither absolve the Company of liability under federal law, nor provide a defense to any federal proceeding which may be brought against the Company. While the U.S. Department of Justice has instructed U.S. Attorneys that they are not to expend resources with respect to entities selling marijuana pursuant to strict state licensing regimes, this directive can change, and U.S. Attorneys have discretion to interpret this directive as they see fit. Moreover, U.S. Attorneys have significant discretion with respect to the activities they seek to prosecute, regardless of any directive from the Department of Justice.

On December 16, 2014, President Obama signed the so-called "Cromnibus Bill" a hybrid continuing resolution and omnibus spending bill, approving spending for certain federal agencies through September 30, 2015. Section 583 of the Cromnibus Bill prohibits the United States government from using federal funds to prevent states with medical marijuana laws from implementing state laws that authorize the use, distribution, possession, or cultivation of medical marijuana. Nevertheless, there is no certainty that future federal funding bills will include similar provisions, which could result in our sole client ceasing all operations, which in turn could put us out of business.

***If our activities are deemed to violate laws pertaining to marijuana, we could be forced to forfeit our real and personal property, as well as funds received by us, related to activities deemed to be illegal.***

Federal and state civil and criminal penalties apply to violations of laws pertaining to marijuana. Criminal penalties include monetary fines, imprisonment and confiscation of property. Either in addition to, or in lieu of, bringing criminal prosecutions, federal and state agencies may bring civil forfeiture proceedings. Forfeiture is a penalty associated with a crime in which property is confiscated or otherwise divested from the owner and forfeited to the government. Property that is subject to forfeiture includes the direct and indirect proceeds of illegal activities as well as any property used, or intended to be used, to facilitate the crime. We provide ancillary services to NRC, which includes producing medical marijuana products using NRC's raw materials and resources. However, if the federal government brought a forfeiture proceeding against us, it could cause us to lose our real and personal property, as well as any funds received by us related to activities deemed to be illegal.

***The business of our sole client, NRC, relies on governmental licenses. Our operations could be jeopardized if our sole client or our prospective clients fail to obtain and maintain them.***

The activities of the Company's sole client, NRC, and of the Company's prospective clients, are subject to regulation by governmental authorities. Achievement of the Company's business objectives are contingent upon its clients' compliance with regulatory requirements enacted by these governmental authorities and obtaining all regulatory approvals, where necessary, for the sale of "YiLo" and "YiLoLife" branded products. While we believe that NRC has obtained all regulatory approvals that are needed to operate its business currently, which in turn provides us with the opportunity to provide our services to NRC, we cannot predict that NRC's operations could be significantly affected by the time or expense required to secure further regulatory approvals, or the extent of testing and documentation that may be required by governmental authorities. Any delays in obtaining, or failure to obtain regulatory approvals could significantly delay the further development of NRC's markets and therefore delay the expansion of our service business, which could have a material adverse effect on the business, results of operations, and financial condition of the Company.

***Our Company and its affiliates have difficulty establishing and maintaining bank accounts, which make it difficult and/or expensive to conduct general business operations.***

The federal prohibitions on the sale of marijuana currently result in dispensaries being restricted from accessing the U.S. banking system and they are unable to deposit funds in federally insured and licensed banking institutions. The Company has encountered banking restrictions due to banking institutions not accepting payments from dispensaries, which is the source of our income as the result of the services we provide to NRC. In addition, NRC does not have deposit services and any bank accounts it may have in the future are at risk that they could be closed by the banks. Generally, dispensaries at times do not have deposit services and are at risk that any bank accounts they have could be closed by the banks. Such risks increase costs to the dispensaries. Additionally, similar risks are associated with large amounts of cash at these businesses, which could in turn affect our business.

In February 2014, FinCEN (the Financial Crimes Enforcement Network, a bureau of the United States Department of the Treasury that collects and analyzes information about financial transactions in order to combat domestic and international money laundering, terrorist financing and other financial crimes) issued guidelines allowing banks to legally provide financial services to operators that hold a valid license ("FinCEN Memo"). The rules state that banks can do business with licensed operators (dispensaries) and "may not" be prosecuted. The guidelines provide that "it is possible [for the banks] to provide financial services" to licensed operators while remaining in compliance with federal anti-money laundering laws. The guidance falls short of the explicit legal authorization that banking industry officials anticipated and the outcome of the banks relying on this guidance in transacting with licensed operators is currently unclear.

The guidance provided in the FinCEN Memo may change depending on the incumbent U.S. government administration and is subject to revision or retraction in the future, which may restrict Company or dispensary access to banking services.

***Laws and regulations affecting the regulated marijuana industry are constantly changing, which could detrimentally affect our operations, and we cannot predict the impact that future regulations may have on us.***

If we were forced to cease our operations due to changes in the federal government's approach to the enforcement of laws relating to marijuana, resulting in NRC ceasing operations, we would need to find non-marijuana tenants for, or purchasers of, our real estate assets. Such tenants would likely pay lower rents than marijuana tenants would have paid which would affect the value of our real estate to a purchaser. Moreover, if the marijuana industry as a whole were forced to cease its legal existence, it would result in higher vacancy rates further reducing lease rates and property values. It is likely that we would realize an economic loss on our capital acquisitions and improvements made to our capital assets specific to the marijuana industry, and we would likely lose all or substantially all of our investments in the markets affected by such regulatory changes.

***The Company and NRC may become subject to additional government regulation and legal uncertainties that could restrict the demand for the Company's services or NRC's products, or increase their cost of doing business, thereby adversely affecting their financial results.***

While the impact of changes are uncertain and are highly dependent on which specific laws, regulations or guidelines are changed and on the outcome of interpretative court actions, we do not expect that any such changes would have an effect on the Company's service-based operations that is materially different than the effect on similar-sized companies in the same business as the Company.

Local, state and federal laws and regulations governing marijuana for medicinal and recreational purposes are broad in scope and subject to evolving interpretations which could require NRC to incur substantial costs associated with bringing NRC's operations into compliance. In addition, violations of these laws, or allegations of such violations, could disrupt our operations and have a material adverse effect on our financial performance. It's neither in the Company's power to predict the effects on NRC caused by any future change to such existing laws, regulations, policies, interpretations or applications, nor is it possible for the Company to determine what effect such changes, when and if promulgated, could have on our business.

While the Company does not intend to grow, harvest, distribute or sell cannabis, by leasing facilities to, and/or providing staffing and management services to, licensed operators, the Company could be deemed to be participating in marijuana cultivation, which remains illegal under federal law, and may expose the Company to potential criminal liability, with the additional risk that the Company's assets and properties could be subject to civil forfeiture proceedings.

***Federal law could render contracts involving marijuana unenforceable.***

The sale and distribution of marijuana in certain states is legal subject to compliance with applicable state regulatory regimes. Federal law currently classifies marijuana as a controlled substance and its manufacture, sale, distribution, and use is illegal under federal law. The Department of Justice has indicated that it does not intend to interfere with the sale or distribution of marijuana in states where such sale and distribution is legal provided the state regulations are complied with. Certain states have recently legalized medical marijuana. Four states and the District of Columbia have further legalized the recreational use of marijuana. The Company's objective is to capitalize on the opportunities presented as a result of the changing regulatory environment governing the marijuana industry in those states where the regulatory environment permits its operations.

The Company indirectly derives a substantial portion of its revenues from leasing real estate and employees, from licensing intellectual property, from selling packaging, recipes, and certain ingredients, and from providing other inputs to NRC in Arizona. Its operations will continue to be focused solely on states where marijuana-infused products are permitted by law and regulation.

While the marijuana industry is legal in certain states, it is regulated differently in other states. Consequently, certain activities conducted by the Company may be permissible under one regulatory regime while not under another. Because marijuana is illegal under U.S. federal law, U.S. courts may take the position that parties to contracts involving marijuana, whether directly or indirectly, may not enforce such contracts because they concern an illegal product or activity.

***An investment in the Company's securities should be considered highly speculative.***

The Company currently operates only in the State of Arizona but expects to commence operations in other states that also regulate the marijuana industry (notwithstanding that it is currently illegal under Federal law). There are significant risks associated with an investment in the Company. There is no guarantee that an investment in the Company will earn any positive return in the short or long term. An investment in the Company is appropriate only for investors who have the capacity to absorb a loss of some or all of their investment.

### **Risks Relating to the Development of Our Business**

***Our business depends substantially on the continuing efforts of our Chief Executive Officer, and our business may be severely disrupted if we lose his services.***

The success of the Company is currently dependent on the performance of Carsten Loelke ("Loelke"), the CEO, President, director, and, with his affiliates and his wife, Elizabeth Loelke, a controlling stockholder of the Company. The loss of his services could have a material adverse effect on the Company's business and prospects. If he fails to continue in his present position, we may not be able to replace him readily, or at all. There is no assurance that the Company can maintain the services of its officers or other qualified personnel required to operate its business. In that event, we may incur additional expense to recruit and retain new officers. Failure to do so could have a material adverse effect on the Company and its prospects. Some of our personnel and executives, including our CFO and Medical Director, are independent contractors, not employees of the Company, and have no long-term agreements with the Company.

***Natural Relief Clinic, Inc., an Arizona non-profit corporation ("NRC"), is our only client and if we are unable to continue to retain our one (1) client or if it decreases its spending, our revenue could be harmed.***

Currently, we have only one (1) client, NRC, that accounts for all of our revenue. If we cannot obtain additional revenue from our existing client or add additional clients, our business would be harmed.

***Our only customer is also an affiliated party due to common Officers and Directors.***

Our Chief Executive Officer and a member of our Board of Directors, Carsten Loelke, is also an executive officer and director of our sole client, NRC. Ms. Elizabeth Loelke, the wife of Mr. Loelke, is our Chief Information Officer and a member of our Board of Directors and is also an executive officer and director of NRC. Mr. and Mrs. Loelke constitute a majority of the members of our Board of Directors and are the only members of the Board of Directors of NRC.



These affiliations could result in situations of conflicts of interests for the Loelkes and could affect decision-making with regards to matters such as how or when NRC chooses to pay its outstanding invoices from YiloLife. Moreover, any such conflicts could negatively impact YiloLife's financial performance.

***If we are unable to manage growth, our operations could be adversely affected.***

We anticipate that our current business plan will lead to rapid growth, and that such growth will place demands on our management team. While we have confidence in the ability of our management team based on their prior experience, we can give no assurances that our resources will be sufficient to meet the demands of managing such growth, or that such growth will occur. The Company administration is not yet fully staffed. Currently, Carsten Loelke, with his affiliates and, his wife, Elizabeth Loelke, is a controlling stockholder of the Company. Between the Company's affiliates, Food 2828, LLC (for calendar year 2013 through calendar year 2015), and JJ Empire, LLC (for calendar year 2013 through calendar year 2015), not including NRC, the Company owes Carsten Loelke \$875,000 in accrued compensation. Between the Company's affiliates, Food 2828, LLC (for calendar year 2013 through calendar year 2015), and JJ Empire, LLC (for calendar year 2013 through calendar year 2015), not including NRC, the Company owes Elizabeth Loelke \$875,000 in accrued compensation. Neither Carsten Loelke nor Elizabeth Loelke have received any compensation from JJ Empire, LLC or Food 2828, LLC for calendar year 2016 and their 2016 compensation is set at \$200,000 each from JJ Empire, LLC and \$130,000 each from Food 2828, LLC. The Company owns no key man insurance on the life of Carsten Loelke, Elizabeth Loelke or any other party. The organizational structure of the Company's affiliates is not yet determined or finalized. Some of such anticipated companies have not been fully organized. In addition, such companies have not yet been funded or staffed and the agreements between these entities have not been prepared or signed. See "Description of the Business."

***We may not be able to secure the additional capital financing necessary to affect our growth strategy.***

The Company needs to raise significant additional funds to support its growth, develop new or enhanced services and products, respond to competitive pressures, acquire or invest in complementary or competitive businesses or technologies, or take advantage of unanticipated opportunities. If its financial resources are insufficient, it will require additional financing in order to meet its plans for expansion. The Company cannot be certain that this additional financing will be available on acceptable terms, or at all. Furthermore, any debt financing, if available, may involve restrictive covenants, which may limit the Company's operating flexibility with respect to business matters. If adequate funds are not available on acceptable terms or at all, the Company may be unable to develop or enhance its services and products, take advantage of future opportunities, repay debt obligations as they become due, or respond to competitive pressures, any of which could have a material adverse effect on its business, prospects, financial condition, and results of operations.

***We have broad discretion in the use of the net proceeds of this offering.***

We will have broad discretion in the allocation of the net proceeds from this offering to the various aspects of our business including acquiring real estate properties for our operations, effecting improvements in the properties we acquire or lease to enhance the efficiency of our operations, developing new products, and building relationships with our customers, among other things. We could spend the proceeds in ways that may not improve our results of operations or enhance the value of our securities. Our business could be materially and adversely affected if we do not apply the proceeds of an offering in a beneficial manner.

***Taxes.***

Federal prohibitions on the sale of marijuana may result in the Company not being able to deduct certain costs from its revenue for federal taxation purposes if the Internal Revenue Service determines that revenue sources of the Company are generated from activities which are not permitted under federal law.

***FDA regulation of marijuana and marijuana-infused edibles as food and the possible registration of facilities where medical marijuana is grown or infused edibles are prepared could negatively affect the cannabis industry and adversely affect our financial condition.***

Should the Federal government legalize marijuana for medical or recreational use nation-wide, it is possible that the U.S. Food and Drug Administration ("FDA") would seek to regulate our customers' products under the Food, Drug and Cosmetics Act of 1938. The FDA may issue rules and regulations including certified good manufacturing practices related to the growth, cultivation, harvesting and processing of medical marijuana and marijuana-infused products. Clinical trials may be needed to verify efficacy and safety of the medical marijuana. It is also possible that the FDA would require that facilities where medical marijuana is cultivated be registered with the applicable governmental agencies and comply with certain federal regulations. In the event any of these regulations are imposed, the Company cannot foresee the impact on its operations and economics. If the Company or its customers are unable to comply with the regulations and or registration requirements prescribed by the FDA or another federal agency, the Company or its customers may be unable to continue to operate in their current forms or at all.

***Product Recall***

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labeling disclosure. If any products are recalled due to an alleged product defect or for any other reason, the Company, as a supplier to the dispensaries, could be required to incur the unexpected expense relating to the recall and any legal proceedings that might arise in connection with the recall. The Company may lose a significant amount of revenue due to a loss of sales by NRC or other dispensaries and may not be able to replace that revenue at an acceptable margin or at all. In addition, a product recall may require significant management

attention. Although the Company is establishing procedures for dispensaries to test finished products, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if one of the significant brands were subject to recall, the image of that brand and the Company could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for the Company's services and could have a material adverse effect on the operations and financial condition of the Company. Additionally, product recalls may lead to increased scrutiny of the Company's operations as a vendor and the dispensary operations of its clients by the regulatory agencies, requiring further management attention and potential legal fees and other expenses.

The Company's operations can also be substantially affected by adverse publicity resulting from quality, illness, injury, health concerns, public opinion, or operating issues. The Company will attempt to manage these factors, but the occurrence of any one or more of these factors could materially and adversely affect the Company's business, financial condition and results of operations.

***We plan to acquire real estate properties for our own use. As a result, we are subject to the risks generally affecting the real estate industry in the markets where we operate.***

If we are unable to identify and successfully acquire real estate properties which are suitable for our business, our financial condition may be adversely affected. The Company is subject to risks generally associated with ownership of real estate including: (a) changes in general economic or local conditions; (b) changes in supply of, or demand for, similar or competing properties in a given area; (c) increases in operating costs, such as taxes and insurance; (d) periods of high interest rates and tight money supply; (e) liability for uninsured losses resulting from natural disasters or other perils; (f) liability for environmental hazards; and (g) changes in tax, real estate, environmental, zoning or other laws or regulations including those related to the Company's industry.

***The use of Company capital to acquire needed real estate properties reduces the funds available to it for business growth and other uses.***

Because landlords are reluctant to lease space for use by dispensaries and because mortgage lenders are likewise reluctant to provide loans to acquire properties for occupancy by dispensaries, the Company may purchase the real estate it plans to provide to dispensaries using its own capital. Such use of the Company's capital without the leverage benefit of a third party mortgage loan, reduces the capital available to the Company for other corporate investments. As a result, the Company may be required to raise additional capital for its needs or forego business initiatives that could enhance the profitability and success of the Company.

***We expect to face intense competition now and increasing in the future, which could limit our customer base development and our revenue growth.***

The marijuana industry is highly competitive. If the Company enters into the marijuana business in states that it is legalized, as an expansion of its business from its current service-based operations, the Company will compete with numerous other businesses in the medicinal and

recreational marijuana industry, many of which may possess greater financial and marketing resources than the Company. The marijuana business is affected by changes in consumer tastes and discretionary spending patterns, national and regional economic conditions, demographic trends, consumer confidence in the economy, traffic patterns, local competitive factors, cost and availability of raw material and labor, and governmental regulations. Any change in these factors could materially and adversely affect the Company's operations. Due to the early stage of the industry in which the Company operates, the Company expects to face additional competition from new entrants in the service side of the industry. If the number of legal users of marijuana in its target jurisdictions increases, the demand for products will increase and the Company expects that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products. To remain competitive, the Company will require a continued high level of investment in research and development, marketing, sales and client support. The Company may not have sufficient resources to maintain research and development, marketing, sales and client support efforts on a competitive basis which could materially and adversely affect the business, financial condition and operations of the Company.

***Future performance; market and industry data.***

Unless otherwise indicated, information in this offering circular concerning our industry and the markets in which we operate, including our general expectations and market position, market opportunity and market size, is based on information from various sources, as well as assumptions that we have made based on that data and other similar sources and on our knowledge of the markets for our products and services. We have not independently verified any third-party information and cannot assure you of its accuracy or completeness. While we believe the information included in this offering circular is generally reliable, such information is inherently imprecise. In addition, projections, assumptions and estimates of our future performance and the future performance of the industry in which we operate is necessarily subject to a high degree of uncertainty and risk due to a variety of factors, many of which are beyond our control. Any variance in these factors could cause results to differ materially from those expressed in the estimates and projections.

***Our success may depend on protecting our intellectual property rights.***

We currently rely on trade secrets to maintain our competitive advantage, but we cannot be certain that others will not gain access to these trade secrets or will not develop equivalent technology. As we develop our technology, improve our products, and innovate, we intend to file for patent protection where appropriate. Even if we are granted patent protection on our intellectual property, the Company would be required to be able to fund legal actions to protect its patent rights in its products and such expenditures may not ensure that the Company would be successful in such legal actions or, if it did succeed, that it would be able to enforce its judicially determined rights in such patents.

***We depend on third parties to provide certain non-marijuana ingredients and supplies needed for us to provide to NRC to make its products.***

We depend on independent suppliers to source certain non-marijuana ingredients and supplies we provide to our sole client, NRC. We have no long-term agreements in place with these suppliers, and our business would be harmed if the delivery of such ingredients and supplies by third parties does not remain cost effective, is delayed or interrupted, or if such ingredients and supplies fail to meet our client's quality standards and specifications, or if our suppliers are unable to meet our client's demand for such ingredients and supplies.

***We may confront other risks as we operate and grow our Company.***

Our dependence on providing services to third party dispensaries could adversely affect our revenues. Our business is dependent upon continued market acceptance by consumers of the products developed by our client, and any prospective clients, and any negative trends will adversely affect our business operations. Part of our business involves customers that grow marijuana, consequently, we are subject to the risks endemic to the agriculture business. The growing of marijuana can be heavily reliant on energy use so our customers' businesses are vulnerable to the cost of energy. If we are unable to identify and successfully acquire real estate properties that are suitable for our customers' businesses, our financial condition may be negatively affected.

### **Risks Relating to Ownership of Our Securities**

***There is no market for our Securities.***

There is currently no market through which any of the Company's securities may be sold and there is no assurance that securities of the Company will be listed for trading on a stock exchange or, if listed, will provide a liquid market for such securities. Until the Company's securities are listed on a stock exchange, holders may not be able to sell their securities. Even if a listing is obtained, there can be no assurance that an active public market for the Company's securities will develop or be sustained.

If a listing for the Company's securities is obtained, the market price of such securities may be subject to wide fluctuations in response to many factors, including variations in the operating results of the Company and its subsidiaries, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, changes in the business prospects for the Company and its subsidiaries, general economic conditions, legislative or regulatory changes, and other events and factors outside of the Company's control. In addition, stock markets have from time to time experienced extreme price and volume fluctuations which, as well as general economic and political conditions, could adversely affect the market price for the Company's securities.

***We determined the price of the shares of Common Stock arbitrarily.***

The offering price of the shares of Common Stock has been determined by management, and bears no relationship to our assets, book value, potential earnings, net worth or any other recognized criteria of value. We cannot assure that price of the Common Stock is the fair market value of the shares or that investors will earn any profit on them.

***Voting power of our shareholders is highly concentrated by insiders.***

Our officers and directors control, either directly or indirectly, a substantial portion of our voting securities. Upon completion of this offering, our executive officers and directors will beneficially own, in the aggregate, 180,000,000 shares of Class A Common Stock, or approximately 97.3% of our outstanding shares of Class A Common Stock, assuming all of the shares offering hereunder are actually sold. In addition, Carsten Loelke and Elizabeth Loelke will own 100% of the authorized Class B common stock which gives them the right to elect a majority of the Company's board of directors. Therefore, our management may significantly affect the outcome of all corporate actions and decisions for an indefinite period of time including election of directors, amendment of charter documents and approval of mergers and other significant corporate transactions.

***Our success and ability to implement our business plan depends on recruiting and retaining key personnel.***

In addition to our executive officer, we will need other highly qualified and motivated personnel as we expand our business. Competition for such personnel is intense, and we may not be able to attract and retain qualified personnel, which could impair our ability to effectively implement our business plan. To attract and retain such personnel, we may be required to use our capital or cash flow to increase our compensation structure or to implement equity incentive programs for our officers and personnel which may dilute the interest of the stockholders.

***We may raise additional capital through a securities offering that could dilute your ownership interest and voting rights.***

If we raise additional funds through the issuance of equity, equity-related or convertible debt securities, these securities may have rights, preferences or privileges senior to those of the holders of our Common Stock. The issuance of additional Common Stock or securities convertible into Common Stock could have the effect of diluting the equity interests of our stockholders.

***We are responsible for the indemnification of our officers and directors, which could result in substantial expenditures.***

Our charter provides for the indemnification of our directors, officers, and others under certain circumstances, against damages, attorney's fees and other expenses incurred by them in any litigation to which they become a party arising from their association with or activities on behalf

of our Company. This indemnification provision could result in substantial expenditures by the Company.

***We do not intend to pay dividends for the foreseeable future.***

We have paid dividends on our capital stock in the past, however, it is not anticipated that any dividends will be paid to holders of our Common Stock in the foreseeable future. While our future dividend policy will be based on the operating results and capital needs of the business, it is currently anticipated that any earnings will be retained to finance our future expansion and for the implementation of our business plan. As an investor, you should take note of the fact that a lack of a dividend can further affect the value of our Common Stock, and could significantly affect the value of any investment in our Company.

***There is no escrow account planned for this offering; the proceeds of this offering may be deposited into our general operating account as received and will be immediately allocated to Company needs; there is no assurance that we will be successful in raising any additional funds beyond your investment.***

The funds from each subscription will not be escrowed but, rather, will be deposited immediately into our general operating account. We expect to use such funds immediately for product development, marketing and working capital purposes regardless of our ability to raise additional funds in this or other offerings. We may not be able to raise additional capital to make payments on our liabilities. Because the funds of this offering will be commingled with other funds of our Company in our general operating account, they will therefore immediately become subject to the claims of our creditors.

***You will experience immediate and substantial dilution as a result of this offering and may experience additional dilution in the future.***

You will incur immediate and substantial dilution as a result of this offering. After giving effect to the sale by us of 5,000,000 shares at a price of \$3.28 per share, and after deducting \$700,000 of estimated offering expenses payable by us, investors in this offering can expect an immediate dilution of \$3.16 per share if we sell all shares in this offering. If we sell less than 5,000,000 shares in this offering, the immediate dilution to investors in this offering would be greater than \$3.16 and the dilution would depend on the amount of shares sold.

***Our Stockholders could be exposed to criminal liability.***

While the Company does not engage directly in the cultivation, possession, sale, or distribution of marijuana, its business supports state-registered organizations that do. Notwithstanding the permissibility of those organizations' activities at the state level, the possession of and transactions involving marijuana presently violates the Controlled Substances Act ("CSA"). Under applicable law, any person who actively participates or provides knowing aid to a person or persons committing federal crimes, with the intent to facilitate the crime, may be liable as the person committing the crime in the first instance. *See, e.g., Central Bank of Denver, N.A. v. First Interstate Bank of Denver, N.A.*, 511 U.S. 164, 181; *Rosemond v. U.S.* 134 S. Ct. 1240, 1245.

While we take great care not to violate any law, and believe our activities are legal, it is possible others could disagree. Similarly, by purchasing our Common Stock, it is possible our stockholders could be deemed to knowingly and purposefully facilitate violations of, and thereby themselves be deemed to violate, the CSA.

***Because we may be subject to the "penny stock" rules, you may have difficulty in selling our Common Stock.***

Our Common Stock may be subject to regulations of the SEC relating to the market for penny stocks. Penny stock, as defined by the Penny Stock Reform Act, is any equity security not traded on a national securities exchange that has a market price of less than \$5.00 per share. The penny stock regulations generally require that a disclosure schedule explaining the penny stock market and the risks associated therewith be delivered to purchasers of penny stocks and impose various sales practice requirements on broker-dealers who sell penny stocks to persons other than established customers and accredited investors. The broker-dealer must make a suitability determination for each purchaser and receive the purchaser's written agreement prior to the sale. In addition, the broker-dealer must make certain mandated disclosures, including the actual sale or purchase price and actual bid offer quotations, as well as the compensation to be received by the broker-dealer and certain associated persons. The regulations applicable to penny stocks may severely affect the market liquidity for your common stock and could limit your ability to sell your securities in the secondary market.

***The Financial Industry Regulatory Authority ("FINRA") sales practice requirements may also limit your ability to buy and sell our common stock, which could depress the price of our shares.***

FINRA has adopted rules that require broker-dealers to have reasonable grounds for believing that an investment is suitable for a customer before recommending that investment to the customer. Prior to recommending speculative low-priced securities to their non-institutional customers, broker-dealers must make reasonable efforts to obtain information about the customer's financial status, tax status and investment objectives, among other things. Under interpretations of these rules, FINRA believes that there is a high probability such speculative low-priced securities will not be suitable for at least some customers. Thus, FINRA requirements make it more difficult for broker-dealers to recommend that their customers buy our common stock, which may limit your ability to buy and sell our shares, have an adverse effect on the market for our shares, and thereby depress our share price.

## SUMMARY OF OFFERING

***Notwithstanding any references to YiLoLife Inc. or any of its subsidiaries, YiLo<sup>TM</sup> or YiLoLife<sup>TM</sup>, all marijuana and marijuana-infused products referenced herein are acquired, possessed, owned, cultivated, manufactured, delivered, transferred, transported, supplied, sold, and/or dispensed exclusively by Natural Relief Clinic, Inc., an Arizona nonprofit corporation ("NRC"), in conformity with nonprofit medical marijuana dispensary licenses issued by the Arizona Department of Health Services. Any express or implied reference herein to the any of the foregoing activities relating to marijuana or marijuana-infused products shall be deemed***



*to be references to the exclusive conduct of NRC. Any reference to the involvement of YiLoLife in such activities is intended to describe YiLoLife's role as a service provider for NRC. NRC does business as YiLo™ and YiLoLife™ pursuant to a limited nonexclusive branding license granted by YiLoLife, LLC, and it also does business as Green Pharmacy.*

## **OFFERING CIRCULAR SUMMARY**

This summary highlights information contained elsewhere in this offering circular. This summary is not complete and does not contain all of the information you should consider before investing in the Shares.

You should carefully read the entire offering circular, especially concerning the risks associated with investment in the Shares discussed under the "Risk Factors" section.

Unless we state otherwise, the terms "we", "us", "our", "Company", "management" or similar terms collectively refer to YiLoLife, Inc., a Delaware corporation, together with its subsidiaries.

### **The Company**

As a company, YiLoLife Inc. currently provides valuable, ancillary services to Natural Relief Clinic, Inc. ("NRC") located in Arizona, which is our sole client, licensee, lessee, and customer. NRC operates state-compliant medical marijuana dispensaries in Arizona. We fill the void left by the traditional business community who neglect organizations such as NRC despite its need for the same services as other businesses. Viewed together, YiLoLife Inc.'s operating subsidiaries provide substantially all the necessary support services NRC needs to manage its operations - from acquiring cultivation facilities, providing industry-leading proprietary edible infusion processes, to leasing support personnel and stocking its YiLo™-branded products at registered dispensary sites state-wide. Perhaps most importantly, as the exclusive YiLo™-brand family of service providers, we empower our client, NRC, to contain its costs and ensure consistent results.

### **The Offering**

Issuer	YiLoLife Inc.
Security Offered	5,000,000 Shares of Class A Common Stock, par value \$.0001, offered by the Company.
Price	\$3.28 per Share
Minimum Offering	None
Maximum Offering	\$16,400,000 (a total of 5,000,000 Shares)
Minimum Investment	610 Shares of Class A Common Stock (\$2,000.80)
Offering Period	The Offering will commence upon the offering circular filed with the Securities and Exchange Commission being qualified, and will close upon the earlier of (i) the sale of Shares with an aggregate sales price of \$16,400,000, or October 31, 2017. This

	Offering may be terminated at our election at any time.
Voting Rights	Stockholders will have one vote per share for each Share owned by them in all matters, including the election of Directors, as provided in the Delaware corporation law. However, our executive officers as a result of their ownership of Common Stock will be able to significantly influence the outcome of any election of Directors or any other vote of the stockholders. Further, Carsten Loelke and Elizabeth Loelke own all of the Class B Common Stock which entitles them to elect a majority of the Board of Directors.
Dividends	We do not plan to pay a dividend on the shares of our Common Stock in the foreseeable future.
No Selling Stockholders	No current stockholders will offer to sell any shares of Common Stock in this Offering. See "Plan of Distribution."
Use of Proceeds	After deducting the estimated offering expenses of approximately \$700,000, that are payable by us, we estimate that the net proceeds to the Company from the sale of the Shares offered pursuant to this offering circular will be approximately \$15,700,000 if all 5,000,000 shares of Class A Common Stock are sold. We currently intend to use the net proceeds of this Offering for real estate, equipment, furniture, fixtures, salaries, sales and marketing expense, materials, and general operating expense. See "Use of Proceeds to Issuer."
No Trading Market for our Shares	Our Common Stock is not traded on any stock exchange.
Risk Factors	An investment in the Company is highly speculative and involves substantial risks, Prospective investors should carefully review and consider the factors described under the "Risk Factors" section below.

This Offering is being conducted on a "best efforts" basis.

## DILUTION

Dilution is the amount by which the offering price paid by the purchasers of the Shares of Common Stock to be sold in this offering will exceed the net tangible book value per share of Common Stock after this offering. If you invest in our Common Stock your Shares will be diluted to the extent of the difference between the offering price per share of the Shares of our Common Stock and the pro forma net tangible book value per share of our Common Stock after this offering.

Our pro forma net tangible book value as of December 31, 2015 was \$6,083,729 or \$0.03 per share of our Common Stock. We calculate net tangible book value per share by calculating our total tangible assets less liabilities and dividing it by the number of outstanding shares of our Common Stock.

After giving effect to the sale of 5,000,000 Shares of our Common Stock in this offering at an offering price of \$3.28 per Share and after deducting estimated offering expenses of \$700,000 payable by us, our net tangible book value, which we refer to as our pro forma net tangible book

value, as of December 31, 2015 would have been approximately \$21,783,729 or \$0.12 per share of our Common Stock.

This amount represents an immediate increase in our pro forma net tangible book value of \$0.09 per Share to our existing stockholders and an immediate dilution in our pro forma net tangible book value of \$3.16 per Share to new investors purchasing Shares of our Common Stock at the offering price. We calculate dilution per Share to new investors by subtracting the pro forma net tangible book value per share from the offering price paid by the new investor. The following table illustrates the dilution to new investors on per Share basis:

Offering Price		\$	3.28
Net tangible book value per share as of December 31, 2015		\$	0.03
Increase per share attributable to new investors		\$	0.09
Pro forma net tangible book value per share after this offering		\$	0.12
Dilution per share to new investors		\$	3.16

The table below sets forth as of June 24, 2016 the number of shares of our Common Stock issued, the total consideration paid and the average price per share paid by our officers as a group, other existing stockholders, and our new investors in this offering, after giving effect to the issuance of 5,000,000 shares of Common Stock by us in this Offering at the offering price of \$3.28 per Share before deducting estimated offering expenses of \$700,000 payable by us.

<u>Shares Purchased</u>	<u>Total Consideration</u>		<u>Amount (dollars)</u>	<u>Percent</u>
	<u>Number</u>	<u>Percent</u>		
Officers of the Company as a group <sup>(1)</sup>	180,002,000	97.3%	\$ 1,000	0.01%
Other existing stockholders <sup>(2)</sup>	0	0%	0	0%
New investors	5,000,000	2.7%	\$16,400,000	99.99%
Total	185,002,000	100%	\$16,401,000	100%

(1) These shares represent the 180,000,000 shares of Class A Common Stock issued to Gold Century Enterprises Limited, which is owned by Carsten Loelke and Elizabeth Loelke, in exchange for payment of \$1,000. Carsten and Elizabeth Loelke additionally own 100% of the authorized Class B Common Stock (2,000 shares) of the Company which was issued to them in exchange for 100% of the issued and outstanding ownership interests of JJ Empire, LLC, Food2828, LLC, YiLo Life, LLC, and YiLo CBD, LLC. Each of Carsten Loelke and Elizabeth Loelke previously owned 50% of the issued and outstanding membership interests of JJ Empire, LLC, Food2828, LLC, YiLo Life, LLC, and YiLo CBD, LLC.

(2) On January 4, 2016, YiLoLife Inc. made restricted stock awards of 26,666 shares of Class A Common Stock to each of five employees for a total of 133,330 shares pursuant to the YiLoLife, Inc. 2016 Equity Incentive Plan adopted by the Company on January 1, 2016 (the "Plan"). The restricted stock awards vest over a four (4) year period and are subject to the Plan, the related Notice of Restricted Stock Awards and Restricted Stock Agreements. None of these awards has vested as of the date of this offering circular.

## **PLAN OF DISTRIBUTION**

We are offering a up to a maximum of 5,000,000 Shares of Common Stock on a "best efforts" basis for a purchase price of \$3.28 per Share with a minimum purchase requirement of 610 Shares (\$2,000.80). The maximum offering is \$16,400,000. We will have the unrestricted right to reject tendered subscriptions for any reason and to accept less than the minimum investment from a limited number of subscribers. In the event the shares available for sale are oversubscribed, they will be sold to those investors subscribing first, provided they satisfy the applicable investor suitability standards. See "Investor Suitability Standards." Investors will not be entitled to a refund and could lose their entire investment.

The purchase price for the Shares will be payable in full upon subscription. Subscription funds which are accepted will be deposited into our escrow account maintained by FundAmerica Securities, LLC or a similar service provider selected by our management (FundAmerica Securities, LLC and such similar service provider are referred to as "Service Provider"). We have no required minimum offering amount for this offering and therefore we may instruct the Service Provider to release funds held in escrow to our operating account at any time.

### **Subscription Period**

The Offering of shares of Common Stock will terminate on October 31, 2017, unless we extend the offering for up to an additional 180 days, or terminate the offering sooner in our sole discretion regardless of the amount of capital raised (the "Sales Termination Date"). The Sales Termination Date may occur prior to October 31, 2017 if subscriptions for the maximum number of Shares of Common Stock have been received and accepted by us before such date. Subscriptions for shares must be received and accepted by us on or before such date to qualify the subscriber for participation in YiLoLife.

### **Subscription Procedures**

Completed and signed subscription documents and subscription checks should be sent to Service Provider as Agent for YiLoLife Inc. Escrow Account, at the following address:

[\_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_],  
Reference YiLoLife Inc. Subscription checks should be made payable to us. If a subscription is rejected, all funds will be returned to subscribers within ten days of such rejection without deduction or interest. Upon acceptance by us of a subscription, a confirmation of such acceptance will be sent to the subscriber.

### **Investor Suitability Standards**

In order to subscribe to purchase the shares, a prospective investor must complete a subscription agreement. Investors must answer certain questions to determine compliance with the investment limitation set forth in Regulation A Rule 251(d)(2)(i)(C) under the Securities Act of 1933, which states that in offerings such as this one, where the securities will not be listed on a registered national securities exchange upon qualification, the aggregate purchase price to be paid by the investor for the securities cannot exceed 10% of the greater of the investor's annual income or net

worth. In the case of an investor who is not a natural person, revenues or net assets for the investor's most recently completed fiscal year are used instead.

The investment limitation does not apply to accredited investors, as that term is defined in Regulation D Rule 501 under the Securities Act of 1933. An individual is an accredited investor if he/she meets one of the following criteria:

- a natural person whose individual net worth, or joint net worth with the undersigned's spouse, excluding the "net value" of his or her primary residence, at the time of this purchase exceeds \$1,000,000 and having no reason to believe that net worth will not remain in excess of \$1,000,000 for the foreseeable future, with "net value" for such purposes being the fair value of the residence less any mortgage indebtedness or other obligation secured by the residence, but subtracting such indebtedness or obligation only if it is a liability already considered in calculating net worth; or
- a natural person who has individual annual income in excess of \$200,000 in each of the two most recent years or joint annual income with that person's spouse in excess of \$300,000 in each of those years and who reasonably expects an income in excess of those levels in the current year.

An entity other than a natural person is an accredited investor if it falls within any one of the following categories:

- an employee benefit plan within the meaning of Title I of the Employee Retirement Income Security Act of 1974, as amended, (i) if the decision to invest is made by a plan fiduciary which is either a bank, savings and loan association, insurance company, or registered investment adviser; (ii) if such employee benefit plan has total assets in excess of \$5,000,000; or (iii) if it is a self-directed plan whose investment decisions are made solely by accredited investors;
- a tax-exempt organization described in Section 501(c)(3) of the Internal Revenue Code, a corporation, a Massachusetts or similar business trust or a partnership, which was not formed for the specific purpose of acquiring the securities offered and which has total assets in excess of \$5,000,000;
- a trust, with total assets in excess of \$5,000,000, which was not formed for the specific purpose of acquiring the securities offered, whose decision to purchase such securities is directed by a "sophisticated person" as described in Rule 506(b)(2)(ii) under Regulation D; or
- certain financial institutions such as banks and savings and loan associations, registered broker-dealers, insurance companies, and registered investment companies.

### **Interim Investments**

Company funds not needed on an immediate basis to fund our operations may be invested in government securities, money market accounts, deposits or certificates of deposit in commercial banks or savings and loan associations, bank repurchase agreements, funds backed by government securities, short-term commercial paper, or in other similar interim investments.

### **Transfer Agent and Registrar**

\_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_ is the transfer agent and registrant for the shares.

## **Plan of Distribution**

The shares are being offered by us on a best-efforts basis by our officers, directors and employees, with the assistance of independent consultants, and possibly through registered broker-dealers who are members of the Financial Industry Regulatory Authority ("FINRA") and finders. We may pay selling commissions to participating broker-dealers who are members of FINRA for shares sold by them, equal to a percentage of the purchase price of the shares. We may pay finders fees to persons who refer investors to us. We may also pay consulting fees to consultants who assist us with the offering, based on invoices submitted by them for advisory services rendered. Consulting compensation, finders fees and brokerage commissions may be paid in cash, common stock or warrants to purchase our common stock. We may also issue shares and grant stock options or warrants to purchase our common stock to broker-dealers for sales of shares attributable to them, and to finders and consultants, and reimburse them for due diligence and marketing costs on an accountable or nonaccountable basis. We have not entered into selling agreements with any broker-dealers to date, although we plan to engage FundAmerica Securities, LLC, a FINRA registered broker-dealer firm, or a similar service provider selected by our management (FundAmerica Securities, LLC and such similar service provider are referred to as "Service Provider"), for offering administrative and escrow services. Participating broker-dealers, if any, and others may be indemnified by us with respect to this offering and the disclosures made in this Offering Circular.

## **Proposed Administrative Agreement**

We plan to engage Service Provider, a broker-dealer registered with the Securities and Exchange Commission and a member of the Financial Industry Regulatory Authority (FINRA), to perform the following administrative functions in connection with this offering in addition to acting as the escrow agent:

- advise us as to permitted investment limits for investors pursuant to Regulation A+, Tier 2:
- communicate with us and/or our agents, if needed, to gather additional information or clarification from investors:
- serve as a registered agent where required for state blue sky requirements, but in no circumstance will Service Provider solicit a securities transaction, recommend our securities, or provide investment advice to any prospective investor: and
- transmit the subscription information data to our transfer agent.

As compensation for the services listed above, we anticipate paying Service Provider \$2.00 per domestic investor and \$5.00 per international investor for each anti-money laundering verification. If we elect to terminate the offering prior to its completion, we have agreed to reimburse Service Provider for its out-of-pocket expenses incurred in connection with the services provided under the proposed engagement (including costs of counsel and related expenses) up to an aggregate maximum of \$10,000. In addition, we will pay Service Provider \$500 for escrow account set up, \$25 per month for so long as the offering is being conducted, and up to \$15.00 per investor for processing incoming funds. We may also pay Service Provider a technology service fee for the technology services provided by it or its affiliate, of up to \$3.00

for each subscription agreement executed via electronic signature, up to \$10.00 for each check processed, up to \$15.00 per wire transfer and up to \$45.00 for each bad actor check (per entity, including issuer and each associated person). Based on the minimum subscription amount of \$2,000.80 (or 610 shares) per investor, we estimate the maximum fee that may be due to Service Provider for the aforementioned internal fees to be \$7,000.00 if we achieve the maximum offering proceeds.

An affiliate of Service Provider, may serve as transfer agent to maintain stockholder information on a book-entry basis. We anticipate that there are no set up costs for this service, and fees for this service will be limited to secondary market activity. Service Provider is not participating as an underwriter and under no circumstance will it solicit any investment in the Company, recommend the Company's securities or provide investment advice to any prospective investor, or make securities recommendations to investors, nor is Service Provider distributing any securities offering prospectuses or making any oral representations concerning the securities offering prospectus or the securities offering. Rather, Service Provider's involvement in the offering is limited to acting as an accommodating broker-dealer. Based upon Service Provider's limited role in this offering, it has not and will not conduct extensive due diligence of this securities offering and no investor should rely on Service Provider's involvement in this offering as any basis for a belief that it has done extensive due diligence. Service Provider does not expressly or impliedly affirm the completeness or accuracy of the offering circular presented to investors by the issuer in this offering. All inquiries regarding this offering should be made directly to the Company.

### **The Posting Agreement**

The Company anticipates entering into a Posting Agreement with FundAmerica Securities, LLC, a portal website that hosts public securities offerings or a similar service provider selected by our management (FundAmerica Securities, LLC and such similar service provider are referred to as "Portal Provider"), primarily those that are exempt from registration under Regulation A+ promulgated under Section 3(b) of the Securities Act of 1933, as amended. In consideration for hosting the public offering covered by this Offering Circular, including posting our offering circular, Subscription Documents and related materials on a website maintained by Portal Provider, and integrating Service Provider, a registered member of FINRA, to administer the review and processing of subscriptions by investors, and to possibly provide escrow and transfer agent services for the Company and this offering, Portal Provider will receive the following compensation from the Company, payable from the escrow account as subscription funds are deposited and accepted by Service Provider and the Company.

- A cash payment of \$50 per investor who is accepted as a shareholder of the Company;

As stated above, we have not entered into formal written agreements with FundAmerica Securities, LLC, a Service Provider, a transfer agent, or a Portal Provider, and we may not be able to enter into agreements with any of them on terms acceptable to us.

## Selling Stockholders

None of the stockholders holding shares as of the date of this offering circular are offering to sell shares of Common Stock in this Offering.

## State Qualification and Suitability Standards

This offering circular does not constitute an offer to sell or the solicitation of an offer to purchase any Shares in any jurisdiction in which, or to any person to whom, it would be unlawful to do so. An investment in the Shares involves substantial risks and possible loss by Investors of their entire investment. See "Risk Factors."

Some of our offerees may be broker-dealers registered with the SEC under the Exchange Act who may be interested in reselling our Shares to others. If so they will have to comply with the regulations of the SEC and FINRA relating to underwriters.

## USE OF PROCEEDS TO ISSUER

After deducting the estimated offering expenses of approximately \$700,000, that are payable by us, we estimate that the net proceeds from the sale of the Shares offered by us pursuant to this offering circular will be approximately \$15,700,000 if all 5,000,000 Shares are sold by us.

In addition to Arizona, we are working to establish a substantially vertically integrated presence in other markets with varying degrees of permissible medical and/or adult use marijuana, beginning with California in 2016. In each state, we plan to natively replicate our model by contracting with newly organized not-for-profit medical marijuana organization(s) on an exclusive basis. We intend to acquire and develop cultivation, food processing and distribution facilities suitable to produce YiLo™-branded products on appropriate scale to serve the existing medicinal market, as well as the expected adult use market expected to manifest in the near term.

We currently intend to use the net proceeds from this offering as follows:

<b>Infrastructure Investments Description</b>	<b>Amount</b>	<b>Operating Investments Description</b>	<b>Amount</b>
Real Estate: Production/Operations/ Distributions	\$10,000,000	Human Capital	\$ 750,000
Equipment, Furniture, Fixtures	\$ 1,500,000	Sales & Marketing	\$ 375,000
Security Build Out	\$ 1,000,000	Raw Materials: Ingredients, Fertilizer, Packaging, Etc.	\$ 750,000
		General & Operating	\$ 1,325,000
<b>Total Infrastructure Investments</b>	<b>\$12,500,000</b>	<b>Working Capital</b>	<b>\$ 3,200,000</b>

In the event we are able to sell approximately one-half of the securities offered pursuant to this Offering, we intend to buy and build out one (1) additional retail location in Phoenix, Arizona which we anticipate will cost up to approximately \$3 million. We plan to put any remaining funds towards buying and building out one (1) manufacturing facility in the Los Angeles, California area which we anticipate will cost up to approximately \$7 million and we would need approximately \$2.5 million in additional funds to complete this project. In such case, we would need to use funds from our existing operations to complete the purchase and build out of the



manufacturing facility, and there is no assurance we would ever be able to complete the purchase and build out of the manufacturing facility or if we could do so in an acceptable time frame.

The above are approximations only and we have not yet determined the amount of net proceeds to be used specifically for any of the foregoing purposes or for other purposes not listed. Accordingly, our management reserves the right to change the use of proceeds, and will have significant discretion and flexibility in applying the net proceeds from this offering which may be different than described above.

None of the proceeds of this Offering will be used to repay any currently outstanding debt of the Company or any of its subsidiaries. Since the Company is profitable, we anticipate that our current cash and cash equivalents of \$1,049,804 as of July 31, 2016 will allow us to continue our current operations indefinitely.

### **CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS AND INDUSTRY DATA**

Statements in this offering circular may be "forward-looking statements." Forward-looking statements include, but are not limited to, statements that express our intentions, beliefs, expectations, strategies, predictions or any other statements relating to our future activities or other future events or conditions. These statements are based on current expectations, estimates and projections about our business based, in part, on assumptions made by management. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. Therefore, actual outcomes and results may, and are likely to, differ materially from what is expressed or forecasted in the forward-looking statements due to numerous factors, including those described above and those risks discussed from time to time in this offering circular, including the risks described under "Risk Factors," and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this offering circular. In addition, such statements could be affected by risks and uncertainties related to:

- our ability to raise funds for general corporate purposes and operations;
- our ability to recruit qualified management and technical personnel;
- federal and state regulations impacting our operations and those of our sole client, NRC, and our prospective clients; and
- the other factors discussed in the "Risk Factors" section and elsewhere in this offering circular.

Any forward-looking statements speak only as of the date on which they are made, and except as may be required under applicable securities laws, we do not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date of this offering circular.

### **DESCRIPTION OF BUSINESS**

***Notwithstanding any references to YiLoLife Inc. or any of its subsidiaries, YiLo<sup>TM</sup> or YiLoLife<sup>TM</sup>, all marijuana and marijuana-infused products referenced herein are acquired, possessed, owned, cultivated, manufactured, delivered, transferred, transported, supplied, sold, and/or dispensed exclusively by Natural Relief Clinic, Inc., an Arizona nonprofit corporation***

*("NRC"), in conformity with nonprofit medical marijuana dispensary licenses issued by the Arizona Department of Health Services. Any express or implied reference herein to the any of the foregoing activities relating to marijuana or marijuana-infused products shall be deemed to be references to the exclusive conduct of NRC. Any reference to the involvement of YiLoLife in such activities is intended to describe YiLoLife's role as a service provider for NRC. NRC does business as YiLo™ and YiLoLife™ pursuant to a limited nonexclusive branding license granted by YiLoLife, LLC, and it also does business as Green Farmacy.*

## **Organization and History of the Company**

YiLoLife™ describes a family of companies designed to meet substantially all the specialized operational, business, and infrastructure needs of for - profit and those not-for-profit organizations licensed by the state to consult, manage, possess, grow, sell, and otherwise distribute marijuana. Because of the conflict between state and federal law regarding participation in the medical marijuana sector, even state licensed dispensaries have difficulty leasing real property from conventional sources, attracting competent talent, being able to open bank accounts, obtaining necessary lines of credit to support their supply chains and face a host of other challenges unique to that industry. The YiLoLife™ companies provide a solution to reduce those challenges. While the affiliated companies share the common umbrella of YiLoLife Inc., each contracts independently with the licensed dispensary to provide the required services on a mutually exclusive basis within the state.

As more specifically described below, the YiLo™ companies' operations are limited to providing management services, kitchen labor and intellectual property, cultivation know how and technology, real property and facilities, and branding. To date, Natural Relief Clinic, Inc., a non-profit corporation operating in Arizona ("NRC") has been and continues to be our sole client, licensee, lessee, and customer. When licensed dispensaries manage the entire process from seed-to-shelf within the context of an exclusive relationship with their vendors, licensed dispensaries are better positioned to deliver consistency and quality to their patients.

## **YiLoLife Milestones**

April 2011	Natural Relief Clinic, Inc. ("NRC") organized by Carsten and Elizabeth Loelke
February 2012	JJ Empire, LLC, purchases Warehouse in Phoenix and Leases to NRC
June 2012	JJ Empire, LLC, purchases Building and leases to NRC's Green Farmacy in Bisbee
August 2012	Arizona grants two dispensary licenses to NRC: Bisbee and Springerville (the Springerville license was subsequently transferred to the Phoenix YiLo Superstore)
March 2013	NRC's Green Farmacy Bisbee dispensary opens
April 2013	Arizona grants NRC license to cultivate unlimited medical marijuana for use by qualifying patients and sell to registered nonprofit medical marijuana dispensaries
May 2013	First YiLo™ edible product introduced to wholesale market
June 2013	NRC's Green Farmacy Springerville dispensary opens

Spring 2015	YiLoLife Inc. is incorporated in Delaware, and spearheads the reorganization of related companies including the formation of Commercial Business Development LLC
December 2015	NRC's first YiLo Superstore dispensary opened in Phoenix, AZ (Springerville license was transferred to Phoenix)
December 2015	Green Outlet retail and wholesale store opened in Phoenix, AZ

Specifically, the YiLo™ family of companies consists of the entities described below:

- ***YiLoLife Inc.***, Issuer and Parent Company

YiLoLife Inc., a Delaware corporation, incorporated on May 11, 2015, to own and manage the businesses and affairs of the affiliated limited liability companies as we grow and expand our operations. Each of the companies described below, excluding Natural Relief Clinic, Inc., itself, has either completed or is in the process of completing the conveyance of its ownership into the name of YiLoLife Inc. YiLoLife Inc. is the issuer in connection with this Offering.

- ***YiLoLife, LLC***, Intellectual Property and Branding

YiLoLife, LLC, a New Mexico limited liability company, owns all intellectual property associated with the YiLo™ brands, including the brand itself, trade names, trademarks, certain knowhow, and other proprietary information. Its business consists of owning and managing that intellectual property, which it licenses for compensation to its affiliated companies and to NRC. YiLoLife, LLC, is a New Mexico limited liability company wholly-owned/controlled and managed by YiLoLife Inc. Certain of the intellectual property owned by YiLoLife, LLC was developed by NRC.

- ***YiLo CBD, LLC*** CBD Operating Company

YiLo CBD LLC, is formed to be the eventual operating arm of our CBD business (described below). It is a New Mexico Limited Liability Company wholly owned/controlled and managed by YiLoLife Inc.

- ***Food 2828 LLC***, Kitchen Staffing, Culinary Ingredient Sourcing and Recipe Development.

Food 2828, LLC, sources all of YiLo's non-marijuana and non-THC edible goods, ingredients, and food products. It also provides kitchen-staffing services on a contract basis to NRC in Arizona. Food 2828 LLC is a New Mexico limited liability company wholly owned/controlled by YiLoLife Inc.

- ***JJ Empire LLC***, Management Services

JJ Empire LLC, a New Mexico limited liability company, owns/controls and manages all of existing capital assets, including our Phoenix headquarters and the dispensary building in Bisbee, Arizona. In addition to leasing our existing facilities to Food 2828, LLC and to NRC, JJ Empire, LLC provides contract management and consulting services to the YiLoLife companies and to NRC. JJ Empire, LLC, is wholly-owned/controlled by YiLoLife Inc.

➤ ***Commercial Business Development LLC***, Issuer and Real Estate Company

Commercial Business Development LLC, a Delaware limited liability company, is our top-level real estate company. Managed and wholly owned by YiLoLife Inc., Commercial Business Development LLC's business is to finance the acquisition and improvement of real properties suitable as cultivation sites, processing and distribution facilities, and / or retail spaces. It also manages the ownership and leasing of the properties to not-for-profit medical marijuana organizations such as NRC and, the planned YiLoCA, LLC, through limited liability companies organized for that activity in the respective states where those properties are located, such as Commercial Business Development Arizona, LLC.

➤ ***Commercial Business Development Arizona, LLC***, Arizona Real Estate Operations

Commercial Business Development Arizona, LLC, manages YiLo's Arizona real estate operations, including managing the acquisition and improvement of suitable grow, retail, and processing / distribution properties for lease to the Arizona-licensed medical marijuana dispensary, such as Natural Relief Clinic in Arizona. Commercial Business Development Arizona, LLC is managed by its sole Member Commercial Business Development LLC, a Delaware limited liability company formed on March 16, 2015.

➤ ***Green Outlet Life, LLC***, Supply Chain distributor

Green Outlet Life, LLC was formed on September 4, 2015 with one sole member, Commercial Business Development, LLC. Green Outlet Life, LLC was formed to assist in the supply chain by providing wholesale and retail agriculture supplies for our own company and others (such as pots, soil, etc.) to help lower our supply costs. Green Outlet Life, LLC commenced operations in December 2015.

➤ ***Future California Real Estate HoldCo (Yet to be Formed)***, California Real Estate Operations

As with Commercial Business Development Arizona, LLC, we intend to form a real estate holding company to manage our planned California real estate operations, including the acquisition and improvement of suitable grow, retail, and processing / distribution properties for lease to qualifying California medical marijuana dispensaries. Our California real estate holding company is expected to be managed by its anticipated sole Member, Commercial Business Development LLC, a Delaware limited liability company.

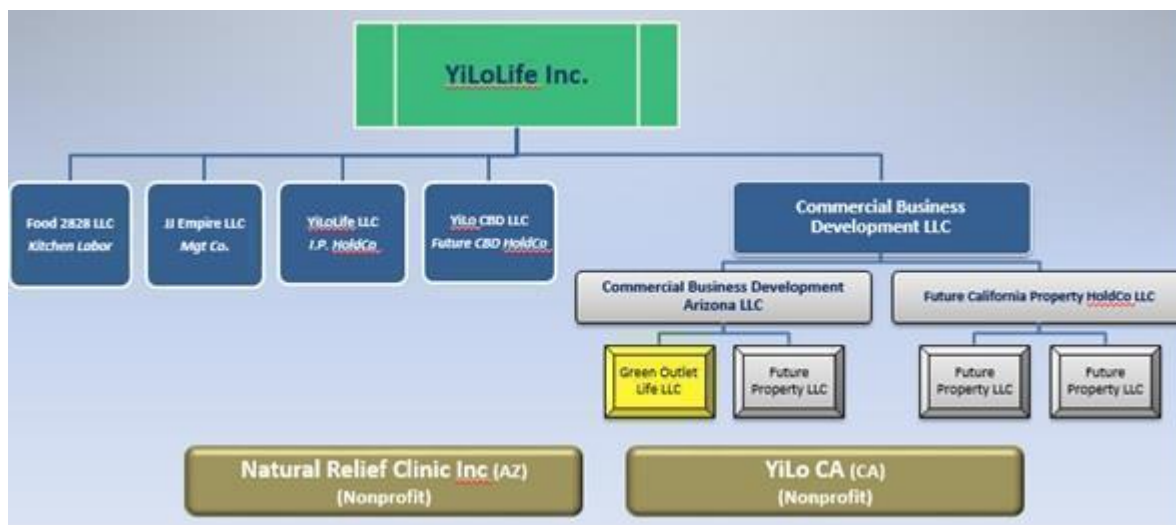
## **Other Related Companies**

➤ ***Natural Relief Clinic, Inc.***, Registered Not-For-Profit Medical Marijuana Dispensary

Natural Relief Clinic, Inc. (NRC) is the YiLo Companies' exclusive client and is located in the State of Arizona. It is licensed by the State of Arizona to grow, produce, and sell medical marijuana, and marijuana-infused edible and/or non-edible products, to qualifying patients, designated caregivers, and to other licensed dispensaries. NRC operates two existing dispensaries that do business as Green Farmacy and the first YiLo Superstore, and one

cultivation site. Under a brand license agreement with YiLoLife, LLC, NRC also operates and produces its portfolio of products under the YiLo brand. While NRC has no stockholders and no members, it is managed by Carsten Loelke and Elizabeth Loelke who together constitute its Board of Directors. Mr. and Mrs. Loelke are married, are two (2) members of the Company's three (3) member Board of Directors and are executive officers of the Company.

*Below is an illustration of the our Organizational Structure, including its existing Arizona client, Natural Relief Clinic, Inc., foreseen asset-specific limited liability companies, and our anticipated future California client.*



The YiLo™ and YiLoLife™ brand is associated with premium quality, precision processes, innovative products, and customer satisfaction. Since launching in operations in 2012, NRC has established YiLo™ as the fastest growing seed-to-shelf marijuana-related brand in Arizona. We expect that its market acceleration to date is a harbinger of its wide-scale acceptance as the industry leader where it operates. Because each state establishes its own rules and regulations applicable to issuing licenses to grow, manufacture, and/or sell marijuana products, the YiLo™ companies are designed with scalability in mind to leverage our brand in one or more states while remaining in compliance with applicable state laws and regulations, ensuring the quality and consistency patients deserve and require.

Of the 23 states presently permitting medical marijuana, substantially all but Colorado presently require the licensee to operate on a not-for-profit basis. In Arizona, our customer, licensee, lessee and affiliated entity, Natural Relief Clinic, Inc. ("NRC") a not-for-profit corporation, is licensed to cultivate (i.e., grow) an unlimited quantity of cannabis and provides "YiLo™" and "YiLoLife™" branded medical marijuana products to patients through its two registered dispensaries, Green Pharmacy Bisbee, and the YiLo Superstore in Phoenix (opened December 17, 2015). NRC also provides its edible and traditional products wholesale through 78 of the 85 licensed and active Arizona dispensaries. These operations are supplemented by proprietary formulations developed by NRC, but owned by the Company, and superior management services

provided to NRC. The YiLo™ companies expect to substantially emulate their proven concept in each market we expand into, beginning with California.

## **YiLo: The Brand**

YiLo™ offers premium, reliably-dosed cannabis products to qualified medical marijuana patients. It is the intention of YiLo™, in the future, to expand to adult use (also known as "recreational") customers in states that have legalized such use. NRC's YiLo™ branded products provide outstanding and predictable benefits through their diverse line of products ranging from cannabis-infused food and drink products ("edibles") to traditional flowers to more modern approaches such as oils and waxes. Using only premium and organic cultivation and production methods rooted in standardization, regulation, and dosage, the YiLo™ brand stands noticeably apart from the competition in quality, consistency, taste and presentation.

### *Brand Principles*

1. Quality products with predictable consistent dosing and effective labeling
2. Superior tasting products in the market
3. Largest variety of product offerings
4. Trustworthy, viable and sustainable brand

### *Voice and Tone*

The YiLo™ brand is increasingly associated with NRC's premium edibles products. Although edibles have historically been treated as a novelty, there is nothing "pot-head" or "silly" about YiLo™ product appearance or tone. NRC caters to a growing marketplace that is increasingly health conscious and often wary of inhaling smoke. The brand is authoritative, friendly, upbeat, smart, contemporary, reliable, and very pleasant. It is designed to appeal to both men and women of any legal adult age. Because the YiLo™ brand demonstrates its commitment to responsible use through its unique color-coded labeling systems, even those experiencing the benefits of our cannabis products for the first time will find YiLoLife™ to be a reassuring choice.

## **YiLoLife™ Competitive Advantage**

YiLoLife™ brings innovation and differentiation to a brand new industry. YiLoLife's competitive advantages are characterized not only by its emphasis on producing best-in-class cannabis-derived edibles and oils, but also quality continuity and precision dosage delivery that are difficult and costly to replicate. NRC's early market entry has empowered it to develop and refine its processes, methodologies and recipes over several years, and positioned it as one of the most sophisticated manufacturing operations in the industry.

## **Products**

Natural Relief Clinic, Inc., dba YiLoLife™ and dba Green Farmacy and dba YiLo Superstore, produces and distributes some of the finest cannabis in Arizona. Each plant is grown in-house under the close supervision of master growers. It has approximately 30 marijuana strains available at any given time, with an overall portfolio of over 860 strains.<sup>1</sup>

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<sup>1</sup> *All marijuana and marijuana-infused products referenced herein are acquired, possessed, owned, cultivated, manufactured, delivered, transferred, transported, supplied, sold, and/or dispensed exclusively by Natural Relief Clinic, Inc., an Arizona nonprofit corporation ("NRC"), in conformity with nonprofit medical marijuana dispensary licenses issued by the Arizona Department of Health Services. Any express or implied reference to the any of the foregoing activities relating to marijuana or marijuana-infused products refers to the exclusive conduct of NRC. NRC does business as YiLo™ and YiLoLife™ pursuant to a limited nonexclusive branding license granted by YiLoLife, LLC, and it also does business as Green Farmacy.*

NRC's sustainable product portfolio strategy embodies three priorities:

1. **Variety:** NRC regularly introduces new and improved products to uphold its commitment to providing highest quality and customer satisfaction
2. **Education:** Through clear and simple labeling, NRC enhances its customer's knowledge about the active ingredients in its products.
3. **Precision Dosing:** With clear labeling, including our innovative "traffic-light" precision dosage system, NRC strives to ensure that its products are responsibly sold and marketed.

YiLo™ branded products stand apart because of their high-quality ingredients, consistent dosing, and wide selection of products. YiLo™ is developing a reputation throughout Arizona and increasingly across the United States thanks to NRC's commitment to customer satisfaction. With an experienced team of master growers, NRC utilizes the most proven and successful growing methods throughout the life of the plant to ensure the highest quality products.

### **YiLo™ Edibles**

With all the options available to medical marijuana patients today, many of NRC's customers are choosing to explore methods of medicating beyond the traditional pipe, paper or vaporizer mechanisms. NRC's cannabis infused products, commonly referred to as 'edibles', provide alternatives to patients who cannot, or choose not to smoke their cannabis. NRC's edibles come in many different varieties, including pre-made desserts, drinks, teas, snack foods, and a variety of candies.

Many NRC customers believe that ingesting their cannabis is a healthier alternative to inhaling it because there is no exposure to carbon-rich smoke. Some patients, such as those on supplemental oxygen, turn to edibles when smoking is no longer an option.

### **YiLo Dosing System**

Oral ingestion of marijuana or its active ingredients has quite different pharmacokinetics than inhalation. The onset of action is delayed and titration of dosing is more difficult. This prompted NRC to create the first and only simple dosing system using color-coded product identification to effectively control proper dosing of medical marijuana.

All of NRC's YiLo™ branded edibles are cut within precise weight tolerances, in support of consistent and predictable effects for patients. NRC produces all of its cannabis extract in house

to maintain complete control over the entire process from seed to shelf. NRC has perfected its process to consistently make the most precisely dosed pharmaceutical grade cannabis extract possible, while activating approximately 98% or more of the available known cannabinoids. Every batch of extract is tested for THC, CBD, and other content. NRC tests all of its edibles on a regular basis to ensure that it is providing the most consistently dosed cannabis edibles in Arizona. Testing is done both internally by NRC and by a third party.

### **Color Coding**

NRC offers a variety of product variations based on the concentration of THC. Embracing German quality standards imparted by its founder and Chief Executive Officer, NRC regularly lab-tests its products to ensure consistent THC levels. NRC's dosages are based on the following "traffic light" color system, which is conspicuously incorporated into its packaging:



In response to customer feedback and requests, NRC also developed a new product line with a Light Blue, 60mg CBD, and a Dark Blue, 180mg CBD, which it is in the process of bringing to market.

In addition to meeting all applicable labeling standards, including those set by the Arizona Department of Health Services, NRC has embraced its own, higher, labeling standard in pursuit of improving its customer experience.

### *Product Varieties*

NRC's YiLo™ branded extensive product line is more fully presented on the next several pages.



NRC's drinks and infusions are handcrafted and formulated for optimal cannabinoid delivery. NRC offers a wide variety of drinks and flavors sure to please every patient's palate.



The Product Review Team at AZmarijuana.com tested YiLo™ Tea:

*"YiLo's medical marijuana-infused teas are refreshing on hot Arizona days and fast-acting..."*

The YiLo™ teas come in a few flavors. The two most popular flavors are Raspberry and Apple. The 8oz teas come in four THC-only strengths (60mg, 120mg, 180mg, and 240mg) and two CBD-only strengths (60mg and 180mg). The color of the bottle cap indicates the potency.

**Available in 60mg, 120mg, 180mg, 240mg, THC, in the following varieties, and others:**

- Infused Coffee: Black, Hazelnut, Raspberry White Chocolate
- Infused Juices: Grape, Mango, Apple
- Infused Teas: Apple, Raspberry
- Infused Potions: Orange/Mango, Lemon, Cherry, Cranberry



NRC's YiLo™ brownies' potency and quality of ingredients are always consistent. These delicious brownies come in several varieties and strengths so they are perfect for any patient. Made with only the highest quality cannabis, NRC's YiLo™ brownies are a patient favorite.

The AZmarijuana.com Review Team tested YiLo™ Chocolate Fudge brownies:

*"We all thought the brownies tasted amazing. Within an hour the brownies slowly progressed into a very relaxing mind and body high."*

**Available in 60, 120 & 180mg THC doses include the following varieties, and others:**

- Fudge
- Cappuccino
- Black Forest
- Caramel
- Peanut Butter
- Brownie Bits
- Magic 7

Sure to satisfy any chocolate lover, these decadent chocolate bars are made using only the highest quality ingredients and come in over 20 different flavors. The cannabis in these bars is available in three strengths. These delicious bars are one of the most requested items by NRC's patients. All YiLo™ branded chocolate products are also available in a sugar-free version.



The AZmarijuana.com Product Review Team tested all the above marijuana edible chocolate bars:

*"We concluded that they are all delicious and very potent. Some of us medicated with only 5mg for the day, while others needed 60mg. The edibles began working within 20-60 minutes, usually dependent upon whether food was already in the stomach or not. But the effects from the edibles were always the same: calm*

**Available in 60, 120 & 180mg THC doses, our flavors include the following varieties, and others:**

- Milk Chocolate
- White Chocolate
  
- German Chocolate
  
- Toffee Chocolate
- Peanut Butter Chocolate
- Hazelnut Chocolate
  
- Pretzel Chocolate
  
- White Pretzel Chocolate
  
- Krunch Chocolate
  
- Chile Chocolate
  
- Orangesicle Chocolate
  
- Orangesicle White
  
- White Almond Chocolate
  
- Mint Chocolate
  
- Raspberry Chocolate
  
- Blueberry Blitz Bar
  
- Cookies & Crème White



NRC offers a wide variety of candies and treats including, gummy bears, tootsies, twinkle (twinkie®-style) cakes, cookies and much more. Tootsies by YiLo™ are delicious options that travel well. Perfectly discreet and available in multiple flavors, these are formulated to address the patients' dosage and their sweet tooth. Made with the highest-quality ingredients, including cannabis, they have become a favorite.

NRC's YiLo™ gummy bears are an option for those who aren't sure what dosage is best. Because there are several gummy bears in each package, patients can medicate to whatever level they feel.

The Product Review Team at AZmarijuana.com tested YiLo™ gummy bears:

*"We found that they are all delicious and very potent. Some of us medicated with only 5mg for the day, while others needed 60mg. These marijuana edibles began working within 20-60 minutes, usually dependent upon whether food was already in the stomach or not."*

**Available in 60, 120 & 180mg THC doses, our treats include the following varieties, and more:**

- Gummy Bears
- Lollipops: Butterscotch, Apple, Blue Raspberry, Coffee, Ginger Wasabi, Grape, Horchata, Lemon, Lime, Mojito Mint, Orange, Root Beer, Fruit Punch
- Tootsie Rolls: Caramel, Cherry, Lemon, Mango
- Hard Candy: Butterscotch, Apple, Blue Raspberry, Coffee, Ginger Wasabi, Grape, Horchata, Lemon, Lime, Mojito Mint, Orange, Root Beer
- Twinkle Cakes: Vanilla Crème, Chocolate w/Banana Crème
- Cookies: Snickerdoodle, Pistachio, Oatmeal White Chocolate Blueberry, Peanut Butter
- Space Rocks

## **CO2 Extractions and Wax**

Concentrates are rapidly rising in popularity among cannabis users as these products offer the advantage of a higher concentration of cannabinoids with less plant material, resulting in a cleaner and healthier smoking experience, or any other use.

Supercritical fluid extraction is a method of using high pressure to force a solvent through plant matter. In NRC's case, the solvent NRC uses is natural, beverage-grade, carbon dioxide. When

the solvent is pushed through the plant matter at high pressure, it separates the matter precisely which allows NRC to isolate only the purest essence of our botanicals, in this case, cannabis. The result is pure, cannabis wax and oil.

The packaging is pre-filled with NRC's YiLo™ branded purest, pure CO<sub>2</sub>-extracted, cannabis oil and identifies the source strain. The extracted oil comes with 40-60% THC in 5 different flavors. It is also available unflavored.

### YiLo™ CO<sub>2</sub> Extracted Wax

NRC's top shelf CO<sub>2</sub> extracted cannabis wax is refined even further for highest possible potency, typically within 60-75% THC. Cannabis waxes are typically preferred by connoisseurs and are available in single grams or 1/2g doses.



### YiLo™ Accessories

NRC also offers a variety of YiLo™ accessories including clothing, vaporizer pens, and other, related products.

### Flowers

NRC grows both *Cannabis Sativa* and *Cannabis Indica*, the two plant species used to produce medical marijuana products. NRC emphasizes growing a wide selection of some of the most unique, cherished, and potent cannabis genetics for its patients, practicing an organic, soil-based grow method. NRC's plants are not force-fed minerals or pesticides, and are never exposed to chloride or fluoride. NRC's plants are cared for by hand, and the grow teams' attention to detail is clear in the quality of cannabis they provide. Each species offers a different sensory experience and taste or smell. NRC's YiLo™ branded medical marijuana is available in pure *Sativa* strains, pure *Indica* strains, or "hybrid" strains that include varying amounts of both *Sativa* and *Indica*.



### *Indica*

NRC's YiLo™ branded *Indica* strains often have higher levels of cannabinoids like CBD than the *Sativa* strains, which results in a sedated body-type feeling. Because *Indica* strains may cause feelings of sleepiness and heaviness, many patients prefer to medicate with this type of cannabis at night.

### *Sativa*

NRC's YiLo™ branded *Sativa* strains often have a higher level of THC than *Indica* strains, which results in a psychoactive and energetic mind-high. Because *Sativa* strains may cause

feelings of alertness and optimism, many patients prefer to medicate with this type of cannabis during the day.

### *Hybrids*

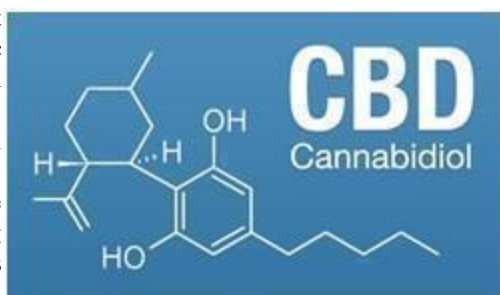
NRC's YiLo™ branded hybrids and cross-breeds of *Indica* and *Sativa* strains produce varieties that carry some characteristics of each parent.

## **Future Products**

### *CBD Products*

Ever since CNN Medical Correspondent Sanjay Gupta drew attention to the health benefits of medical marijuana through prime time hour-long specials, the media are focusing on about Cannabidiol (CBD), the naturally occurring, non-psychoactive compound found in hemp. Research by California Pacific Medical Center indicating CBD may arrest the spread of aggressive, metastatic cancer cells, is drawing the attention of the medical community.

Americans are increasingly adopting healthier eating habits. More than half of the adult population use dietary supplements according to a report by U.S. Centers for Disease Control and Prevention<sup>2</sup>. This segment presents a significant market potential for natural CBDs as a nutraceutical, infusing them into edibles, drinks, tinctures, salves (i.e., lotions), capsules, and the like.



### **Edibles**

The extension by NRC of YiLo™ brand into the CBD space is natural. All of NRC's YiLo™ branded existing edible and drink products can be with infused CBD rather than THC. CBD edible products will initially be available to all of NRC's existing dispensary customers in Arizona, as well as wholesale to other local dispensaries by NRC.

### **Drinks**

NRC will be able to infuse all of their existing drinks (teas, coffees, juices, etc.) with CBD concentrates. NRC plans to explore different drink classes such as energy drinks, water, and sodas as candidates for CBD infusion.

<sup>2</sup> Jaime Gahche, et. al., Dietary supplement Use Among U.S. Adults Has Increased Since NCHS III (1988-1994), 61 NCHS Data Brief (2011)(discussing the rise of dietary supplements since previous long term study).

### **Cosmetics**

NRC also plans to develop CBD-based cosmetic products such as ointments and salves for skin and lip care, and other uses.

## **Marketing and Sales**

We are a growth stage company. As of the date of this offering circular, we have established that NRC's YiLo™ branded products and our business strategy are successful in the State of Arizona. However, in anticipation of the commencing operations in other states and markets by the end of 2016, we continue to refine our services. In doing so, we are mindful that NRC's strategic advantages stem, in part, from their ability to guide the entire process from seed-to-shelf. Through this fundamentals-based approach, the resulting quality and consistency of NRC's YiLo™ branded products results in positive word-of-mouth that is only enhanced by NRC's recent web presence.

### *Wholesale Distribution*

NRC's wholesale distribution network covers 78 of the 85 active dispensaries, providing NRC's YiLo™ branded products with exposure in every key market in Arizona.<sup>1</sup> Approximately 90% of NRC's product sales are through the wholesale channel. NRC's wholesale offering includes flowers, edibles, CO<sub>2</sub> extractions & waxes and various types of YiLo™ branded vaporization equipment. Only NRC's flowers are provided wholesale without branding because of the nature of the product - that is, flowers are a commodity the sale of which is driven by genetic strain and cannabinoid content.

### *Retail Distribution*

NRC's YiLo™ branded products are sold directly by it through its two retail dispensaries, The Green Farmacy - Bisbee<sup>3</sup> and the YiLo Superstore opened in Phoenix, AZ in December 2015. To meet existing demand for NRC's YiLo™ branded products and in anticipation of exponential market expansion with the expected adoption of adult use (i.e., recreational) reforms in the state, NRC intends to open additional retail locations with retail spaces approximating 2,000 sq. ft. each. We expect to provide management services, kitchen labor and intellectual property, cultivation know how and technology, real property and facilities, and branding to these "superstores" to contribute multiples to our revenue growth.

## **Expansion**

### *Arizona Strategy*

In Arizona, our production facility is operating at close to one hundred percent of its output capacity. Accordingly, we are expanding our cultivation, infusion, and distribution facilities for NRC to adequately serve not only the existing wholesale and retail demand for NRC's YiLo™ branded products, but also prepare for the adult use (i.e., recreational) market for NRC's products we expect to develop following the 2016 election.

Because NRC is permitted to relocate its existing licensed dispensaries to virtually any zoning-compliant area within Arizona, since August 2015, we have been looking to secure a second retail location in a high-density urban retail-suitable in the Phoenix Metropolitan area for potential use by NRC.

We are also targeting a 100,000 square foot facility in which to house our cultivation, food processing, distribution operations for NRC's use, and a second retail location in the Phoenix Metropolitan area of approximately 2,000 square feet for NRC's use.

We anticipate the costs to buy and build out an additional retail location in the Phoenix Metropolitan area to be approximately \$3 million and we intend to use approximately \$3 million of the proceeds of this Offering to buy and build out this location. See "Use of Proceeds to Issuer." In the event we raise less than the cost to buy and build out an additional retail location in the Phoenix Metropolitan area, we would need to use funds from our existing operations to complete the purchase and build out of the retail location, and there is no assurance we would ever be able to complete the purchase and build out of the retail facility or if we could do so in an acceptable time frame.

We do not anticipate using any of the proceeds of this offering for the 100,000 square foot facility in which to house our cultivation, food processing, distribution operations. This facility is part of our strategic plan and we anticipate would require an additional round of equity financing.

Additionally, we are in the process of identifying for possible acquisition a new cultivation facility that will ultimately include the flexibility of both an indoor growing area (greenhouse) and an outdoor growing area for NRC's YiLo™ branded products. We are targeting roughly 60 acres that are located at a higher elevation that will provide a better climate to cultivate the wide variety of strains NRC plans to grow. We anticipate this will enable NRC to expand its THC product portfolio, as well as the development of NRC's CBD product line. We are currently targeting a 300,000 square feet of cultivation and processing space.

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<sup>3</sup> The Green Farmacy building in Bisbee operates in a 1,200 square foot space and is open 7 days a week with more than 30 hours of operation each week. Two part-time employees provided by JJ Empire, LLC staff the Bisbee dispensary. The Green Farmacy dispensary receives product from Natural Relief Clinic on at least a monthly basis. The Bisbee building is owned by our subsidiary, JJ Empire, LLC, and leased to NRC.

### *Multi-State Strategy*

We are also working to establish a substantially vertically integrated presence in other markets with varying degrees of permissible medical and/or adult use marijuana, beginning with California in 2016. In each state, we plan to natively replicate our model by contracting with newly organized not-for-profit medical marijuana organization(s) on an exclusive basis. We will also expect to acquire and develop cultivation, food processing and distribution facilities suitable for NRC to produce the YiLo™-branded products on an appropriate scale to serve the existing medicinal market, as well as the expected adult use market expected to manifest in the near term.

### **Competition**

NRC intends to compete primarily on the basis of what it believes to be their superior quality, accurate dosing, even content and labeling. The success of NRC's YiLo™ brand stands in contrast with most other manufacturers in Arizona and other states who struggle to acquire a

commercial infrastructure, capital, process knowledge, and the experience to be able to create commercial grade edibles and CO<sub>2</sub>-extracted oils and waxes. Particularly revealing is the immediate penetration NRC's YiLo™ branded products have made into the Arizona wholesale market for marijuana products. We intend to continue supporting NRC by providing management services, kitchen labor and intellectual property, cultivation know how and technology, real property and facilities, and branding.

## **Existing Facilities**

### ***Cultivation and Infusion Center***

The present cultivation and infusion center where NRC grows and prepares all of its cannabis plants and products is located in Phoenix, Arizona, on a low-traffic street in a nondescript warehouse district. The facility is entirely retrofitted to accommodate the necessary equipment and provide a layout designed to maximize NRC's cultivation and infusion operations. Virtually all of the facility's functional space is devoted to the production of YiLo™-brand products on behalf of NRC.

The building is designed to promote proper grow methods, pH levels, appropriate cooling, lighting, and dehumidifying along with other proven grow methods to ensure high yielding plants and high-quality products. The cultivation center currently has nine grow rooms for each of the critical growth stages of the plants. Each room is uniquely equipped with special lighting, temperature, and humidity controls necessary to maximize growth and yield at each growth stage.

Built of masonry construction, the facility satisfies the definition of "enclosed" pursuant to the Arizona Department of Health Services (ADHS) rules and regulations to prevent any viewing of the marijuana plants by the public. This property is wholly owned by JJ Empire, LLC, and leased partially to NRC, to Food 2828, LLC, and to a pre-existing tenant, Community Dental Services of Arizona, an affiliate of our founder.

Because NRC has maximized virtually all the room available to grow in its present facility, we are actively seeking suitable properties to acquire and expand our operations to meet NRC's needs.

### ***Dispensaries***

#### ***Green Farmacy Bisbee***

NRC's Green Farmacy dispensary in Bisbee, Arizona operates in a 1,200 square foot commercial space and is open 7 days a week with more than 30 hours of operation each week. Two (2) part-time employees of YiLoLife are provided to NRC to staff and operate the Bisbee dispensary for NRC. The Bisbee building is owned by YiLoLife's wholly-owned subsidiary, JJ Empire, LLC and leased to NRC.



### *YiLo Superstore Phoenix*

NRC's YiLo Superstore in Phoenix, Arizona operates in a 2,000 square foot space and is open 7 days a week with more than 91 hours of operation each week. Approximately 15 full time employees of YiLoLife staffs the YiLo Superstore dispensary for NRC. An average of over 300 patient customers purchase in this location per day.

### **Intellectual Property**

We rely on a combination of common law trademark, copyright and trade secret laws, employee and third-party confidentiality agreements and license agreements to protect our intellectual property. Our intellectual property is principally held by our affiliate, YiLoLife, LLC, a New Mexico limited liability company.

### **Employees**

As of the date of this offering circular, the YiLoLife Inc. companies employ 28 employees. We believe that our future success will depend in part on our continued ability to attract, hire and retain qualified personnel. All of our employees are at-will employees.

Some of our personnel and executives, including our Chief Financial Officer and Medical Director are independent contractors and not employees and have no long-term agreements with the Company at this time.

### **Government and Environmental Regulation**

Although the cultivation, possession, sale and distribution of marijuana is illegal under United States federal law, twenty-three states plus the District of Columbia permit the use of cannabis for medical purposes under a doctor's direction. Colorado and Washington both decriminalized the use of marijuana for adult recreation in 2012 with Oregon, Alaska and Washington, D.C., passing similar measures in 2014. Recreational cannabis sales began on January 1, 2014 in Colorado, and adult use sales began in July of 2014 in Washington State. The revenues in Colorado from legal sales of medical and recreational cannabis jumped from approximately \$699 million in 2014 to approximately \$996.2 million in 2015. The revenues for the state of Colorado for taxes and license fees related to legal cannabis sales exceeded \$135 million in 2015.

At the federal level, marijuana remains classified as a Schedule I substance under the Controlled Substances Act, where Schedule I substances are considered to have a high potential for dependency and no accepted medical use, making distribution of marijuana a federal offense. In October of 2009, the Obama Administration sent a memo to federal prosecutors encouraging them not to prosecute individuals who distribute marijuana for medical purposes in accordance with state law.

In late August of 2013, in what is known as the "Cole Memo," the U.S. Department of Justice announced an update to its marijuana enforcement policy stating that its priorities center on the following factors:

- Preventing the distribution to minors;
- Preventing revenue from the sale of marijuana going to criminal enterprises, gangs, and cartels
- Preventing the diversion of marijuana from states where it is legal under state law in some form to other states;
- Preventing state-authorized marijuana activity from being used as a cover or pretext for the trafficking of other illegal drugs or illegal activity;
  
- Preventing violence and the use of firearms in the cultivation and distribution of marijuana;
- Preventing drugged driving and the exacerbation of other adverse public health consequences associated with marijuana use;
- Preventing the growing of marijuana on public lands and the attendant public safety and environmental dangers posed by marijuana production on public lands; and
- Preventing marijuana possession or use on federal property.

The Cole Memo clarified that the Department expects states and local governments that have enacted laws authorizing marijuana-related conduct to implement strong and effective regulatory and enforcement systems regarding their own marijuana policies. Only when use, possession, cultivation, or distribution of marijuana has threatened to cause one of the harms identified in the factors above would the Department of Justice act to enforce the U.S. Controlled Substances Act.

Regardless of the Cole Memo, marijuana is a Schedule I controlled substance and is illegal under federal law. Even in states in which the use of marijuana has been legalized, its use remains a violation of federal law. The guidance provided by the Cole Memo does not alter in any way the Department of Justice's authority to enforce federal law, including federal laws relating to marijuana, regardless of state law.

Under the United States Federal Controlled Drugs and Substances Act (the "CSA"), the policies and regulations of the Federal Government and its agencies are that marijuana has no medical benefit and a range of activities including cultivation and the personal use of marijuana is prohibited. Unless and until Congress amends the CSA with respect to medical marijuana, as to the timing or scope of any such potential amendments there can be no assurance, there is a risk that federal authorities may enforce current federal law, and the business of the Company, NRC, or its prospective clients may be deemed to be producing, cultivating or dispensing marijuana in violation of federal law.

Under applicable law, any person who actively participates or provides knowing aid to a person or persons committing federal crimes, with the intent to facilitate the crime, may be liable as the person committing the crime in the first instance. *See, e.g., Central Bank of Denver, N.A. v. First Interstate Bank of Denver, N.A.*, 511 U.S. 164, 181; *Rosemond v. U.S.* 134 S. Ct. 1240, 1245. While we take great care not to violate any law, and believe our activities are legal, it is possible others could disagree and we could be found to be in violation of federal or state law.

As at the federal level, marijuana is a Schedule I controlled substance and is illegal in Arizona. The Arizona Medical Marijuana Act (AMMA) (A.R.S. § 36-2801) was implemented in 2010 and tightly regulates the Arizona medical marijuana industry. AMMA is administered by the Arizona Department of Health Services (ADHS) which also has implemented the rules and regulations applicable to Arizona's program. Pursuant to A.R.S. § 36-2806 of the AMMA, a registered

nonprofit medical marijuana dispensary (such as NRC) is prohibited from acquiring, possessing, cultivating, manufacturing, delivering, transferring, transporting, supplying or dispensing marijuana for any purpose except to assist registered qualifying patients with the medical use of marijuana directly or through the registered qualifying patients' designated caregivers. There is a risk that our activities may fall outside of the activities allowed under the AMMA, and the business of the Company, NRC, or its prospective clients may be deemed to be in violation of Arizona law pertaining to marijuana. In the event we commence operations in other states, we may be subject to similar and additional laws and regulations pertaining to marijuana.

In the event we, NRC, or its prospective clients may be deemed to be in violation of federal or state law, we could be subject to criminal or civil penalties which would have a negative impact on us and our operations.

With respect to the prevention priorities stated in the Cole Memo, our activities related to marijuana are limited to our role as a service provider to NRC, our exclusive client. NRC is licensed by the State of Arizona to grow, produce, and sell medical marijuana, and marijuana-infused edible and/or non-edible products, to qualifying patients, designated caregivers, and to other licensed dispensaries. By limiting our activities to being a service provider to NRC, we believe that that our activities are not likely to be deemed to threaten to cause any of the harms identified in the factors above. However, in the event our activities are deemed to threaten to cause any of the harms identified above, the Department of Justice may take actions against us in the enforcement of the CSA.

Federal and state civil and criminal penalties apply to violations of laws pertaining to marijuana. Criminal penalties include monetary fines, imprisonment and confiscation of property. Either in addition to, or in lieu of, bringing criminal prosecutions, federal and state agencies may bring civil forfeiture proceedings. Forfeiture is a penalty associated with a crime in which property is confiscated or otherwise divested from the owner and forfeited to the government. Property that is subject to forfeiture includes the direct and indirect proceeds of illegal activities as well as any property used, or intended to be used, to facilitate the crime. A forfeiture proceeding could cause us to lose our real and personal property, as well as any funds received by us related to activities deemed to be illegal.

In February 2014, FinCEN (the Financial Crimes Enforcement Network, a bureau of the United States Department of the Treasury that collects and analyzes information about financial transactions in order to combat domestic and international money laundering, terrorist financing and other financial crimes) issued guidelines allowing banks to legally provide financial services to operators that hold a valid license ("FinCEN Memo"). The rules state that banks can do business with licensed operators (dispensaries) and "may not" be prosecuted. The guidelines provide that "it is possible [for the banks] to provide financial services" to licensed operators while remaining in compliance with federal anti-money laundering laws.

On December 16, 2014, President Obama signed the so-called "Cromnibus Bill" a hybrid continuing resolution and omnibus spending bill, approving spending for certain federal agencies through September 30, 2015. Section 583 of the Cromnibus Bill prohibits the United States government from using federal funds to prevent states with medical marijuana laws from

implementing state laws that authorize the use, distribution, possession, or cultivation of medical marijuana.

In 2015, multiple GOP candidates stated it is time to end the prohibition of marijuana and let the states decide the details about the process of legalization.

### *Arizona*

The Arizona Medical Marijuana Act (AMMA) (A.R.S. § 36-2801) was implemented in 2010 and tightly regulates the Arizona medical marijuana industry. Currently, there are approximately 61,272 medical marijuana patients and 85 operating state-licensed dispensaries in Arizona (out of the original 100 licenses that were granted). AMMA is administered by the Arizona Department of Health Services (ADHS) which also has implemented the rules and regulations applicable to the state's program.

Qualifying medical conditions include: PTSD (post-traumatic stress disorder), cancer, glaucoma, HIV/AIDS, hepatitis C, Crohn's disease, agitation of Alzheimer's disease, ALS (amyotrophic lateral sclerosis, also known as Lou Gehrig's disease), or a chronic or debilitating disease or medical condition, or its treatment, that produces severe and chronic pain, severe nausea, cachexia (wasting syndrome), seizures (including epilepsy), or severe and persistent muscle spasms (including multiple sclerosis).

A qualifying patient may purchase from a non-for-profit medical marijuana dispensary and possess up to 2.5 ounces of usable marijuana every two weeks. If the patient is authorized to grow marijuana they can possess up to twelve plants. A designated caregiver may possess up to 2.5 ounces of usable medical marijuana for each qualifying patient and up to twelve plants for each patient (up to a maximum of five patients).

### **Insurance**

We presently have a Directors and Officers insurance policy. We have property, casualty, or general or product liability insurance. However, we do not have any policy on the life or lives of any executive. We are evaluating availability and terms of so-called "key person" insurance policies.

### **Research and Development**

We have invested years and considerable capital in providing services to NRC in developing a precision production methodology including clean and organic active ingredient extraction as well as even disbursement of THC/CBD in each of NRC's YiLo™ branded products. YiLoLife's involvement in the development of our precision production methodology involving marijuana or marijuana-infused products was done in our role as a service provider for NRC with YiLoLife or its subsidiaries owning the methodology developed. For the years ended December 31, 2015 and 2014, we incurred research and development expense of \$373,734 and \$31,538, respectively. Such research and development costs were borne by us as a service provider to NRC.

## DESCRIPTION OF PROPERTY

Our principal properties consist of our headquarters location and our property located in Bisbee, Arizona, both of which are owned by our wholly-owned subsidiary, JJ Empire, LLC.

Our headquarters is located at 201 S. 36<sup>th</sup> Street, Phoenix, Arizona and consists of a total of 7,000 square feet. This facility is leased partially to NRC, to Food 2828, LLC, and to a pre-existing tenant, Community Dental Services of Arizona, an affiliate of Carsten Loelke.

Our Bisbee property is located at 1191 S Naco Hwy, Bisbee, Arizona and consists of a total of 1,200 square feet. This facility is leased to NRC which operates its Green Pharmacy dispensary out of this location.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

***Notwithstanding any references to YiLoLife Inc. or any of its subsidiaries, YiLo™ or YiLoLife™, all marijuana and marijuana-infused products referenced herein are acquired, possessed, owned, cultivated, manufactured, delivered, transferred, transported, supplied, sold, and/or dispensed exclusively by Natural Relief Clinic, Inc., an Arizona nonprofit corporation ("NRC"), in conformity with nonprofit medical marijuana dispensary licenses issued by the Arizona Department of Health Services. Any express or implied reference herein to the any of the foregoing activities relating to marijuana or marijuana-infused products shall be deemed to be references to the exclusive conduct of NRC. Any reference to the involvement of YiLoLife in such activities is intended to describe YiLoLife's role as a service provider for NRC. NRC does business as YiLo™ and YiLoLife™ pursuant to a limited nonexclusive branding license granted by YiLoLife, LLC, and it also does business as Green Pharmacy.***

*The following discussion and analysis should be read together with our financial statements and the related notes appearing elsewhere in this offering circular. This discussion contains forward-looking statements reflecting our current expectations that involve risks and uncertainties. See "Cautionary Note Regarding Forward-Looking Statements and Industry Data" for a discussion of the uncertainties, risks and assumptions associated with these statements. Actual results and the timing of events could differ materially from those discussed in our forward-looking statements as a result of many factors, including those set forth under "Risk Factors" and elsewhere in this offering circular.*

As a company, YiLoLife Inc. currently provides valuable, ancillary services to Natural Relief Clinic, Inc. ("NRC") located in Arizona, which is our sole client, licensee, lessee, and customer. NRC operates state-compliant medical marijuana dispensaries in Arizona. We fill the void left by the traditional business community who neglect organizations such as NRC despite its need for the same services as other businesses. Viewed together, YiLoLife Inc.'s operating subsidiaries provide substantially all the necessary support services NRC needs to manage its operations - from acquiring cultivation facilities, providing industry-leading proprietary edible infusion processes, to leasing support personnel and stocking its YiLo™-branded products at registered

dispensary sites state-wide. Perhaps most importantly, as the exclusive YiLo™-brand family of service providers, we empower our client, NRC, to contain its costs and ensure consistent results.

## Results of Operations

### *The Nine Months Ended September 30, 2016 and 2015, and the fiscal years ended December 31, 2014 and December 31, 2015*

*Revenue.* The Company had \$4,655,484 in revenue for the nine months ended September 30, 2016, compared to \$2,837,092 in revenue for the nine months ended September 30, 2015.

The Company had \$5,042,669 in revenue for fiscal year ended December 31, 2014, compared to \$3,622,005 in revenue for fiscal year ended December 31, 2015. All of the Company's revenue was derived from its sole client, NRC.

Accrual based revenues for our subsidiaries that provided services to NRC for fiscal year ended December 31, 2014 and 2015, and for the nine months ended September 30, 2015 and 2016 are as follows:

	<b>Fiscal Year Ended December 31, 2014</b>	<b>Fiscal Year Ended December 31, 2015</b>	<b>Nine Months Ended September 30, 2015</b>	<b>Nine Months Ended September 30, 2016</b>
<b>Accrual Revenue</b>				
JJ Empire, LLC	\$ 3,936,280	\$ 2,731,189	\$ 2,078,737	\$ 3,523,637
Food 2828, LLC	\$ 1,106,389	\$ 890,816	\$ 758,355	\$ 1,059,357
Total	<u>\$ 5,042,669</u>	<u>\$ 3,622,005</u>	<u>\$ 2,837,092</u>	<u>\$ 4,582,994</u>

The consolidated incomes of JJ Empire LLC and Food 2828 LLC (subsequently transferred to the parent company YiLoLife Inc.) are derived from management incomes charged for services provided to NRC. The income charged to the related party for services performed was at a different internal markup in 2014 versus 2015 resulting in greater accrual based income in 2014 versus 2015. The increase in accrual revenue for the nine months ended September 30, 2016 as compared to the nine months ended September 30, 2015 is due to the opening of a new location in the Phoenix metro area by NRC in December 2015.

*Operating Expenses.* Selling, general, and administrative expenses were \$2,256,990 for the nine months ended September 30, 2015, compared to selling, general, and administrative expenses of \$3,432,418 for the nine months ended September 30, 2016. The increase in selling, general, and administrative expenses was primarily due to increases in marketing expenses, legal and professional fees, salaries and wages, supplies, and travel expense.

Selling, general, and administrative expenses were \$2,557,438 for fiscal year ended December 31, 2014, compared to selling, general, and administrative expenses of \$2,757,281 for fiscal year ended December 31, 2015.

*Net Income.* Net income for the nine months ended September 30, 2015 was \$580,102, compared to net income of \$1,223,066 for the nine months ended September 30, 2016.

Net income for the fiscal year ended December 31, 2014 was \$2,485,231, compared to net income of \$864,724 for fiscal year ended December 31, 2015. See "Revenue" above.

### **Liquidity and Capital Resources**

We had net cash of \$79,458 at December 31, 2014, \$56,395 at December 31, 2015, and \$1,177,933 at September 30, 2016.

For the nine months ended September 30, 2015, we had net cash provided by operating activities of \$590,645. This was primarily due to net income of \$580,102 and an increase in accounts receivable of (\$257,533) from a related party, and an increase of \$224,227 in accounts payable and accrued expenses.

For the nine months ended September 30, 2016, we had net cash provided by operating activities of \$1,242,700. This was primarily due to net income of \$1,223,066 and an increase in accounts receivable of (\$221,611) from a related party, and an increase of \$142,572 in accounts payable and accrued expenses.

During fiscal year ended December 31, 2014, we had net cash provided by operating activities of \$1,048,772. This was primarily due to net income of \$2,485,231 and an increase in accounts receivable of (\$1,492,585) from a related party.

During fiscal year ended December 31, 2015, we had net cash provided by operating activities of \$462,701. This was primarily due to net income of \$864,724, and depreciation of \$123,876, and increase of accounts receivable from a related party of (\$633,496), and an increase of accounts payable and accrued expenses of \$107,342.

For the nine months ended September 30, 2015, net cash used in investing activities was (\$183,904) compared to net cash used in investing activities of (\$244,613) for the nine months ended September 30, 2016.

Net cash used by investing activities was (\$311,338) for fiscal year ended December 31, 2014 compared to net cash used in investing activities of (\$235,019) for fiscal year ended December 31, 2015. Net cash used in investing activities related to purchases of property and equipment.

Net cash used by financing activities was (\$290,858) for the nine months ended September 30, 2015 compared to net cash provided by financing activities of \$123,451 for the nine months ended September 30, 2016.

Net cash used by financing activities was (\$737,629) for fiscal year ended December 31, 2014 compared to net cash used by financing activities of (\$250,745) for fiscal year ended December 31, 2015. Since inception, our capital needs have partially been met from a note issued to our Stockholders. The total principal amount of the note was \$578,625 which was paid back during

fiscal year ended December 31, 2015. The principal balance of the note as of December 31, 2015 was \$2,100 and accrued interest expense was \$150,662.

We will have additional capital requirements during 2016 and 2017. We do not expect to be able to satisfy our anticipated cash requirements through sales activity, and therefore we will attempt to raise additional capital through the sale of our common stock pursuant to this offering circular once it is qualified by the Securities and Exchange Commission.

We cannot assure that we will have sufficient capital to finance our growth and business operations or that such capital will be available on terms that are favorable to us or at all.

### **Off-Balance Sheet Arrangements**

The Company has no off balance sheet arrangements.

### **Critical Accounting Policies**

**Principles of Consolidation** - The consolidated financial statements included in this offering circular include the accounts of YiLoLife Inc. and its wholly owned subsidiaries, JJ Empire LLC and Food 2828 LLC as well as the development stage companies, YiLoLife LLC, Green Outlet Life LLC, YiLo CBD LLC, Commercial Business Development LLC and Commercial Business Development Arizona, LLC (collectively, the Company) and have been prepared in accordance with GAAP. All significant intercompany transactions and balances have been eliminated in consolidation. The transfer of ownership in the above entities to YiLoLife Inc. constitutes a common control transaction as defined in ASC 805-50-15-6 Business combinations, the ownership group maintained control before and after the transaction which occurred January 1, 2016. Per ASC 805-50-15-6 the transfer of the entities was accounted for at historical cost and consolidated presentation of subsidiaries is permitted on a retrospective basis.

**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 and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Method of Accounting** - The Company presents its financial statements on the accrual basis of accounting in compliance with GAAP. Revenues are recognized when services are rendered and expenses realized when the obligation is incurred.

**Cash and Cash Equivalents** - For purposes of reporting cash flows, the Company considers all cash accounts which are subject to withdrawal restrictions or penalties, and highly liquid debt instruments purchased with a maturity of three months or less to be cash or cash equivalents.

**Accounts Receivable** - The Company estimates an allowance for doubtful accounts based on the creditworthiness of its customers as well as general economic conditions. Consequently, an adverse change in those factors could affect the Company's estimate of its bad debt.



Natural Relief Clinic, Inc. (NRC) directors have confirmed the amounts owed and which NRC is obligated to pay for services rendered by JJ Empire, LLC and Food 2828, LLC. NRC has continued to increase its revenues year over year and successfully expanded with additional locations and continued growth of wholesale operations to other dispensaries. Due to the common directorship of YiLoLife Inc. and NRC and the trend of financial growth by NRC, management is completely confident that the balance of accounts receivable is fully collectible. Additionally, JJ Empire, LLC and Food 2828, LLC have established a history of collections with no write-offs related to NRC's accounts receivable, aggregate collections from NRC through September 30 , 2016 are illustrated below.

**Aggregate cash collections from NRC for JJ Empire, LLC and Food 2828, LLC from inception to September 30 , 2016:**

JJ Empire LLC	\$ 9,420,558 .00
Food 2828 LLC	3,429,406 .00
	<b><u>\$12,849,964 .00</u></b>

**Property and Equipment** - Property, equipment, and leasehold improvements are stated at cost, less accumulated depreciation and amortization. Depreciation is provided in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives using the straight-line method. Leasehold improvements are amortized over the lesser of the life of the lease or service lives of the improvements using the straight-line method. Renovations and improvements that add utility or significantly extend the useful life of assets are capitalized. Repair and maintenance costs are expensed as incurred.

**Long-Lived Assets** - GAAP requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the historical cost-carrying value of an asset may no longer be appropriate. The Company assesses recoverability of the carrying value of an asset by estimating the future net cash flows expected to result from the carrying value of the asset, an impairment loss is recorded equal to the difference between the asset's carrying value and fair value. This standard did not have a material effect on the Company's results of operations, cash flows or financial position.

**Compensated Absences** - The Company allows full-time employees to receive compensation for vacation and sick leave. Compensated absences for vacation and sick pay have not been accrued since they cannot be carried forward from year to year, but are expensed as incurred.

**Revenue Recognition** - The Company provides consulting and management services. Revenue, which includes consulting, management services, and rent, is recognized when earned.

**Advertising expenses** - Advertising and marketing costs are expensed as incurred. Advertising expense for the year ended December 31, 2015 was \$139,151.

**Income Taxes** - The Consolidated common ownership pass-through entities are primarily taxed as a sub chapter S corporation under the Internal Revenue Code and applicable state statutes. On a sub chapter S corporation return, the income of the Company flows through to the Stockholders

to be taxed at the individual level rather than the Company level. Accordingly, the Company has no material tax liability at December 31, 2015. Subsequent to the year ended December 31, 2015 YiLoLife Inc. the parent company will be taxed as a C Corporation.

**Concentration of Risk** - The Company has risk with respect to revenue, because the Company's main source of income arises from consulting and management services. In addition, the Company's income is primarily received from transactions in Arizona.

**Credit Related Financial Instruments** - In the ordinary course of business, the Company has entered into commitments to extend credit. Such financial instruments are recorded when they are funded.

## DIRECTORS, EXECUTIVE OFFICERS AND SIGNIFICANT EMPLOYEES

Below are the names and certain information regarding the Company's executive officers, directors and significant employees.

Name	Position	Age	Term of Office <sup>(1)</sup>		Approximate hours per week for part-time employees <sup>(2)</sup>
Executive Officers:					
Carsten Loelke	Chief Executive Officer, Chairman of the Board	59	Starting 2011	April	N/A
Elizabeth Loelke	Chief Information Officer	42	Starting 2011	April	N/A
Terence P. Mullane	Chief Financial Officer	59	Starting 2014	October	5
Dr. Rob Streisfeld	Medical Director	47	Starting 2014	January	5
Directors:					
Carsten Loelke	Chairman of the Board	59	Starting 2011	April	N/A
Elizabeth Loelke	Director	42	Starting 2011	April	N/A
Jason Saunders	Director	38	Starting 2016	August	N/A
Significant employees:					
N/A					

(1) The Executive officers serve until resignation or removal. The Directors serve until his or her successor is duly elected and qualified or until his or her earlier death, resignation or removal. Carsten and Elizabeth Loelke started working with certain of the Company's subsidiaries in April 2011 and have been associated with the Company since its inception in May 2015.

(2) Carsten and Elizabeth Loelke will work full time for the Company. Mr. Mullane provides services to the Company on an as-need basis as an independent contractor. Dr. Rob Streisfeld provides his services as an independent contractor. Dr. Streisfeld and Terence P. Mullane each devote approximately 5 hours per week to Company matters.

## **Family Relationships**

Carsten Loelke and Elizabeth Loelke are married. Otherwise, there are no family relationships between and director, executive officer, person nominated or chosen by the company to become a director or executive officer or any significant employee.

## **Business Experience**

### **Carsten Loelke ("Carsten") - Chief Executive Officer and Chairman of the Board of Directors**

Carsten is one of the founders and the principal executive officer of the Company and its wholly-owned subsidiaries. He has 25 years' experience in the medical, construction, wholesale distribution, and service industries. Carsten's business plan, investment dollars, commitment, and leadership has grown the Company's YiLo™ brand into a nationally prominent marijuana-related brand.

Since August 2011, Carsten has served as the President and Chief Executive Officer of Natural Relief Clinic, Inc. In addition, he founded one of the Company's wholly-owned subsidiaries, JJ Empire, LLC in September 2011, and subsequently founded and served as an executive officer in the Company's other wholly-owned subsidiaries.

In 2007, Carsten founded Community Dental Foundation, an Arizona charitable organization which provides mobile access to dental services mostly for children with no dental insurance and low incomes. Community Dental currently provides dental services to more than 6,000 children annually.

Originally from Germany, Carsten founded a successful real estate investment and management company in Florida in 2001 before moving to Arizona in 2007.

Prior to moving to the U.S., Carsten owned and operated his own consulting firm in Berlin, Germany, where he provided a wide variety of strategic and operational services to companies in the medical, construction, and beauty services industries. During this time, Carsten also directed all operations of a \$42 million natural stone business with domestic and international sales, where he increased revenues, streamlined business and production processes, and implemented a new sales and distribution model.

Carsten received his MBA in 1988 from the University for Technology and Economics (*Hochschule für Technik und Wirtschaft*) in Berlin, Germany; he received his Master's Degree in 1979 in Political Economics from Bruno Leuschner in Berlin, his Bachelor's degree in 1981 in Psychology/Education from the University Karl Liebknecht, and his Bachelor's degree in 1979 in Political Science from the University of Engineering Economics. Carsten and Elizabeth are husband and wife.

### **Terence P. Mullane ("Terry") - Chief Financial Officer**

Terry serves as the Company's acting Chief Financial Officer. He has over 28 years of corporate experience with senior roles in operations, finance and systems for Lucent Technologies, Sony Corporation, and other firms. He has lead merger divisional, and business controllership and CFO roles, integrated over 50 acquisitions, managed global shared services, corporate consolidation, and deployed multiple ERP systems on a global basis.

These roles entailed business planning, cash management, cost reduction, system streamlining and process enhancement for internal controls, customer responsiveness, and business decision-making information. Building on this experience, Terry launched his consulting company in 2007 which he continues to operate in addition to his role with the Company. His consulting company has successfully completed projects such as reworking statutory reporting globally for Bloomberg, migrating Latin America division into shared service and deploying the Oracle ERP systems for Pfizer, developing the strategy for Bank of America's general ledger conversion. Additionally, he has mentored early stage start-up companies and supported technology solutions for manufacturing, internet distribution, and banking firms across the U.S. before he settled in Arizona where he continues to operate as an interim CFO, COO and Advisory Board member for firms across the state.

Terry has an Economics degree from Bethany College, an MBA from Pace University and holds active licenses as a CPA, CMA, and CFM and related accounting certifications. He graduated from the Babson College Entrepreneurship Executive Management programs and is an Adjunct Accounting professor at Grand Canyon University.

### **Elizabeth Yi Loelke ("Elizabeth") - Chief Information Officer, Director**

Elizabeth is one of the founders of the Company. She is passionate about enhancing the lives of patients while changing the perception of marijuana to a viable and safe medicine for a multitude of conditions.

Since August 2011, Elizabeth has served as the Vice President of Natural Relief Clinic, Inc. In addition, she founded one of the Company's wholly-owned subsidiaries, JJ Empire, LLC in September 2011, and subsequently founded and served as an executive officer in the Company's other wholly-owned subsidiaries.

In addition to her role with our Company, she also serves as the Vice President and Co-Founder of Community Dental Foundation, which provides mobile access to dental services mostly for children with no dental insurance and low incomes. Community Dental currently provides dental services to more than 6,000 children annually. Prior to starting the Community Dental Foundation in 2007, Elizabeth served as a Change Management Analyst for Florida Power and Light, where she spearheaded a \$25 million SAP corporate-wide implementation, as well as developing a range of training tools and training for Florida Power.

With a Master's Degree in 2000 in Finance from Florida International University, Elizabeth has merged her education and knowledge with business skills to operate YiLoLife. Elizabeth also

received her Bachelor's degree in Business Administration in 1995 from Florida International University, where she was a member of the Financial Management Association. Carsten and Elizabeth are husband and wife.

### **Jason Saunders - Director**

Jason Saunders became a director of the Company in August 2016. Mr. Saunders has served as the President of Alliance Software Group, Inc. since January 2013 overseeing all business operations and has grown their sales by over 400% during his tenure. He became a director of Alliance Software Group, Inc. in January of 2014. From 2003 to 2013 Mr. Saunders worked for AAMCO. Jason began working for AAMCO as a contract software developer but quickly transitioned to an operations role overseeing personnel, budgets, sales, and marketing for some of the largest and most profitable centers nationwide.

Mr. Saunders received a Bachelor of Science in Information Technology in July of 2004, a Master of Business Administration in May of 2008, and Master of Engineering in Statistical Engineering in May of 2009, from Arizona State University. He is certified as a Six Sigma Blackbelt which includes process engineering, data collection techniques, and designing process analysis tools. He also has a certification in Applied Statistics from Arizona State University.

### **Dr. Rob Streisfeld - Medical Director**

Since 2014, Dr. Streisfeld has served as Medical Director and supports our operations and education for our medical marijuana dispensary client, NRC, and its wholesale operations. Since 2004 Dr. Streisfeld has been a director of Personal Health Design, Inc. where he has served as a consultant, educator and brand ambassador for the natural products industry. Dr. Streisfeld is a consumer advocate and educator with ten years of natural health & natural products industry experience. A Doctor of Naturopathic Medicine and Certified Natural Food Chef, "Doc Rob," as he is known, provides an informed and innovative perspective to support branding, marketing, public relations, and other business development needs of the Company. Over the past decade, Doc Rob has helped to identify and expand key health categories such as probiotics, enzymes, whey protein, fermented foods, and whole food supplements. His most recent focus is rooted in cannabis, cannabinoids, and the benefits they offer.

### **Involvement in Certain Legal Proceedings**

To our knowledge, our directors and executive officers have not been involved in any of the following events during the past five years:

1. any petition under the federal bankruptcy laws or any state insolvency law filed by or against, or a receiver, fiscal agent or similar officer was appointed by a court for the business or property of such person, or any partnership in which he was general partner at or within two years before the time of such filing, or any corporation or business association of which he was an executive officer at or within two years before the time of such filing; or

2. any conviction in a criminal proceeding (excluding traffic violations and other minor offenses).

## COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

The following table sets forth the annual compensation of each of the three highest paid persons who were executive officers or directors of the Company during our last completed fiscal year ended December 31, 2015.

Name	Capacities in which compensation was received (e.g., Chief Executive officer, director, etc.)	Cash Compensation (\$)	Other Compensation (\$)	Total Compensation (\$)
Carsten Loelke	Chief Executive Officer, Chairman of the Board of Directors	\$ 330,000 <sup>1</sup>	0 \$	330,000
Elizabeth Loelke	Chief Information Officer, Director	\$ 330,000 <sup>2</sup>	0 \$	330,000
Terence P. Mullane <sup>3</sup>	Chief Financial Officer	\$ 7,150	0 \$	7,150
Jason Saunders <sup>4</sup>	Director	\$ 0	0 \$	0

- In 2015, Mr. Loelke earned \$330,000 (\$200,000 from JJ Empire, LLC and \$130,000 from Food 2828, LLC) all of which was deferred in 2015. In 2015, Mr. Loelke received \$25,000 of compensation as an executive officer of Food 2828, LLC from calendar year 2013. As compensation as an executive officer of JJ Empire, LLC, Mr. Loelke received \$179,000 in 2015 (with \$120,000 related to calendar year 2012 and \$59,000 related to calendar year 2013). See "Proposed Compensation."
- In 2015, Ms. Loelke earned \$330,000 (\$200,000 from JJ Empire, LLC and \$130,000 from Food 2828, LLC) all of which was deferred in 2015. In 2015, Ms. Loelke received \$25,000 of compensation as an executive officer of Food 2828, LLC from calendar year 2013. As compensation as an executive officer of JJ Empire, LLC, she received \$205,500 in 2015 (with \$120,000 related to calendar year 2012 and \$85,500 related to calendar year 2013). See "Proposed Compensation."
- Mr. Mullane provides services to the Company on an as-need basis as an independent contractor and bills the Company by the hour.
- Mr. Saunders was appointed a director in August 2016.

The following table sets forth the aggregate annual compensation of the Company's directors as a group during our last completed fiscal year ended December 31, 2015.

	Cash Compensation (\$)	Other Compensation (\$)	Total Compensation (\$)
All of the Company's directors as a group. The Company had two (2) directors. <sup>1</sup>	\$ 660,000	0 \$	660,000

- All compensation relates to services provided by Carsten Loelke and Elizabeth Loelke as executive officers of Food 2828, LLC and JJ Empire, LLC, and not for services as directors. Mr. Saunders was appointed a director in August 2016.

## **Proposed Compensation**

### **Founder, Chairman and Chief Executive Officer Compensation**

Our Chairman and CEO Carsten Loelke, is also our founder and, together with his affiliates, a principal stockholder. Carsten presently defers a majority of his executive compensation from the Company.

Carsten earned total compensation from Food 2828, LLC, of \$150,000 for the calendar year 2013, \$200,000 for calendar year 2014, and \$130,000 for calendar year 2015, all of which was deferred through the end of 2015, other than \$25,000 he received for calendar year 2013 in 2015. The total amount of deferred gross salary due to Carsten from Food 2828, LLC, through 2015 is \$455,000. Carsten's salary from Food 2828, LLC for calendar year 2016 has been set at \$130,000 and no salary, deferred or otherwise, has been paid to him with respect to Food 2828, LLC in 2016 as of the date of this offering circular.

Carsten also earned total compensation from JJ Empire, LLC, of \$150,000 for calendar year 2013, \$200,000 for calendar year 2014, and \$200,000 for calendar year 2015. In 2013, he received \$11,000 (related to calendar year 2013), in 2014, he received \$60,000 (related to calendar year 2014), in 2015, he received \$179,000 (with \$120,000 related to calendar year 2012 and \$59,000 related to calendar year 2013), and in 2016 he received \$50,000 (related to calendar year 2013). The total amount of deferred gross salary due to Mr. Loelke from JJ Empire, LLC through December 31, 2015 was \$420,000. Carsten's salary from JJ Empire, LLC for calendar year 2016 has been set at \$200,000. Except for \$50,000 paid to Carsten from January 1, 2016 through August 31, 2016 (all of which is related to calendar year 2013) no other salary, deferred or otherwise, has been paid to him in 2016 as of the date of this offering circular.

Carsten and Elizabeth Loelke have made substantial loans to the Company through its subsidiaries which loans also accrue interest. See "Interest of Management and Others in Certain Transactions".

None of the proceeds from this offering will be used to pay deferred compensation to Mr. Loelke.

### **Founder and Chief Information Officer Compensation**

Our co-founder and Chief Information Officer, Elizabeth Loelke is, together with her affiliates, a principal stockholder of the Company. She presently defers a majority of her executive compensation from the Company.

Ms. Loelke earned total compensation from Food 2828, LLC, of \$150,000 for the calendar year 2013, \$200,000 for calendar year 2014, and \$130,000 for calendar year 2015, all of which was deferred through the end of 2015, other than \$25,000 she received for calendar year 2013 in 2015. The total amount of deferred gross salary due to Ms. Loelke from Food 2828, LLC, through 2015 is \$455,000. Ms. Loelke's salary from Food 2828, LLC for calendar year 2016 has

been set at \$130,000 and no salary, deferred or otherwise, has been paid to her with respect to Food 2828, LLC in 2016 as of the date of this offering circular.

Ms. Loelke also earned total compensation from JJ Empire, LLC, of \$150,000 for calendar year 2013, \$200,000 for calendar year 2014, and \$200,000 for calendar year 2015. In 2013, she received \$4,500 (related to calendar year 2013), in 2014, she received \$40,000 (related to calendar year 2014), in 2015, she received \$205,500 (with \$120,000 related to calendar year 2012 and \$85,500 related to calendar year 2013), and in 2016, she received \$66,666.68 (with \$60,000 related to calendar year 2013 and \$6,666.68 related to calendar year 2014). The total amount of deferred gross salary due to Ms. Loelke from JJ Empire, LLC through December 31, 2015 was \$420,000. Ms. Loelke's salary from JJ Empire, LLC for calendar year 2016 has been set at \$200,000. Except for \$66,666.68 paid to Ms. Loelke from January 1, 2016 through August 31, 2016 (with \$60,000 related to calendar year 2013 and \$6,666.68 related to calendar year 2014), no other salary, deferred or otherwise, has been paid to her in 2016 as of the date of this offering circular.

None of the proceeds from this offering will be used to pay deferred compensation to Ms. Loelke.

### **Director Compensation**

At this time the Company does not separately compensate its directors.

### **Employment Agreements**

We have not entered into any employment agreements with our executive officers or other employees to date. We may enter into employment agreements with them in the future. Stock options or a significant equity ownership position in us may be utilized by us in the future to attract one or more new key senior executives.

### **Equity Incentive Plan**

The Company adopted the YiLoLife, Inc. 2016 Equity Incentive Plan effective January 1, 2016 (the "2016 Plan"). The purpose of the 2016 Plan is to provide financial incentives for selected employees, consultants and advisors, and non-employee directors of the Company and its Affiliates. The 2016 Plan is administered by a Committee. The Committee is made up of the Board of Directors of the Company which may delegate its duties to a committee of at least two (2) members of the Board of Directors. The Committee has the power to select recipients of awards under the 2016 Plan and determine the amount of the award. The maximum number of shares that may be issued under the 2016 Plan pursuant to awards is 500,000 shares of the Company's Class A Common Stock. The directors and executive officers of the Company are eligible for awards under the 2016 Plan.



## SECURITY OWNERSHIP OF MANAGEMENT AND CERTAIN SECURITYHOLDERS

The following table sets forth certain information, as of June 24, 2016 (before commencement of this Offering), with respect to the beneficial ownership of the Company's outstanding common stock by (i) all executive officers and directors as a group, (ii) each director or executive officer who beneficially owns more than 10% of any class of the Company's voting securities; and (iii) any other securityholder who beneficially owns more than 10% of any class of the Company's voting securities.

<b>Title of Class</b>	<b>Name and address of beneficial owner</b>	<b>Amount and nature of beneficial ownership<sup>(2)</sup></b>	<b>Amount and nature of beneficial ownership acquirable</b>	<b>Percent of class<sup>(2)</sup></b>
Class A Common Stock	Carsten Loelke 201 S. 36 <sup>th</sup> Street Phoenix, Arizona 85260	180,000,000 shares of Class A Common Stock	None	100%
Class A Common Stock	Elizabeth Loelke 201 S. 36 <sup>th</sup> Street Phoenix, Arizona 85260	See footnote 2 below.	None	See footnote 2 below.
Class A Common Stock	All executive officers and directors as a group <sup>(1)</sup>	180,000,000 shares of Class A Common Stock	None	100%
Class B Common Stock	Carsten Loelke 201 S. 36 <sup>th</sup> Street Phoenix, Arizona 85260	2,000 shares of Class B Common Stock	None	100%
Class B Common Stock	Elizabeth Loelke 201 S. 36 <sup>th</sup> Street Phoenix, Arizona 85260	See footnote 2 below.	None	See footnote 2 below.
Class B Common Stock	All executive officers and directors as a group <sup>(1)</sup>	2,000 shares of Class B Common Stock	None	100%

(1) The Company's sole executive officers and directors are Carsten Loelke and Elizabeth Loelke.

(2) 180,000,000 shares of Class A Common Stock are owned by Gold Century Enterprises Limited, of which each of Carsten Loelke and Elizabeth Loelke are controlling members. Each of Carsten Loelke and Elizabeth Loelke own 1,000 shares of Class B Common Stock individually.

## INTEREST OF MANAGEMENT AND OTHERS IN CERTAIN TRANSACTIONS

YiLoLife Inc. is the parent company to several related affiliated entities including Food 2828, LLC, JJ Empire, LLC, YiLo CBD LLC, YiLoLife, LLC, and Commercial Business Development LLC. These companies were founded and built both in capital and management skill by our founders Carsten Loelke and Elizabeth Loelke. Despite their commonality of origin and present and historical ownership, these companies have distinct business focuses. The YiLo<sup>TM</sup>-affiliated companies strive to offer their specialized services to their sole client, Natural Relief Clinic, Inc. Because of their sector specialization and shared mission, these companies

strive to work synergistically and regularly conduct transactions together, as more fully described below.

### **Our President and CEO Directs the Business of Our Key Client**

Our President and CEO, Carsten Loelke, is a member of the Board of Directors, Chairman, and President of Natural Relief Clinic, Inc. ("NRC") the registered non-profit medical marijuana dispensary licensed by the State of Arizona to cultivate, prepare, and distribute medical marijuana to qualifying patients. Under NRC's bylaws, Loelke's positions with NRC are life appointments. NRC and certain YiLoLife related-companies enter into agreements to provide various services to NRC including commercial leasing, staffing, non-marijuana supply and food ingredients sourcing, intellectual property, and as well as other matters.

### **Loan Transactions**

#### **Our Founders Have Loaned Funds to JJ Empire LLC and Food 2828 LLC and to Natural Relief Clinic, Inc.**

In addition to their other investments into the respective YiLoLife companies, our founders, Carsten Loelke and Elizabeth Loelke have made significant loans to certain related companies.

Specifically, the Loelke's entered into a loan agreement with Food 2828, LLC, on January 10, 2013, pursuant to which they provided Food 2828, LLC loans totaling \$170,000, the balance of which accrued interest and originally would mature not later than January 10, 2018. Later, on January 1, 2014, the Loelke's entered into a separate loan agreement with Food 2828, LLC, pursuant to which they provided Food 2828, LLC, additional sums totaling \$38,000. At that time, the loans were consolidated, the maturity date extended to January 1, 2019, and the interest rate retroactively reduced to 3% per annum. As of June 2015, the loan was fully paid off, and the loan agreement was subsequently terminated. During 2014 and 2015, Food 2828, LLC paid an aggregate amount of \$212,585.41 to the Loelke's with respect to the above loans.

Also, the Loelke's entered into a loan agreement with Natural Relief Clinic, Inc. on January 13, 2013, pursuant to which they provided NRC a line of credit in the principal amount of \$175,000, the balance of which accrues interest at 3% per annum, and is payable no later than January 1, 2019. The loan was satisfied as of November 30, 2015. During 2014 and 2015, NRC paid an aggregate amount of \$175,000 to the Loelke's with respect to the above loans.

Previously, the Loelke's provided JJ Empire, LLC, loans in the total amount of \$800,000, which balance accrued interest at the retroactively reduced rate of 3% per annum. While repayment was due no later than January 8, 2019, the remaining principal amount owing on such loans was \$2,100 as of December 31, 2015. From January 1, 2014 through July 31, 2016, JJ Empire, LLC paid an aggregate amount of \$1,490,089 to the Loelke's with respect to the above loans. As of July 2016, the remaining principal amount on such loans is \$0. The related loan agreement has been terminated.

### **Transaction with Community Dental Services**

#### **JJ Empire, LLC, Leases Facilities to Community Dental Services**

JJ Empire, LLC, our management services company, also owns and manages our present facilities. It continues to lease office space in exchange for monthly rent of \$500 to a pre-existing tenant, Community Dental Services, an organization founded by Loelke.

As beneficial owners of 100% of the issued and outstanding shares of Class A and Class B Common Stock of the Company, the Loelkes' interest in the above transaction with Community Dental Services, arise solely from the ownership of securities of the Company, and, with respect to Community Dental Services, from the Loelkes being the trustees of the JJ Dentistry Trust which is the sole member of Community Dental Services. Prior to the transfer of 100% of the membership interests of Food 2828, LLC, a New Mexico limited liability company, JJ Empire, LLC, a New Mexico limited liability company, YiLoLife, LLC, a New Mexico limited liability company, and YiLo CBD, LLC, a New Mexico limited liability company, by Carsten and Elizabeth Loelke for a total of 2,000 shares of the Company's Class B Common Stock effective January 2016, the Loelkes' interest in the above transactions arose solely out of the Loelkes' ownership of 100% of the equity interests in JJ Empire, LLC, and, with respect to Community Dental Services, from the Loelkes being the trustees of the sole member of Community Dental Services.

With respect to the above transactions, the Loelkes receive no extra or special benefit not shared on pro-rata basis by all the holders of equity securities of the respective entities.

### **Transactions with NRC and between JJ Empire, LLC and Food 2828, LLC**

#### **JJ Empire, LLC, Leases Facilities to Natural Relief Clinic, Inc.**

JJ Empire, LLC, our management services company also owns and manages our present facilities. It leases a portion of our Phoenix headquarters building designated as the warehouse area to Natural Relief Clinic, Inc., a registered non-profit medical marijuana dispensary. Under the terms of the commercial lease, NRC pays JJ Empire, LLC, \$25,000 per month during the term of the lease. The initial term of the lease extends to April 30, 2017, and is renewable for additional one year terms at NRC's option upon the same lease terms.

JJ Empire, LLC also leases a building located at 1191 S. Naco Highway, Bisbee, Arizona to NRC. Under the terms of the commercial lease, NRC pays JJ Empire, LLC, \$8,000 per month during the term of the lease. The initial term of the lease extends to April 30, 2017, and is renewable for additional one year terms at NRC's option upon the same lease terms.

#### **JJ Empire, LLC, Leases Facilities to Food 2828, LLC**

JJ Empire, LLC, leases an area of our Phoenix facility to Food 2828, LLC. Under the terms of the commercial lease, Food 2828, LLC, is to pay JJ Empire \$1,000 per month during the remaining term of the lease. The initial term of the lease expired April 30, 2014, but is renewable

annually at Food 2828 LLC's option. JJ Empire, LLC may increase the rental rate upon exercise of Food 2828, LLC's option to renew.

### **Food 2828, LLC, Subleases of Kitchen Area to Natural Relief Clinic, Inc.**

Our subsidiary Food 2828, LLC, leases an area improved by Food 2828, LLC into a kitchen and an adjoining area to NRC, a registered non-profit medical marijuana dispensary in which the dispensary produces cannabis-infused edible products, as authorized by the State of Arizona. Under the terms of the commercial lease, NRC is to pay Food 2828, LLC, \$3,000 per month during the term of the lease. The initial term of the lease expired April 30, 2014, but is renewable annually at NRC's option. Food 2828, LLC may increase the rental rate upon exercise of NRC's option to renew.

### **JJ Empire, LLC, Provides Staffing and Management Services to NRC**

NRC engages the services of JJ Empire to manage substantially all of its staffing and human resources requirements. Under the agreement, JJ Empire, LLC, recruits, screens, interviews and assigns employees and independent contractors to positions within NRC. Each employee or independent contractor is sub-assigned to NRC where, depending upon his or her responsibilities, he or she may be required to register with the Arizona Department of Health Services as a dispensary agent. In such cases, JJ Empire, LLC assists NRC with managing that process and obtaining the necessary clearances. JJ Empire pays all wages, withholding taxes and other benefits for each worker. NRC pays JJ Empire a contract rate based upon the number of workers and their particular roles and responsibilities.

JJ Empire, LLC and NRC are presently contemplating a modification of their arrangement to include other revenue arrangements which may include base contract rates plus revenue sharing, although final agreements are not yet concluded.

There is no written agreement between JJ Empire, LLC and NRC pertaining to staffing and management services.

### **NRC Retains Food 2828, LLC to Provide Kitchen Staffing and Culinary Sourcing and Management**

NRC engages the services of Food 2828, LLC, to provide kitchen staffing and culinary sourcing and management. Under the agreement, Food 2828, recruits, screens, interviews and assigns employees and independent contractors to culinary-related positions within NRC. Each employee or independent contractor is sub-assigned to NRC where, depending upon his or her responsibilities, he or she may be required to register with the Arizona Department of Health Services as a dispensary agent. In such cases, Food 2828 assists NRC with managing that process and obtaining the necessary clearances. Food 2828 pays all wages, withholding taxes and other benefits for each worker. NRC pays Food 2828 a contract rate based upon the number of workers and their particular roles and responsibilities.

Additionally, Food 2828 sources and provides kitchen equipment, culinary ingredients such as premium Belgian chocolate and others, and manages inventory systems and controls.

NRC and Food 2828, LLC are presently contemplating a modification of their arrangement to include other revenue arrangements which may include base contract rates plus revenue sharing, although final agreements are not yet concluded.

There is no written agreement between JJ Empire, LLC and NRC pertaining to kitchen staffing and culinary sourcing and management services.

### **Accounts Receivable From Natural Relief Clinic, Inc.**

Our Company, through our subsidiaries JJ Empire, LLC and Food 2828, LLC, had approximately \$4,895,413 in total outstanding accounts receivable from NRC as of December 31, 2015. As of June 6, 2016, the accounts receivable from NRC were approximately 5,283,337.

### **NRC Licenses YiLo™ and YiLoLife™ brand from YiLoLife, LLC**

YiLo™ and YiLoLife™ are trademarks owned by YiLoLife LLC, a New Mexico limited liability company, along with substantially all other intellectual property associated with the YiLo brand. NRC licenses the brand, trademark, and other intellectual property from YiLoLife LLC on a semi-exclusive basis, which provides NRC with State-specific exclusivity, except as to concurrently licenses also held certain of YiLoLife, LLC's affiliates.

There is no written agreement between YiLoLife LLC and NRC pertaining to intellectual property.

### **NRC and Commercial Business Development Arizona, LLC, Letter of Intent Regarding Facilities**

NRC and Commercial Business Development Arizona, LLC, contemplate entering into one or more definitive agreements relative to the leasing of certain facilities including all or part of a 300,000 square foot cultivation facility, one 50,000 - 100,000 square foot urban food processing and distribution facility which may include a retail dispensary, and an approximately 2,000 square foot urban retail dispensary. The parties anticipate such lease(s) terms will include base plus revenue percentage rent terms.

As beneficial owners of 100% of the issued and outstanding shares of Class A and Class B Common Stock of the Company, the Loelkes' interest in the above transactions with NRC and between JJ Empire, LLC and Food 2828, LLC, arise solely from the ownership of securities of the Company, and, with respect to NRC, from the Loelkes being the managers and members of the board of directors of NRC. Prior to the transfer of 100% of the membership interests of Food 2828, LLC, a New Mexico limited liability company, JJ Empire, LLC, a New Mexico limited liability company, YiLoLife, LLC, a New Mexico limited liability company, and YiLo CBD, LLC, a New Mexico limited liability company, by Carsten and Elizabeth Loelke for a total of 2,000 shares of the Company's Class B Common Stock effective January 2016, the Loelkes'

interest in the above transactions arose solely out of the Loelkes' ownership of 100% of the equity interests in the foregoing entities, and, with respect to NRC, from the Loelkes being the managers and members of the board of directors of NRC. NRC has no stockholders or members. Commercial Business Development Arizona, LLC, is wholly owned by Commercial Business Development LLC which is wholly owned by the Company.

With respect to the above transactions, the Loelkes receive no extra or special benefit not shared on pro-rata basis by all the holders of equity securities of the respective entities.

### ***Formation of YiLoLife, Inc.***

### **Formation of YiLoLife, Inc. and Related Stock Issuances**

In connection with the formation of the Company and in exchange for cash consideration of \$1,000, Golden Century Enterprises Limited was issued 180,000,000 shares of the Company's Class A Common Stock on May 11, 2015. Golden Century Enterprises Limited is owned and controlled by Carsten Loelke and Elizabeth Loelke.

In connection with a reorganization whereby 100% of the membership interests of Food 2828, LLC, a New Mexico limited liability company, JJ Empire, LLC, a New Mexico limited liability company, YiLoLife, LLC, a New Mexico limited liability company, and YiLo CBD, LLC, a New Mexico limited liability company, were exchanged by Carsten and Elizabeth Loelke for a total of 2,000 shares of the Company's Class B Common Stock effective January 2016 (1,000 shares of Class B Common Stock were issued to each of Carsten Loelke and Elizabeth Loelke) representing all of the authorized Class B Common Stock of the Company.

## **SECURITIES BEING OFFERED**

The authorized capital stock of the Company consists of 1,000,002,000 shares of common stock, par value \$0.0001 per share ("Common Stock") and 2,000,000 shares of preferred stock, par value \$0.001 per share, ("Preferred Stock"). As of June 24, 2016, there were 180,002,000 shares of Common Stock issued and outstanding and no shares of Preferred Stock are issued and outstanding.

### **Preferred Stock**

Our Certificate of Incorporation authorizes, subject to limitations prescribed by law, the Company to issue up to an aggregate of 2,000,000 shares of preferred stock in one or more series and authorizes our Board of Directors to establish from time to time the number of shares to be included in each such series and to fix the designations, powers, voting rights, preferences, dividend rights, conversion rights, redemption privileges, liquidation preferences, and other rights of the shares of each series and the qualifications, limitations and restrictions thereof. No series of Preferred Stock is authorized at this time. The Company has no current arrangements, undertakings or plans with respect to the issuance of Preferred Stock. The rights of the holders of the Common Stock will be subject to, and may be adversely affected by, the rights of holders of any Preferred Stock that may be issued in the future.

## **Common Stock**

Our Certificate of Incorporation authorizes the issuance of up to 1,000,002,000 shares of Common Stock, par value \$0.0001 per share, of which 1,000,000,000 are designated as Class A Common Stock, 180,000,000 of which are issued and outstanding, and 2,000 shares are designated Class B Common Stock, all of which are issued and outstanding.

Holders of our Common Stock are entitled to one vote, in person or by proxy, for each share held by them of record on the books of the Company in all matters submitted to a vote by the stockholders. While equal to the Class A Common Stock in terms of rights and ratable interest in the assets of the Company, the holders of Class B Common Stock, as a class, may elect that number of directors of the Company's whole Board of Directors as constitutes the majority of such directors. In the sole discretion of the holder or respective holders of the Class B Common Stock, shares of Class B Common Stock are convertible at any time into shares of Class A Common Stock on a one-for-one basis.

Action by written consent of the stockholders requires the consent of a majority of stockholders entitled to vote on such, unless a different proportion is required for the subject matter. The Class B Common Stockholders are entitled to elect a majority of the Company's directors. No cumulative voting is permitted or required for the election of directors. Holders of Common Stock are entitled to receive such dividends as may be declared from time to time by the Board of Directors out of funds legally available therefore, and in the event of liquidation, dissolution or winding up of the Company, to share ratably in all assets remaining after payment of liabilities, subject to the rights of any outstanding series of Preferred Stock.

There are no redemption or sinking fund provisions applicable to the Common Stock. The Common Stock offered by the Company in connection herewith will, when issued, be validly issued, fully paid and non-assessable, and the holders thereof shall have no preemptive rights.

The Company has elected to not be governed by §203 of Title 8 of the Delaware General Corporation Law relating to restrictions on business combinations with interested shareholders.

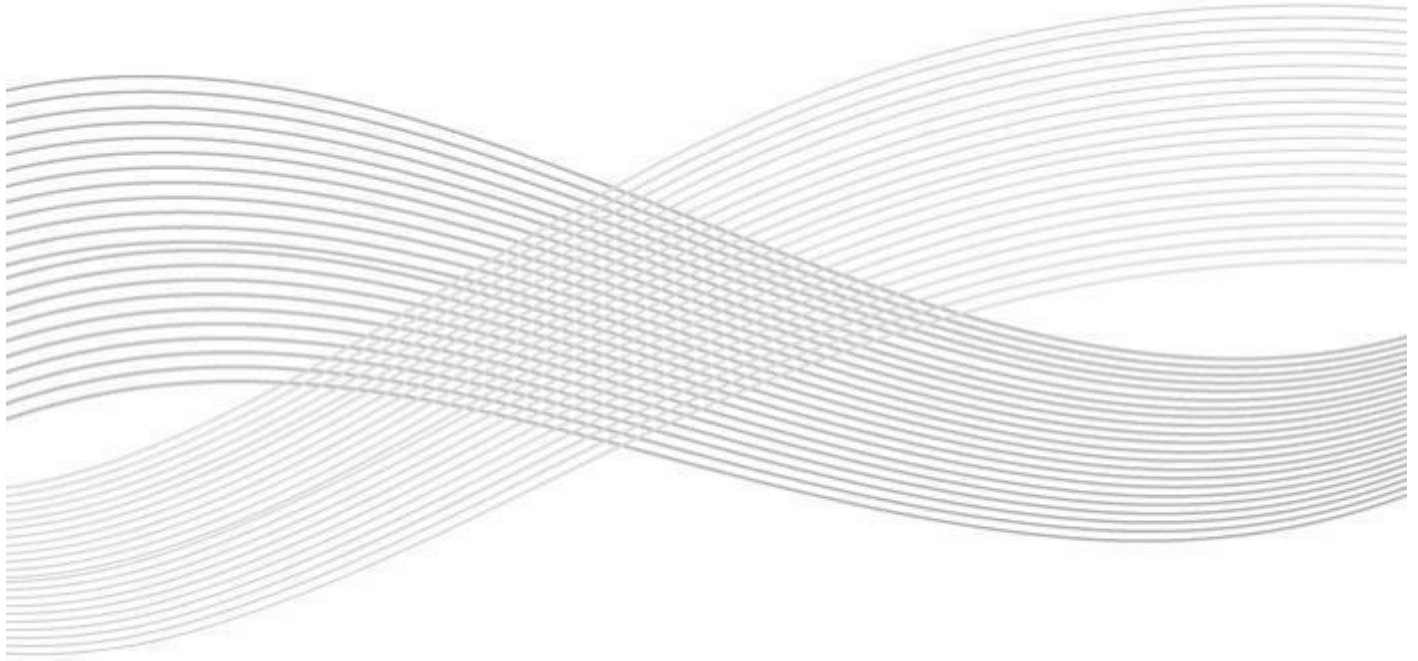
## **Limitation of Liability and Indemnification**

Our Certificate of Incorporation eliminates, subject to certain exceptions, the personal liability of directors to the Company or its stockholders from monetary damages for breaches of fiduciary duty by such directors. The Company will indemnify its directors and officers to the fullest extent authorized or permitted by law, as now or hereafter in effect.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Company, pursuant to the foregoing provisions, or otherwise, the Company has been advised that, in the opinion of the Securities and Exchange Commission, such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable.

The Company is not aware of any pending or threatened action, suit or proceeding involving any of its directors or officers for which indemnification from the Company may be sought.





**Report of Independent Auditors on the Consolidated Financial Statements of  
YIOLIFE INC AND CONSOLIDATED ENTITIES  
December 31, 2015**



**YILOLIFE INC.**  
**CONSOLIDATED FINANCIAL STATEMENTS WITH SUPPLEMENTAL**  
**INFORMATION**  
**Year ended December 31, 2015**

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## **INDEPENDENT AUDITORS' REPORT**

To the Stockholders' of  
YiLoLife Inc.

### **Report on the Consolidated Financial Statements**

We have audited the accompanying financial statements of YiLoLife Inc. which comprise the consolidated balance sheet as of December 31, 2015, and the related consolidated statements of income and stockholders' equity, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

### **Management's Responsibility for the Consolidated 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 auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of YiLoLife Inc. and consolidated entities as of December 31, 2015, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matter**

The accompanying supplemental information, selling, general, and administrative expenses, is presented for the purposes of additional analysis and is not a required part of the basic financial statements of YiLoLife Inc. and consolidated entities. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

A handwritten signature in black ink that reads "Metz & Associates PLLC". The signature is written in a cursive, flowing style.

Phoenix, Arizona

August 31, 2016

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**METZ & ASSOCIATES, PLLC | CERTIFIED PUBLIC ACCOUNTANTS**

**YILOLIFE INC.**  
**CONSOLIDATED BALANCE SHEET**  
**December 31, 2015**

**ASSETS**

Current Assets	
Cash	\$ 56,395
Due from related party	4,895,413
Due from shareholders	1,000
Prepaid insurance	1,500
<b>TOTAL CURRENT ASSETS</b>	<b>4,954,308</b>
Property and equipment	1,407,952
Less: Accumulated depreciation	(278,531)
Net property and equipment	1,129,421
<b>TOTAL ASSETS</b>	<b>\$ 6,083,729</b>

**LIABILITIES AND STOCKHOLDERS' EQUITY**

Current Liabilities	
Accounts payable and accrued expenses	\$ 160,848
Current portion of auto loans	25,676
Refundable security deposit	6,000
<b>TOTAL CURRENT LIABILITIES</b>	<b>192,524</b>
Non-Current Liabilities	
Long term note payable to related party	2,100
Auto loans, net of current portion	42,908
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>45,008</b>
<b>TOTAL LIABILITIES</b>	<b>237,532</b>
Stockholders' equity	5,846,197
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b><u>\$ 6,083,729</u></b>

The accompanying notes are an integral part of these financial statements.

**YILOLIFE INC.**  
**CONSOLIDATED STATEMENT OF INCOME & STOCKHOLDERS' EQUITY**  
**Year ended December 31, 2015**

Revenue	\$ 3,622,005
Selling, general, and administrative expenses	2,757,281
NET INCOME	864,724
Stockholders' equity at beginning of period	5,120,652
Add: Capital contribution	10,226
Less: Distributions	(149,405)
STOCKHOLDERS' EQUITY AT THE END OF PERIOD	<u>\$ 5,846,197</u>

The accompanying notes are an integral part of these financial statements.

**YILOLIFE INC.**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**Year ended December 31, 2015**

<b>CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:</b>	
Net income	\$ 864,724
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	123,876
(Increase)/decrease in:	
(Increase) in accounts receivable due from related party	(633,496)
Decrease in employee advance	1,755
(Increase) in prepaid insurance	(1,500)
Increase/(decrease) in:	
(Decrease) in accounts payable and accrued expenses	107,342
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>462,701</b>
<b>CASH FLOWS USED BY INVESTING ACTIVITIES:</b>	
Purchases of property and equipment	(235,019)
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<b>(235,019)</b>
<b>CASH FLOWS USED BY FINANCING ACTIVITIES:</b>	
Proceeds from notes	144,321
Repayment of notes	(255,887)
Proceeds from contributions	10,226
Dividends	(149,405)
<b>NET CASH USED BY FINANCING ACTIVITIES</b>	<b>(250,745)</b>
<b>NET DECREASE IN CASH</b>	<b>(23,063)</b>
<b>CASH AT BEGINNING OF YEAR</b>	<b>79,458</b>
<b>CASH AT END OF YEAR</b>	<b><u>\$ 56,395</u></b>

The accompanying notes are an integral part of these financial statements.

**YILOLIFE INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2015**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies of YiLoLife Inc. ("Company") is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles (GAAP) and have been consistently applied in the preparation of the financial statements.

**Nature of Operations** - The Company was incorporated on May 11, 2015 in the State of Delaware. The Company is engaged primarily in the management and consulting business as well as other businesses that are generally tied to the consulting business. The Company operates primarily in the state of Arizona.

**Principles of Consolidation** - The accompanying consolidated financial statements include the accounts of YiLoLife Inc. and its wholly owned subsidiaries, JJ Empire LLC and Food 2828 LLC as well as the development stage companies, YiLoLife LLC, Green Outlet Life LLC, YiLo CBD LLC, Commercial Business Development LLC and Commercial Business Development Arizona, LLC as of December 31, 2015 (collectively, the Company) and have been prepared in accordance with GAAP. All significant intercompany transactions and balances have been eliminated in consolidation. The transfer of ownership in the above entities to YiLoLife Inc. constitutes a common control transaction as defined in ASC 805-50-15-6 Business combinations, the ownership group maintained control before and after the transaction which occurred January 1, 2016. Per ASC 805-50-15-6 the transfer of the entities was accounted for at historical cost and consolidated presentation of subsidiaries is permitted on a retrospective basis.

**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 and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Method of Accounting** - The Company presents its financial statements on the accrual basis of accounting in compliance with GAAP. Revenues are recognized when services are rendered and expenses realized when the obligation is incurred.

**Cash and Cash Equivalents** - For purposes of reporting cash flows, the Company considers all cash accounts which are subject to withdrawal restrictions or penalties, and highly liquid debt instruments purchased with a maturity of three months or less to be cash or cash equivalents.

**Accounts Receivable** - The Company estimates an allowance for doubtful accounts based on the creditworthiness of its customers as well as general economic conditions. Consequently, an adverse change in those factors could affect the Company's estimate of its bad debt.



**Property and Equipment** - Property, equipment, and leasehold improvements are stated at cost, less accumulated depreciation and amortization. Depreciation is provided in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives using the straight-line method. Leasehold improvements are amortized over the lesser of the life of the lease or service lives of the improvements using the straight-line method. Renovations and improvements that add utility or significantly extend the useful life of assets are capitalized. Repair and maintenance costs are expensed as incurred.

**Long-Lived Assets** - GAAP requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the historical cost-carrying value of an asset may no longer be appropriate. The Company assesses recoverability of the carrying value of an asset by estimating the future net cash flows expected to result from the carrying value of the asset, an impairment loss is recorded equal to the difference between the asset's carrying value and fair value. This standard did not have a material effect on the Company's results of operations, cash flows or financial position.

**Compensated Absences** - The Company allows full-time employees to receive compensation for vacation and sick leave. Compensated absences for vacation and sick pay have not been accrued since they cannot be carried forward from year to year, but are expensed as incurred.

**YILOLIFE INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2015**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Revenue Recognition** - The Company provides consulting and management services. Revenue, which includes consulting, management services, and rent, is recognized when earned.

**Advertising expenses** - Advertising and marketing costs are expensed as incurred. Advertising expense for the year ended December 31, 2015 was \$139,151.

**Income Taxes** - The Consolidated common ownership pass-through entities are primarily taxed as a sub chapter S corporation under the Internal Revenue Code and applicable state statutes. On a sub chapter S corporation return, the income of the Company flows through to the Stockholders to be taxed at the individual level rather than the Company level. Accordingly, the Company has no material tax liability at December 31, 2015. Subsequent to the year ended December 31, 2015 YiLoLife Inc. the parent company will be taxed as a C Corporation.

**Concentration of Risk** - The Company has risk with respect to revenue, because the Company's main source of income arises from consulting and management services to the medical marijuana industry. For the year ended December 31, 2015 all of the Company's revenue is derived from a single client who is also a related party.

**Credit Related Financial Instruments** - In the ordinary course of business, the Company has entered into commitments to extend credit. Such financial instruments are recorded when they are funded.

**NOTE B - PROPERTY AND EQUIPMENT**

Property and equipment consists of the following:

		<b>Estimated Useful Life</b>
Automobiles	\$ 157,944	5 years
Buildings	366,217	39 years
Equipment	141,751	5-7 years
Furniture & fixtures	176,350	5-7 years
Land	42,365	
Leasehold improvements	480,867	15 years
Software	42,458	3 years
	1,407,952	
Accumulated depreciation	(278,531)	
	<u>\$1,129,421</u>	

Depreciation charged to income was \$123,876 for the year ended December 31, 2015.

## **NOTE C - OPERATING LEASES**

**Office Facility** - The Company currently rents one office facility with on a month to month basis. The average rent is \$1,000 per month.

Total rent payments, including those for month to month rentals, amounted to \$12,000 for the year ended December 31, 2015.

**YILOLIFE INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2015**

**NOTE D - FAIR VALUE MEASUREMENTS**

GAAP provide a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

Assets and liabilities that are required to be recorded at fair value in the balance sheet are categorized based on the inputs to valuation techniques as follows:

*Level 1.* These assets and liabilities are where values are based on unadjusted quoted prices for identical assets in an active market that the Company has the ability to access.

*Level 2.* These are assets and liabilities where values are based on the following inputs:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted prices that are observable for the asset or liability.
- Inputs which are derived principally from, or corroborated by, observable market data by correlation or other means.

*Level 3.* Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

As of December 31, 2015 the Company had no asset or liabilities that were required to be valued using the fair value hierarchy. The carrying amounts reflected in the balance sheet for cash and cash equivalents and accounts payable and accrued expenses approximate the respective fair values due to the short maturities of those instruments.

**NOTE E - INCOME TAX STATUS**

The Company follows GAAP related to uncertainty in income taxes, which require that tax positions initially need to be recognized in the financial statements when it is more likely-than-not that the positions will not be sustained upon examination by the tax authorities. As of December 31, 2015, the Company had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

#### **NOTE F - NOTE DUE TO STOCKHOLDERS OF RELATED PARTY**

The Company's stockholders have advanced funds to finance its operations. The total agreement was \$578,625 at 3.00% per annum as of January 1, 2014. The remaining principal balance on the note as of December 31, 2015 was \$2,100.

#### **NOTE G - RELATED PARTY TRANSACTIONS**

The Company enters into transactions in the normal course of business with Natural Relief Clinic, Inc. (An Arizona Nonprofit Corporation) whose directors share common ownership of Food 2828 LLC and JJ Empire. Food 2828 LLC provides packaging, supplies and contract labor and JJ Empire LLC provides consulting services and leases real-estate and other assets to Natural Relief Clinic, Inc. During the year ended December 31, 2015, Company revenues for management services provided to Natural Relief Clinic, Inc. totaled \$3,622,005. The Company has a receivable from Natural Relief Clinic of \$4,895,413 as of December 31, 2015. Additionally JJ Empire LLC pays rent of \$12,000 annually to an outside landlord on behalf of Food 2828, LLC which is later reimbursed. Both the rental income and rental expense from the reimbursement transaction have been eliminated in consolidation.

**YIOLIFE INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2015**

**NOTE H - LONG-TERM DEBT**

The Company has long term debt payable to a financial institution.

Notes payable, payable at \$2,145 per month, including interest at 1.00% per annum, secured by an automobile and maturing July 2019.	\$ 68,584
Less current maturities	25,676
	<u>\$ 42,908</u>

Aggregate principal payments for the next five years subsequent to December 31, 2015 are as follows:

2016	\$ 25,676
2017	18,160
2018	15,634
2019	9,114
2020	0
	<u>\$ 68,584</u>

**NOTE I - REVENUE BY SUBSIDIARY**

Revenue by consolidated subsidiaries were as follows for the year ended December 31, 2015:

Food 2828 LLC	\$ 890,816
JJ Empire LLC	2,731,189
	<u>\$3,622,005</u>

**NOTE J - SUBSEQUENT EVENTS**

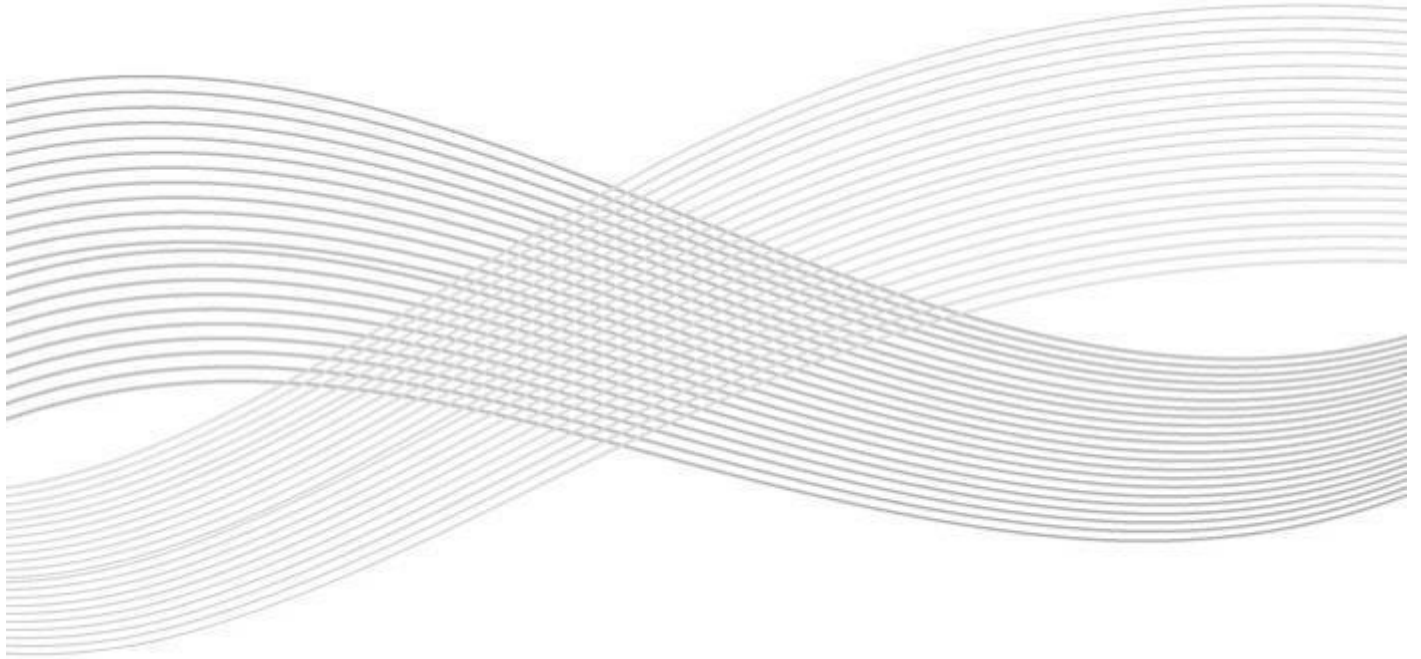
The Company evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Management has determined that there were no events that occurred that require additional disclosure. Subsequent events have been evaluated through May 24, 2016, which is the date the financial statements were available to be issued.

**SUPPLEMENTAL INFORMATION**

**YIOLIFE INC.  
SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES  
Year ended December 31, 2015**

Advertising	\$ 139,151
Auto expenses	27,020
Contract labor	36,000
Depreciation	123,876
Dues and subscriptions	2,048
Education expense	90,022
Insurance	56,056
Legal fees	102,070
Licenses and permits	25,153
Maintenance and repairs	62,930
Meals and entertainment	9,780
Miscellaneous	11,379
Postage and delivery fees	1,328
Professional services	236,104
Rent	12,000
Research and development	373,734
Salaries and wages	1,074,187
Supplies	216,720
Taxes - payroll	66,477
Taxes - property	6,482
Travel expenses	84,764
	<u>\$ 2,757,281</u>

The accompanying independent auditors' report and notes are an integral part of this schedule.



**Report of Independent Auditors on the Consolidated Financial Statements of  
JJ EMPIRE LLC AND FOOD 2828 LLC  
(YILOLIFE CONSOLIDATED ENTITIES)  
December 31, 2014**





**YILOLIFE CONSOLIDATED ENTITIES**  
**FINANCIAL STATEMENTS WITH SUPPLEMENTAL INFORMATION**  
**Year ended December 31, 2014**

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## **INDEPENDENT AUDITORS' REPORT**

To the Stockholders of  
YiLoLife Consolidated Entities

### **Report on the Consolidated Financial Statements**

We have audited the accompanying financial statements of YiLoLife Consolidated Entities which comprise the consolidated balance sheet as of December 31, 2014, and the related consolidated statements of income and stockholders' equity, and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Consolidated 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 auditors' 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 YiLoLife Consolidated Entities as of December 31, 2014, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matter**

The accompanying supplemental information, selling, general, and administrative expenses, on page 10 is presented for the purposes of additional analysis and is not a required part of the basic financial statements of YiLoLife Consolidated Entities. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.



Phoenix, Arizona  
August 31, 2016

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**METZ & ASSOCIATES, PLLC | CERTIFIED PUBLIC ACCOUNTANTS**

**YILOLIFE CONSOLIDATED ENTITIES**  
**CONSOLIDATED BALANCE SHEET**  
**December 31, 2014**

**ASSETS**

Current Assets	
Cash	\$ 79,458
Due from related party	4,261,917
Due from shareholders	1,000
Employee advance	1,755
<b>TOTAL CURRENT ASSETS</b>	<b>4,344,130</b>
Property and equipment	1,172,933
Less: Accumulated depreciation	(154,655)
Net property and equipment	1,018,278
<b>TOTAL ASSETS</b>	<b>\$ 5,362,408</b>

**LIABILITIES AND STOCKHOLDERS' EQUITY**

Current Liabilities	
Accounts payable and accrued expenses	\$ 53,506
Current portion of note payable	25,576
Refundable security deposit	6,000
Accrued interest due to related party	150,662
<b>TOTAL CURRENT LIABILITIES</b>	<b>235,744</b>
Non-Current Liabilities	
Long term note payable to related party	88,084
Non-current portion of note payable	68,590
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>156,674</b>
<b>TOTAL LIABILITIES</b>	<b>392,418</b>
Stockholders' equity	4,969,990
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b><u>\$ 5,362,408</u></b>

The accompanying notes are an integral part of these financial statements.

**YILOLIFE CONSOLIDATED ENTITIES**  
**CONSOLIDATED STATEMENT OF INCOME & STOCKHOLDERS' EQUITY**  
**Year ended December 31, 2014**

Revenue	\$ 5,042,669
Selling, general, and administrative expenses	2,557,438
NET INCOME	2,485,231
Stockholders' equity at beginning of period	2,801,989
Add: Capital contribution	49,483
Less: Distributions	(366,713)
STOCKHOLDERS' EQUITY AT THE END OF PERIOD	<u>\$ 4,969,990</u>

The accompanying notes are an integral part of these financial statements.

**YILOLIFE CONSOLIDATED ENTITIES**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**Year ended December 31, 2014**

<b>CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:</b>	
Net income	\$ 2,485,231
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	90,347
(Increase)/decrease in:	
(Increase) in accounts receivable due from related party	(1,492,585)
Decrease in employee advance	545
Increase/(decrease) in:	
(Decrease) in deferred revenue	(20,047)
(Decrease) in accounts payable and accrued expenses	(14,719)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>1,048,772</b>
<b>CASH FLOWS USED BY INVESTING ACTIVITIES:</b>	
Purchases of property and equipment	(311,338)
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<b>(311,338)</b>
<b>CASH FLOWS USED BY FINANCING ACTIVITIES:</b>	
Proceeds from notes	719,451
Repayment of notes	(1,139,850)
Proceeds from contributions	49,483
Dividends	(366,713)
<b>NET CASH USED BY FINANCING ACTIVITIES</b>	<b>(737,629)</b>
<b>NET DECREASE IN CASH</b>	<b>(195)</b>
<b>CASH AT BEGINNING OF YEAR</b>	<b>79,653</b>
<b>CASH AT END OF YEAR</b>	<b>\$ 79,458</b>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOWS</b>	
Cash paid for interest during the year ended December 31, 2014	<u>\$ 19,433</u>

The accompanying notes are an integral part of these financial statements.

**YILOLIFE CONSOLIDATED ENTITIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2014**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies of YiLoLife Consolidated Entities ("Company") and consolidated entities is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles (GAAP) and have been consistently applied in the preparation of the financial statements.

*Nature of Operations-* The JJ Empire LLC was incorporated on February 1, 2011 in the State of New Mexico. The Company is engaged primarily in the management and consulting business as well as other businesses that are generally tied to the consulting business. The Company operates primarily in the State of Arizona.

*Principles of Consolidation-* The accompanying consolidated financial statements include the accounts of YiLoLife Inc. and its wholly owned subsidiaries, JJ Empire LLC and Food 2828 LLC as well as the development stage companies, YiLoLife LLC, Green Outlet Life LLC, YiLo CBD LLC, Commercial Business Development LLC and Commercial Business Development Arizona, LLC as of December 31, 2014 (collectively, the Company) and have been prepared in accordance with GAAP. All significant intercompany transactions and balances have been eliminated in consolidation. The transfer of ownership in the above entities to YiLoLife Inc. constitutes a common control transaction as defined in ASC 805-50-15-6 Business combinations, the ownership group maintained control before and after the transaction which occurred January 1, 2016. Per ASC 805-50-15-6 the transfer of the entities was accounted for at historical cost and consolidated presentation of subsidiaries is permitted on a retrospective basis.

*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 and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

*Method of Accounting -* The Company presents its financial statements on the accrual basis of accounting in compliance with GAAP. Revenues are recognized when services are rendered and expenses realized when the obligation is incurred.

*Cash and Cash Equivalents -* For purposes of reporting cash flows, the Company considers all cash accounts which are subject to withdrawal restrictions or penalties, and highly liquid debt instruments purchased with a maturity of three months or less to be cash or cash equivalents.

*Accounts Receivable* - The Company estimates an allowance for doubtful accounts based on the creditworthiness of its customers as well as general economic conditions. Consequently, an adverse change in those factors could affect the Company's estimate of its bad debt.

*Property and Equipment* - Property, equipment, and leasehold improvements are stated at cost, less accumulated depreciation and amortization. Depreciation is provided in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives using the straight-line method. Leasehold improvements are amortized over the lesser of the life of the lease or service lives of the improvements using the straight-line method. Renovations and improvements that add utility or significantly extend the useful life of assets are capitalized. Repair and maintenance costs are expensed as incurred.

*Long-Lived Assets*-The Accounting Standards Codification 360-10-05, "Impairment or disposal of long-lived assets and for long-lived assets to be disposed of", requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the historical cost-carrying value of an asset may no longer be appropriate. The Company assesses recoverability of the carrying value of an asset by estimating the future net cash flows expected to result from the carrying value of the asset, an impairment loss is recorded equal to the difference between the asset's carrying value and fair value. This standard did not have a material effect on the Company's results of operations, cash flows or financial position.



**YILOLIFE CONSOLIDATED ENTITIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2014**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

*Compensated Absences* - The Company allows full-time employees to receive compensation for vacation and sick leave. Compensated absences for vacation and sick pay have not been accrued since they cannot be carried forward from year to year, but are expensed as incurred.

*Revenue Recognition* - The Company provides consulting and management services. Revenue, which includes consulting, management services, and rent, is recognized when earned.

*Advertising expenses* - Advertising and marketing costs are expensed as incurred. Advertising expense for the year ended December 31, 2014 was \$59,238.

*Income Taxes* - The Company is taxed as a sub chapter S corporation under the Internal Revenue Code and applicable state statutes. On a sub chapter S corporation return, the income of the Company flows through to the Stockholders to be taxed at the individual level rather than the Company level. Accordingly, the Company has no tax liability at December 31, 2014.

*Concentration of Risk* - The Company has risk with respect to revenue, because the Company's main source of income arises from consulting and management services. In addition, the Company's income is primarily received from transactions in Arizona.

*Credit Related Financial Instruments*- In the ordinary course of business, the Company has entered into commitments to extend credit. Such financial instruments are recorded when they are funded.

**NOTE B - PROPERTY AND EQUIPMENT**

Property and equipment consists of the following:

		<b>Estimated Useful Life</b>
Automobiles	\$ 157,944	5 years
Buildings	366,217	39 years
Equipment	138,585	5-7 years
Furniture & fixtures	170,626	5-7 years
Land	42,365	
Leasehold improvements	297,196	15 years
	1,172,933	
Accumulated depreciation	(154,655)	
	<u>\$1,018,278</u>	

Depreciation charged to income was \$90,347 for the year ended December 31, 2014.

## **NOTE C - OPERATING LEASES**

*Office Facility* - The Company currently rents one office facility with on a month to month basis. The average rent is \$1,000 per month.

Total rent payments, including those for month to month rentals, amounted to \$12,000 for the year ended December 31, 2014.

**YILOLIFE CONSOLIDATED ENTITIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2014**

**NOTE D - NOTE DUE TO RELATED PARTY**

The Company has a note from related party to finance its operations. The total agreement was \$578,625 with an interest rate of 3.00% per annum. The principal balance on the note as of December 31, 2014 is \$88,084 and accrued interest due is \$150,662.

**NOTE E - FAIR VALUE MEASUREMENTS**

GAAP provide a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

Assets and liabilities that are required to be recorded at fair value in the balance sheet are categorized based on the inputs to valuation techniques as follows:

*Level 1.* These assets and liabilities are where values are based on unadjusted quoted prices for identical assets in an active market that the Company has the ability to access.

*Level 2.* These are assets and liabilities where values are based on the following inputs:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted prices that are observable for the asset or liability.
- Inputs which are derived principally from, or corroborated by, observable market data by correlation or other means.

*Level 3.* Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

As of December 31, 2014 the Company had no asset or liabilities that were required to be valued using the fair value hierarchy. The carrying amounts reflected in the balance sheet for cash and cash equivalents and accounts payable and accrued expenses approximate the respective fair values due to the short maturities of those instruments.

## **NOTE F - INCOME TAX STATUS**

The Company, with the consent of its Stockholders, has elected under the Internal Revenue Code to be an S corporation. In lieu of corporate income taxes, the Stockholders of an S corporation are taxed on their proportionate share of the Company's taxable income. Therefore, no provision or liability for federal income taxes has been included in the financial statements.

The Company follows GAAP for uncertainty in income taxes, which require that tax positions initially need to be recognized in the financial statements when it is more likely-than-not that the positions will not be sustained upon examination by the tax authorities. As of December 31, 2014, the Company had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

**YILOLIFE CONSOLIDATED ENTITIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2014**

**NOTE G - RELATED PARTY TRANSACTIONS**

The Company enters into transactions in the normal course of business with Natural Relief Clinic, Inc. (An Arizona Nonprofit Corporation) whose directors share common ownership of Food 2828 LLC and JJ Empire. Food 2828 LLC provides packaging, supplies and contract labor and JJ Empire LLC provides consulting services and leases real-estate and other assets to Natural Relief Clinic, Inc. During the year ended December 31, 2014, Company revenues for management services provided to Natural Relief Clinic, Inc. totaled \$5,042,669. The Company has a receivable from Natural Relief Clinic of \$4,261,917 as of December 31, 2014. Additionally JJ Empire LLC pays rent of \$12,000 annually to an outside landlord on behalf of Food 2828, LLC which is later reimbursed. Both the rental income and rental expense from the reimbursement transaction have been eliminated in consolidation.

**NOTE H - LONG-TERM DEBT**

The Company has long term debts payable to various financial institutions.

Notes payable, payable at \$2,145 per month, including interest at 1.00% per annum, secured by a commercial vehicle and maturing July 2019.	\$ 94,166
Less current maturities	25,576
	<u>\$ 68,590</u>

Aggregate principal payments for the next five years subsequent to December 31, 2014 are as follows:

2015	\$ 25,576
2016	25,675
2017	18,160
2018	15,634
2019	9,121
	<u>\$ 94,166</u>

**NOTE I - REVENUE BY SUBSIDIARY**

Revenue by consolidated subsidiaries were as follows for the year ended December 31, 2014:

Food 2828 LLC	\$3,936,280
JJ Empire LLC	1,106,389
	<u>\$5,042,669</u>

## NOTE J - SUBSEQUENT EVENTS

The Company evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through May 27, 2016, which is the date the financial statements were available to be issued.

The ownership of the entities JJ Empire LLC and Food 2828 LLC were transferred to YiLo Life Inc as of January 1, 2016. There is common ownership across all entities and results of the related entities were consolidated in the current reporting period ending December 31, 2014 for comparative reporting purposes.

## SUPPLEMENTAL INFORMATION

### YILOLIFE CONSOLIDATED ENTITIES CONSOLIDATED SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES Year ended December 31, 2014

Advertising	\$ 59,238
Auto expenses	16,586
Depreciation	90,347
Insurance	43,449
Interest	19,433
Legal fees	77,840
Licenses and permits	10,020
Maintenance and repairs	4,838
Meals and entertainment	1,126
Miscellaneous	6,386
Postage and delivery fees	10,197
Professional services	1,068,473
Rent	12,000
Research and development	31,538
Salaries and wages	655,763
Supplies	331,858
Taxes - payroll	41,565
Taxes - property	11,652
Travel expenses	65,129
	<u>\$ 2,557,438</u>

The accompanying independent auditors' report and notes are an integral part of this schedule.

**YILOLIFE INC.**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**Nine Months Ended September 30, 2016**  
**(Unaudited)**

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<a href="#">Consolidated statement of cash flows</a>	F-26
<a href="#">Notes to consolidated financial statements</a>	F-27

**YILO LIFE INC AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEET**

	September 30, 2016 (Unaudited)	December 31, 2015
<b>ASSETS</b>		
Current Assets		
Cash	\$ 1,177,933	\$ 56,395
Due from related party	5,117,024	4,895,413
Due from shareholders	2,195	1,000
Prepaid insurance	2,877	1,500
<b>TOTAL CURRENT ASSETS</b>	<b>6,300,029</b>	<b>4,954,308</b>
Property and equipment	1,652,565	1,407,952
Less: Accumulated depreciation	(379,776)	(278,531)
Net property and equipment	1,272,789	1,129,421
<b>TOTAL ASSETS</b>	<b>7,572,818</b>	<b>6,083,729</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current Liabilities		
Accounts payable and accrued expenses	284,100	160,848
Current portion of auto loans	19,320	25,676
Refundable security deposit	6,000	6,000
<b>TOTAL CURRENT LIABILITIES</b>	<b>309,420</b>	<b>192,524</b>
Non-Current Liabilities		
Long term note payable to related party	6,300	2,100
Auto loans, net of current portion	30,014	42,908
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>36,314</b>	<b>45,008</b>
<b>TOTAL LIABILITIES</b>	<b>345,734</b>	<b>237,532</b>
Stockholders' equity	7,227,084	5,846,197
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 7,572,818</b>	<b>\$ 6,083,729</b>

The accompanying notes are an integral part of these financial statements.



**YIOLIFE INC AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF INCOME & STOCKHOLDERS' EQUITY**  
**NINE MONTHS ENDED SEPTEMBER 30,**  
**(Unaudited)**

	<b>2016</b>	<b>2015</b>
Revenue	\$ 4,655,484	\$ 2,837,092
MARKETING	460,252	132,785
AUTO	13,257	14,754
KITCHEN LABOR	108,753	257,201
DEPRECIATION	101,245	92,907
DUES & SUBSCRIPTIONS	426	2,508
EDUCATION	776	52,522
INSURANCE	60,088	21,253
LICENSE & PERMITS	38,582	19,528
MEALS & ENTERTAINMENT	5,449	7,018
MISC	457	8,203
R&M	28,703	75,541
POSTAGE & DELIVER	1,083	-
LEGAL & PROFESSIONAL	525,784	293,178
RENT	91,868	18,000
R&D	109,684	370,401
SALARIES & WAGES	1,181,966	584,204
SUPPLIES	499,825	204,135
PAYROLL TAXES	67,359	28,096
PROPERTY TAXES	5,959	3,904
TRAVEL	126,751	69,756
UTILITIES	4,151	1,096
	<b>\$ 3,432,418</b>	<b>\$ 2,256,990</b>
NET INCOME	\$ 1,223,066	\$ 580,102
Stockholders' equity at beginning of period	5,846,197	5,120,652
Add: Capital contribution	205,600	177,416
Less: Distributions	(47,779)	(367,012)
<b>STOCKHOLDERS' EQUITY AT THE END OF PERIOD</b>	<b><u>\$ 7,227,084</u></b>	<b><u>\$ 5,511,158</u></b>

The accompanying notes are an integral part of these financial statements.

**YILO LIFE INC AND SUBSIDIARIES**  
**STATEMENT OF CASH FLOWS**  
**NINE MONTHS ENDED SEPTEMBER 30**  
**(Unaudited)**

	<b>2016</b>	<b>2015</b>
<b>CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:</b>		
Net income	\$ 1,223,066	\$ 580,102
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	101,245	92,907
(Increase)/decrease in:		
(Increase) in accounts receivable due from related party	(221,611)	(257,533)
Decrease in employee advance	-	1,755
(Increase) in accounts due from shareholders	(1,195)	40
(Increase) in prepaid insurance	(1,377)	(2,822)
Increase/(decrease) in:		
(Decrease) in accounts payable and accrued expenses	142,572	224,227
(Decrease) in payroll liability	-	(48,031)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>1,242,700</b>	<b>590,645</b>
<b>CASH FLOWS USED BY INVESTING ACTIVITIES:</b>		
Purchases of property and equipment	(244,613)	(183,904)
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<b>(244,613)</b>	<b>(183,904)</b>
<b>CASH FLOWS USED BY FINANCING ACTIVITIES:</b>		
Repayment of notes	(34,370)	(101,262)
Proceeds from contributions	205,600	177,506
Dividends	(47,779)	(367,102)
<b>NET CASH USED BY FINANCING ACTIVITIES</b>	<b>123,451</b>	<b>(290,858)</b>
<b>NET INCREASE IN CASH</b>	<b>1,121,538</b>	<b>115,883</b>
Cash at beginning of YEAR	56,395	79,458
<b>CASH AT END OF YEAR</b>	<b><u>\$ 1,177,933</u></b>	<b><u>\$ 195,341</u></b>

The accompanying notes are an integral part of these financial statements.

**YILOLIFE INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**September 30, 2016**  
**(Unaudited)**

**NOTE A - ORGANIZATION AND DESCRIPTION OF BUSINESS**

This summary of significant accounting policies of YiLoLife Inc. ("Company") is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles (GAAP) and have been consistently applied in the preparation of the financial statements.

**Nature of Operations** – The Company was incorporated on May 11, 2015 in the State of Delaware. The Company is engaged primarily in the management and consulting business as well as other businesses that are generally tied to the consulting business. The Company operates primarily in the state of Arizona.

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation** - The accompanying unaudited condensed financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America and the rules of the Securities and Exchange Commission ("SEC"), and should be read in conjunction with the audited financial statements and the footnotes thereto for the year ended December 31, 2015 contained in the Company's Form 1A originally filed on July 6, 2016. In the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of financial position and the results of operations for the interim periods presented have been reflected herein. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year. Certain information and footnote disclosures normally included in the consolidated financial statements prepared in accordance with accounting principles generally accepted in the United States have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission. The Company believes that the disclosures are adequate to make the interim information presented not misleading.

**Principles of Consolidation** – The accompanying consolidated financial statements include the accounts of YiLoLife Inc. and its wholly owned subsidiaries, JJ Empire LLC and Food 2828 LLC as well as the development stage companies, YiLoLife LLC, Green Outlet Life LLC, YiLo CBD LLC, Commercial Business Development LLC and Commercial Business Development Arizona, LLC as of September 30, 2015 and 2016 (collectively, the Company) and have been prepared in accordance with GAAP. All significant intercompany transactions and balances have been eliminated in consolidation. The transfer of ownership in the above entities to YiLoLife Inc. constitutes a common control transaction as defined in ASC 805-50-15-6 Business combinations, the ownership group maintained control before and after the transaction which occurred January 1, 2016. Per ASC 805-50-15-6 the transfer of the entities was accounted for at historical cost and consolidated presentation of subsidiaries is permitted on a retrospective basis.

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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. The estimates and judgments will also affect the reported amounts for certain revenues and expenses during the reporting period. Actual results could differ from these good faith estimates and judgments. The Company had one critical accounting estimate and that was the determination of the method of deferral of revenue for monthly software license subscriptions entered into in December of each accounting year.

**NOTE C - RELATED PARTY TRANSACTIONS**

The Company enters into transactions in the normal course of business with Natural Relief Clinic, Inc. (An Arizona Nonprofit Corporation) whose directors share common ownership of Food 2828 LLC and JJ Empire. Food 2828 LLC provides packaging, supplies and contract labor and JJ Empire LLC provides consulting services and leases real-estate and other assets to Natural Relief Clinic, Inc. During the year ended September 30, 2016, Company revenues for management services provided to Natural Relief Clinic, Inc. totaled \$4,655,484. The Company has a receivable from Natural Relief Clinic of \$5,117,024 as of September 30, 2016.

**NOTE D - SUBSEQUENT EVENTS**

The Company evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Management has determined that there were no events that occurred that require additional disclosure. Subsequent events have been evaluated through October 28, 2016, which is the date the financial statements were available to be issued.

## **PART III - EXHIBITS**

### **INDEX TO EXHIBITS**

2.1	Certificate of Incorporation of the Company
2.2	Bylaws of the Company
4.1	Form of Subscription Agreement
6.1	Commercial Lease Agreement, dated January 1, 2014, between JJ Empire, LLC and Community Dental Services of AZ
6.2	Commercial Lease Agreement, dated March 1, 2012, between JJ Empire, LLC and Natural Relief Clinic, Inc.
6.3	Commercial Lease Agreement, dated July 1, 2012, between JJ Empire, LLC and Natural Relief Clinic, Inc.
6.4	Commercial Lease Agreement, dated May 1, 2013, between JJ Empire, LLC and Food 2828, LLC.
6.5	Commercial Lease Agreement, dated May 1, 2013, Food 2828, LLC and Natural Relief Clinic, Inc.
6.6	YiLoLife, Inc. 2016 Equity Incentive Plan, dated January 1, 2016.
6.7	Descriptions of Unwritten Agreements
11.1	Consent of Metz & Associates PLLC
12.1	Opinion of Booth Udall Fuller PLC

## SIGNATURES

Pursuant to the requirements of Regulation A, the issuer certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form 1-A and has duly caused this offering statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Tempe, State of Arizona, on November 14, 2016.

YiLoLife Inc.

/s/ Carsten Loelke November 14 , 2016  
Carsten Loelke  
Chief Executive Officer  
(Principal Executive Officer)

YiLoLife Inc.

/s/ Terence P. Mullane November 14 , 2016  
Terence P. Mullane  
Chief Financial Officer (Principal  
Accounting and Financial Officer)

This offering statement has been signed by the following persons in the capacities and on the dates indicated.

/s/ Carsten Loelke November 14 , 2016  
Carsten Loelke  
Chief Executive Officer and Chairman  
of the Board of Directors  
(Principal Executive Accounting and  
Financial Officer )

/s/ Elizabeth Loelke November 14 , 2016  
Elizabeth Loelke  
Chief Information Officer and Director

**EXHIBIT 2.1**

# Delaware

PAGE 1

*The First State*

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF INCORPORATION OF "YILOLIFE INC", FILED IN THIS OFFICE ON THE ELEVENTH DAY OF MAY, A.D. 2015, AT 3:53 O'CLOCK P.M.


A FILED COPY OF THIS CERTIFICATE HAS BEEN FORWARDED TO THE KENT COUNTY RECORDER OF DEEDS.

5744906 8100

150650082



You may verify this certificate online  
at [corp.delaware.gov/authver.shtml](http://corp.delaware.gov/authver.shtml)

  
Jeffrey W. Bullock, Secretary of State  
AUTHENTICATION: 2367688

DATE: 05-12-15



State of Delaware  
Secretary of State  
Division of Corporations  
Delivered 04:11 PM 05/11/2015  
FILED 03:53 PM 05/11/2015  
SRV 150650082 - 5744906 FILE

**CERTIFICATE of INCORPORATION**  
*of*  
**YILOLIFE INC.**

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The undersigned sole incorporator, being authorized to execute and file this Certificate of Incorporation of YiLoLife Inc. (the "*Corporation*") (the "*Certificate*"), pursuant to Title 8, Chapter 1 of the Delaware Code (the "*Delaware General Corporation Law*" and "*DGCL*") hereby certifies as follows:

**ARTICLE I**  
**NAME**

The name of the Corporation is YiLoLife Inc.

**ARTICLE II**  
**REGISTERED OFFICE AND AGENT**

The address of the registered office of the Corporation in the State of Delaware is 1675 S. State Street, Suite B, Dover, Delaware 19901, in the County of Kent. The name of the Corporation's registered agent at that address is Capitol Services, Inc.

**ARTICLE III**  
**PURPOSE**

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the DGCL.

**ARTICLE IV**  
**CAPITAL STOCK**

a. *Authorized Capital Stock.* The Corporation is authorized to issue three (3) classes of capital stock to be designated, respectively, Class A Common Stock, par value \$0.0001 per share ("*Class A Common Stock*"), Class B Common Stock, par value \$0.0001 per share ("*Class B Common Stock*") (together, "*Common Stock*"), and Preferred Stock, par value \$0.001 per share ("*Preferred Stock*"). The total number of shares of capital stock that the Corporation has authority to issue is 202,002,000. Of that number, 200,000,000 shares are designated Class A Common Stock, 2,000 shares are designated Class B Common stock, and 2,000,000 shares are designated Preferred Stock. The Class B Common Stock has the right to elect that number of directors of the Company's whole Board of Directors as constitutes the majority of such directors. In the sole discretion of the holder or respective holders of the Class B Common Stock, shares of Class B Common Stock are convertible at any time into shares of Class A Common Stock on a one-for-one basis. Shares of Class B Common Stock are otherwise identical to shares of Class A Common Stock. Shares of Preferred Stock may be issued from time to time in one or more series.

b. *Authorization of Board of Directors to Establish Series of Preferred Stock.* The Board of Directors of the Corporation (the "**Board of Directors**") is expressly authorized to provide for the issuance of all or any of the shares of the Preferred Stock in one or more series, to fix the number of shares, and to determine or alter for each such series, such voting powers, full or limited, or no voting powers, and such designations, preferences, and relative participating, optional, or other rights and such qualifications, limitations, or restrictions thereof, as will be stated and expressed in the resolution or resolutions adopted by the Board of Directors providing for the issuance of such shares and as may be permitted by the DGCL. The Board of Directors is also expressly authorized to increase or decrease (but not below the number of shares of such series then outstanding) the number of shares of any series of Preferred Stock subsequent to the issuance of shares of that series. In case the number of shares of any such series will be so decreased, the shares constituting such decrease will resume the status that they had prior to the adoption of the resolution originally fixing the number of shares of such series.

c. *Authorization of Board of Directors to Make Voting Powers, Designations, Preferences and Other Rights and Qualifications of Any Series of Preferred Stock Dependent Upon Outside Facts.* Authority is hereby expressly vested in the Board of Directors to make any of the voting powers, designations, preferences, rights and qualifications, limitations or restrictions of any series of preferred stock dependent upon facts ascertainable outside the Certificate of Incorporation or any amendment thereto, or outside the resolution or resolutions providing for the issuance of such stock adopted by the Board of Directors pursuant to this authority vested in the Board of Directors, provided that the manner in which such facts shall operate upon the voting powers, designations, preferences, rights and qualifications, limitations or restrictions of such series of stock is clearly and expressly set forth in the Certificate of Incorporation or in the resolution or resolutions providing for the issuance of such stock adopted by the Board of Directors.

#### ARTICLE V INCORPORATOR

The name and the mailing address of the incorporator is:

<u>Name</u>	<u>Mailing Address</u>
Rogers Law Corporate Services LLC	7047 E. Greenway Parkway, Ste. 250 Scottsdale, Arizona 85254

#### ARTICLE VI BYLAWS

In furtherance and not in limitation of the powers conferred by statute, the Board of Directors has the power, subject to the provisions of this Certificate, to make, alter, amend, change, add to, and repeal the bylaws of the Corporation (the "**Bylaws**") without any action on the part of the stockholders; provided, however, that the grant of such power to the Board of Directors will neither divest the stockholders of, nor limit their power to, adopt, amend, repeal, or otherwise alter the Bylaws.

#### ARTICLE VII SIZE, ELECTION, AND POWERS OF THE BOARD OF DIRECTORS

a. *Number of Directors.* The number of directors of the Corporation will be as fixed

from time to time by, or in the manner provided in, the Bylaws. The Board of Directors may, within any limits specified in the Bylaws, increase or decrease the exact number of directors from time to time by resolution duly adopted by such Board of Directors or as otherwise provided in the Bylaws. No decrease in the number of directors shall have the effect of shortening the term of any incumbent director.

b. *Elections of Directors.* Election of directors of the Corporation need not be by written ballot unless the Bylaws so require.

c. *Powers of the Board of Directors.* In addition to the powers and authority herein or by statute expressly conferred upon them, the Board of Directors is authorized to exercise all such powers and to do all such acts and things as may be exercised or done by the Corporation, subject, in each case, to the DGCL, this Certificate, and the Bylaws.

#### ARTICLE VIII LIMITATION OF LIABILITY OF DIRECTORS

No director of the Corporation will be personally liable to the Corporation or any of its stockholders for monetary damages for breach of fiduciary duty as a director, except: (i) for any breach of the director's duty of loyalty to the Corporation or its stockholders; (ii) for acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law; (iii) pursuant to § 174 of Title 8 of the DGCL; or (iv) for any transaction from which the director derived an improper personal benefit. Neither an amendment, a repeal, nor a modification of this Article VIII, nor the adoption of any provision of this Certificate inconsistent with this Article VIII, will eliminate or reduce the effect of this Article VIII in respect of any matter occurring, or any cause of action, suit, or claim, but for this Article VIII, that would accrue or arise, prior to such amendment, repeal, modification, or adoption of an inconsistent provision.

#### ARTICLE IX INDEMNIFICATION OF DIRECTORS AND OFFICERS

The Corporation will indemnify its directors and officers to the fullest extent authorized or permitted by law, as now or hereafter in effect, and as more fully described in the Bylaws. Such right to indemnification will continue as to any person who has ceased to be a director or officer of the Corporation and inure to the benefit of his or her heirs, executors, and personal and legal representatives. The rights to indemnification and to the advancement of defense expenses conferred under this Article IX and in the Bylaws will be in addition to any and all other rights that the indemnitees may hold or hereafter acquire from any source and in any manner whatsoever, including, without limitation, rights arising under the DGCL or any other applicable law, under this Certificate, the Bylaws, or any contract or agreement, or by virtue of any vote of the stockholders or of the disinterested directors of the Corporation. No repeal or modification of this Article IX will adversely affect any rights to indemnification or to the advancement of expenses of a director or officer of the Corporation existing at the time of such repeal or modification with respect to any act or omission occurring prior to such repeal or modification.

#### ARTICLE X BUSINESS COMBINATIONS WITH INTERESTED STOCKHOLDERS

The corporation hereby expressly elects not to be governed by §203 of Title 8 of the DGCL (or any successor section) relating to restrictions on business combinations with interested stockholders.


ARTICLE XI  
NO AMENDMENT TO IMPOSE PERSONAL LIABILITY ON STOCKHOLDERS

Except as expressly otherwise required in the DGCL, the stockholders shall have no personal liability for the debts and obligations of the Corporation, or any part thereof. Without the affirmative vote of the holders of one hundred percent (100%) of the outstanding shares of all classes of stock of the Corporation, this Article XI may not be amended and no provision imposing personal liability for the debts and obligations of the Corporation on its stockholders may be made a part of this Certificate of Incorporation, whether pursuant to §102(b)(6) of Title 8 or any successor or other provision of the Delaware Code, by amendment or otherwise.

IN WITNESS WHEREOF, the undersigned has executed this Amended and Restated Certificate as of the 11th day of May, 2015, for delivery to and filing with the Secretary of State of Delaware.

Incorporator:

Rogers Law Corporate Services, LLC

By:   
Christopher J. Rogers, Vice President

State of Delaware  
Secretary of State  
Division of Corporations  
Delivered 08:22 PM 06/23/2016  
FILED 06:21 PM 06/23/2016  
SR 20164623630 - File Number: 5744906

**STATE OF DELAWARE  
CERTIFICATE OF AMENDMENT  
OF CERTIFICATE OF INCORPORATION**

The corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware does hereby certify:

**FIRST:** That at a meeting of the Board of Directors of YiLoLife Inc.

resolutions were duly adopted setting forth a proposed amendment of the Certificate of Incorporation of said corporation, declaring said amendment to be advisable and calling a meeting of the stockholders of said corporation for consideration thereof. The resolution setting forth the proposed amendment is as follows:

**RESOLVED**, that the Certificate of Incorporation of this corporation be amended by changing the Article thereof numbered "Article IV" so that, as amended, said Article shall be and read as follows:

Paragraph (a) of Article IV shall read as set forth on Attachment A to this Certificate of Amendment.

**SECOND:** That thereafter, pursuant to resolution of its Board of Directors, a special meeting of the stockholders of said corporation was duly called and held upon notice in accordance with Section 222 of the General Corporation Law of the State of Delaware at which meeting the necessary number of shares as required by statute were voted in favor of the amendment.

**THIRD:** That said amendment was duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

**IN WITNESS WHEREOF**, said corporation has caused this certificate to be signed this 23rd day of June, 2016.

By:   
Authorized Officer

Title: CEO

Name: Carsten Loelke  
Print or Type



Attachment A

a) Authorized Capital Stock. The Corporation is authorized to issue three (3) classes of capital stock to be designated, respectively, Class A Common Stock, par value \$0.0001 per share ("Class A Common Stock"), Class B Common Stock, par value \$0.0001 per share ("Class B Common Stock") (together, "Common Stock"), and Preferred Stock, par value \$0.001 per share ("Preferred Stock"). The total number of shares of capital stock that the Corporation has authority to issue is 1,002,002,000. Of that number, 1,000,000,000 shares are designated Class A Common Stock, 2,000 shares are designated Class B Common stock, and 2,000,000 shares are designated Preferred Stock. The Class B Common Stock has the right to elect that number of directors of the Company's whole Board of Directors as constitutes the majority of such directors. In the sole discretion of the holder or respective holders of the Class B Common Stock, shares of Class B Common Stock are convertible at any time into shares of Class A Common Stock on a one-for-one basis. Shares of Class B Common Stock are otherwise identical to shares of Class A Common Stock. Shares of Preferred Stock may be issued from time to time in one or more series.







**EXHIBIT 2.2**

**BYLAWS**  
*of*  
**YiLoLife Inc.**

(As adopted 5/11/2015)

**ARTICLE I**

**Offices**

Section 1. **Registered Office.** The registered office of the Corporation in the State of Delaware is 1675 S. State Street, Suite B, Dover, Delaware 19901. The name of its registered agent at such address is Capitol Services, Inc.

Section 2. **Other Offices.** The Corporation shall have its principal office at such place as the Board of Directors may designate from time to time and shall also have offices at such other places as the President and the Board of Directors may from time to time designate or appoint, or as the business of the Corporation may require. *See DGCL §§.122(8), 141(g)*<sup>1</sup>.

**ARTICLE II**

**Directors**

Section 1. **Powers.** The corporate powers, business and property of the Corporation shall be vested in and exercised, conducted, controlled and managed by and under the direction of the Board of Directors, which may exercise all said powers of the Corporation and do all such lawful acts and things as are not by statute or by the Certificate of Incorporation or by these Bylaws directed or required to be exercised or done by the stockholders. *See DGCL §§ 121, 122, 141(a)*.

Section 2. **Determination of Number.** Within the limits set forth in the Corporation's Certificate of Incorporation, the exact number of Directors constituting the total number of Directors shall be determined, and may from time-to-time be increased or decreased, by resolution adopted by the affirmative vote of a majority of the total number of Directors, or by a unanimous consent resolution executed by all of the Directors in accordance with Delaware law. *See DGCL § 141(b)*.

Section 3. **Vacancies.** Unless otherwise provided in the Certificate of Incorporation, any vacancies on the Board of Directors resulting from death, resignation, disqualification, removal or other causes, or any newly created directorships resulting from any increase in the number of directors, shall unless the Board of Directors determines by resolution that any such vacancies or newly created directorships shall be filled by a vote of the stockholders, be filled only by the affirmative vote of a majority of the Directors then in office, even though less than a quorum of the Board of Directors. Any director elected in accordance with the preceding sentence shall hold office for the remainder of the full term of the director for which the vacancy was created or occurred and until such director's successor

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<sup>1</sup> Italicized citations to the General Corporation Law of Delaware ("DGCL") are for reference only; the cited statutes are not incorporated into or made a part of these Bylaws. *See DGCL § 109(b)*.

shall have been elected and qualified. A vacancy in the Board of Directors shall be deemed to exist under this Bylaw in the case of the death, removal or resignation of any director. *See DGCL § 223.*

**Section 4. Term of Office of Directors.** Notwithstanding the foregoing provisions of this Article, each director shall serve until his or her successor is duly elected and qualified or until his or her earlier death, resignation or removal. No decrease in the number of directors constituting the Board of Directors shall shorten the term of any incumbent director. *See DGCL § 141(b).*

**Section 5. Resignation.** Any director may resign at any time upon notice given in writing or by electronic transmission to the Chairman or the Secretary of the Corporation. A resignation is effective when the resignation is delivered unless the resignation specifies a later effective date or an effective date determined upon the happening of an event or events. A resignation which is conditioned upon a director failing to receive a specified vote for reelection as a director may provide that it is irrevocable. *See DGCL § 141(b).*

**Section 6. Removal.** Any director or the entire Board of Directors may be removed, with or without cause, by the holders of a majority of the shares then entitled to vote at an election of directors. Whenever the holders of any class or series are entitled to elect one (1) or more directors by the Certificate of Incorporation, such director or directors may be removed, with or without cause, by the holders of a majority of the outstanding shares of that class or series. *See DGCL § 141(k).*

**Section 7. Fees and Compensation.** Directors shall be entitled to such compensation for their services as may be approved by resolution of the Board of Directors, including, if so approved, a fixed sum and expenses of attendance, if any, for attendance at each regular or special meeting of the Board of Directors and at any meeting of a committee of the Board of Directors. Nothing herein contained shall be construed to preclude any director from serving the corporation in any other capacity as an officer, agent, employee or otherwise and receiving compensation therefor. *See DGCL § 141(h).*

### ARTICLE III

#### Meetings of Directors

**Section 1. Regular Meetings.** Regular meetings of the Board of Directors shall be held immediately following the adjournment of each annual meeting of the stockholders, every second month thereafter and at such other times as may be designated from time to time by resolution of the Board of Directors.

**Section 2. Special Meetings.** Special meetings of the Board of Directors may be called at any time by the Chairman of the Board, the President or any Vice President who is also a Director of the Corporation or by any two Directors.

**Section 3. Telephone Meetings.** Members of the Board of Directors, or any committee designated by the Board of Directors, may participate in a meeting of such Board or committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting. *See DGCL § 141(i).*

**Section 4. Action Without a Meeting.** Any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting if all

members of the Board or committee, as the case may be, consent thereto in writing and the writing or writings are filed with the minutes of proceedings of the Board or committee. *See DGCL § 141(f)*.

**Section 5. Place of Meetings.** Meetings of the Board of Directors of the Corporation whether regular, special or adjourned shall be held at the principal office of the Corporation, as specified in Section 2 of Article I hereof, or at any other place within or without the State of Delaware which has been designated from time to time by resolution of the Board or by written consent of all members of the Board. Any meeting shall be valid wherever held, if held upon the written consent of all members of the Board of Directors given either before or after the meeting and filed with the Secretary of the Corporation. *See DGCL § 141(g)*.

**Section 6. Notice of Meetings.** Written notice of the time and place of special meetings of the Board of Directors shall be delivered at least two (2) days before the meeting personally to each Director, or sent in writing, by mail, courier, facsimile or electronic mail transmission, if by mail, addressed to such Director at his address as it appears on the records of the Corporation with postage thereon prepaid, and if by facsimile or electronic mail transmission, transmitted to the facsimile machine at the residence or principal office of the director or to the electronic mail address of the director as it appears on the records of the Corporation. Such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail, delivered by courier or otherwise transmitted; *provided, however*, that if a special meeting is called by the President or by any Vice President who is also a Director or by any two Directors because an emergency exists, then each Director shall be given not less than three (3) hours' notice, and such notice shall be deemed given once it has been conveyed to a Director in person or by telephone conversation, or an attempt has been made to give such notice by telephoning the Director and, if possible, leaving a voice mail message for the Director at his home, office and mobile telephone numbers (or in the case of such calls to the Director's home or office, leaving a personal message with a responsible family member or staff member), and by facsimile and electronic mail transmission, as and to the extent that such phone and fax numbers and E-mail addresses exist and are shown in the Secretary's records.

Whenever any such notice is required to be given, a written waiver thereof, signed by the person or persons entitled to said notice, or a waiver by electronic transmission by the person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to notice. If the address of a Director is not shown on the records and is not readily ascertainable, notice shall be addressed to him at the city or place in which the meetings of the Directors are regularly held. Notice of the time and place of holding an adjourned meeting need not be given to absent Directors if the time and place be fixed at the meeting adjourned. Attendance of a director at any meeting shall constitute waiver of call and notice of such meeting (and any adjournment thereof) unless he is attending the meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. *See DGCL §§ 229 & 230*.

**Section 7. Quorum.** A majority of the number of directors serving at the time of the meeting shall constitute a quorum of the Board of Directors for the transaction of business, *provided, however*, that if the number of Directors serving at the time of the meeting shall be an even number, one-half ( $\frac{1}{2}$ ) of such even number shall constitute a quorum of the Board of Directors for the transaction of business; and *provided further*, that in no event shall a number of directors representing less than one-third ( $\frac{1}{3}$ ) of the total number of Directors (as then in effect by resolution of the Board or as otherwise provided in the Bylaws) constitute a quorum of the Board of Directors for the transaction of business. Every act or decision done or made by a majority of the directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board of Directors. In the absence of a quorum, a majority of the directors present may adjourn from time to time, without notice other than an announcement at the

meeting, until a quorum shall be present. The directors will act only as a Board of Directors and, except as otherwise expressly provided in these Bylaws, the Certificate of Incorporation or the General Corporation Law, the individual directors will have no power in such capacity. *See DGCL §§ 141(b), 144(b).*

**Section 8. Organization.** At every meeting of the directors, the Chairman of the Board, or, if a Chairman has not been appointed or is absent, any Vice Chairman of the Board, or the Chief Executive Officer or President, or, in the absence of any such officer, a chairman of the meeting chosen by a majority of the directors present, shall preside over the meeting. The Secretary, an Assistant Secretary, or a person whom the chairman of such meeting will appoint, shall act as secretary of the meeting and record the minute thereof.

#### ARTICLE IV

##### **Committees of the Board of Directors**

*See DGCL § 141(c)(2).*

**Section 1. Executive Committee.** The Board of Directors may, by resolution adopted by the affirmative vote of a majority of the total number of Directors, appoint an Executive Committee to consist of the Chairman of the Board or Chief Executive Officer (if such officer is a member of the Board of Directors) and not less than two (2) nor more than five (5) other directors of the Corporation. The Executive Committee shall elect a Chairman of the Executive Committee, and the Executive Committee shall meet at such times and places as it may determine. The Executive Committee shall have and may exercise, when the Board is not in session, all the powers of the Board in the management of the business and affairs of the Corporation, without limitation, except as set forth in Section 9 below.

**Section 2. Nominating Committee.** The Board of Directors may, by resolution adopted by the affirmative vote of a majority of the total number of Directors, appoint a Nominating Committee consisting of two or more directors of the Corporation who shall not be officers of the Corporation. Due consideration should be given to the "independence" of the directors appointed to the Nominating Committee as defined in stock exchange rules. The Nominating Committee shall recommend to the Board the number of directors which best meets the requirements of the Corporation; identify, evaluate, review and recommend to the Board qualified candidates to fill vacancies on the Board and any newly created directorships resulting from an increase in the number of directors; recommend to the Board the individuals to constitute the nominees of the Board for election as directors at the annual meeting of stockholders; recommend to the Board a list of directors selected as members of each committee of the Board; and perform such other duties as may be assigned by the Board.

**Section 3. Compensation Committee.** The Board may, by resolution adopted by the affirmative vote of a majority of the total number of Directors, appoint a Compensation Committee consisting of two or more directors of the Corporation. Due consideration should be given to the "independence" of the directors appointed to the Compensation Committee as defined in stock exchange rules. The Compensation Committee shall review annually and recommend to the Board of Directors the level of compensation of the Chairman of the Board and the Chief Executive Officer giving consideration to the amount and composition of their total compensation in terms of salary, stock options and other benefits; review annually the recommendations of the Chief Executive Officer concerning salaries and other compensation of all senior officers reporting to the Chief Executive Officer, as well as review from time to time other conditions of employment; administer any stock option plan, profit-sharing plan and year-end bonus plans; review and make recommendations to the Board of Directors for changes in the Corporation's compensation and benefit plans and practices; report annually to the stockholders regarding the Corporation's executive compensation policies and the relationship of corporate performance to

executive compensation; and administer other compensation plans that may be adopted from time to time as authorized by the Board of Directors.

**Section 4. Audit Committee.** The Board of Directors may, by resolution adopted by the affirmative vote of a majority of the total number of Directors, appoint an Audit Committee of two or more directors of the Corporation who shall not be officers of the Corporation. Due consideration should be given to the “independence” and “financial expertise” of the directors appointed to the Audit Committee as defined in stock exchange rules. The Audit Committee shall receive from and review with the Corporation’s independent auditors the annual report of such auditors; review with the independent auditors the scope of the succeeding annual examination; nominate the independent auditors to be appointed each year by the Board; review consulting services made by the Corporation’s independent auditors and evaluate the possible effect on the auditors’ independence of performing such services; ascertain the existence of adequate internal accounting and control systems; and review with management and the Corporation’s independent auditors current and emerging accounting and financial reporting requirements and practices affecting the Corporation.

**Section 5. Quorum.** A majority of the members of a Committee shall constitute a quorum for the transaction of its business. The Board may designate one or more directors as temporary or alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in place of any such absent or disqualified member. *See DGCL §§ 141(b), 144.*

**Section 6. Notice and Emergency Action — Committee Meetings.** Notice of the time and place of committee meetings (including emergency meetings of any committee other than the Executive Committee) shall be given, and deemed to be given or waived, in accordance with the provisions of Article III, Section 6, of these Bylaws; *provided, however,* that such notice requirements shall not be applicable if any member of the Executive Committee deems it necessary to cause the Executive Committee to act on an emergency basis. In the event a member of the Executive Committee deems such emergency action necessary, such member shall attempt to contact each other member of the Executive Committee by electronic mail and/or telephone for the purpose of having each such member consider and act upon the emergency matter or matters presented. Such consideration and action may take place by electronic mail and/or telephone without convening a meeting. The quorum and voting requirements set forth in Section 5 of this Article shall pertain to such emergency action, and for this purpose all persons reached by electronic mail and/or telephone shall be deemed to be present. The member of the Executive Committee who calls for emergency action in the manner described herein, immediately following the approval or disapproval of any action thereby proposed, shall report such action to the Secretary of the Corporation for the purpose of having it described in the minutes of the Executive Committee. Such report and minutes shall also include a recitation of all efforts made by the member calling for such action to contact other Executive Committee members by electronic mail and/or telephone. *See DGCL § 110.*

**Section 7. Minutes; Reports to Board.** Each committee shall keep regular minutes of its meetings. All actions of the committees shall be reported to the Board of Directors at the meeting of the Board of Directors next succeeding such action.

**Section 8. Other Committees.** The Board of Directors, from time to time, may, by resolution adopted by a majority of the total number of Directors, appoint other committees for any purpose or purposes, and any such committee shall have such powers as shall be specified in the resolution of its appointment.

Section 9. **Duties.** Any committee, including the Executive Committee, to the extent provided in the resolution of the Board of Directors creating such committee, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it; but no such committee shall have the power or authority in reference to amending the Certificate of Incorporation, adopting an agreement of merger or consolidation, recommending to the stockholders the sale, lease or exchange of all or substantially all of the Corporation's property and assets, recommending to the stockholders a dissolution of the Corporation or a revocation of a dissolution, increasing or decreasing the number of directors constituting the total number of Directors, or amending the Bylaws of the Corporation; and, unless the resolution of the Board expressly provides, no such committee shall have the power or authority to declare a dividend or to authorize the issuance of stock.

Section 10. **Tenure, Removal and Vacancies.** The members of any committee shall hold office until the next annual meeting of the Board of Directors and until their successors are appointed by a new resolution adopted by the affirmative vote of a majority of the full Board of Directors. The Board of Directors, with or without cause, may dissolve any committee or remove any member thereof by a simple majority vote at any meeting of the Board. Except as provided in Section 5 as to temporary alternate members, any permanent vacancies occurring by reason of death, resignation, removal, disqualification or otherwise may be filled only by the affirmative vote of a majority of the total number of Directors.

## ARTICLE V

### Officers

*See DGCL § 142.*

Section 1. **Officers.** The Board of Directors or Incorporators shall, at the organizational meeting or Unanimous Action in Lieu Thereof, and from time to time thereafter as appropriate, elect or appoint officers of the Corporation including, at a minimum, a President, a Secretary, and a Treasurer. The Board of Directors may also elect or appoint a Chairman of the Board, a Chief Executive Officer, a Chief Financial Officer, one or more Vice Presidents, and one or more Assistant Secretaries and Assistant Treasurers, and may appoint, or may delegate to any standing Audit Committee of the Board the power to appoint, a Controller. Any number of offices may be held by the same person, except that the offices of President and Secretary shall not be held by the same person and the Controller shall not be the same person as the Chief Financial Officer, Treasurer or Assistant Treasurer. All officers and agents of the Corporation shall have such authority and perform such duties in the management of the Corporation as may be provided in these Bylaws or as may be determined by resolution of the Board of Directors not inconsistent with these Bylaws.

Section 2. **Removal of Officers.** Any officer or agent of the Corporation may be removed by the Board of Directors whenever in its judgment the best interest of the Corporation will be served thereby. Such removal shall be without prejudice to the contract rights, if any, of the person so removed; election or appointment of an officer or agent shall not of itself create any such contract rights.

Section 3. **Compensation.** The compensation of the officers shall be as fixed from time to time by the Board of Directors or by any committee of the Board to which such authority may be delegated by the total number of Directors. No officer shall be prevented from receiving compensation by reason of the fact that he or she is also a director of the Corporation.

Section 4. **Vacancies.** A vacancy in any office because of death, resignation, removal, disqualification, or otherwise, may be filled by the Board of Directors at any time.

Section 5. **Delegation.** The Board of Directors may, by resolution duly recorded in the minutes of the Board of Directors, delegate to the Chairman of the Board or the President of the Corporation the authority to fix the salaries and other compensation of any or all officers of the Corporation except himself.

Section 6. **Chairman of the Board; Chief Executive Officer.** The Board of Directors may elect a Chairman of the Board to serve as an executive officer of the Corporation, and, if specifically designated as such by the Board, as the Chief Executive Officer and principal executive officer of the Corporation. If elected, the Chairman will preside at all meetings of the Directors and be vested with such other powers and duties as the Board may from time to time delegate to the Chairman. The Board of Directors may also elect a Vice Chairman of the Board to preside at all meetings of the Board in the absence of the Chairman of the Board and to do and perform such other things as may from time to time be assigned to the Vice Chairman by the Board of Directors or the Chairman.

Section 7. **President and Vice President(s).** The President will be the Chief Operating Officer of the Corporation and will supervise the business and affairs of the Corporation and the performance, by all of its other officers of their respective duties, subject to the control of the Board of Directors and of its Chief Executive Officer, if the Chairman or another person has been specifically designated as the Chief Executive Officer of the Corporation (failing which the President will be such Chief Executive Officer and principal executive officer). One or more Vice Presidents may be elected by the Board of Directors, each of whom, in the order designated by the Board, will be vested with all of the powers and charged with all of the duties (including those herein specifically set forth) of the President in the event of the President's absence or disability. Each Vice President will perform such other duties as may from time to time be delegated or assigned to them by the Chief Executive Officer, the President or the Board of Directors. Except as may otherwise be specifically provided in a resolution of the Board of Directors, the President or any Vice President will be a proper officer to sign on behalf of the Corporation any deed, bill of sale, assignment, option, mortgage, pledge, note, bond, evidence of indebtedness, application, consent (to service of process or otherwise), agreement, indenture or other instrument of any significant importance to the Corporation. The President shall not also serve as Secretary or Assistant Secretary of the Corporation.

Section 8. **Secretary and Assistant Secretary.** The Secretary shall have the duty to record the proceedings of the meetings of the stockholders and of the Board of Directors in a book to be kept for that purpose, to see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law, be custodian of the records of the Corporation and of its seal and, in general, perform all duties incident to his office at the direction of the Chairman or Chief Executive Officer. Except as may otherwise be specifically provided in a resolution of the Board of Directors, the Secretary will be a proper officer to impress the Corporation's seal on any instrument signed by the President or any Vice President, and to attest to the same. There may be one or more Assistant Secretaries, and such persons shall perform such functions as from time to time may be assigned to them by the Board of Directors or the Secretary. No Secretary or Assistant Secretary shall also serve as President of the Corporation. *See DGCL § 224.*

Section 9. **Chief Financial Officer, Treasurer and Assistant Treasurer.** The Chief Financial Officer will be the principal financial officer of the Corporation, responsible directly to the Board of Directors. The Treasurer (who may be the Chief Financial Officer or a separate officer) shall have custody of the corporate funds and securities, and will cause all money and other valuable effects to be deposited in the name and to the credit of the Corporation in such depositories, subject to withdrawal in such manner, as may be designated by the Board of Directors, the Chief Executive Officer and the Chief Financial Officer. The Treasurer shall disburse the funds of the Corporation as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the Chief Financial



Officer, the Chief Executive Officer, and to the Board of Directors (at the regular meetings of the Board or whenever they may require), an account of all transactions as Treasurer. There may be one or more Assistant Treasurers. Such persons shall perform such functions as from time to time may be assigned to them by the Board of Directors or the Treasurer. No Assistant Treasurer shall have power or authority to collect, account for, or pay over any tax imposed by any federal, state, or city government. No Treasurer or Assistant Treasurer shall also serve as Controller of the Corporation. If no Controller is elected by the Board of Directors or any standing Audit Committee thereof, the Chief Financial Officer shall also serve as principal accounting officer of the Corporation.

Section 10. **Controller.** The Controller, if elected by the Board of Directors or any standing Audit Committee thereof, will be the principal accounting officer of the Corporation and shall have charge of the Corporation's books of account, records and auditing, financial reporting, financial systems and procedures, and internal controls, and generally do and perform all such other duties as pertain to such office, and as may be required by the Board of Directors or the Audit Committee thereof or the Chief Executive Officer or President. The Controller shall not report to the Treasurer of the Corporation and shall not also serve as Treasurer or Assistant Treasurer.

## ARTICLE VI

### Meetings of Stockholders

Section 1. **Place of Meetings.** Any meeting of stockholders, including any annual meeting and/or any special meeting, shall be held either: (a) at such place either within or without the State of Delaware as shall be designated from time to time by resolution of the Board of Directors and stated in the notice of the meeting, or, (b) at no physical location, if so designated by resolution of the Board of Directors, in which case such meeting shall be held solely by means of remote communication as authorized by Delaware law. *See DGCL § 211.*

Section 2. **Annual Meetings.** Annual meetings of stockholders, commencing with the year following the year in which the Corporation was incorporated, shall be held on such date and at such time as shall be designated by the Board of Directors and stated in the notice of the meeting. At the annual meeting the stockholders shall elect by a plurality vote the number of directors equal to the number of directors whose term expires at such meeting (or, if fewer, the number of directors properly nominated and qualified for election). Elections of directors need not be by written ballot unless the Board of Directors determines otherwise. If the Board shall then be divided into classes, such newly elected directors shall hold office until the third succeeding annual meeting of stockholders after their election. At any annual meeting, the stockholders shall transact such other proper business as shall properly be brought before the meeting. *See DGCL § 211(b).*

Section 3. **Special Meetings.** *See DGCL § 211(d).*

(a) Special meetings of the stockholders, for any purpose or purposes, may be called by the Board of Directors or by the Chairman of the Board, any Vice-Chairman of the Board, the Chief Executive Officer, the President, or by the holders of shares of capital stock entitled to cast a majority of the votes in any election of directors, and shall be held at such place, on such date and at such time as the Board of Directors shall determine.

(b) If a special meeting is called by any person or persons other than the Board of Directors, the request shall be in writing, specifying the general nature of the business proposed to be transacted, and shall be delivered personally or sent by registered mail or by telegraphic or other facsimile

transmission to the Chairman of the Board, the President or the Secretary of the corporation. No business may be transacted at such special meeting otherwise than as specified in such notice. The Board of Directors shall determine the time and place of such special meeting, which shall be held not more than one hundred twenty (120) days after the date of the receipt of the request, and shall fix the record date thereof. Upon determination by the Board of Directors of the time and place and record date of the meeting, the Secretary shall cause notice to be given in accordance with the provisions of Section 6 of this Article of these Bylaws to the stockholders entitled to vote at such meeting. If the notice is not given within sixty (60) days after the receipt of the request, the person or persons requesting the meeting may set the time and place of the meeting and give the notice. Nothing contained in this Section 3. shall be construed as limiting, fixing, or affecting the time when a meeting of stockholders called by action of the Board of Directors may be held.

**Section 4. Fixing Record Date.** In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which shall not be more than sixty (60) nor less than ten (10) days before the date of such meeting, nor more than sixty (60) days prior to any other action, and which shall not precede the date on which the resolution fixing such record date is adopted by the Board of Directors. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting. *See DGCL § 213.*

**Section 5. Nominations.** Only persons who are nominated in accordance with this Section 5 shall be deemed duly nominated and therefore eligible for election as directors.

(a) Nominations for election to the Board of Directors of the Corporation at a meeting of stockholders may be made by or at the direction of the Board of Directors, or on behalf of the Board by the Nominating Committee appointed by the Board, or by any stockholder of the Corporation entitled to vote for the election of directors at such meeting who complies with the notice procedures set forth in subparagraphs (b) and (c) of this Section 5.

(b) Nominations, other than those made by or at the direction of the Board, or on behalf of the Board, shall be made by timely notice in writing delivered or mailed by first class United States mail, postage prepaid, to the Secretary of the Corporation. To be "timely," a stockholder's notice must be delivered to or mailed and received at the principal executive offices of the Corporation not later than the close of business on the sixtieth (60<sup>th</sup>) day nor earlier than the close of business on the ninetieth (90<sup>th</sup>) day prior to the first anniversary of the preceding year's annual meeting; *provided, however,* that in the event that no annual meeting was held in the previous year or, if the Corporation is subject to the reporting requirements of the Securities Exchange Act of 1934, as amended (the "1934 Act"), the date of the annual meeting has been changed by more than thirty (30) days from the date contemplated at the time of the previous year's proxy statement, notice by the stockholder to be timely must be so received no earlier than the close of business on the ninetieth (90<sup>th</sup>) day prior to such annual meeting and not later than the close of business on the later of the sixtieth (60<sup>th</sup>) day prior to such annual meeting or, in the event public announcement of the date of such annual meeting is first made by the corporation fewer than seventy (70) days prior to the date of such annual meeting, the close of business on the tenth (10<sup>th</sup>) day following the day on which public announcement of the date of such meeting is first made by the corporation. For purposes of this subparagraph (b) of Section 5, "public announcement" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service or in a document publicly filed by the Corporation with the Securities and

Exchange Commission pursuant to Section 13, 14 or 15(d) of the 1934 Act. Such stockholder's notice shall contain the information and disclosures set forth and described in subparagraph (c) of this Section 5. See DGCL § 222.

(c) Such stockholder's notice shall set forth the following information: (1) as to each person, if any, whom the stockholder proposes to nominate for election or re-election as a director who is not an incumbent director of the Corporation: [A] the name, age, business address and, if known, residence address of each such nominee, [B] the principal occupation or employment of each such nominee, [C] the class and number of shares of stock of the Corporation which are beneficially owned by each such nominee, [D] a description of all arrangements or understandings between the stockholder and each nominee and any other person or persons (naming each such person or persons) pursuant to which the nominations are to be made by the stockholder, and [E] if the Corporation is, or at the time of the meeting will be, subject to the reporting requirements of the 1934 Act, any other information concerning each such nominee that must be disclosed of nominees in proxy solicitations for election of directors pursuant to Schedule 14A (Rule 14a-101) under the 1934 Act (including, without limitation, each such person's written consent to be named in the proxy statement, if any, as a nominee and to serving as a director if elected); and (2) as to such stockholder giving notice: [F] the name and address, as they appear on the Corporation's books, of the stockholder giving notice, [G] the class and number of shares of the Corporation which are beneficially owned by the stockholder, [H] any material interest of the stockholder in the election of each such nominee as a director of the Corporation, and [I] if the Corporation is, or at the time of the meeting will be, subject to the reporting requirements of the 1934 Act, any other information that is required to be disclosed regarding the stockholder pursuant to Schedule 14A (Rule 14a-101) under the 1934 Act.

(d) The chairman of any meeting of stockholders may, if the facts warrant, determine and declare to the meeting that a nomination was not made in accordance with the foregoing procedure, and if he or she should so determine, he or she shall so declare to the meeting and the defective nomination shall be disregarded.

**Section 6. Notice of Stockholder Meetings; Adjournments.** Except as otherwise provided by law or the Certificate of Incorporation, written notice of any annual or special meeting of stockholders stating the place (if any), date and hour of the meeting, the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such meeting, and, in the case of a special meeting, stating the purpose or purposes for which the meeting is called, shall be given not less than ten (10) nor more than sixty (60) days before the date of the meeting, to each stockholder entitled to vote at such meeting. Business transacted at any special meeting of stockholders shall be limited to the purposes stated in the notice. Whenever notice is required to be given to any stockholder, such notice shall be given either: (a) in writing, by mail, addressed to each stockholder at his address as it appears on the records of the Corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail; or (b) by any form of electronic transmission consented to by the stockholder to whom the notice is given, in which case the provisions of Section 232 of the General Corporation Law of Delaware shall apply. Whenever any such notice is required to be given, a waiver thereof in writing, signed by the person or persons entitled to said notice, or a waiver by electronic transmission by the person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent thereto. Attendance by a person at any stockholders' meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. If a meeting lawfully called and noticed is lawfully convened and then such meeting is duly adjourned for a period not exceeding 30 days to another time or place (and no new record date is fixed for the adjourned meeting),

notice need not be given of the adjourned meeting if the time, place (if any), thereof, and the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such adjourned meeting are announced at the meeting at which such adjournment is taken. *See DGCL §§ 222, 229, 230 & 232.*

**Section 7. Stockholder List.** The Secretary or other officer who has charge of the stock ledger of the Corporation shall prepare and make, at least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting for a period of at least ten days prior to the meeting: (i) on a reasonably accessible electronic network, provided the information required to gain access to such list is provided with the notice of the meeting, or (ii) during ordinary business hours, at the principal place of business of the Corporation. If the meeting is to be held in person at a physical location (as distinguished from being held solely by means of electronic remote communication), the list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present. *See DGCL § 219.*

**Section 8. Quorum.** The holders of a majority of the stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business. If, however, such quorum shall not be present or represented at any meeting of the stockholders, the stockholders entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented any business may be transacted which might have been transacted at the meeting as originally notified. If the adjournment is for more than thirty days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting. *See DGCL §§ 216, 222.*

**Section 9. Election Inspectors.** The Board of Directors, in advance of any stockholders' meeting, may appoint an Election Inspector or Inspectors to act at such meeting (and any adjournment thereof). If an Election Inspector or Inspectors are not so appointed, the chairman of the meeting may, or upon the request of any person entitled to vote at the meeting will, make such appointment. If any person appointed as an Inspector fails to appear or to act, a substitute may be appointed by the chairman of the meeting. If appointed, the Election Inspector or Inspectors (acting through a majority of them if there be more than one) will determine the number of shares outstanding, the authenticity, validity and effect of proxies and the number of shares represented at the meeting in person and by proxy; they will receive and count votes, ballots and consents and announce the results thereof; they will hear and determine all challenges and questions pertaining to proxies and voting; and, in general, they will perform such acts as may be proper to conduct elections and voting with complete fairness to all stockholders. No such Election Inspector need be a stockholder of the Corporation. *See DGCL § 231.*

In the event the Corporation, on the date of the stockholders' meeting, has a class of voting stock that satisfies any of the conditions of Section 231(e) of the General Corporation Law of Delaware, this Section 9 shall be superseded by said Section 231(e). *See DGCL § 231(e).*

**Section 10. Stockholder Proposals.** At an annual meeting of the stockholders, only such business shall be conducted as shall have been properly brought before the meeting. To be properly brought before an annual meeting, business must be: (a) specified in the notice of meeting (or any

supplement thereto) given by or at the direction of the Board of Directors, (b) otherwise properly brought before the meeting by or at the direction of the Board of Directors, or (c) otherwise properly brought before the meeting by a stockholder. For business to be properly brought before an annual meeting by a stockholder, the stockholder must have given timely notice thereof in writing to the Secretary of the corporation. To be timely, a stockholder's notice must be delivered to or mailed and received at the principal executive offices of the corporation no later than the dates specified in Section 5(b) of this Article with respect to the delivery of notice regarding stockholder nominations for director. A stockholder's notice to the Secretary shall set forth as to each matter the stockholder proposes to bring before the annual meeting: (i) a brief (up to 500 word) description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, (ii) the name and address, as they appear on the corporation's books, of the stockholder proposing such business, (iii) the class and number of shares of the corporation which are beneficially owned by the stockholder, (iv) any material interest of the stockholder in such business, and (v) if the corporation is subject to the reporting requirements of the 1934 Act, any other information that is required to be provided by the stockholder pursuant to Regulation 14A under the 1934 Act, in his or her capacity as a proponent to a stockholder proposal. If the corporation is subject to the reporting requirements of the 1934 Act, stockholders must provide notice as required by the regulations promulgated under the 1934 Act in order to include information with respect to a stockholder proposal in the proxy statement and form of proxy for a stockholder's meeting, notwithstanding anything in these Bylaws to the contrary. Furthermore, notwithstanding anything in these Bylaws to the contrary, no business shall be conducted at any annual meeting except in accordance with the procedures set forth in this Section 10. The chairperson of the annual meeting shall, if the facts warrant, determine and declare at the meeting that business was not properly brought before the meeting in accordance with the provisions of this Section 10, and, if he or she should so determine, he or she shall so declare at the meeting that any such business not properly brought before the meeting shall not be transacted.

**Section 11. Organization and Conduct of Meetings.** Each stockholders' meeting will be called to order and thereafter chaired by the President or, in the absence of the President, by the Chairman of the Board; or if both the President and the Chairman of the Board are unavailable, then by such other officer of the Corporation or such stockholder as may be appointed by the Board of Directors. The Corporation's Secretary will act as secretary of each stockholders' meeting; in his absence the chairman of the meeting may appoint any person (whether a stockholder or not) to act as secretary. After calling a meeting to order, the chairman thereof may require the registration of all stockholders intending to vote in person, and the filing of all proxies, with the Election Inspector or Inspectors, if one or more have been appointed (or, if not, with the secretary of the meeting). After the announced time for such filing of proxies has ended, no further proxies or changes, substitutions or revocations of proxies will be accepted. If directors are to be elected, a tabulation of the proxies so filed will, if any person entitled to vote in such election so requests, be announced at the meeting (or adjournment thereof) prior to the closing of the election polls. Absent a showing of bad faith on his part, the chairman of the meeting will, among other things, have absolute authority to fix the period of time allowed for the registration of stockholders and the filing of proxies, determine the order of business to be conducted at such meeting and, in the absence of any regulations established by the Board of Directors, establish reasonable rules for expediting the business of the meeting (including any informal, or question and answer portions thereof). The Board of Directors may promulgate rules and regulations and establish the rules of procedure applicable at all meetings of stockholders and the provisions thereof are incorporated herein by reference. Absent a specific rule or regulation, the chairman of any meeting of stockholders shall determine the order of business at any meeting and shall have authority, in his discretion, to regulate the conduct of such meetings.

**Section 12. Registered Stockholders; Voting and Other Stockholder Rights.** The Corporation shall be entitled to recognize the exclusive right of a person registered on its stock ledger on the record date as the owner of shares to receive dividends, and to vote or consent in writing to corporate action as such owner, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware. Each stockholder entitled to vote at a meeting of stockholders or to express consent to corporate action in writing without a meeting shall have the right to do so either in person or by an agent or agents authorized by a proxy granted in accordance with Delaware law, and will have, for each share of stock registered in his, her, or its name, the number of votes provided by the Corporation's Certificate of Incorporation in respect of stock of such class. An agent so appointed need not be a stockholder. No proxy shall be voted after three (3) years from its date of creation unless the proxy provides for a longer period. *See DGCL §§ 212(b), 219(c) & 224.*

**Section 13. Joint Owners of Stock.** If shares or other securities having voting power stand of record in the names of two (2) or more persons, whether fiduciaries, members of a partnership, joint tenants, tenants in common, tenants by the entirety, or otherwise, or if two (2) or more persons have the same fiduciary relationship respecting the same shares, unless the Secretary is given written notice to the contrary and is furnished with a copy of the instrument or order appointing them or creating the relationship wherein it is so provided, their acts with respect to voting shall have the following effect: (a) if only one (1) votes, his or her act binds all; (b) if more than one (1) votes, the act of the majority so voting binds all; (c) if more than one (1) votes, but the vote is evenly split on any particular matter, each faction may vote the securities in question proportionally, or may apply to the Delaware Court of Chancery for relief as provided in the General Corporation Law of Delaware, Section 217(b). If the instrument filed with the Secretary shows that any such tenancy is held in unequal interests, a majority or even-split for the purpose of subsection (c) shall be a majority or even-split in interest. *See DGCL § 217(b).*

**Section 14. Action By Stockholders Without a Meeting.** Any action required or permitted to be taken at a meeting of the stockholders may be taken without a meeting, without notice, and without a vote, if a consent in writing, setting forth the action so taken, is signed by the holders of outstanding stock having not less than the number of votes that would have been necessary to authorize such action at a meeting at which all shares entitled to vote were present and voted. Prompt notice of the taking of any such action will be given to any such stockholders entitled to vote who have not so consented in writing. Evidence of such consent in writing will be delivered to the Secretary of the Corporation for filing with the minutes of proceedings of stockholders of the Corporation. *See DGCL § 228.*

## ARTICLE VII

### Certificates for Stock

**Section 1. Certificates.** The shares of the Corporation shall be represented by certificates, provided that the Board of Directors may provide by resolution or resolutions that some or all of any or all classes or series of its stock shall be uncertificated shares. Every holder of stock in the Corporation shall be entitled to have a certificate signed by, or in the name of the Corporation by the Chairman of the Board, or the President or a Vice President and the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary of the Corporation, representing the number of shares registered in certificated form. *See DGCL § 158.*

**Section 2. Signatures.** Any of or all the signatures on the certificate may be facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a

certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he were such officer, transfer agent or registrar at the date of issue. *See DGCL § 158.*

**Section 3. Lost Certificates.** The Board of Directors may direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the Corporation alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed. When authorizing such issue of a new certificate or certificates, the Board of Directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate or certificates, or such owner's legal representative, to give the Corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the Corporation with respect to the certificate alleged to have been lost, stolen or destroyed. *See DGCL § 167.*

## ARTICLE VIII

### Dividends

**Section 1.** Dividends upon the capital stock of the Corporation, subject to the provisions of the Certificate of Incorporation, if any, may be declared by the Board of Directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property, or in shares of the capital stock, subject to the provisions of the Certificate of Incorporation. *See DGCL §§ 170, 173.*

**Section 2.** Before payment of any dividend, there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the Directors from time to time, in their absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the Corporation, or for such other purpose as the Directors shall think conducive to the interest of the Corporation, and the Directors may modify or abolish any such reserve in the manner in which it was created. *See DGCL § 172.*

## ARTICLE IX

### Indemnification

*See DGCL § 145.*

**Section 1. Right to Indemnification.** The Corporation, to the fullest extent permitted or required by the General Corporation Law of Delaware or other applicable law, as the same exists or may hereafter be amended (but, in the case of any such amendment and unless applicable law otherwise requires, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than such law permitted the Corporation to provide prior to such amendment), shall indemnify and hold harmless any person who is or was a director or officer of the Corporation and who is or was involved in any manner (including, without limitation, as a party or a witness) or is threatened to be made so involved in any threatened, pending or completed investigation, claim, action, suit or proceeding, whether civil, criminal, administrative or investigative (including, without limitation, any action, suit or proceedings by or in the right of the Corporation to procure a judgment in its favor) (a "Proceeding") by reason of the fact that such person is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise (including, without limitation, any employee benefit plan) (a "Covered Entity") against all expenses (including attorneys'

fees), judgments, fines, taxes, penalties (including, without limitation, ERISA excise taxes or penalties), and amounts paid in settlement actually and reasonably incurred by such person in connection with such Proceeding; *provided, however*, that the foregoing shall not apply to a person with respect to a Proceeding that was commenced by such person unless: (a) such indemnification is expressly required to be made by law, (b) the Proceeding was authorized by the Board of Directors of the Corporation, (c) such indemnification is provided by the Corporation, in its sole discretion, pursuant to the powers vested in the Corporation by the General Corporation Law of Delaware, (d) such indemnification is required to be made under Section 4(d)(iv) of this Article IX, *or* (e) the Proceeding was commenced after a Change in Control (as hereinafter defined in Section 4(e) of this Article IX). Any person entitled to indemnification as provided in this Section 1 is hereinafter called an "Indemnitee". The right to indemnification conferred under this Section 1 shall include the right to be paid by the Corporation the expenses (including attorneys' fees) incurred by or on behalf of the Indemnitee in connection with any Proceeding in advance of the final disposition of such Proceeding (hereinafter "Advancement of Expenses"), in accordance with the procedures set forth in this Article IX and consistent with the provisions of the General Corporation Law of Delaware or other applicable law, as the same exists or may hereafter be amended (but, in the case of any such amendment and unless applicable law otherwise requires, only to the extent that such amendment permits the Corporation to provide broader rights to Advancement of Expenses than such law permitted the Corporation to provide prior to such amendment). The rights of any Indemnitee to indemnification (including Advancement of Expenses) conferred under this Section 1, and all other rights of Indemnitees under this Article IX, shall be contract rights of the Indemnitee and cannot be retroactively amended to adversely alter or affect the rights of an Indemnitee arising in connection with any act, omission, service, involvement, transaction, or event (or any pattern or series of any of the foregoing), as to which any material element occurred prior to such amendment.

**Section 2. Insurance, Contracts and Funding.** The Corporation may purchase and maintain insurance to protect itself and any director, officer, employee or agent of the Corporation or of any Covered Entity against any expenses, judgments, fines, taxes, penalties and amounts paid in settlement, as specified in Section 1 of this Article IX or incurred by any such director, officer, employee or agent in connection with any Proceeding referred to in Section 1 of this Article IX (and to provide for Advancement of Expenses), whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss (or to advance such expense) under the General Corporation Law of Delaware. The Corporation may enter into contracts with any director, officer, employee or agent of the Corporation or of any Covered Entity in furtherance of the provisions of this Article IX and may create a trust fund, grant a security interest or use other means (including, without limitation, a letter of credit) to ensure the payment of such amounts as may be necessary to effect indemnification, Advancement of Expenses and other rights as provided or authorized in this Article IX.

**Section 3. Indemnification Not Exclusive Right.** The right of indemnification provided in this Article IX shall not be exclusive of any other rights to which an Indemnitee may otherwise be entitled, and the provisions of this Article IX shall inure to the benefit of the heirs and legal representatives of any Indemnitee under this Article IX and shall be applicable to Proceedings commenced or continuing after the adoption of this Article IX, whether arising from acts or omissions occurring before or after such adoption.

**Section 4. Advancement of Expenses; Procedures; Presumptions and Effect of Certain Proceedings; Remedies.** In furtherance, but not in limitation of the foregoing provisions, the following procedures, presumptions and remedies shall apply with respect to advancement of expenses and the right to indemnification under this Article IX:



(a) *Advancement of Expenses.* All reasonable expenses (including attorneys' fees) incurred by or on behalf of an Indemnitee in connection with any Proceeding shall be advanced to the Indemnitee by the Corporation within 20 days after the receipt by the Corporation of a statement or statements from the Indemnitee requesting such advance or advances from time to time, whether prior to or after final disposition of such Proceeding. Such statement or statements shall reasonably evidence the expenses incurred by or on behalf of the Indemnitee and, if required by law at the time of such advance, shall include or be accompanied by an undertaking by or on behalf of the Indemnitee to repay the amounts advanced if ultimately it should be determined that the Indemnitee is not entitled to be indemnified against such expenses pursuant to this Article IX.

(b) *Procedure for Determination of Entitlement to Indemnification.*

(i) To obtain indemnification under this Article IX, an Indemnitee shall submit to the Secretary a written request, including such documentation and information as is reasonably available to the Indemnitee and reasonably necessary to determine whether and to what extent the Indemnitee is entitled to indemnification (the "Supporting Documentation"). The determination of the Indemnitee's entitlement to indemnification shall be made not later than 60 days after receipt by the Corporation of the written request for indemnification together with the Supporting Documentation. The Secretary shall, promptly upon receipt of such a request for indemnification, advise the Board in writing that the Indemnitee has requested indemnification.

(ii) The Indemnitee's entitlement to indemnification under this Article IX shall be determined in one of the following ways: (A) by a majority vote of the Disinterested Directors (as hereinafter defined in Section 4(e) of this Article IX), whether or not they constitute a quorum of the Board, or by a committee of Disinterested Directors designated by a majority vote of the Disinterested Directors; (B) by a written opinion of Independent Counsel (as hereinafter defined in Section 4(e) of this Article IX) if (x) a Change in Control shall have occurred and the Indemnitee so requests or (y) there are no Disinterested Directors or a majority of such Disinterested Directors so directs; (C) by the stockholders of the Corporation; or (D) as provided in Section 4(c) of this Article IX.

(iii) In the event the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 4(b)(ii) of this Article IX, a majority of the Disinterested Directors shall select the Independent Counsel, but only an Independent Counsel to which the Indemnitee does not reasonably object; *provided, however*, that if a Change in Control shall have occurred, the Indemnitee shall select such Independent Counsel, but only an Independent Counsel to which a majority of the Disinterested Directors does not reasonably object.

(c) *Presumptions and Effect of Certain Proceedings.* Except as otherwise expressly provided in this Article IX, if a Change in Control shall have occurred, the Indemnitee shall be presumed to be entitled to indemnification under this Article IX (with respect to actions or omissions occurring prior to such Change in Control) upon submission of a request for indemnification together with the Supporting Documentation in accordance with Section 4(b)(i) of this Article IX, and thereafter the Corporation shall have the burden of proof to overcome that presumption in reaching a contrary determination. In any event, if the person or persons empowered under Section 4(b) of this Article IX to determine entitlement to indemnification shall not have been appointed or shall not have made a determination within 60 days after receipt by the Corporation of the request therefor, together with the Supporting Documentation, the Indemnitee shall be deemed to be, and shall be, entitled to indemnification unless (A) the Indemnitee misrepresented or failed to disclose a material fact in making the request for indemnification or in the Supporting Documentation or (B) such indemnification is prohibited by law. The termination of any Proceeding described in Section 1 of this Article IX, or of any claim, issue or matter therein, by judgment,

order, settlement or conviction, or upon a plea of *nolo contendere* or its equivalent, shall not, of itself, adversely affect the right of the Indemnitee to indemnification or create a presumption that the Indemnitee did not act in good faith and in a manner which the Indemnitee reasonably believed to be in or not opposed to the best interests of the Corporation or, with respect to any criminal proceeding, that the Indemnitee had reasonable cause to believe that such conduct was unlawful.

(d) *Remedies of Indemnitee.*

(i) In the event that a determination is made pursuant to Section 4(b) of this Article IX that the Indemnitee is not entitled to indemnification under this Article IX, (A) the Indemnitee shall be entitled to seek an adjudication of entitlement to such indemnification either, at the Indemnitee's sole option, in (x) an appropriate court of the State of Delaware or any other court of competent jurisdiction or (y) an arbitration to be conducted by a single arbitrator pursuant to the rules of the American Arbitration Association; (B) any such judicial proceeding or arbitration shall be de novo and the Indemnitee shall not be prejudiced by reason of such adverse determination; and (C) if a Change in Control shall have occurred, in any such judicial proceeding or arbitration, the Corporation shall have the burden of proving that the Indemnitee is not entitled to indemnification under this Article IX (with respect to actions or omissions occurring prior to such Change in Control).

(ii) If a determination shall have been made or deemed to have been made, pursuant to Section 4(b) or (c) of this Article IX, that the Indemnitee is entitled to indemnification, the Corporation shall be obligated to pay the amounts constituting such indemnification within five days after such determination has been made or deemed to have been made and shall be conclusively bound by such determination unless (A) the Indemnitee misrepresented or failed to disclose a material fact in making the request for indemnification or in the Supporting Documentation or (B) such indemnification is prohibited by applicable law. In the event that (X) Advancement of Expenses is not timely made pursuant to Section 4(a) of this Article IX or (Y) payment of indemnification is not made within five days after a determination of entitlement to indemnification has been made or deemed to have been made pursuant to Section 4(b) or (c) of this Article IX, the Indemnitee shall be entitled to seek judicial enforcement of the Corporation's obligation to pay to the Indemnitee such Advancement of Expenses or indemnification. Notwithstanding the foregoing, the Corporation may bring an action, in an appropriate court in the State of Delaware or any other court of competent jurisdiction, contesting the right of the Indemnitee to receive indemnification hereunder due to the occurrence of an event described in sub-clause (A) or (B) of this clause (ii) (a "Disqualifying Event"); provided, however, that in any such action the Corporation shall have the burden of proving the occurrence of such Disqualifying Event.

(iii) The Corporation shall be precluded from asserting in any judicial proceeding or arbitration commenced pursuant to this Section 4(d) that the procedures and presumptions of this Article IX are not valid, binding and enforceable and shall stipulate in any such court or before any such arbitrator that the Corporation is bound by all the provisions of this Article IX.

(iv) In the event that the Indemnitee, pursuant to this Section 4(d), seeks a judicial adjudication of or an award in arbitration to enforce rights under, or to recover damages for breach of, this Article IX, the Indemnitee shall be entitled to recover from the Corporation, and shall be indemnified by the Corporation against, any expenses actually and reasonably incurred by the Indemnitee if the Indemnitee prevails in such judicial adjudication or arbitration. If it shall be determined in such judicial adjudication or arbitration that the Indemnitee is entitled to receive part but not all of the indemnification or Advancement of Expenses sought, the expenses incurred by the Indemnitee in connection with such judicial adjudication or arbitration shall be prorated accordingly.

(e) *Definitions.* For purposes of this Article IX:

(i) "AUTHORIZED OFFICER" means any one of the Chairman of the Board, the Chief Executive Officer, the Chief Operating Officer, the Chief Financial Officer, any Vice President or the Secretary of the Corporation.

(ii) "CHANGE IN CONTROL" means the occurrence of any of the following: (w) any merger or consolidation of the Corporation in which the Corporation is not the continuing or surviving corporation or pursuant to which shares of the Corporation's Common Stock would be converted into cash, securities or other property, other than a merger of the Corporation in which the holders of the Corporation's Common Stock immediately prior to the merger have the same proportionate ownership of common stock of the surviving corporation immediately after the merger, (x) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all, or substantially all, the assets of the Corporation, or the liquidation or dissolution of the Corporation or (y) individuals who would constitute a majority of the members of the Board elected at any meeting of stockholders or by written consent (without regard to any members of the Board elected pursuant to the terms of any series of Preferred Stock) shall be elected to the Board and the election or the nomination for election by the stockholders of such directors was not approved by a vote of at least two-thirds of the directors in office immediately prior to such election.

(iii) "DISINTERESTED DIRECTOR" means a director of the Corporation who is not or was not a party to the Proceeding in respect of which indemnification is sought by the Indemnitee.

(iv) "INDEPENDENT COUNSEL" means a law firm or a member of a law firm that neither presently is, nor in the past five years has been, retained to represent: (x) the Corporation or the Indemnitee in any matter material to either such party or (y) any other party to the Proceeding giving rise to a claim for indemnification under this Article IX. Notwithstanding the foregoing, the term "Independent Counsel" shall not include any person who, under the applicable standards of professional conduct then prevailing under the law of the State of Delaware, would have a conflict of interest in representing either the Corporation or the Indemnitee in an action to determine the Indemnitee's rights under this Article IX.

**Section 5. Severability.** If any provision or provisions of this Article IX shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (a) the validity, legality and enforceability of the remaining provisions of this Article IX (including, without limitation, all portions of any paragraph of this Article IX containing any such provision held to be invalid, illegal or unenforceable, that are not themselves invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby; and (b) to the fullest extent possible, the provisions of this Article IX (including, without limitation, all portions of any paragraph of this Article IX containing any such provision held to be invalid, illegal or unenforceable, that are not themselves invalid, illegal or enforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal or unenforceable.

**Section 6. Indemnification of Employees Serving as Directors.** The Corporation, to the fullest extent of the provisions of this Article IX with respect to the indemnification of Indemnitees, shall indemnify any person who is or was an employee of the Corporation and who is or was involved in any manner (including, without limitation, as a party or a witness) or is threatened to be made so involved in any threatened, pending or completed Proceeding by reason of the fact that such employee is or was serving (a) as a director of a corporation in which the Corporation had at the time of such service, directly or indirectly, a 50% or greater equity interest (a "Subsidiary Director") or (b) at the written request of an Authorized Officer, as a director of another corporation in which the Corporation had at the time of such

service, directly or indirectly, a less than 50% equity interest (or no equity interest at all) or in a capacity equivalent to that of a director for any partnership, joint venture, trust or other enterprise (including, without limitation, any employee benefit plan) in which the Corporation has an interest (a "Requested Employee"), against all expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such Subsidiary Director or Requested Employee in connection with such Proceeding. The Corporation may also advance expenses incurred by any such Subsidiary Director or Requested Employee in connection with any such Proceeding, consistent with the provisions of this Article IX with respect to the Advancement of Expenses of Indemnitees.

**Section 7. Indemnification of Employees and Agents.** Notwithstanding any other provision or provisions of this Article IX, the Corporation, to the fullest extent of the provisions of this Article IX with respect to the indemnification of Indemnitees, may indemnify any person other than an Indemnitee, a Subsidiary Director or a Requested Employee, who is or was an employee or agent of the Corporation and who is or was involved in any manner (including, without limitation, as a party or a witness) or is threatened to be made so involved in any threatened, pending or completed Proceeding by reason of the fact that such person is or was a director, officer, employee or agent of the Corporation or of a Covered Entity against all expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such Proceeding. The Corporation may also advance expenses incurred by such employee or agent in connection with any such Proceeding, consistent with the provisions of this Article IX with respect to the Advancement of Expenses Indemnitees.

## ARTICLE X

### Corporate Seal

The corporate seal shall have inscribed thereon the name of the Corporation and the words "Incorporated 2015, Delaware." Except to the extent otherwise required by law, the seal of the Corporation shall not be required to be affixed to any document or act of the Corporation in order for such document or act to be valid and binding upon the Corporation. In the absence of the Secretary or Assistant Secretary, any officer authorized by the Board of Directors to do so may affix the seal of the Corporation to any instrument requiring a seal.

## ARTICLE XI

### Amendments

Subject to the provisions of the Certificate of Incorporation, as amended, any of these Bylaws may be altered, amended or repealed, without any action on the part of the stockholders, by the affirmative vote of at least a majority of the total number of Directors of the Corporation, which shall include the affirmative vote of at least one director of each class of the Board of Directors if the Board shall then be divided into classes, or by the affirmative vote of the holders of shares representing at least sixty-seven percent (67%) of the shares of the Corporation entitled to vote in the election of directors, voting as one class. *See DGCL, § 109.*

• • • • •

**CERTIFICATION**

The undersigned hereby certifies that the foregoing is a true and correct copy of the Bylaws of YILOLIFE INC., as adopted on 5/11/2015.



---

Elizabeth Loelke, *Secretary*



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SUBSCRIPTION INSTRUCTIONS

YILOLIFE INC.

A. Instructions.

Each person considering subscribing for shares of Class A common stock (the "Shares") of YiLoLife Inc.(the "Company") in the Company's public offering (the "Offering") should review the following instructions:

**Subscription Agreement:** Please complete, execute and deliver to the Company the following Subscription Agreement (the "Subscription Agreement"). The Company will review the materials and, if the subscription is accepted, the Company will execute the Subscription Agreement and return one copy of the materials to you for your records.

The Company shall have the right to accept or reject any subscription, in whole or in part.

An acknowledgment of the acceptance of your subscription will be returned to you promptly after acceptance.

**Payment:**

(a) Payment for the amount of the Shares subscribed for shall be made at the time of delivery of the properly executed Subscription Agreement by check or certified funds to the Company at the address set forth in Section 2(c)(i) of the Subscription Agreement or via wire transfer using the wire transfer instructions set forth in Section 2(c)(ii) of the Subscription Agreement.

(b) The closing of the offering of the Shares (the "Closing") is scheduled on or about October 31, 2017, unless (i) all the Shares are sold before that date, (ii) the Company extends the Offering period or (iii) the Company otherwise elects to close the offering early or cancel it, in each case in the Company's sole discretion.

(c) There is no minimum aggregate amount of Shares which must be sold as a condition precedent to the Closing. All funds received by the Company from accepted subscriptions for Shares will be immediately available to the Company for general business purposes. Each subscriber must purchase a minimum of 610 Shares.

**B. Communications.**

All documents should be forwarded to:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

THE PURCHASE OF SHARES OF YILOLIFE INC. INVOLVES A HIGH DEGREE OF RISK AND SHOULD BE CONSIDERED ONLY BY PERSONS WHO CAN BEAR THE RISK OF THE LOSS OF THEIR ENTIRE INVESTMENT.

EVERY POTENTIAL INVESTOR PRIOR TO ANY INVESTMENT OR PURCHASE OF YILOLIFE INC.'S SHARES SHOULD READ THE OFFERING CIRCULAR RELATING TO THIS OFFERING.

[Remainder of page intentionally blank]

**SUBSCRIPTION AGREEMENT**

YiLoLife Inc.  
Attn: Mr. Carsten Loelke, CEO  
201 S. 36<sup>th</sup> Street  
Phoenix, Arizona 85034

Gentlemen:

The undersigned (the "Subscriber") acknowledges and understands that:

- A. YiLoLife Inc., a Delaware corporation (the "Company") is offering (the "Offering") for sale up to an aggregate of 5,000,000 shares ("Shares") of its Class A common stock, par value \$0.001 per share (the "Common Stock") pursuant to the Offering Statement on Form 1-A (File No. 024-10579) (the "Registration Statement") filed by the Company with the Securities and Exchange Commission (the "Commission") (including the offering circular contained therein (the "Offering Circular")) containing information regarding the Shares and terms of the Offering that became effective on [\_\_\_\_\_], 2016.
- B. Unless terminated earlier by the Company, in its sole discretion, the Offering is scheduled to terminate on or about October 31, 2017, unless all the Shares are sold before that date, the Company extends the offering period or the Company otherwise elects to close the offering early or cancel it, in each case in the Company's sole discretion (the "Offering Period").
- C. There is no minimum aggregate amount of Shares which must be sold as a condition precedent to the closing of the Offering. All funds received by the Company from accepted subscriptions for Shares will be immediately available to the Company for general business purposes. Each subscriber must purchase a minimum of 610 Shares.

**1. Subscription.** The Subscriber hereby subscribes for the number of Shares set forth below for the aggregate subscription price for the Shares set forth below (the "Subscription Amount").

**2. Subscription Procedures.** To subscribe, the Subscriber must:

- a) Complete and sign this Subscription Agreement;
- b) Return the completed and signed Subscription Agreement to the Company at the following address:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

and

- c) Either (i) deliver a check or certified funds payable to "YiLoLife Inc." to the address set forth above for an amount equal to the Subscription Amount; or (ii) wire funds in an amount equal to Subscription Amount using the following wire transfer instructions:



YiLoLife Inc. WIRE TRANSFER INSTURCTIONS

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Federal Wire ABA/Routing: \_\_\_\_\_

Swift Number: \_\_\_\_\_ (International Wires only)

ACH Routing number: \_\_\_\_\_

Account number: \_\_\_\_\_

YiLoLife Inc.  
Attn: Mr. Carsten Loelke, CEO  
201 S. 36<sup>th</sup> Street  
Phoenix, Arizona 85034

**3. Representations, Warranties and Covenants of the Subscriber.** Subscriber hereby represents, warrants and covenants with and to the Company as follows:

(a) Subscriber is of legal age, as determined by the laws of his or her country of residence and is under no legal disability nor is Subscriber subject to any order which would prevent or interfere with its execution or delivery of this Agreement.

(b) Subscriber has received a copy of the Offering Statement dated \_\_\_\_\_, 2016, or the Company has made available to the Subscriber an electronic version thereof as filed by the Company with the Commission, prior to or in connection with the execution of this Agreement.

(c) The Subscriber acknowledges and agrees that the subscription hereunder is irrevocable, except as required by applicable law, and that this Agreement shall survive the death or disability of the undersigned and shall be binding upon and inure to the benefit of his heirs, executors, administrators, successors, legal representatives and permitted assigns.

(d) The Subscriber understands that the subscription made hereby is not binding upon the Company until accepted by the Company, as evidenced by the delivery to the Subscriber of the Company's signed counterpart to this Agreement executed by a duly authorized officer of the Company, and that the Company has the right to accept or reject this subscription, in whole or in part, in its sole and complete discretion.

(e) The Subscriber understands that (i) if this subscription is rejected in whole, the Company shall return to Subscriber, without interest, the payment tendered by Subscriber for the Shares, in which case the Company and Subscriber shall have no further obligation to each other hereunder or (ii) in the event of a partial rejection of this subscription, Subscriber's payment will be returned to Subscriber, without interest, whereupon Subscriber agrees to deliver a new payment in the amount of the purchase price for the number of Shares to be purchased hereunder following a partial rejection of this subscription.

(f) Except as set forth in the Offering Circular, no representations or warranties, oral or otherwise, have been made to Subscriber by the Company or any other person, whether or not associated with the Company or the Offering. In entering into this transaction, Subscriber is not relying upon any information, other than that contained in the Offering Circular and the exhibits thereto and the results of any independent investigation conducted by Subscriber at Subscriber's sole discretion and judgment.

(g) Subscriber is aware that the purchase of the Shares is a speculative investment involving a high degree of risk and that there is no guarantee that the Subscriber will realize any gain from this investment and that the Subscriber could lose the total amount of the Subscriber's investment.

(h) Subscriber understands that no federal or state agency has made any finding or determination regarding the fairness of this Offering, or any recommendation or endorsement of the Shares or the Offering.

(i) **FOR PARTNERSHIPS, CORPORATIONS, TRUSTS, OR OTHER ENTITIES ONLY:** If the Subscriber is a partnership, corporation, trust, or other entity, (i) the Subscriber has the full power and authority to execute this Agreement on behalf of such entity and to make the representations and warranties made herein on its behalf, and (ii) this investment in the Company has been affirmatively authorized, if required, by the governing board of such entity and is not prohibited by the governing documents of the entity.

(j) The address shown under the Subscriber's signature at the end of this Agreement is the Subscriber's principal residence if he or she is an individual, or its principal business address if a corporation or other entity.

(k) All information herein concerning the Subscriber is correct and complete as of the date this Agreement was executed by the Subscriber.

**4. Representations, Warranties and Covenants of the Company.** The Company represents, warrants and covenants with and to the Subscriber as follows:

(a) The Company is duly formed and validly existing under the laws of Delaware, with full power and authority to conduct its business as it is currently being conducted and to own its assets; and has secured any other authorizations, approvals, permits and orders required by law for the conduct by the Company of its business as it is currently being conducted.

(b) The Company has the requisite corporate power and authority to enter into and to consummate the transactions contemplated by this Agreement and otherwise to carry out its obligations hereunder.

(c) The execution and delivery of this Agreement by the Company and the consummation by it of the transactions contemplated hereunder have been duly authorized by all necessary corporate action on the part of the Company.

(d) The Shares have been duly authorized and, when issued, delivered and paid for in the manner set forth in this Agreement, will be validly issued, fully paid and nonassessable.

**5. Changes.** This Agreement may not be modified or amended except pursuant to an instrument in writing signed by the Company and the Subscriber.

**6. Entire Agreement.** This Agreement, together with any instruments executed simultaneously herewith, constitutes the entire agreement between the parties.

**7. Further Assurances.** The parties agree to execute any and all such other and further instruments and documents, and to take any and all such further actions reasonably required to effectuate this Agreement and the intent and purposes hereof.

**8. Headings.** The headings of the various sections of this Agreement have been inserted for convenience of reference only and will not be deemed to be part of this Agreement.

**9. Governing Law.** This Agreement will be governed by, and construed in accordance with, the internal laws of the State of Delaware, without giving effect to the principles of conflicts of law that would require the application of the laws of any other jurisdiction.

**10. Counterparts.** This Agreement may be executed in two or more counterparts, each of which will constitute an original, but all of which, when taken together, will constitute but one instrument, and will become effective when one or more counterparts have been signed by each party hereto and delivered to the other parties.

**11. Confirmation of Sale.** The Subscriber acknowledges and agrees that such Subscriber's receipt of the Company's signed counterpart to this Agreement shall constitute written confirmation of the Company's sale of Shares to such Subscriber.

*[Remainder of page intentionally left blank.]*

**SUBSCRIPTION INFORMATION**

Subscriber's Name(s): \_\_\_\_\_

Number of Shares  
subscribed for: \_\_\_\_\_

Subscription Amount: \_\_\_\_\_  
(\$3.28 x \_\_\_\_\_ (# of Shares Subscribed for – subject to a  
minimum purchase of 610 Shares))

1.  Individual

6.  IRA of \_\_\_\_\_

2.  Joint Tenants with Right of Survivorship

7.  Trust

3.  Community Property

8.  As A Custodian For  
\_\_\_\_\_

Under the Uniform Transfer to Minors Act of the State of  
\_\_\_\_\_

4.  Tenants in Common

9.  Married with Separate Property

5.  Corporation/Partnership

10.  Keogh of \_\_\_\_\_

**SIGNATURE PAGE**

**EXECUTION BY SUBSCRIBER WHO IS A NATURAL PERSON**

IN WITNESS WHEREOF, the undersigned has executed this Subscription Agreement on this \_\_\_\_ day of \_\_\_\_\_, 2016.

If the subscription is being made by more than one person, such additional person should complete and execute an additional signature page.

\_\_\_\_\_  
Exact Name in Which Title is to be Held

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name (Please Print)

\_\_\_\_\_  
Title of Person Executing Agreement

\_\_\_\_\_  
Address: Number and Street

\_\_\_\_\_  
City

\_\_\_\_\_  
State

\_\_\_\_\_  
Zip Code

\_\_\_\_\_  
Social Security Number

**ACCEPTANCE OF SUBSCRIPTION.**

Agreed and Accepted this \_\_\_\_\_ day of \_\_\_\_\_, 2016:

**YILOLIFE INC.**

By: \_\_\_\_\_

Name: Mr. Carsten Loelke

Title: CEO

**SIGNATURE PAGE**

**EXECUTION BY SUBSCRIBER WHICH IS A CORPORATION, PARTNERSHIP, TRUST, ETC.**

IN WITNESS WHEREOF, the undersigned has executed this Subscription Agreement on this \_\_\_\_ day of \_\_\_\_\_, 2016.

\_\_\_\_\_  
Exact Name in Which Title is to be Held

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name (Please Print)

\_\_\_\_\_  
Title of Person Executing Agreement

\_\_\_\_\_  
Address: Number and Street

\_\_\_\_\_  
City State Zip Code

\_\_\_\_\_  
Tax Identification Number

**ACCEPTANCE OF SUBSCRIPTION.**

Agreed and Accepted this \_\_\_\_\_ day of \_\_\_\_\_, 2016:

**YILOLIFE INC.**

By: \_\_\_\_\_  
Name: Mr. Carsten Loelke  
Title: CEO

**COMMERCIAL LEASE AGREEMENT**

This Commercial Lease Agreement ("Lease") is made and effective January 1<sup>st</sup>, 2014, by and between JJ Empire ("Landlord") and Community Dental Services of AZ ("Tenant").

Landlord is the owner of land and improvements commonly known and numbered as 201 S 36<sup>th</sup> Street Phoenix, AZ 85034-2808 and legally described as follows (the "Building"): Parcel 1: the North 50 feet of the south 795 feet of the West 290 feet of the Northeast quarter of Section 12, Township 1 North, range 3 East of the Gila and Salt River Base and Meridian, Maricopa County Arizona; Parcel 2: The North 50 Feet of the south 745 feet of the East 120 feet of the West 290 feet of the Northeast quarter of Section 12, Township 1 North, Range 3 East of the Gila and Salt River Base and Meridian, Maricopa County, Arizona.

Landlord makes available for lease a portion of the Building designated as an office in the North West corner of the building and parking spaces for two mobile dental clinics (the "Leased Premises").

Landlord desires to lease the Leased Premises to Tenant, and Tenant desires to lease the Leased Premises from Landlord for the term, at the rental and upon the covenants, conditions and provisions herein set forth.

THEREFORE, in consideration of the mutual promises herein, contained and other good and valuable consideration, it is agreed:

**1. Term.**

A. Landlord hereby leases the Leased Premises to Tenant, and Tenant hereby leases the same from Landlord, for an "Initial Term" beginning January 1<sup>st</sup>, 2014 and ending December 31, 2019. Landlord shall use its best efforts to give Tenant possession as nearly as possible at the beginning of the Lease term. If Landlord is unable to timely provide the Leased Premises, rent shall abate for the period of delay. Tenant shall make no other claim against Landlord for any such delay.

B. Tenant may renew the Lease yearly after end of above term. Tenant shall exercise such renewal option, if at all, by giving written notice to Landlord not less than ninety (90) days prior to the expiration of the Initial Term. The renewal term shall be at the rental set forth below and otherwise upon the same covenants, conditions and provisions as provided in this Lease. The Landlord has the right to increase the rental amount after the initial term.

**2. Rental.**

A. Tenant shall pay to Landlord during the Initial Term rental of \$6,000 per year, payable in installments of \$500 per month. Each installment payment shall be due the 5<sup>th</sup> day of each calendar month during the lease term to Landlord at 201 S 36<sup>th</sup> Street Phoenix, AZ 85034-2808 or at such other place designated by written notice from Landlord or Tenant. The rental payment amount for any partial calendar months included in the lease term shall be prorated on a daily basis.

B. The rental for any renewal lease term, if created as permitted under this Lease, shall be determined at time of renewal.

**3. Use**

Notwithstanding the forgoing, Tenant shall not use the Leased Premises for the purposes of storing, manufacturing or selling any explosives, flammables or other inherently dangerous substance, chemical, thing or device.

**4. Sublease and Assignment.**

Tenant shall have the right without Landlord's consent, to assign this Lease to a corporation with which Tenant may merge or consolidate, to any subsidiary of Tenant, to any corporation under common control with Tenant, or to a

purchaser of substantially all of Tenant's assets. Except as set forth above, Tenant shall not sublease all or any part of the Leased Premises, or assign this Lease in whole or in part without Landlord's consent, such consent not to be unreasonably withheld or delayed.

#### **5. Repairs.**

During the Lease term, Tenant shall make, at Tenant's expense, all necessary repairs to the Leased Premises. Repairs shall include such items as routine repairs of floors, walls, ceilings, and other parts of the Leased Premises damaged or worn through normal occupancy, except for major mechanical systems or the roof, subject to the obligations of the parties otherwise set forth in this Lease.

#### **6. Alterations and Improvements.**

Tenant, at Tenant's expense, shall have the right following Landlord's consent to remodel, redecorate, and make additions, improvements and replacements of and to all or any part of the Leased Premises from time to time as Tenant may deem desirable, provided the same are made in a workmanlike manner and utilizing good quality materials. Tenant shall have the right to place and install personal property, trade fixtures, equipment and other temporary installations in and upon the Leased Premises, and fasten the same to the premises. All personal property, equipment, machinery, trade fixtures and temporary installations, whether acquired by Tenant at the commencement of the Lease term or placed or installed on the Leased Premises by Tenant thereafter, shall remain Tenant's property free and clear of any claim by Landlord. Tenant shall have the right to remove the same at any time during the term of this Lease provided that all damage to the Leased Premises caused by such removal shall be repaired by Tenant at Tenant's expense.

#### **7. Property Taxes.**

Landlord shall pay, prior to delinquency, all general real estate taxes and installments of special assessments coming due during the Lease term on the Leased Premises, and all personal property taxes with respect to Landlord's personal property, if any, on the Leased Premises. Tenant shall be responsible for paying all personal property taxes with respect to Tenant's personal property at the Leased Premises.

#### **8. Insurance.**

A. If the Leased Premises or any other part of the Building is damaged by fire or other casualty resulting from any act or negligence of Tenant or any of Tenant's agents, employees or invitees, rent shall not be diminished or abated while such damages are under repair, and Tenant shall be responsible for the costs of repair not covered by insurance.

B. Tenant shall maintain fire and extended coverage insurance on the Building and the Leased Premises in such amounts as Landlord shall deem appropriate. Tenant shall be responsible, at its expense, for fire and extended coverage insurance on all of its personal property, including removable trade fixtures, located in the Leased Premises.

C. Tenant and Landlord shall, each at its own expense, maintain a policy or policies of comprehensive general liability insurance with respect to the respective activities of each in the Building with the premiums thereon fully paid on or before due date, issued by and binding upon some insurance company approved by Landlord, such insurance to afford minimum protection of not less than \$1,000,000 combined single limit coverage of bodily injury, property damage or combination thereof. Landlord shall be listed as an additional insured on Tenant's policy or policies of comprehensive general liability insurance, and Tenant shall provide Landlord with current Certificates of Insurance evidencing Tenant's compliance with this Paragraph. Tenant shall obtain the agreement of Tenant's insurers to notify Landlord that a policy is due to expire at least (10) days prior to such expiration. Landlord shall not be required to maintain insurance against thefts within the Leased Premises or the Building.



## **9. Utilities.**

Tenant shall pay all charges for water, sewer, gas, electricity, telephone and other services and utilities used by Tenant on the Leased Premises during the term of this Lease unless otherwise expressly agreed in writing by Landlord. In the event that any utility or service provided to the Leased Premises is not separately metered, Landlord shall pay the amount due and separately invoice Tenant for Tenant's pro rata share of the charges. Tenant shall pay such amounts within fifteen (15) days of invoice. Tenant acknowledges that the Leased Premises are designed to provide standard office use electrical facilities and standard office lighting. Tenant shall not use any equipment or devices that utilizes excessive electrical energy or which may, in Landlord's reasonable opinion, overload the wiring or interfere with electrical services to other tenants.

## **10. Signs.**

Following Landlord's consent, Tenant shall have the right to place on the Leased Premises, at locations selected by Tenant, any signs which are permitted by applicable zoning ordinances and private restrictions. Landlord may refuse consent to any proposed signage that is in Landlord's opinion too large, deceptive, unattractive or otherwise inconsistent with or inappropriate to the Leased Premises or use of any other tenant. Landlord shall assist and cooperate with Tenant in obtaining any necessary permission from governmental authorities or adjoining owners and occupants for Tenant to place or construct the foregoing signs. Tenant shall repair all damage to the Leased Premises resulting from the removal of signs installed by Tenant.

## **11. Entry.**

Landlord shall have the right to enter upon the Leased Premises at reasonable hours to inspect the same, provided Landlord shall not thereby unreasonably interfere with Tenant's business on the Leased Premises.

## **12. Parking.**

During the term of this Lease, Tenant shall have the non-exclusive use in common with Landlord, other tenants of the Building, their guests and invitees, of the non-reserved common automobile parking areas, driveways, and footways, subject to rules and regulations for the use thereof as prescribed from time to time by Landlord. Landlord reserves the right to designate parking areas within the Building or in reasonable proximity thereto, for Tenant and Tenant's agents and employees. Tenant shall provide Landlord with a list of all license numbers for the cars owned by Tenant, its agents and employees. Separated structured parking, if any, located about the Building is reserved for tenants of the Building who rent such parking spaces. Spaces to be on a first come-first served basis. The dental clinics of the Tenant have priority parking, followed by employee parking spaces. In consideration of the leasing to Tenant of such spaces, the monthly rental includes all the parking needed for Tenant.

## **13. Building Rules.**

Tenant will comply with the rules of the Building adopted and altered by Landlord from time to time and will cause all of its agents, employees, invitees and visitors to do so; all changes to such rules will be sent by Landlord to Tenant in writing

## **14. Damage and Destruction.**

Subject to Section 8 A. above, if the Leased Premises or any part thereof or any appurtenance thereto is so damaged by fire, casualty or structural defects that the same cannot be used for Tenant's purposes, then Tenant shall have the right within ninety (90) days following damage to elect by notice to Landlord to terminate this Lease as of the date of such damage. In the event of minor damage to any part of the Leased Premises, and if such damage does not render the Leased Premises unusable for Tenant's purposes, Landlord shall promptly repair such damage at the cost of the Landlord. In making the repairs called for in this paragraph, Landlord shall not be liable for any delays resulting from strikes, governmental restrictions, inability to obtain necessary materials or labor or other matters which are beyond the reasonable control of Landlord. Tenant shall be relieved from paying rent and other charges during any portion of the Lease term that the Leased Premises are inoperable or unfit for occupancy, or use, in whole or in part, for Tenant's purposes. Rentals and other charges paid in advance for any such periods shall be

credited on the next ensuing payments, if any, but if no further payments are to be made, any such advance payments shall be refunded to Tenant. The provisions of this paragraph extend not only to the matters aforesaid, but also to any occurrence which is beyond Tenant's reasonable control and which renders the Leased Premises, or any appurtenance thereto, inoperable or unfit for occupancy or use, in whole or in part, for Tenant's purposes.

#### **15. Default.**

If default shall at any time be made by Tenant in the payment of rent when due to Landlord as herein provided, and if said default shall continue for fifteen (15) days after written notice thereof shall have been given to Tenant by Landlord, or if default shall be made in any of the other covenants or conditions to be kept, observed and performed by Tenant, and such default shall continue for thirty (30) days after notice thereof in writing to Tenant by Landlord without correction thereof then having been commenced and thereafter diligently prosecuted, Landlord may declare the term of this Lease ended and terminated by giving Tenant written notice of such intention, and if possession of the Leased Premises is not surrendered, Landlord may reenter said premises. Landlord shall have, in addition to the remedy above provided, any other right or remedy available to Landlord on account of any Tenant default, either in law or equity. Landlord shall use reasonable efforts to mitigate its damages.

#### **16. Quiet Possession.**

Landlord covenants and warrants that upon performance by Tenant of its obligations hereunder, Landlord will keep and maintain Tenant in exclusive, quiet, peaceable and undisturbed and uninterrupted possession of the Leased Premises during the term of this Lease.

#### **17. Condemnation.**

If any legally, constituted authority condemns the Building or such part thereof which shall make the Leased Premises unsuitable for leasing, this Lease shall cease when the public authority takes possession, and Landlord and Tenant shall account for rental as of that date. Such termination shall be without prejudice to the rights of either party to recover compensation from the condemning authority for any loss or damage caused by the condemnation. Neither party shall have any rights in or to any award made to the other by the condemning authority.

#### **18. Subordination.**

Tenant accepts this Lease subject and subordinate to any mortgage, deed of trust or other lien presently existing or hereafter arising upon the Leased Premises, or upon the Building and to any renewals, refinancing and extensions thereof, but Tenant agrees that any such mortgagee shall have the right at any time to subordinate such mortgage, deed of trust or other lien to this Lease on such terms and subject to such conditions as such mortgagee may deem appropriate in its discretion. Landlord is hereby irrevocably vested with full power and authority to subordinate this Lease to any mortgage, deed of trust or other lien now existing or hereafter placed upon the Leased Premises of the Building, and Tenant agrees upon demand to execute such further instruments subordinating this Lease or attorning to the holder of any such liens as Landlord may request. In the event that Tenant should fail to execute any instrument of subordination herein required to be executed by Tenant promptly as requested, Tenant hereby irrevocably constitutes Landlord as its attorney-in-fact to execute such instrument in Tenant's name, place and stead, it being agreed that such power is one coupled with an interest. Tenant agrees that it will from time to time upon request by Landlord execute and deliver to such persons as Landlord shall request a statement in recordable form certifying that this Lease is unmodified and in full force and effect (or if there have been modifications, that the same is in full force and effect as so modified), stating the dates to which rent and other charges payable under this Lease have been paid, stating that Landlord is not in default hereunder (or if Tenant alleges a default stating the nature of such alleged default) and further stating such other matters as Landlord shall reasonably require.

#### **19. Security Deposit.**

The Security Deposit of shall be held by Landlord without liability for interest and as security for the performance by Tenant of Tenant's covenants and obligations under this Lease, it being expressly understood that the Security Deposit shall not be considered an advance payment of rental or a measure of Landlord's damages in case of default by Tenant. Unless otherwise provided by mandatory non-waivable law or regulation, Landlord may commingle the

Security Deposit with Landlord's other funds. Landlord may, from time to time, without prejudice to any other remedy, use the Security Deposit to the extent necessary to make good any arrearages of rent or to satisfy any other covenant or obligation of Tenant hereunder. Following any such application of the Security Deposit, Tenant shall pay to Landlord on demand the amount so applied in order to restore the Security Deposit to its original amount. If Tenant is not in default at the termination of this Lease, the balance of the Security Deposit remaining after any such application shall be returned by Landlord to Tenant. If Landlord transfers its interest in the Premises during the term of this Lease, Landlord may assign the Security Deposit to the transferee and thereafter shall have no further liability for the return of such Security Deposit.

## **20. Notice.**

Any notice required or permitted under this Lease shall be deemed sufficiently given or served if sent by United States certified mail, return receipt requested, addressed as follows:

If to Landlord to:

**JJ Empire LLC**  
**201 S 36<sup>th</sup> Street Phoenix, AZ 85034-2808**

If to Tenant to:

**Community Dental Services of AZ**  
**201 S 36<sup>th</sup> Street Phoenix, AZ 85034-2808**

Landlord and Tenant shall each have the right from time to time to change the place notice is to be given under this paragraph by written notice thereof to the other party.

## **21. Brokers.**

Tenant represents that Tenant was not shown the Premises by any real estate broker or agent and that Tenant has not otherwise engaged in, any activity which could form the basis for a claim for real estate commission, brokerage fee, finder's fee or other similar charge, in connection with this Lease.

## **22. Waiver.**

No waiver of any default of Landlord or Tenant hereunder shall be implied from any omission to take any action on account of such default if such default persists or is repeated, and no express waiver shall affect any default other than the default specified in the express waiver and that only for the time and to the extent therein stated. One or more waivers by Landlord or Tenant shall not be construed as a waiver of a subsequent breach of the same covenant, term or condition.

## **23. Memorandum of Lease.**

The parties hereto contemplate that this Lease should not and shall not be filed for record, but in lieu thereof, at the request of either party, Landlord and Tenant shall execute a Memorandum of Lease to be recorded for the purpose of giving record notice of the appropriate provisions of this Lease.

## **24. Headings.**

The headings used in this Lease are for convenience of the parties only and shall not be considered in interpreting the meaning of any provision of this Lease.

## **25. Successors.**

The provisions of this Lease shall extend to and be binding upon Landlord and Tenant and their respective legal representatives, successors and assigns.

**26. Consent.**

Landlord shall not unreasonably withhold or delay its consent with respect to any matter for which Landlord's consent is required or desirable under this Lease.

**27. Performance.**

If there is a default with respect to any of Landlord's covenants, warranties or representations under this Lease, and if the default continues more than fifteen (15) days after notice in writing from Tenant to Landlord specifying the default, Tenant may, at its option and without affecting any other remedy hereunder, cure such default and deduct the cost thereof from the next accruing installment or installments of rent payable hereunder until Tenant shall have been fully reimbursed for such expenditures, together with interest thereon at a rate equal to the lessor of twelve percent (12%) per annum or the then highest lawful rate. If this Lease terminates prior to Tenant's receiving full reimbursement, Landlord shall pay the unreimbursed balance plus accrued interest to Tenant on demand.



**28. Compliance with Law.**

Tenant shall comply with all laws, orders, ordinances and other public requirements now or hereafter pertaining to Tenant's use of the Leased Premises. Landlord shall comply with all laws, orders, ordinances and other public requirements now or hereafter affecting the Leased Premises.

**29. Final Agreement.**

This Agreement terminates and supersedes all prior understandings or agreements on the subject matter hereof. This Agreement may be modified only by a further writing that is duly executed by both parties.

IN WITNESS WHEREOF, the parties have executed this Lease as of the day and year first above written.

	President	12/18/2013
<hr/>		
<b>Landlord Sign – JJ Empire</b>	<b>Position</b>	<b>Date</b>
	Vice President	12/18/2013
<hr/>		
<b>Tenant Sign – Community Dental Services of AZ</b>	<b>Position</b>	<b>Date</b>

COMMERCIAL LEASE AGREEMENT

This Commercial Lease Agreement ("Lease") is made and effective March 1, 2012, by and between **JJ Empire** ("Landlord") and **Natural Relief Clinic** ("Tenant").

Landlord is the owner of land and improvements commonly known and numbered as **201 S 36<sup>th</sup> St Phoenix, AZ 85034-2808** and legally described as follows (the "Building"): **Parcel No 1: The North 50 feet of the South 795 feet of the East 120 feet of the West 290 feet of the Northeast quarter of Section 12, Township 1 North, Range 3 East of the Gila and Salt River Base and Meridian, Maricopa County, Arizona. Parcel 2: The North 50 feet of the South 745 feet of the East 120 feet of the West 290 feet of the Northeast quarter of Section 12, Township 1 North, range 3 East of the Gila and Salt River Base Meridian, Maricopa County, Arizona**

Landlord makes available for lease a portion of the Building designated as warehouse area (the "Leased Premises").

Landlord desires to lease the Leased Premises to Tenant, and Tenant desires to lease the Leased Premises from Landlord for the term, at the rental and upon the covenants, conditions and provisions herein set forth.

THEREFORE, in consideration of the mutual promises herein, contained and other good and valuable consideration, it is agreed:

**1. Term.**

A. Landlord hereby leases the Leased Premises to Tenant, and Tenant hereby leases the same from Landlord, for an "Initial Term" beginning **March 1, 2012** and ending **April 30, 2017**. Landlord shall use its best efforts to give Tenant possession as nearly as possible at the beginning of the Lease term. If Landlord is unable to timely provide the Leased Premises, rent shall abate for the period of delay. Tenant shall make no other claim against Landlord for any such delay.

B. Tenant may renew the Lease for one extended term **yearly**. Tenant shall exercise such renewal option, if at all, by giving written notice to Landlord not less than ninety (90) days prior to the expiration of the Initial Term. The renewal term shall be at the rental set forth below and otherwise upon the same covenants, conditions and provisions as provided in this Lease.

**2. Rental.**

A. Tenant shall pay to Landlord during the Initial Term rental of **\$300,000** per year, payable in installments of **\$25,000** per month. Each installment payment shall be due in advance on the first day of each calendar month during the lease term to Landlord at **201 S 36<sup>th</sup> St** or at such other place designated by written notice from Landlord or Tenant. The rental payment amount for any partial calendar months included in the lease term shall be prorated on a daily basis. Tenant shall also pay to Landlord a "Security Deposit" in the amount of **\$0**. For 2012 year, due to the renovation of the property, the monthly payment will be half the amount of the regular monthly payment. The amount of \$75,000 will be accrued for payment of lease in 2012 and paid when tenant has cash inflow.

B. The rental for any renewal lease term, if created as permitted under this Lease, shall be automatically renewed unless noted. Lease amount may fluctuate depending on market.

**3. Use**

Notwithstanding the forgoing, Tenant shall not use the Leased Premises for the purposes of storing, manufacturing or selling any explosives, flammables or other inherently dangerous substance, chemical, thing or device.

#### **4. Sublease and Assignment.**

Tenant shall have the right without Landlord's consent, to assign this Lease to a corporation with which Tenant may merge or consolidate, to any subsidiary of Tenant, to any corporation under common control with Tenant, or to a purchaser of substantially all of Tenant's assets. Except as set forth above, Tenant shall not sublease all or any part of the Leased Premises, or assign this Lease in whole or in part without Landlord's consent, such consent not to be unreasonably withheld or delayed.

#### **5. Repairs.**

During the Lease term, Tenant shall make, at Tenant's expense, all necessary repairs to the Leased Premises. Repairs shall include such items as routine repairs of floors, walls, ceilings, and other parts of the Leased Premises damaged or worn through normal occupancy, except for major mechanical systems or the roof, subject to the obligations of the parties otherwise set forth in this Lease.

#### **6. Alterations and Improvements.**

Tenant, at Tenant's expense, shall have the right following Landlord's consent to remodel, redecorate, and make additions, improvements and replacements of and to all or any part of the Leased Premises from time to time as Tenant may deem desirable, provided the same are made in a workmanlike manner and utilizing good quality materials. Tenant shall have the right to place and install personal property, trade fixtures, equipment and other temporary installations in and upon the Leased Premises, and fasten the same to the premises. All personal property, equipment, machinery, trade fixtures and temporary installations, whether acquired by Tenant at the commencement of the Lease term or placed or installed on the Leased Premises by Tenant thereafter, shall remain Tenant's property free and clear of any claim by Landlord. Tenant shall have the right to remove the same at any time during the term of this Lease provided that all damage to the Leased Premises caused by such removal shall be repaired by Tenant at Tenant's expense.

#### **7. Property Taxes.**

Landlord shall pay, prior to delinquency, all general real estate taxes and installments of special assessments coming due during the Lease term on the Leased Premises, and all personal property taxes with respect to Landlord's personal property, if any, on the Leased Premises. Tenant shall be responsible for paying all personal property taxes with respect to Tenant's personal property at the Leased Premises.

#### **8. Insurance.**

A. If the Leased Premises or any other party of the Building is damaged by fire or other casualty resulting from any act or negligence of Tenant or any of Tenant's agents, employees or invitees, rent shall not be diminished or abated while such damages are under repair, and Tenant shall be responsible for the costs of repair not covered by insurance.

B. Landlord shall maintain fire and extended coverage insurance on the Building and the Leased Premises in such amounts as Landlord shall deem appropriate. Tenant shall be responsible, at its expense, for fire and extended coverage insurance on all of its personal property, including removable trade fixtures, located in the Leased Premises.

C. Tenant and Landlord shall, each at its own expense, maintain a policy or policies of comprehensive general liability insurance with respect to the respective activities of each in the Building with the premiums thereon fully paid on or before due date, issued by and binding upon some insurance company approved by Landlord, such insurance to afford minimum protection of not less than \$1,000,000 combined single limit coverage of bodily injury, property damage or combination thereof. Landlord shall be listed as an additional insured on Tenant's policy or policies of comprehensive general liability insurance, and Tenant shall provide Landlord with current Certificates of Insurance evidencing Tenant's compliance with this Paragraph. Tenant shall obtain the agreement of Tenant's insurers to notify Landlord that a policy is due to expire at least (10) days prior to such expiration. Landlord shall not be required to maintain insurance against thefts within the Leased Premises or the Building.

## **9. Utilities.**

Tenant shall pay all charges for water, sewer, gas, electricity, telephone and other services and utilities used by Tenant on the Leased Premises during the term of this Lease unless otherwise expressly agreed in writing by Landlord. In the event that any utility or service provided to the Leased Premises is not separately metered, Landlord shall pay the amount due and separately invoice Tenant for Tenant's pro rata share of the charges. Tenant shall pay such amounts within fifteen (15) days of invoice. Tenant acknowledges that the Leased Premises are designed to provide standard office use electrical facilities and standard office lighting. Tenant shall not use any equipment or devices that utilizes excessive electrical energy or which may, in Landlord's reasonable opinion, overload the wiring or interfere with electrical services to other tenants.

## **10. Signs.**

Following Landlord's consent, Tenant shall have the right to place on the Leased Premises, at locations selected by Tenant, any signs which are permitted by applicable zoning ordinances and private restrictions. Landlord may refuse consent to any proposed signage that is in Landlord's opinion too large, deceptive, unattractive or otherwise inconsistent with or inappropriate to the Leased Premises or use of any other tenant. Landlord shall assist and cooperate with Tenant in obtaining any necessary permission from governmental authorities or adjoining owners and occupants for Tenant to place or construct the foregoing signs. Tenant shall repair all damage to the Leased Premises resulting from the removal of signs installed by Tenant.

## **11. Entry.**

Landlord shall have the right to enter upon the Leased Premises at reasonable hours to inspect the same, provided Landlord shall not thereby unreasonably interfere with Tenant's business on the Leased Premises.

## **12. Parking.**

During the term of this Lease, Tenant shall have the non-exclusive use in common with Landlord, other tenants of the Building, their guests and invitees, of the non-reserved common automobile parking areas, driveways, and footways, subject to rules and regulations for the use thereof as prescribed from time to time by Landlord. Landlord reserves the right to designate parking areas within the Building or in reasonable proximity thereto, for Tenant and Tenant's agents and employees. Tenant shall provide Landlord with a list of all license numbers for the cars owned by Tenant, its agents and employees. Separated structured parking, if any, located about the Building is reserved for tenants of the Building who rent such parking spaces. Parking is on a first come-first served basis.

## **13. Building Rules.**

Tenant will comply with the rules of the Building adopted and altered by Landlord from time to time and will cause all of its agents, employees, invitees and visitors to do so; all changes to such rules will be sent by Landlord to Tenant in writing.

## **14. Damage and Destruction.**

Subject to Section 8 A. above, if the Leased Premises or any part thereof or any appurtenance thereto is so damaged by fire, casualty or structural defects that the same cannot be used for Tenant's purposes, then Tenant shall have the right within ninety (90) days following damage to elect by notice to Landlord to terminate this Lease as of the date of such damage. In the event of minor damage to any part of the Leased Premises, and if such damage does not render the Leased Premises unusable for Tenant's purposes, Landlord shall promptly repair such damage at the cost of the Landlord. In making the repairs called for in this paragraph, Landlord shall not be liable for any delays resulting from strikes, governmental restrictions, inability to obtain necessary materials or labor or other matters which are beyond the reasonable control of Landlord. Tenant shall be relieved from paying rent and other charges during any portion of the Lease term that the Leased Premises are inoperable or unfit for occupancy, or use, in whole or in part, for Tenant's purposes. Rentals and other charges paid in advance for any such periods shall be credited on the next ensuing payments, if any, but if no further payments are to be made, any such advance payments shall be refunded to Tenant. The provisions of this paragraph extend not only to the matters aforesaid, but

also to any occurrence which is beyond Tenant's reasonable control and which renders the Leased Premises, or any appurtenance thereto, inoperable or unfit for occupancy or use, in whole or in part, for Tenant's purposes.

#### **15. Default.**

If default shall at any time be made by Tenant in the payment of rent when due to Landlord as herein provided, and if said default shall continue for fifteen (15) days after written notice thereof shall have been given to Tenant by Landlord, or if default shall be made in any of the other covenants or conditions to be kept, observed and performed by Tenant, and such default shall continue for thirty (30) days after notice thereof in writing to Tenant by Landlord without correction thereof then having been commenced and thereafter diligently prosecuted, Landlord may declare the term of this Lease ended and terminated by giving Tenant written notice of such intention, and if possession of the Leased Premises is not surrendered, Landlord may reenter said premises. Landlord shall have, in addition to the remedy above provided, any other right or remedy available to Landlord on account of any Tenant default, either in law or equity. Landlord shall use reasonable efforts to mitigate its damages.

#### **16. Quiet Possession.**

Landlord covenants and warrants that upon performance by Tenant of its obligations hereunder, Landlord will keep and maintain Tenant in exclusive, quiet, peaceable and undisturbed and uninterrupted possession of the Leased Premises during the term of this Lease.

#### **17. Condemnation.**

If any legally, constituted authority condemns the Building or such part thereof which shall make the Leased Premises unsuitable for leasing, this Lease shall cease when the public authority takes possession, and Landlord and Tenant shall account for rental as of that date. Such termination shall be without prejudice to the rights of either party to recover compensation from the condemning authority for any loss or damage caused by the condemnation. Neither party shall have any rights in or to any award made to the other by the condemning authority.

#### **18. Subordination.**

Tenant accepts this Lease subject and subordinate to any mortgage, deed of trust or other lien presently existing or hereafter arising upon the Leased Premises, or upon the Building and to any renewals, refinancing and extensions thereof, but Tenant agrees that any such mortgagee shall have the right at any time to subordinate such mortgage, deed of trust or other lien to this Lease on such terms and subject to such conditions as such mortgagee may deem appropriate in its discretion. Landlord is hereby irrevocably vested with full power and authority to subordinate this Lease to any mortgage, deed of trust or other lien now existing or hereafter placed upon the Leased Premises of the Building, and Tenant agrees upon demand to execute such further instruments subordinating this Lease or attorning to the holder of any such liens as Landlord may request. In the event that Tenant should fail to execute any instrument of subordination herein required to be executed by Tenant promptly as requested, Tenant hereby irrevocably constitutes Landlord as its attorney-in-fact to execute such instrument in Tenant's name, place and stead, it being agreed that such power is one coupled with an interest. Tenant agrees that it will from time to time upon request by Landlord execute and deliver to such persons as Landlord shall request a statement in recordable form certifying that this Lease is unmodified and in full force and effect (or if there have been modifications, that the same is in full force and effect as so modified), stating the dates to which rent and other charges payable under this Lease have been paid, stating that Landlord is not in default hereunder (or if Tenant alleges a default stating the nature of such alleged default) and further stating such other matters as Landlord shall reasonably require.

#### **19. Security Deposit.**

The Security Deposit shall be held by Landlord without liability for interest and as security for the performance by Tenant of Tenant's covenants and obligations under this Lease, it being expressly understood that the Security Deposit shall not be considered an advance payment of rental or a measure of Landlord's damages in case of default by Tenant. Unless otherwise provided by mandatory non-waivable law or regulation, Landlord may commingle the Security Deposit with Landlord's other funds. Landlord may, from time to time, without prejudice to any other remedy, use the Security Deposit to the extent necessary to make good any arrearages of rent or to satisfy any other



covenant or obligation of Tenant hereunder. Following any such application of the Security Deposit, Tenant shall pay to Landlord on demand the amount so applied in order to restore the Security Deposit to its original amount. If Tenant is not in default at the termination of this Lease, the balance of the Security Deposit remaining after any such application shall be returned by Landlord to Tenant. If Landlord transfers its interest in the Premises during the term of this Lease, Landlord may assign the Security Deposit to the transferee and thereafter shall have no further liability for the return of such Security Deposit.

## **20. Notice.**

Any notice required or permitted under this Lease shall be deemed sufficiently given or served if sent by United States certified mail, return receipt requested, addressed as follows:

If to Landlord to:

**JJ Empire LLC**  
**201 S 36<sup>th</sup> Street Phoenix, AZ 85034-2808**

If to Tenant to:

**Natural Relief Clinic**  
**201 S 36<sup>th</sup> Street Phoenix, AZ 85034-2808**

Landlord and Tenant shall each have the right from time to time to change the place notice is to be given under this paragraph by written notice thereof to the other party.

## **21. Brokers.**

Tenant represents that Tenant was not shown the Premises by any real estate broker or agent and that Tenant has not otherwise engaged in, any activity which could form the basis for a claim for real estate commission, brokerage fee, finder's fee or other similar charge, in connection with this Lease.

## **22. Waiver.**

No waiver of any default of Landlord or Tenant hereunder shall be implied from any omission to take any action on account of such default if such default persists or is repeated, and no express waiver shall affect any default other than the default specified in the express waiver and that only for the time and to the extent therein stated. One or more waivers by Landlord or Tenant shall not be construed as a waiver of a subsequent breach of the same covenant, term or condition.

## **23. Memorandum of Lease.**

The parties hereto contemplate that this Lease should not and shall not be filed for record, but in lieu thereof, at the request of either party, Landlord and Tenant shall execute a Memorandum of Lease to be recorded for the purpose of giving record notice of the appropriate provisions of this Lease.

## **24. Headings.**

The headings used in this Lease are for convenience of the parties only and shall not be considered in interpreting the meaning of any provision of this Lease.

## **25. Successors.**

The provisions of this Lease shall extend to and be binding upon Landlord and Tenant and their respective legal representatives, successors and assigns.

**26. Consent.**

Landlord shall not unreasonably withhold or delay its consent with respect to any matter for which Landlord's consent is required or desirable under this Lease.

**27. Performance.**

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**28. Compliance with Law.**

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**29. Final Agreement.**

This Agreement terminates and supersedes all prior understandings or agreements on the subject matter hereof. This Agreement may be modified only by a further writing that is duly executed by both parties.

IN WITNESS WHEREOF, the parties have executed this Lease as of the day and year first above written.

/s/ Carsten Loelke  
Landlord Sign – JJ Empire

President  
Position 2/28/2012  
Date

/s/ Elizabeth Loelke  
Tenant Sign – Natural Relief Clinic

Vice President  
Position 2/28/2012  
Date

COMMERCIAL LEASE AGREEMENT

This Commercial Lease Agreement ("Lease") is made and effective July 1, 2012, by and between **JJ Empire** ("Landlord") and **Natural Relief Clinic** ("Tenant").

Landlord is the owner of land and improvements commonly known and numbered as **1191 S. Naco Highway aka 129 S. Naco Hwy Bisbee, AZ 85603** and legally described as follows (the "Building"): **POR SW4 by M&B: Beg 739.08' S & 50' E of W4 Cor; .289 AC 01-09 LV COMMCL**

Landlord makes available for lease all of the Building (the "Leased Premises").

Landlord desires to lease the Leased Premises to Tenant, and Tenant desires to lease the Leased Premises from Landlord for the term, at the rental and upon the covenants, conditions and provisions herein set forth.

THEREFORE, in consideration of the mutual promises herein, contained and other good and valuable consideration, it is agreed:

**1. Term.**

A. Landlord hereby leases the Leased Premises to Tenant, and Tenant hereby leases the same from Landlord, for an "Initial Term" beginning **July 1, 2012** and ending **April 30, 2017**. Landlord shall use its best efforts to give Tenant possession as nearly as possible at the beginning of the Lease term. If Landlord is unable to timely provide the Leased Premises, rent shall abate for the period of delay. Tenant shall make no other claim against Landlord for any such delay.

B. Tenant may renew the Lease for one extended term **yearly**. Tenant shall exercise such renewal option, if at all, by giving written notice to Landlord not less than ninety (90) days prior to the expiration of the Initial Term. The renewal term shall be at the rental set forth below and otherwise upon the same covenants, conditions and provisions as provided in this Lease.

**2. Rental.**

A. Tenant shall pay to Landlord during the Initial Term rental of **\$96,000** per year, payable in installments of **\$8,000** per month. Each installment payment shall be due in advance on the first day of each calendar month during the lease term to Landlord at **201 S 36<sup>th</sup> St** or at such other place designated by written notice from Landlord or Tenant. The rental payment amount for any partial calendar months included in the lease term shall be prorated on a daily basis. Tenant shall also pay to Landlord a "Security Deposit" in the amount of **\$0**. For 2012 year, due to the renovation of the property, the monthly payment will be half the amount of the regular monthly payment. The amount of **\$12,000** will be accrued for payment of lease in 2012 and paid when tenant has cash inflow.

B. The rental for any renewal lease term, if created as permitted under this Lease, shall be automatically renewed unless noted. Lease amount may fluctuate depending on market.

**3. Use**

Notwithstanding the forgoing, Tenant shall not use the Leased Premises for the purposes of storing, manufacturing or selling any explosives, flammables or other inherently dangerous substance, chemical, thing or device.

**4. Sublease and Assignment.**

Tenant shall have the right without Landlord's consent, to assign this Lease to a corporation with which Tenant may merge or consolidate, to any subsidiary of Tenant, to any corporation under common control with Tenant, or to a purchaser of substantially all of Tenant's assets. Except as set forth above, Tenant shall not sublease all or any part

of the Leased Premises, or assign this Lease in whole or in part without Landlord's consent, such consent not to be unreasonably withheld or delayed.

#### **5. Repairs.**

During the Lease term, Tenant shall make, at Tenant's expense, all necessary repairs to the Leased Premises. Repairs shall include such items as routine repairs of floors, walls, ceilings, and other parts of the Leased Premises damaged or worn through normal occupancy, except for major mechanical systems or the roof, subject to the obligations of the parties otherwise set forth in this Lease.

#### **6. Alterations and Improvements.**

Tenant, at Tenant's expense, shall have the right following Landlord's consent to remodel, redecorate, and make additions, improvements and replacements of and to all or any part of the Leased Premises from time to time as Tenant may deem desirable, provided the same are made in a workmanlike manner and utilizing good quality materials. Tenant shall have the right to place and install personal property, trade fixtures, equipment and other temporary installations in and upon the Leased Premises, and fasten the same to the premises. All personal property, equipment, machinery, trade fixtures and temporary installations, whether acquired by Tenant at the commencement of the Lease term or placed or installed on the Leased Premises by Tenant thereafter, shall remain Tenant's property free and clear of any claim by Landlord. Tenant shall have the right to remove the same at any time during the term of this Lease provided that all damage to the Leased Premises caused by such removal shall be repaired by Tenant at Tenant's expense.

#### **7. Property Taxes.**

Landlord shall pay, prior to delinquency, all general real estate taxes and installments of special assessments coming due during the Lease term on the Leased Premises, and all personal property taxes with respect to Landlord's personal property, if any, on the Leased Premises. Tenant shall be responsible for paying all personal property taxes with respect to Tenant's personal property at the Leased Premises.

#### **8. Insurance.**

A. If the Leased Premises or any other part of the Building is damaged by fire or other casualty resulting from any act or negligence of Tenant or any of Tenant's agents, employees or invitees, rent shall not be diminished or abated while such damages are under repair, and Tenant shall be responsible for the costs of repair not covered by insurance.

B. Landlord shall maintain fire and extended coverage insurance on the Building and the Leased Premises in such amounts as Landlord shall deem appropriate. Tenant shall be responsible, at its expense, for fire and extended coverage insurance on all of its personal property, including removable trade fixtures, located in the Leased Premises.

C. Tenant and Landlord shall, each at its own expense, maintain a policy or policies of comprehensive general liability insurance with respect to the respective activities of each in the Building with the premiums thereon fully paid on or before due date, issued by and binding upon some insurance company approved by Landlord, such insurance to afford minimum protection of not less than \$1,000,000 combined single limit coverage of bodily injury, property damage or combination thereof. Landlord shall be listed as an additional insured on Tenant's policy or policies of comprehensive general liability insurance, and Tenant shall provide Landlord with current Certificates of Insurance evidencing Tenant's compliance with this Paragraph. Tenant shall obtain the agreement of Tenant's insurers to notify Landlord that a policy is due to expire at least (10) days prior to such expiration. Landlord shall not be required to maintain insurance against thefts within the Leased Premises or the Building.

#### **9. Utilities.**

Tenant shall pay all charges for water, sewer, gas, electricity, telephone and other services and utilities used by Tenant on the Leased Premises during the term of this Lease unless otherwise expressly agreed in writing by

Landlord. In the event that any utility or service provided to the Leased Premises is not separately metered, Landlord shall pay the amount due and separately invoice Tenant for Tenant's pro rata share of the charges. Tenant shall pay such amounts within fifteen (15) days of invoice. Tenant acknowledges that the Leased Premises are designed to provide standard office use electrical facilities and standard office lighting. Tenant shall not use any equipment or devices that utilizes excessive electrical energy or which may, in Landlord's reasonable opinion, overload the wiring or interfere with electrical services to other tenants.

#### **10. Signs.**

Following Landlord's consent, Tenant shall have the right to place on the Leased Premises, at locations selected by Tenant, any signs which are permitted by applicable zoning ordinances and private restrictions. Landlord may refuse consent to any proposed signage that is in Landlord's opinion too large, deceptive, unattractive or otherwise inconsistent with or inappropriate to the Leased Premises or use of any other tenant. Landlord shall assist and cooperate with Tenant in obtaining any necessary permission from governmental authorities or adjoining owners and occupants for Tenant to place or construct the foregoing signs. Tenant shall repair all damage to the Leased Premises resulting from the removal of signs installed by Tenant.

#### **11. Entry.**

Landlord shall have the right to enter upon the Leased Premises at reasonable hours to inspect the same, provided Landlord shall not thereby unreasonably interfere with Tenant's business on the Leased Premises.

#### **12. Parking.**

During the term of this Lease, Tenant shall have the non-exclusive use in common with Landlord, other tenants of the Building, their guests and invitees, of the non-reserved common automobile parking areas, driveways, and footways, subject to rules and regulations for the use thereof as prescribed from time to time by Landlord. Landlord reserves the right to designate parking areas within the Building or in reasonable proximity thereto, for Tenant and Tenant's agents and employees. Tenant shall provide Landlord with a list of all license numbers for the cars owned by Tenant, its agents and employees. Separated structured parking, if any, located about the Building is reserved for tenants of the Building who rent such parking spaces. Parking is on a first come-first served basis.

#### **13. Building Rules.**

Tenant will comply with the rules of the Building adopted and altered by Landlord from time to time and will cause all of its agents, employees, invitees and visitors to do so; all changes to such rules will be sent by Landlord to Tenant in writing.

#### **14. Damage and Destruction.**

Subject to Section 8 A. above, if the Leased Premises or any part thereof or any appurtenance thereto is so damaged by fire, casualty or structural defects that the same cannot be used for Tenant's purposes, then Tenant shall have the right within ninety (90) days following damage to elect by notice to Landlord to terminate this Lease as of the date of such damage. In the event of minor damage to any part of the Leased Premises, and if such damage does not render the Leased Premises unusable for Tenant's purposes, Landlord shall promptly repair such damage at the cost of the Landlord. In making the repairs called for in this paragraph, Landlord shall not be liable for any delays resulting from strikes, governmental restrictions, inability to obtain necessary materials or labor or other matters which are beyond the reasonable control of Landlord. Tenant shall be relieved from paying rent and other charges during any portion of the Lease term that the Leased Premises are inoperable or unfit for occupancy, or use, in whole or in part, for Tenant's purposes. Rentals and other charges paid in advance for any such periods shall be credited on the next ensuing payments, if any, but if no further payments are to be made, any such advance payments shall be refunded to Tenant. The provisions of this paragraph extend not only to the matters aforesaid, but also to any occurrence which is beyond Tenant's reasonable control and which renders the Leased Premises, or any appurtenance thereto, inoperable or unfit for occupancy or use, in whole or in part, for Tenant's purposes.

#### **15. Default.**

If default shall at any time be made by Tenant in the payment of rent when due to Landlord as herein provided, and if said default shall continue for fifteen (15) days after written notice thereof shall have been given to Tenant by Landlord, or if default shall be made in any of the other covenants or conditions to be kept, observed and performed by Tenant, and such default shall continue for thirty (30) days after notice thereof in writing to Tenant by Landlord without correction thereof then having been commenced and thereafter diligently prosecuted, Landlord may declare the term of this Lease ended and terminated by giving Tenant written notice of such intention, and if possession of the Leased Premises is not surrendered, Landlord may reenter said premises. Landlord shall have, in addition to the remedy above provided, any other right or remedy available to Landlord on account of any Tenant default, either in law or equity. Landlord shall use reasonable efforts to mitigate its damages.

#### **16. Quiet Possession.**

Landlord covenants and warrants that upon performance by Tenant of its obligations hereunder, Landlord will keep and maintain Tenant in exclusive, quiet, peaceable and undisturbed and uninterrupted possession of the Leased Premises during the term of this Lease.

#### **17. Condemnation.**

If any legally, constituted authority condemns the Building or such part thereof which shall make the Leased Premises unsuitable for leasing, this Lease shall cease when the public authority takes possession, and Landlord and Tenant shall account for rental as of that date. Such termination shall be without prejudice to the rights of either party to recover compensation from the condemning authority for any loss or damage caused by the condemnation. Neither party shall have any rights in or to any award made to the other by the condemning authority.

#### **18. Subordination.**

Tenant accepts this Lease subject and subordinate to any mortgage, deed of trust or other lien presently existing or hereafter arising upon the Leased Premises, or upon the Building and to any renewals, refinancing and extensions thereof, but Tenant agrees that any such mortgagee shall have the right at any time to subordinate such mortgage, deed of trust or other lien to this Lease on such terms and subject to such conditions as such mortgagee may deem appropriate in its discretion. Landlord is hereby irrevocably vested with full power and authority to subordinate this Lease to any mortgage, deed of trust or other lien now existing or hereafter placed upon the Leased Premises of the Building, and Tenant agrees upon demand to execute such further instruments subordinating this Lease or attorning to the holder of any such liens as Landlord may request. In the event that Tenant should fail to execute any instrument of subordination herein required to be executed by Tenant promptly as requested, Tenant hereby irrevocably constitutes Landlord as its attorney-in-fact to execute such instrument in Tenant's name, place and stead, it being agreed that such power is one coupled with an interest. Tenant agrees that it will from time to time upon request by Landlord execute and deliver to such persons as Landlord shall request a statement in recordable form certifying that this Lease is unmodified and in full force and effect (or if there have been modifications, that the same is in full force and effect as so modified), stating the dates to which rent and other charges payable under this Lease have been paid, stating that Landlord is not in default hereunder (or if Tenant alleges a default stating the nature of such alleged default) and further stating such other matters as Landlord shall reasonably require.

#### **19. Security Deposit.**

The Security Deposit shall be held by Landlord without liability for interest and as security for the performance by Tenant of Tenant's covenants and obligations under this Lease, it being expressly understood that the Security Deposit shall not be considered an advance payment of rental or a measure of Landlord's damages in case of default by Tenant. Unless otherwise provided by mandatory non-waivable law or regulation, Landlord may commingle the Security Deposit with Landlord's other funds. Landlord may, from time to time, without prejudice to any other remedy, use the Security Deposit to the extent necessary to make good any arrearages of rent or to satisfy any other covenant or obligation of Tenant hereunder. Following any such application of the Security Deposit, Tenant shall pay to Landlord on demand the amount so applied in order to restore the Security Deposit to its original amount. If Tenant is not in default at the termination of this Lease, the balance of the Security Deposit remaining after any such

application shall be returned by Landlord to Tenant. If Landlord transfers its interest in the Premises during the term of this Lease, Landlord may assign the Security Deposit to the transferee and thereafter shall have no further liability for the return of such Security Deposit.

## **20. Notice.**

Any notice required or permitted under this Lease shall be deemed sufficiently given or served if sent by United States certified mail, return receipt requested, addressed as follows:

If to Landlord to:

**JJ Empire LLC**  
**201 S 36<sup>th</sup> Street Phoenix, AZ 85034-2808**

If to Tenant to:

**Natural Relief Clinic**  
**201 S 36<sup>th</sup> Street Phoenix, AZ 85034-2808**

Landlord and Tenant shall each have the right from time to time to change the place notice is to be given under this paragraph by written notice thereof to the other party.

## **21. Brokers.**

Tenant represents that Tenant was not shown the Premises by any real estate broker or agent and that Tenant has not otherwise engaged in, any activity which could form the basis for a claim for real estate commission, brokerage fee, finder's fee or other similar charge, in connection with this Lease.

## **22. Waiver.**

No waiver of any default of Landlord or Tenant hereunder shall be implied from any omission to take any action on account of such default if such default persists or is repeated, and no express waiver shall affect any default other than the default specified in the express waiver and that only for the time and to the extent therein stated. One or more waivers by Landlord or Tenant shall not be construed as a waiver of a subsequent breach of the same covenant, term or condition.

## **23. Memorandum of Lease.**

The parties hereto contemplate that this Lease should not and shall not be filed for record, but in lieu thereof, at the request of either party, Landlord and Tenant shall execute a Memorandum of Lease to be recorded for the purpose of giving record notice of the appropriate provisions of this Lease.

## **24. Headings.**

The headings used in this Lease are for convenience of the parties only and shall not be considered in interpreting the meaning of any provision of this Lease.

## **25. Successors.**

The provisions of this Lease shall extend to and be binding upon Landlord and Tenant and their respective legal representatives, successors and assigns.

## **26. Consent.**

Landlord shall not unreasonably withhold or delay its consent with respect to any matter for which Landlord's consent is required or desirable under this Lease.





**COMMERCIAL LEASE AGREEMENT**

This Commercial Lease Agreement ("Lease") is made and effective May 1<sup>st</sup>, 2013, by and between **JJ Empire**("Landlord") and **Food 2828** ("Tenant").

Landlord is the owner of land and improvements commonly known and numbered as 201 S 36<sup>th</sup> Street Phoenix, AZ 85034-2808 and legally described as follows (the "Building"): Parcel 1: the North 50 feet of the south 795 feet of the West 290 feet of the Northeast quarter of Section 12, Township 1 North, range 3 East of the Gila and Salt River Base and Meridian, Maricopa County Arizona; Parcel 2: The North 50 Feet of the south 745 feet of the East 120 feet of the West 290 feet of the Northeast quarter of Section 12, Township 1 North, Range 3 East of the Gila and Salt River Base and Meridian, Maricopa County, Arizona.

Landlord makes available for lease a portion of the Building designated as Kitchen area and a room west middle part of the building.

Landlord desires to lease the Leased Premises to Tenant, and Tenant desires to lease the Leased Premises from Landlord for the term, at the rental and upon the covenants, conditions and provisions herein set forth.

THEREFORE, in consideration of the mutual promises herein, contained and other good and valuable consideration, it is agreed:

**1. Term.**

A. Landlord hereby leases the Leased Premises to Tenant, and Tenant hereby leases the same from Landlord, for an "Initial Term" beginning May 1<sup>st</sup>, 2013 and ending April 30, 2014 . Landlord shall use its best efforts to give Tenant possession as nearly as possible at the beginning of the Lease term. If Landlord is unable to timely provide the Leased Premises, rent shall abate for the period of delay. Tenant shall make no other claim against Landlord for any such delay.

B. Tenant may renew the Lease yearly after end of above term. Tenant shall exercise such renewal option, if at all, by giving written notice to Landlord not less than ninety (90) days prior to the expiration of the Initial Term. The renewal term shall be at the rental set forth below and otherwise upon the same covenants, conditions and provisions as provided in this Lease. The Landlord has the right to increase the rental amount after the initial term.

**2. Rental.**

A. Tenant shall pay to Landlord during the Initial Term rental of \$12,000 per year, payable in installments of \$1,000 per month. Each installment payment shall be due the 5<sup>th</sup> day of each calendar month during the lease term to Landlord at 201 S 36<sup>th</sup> Street Phoenix, AZ 85034-2808 or at such other place designated by written notice from Landlord or Tenant. The rental payment amount for any partial calendar months included in the lease term shall be prorated on a daily basis.

B. The rental for any renewal lease term, if created as permitted under this Lease, shall be determined at time of renewal.

**3. Use**

Notwithstanding the forgoing, Tenant shall not use the Leased Premises for the purposes of storing, manufacturing or selling any explosives, flammables or other inherently dangerous substance, chemical, thing or device.

#### **4. Sublease and Assignment.**

Tenant shall have the right without Landlord's consent, to assign this Lease to a corporation with which Tenant may merge or consolidate, to any subsidiary of Tenant, to any corporation under common control with Tenant, or to a purchaser of substantially all of Tenant's assets. Except as set forth above, Tenant shall not sublease all or any part of the Leased Premises, or assign this Lease in whole or in part without Landlord's consent, such consent not to be unreasonably withheld or delayed.

#### **5. Repairs.**

During the Lease term, Tenant shall make, at Tenant's expense, all necessary repairs to the Leased Premises. Repairs shall include such items as routine repairs of floors, walls, ceilings, and other parts of the Leased Premises damaged or worn through normal occupancy, except for major mechanical systems or the roof, subject to the obligations of the parties otherwise set forth in this Lease.

#### **6. Alterations and Improvements.**

Tenant, at Tenant's expense, shall have the right following Landlord's consent to remodel, redecorate, and make additions, improvements and replacements of and to all or any part of the Leased Premises from time to time as Tenant may deem desirable, provided the same are made in a workmanlike manner and utilizing good quality materials. Tenant shall have the right to place and install personal property, trade fixtures, equipment and other temporary installations in and upon the Leased Premises, and fasten the same to the premises. All personal property, equipment, machinery, trade fixtures and temporary installations, whether acquired by Tenant at the commencement of the Lease term or placed or installed on the Leased Premises by Tenant thereafter, shall remain Tenant's property free and clear of any claim by Landlord. Tenant shall have the right to remove the same at any time during the term of this Lease provided that all damage to the Leased Premises caused by such removal shall be repaired by Tenant at Tenant's expense.

#### **7. Property Taxes.**

Landlord shall pay, prior to delinquency, all general real estate taxes and installments of special assessments coming due during the Lease term on the Leased Premises, and all personal property taxes with respect to Landlord's personal property, if any, on the Leased Premises. Tenant shall be responsible for paying all personal property taxes with respect to Tenant's personal property at the Leased Premises.

#### **8. Insurance.**

A. If the Leased Premises or any other party of the Building is damaged by fire or other casualty resulting from any act or negligence of Tenant or any of Tenant's agents, employees or invitees, rent shall not be diminished or abated while such damages are under repair, and Tenant shall be responsible for the costs of repair not covered by insurance.

B. Tenant shall maintain fire and extended coverage insurance on the Building and the Leased Premises in such amounts as Landlord shall deem appropriate. Tenant shall be responsible, at its expense, for fire and extended coverage insurance on all of its personal property, including removable trade fixtures, located in the Leased Premises.

C. Tenant and Landlord shall, each at its own expense, maintain a policy or policies of comprehensive general liability insurance with respect to the respective activities of each in the Building with the premiums thereon fully paid on or before due date, issued by and binding upon some insurance company approved by Landlord, such insurance to afford minimum protection of not less than \$1,000,000 combined single limit coverage of bodily injury, property damage or combination thereof. Landlord shall be listed as an additional insured on Tenant's policy or policies of comprehensive general liability insurance, and Tenant shall provide Landlord with current Certificates of Insurance evidencing Tenant's compliance with this Paragraph. Tenant shall obtain the agreement of Tenant's insurers to notify Landlord that a policy is due to expire at least (10) days prior to such expiration. Landlord shall not be required to maintain insurance against thefts within the Leased Premises or the Building.

## **9. Utilities.**

Tenant shall pay all charges for water, sewer, gas, electricity, telephone and other services and utilities used by Tenant on the Leased Premises during the term of this Lease unless otherwise expressly agreed in writing by Landlord. In the event that any utility or service provided to the Leased Premises is not separately metered, Landlord shall pay the amount due and separately invoice Tenant for Tenant's pro rata share of the charges. Tenant shall pay such amounts within fifteen (15) days of invoice. Tenant acknowledges that the Leased Premises are designed to provide standard office use electrical facilities and standard office lighting. Tenant shall not use any equipment or devices that utilizes excessive electrical energy or which may, in Landlord's reasonable opinion, overload the wiring or interfere with electrical services to other tenants.

## **10. Signs.**

Following Landlord's consent, Tenant shall have the right to place on the Leased Premises, at locations selected by Tenant, any signs which are permitted by applicable zoning ordinances and private restrictions. Landlord may refuse consent to any proposed signage that is in Landlord's opinion too large, deceptive, unattractive or otherwise inconsistent with or inappropriate to the Leased Premises or use of any other tenant. Landlord shall assist and cooperate with Tenant in obtaining any necessary permission from governmental authorities or adjoining owners and occupants for Tenant to place or construct the foregoing signs. Tenant shall repair all damage to the Leased Premises resulting from the removal of signs installed by Tenant.

## **11. Entry.**

Landlord shall have the right to enter upon the Leased Premises at reasonable hours to inspect the same, provided Landlord shall not thereby unreasonably interfere with Tenant's business on the Leased Premises.

## **12. Parking.**

During the term of this Lease, Tenant shall have the non-exclusive use in common with Landlord, other tenants of the Building, their guests and invitees, of the non-reserved common automobile parking areas, driveways, and footways, subject to rules and regulations for the use thereof as prescribed from time to time by Landlord. Landlord reserves the right to designate parking areas within the Building or in reasonable proximity thereto, for Tenant and Tenant's agents and employees. Tenant shall provide Landlord with a list of all license numbers for the cars owned by Tenant, its agents and employees. Separated structured parking, if any, located about the Building is reserved for tenants of the Building who rent such parking spaces. Spaces to be on a first come-first served basis. The dental clinics of the Tenant have priority parking, followed by employee parking spaces. In consideration of the leasing to Tenant of such spaces, the monthly rental includes all the parking needed for Tenant.

## **13. Building Rules.**

Tenant will comply with the rules of the Building adopted and altered by Landlord from time to time and will cause all of its agents, employees, invitees and visitors to do so; all changes to such rules will be sent by Landlord to Tenant in writing

## **14. Damage and Destruction.**

Subject to Section 8 A. above, if the Leased Premises or any part thereof or any appurtenance thereto is so damaged by fire, casualty or structural defects that the same cannot be used for Tenant's purposes, then Tenant shall have the right within ninety (90) days following damage to elect by notice to Landlord to terminate this Lease as of the date of such damage. In the event of minor damage to any part of the Leased Premises, and if such damage does not render the Leased Premises unusable for Tenant's purposes, Landlord shall promptly repair such damage at the cost of the Landlord. In making the repairs called for in this paragraph, Landlord shall not be liable for any delays resulting from strikes, governmental restrictions, inability to obtain necessary materials or labor or other matters which are beyond the reasonable control of Landlord. Tenant shall be relieved from paying rent and other charges during any portion of the Lease term that the Leased Premises are inoperable or unfit for occupancy, or use, in

whole or in part, for Tenant's purposes. Rentals and other charges paid in advance for any such periods shall be credited on the next ensuing payments, if any, but if no further payments are to be made, any such advance payments shall be refunded to Tenant. The provisions of this paragraph extend not only to the matters aforesaid, but also to any occurrence which is beyond Tenant's reasonable control and which renders the Leased Premises, or any appurtenance thereto, inoperable or unfit for occupancy or use, in whole or in part, for Tenant's purposes.

#### **15. Default.**

If default shall at any time be made by Tenant in the payment of rent when due to Landlord as herein provided, and if said default shall continue for fifteen (15) days after written notice thereof shall have been given to Tenant by Landlord, or if default shall be made in any of the other covenants or conditions to be kept, observed and performed by Tenant, and such default shall continue for thirty (30) days after notice thereof in writing to Tenant by Landlord without correction thereof then having been commenced and thereafter diligently prosecuted, Landlord may declare the term of this Lease ended and terminated by giving Tenant written notice of such intention, and if possession of the Leased Premises is not surrendered, Landlord may reenter said premises. Landlord shall have, in addition to the remedy above provided, any other right or remedy available to Landlord on account of any Tenant default, either in law or equity. Landlord shall use reasonable efforts to mitigate its damages.

#### **16. Quiet Possession.**

Landlord covenants and warrants that upon performance by Tenant of its obligations hereunder, Landlord will keep and maintain Tenant in exclusive, quiet, peaceable and undisturbed and uninterrupted possession of the Leased Premises during the term of this Lease.

#### **17. Condemnation.**

If any legally, constituted authority condemns the Building or such part thereof which shall make the Leased Premises unsuitable for leasing, this Lease shall cease when the public authority takes possession, and Landlord and Tenant shall account for rental as of that date. Such termination shall be without prejudice to the rights of either party to recover compensation from the condemning authority for any loss or damage caused by the condemnation. Neither party shall have any rights in or to any award made to the other by the condemning authority.

#### **18. Subordination.**

Tenant accepts this Lease subject and subordinate to any mortgage, deed of trust or other lien presently existing or hereafter arising upon the Leased Premises, or upon the Building and to any renewals, refinancing and extensions thereof, but Tenant agrees that any such mortgagee shall have the right at any time to subordinate such mortgage, deed of trust or other lien to this Lease on such terms and subject to such conditions as such mortgagee may deem appropriate in its discretion. Landlord is hereby irrevocably vested with full power and authority to subordinate this Lease to any mortgage, deed of trust or other lien now existing or hereafter placed upon the Leased Premises of the Building, and Tenant agrees upon demand to execute such further instruments subordinating this Lease or attorning to the holder of any such liens as Landlord may request. In the event that Tenant should fail to execute any instrument of subordination herein required to be executed by Tenant promptly as requested, Tenant hereby irrevocably constitutes Landlord as its attorney-in-fact to execute such instrument in Tenant's name, place and stead, it being agreed that such power is one coupled with an interest. Tenant agrees that it will from time to time upon request by Landlord execute and deliver to such persons as Landlord shall request a statement in recordable form certifying that this Lease is unmodified and in full force and effect (or if there have been modifications, that the same is in full force and effect as so modified), stating the dates to which rent and other charges payable under this Lease have been paid, stating that Landlord is not in default hereunder (or if Tenant alleges a default stating the nature of such alleged default) and further stating such other matters as Landlord shall reasonably require.

#### **19. Security Deposit.**

No security deposit will be needed.

## **20. Notice.**

Any notice required or permitted under this Lease shall be deemed sufficiently given or served if sent by United States certified mail, return receipt requested, addressed as follows:

If to Landlord to:

**JJ Empire LLC**  
**201 S 36<sup>th</sup> Street Phoenix, AZ 85034-2808**

If to Tenant to:

**Food 2828 LLC**  
**201 S 36<sup>th</sup> Street Phoenix, AZ 85034-2808**

Landlord and Tenant shall each have the right from time to time to change the place notice is to be given under this paragraph by written notice thereof to the other party.

## **21. Brokers.**

Tenant represents that Tenant was not shown the Premises by any real estate broker or agent and that Tenant has not otherwise engaged in, any activity which could form the basis for a claim for real estate commission, brokerage fee, finder's fee or other similar charge, in connection with this Lease.

## **22. Waiver.**

No waiver of any default of Landlord or Tenant hereunder shall be implied from any omission to take any action on account of such default if such default persists or is repeated, and no express waiver shall affect any default other than the default specified in the express waiver and that only for the time and to the extent therein stated. One or more waivers by Landlord or Tenant shall not be construed as a waiver of a subsequent breach of the same covenant, term or condition.

## **23. Memorandum of Lease.**

The parties hereto contemplate that this Lease should not and shall not be filed for record, but in lieu thereof, at the request of either party, Landlord and Tenant shall execute a Memorandum of Lease to be recorded for the purpose of giving record notice of the appropriate provisions of this Lease.

## **24. Headings.**

The headings used in this Lease are for convenience of the parties only and shall not be considered in interpreting the meaning of any provision of this Lease.

## **25. Successors.**

The provisions of this Lease shall extend to and be binding upon Landlord and Tenant and their respective legal representatives, successors and assigns.

## **26. Consent.**

Landlord shall not unreasonably withhold or delay its consent with respect to any matter for which Landlord's consent is required or desirable under this Lease.

**27. Performance.**

If there is a default with respect to any of Landlord's covenants, warranties or representations under this Lease, and if the default continues more than fifteen (15) days after notice in writing from Tenant to Landlord specifying the default, Tenant may, at its option and without affecting any other remedy hereunder, cure such default and deduct the cost thereof from the next accruing installment or installments of rent payable hereunder until Tenant shall have been fully reimbursed for such expenditures, together with interest thereon at a rate equal to the lessor of twelve percent (12%) per annum or the then highest lawful rate. If this Lease terminates prior to Tenant's receiving full reimbursement, Landlord shall pay the unreimbursed balance plus accrued interest to Tenant on demand.

**28. Compliance with Law.**

Tenant shall comply with all laws, orders, ordinances and other public requirements now or hereafter pertaining to Tenant's use of the Leased Premises. Landlord shall comply with all laws, orders, ordinances and other public requirements now or hereafter affecting the Leased Premises.

**29. Final Agreement.**

This Agreement terminates and supersedes all prior understandings or agreements on the subject matter hereof. This Agreement may be modified only by a further writing that is duly executed by both parties.

IN WITNESS WHEREOF, the parties have executed this Lease as of the day and year first above written.

/s/ Carsten Loelke  
**Landlord Sign – JJ Empire**

President  
**Position**                      **Date**                      2/28/2013

/s/ Elizabeth Loelke  
**Tenant Sign – Food 2828**

Vice President  
**Position**                      **Date**                      2/28/2013

**COMMERCIAL LEASE AGREEMENT**

This Commercial Lease Agreement ("Lease") is made and effective May 1<sup>st</sup>, 2013, by and between Food 2828 ("Landlord") and **Natural Relief Clinic** ("Tenant").

Landlord is leasing the property at 201 S 36<sup>th</sup> Street Phoenix, AZ 85034-2808 and legally described as follows (the "Building"): Parcel 1: the North 50 feet of the south 795 feet of the West 290 feet of the Northeast quarter of Section 12, Township 1 North, range 3 East of the Gila and Salt River Base and Meridian, Maricopa County Arizona; Parcel 2: The North 50 Feet of the south 745 feet of the East 120 feet of the West 290 feet of the Northeast quarter of Section 12, Township 1 North, Range 3 East of the Gila and Salt River Base and Meridian, Maricopa County, Arizona.

Landlord makes available for sublease a portion of the Building designated as Kitchen area and a room west middle part of the building.

Landlord desires to lease the Leased Premises to Tenant, and Tenant desires to lease the Leased Premises from Landlord for the term, at the rental and upon the covenants, conditions and provisions herein set forth.

THEREFORE, in consideration of the mutual promises herein, contained and other good and valuable consideration, it is agreed:

**1. Term.**

A. Landlord hereby leases the Leased Premises to Tenant, and Tenant hereby leases the same from Landlord, for an "Initial Term" beginning May 1<sup>st</sup>, 2013 and ending April 30, 2014 . Landlord shall use its best efforts to give Tenant possession as nearly as possible at the beginning of the Lease term. If Landlord is unable to timely provide the Leased Premises, rent shall abate for the period of delay. Tenant shall make no other claim against Landlord for any such delay.

B. Tenant may renew the Lease yearly after end of above term. Tenant shall exercise such renewal option, if at all, by giving written notice to Landlord not less than ninety (90) days prior to the expiration of the Initial Term. The renewal term shall be at the rental set forth below and otherwise upon the same covenants, conditions and provisions as provided in this Lease. The Landlord has the right to increase the rental amount after the initial term.

**2. Rental.**

A. Tenant shall pay to Landlord during the Initial Term rental of \$36,000 per year, payable in installments of \$3,000 per month. Each installment payment shall be due the 5<sup>th</sup> day of each calendar month during the lease term to Landlord at 201 S 36<sup>th</sup> Street Phoenix, AZ 85034-2808 or at such other place designated by written notice from Landlord or Tenant. The rental payment amount for any partial calendar months included in the lease term shall be prorated on a daily basis.

B. The rental for any renewal lease term, if created as permitted under this Lease, shall be determined at time of renewal.

**3. Use**

Notwithstanding the forgoing, Tenant shall not use the Leased Premises for the purposes of storing, manufacturing or selling any explosives, flammables or other inherently dangerous substance, chemical, thing or device.

**4. Sublease and Assignment.**

Tenant shall have the right without Landlord's consent, to assign this Lease to a corporation with which Tenant may merge or consolidate, to any subsidiary of Tenant, to any corporation under common control with Tenant, or to a

purchaser of substantially all of Tenant's assets. Except as set forth above, Tenant shall not sublease all or any part of the Leased Premises, or assign this Lease in whole or in part without Landlord's consent, such consent not to be unreasonably withheld or delayed.

#### **5. Repairs.**

During the Lease term, Tenant shall make, at Tenant's expense, all necessary repairs to the Leased Premises. Repairs shall include such items as routine repairs of floors, walls, ceilings, and other parts of the Leased Premises damaged or worn through normal occupancy, except for major mechanical systems or the roof, subject to the obligations of the parties otherwise set forth in this Lease.

#### **6. Alterations and Improvements.**

Tenant, at Tenant's expense, shall have the right following Landlord's consent to remodel, redecorate, and make additions, improvements and replacements of and to all or any part of the Leased Premises from time to time as Tenant may deem desirable, provided the same are made in a workmanlike manner and utilizing good quality materials. Tenant shall have the right to place and install personal property, trade fixtures, equipment and other temporary installations in and upon the Leased Premises, and fasten the same to the premises. All personal property, equipment, machinery, trade fixtures and temporary installations, whether acquired by Tenant at the commencement of the Lease term or placed or installed on the Leased Premises by Tenant thereafter, shall remain Tenant's property free and clear of any claim by Landlord. Tenant shall have the right to remove the same at any time during the term of this Lease provided that all damage to the Leased Premises caused by such removal shall be repaired by Tenant at Tenant's expense.

#### **7. Property Taxes.**

Landlord shall pay, prior to delinquency, all general real estate taxes and installments of special assessments coming due during the Lease term on the Leased Premises, and all personal property taxes with respect to Landlord's personal property, if any, on the Leased Premises. Tenant shall be responsible for paying all personal property taxes with respect to Tenant's personal property at the Leased Premises.

#### **8. Insurance.**

A. If the Leased Premises or any other part of the Building is damaged by fire or other casualty resulting from any act or negligence of Tenant or any of Tenant's agents, employees or invitees, rent shall not be diminished or abated while such damages are under repair, and Tenant shall be responsible for the costs of repair not covered by insurance.

B. Tenant shall maintain fire and extended coverage insurance on the Building and the Leased Premises in such amounts as Landlord shall deem appropriate. Tenant shall be responsible, at its expense, for fire and extended coverage insurance on all of its personal property, including removable trade fixtures, located in the Leased Premises.

C. Tenant and Landlord shall, each at its own expense, maintain a policy or policies of comprehensive general liability insurance with respect to the respective activities of each in the Building with the premiums thereon fully paid on or before due date, issued by and binding upon some insurance company approved by Landlord, such insurance to afford minimum protection of not less than \$1,000,000 combined single limit coverage of bodily injury, property damage or combination thereof. Landlord shall be listed as an additional insured on Tenant's policy or policies of comprehensive general liability insurance, and Tenant shall provide Landlord with current Certificates of Insurance evidencing Tenant's compliance with this Paragraph. Tenant shall obtain the agreement of Tenant's insurers to notify Landlord that a policy is due to expire at least (10) days prior to such expiration. Landlord shall not be required to maintain insurance against thefts within the Leased Premises or the Building.



## **9. Utilities.**

Tenant shall pay all charges for water, sewer, gas, electricity, telephone and other services and utilities used by Tenant on the Leased Premises during the term of this Lease unless otherwise expressly agreed in writing by Landlord. In the event that any utility or service provided to the Leased Premises is not separately metered, Landlord shall pay the amount due and separately invoice Tenant for Tenant's pro rata share of the charges. Tenant shall pay such amounts within fifteen (15) days of invoice. Tenant acknowledges that the Leased Premises are designed to provide standard office use electrical facilities and standard office lighting. Tenant shall not use any equipment or devices that utilizes excessive electrical energy or which may, in Landlord's reasonable opinion, overload the wiring or interfere with electrical services to other tenants.

## **10. Signs.**

Following Landlord's consent, Tenant shall have the right to place on the Leased Premises, at locations selected by Tenant, any signs which are permitted by applicable zoning ordinances and private restrictions. Landlord may refuse consent to any proposed signage that is in Landlord's opinion too large, deceptive, unattractive or otherwise inconsistent with or inappropriate to the Leased Premises or use of any other tenant. Landlord shall assist and cooperate with Tenant in obtaining any necessary permission from governmental authorities or adjoining owners and occupants for Tenant to place or construct the foregoing signs. Tenant shall repair all damage to the Leased Premises resulting from the removal of signs installed by Tenant.

## **11. Entry.**

Landlord shall have the right to enter upon the Leased Premises at reasonable hours to inspect the same, provided Landlord shall not thereby unreasonably interfere with Tenant's business on the Leased Premises.

## **12. Parking.**

During the term of this Lease, Tenant shall have the non-exclusive use in common with Landlord, other tenants of the Building, their guests and invitees, of the non-reserved common automobile parking areas, driveways, and footways, subject to rules and regulations for the use thereof as prescribed from time to time by Landlord. Landlord reserves the right to designate parking areas within the Building or in reasonable proximity thereto, for Tenant and Tenant's agents and employees. Tenant shall provide Landlord with a list of all license numbers for the cars owned by Tenant, its agents and employees. Separated structured parking, if any, located about the Building is reserved for tenants of the Building who rent such parking spaces. Spaces to be on a first come-first served basis. The dental clinics of the Tenant have priority parking, followed by employee parking spaces. In consideration of the leasing to Tenant of such spaces, the monthly rental includes all the parking needed for Tenant.

## **13. Building Rules.**

Tenant will comply with the rules of the Building adopted and altered by Landlord from time to time and will cause all of its agents, employees, invitees and visitors to do so; all changes to such rules will be sent by Landlord to Tenant in writing

## **14. Damage and Destruction.**

Subject to Section 8 A. above, if the Leased Premises or any part thereof or any appurtenance thereto is so damaged by fire, casualty or structural defects that the same cannot be used for Tenant's purposes, then Tenant shall have the right within ninety (90) days following damage to elect by notice to Landlord to terminate this Lease as of the date of such damage. In the event of minor damage to any part of the Leased Premises, and if such damage does not render the Leased Premises unusable for Tenant's purposes, Landlord shall promptly repair such damage at the cost of the Landlord. In making the repairs called for in this paragraph, Landlord shall not be liable for any delays resulting from strikes, governmental restrictions, inability to obtain necessary materials or labor or other matters which are beyond the reasonable control of Landlord. Tenant shall be relieved from paying rent and other charges during any portion of the Lease term that the Leased Premises are inoperable or unfit for occupancy, or use, in whole or in part, for Tenant's purposes. Rentals and other charges paid in advance for any such periods shall be

credited on the next ensuing payments, if any, but if no further payments are to be made, any such advance payments shall be refunded to Tenant. The provisions of this paragraph extend not only to the matters aforesaid, but also to any occurrence which is beyond Tenant's reasonable control and which renders the Leased Premises, or any appurtenance thereto, inoperable or unfit for occupancy or use, in whole or in part, for Tenant's purposes.

#### **15. Default.**

If default shall at any time be made by Tenant in the payment of rent when due to Landlord as herein provided, and if said default shall continue for fifteen (15) days after written notice thereof shall have been given to Tenant by Landlord, or if default shall be made in any of the other covenants or conditions to be kept, observed and performed by Tenant, and such default shall continue for thirty (30) days after notice thereof in writing to Tenant by Landlord without correction thereof then having been commenced and thereafter diligently prosecuted, Landlord may declare the term of this Lease ended and terminated by giving Tenant written notice of such intention, and if possession of the Leased Premises is not surrendered, Landlord may reenter said premises. Landlord shall have, in addition to the remedy above provided, any other right or remedy available to Landlord on account of any Tenant default, either in law or equity. Landlord shall use reasonable efforts to mitigate its damages.

#### **16. Quiet Possession.**

Landlord covenants and warrants that upon performance by Tenant of its obligations hereunder, Landlord will keep and maintain Tenant in exclusive, quiet, peaceable and undisturbed and uninterrupted possession of the Leased Premises during the term of this Lease.

#### **17. Condemnation.**

If any legally, constituted authority condemns the Building or such part thereof which shall make the Leased Premises unsuitable for leasing, this Lease shall cease when the public authority takes possession, and Landlord and Tenant shall account for rental as of that date. Such termination shall be without prejudice to the rights of either party to recover compensation from the condemning authority for any loss or damage caused by the condemnation. Neither party shall have any rights in or to any award made to the other by the condemning authority.

#### **18. Subordination.**

Tenant accepts this Lease subject and subordinate to any mortgage, deed of trust or other lien presently existing or hereafter arising upon the Leased Premises, or upon the Building and to any renewals, refinancing and extensions thereof, but Tenant agrees that any such mortgagee shall have the right at any time to subordinate such mortgage, deed of trust or other lien to this Lease on such terms and subject to such conditions as such mortgagee may deem appropriate in its discretion. Landlord is hereby irrevocably vested with full power and authority to subordinate this Lease to any mortgage, deed of trust or other lien now existing or hereafter placed upon the Leased Premises of the Building, and Tenant agrees upon demand to execute such further instruments subordinating this Lease or attorning to the holder of any such liens as Landlord may request. In the event that Tenant should fail to execute any instrument of subordination herein required to be executed by Tenant promptly as requested, Tenant hereby irrevocably constitutes Landlord as its attorney-in-fact to execute such instrument in Tenant's name, place and stead, it being agreed that such power is one coupled with an interest. Tenant agrees that it will from time to time upon request by Landlord execute and deliver to such persons as Landlord shall request a statement in recordable form certifying that this Lease is unmodified and in full force and effect (or if there have been modifications, that the same is in full force and effect as so modified), stating the dates to which rent and other charges payable under this Lease have been paid, stating that Landlord is not in default hereunder (or if Tenant alleges a default stating the nature of such alleged default) and further stating such other matters as Landlord shall reasonably require.

#### **19. Security Deposit.**

No security deposit will be needed.

## **20. Notice.**

Any notice required or permitted under this Lease shall be deemed sufficiently given or served if sent by United States certified mail, return receipt requested, addressed as follows:

If to Landlord to:

**Food 2828 LLC**  
**201 S 36<sup>th</sup> Street Phoenix, AZ 85034-2808**

If to Tenant to:

**Natural Relief Clinic**  
**201 S 36<sup>th</sup> Street Phoenix, AZ 85034-2808**

Landlord and Tenant shall each have the right from time to time to change the place notice is to be given under this paragraph by written notice thereof to the other party.

## **21. Brokers.**

Tenant represents that Tenant was not shown the Premises by any real estate broker or agent and that Tenant has not otherwise engaged in, any activity which could form the basis for a claim for real estate commission, brokerage fee, finder's fee or other similar charge, in connection with this Lease.

## **22. Waiver.**

No waiver of any default of Landlord or Tenant hereunder shall be implied from any omission to take any action on account of such default if such default persists or is repeated, and no express waiver shall affect any default other than the default specified in the express waiver and that only for the time and to the extent therein stated. One or more waivers by Landlord or Tenant shall not be construed as a waiver of a subsequent breach of the same covenant, term or condition.

## **23. Memorandum of Lease.**

The parties hereto contemplate that this Lease should not and shall not be filed for record, but in lieu thereof, at the request of either party, Landlord and Tenant shall execute a Memorandum of Lease to be recorded for the purpose of giving record notice of the appropriate provisions of this Lease.

## **24. Headings.**

The headings used in this Lease are for convenience of the parties only and shall not be considered in interpreting the meaning of any provision of this Lease.

## **25. Successors.**

The provisions of this Lease shall extend to and be binding upon Landlord and Tenant and their respective legal representatives, successors and assigns.

## **26. Consent.**

Landlord shall not unreasonably withhold or delay its consent with respect to any matter for which Landlord's consent is required or desirable under this Lease.

## **27. Performance.**

If there is a default with respect to any of Landlord's covenants, warranties or representations under this Lease, and if the default continues more than fifteen (15) days after notice in writing from Tenant to Landlord specifying the

default, Tenant may, at its option and without affecting any other remedy hereunder, cure such default and deduct the cost thereof from the next accruing installment or installments of rent payable hereunder until Tenant shall have been fully reimbursed for such expenditures, together with interest thereon at a rate equal to the lessor of twelve percent (12%) per annum or the then highest lawful rate. If this Lease terminates prior to Tenant's receiving full reimbursement, Landlord shall pay the unreimbursed balance plus accrued interest to Tenant on demand.

**28. Compliance with Law.**

Tenant shall comply with all laws, orders, ordinances and other public requirements now or hereafter pertaining to Tenant's use of the Leased Premises. Landlord shall comply with all laws, orders, ordinances and other public requirements now or hereafter affecting the Leased Premises.

**29. Final Agreement.**

This Agreement terminates and supersedes all prior understandings or agreements on the subject matter hereof. This Agreement may be modified only by a further writing that is duly executed by both parties.

IN WITNESS WHEREOF, the parties have executed this Lease as of the day and year first above written.



**Landlord Sign – Food 2828**

Vice  
President  
**Position**

2/28/2013  
**Date**



**Tenant Sign – N**

President  
**Position**

2/28/2013  
**Date**

YiLoLife, Inc.

**2016 EQUITY INCENTIVE PLAN ARTICLE I  
INTRODUCTION**

1.1 Establishment. YiLoLife, Inc., a Delaware corporation (the "*Company*"), adopts this 2016 Equity Incentive Plan (the "*Plan*") effective January 1, 2016 as of the Effective Date. The Plan is established for selected employees, consultants and advisors and non-employee directors of the Company and its Affiliates. The Plan permits the grant of incentive stock options within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended, non-qualified stock options, restricted stock awards, and other stock grants to certain key employees of the Company, to certain consultants to the Company, and certain non-employee directors of the Company.

1.2 Purpose. The purpose of the Plan is to provide financial incentives for selected employees, consultants and advisors, and non-employee directors of the Company and its Affiliates, thereby promoting the long-term growth and financial success of the Company by (a) attracting and retaining the most qualified officers, directors, key employees, and other persons, (b) strengthening the capability of the Company and its Affiliates to develop, maintain and direct a competent management team, (c) providing an effective means for selected employees, consultants and advisors and non - employee directors to acquire and maintain a direct proprietary interest in the operations and future success of the Company, (d) motivating employees to achieve long-range performance goals and objectives, and (e) providing incentive compensation opportunities competitive with those of other organizations.

**ARTICLE II  
DEFINITIONS**

2.1 Definitions. The following terms shall have the meanings set forth below:

(a) "*Affiliate*" means, with respect to the Company, (i) any Subsidiary of the Company, and (ii) any other corporation or entity that is affiliated with the Company through stock ownership or otherwise and is designated as an "Affiliate" by the Board, provided, however, that for purposes of Incentive Options granted pursuant to the Plan, an "Affiliate" means any parent or subsidiary of the Company as defined in Section 424 of the Code.

(b) "*Award*" means an Option, a Restricted Stock Award, grants of Stock pursuant to Article IX or other issuances of Stock hereunder.

(c) "*Award Agreement*" means an Option Agreement, Restricted Stock Agreement or a written agreement evidencing any other Award under this Plan.

(d) "*Board*" means the Board of Directors of the Company.

(e) "*Change in Control*" means the following:

(i) Merger; Reorganization. Any consolidation or merger of the Company with or into any other corporation or other entity or person, or any other corporate reorganization, in which the stockholders of the Company immediately prior to such consolidation, merger or reorganization, own less than fifty percent (50%) of the voting power of the surviving or successor entity immediately after such consolidation, merger or reorganization, or any transaction or series of related transactions to which the Company is a party in which in excess of fifty percent (50%) of the Company's voting power is transferred, excluding (A) any consolidation or merger effected exclusively to change the domicile of the Company and (B) any transaction or series of transactions principally for bona fide equity financing purposes (including, but not limited to, the sale of securities pursuant to an effective registration statement filed with the Securities and Exchange Commission) in which cash is received by the Company or any successor or indebtedness of the Company is cancelled or converted or a combination thereof; or

(ii) Other Transactions. A sale, lease or other disposition of all or substantially all of the assets of the Company.

(f) "*Code*" means the Internal Revenue Code of 1986, as it may be amended from time to time.

(g) "*Committee*" means the Board, or if so delegated by the Board, a committee consisting of not less than two members of the Board who are empowered hereunder to take actions in the administration of the Plan. If applicable, the Committee shall be so constituted at all times as to permit the Plan to comply with Rule 16b-3 or any successor rule promulgated under the Exchange Act. Except as provided in Section 3.2, the Committee shall select Participants from Eligible Employees, Eligible Consultants and Eligible Non-Employee Directors of the Company and its Affiliates and shall determine the Awards to be made pursuant to the Plan and the terms and conditions thereof.

(h) "*Company*" means YiLoLife, Inc., a Delaware corporation.

(i) "*Disabled*" or "*Disability*" means total and permanent disability as defined in Section 22(e)(3) of the Code.

j) "*Domestic Relations Order*" means any judgment, decree, or order (including approval of a property settlement agreement) that is made pursuant to a state domestic relations law and that relates to the provision of child support, alimony payments, or marital property rights to a spouse, former spouse, child, or other dependent of a Participant.

(k) "*Effective Date*" means the original effective date of the Plan, January 1, 2016

(l) "*Eligible Consultants*" means those consultants and advisors to the Company or an Affiliate who are determined, by the Committee, to be individuals (i) whose services are important to the Company or an Affiliate and who are eligible to receive Awards, other than Incentive Options, under the Plan, and (ii) who meet the conditions for eligibility under Rule 701 promulgated under the Securities Act or such other exemptions from registration under the Securities Act as may be applicable.

(m) "*Eligible Employees*" means those employees (including, without limitation, officers and directors who are also employees) of the Company or any Affiliate, upon whose judgment, initiative and efforts the Company is, or will become, largely dependent for the successful conduct of its business. For purposes of the Plan, an employee is any individual who provides services to the Company or any Affiliate as a common law employee and whose remuneration is subject to the withholding of federal income tax pursuant to Section 3401 of the Code.

(n) "*Eligible Non-Employee Director*" means any person serving on the Board who is not an employee of the Company or any Affiliate.

(o) "*Exchange Act*" means the Securities Exchange Act of 1934, as it may be amended from time to time.

(p) "*Fair Market Value*" means, as of a given date, (i) the closing price of a Share on the principal stock exchange on which the Stock is then trading, if any (or as reported on any composite index that includes such principal exchange) on such date, or if Shares were not traded on such date, then on the next preceding date on which a trade occurred; or (ii) if the Stock is not traded on an exchange but is quoted on NASDAQ or a successor quotation system, the mean between the closing representative bid and asked prices for the Stock on such date as reported by NASDAQ or such successor quotation system; or (i ii) if the Stock is not publicly traded on an exchange and not quoted on NASDAQ or a successor quotation system, the Fair Market Value of a Share shall be determined by the Committee acting in good faith in accordance with the requirements of Code Section 409A.

(q) Section 8.2 hereof. "*Forfeiture Restrictions*" shall have the meaning given to that term

(r) "*Incentive Option*" means an Option designated as such and granted in accordance with Section 422 of the Code.

(s) "*Involuntary Termination*" means, unless explicitly provided otherwise in an Award Agreement, the termination of the Service of any individual which occurs by reason of:

(i) such individual 's involuntary dismissal or discharge by the Company or the Successor for reasons other than Misconduct, or

(t) "*Misconduct*" means the commission of any act of fraud, embezzlement or dishonesty by the Participant, any material unauthorized use or disclosure by such person of confidential information or trade secrets of the Company or the Successor, or any other intentional misconduct by such person adversely affecting the business or affairs of the Company (or the Successor) in a material manner. The foregoing definition shall not in any way preclude or restrict the right of the Company or any Affiliate (or its respective Successor) to discharge or dismiss the Participant from the Service of the Company or any Affiliate (or its respective Successor) for any other acts or omissions, but such other acts or omissions shall not be deemed, for purposes of the Plan, to constitute grounds for termination for Misconduct.

(u) "*Non-Qualified Option*" means any Option other than an Incentive Option.

(v) "*Option*" means a right to purchase Stock at a stated or formula price for a specified period of time. Options granted under the Plan shall be either Incentive Options or Non - Qualified Options.

"*Option Agreement*" shall have the meaning given to that term in Section 7.2

(w) "*Option Holder*" means a Participant who has been granted one or more Options under the Plan.

(x) "*Option Period*" means the period of time, determined by the Committee, during which an Option may be exercised by the Option Holder.

(y) "*Option Price*" shall have the meaning given to that term in Section 7.2(b) hereof.

(aa) "*Participant*" means an Eligible Employee, Eligible Consultant, or Eligible Non- Employee Director designated by the Committee from time to time during the term of the Plan to receive one or more of the Awards available under the Plan.

(bb) "*Repurchase Rights*" shall have the meaning given to that term in Section 7.2(c) hereof.

(cc) Section 8.1 "*Restricted Stock Agreement*" shall have the meaning given to that term hereof.

(dd) "*Restricted Stock Award*" means an award of Stock granted to a Participant pursuant to ARTICLE VIII that is subject to certain restrictions imposed by the Committee in accordance with the provisions thereof.

(ee) "*Section 16*" shall have the meaning given to that term in Section 13.2(c) hereof

(ff) "*Securities Act*" means the Securities Act of 1933, as it may be amended from time to time.

(gg) "*Service*" means service to the Company or an Affiliate as an employee, a non- employee director or a consultant or advisor, except to the extent otherwise specifically provided in an Award Agreement. The Committee determines which leaves of absence count toward Service, and when Service terminates for all purposes under the Plan. Further, unless otherwise determined by the Committee, a Participant's Service shall not be deemed to have terminated merely because of a change in capacity in which the Participant provides Service to the Company or an Affiliate or a transfer between the Company and its Affiliates; provided there is no interruption or other termination of Service.

(hh) "*Share*" means one whole share of Common A Stock.

(ii) "*Stock*" means the common stock of the Company.

jj) "*Subsidiary*" means any corporation more than 50% of the outstanding voting securities of which are owned by the Company or any other Subsidiary, directly or indirectly, or a partnership or limited liability company in which the Company or any Subsidiary is a general partner or manager or holds interests entitling it to receive more than 50% of the profits or losses of the partnership or limited liability company.

(kk) "*Successor*" shall have the meaning given to that term in Section 5. I(a) hereof.

(ll) "*Tax Date*" shall have the meaning given to that term in Section 13.2 hereof.

2.2 Gender and Number. Except when otherwise indicated by the context, the masculine gender shall also include the feminine gender, and the definition of any term herein in the singular shall also include the plural.

### **ARTICLE III PLAN ADMINISTRATION**

**3.1 General.** The Plan shall be administered by the Committee. In accordance with the provisions of the Plan, the Committee shall, in its sole discretion, select the Participants from among the Eligible Employees, Eligible Consultants and Eligible Non-Employee Directors, determine the Awards to be made pursuant to the Plan, or shares of Stock to be issued thereunder and the time at which such Awards are to be made, fix the Option Price, period and manner in which an Option becomes exercisable, establish the duration and nature of Restricted Stock Award restrictions, establish the terms and conditions applicable to, and establish such other terms and requirements of the various compensation incentives under the Plan as the Committee may deem necessary or desirable, and consistent with the terms of the Plan. The Committee shall determine the form or forms of the agreements with Participants that shall evidence the particular provisions, terms, conditions, rights and duties of the Company and the Participants with respect to Awards granted pursuant to the Plan, which provisions need not be identical except as may be provided herein; provided, however, that Eligible Consultants and Eligible Non-Employee Directors shall not be eligible to receive Incentive Options. The Committee may from time to time adopt such rules and regulations for carrying out the purposes of the Plan as it may deem proper and in the best interests of the Company. The Committee may correct any defect, supply any omission or reconcile any inconsistency in the Plan or in any agreement entered into hereunder in the manner and to the extent it shall deem expedient and it shall be the sole and final judge of such expediency. The Committee and each member thereof, and any person acting pursuant to authority delegated by the Committee, shall be entitled, in good faith, to rely or act upon any report or other information furnished by any executive officer, other officer or employee of the Company or its Affiliates or the Company's auditors, consultants or any other agents assisting in the administration of the Plan. Members of the Committee, any person acting pursuant to authority delegated by the Committee, and any officer or employee of the Company or its Affiliates acting at the direction or on behalf of the Committee shall not be personally liable for any action or determination taken or made in good faith with respect to the Plan, and shall, to the extent permitted by law, be fully indemnified and protected by the Company with respect to any such action or determination. The determinations, interpretations and other actions of the Committee pursuant to the provisions of the Plan shall be binding and conclusive for all purposes and on all persons.

**3.2 Delegation by Committee.** The Committee may, from time to time, delegate, to specified officers of the Company, the power and authority to grant Awards under the Plan to specified groups of Eligible Employees, Eligible Consultants and Eligible Non-Employee Directors, subject to such restrictions and conditions as the Committee, in its sole discretion, may impose. The delegation shall be as broad or as narrow as the Committee shall determine. To the extent that the Committee has delegated the authority to determine certain terms and conditions of an Award, all references in the Plan to the Committee's exercise of authority in determining such terms and conditions shall be construed to include the officer or officers to whom the Committee has delegated the power and authority to make such determination. The power and authority to grant Awards to any Eligible Employee, Eligible Consultant or Eligible Non-Employee Director who is covered by Section 16(b) of the Exchange Act shall not be delegated by the Committee.

**3.3 Contractual Limitations.** The Committee shall in exercising its discretion under the Plan comply with all contractual obligations of the Company in effect from time to time whether contained in the Company's Certificate of incorporation, By-laws or other binding contract.

### **ARTICLE IV STOCK SUBJECT TO THE PLAN**

**4.1 Number of Shares.** The maximum aggregate number of Shares that may be issued under the Plan pursuant to Awards is 500,000 shares of Common A stock. Upon exercise of an option (whether granted under this Plan or otherwise), the Shares issued upon exercise of such option shall no longer be considered to be subject to an



outstanding Award or option for purposes of the immediately preceding sentence. Notwithstanding anything to the contrary contained herein, no Award granted hereunder shall become void or otherwise be adversely affected solely because of a change in the number of Shares of the Company that are issued and outstanding from time to time, provided that changes to the issued and outstanding Shares may result in adjustments to outstanding Awards in accordance with the provisions of this ARTICLE IV. The maximum number of Share that may be purchased under Incentive Options is 500,000 Common A Shares. The Shares may be either authorized and unissued Shares or previously issued Shares acquired by the Company. The maximum numbers may be increased from time to time by approval of the Board and by the stockholders of the Company if, in the opinion of counsel for the Company stockholder approval is required. The Company shall at all times during the term of the Plan and while any Options are outstanding retain as authorized and unissued Stock at least the number of Shares from time to time required under the provisions of the Plan, or otherwise assure itself of its ability to perform its obligations hereunder.

#### **4.2 Limit on Options. [Intentionally Omitted]**

**4.3 Other Shares of Stock.** Any Shares that are subject to an Option that expires or for any reason is terminated unexercised, any Shares that are subject to an Award (other than an Option) and that are forfeited, and any Shares withheld for the payment of taxes or received by the Company as payment of the exercise price of an Option shall automatically become available for use under the Plan.

**4.4 Adjustments for Stock Split, Stock Dividend, Etc.** If the Company shall at any time increase or decrease the number of its outstanding Shares or change in any way the rights and privileges of such Shares by means of the payment of a stock dividend or any other distribution upon such Shares payable in Stock, or through a stock split, subdivision, consolidation, combination, reclassification or recapitalization involving the Stock, then in relation to the Stock that is affected by one or more of the above events, the numbers, exercise price, rights and privileges of the following shall be increased, decreased or changed in like manner as if they had been issued and outstanding, fully paid and non-assessable at the time of such occurrence: (i) the Shares as to which Awards may be granted under the Plan, (ii) the Shares then included in each outstanding Award granted hereunder, (iii) the maximum number of Shares available for grant pursuant to Incentive Options, and (v) the number of Shares subject to a delegation of authority under Section 3.2 of this Plan.

#### **4.5 Other Distributions and Changes in the Stock.**

(a) If the Company shall at any time distribute with respect to the Stock assets or securities of persons other than the Company (excluding (i) cash or (ii) distributions referred to in Section 4.4), or

(b) if the Company shall at any time grant to the holders of its Stock rights to subscribe pro rata for additional shares thereof or for any other securities of the Company, or

(c) if there shall be any other change (except as described in Section 4.4) in the number or kind of outstanding Shares or of any stock or other securities into which the Stock shall be changed or for which it shall have been exchanged.

If the Committee shall in its discretion determine that the event described in subsection (a), (b) or (c) above equitably requires an adjustment in the number or kind of Shares subject to an Option or other Award, an adjustment in the Option Price or the taking of any other action by the Committee, including without limitation, the setting aside of any property for delivery to the Participant upon the exercise of an Option or the full vesting of an Award, then such adjustments shall be made, or other action shall be taken, by the Committee and shall be effective for all purposes of the Plan and on each outstanding Option or Award that involves the particular type of stock for which a change was effected. Notwithstanding the foregoing provisions of this Section 4.5, pursuant to Section 8.3 below, a Participant holding Stock received as a Restricted Stock Award shall have the right to receive all amounts, including cash and property of any kind, distributed with respect to the Stock after such Restricted Stock Award was granted upon the Participant's becoming a holder of record of the Stock.

**4.6 General Adjustment Rules.** No adjustment or substitution provided for in this ARTICLE IV shall require the Company to sell a fractional Share under any Option, or otherwise issue a fractional Share, and the total substitution or adjustment with respect to each Option and other Award shall be limited by deleting any fractional Share. In the

case of any such substitution or adjustment, the aggregate Option Price for the total number of Shares then subject to an Option shall remain unchanged but the Option Price per Share under each such Option shall be equitably adjusted by the Committee to reflect the greater or lesser number of Shares or other securities into which the Stock subject to the Option may have been changed, and appropriate adjustments shall be made to other Awards to reflect any such substitution or adjustment.

4.7 Determination by the Committee, Etc. Adjustments under this ARTICLE IV shall be made by the Committee, whose determinations with regard thereto shall be final and binding upon all parties thereto.

## **ARTICLE V CORPORATE REORGANIZATION; CHANGE IN CONTROL**

5.1 Default Provisions. Unless explicitly provided otherwise in an Award Agreement and subject to Section 5.3 below:

(a) The Shares subject to each Option outstanding under the Plan at the time of a Change in Control shall automatically vest in full so that each such Option shall, immediately prior to the Change in Control, become exercisable for all of the Shares at the time subject to that Option and may be exercised for any or all of those Shares as fully-vested Shares of Stock. However, the Shares subject to an outstanding Option shall not vest in full on such an accelerated basis if and to the extent: (i) such Option is assumed by the successor corporation or other successor entity (or a parent thereof) (the "*Successor*") or otherwise continued in full force and effect pursuant to the terms of the Change in Control transaction and any repurchase rights of the Company with respect to the unvested Shares subject to such Option are concurrently assigned to such Successor or otherwise continued in effect, or (ii) such Option is to be replaced with a cash incentive program of the Company or any Successor which preserves the spread between the Option Price and the Fair Market Value of the unvested Shares subject to such Option at the time of the Change in Control and provides for subsequent payout of that spread in accordance with the vesting schedule applicable to those unvested Shares, or (iii) the acceleration of such Option is subject to other limitations imposed by the Committee at the time of the Option grant.

(b) All outstanding Repurchase Rights with respect to vested Shares purchased pursuant to any Option shall also automatically terminate, and the Shares subject to those terminated rights shall immediately vest in full, immediately prior to the Change in Control, except to the extent:

(i) any of the Repurchase Rights are assigned to the Successor or otherwise continued in full force and effect pursuant to the terms of the Change in Control transaction or (ii) such accelerated vesting is precluded by other limitations imposed by the Committee at the time the Repurchase Right is issued.

(c) All outstanding Forfeiture Restrictions with respect to Restricted Stock Awards shall also automatically terminate, and the Shares of Stock subject to those terminated Forfeiture Restrictions shall immediately vest in full, immediately prior to the Change in Control, except to the extent: (i) the Forfeiture Restrictions are maintained by the Successor and continued in full force and effect pursuant to the terms of the Change in Control transaction, or (ii) such accelerated vesting is precluded by other limitations imposed by the Committee at the time the Restricted Stock Award is issued.

(d) Unless explicitly provided otherwise in an Restricted Stock Option Agreement and subject to Section 5.1 and Section 5.3, upon the consummation of a Change in Control, all outstanding unvested Options (and to the extent not exercised prior to or in connection with such Change in Control, all outstanding vested Options) that are not assumed by the Successor or otherwise continued in effect pursuant to the terms of the Change in Control transaction shall automatically be forfeited and cease to be outstanding.

5.2 Assumption or Substitution of Options. To the extent any Option is assumed in connection with a Change in Control or otherwise continued in effect, such Option shall be appropriately adjusted, immediately after such Change in Control, to apply to the number and class of securities which would have been issuable to the Option Holder in consummation of such Change in Control, had the Option been exercised immediately prior to such Change in Control. Appropriate adjustments shall also be made to (i) the number and class of securities available for issuance under the Option following the consummation of such Change in Control and (ii) the exercise price payable

per Share under each outstanding Option, provided the aggregate exercise price payable for such securities shall remain the same. To the extent the actual holders of the Company's outstanding Stock receive cash consideration for their Stock in consummation of the Change in Control, the Successor may, in connection with the assumption of the outstanding Options under this Plan, substitute one or more shares of its own common stock with a Fair Market Value equivalent to the cash consideration paid per Share of Stock in such Change in Control.

### 5.3 Provisions Applicable at the Discretion of the Committee.

(a) The Committee shall have the discretion, exercisable either at the time an Award is granted or issued or at any time while the Award remains outstanding, to structure the Award so that it shall automatically accelerate and vest in full or in part upon the occurrence of a Change in Control (and any Forfeiture Restrictions or Repurchase Rights of the Company with respect to unvested Shares received pursuant to the Award shall immediately terminate), whether or not the Award is to be assumed in the Change in Control or the Forfeiture Restrictions or Repurchase Rights of the Company would otherwise continue in effect pursuant to the Change in Control.

(b) The Committee shall also have full power and authority, exercisable either at the time an Option is granted or at any time while the Option remains outstanding, to structure such Option so that all or a portion of the Shares subject to such Option will automatically vest on an accelerated basis should the Option Holder's Service terminate by reason of an Involuntary Termination within a designated period (not to exceed eighteen (18) months) following any Change in Control in which the Option is assumed or otherwise continued in effect and the Repurchase Rights applicable to the Shares subject to such Option do not otherwise terminate. Any Option so accelerated shall remain exercisable for the fully-vested Shares subject to such Option until the expiration or sooner termination of the Option Period. In addition, the Committee may provide that one or more of the Company's outstanding Repurchase Rights with respect to Shares held by the Option Holder at the time of such Involuntary Termination shall immediately terminate on an accelerated basis, and the Shares subject to those terminated rights shall accordingly vest at that time.

(c) The Committee shall also have full power and authority, exercisable either at the time the Restricted Stock Award is issued or at any time while the Restricted Stock Award remains outstanding, to provide that all or a portion of the Forfeiture Restrictions with respect to such Restricted Stock Award shall automatically terminate on an accelerated basis, and the Shares subject to those terminated Forfeiture Restrictions shall immediately vest, in the event the Participant's Service should terminate by reason of an Involuntary Termination within a designated period (not to exceed eighteen ( 18) months) following any Change in Control in which those Forfeiture Restrictions are assigned to the Successor or otherwise continued in full force and effect.

(d) The Committee shall also have full power and authority, exercisable at the time an Option is granted or at any time while an Option remains outstanding, to provide that the Option shall be deemed automatically exercised on a net basis immediately prior to a Change in Control if (i) the Option Price is less than the then-current Fair Market Value per Share, and (ii) the Shares subject to the Option are vested (including vesting by reason of the Change in Control). Upon such net exercise, the Option Holder shall be entitled to a number of Shares computed using the following formula:

$$X = \frac{Y(A-B)}{A}$$

Where: X = the number of Shares to be issued to the Option Holder;

Y = the number of Shares purchasable under the Option immediately prior to the Change in Control;

A = the then-current Fair Market Value of one Share of Stock; and B =the per - Share Option Price of the Option.

In no event shall the Committee be required to issue any fractional Shares.

(e) The Committee shall also have full power and authority, exercisable at the time an Option is granted or at any time while an Option remains outstanding, to provide that the Option, if outstanding immediately prior to a Change in Control and then having an Option Price less than the current Fair Market Value per Share, shall be automatically

cancelled at such time in exchange for a cash payment equal to the product of (i) the number of vested Shares then subject to the Option (including Shares that become vested as a result of the Change in Control) multiplied by (ii) the excess of the (x) Fair Market Value of a Share on the date of the Change in Control over (y) the Option Price.

(f) Notwithstanding any other provision in this ARTICLE V, the Committee shall have full power and authority, exercisable at the time an Award is granted or at any time while the Award remains outstanding, to provide for or take any other Change in Control related action with respect to an Award as the Committee deems appropriate. The Committee need not take the same action with respect to all outstanding Awards or to all outstanding Awards of the same type.

5.4 Company Actions. The grant of Awards under the Plan shall in no way affect the right of the Company or any Affiliate to adjust, reclassify, reorganize or otherwise change its capital or business structure or to merge, consolidate, dissolve, liquidate or sell or transfer all or any part of its business or assets.

## **ARTICLE VI PARTICIPATION**

Participants in the Plan shall be those Eligible Employees who, in the judgment of the Committee, are performing, or during the term of their incentive arrangement will perform, vital services in the management, operation and development of the Company and its Affiliates, and significantly contribute, or are expected to significantly contribute, to the achievement of long-term economic objectives. Eligible Consultants shall be selected from those non-employee consultants and advisors to the Company and its Affiliates who have performed or are performing services important to the operation and growth of the Company and its Affiliates. All Eligible Non-Employee Directors selected by the Board may participate in the Plan. Participants may be granted from time to time one or more Awards; provided, however, that the grant of each such Award shall be separately approved by the Committee and receipt of one such Award shall not result in automatic receipt of any other Award. Upon determination by the Committee that an Award is to be granted to a Participant, written notice shall be given to such person, specifying the terms, conditions, rights and duties related thereto. Each Participant shall, if required by the Committee, enter into an agreement with the Company, in such form as the Committee shall determine and which is consistent with the provisions of the Plan, specifying such terms, conditions, rights and duties. Awards shall be deemed to be granted as of the date specified in the grant resolution of the Committee, which date shall be the date of any related agreement with the Participant. In the event of any inconsistency between the provisions of the Plan and any such agreement entered into hereunder, the provisions of the Plan shall govern.

## **ARTICLE VII OPTIONS**

7.1 Grant of Options. Coincident with or following designation for participation in the Plan, a Participant may be granted one or more Options. The Committee in its sole discretion shall designate whether an Option is an Incentive Option or a Non-Qualified Option; provided, however, that only Non-Qualified Options may be granted to Eligible Consultants and Eligible Non-Employee Directors. The Committee may grant both an Incentive Option and a Non-Qualified Option to an Eligible Employee at the same time or at different times. Incentive Options and Non-Qualified Options, whether granted at the same time or at different times, shall be deemed to have been awarded in separate grants and shall be clearly identified, and in no event shall the exercise of one Option affect the right to exercise any other Option or affect the number of Shares for which any other Option may be exercised. An Option shall be considered as having been granted on the date specified in the grant resolution of the Committee.

7.2 Stock Option Agreements. Each Option granted under the Plan shall be evidenced by a written stock option agreement (an "*Option Agreement*"). An Option Agreement shall be issued by the Company in the name of the Participant to whom the Option is granted (the "*Option Holder*") and in such form as may be approved by the Committee. The Option Agreement shall incorporate and conform to the conditions set forth in this Section 7.2 as well as such other terms and conditions that are not inconsistent as the Committee may consider appropriate in each case.

(a) Number of Shares. Each Option Agreement shall state that it covers a specified number of Shares, as determined by the Committee.

(b) Price. The price at which each Share covered by an Option may be purchased (the "*Option Price*") shall be determined in each case by the Committee and set forth in the Option Agreement, but in no event shall the price be less than 100 percent of the Fair Market Value of one Share of Stock on the date the Option is granted.

(c) Duration of Options; Vesting. Each Option Agreement shall state the Option Period applicable to the Option, which must end, in all cases, not more than ten years from the date the Option is granted. Each Option Holder shall become vested in the Shares underlying the Option in such installments and over such period or periods of time, if any, or upon such events, as are determined by the Committee in its discretion and set forth in the Option Agreement.

The Option shall generally become exercisable, in whole or in part, at the same time or times as the Shares underlying the Option vest; provided, however, that the Committee may grant Options that are immediately exercisable in whole or in part. Any unvested Shares received by the Option Holder upon early exercise of the Option in accordance with the preceding sentence shall be subject to the Company's right of repurchase, as follows.

Should the Option Holder Cease Service while holding unvested Shares, the Company shall have such right to repurchase any or all of those unvested Shares at a price per share equal to the Option Price (the "*Repurchase Rights*"). The Company shall be entitled to exercise its right to repurchase such unvested Shares by written notice to the Option Holder sent within ninety (90) days after the time of Option Holder's cessation of Service, or (if later) during the ninety (90)-day period following the execution date of any written stock purchase agreement executed by the Company and the Option Holder. The notice shall indicate the number of unvested Shares to be repurchased, the repurchase price to be paid per share (which shall be a price per share equal to the Option Price) and the date on which the repurchase is to be effected, such date to be not more than thirty (30) days after the date of such notice.

(d) Termination of Services, Death, Disability, Etc. The Committee may specify the period, if any, during which an Option may be exercised following termination of the Option Holder's Service. The effect of this subsection 7.2(d) shall be limited to determining the consequences of a termination and nothing in this subsection 7.2(d) shall restrict or otherwise interfere with the Company's discretion with respect to the termination of any individual's Service. If the Committee does not otherwise specify, the following shall apply:

(i) If the Service of the Option Holder is terminated within the Option Period for Misconduct, the Option shall thereafter be void for all purposes.

(ii) If the Option Holder becomes Disabled while still in Service of the Company or an Affiliate, the Option may be exercised by the Option Holder within one year following the Option Holder's termination of Service on account of Disability (provided that such exercise must occur within the Option Period), but not thereafter. In any such case, the Option may be exercised only as to the Shares that had become vested on or before the date of the Option Holder's termination of Service because of Disability.

(iii) If the Option Holder dies during the Option Period while still in Service of the Company or an Affiliate or within the one-year period referred to in (ii) above or the three-month period referred to in (iv) below, the Option may be exercised by those entitled to do so under the Option Holder's will or by the laws of descent and distribution within one year following the Option Holder's death (provided that such exercise must occur within the Option Period), but not thereafter. In any such case, the Option may be exercised only as to the Shares that had become vested on or before the date of the Option Holder's death.

(iv) If the Service of the Option Holder is terminated within the Option Period for any reason other than Misconduct, Disability, or death, the Option may be exercised by the Option Holder within three (3) months following the date of such termination (provided that such exercise must occur within the Option Period), but not thereafter. In any such case, the Option may be exercised only as to the Shares that had become vested on or before the date of termination of Service.

(e) No Employment Right. Nothing in this paragraph shall limit or impair the right of the Company or any Affiliate to terminate the employment of any employee or to terminate the consulting or advisory services of any consultant or advisor.

(f) Exercise, Payments, Etc.

(i) Manner of Exercise. The method for exercising each Option granted hereunder shall be by delivery to the Company of written notice on any business day specifying the number of Shares with respect to which such Option is exercised. The purchase of such Shares shall take place at the principal offices of the Company within thirty (30) days following delivery of such notice, at which time the Option Price of the Shares shall be paid in full by any of the methods set forth below or a combination thereof. The Option shall be exercised when the Option Price for the number of Shares as to which the Option is exercised is paid to the Company in full. A properly executed certificate or certificates representing the Shares shall be delivered to or at the direction of the Option Holder upon payment therefor. If Options on less than all Shares evidenced by an Option Agreement are exercised, the Company shall deliver a new Option Agreement evidencing the Option on the remaining Shares upon delivery of the Option Agreement for the Option being exercised.

(ii) The exercise price shall be paid by any of the following methods or any combination of the following methods at the election of the Option Holder, or by any other method approved by the Committee:

(A) in cash;

(B) by certified check, cashier's check or other check acceptable to the Company, payable to the order of the Company;

(C) if expressly permitted by a resolution of the Committee applicable to the Option at the time of exercise (whether such resolution is applicable solely to the Option being exercised or is generally applicable to some or all Options outstanding under the Plan), by delivery to the Company of certificates representing the number of Shares then owned by the Option Holder, the Fair Market Value of which equals the purchase price of the Shares purchased pursuant to the Option, properly endorsed for transfer to the Company; provided however, that no Option may be exercised by delivery to the Company of certificates representing Shares, unless such Shares have been held by the Option Holder for more than six (6) months (or such other period of time as the Committee determines is necessary to avoid adverse financial accounting treatment); for purposes of this Plan, the Fair Market Value of any Shares delivered in payment of the purchase price upon exercise of the Option shall be the Fair Market Value as of the exercise date, and the exercise date shall be the day of delivery of the certificates for the Shares used as payment of the Option Price.

(D) if expressly permitted by a resolution of the Committee applicable to the Option at the time of exercise (whether such resolution is applicable solely to the Option or is generally applicable to some or all Options outstanding under the Plan), to the extent such Option Price is in excess of the par value of the Shares, by delivering a full-recourse promissory note bearing interest at a market rate and secured by the Option Shares, and the payment schedule in effect for any such promissory note shall be established by the Committee in its sole discretion;

(E) by delivery to the Company of irrevocable instructions directing the Company to withhold from the Option Shares purchased a number of Shares having a Fair Market Value as of the exercise date equal to the aggregate Option Price of the purchased Option Shares.

(F) should the Stock be registered under Section 12(g) of the Exchange Act at the time the Option is exercised, then the Exercise Price may also be paid to the extent the Option is exercised for vested Option Shares, through a special sale and remittance procedure pursuant to which Option Holder (or any other person or persons exercising the Option) shall concurrently provide irrevocable written instructions (a) to a Company-designated brokerage firm to effect the immediate sale of the purchased Option Shares and remit to the Company, out of the sale proceeds available on the settlement date, sufficient funds to cover the aggregate Exercise Price payable for the purchased Option Shares plus all applicable Federal, state and local income and employment taxes required to be withheld by the Company by reason of such exercise and (b) to the Company to deliver the certificates for the purchased Option Shares directly to such brokerage firm in order to complete the sale.

(g) **Date of Grant.** An Option shall be considered as having been granted on the date specified in the grant resolution of the Committee.

**(h) Withholding.**

(i) **Non-Qualified Options.** Upon exercise of an Option, the Option Holder shall make appropriate arrangements with the Company to provide for the amount of additional withholding required by Sections 3102 and 3402 of the Code and applicable state income tax laws, including payment of such taxes through delivery of Shares of Stock or by withholding Shares to be issued under the Option, as provided in ARTICLE xm.

(ii) **Incentive Options.** If an Option Holder makes a disposition (as defined in Section 424(c) of the Code) of any Shares acquired pursuant to the exercise of an Incentive Option prior to the expiration of two years from the date on which the Incentive Option was granted or prior to the expiration of one year from the date on which the Option was exercised, the Option Holder shall send written notice to the Company at the Company's principal place of business of the date of such disposition, the number of Shares disposed of, the amount of proceeds received from such disposition and any other information relating to such disposition as the Company may reasonably request. The Option Holder shall, in the event of such a disposition, make appropriate arrangements with the Company to provide for the amount of additional withholding, if any, required by Sections 3102 and 3402 of the Code and applicable state income tax laws.

(i) **Lock-Up Period.** The Award Agreement may, as determined by the Committee in its sole discretion, include a provision requiring that, if requested by the Company or the representative of the underwriters of Stock (or other securities) of the Company, the Participant shall *not*, without the prior written consent of the underwriter(s) of Stock (or other securities) of the Company and the Company, sell, transfer, make any short sale of, grant any option for the purchase of, or enter into any hedging or similar transaction with the same economic effect as a sale, any Stock (or other securities) of the Company held by the Participant (other than those included in the registration) during (i) the 180-day period following the effective date of the first firm commitment underwritten public offering of the Stock registered under the Securities Act (or such longer period, not to exceed 18 days after the expiration of the 180-day period, as the underwriters or the Company or Affiliate shall request in order to facilitate compliance with FINRA Rule 2711), and (ii) the 90-day period following the effective date of a registration statement of the Company filed under the Securities Act (or such longer period, not to exceed 18 days after the expiration of the 90-day period, as the underwriters or the Company shall request in order to facilitate compliance with FINRA Rule 2711). The obligations described in this paragraph shall not apply to a registration relating solely to employee benefit plans on SEC Form S-1 or Form S-8 or similar forms that may be promulgated in the future by the SEC, or a registration relating solely to a transaction on SEC Form S-4 or similar forms that may be promulgated in the future. If requested by the Company or the representative of the underwriters of Stock (or other securities) of the Company, the Participant will enter into an agreement regarding his, her or its compliance with this requirement that will survive the term of the Award Agreement.

**7.3 Restrictions on Incentive Options.**

(a) **\$100,000 Per Year Limitation.** The aggregate Fair Market Value of the Shares with respect to which Incentive Options are exercisable for the first time by an Option Holder in any calendar year, under the Plan or otherwise, shall not exceed \$100,000 (or such higher amount as may at the time of grant be applicable under Section 422(d) (or any successor provision) of the Code). For this purpose, the Fair Market Value of the Shares shall be determined as of the date of grant of the Option and Incentive Options shall be taken into account in the order granted. The portion of any Incentive Option accelerated in connection with a Change in Control shall remain exercisable as an Incentive Option only to the extent the above limitation is not exceeded. To the extent such dollar limitation is exceeded, the accelerated portion of such Incentive Option shall thereafter be exercisable as a Non-Qualified Option.

(b) **Ten Percent Stockholders.** Incentive Options granted to an Option Holder who is the holder of record of 10% or more of the outstanding stock of the Company shall have an Option Price equal to 110% of the Fair Market Value of the Shares on the date of grant of the Option and the Option Period for any such Option shall not exceed five years.

**7.4 Transferability.**

(a) **General Rule: No Lifetime Transfers.** An Option shall not be transferable by the Option Holder except (i) by will or pursuant to the laws of descent and distribution or (ii) or to the Option Holder's former spouse, to the extent such

assignment is of a Non-Qualified Option and is pursuant to a Domestic Relations Order. Except as otherwise provided by the terms of a Domestic Relations Order, an Option shall be exercisable during the Option Holder's lifetime only by him or her, or in the event of Disability or incapacity, by his or her guardian or legal representative. The Option Holder's guardian or legal representative shall have all of the rights of the Option Holder under this Plan.

(b) No Assignment. No right or interest of any Option Holder in an Option granted pursuant to the Plan shall be assignable or transferable during the lifetime of the Option Holder, either voluntarily or involuntarily, or be subjected to any lien, directly or indirectly, by operation of law, or otherwise, including execution, levy, garnishment, attachment, pledge or bankruptcy, except as set forth above. In the event the Option is assigned or transferred in any manner contrary to terms of this Plan, then all Options transferred or assigned shall immediately terminate.

7.5 Stockholder Privileges. No Option Holder shall have any rights as a stockholder with respect to any Shares covered by an Option until the Option Holder becomes the holder of record of such Shares, and no adjustments shall be made for dividends or other distributions or other rights as to which there is a record date preceding the date such Option Holder becomes the holder of record of such Shares, except as provided in ARTICLE IV.

## **ARTICLE VIII RESTRICTED STOCK AWARDS**

8.1 Grant of Restricted Stock Awards. Coincident with or following designation for participation in the Plan, the Committee may grant a Participant One or more Restricted Stock Awards consisting of Shares of Stock. The number of Shares granted as a Restricted Stock Award shall be determined by the Committee. Each Restricted Stock Award granted under the Plan shall be evidenced by a written restricted stock agreement (a "*Restricted Stock Agreement*"). The Restricted Stock Agreement shall incorporate and conform to the conditions set forth in this ARTICLE VIII as well as such other terms and conditions that are not inconsistent as the Committee may consider appropriate in each case.

8.2 Restrictions. A Participant's right to retain a Restricted Stock Award granted to him or her under Section 8.1 shall be subject to such restrictions, including but not limited to his or her continuous Service for the Company or an Affiliate for a restriction period specified by the Committee or the attainment of specified performance goals and objectives, as may be established by the Committee with respect to such Award (such restrictions as established by the Committee shall be known as the "*Forfeiture Restrictions* "). The Committee may in its sole discretion provide for different Forfeiture Restrictions or no Forfeiture Restrictions with respect to different Participants, to different Restricted Stock Awards or to separate designated portions of the Shares constituting a Restricted Stock Award. The Committee may in its sole discretion provide for the earlier lapse of any Forfeiture Restrictions in the event of a Change in Control in accordance with Article V of this Plan. Unless explicitly provided for otherwise in an Award Agreement, if a Participant's Service terminates for any reason, any Shares as to which the Forfeiture Restrictions have not been satisfied (or waived or accelerated as provided herein) shall be forfeited, and all Shares related thereto shall be immediately returned to the Company.

8.3 Privileges of a Stockholder, Transferability. A Participant shall have all voting, dividend, liquidation and other rights with respect to Stock in accordance with its terms received by him or her as a Restricted Stock Award under this ARTICLE VIII upon his or her becoming the holder of record of such Stock; provided, however, that the Participant's right to sell, encumber, or otherwise transfer such Stock shall be subject to the limitations of Sections 10.2 and ARTICLE XI.

8.4 Enforcement of Restrictions. The Committee shall cause a legend to be placed on the Stock certificates issued pursuant to each Restricted Stock Award referring to the restrictions provided by Sections 8.2 and 8.3 and, in addition, may in its sole discretion require one or more of the following methods of enforcing the restrictions referred to in Sections 8.2 and 8.3:

(a) Requiring the Participant to keep the Stock certificates, duly endorsed, in the custody of the Company while the restrictions remain in effect; or



(b) Requiring that the Stock certificates, duly endorsed, be held in the custody of a third party while the restrictions remain in effect.

## **ARTICLE IX OTHER GRANTS**

From time to time during the duration of this Plan, the Board may, in its sole discretion, adopt one or more incentive compensation arrangements for Participants pursuant to which the Participants may acquire Shares, whether by purchase, outright grant, or otherwise. Any arrangement shall be subject to the general provisions of this Plan and all Shares issued pursuant to such arrangements shall be issued under this Plan.

## **ARTICLE X RIGHTS OF PARTICIPANTS**

10.1 Employment or Service. Nothing contained in the Plan or in any Option, or other Award granted under the Plan shall confer upon any Participant any right with respect to the continuation of his employment by, or consulting relationship with, or Service with the Company or any Affiliate, or interfere in any way with the right of the Company or any Affiliate, subject to the terms of any separate employment agreement or other contract to the contrary, at any time to terminate such employment, consulting relationship or Service or to increase or decrease the compensation of the Participant from the rate in existence at the time of the grant of an Award. Whether an authorized leave of absence, or absence in military or government service, shall constitute a termination of Service shall be determined by the Committee at that time.

10.2 Non-transferability of Awards. Except as provided otherwise at the time of grant or thereafter, or except as otherwise provided in a Domestic Relations Order, no right or interest of any Participant in a Restricted Stock Award (prior to the completion of the restriction period applicable thereto), or other Award (excluding Options) granted pursuant to the Plan, shall be assignable or transferable during the lifetime of the Participant, either voluntarily or involuntarily, or subjected to any lien, directly or indirectly, by operation of law, or otherwise, including execution, levy, garnishment, attachment, pledge or bankruptcy. In the event of a Participant's death, a Participant's rights and interests in Options, Restricted Stock Awards, and other Awards, shall, to the extent provided in ARTICLE VII, ARTICLE VIII, and ARTICLE IX be transferable by will or the laws of descent and distribution, and payment of any amounts due under the Plan shall be made to, and exercise of any Options may be made by, the Participant's legal representatives, heirs or legatees. However, a Participant's rights and interests in Restricted Stock Awards and other Awards shall be transferable to a former spouse pursuant to a Domestic Relations Order. If in the opinion of the Committee a person entitled to payments or to exercise rights with respect to the Plan is disabled from caring for his affairs because of mental condition, physical condition or age, payment due such person may be made to, and such rights shall be exercised by, such person's guardian, conservator or other legal personal representative upon furnishing the Committee with evidence satisfactory to the Committee of such status.

10.3 No Plan Funding. Obligations to Participants under the Plan will not be funded, trusted, insured or secured in any manner. The Participants under the Plan shall have no security interest in any assets of the Company or any Affiliate, and shall be only general creditors of the Company.

## **ARTICLE XI GENERAL RESTRICTIONS**

11.1 Investment Representations. The Company may require any person to whom an Option, Restricted Stock Award, or other Award, is granted, as a condition of exercising such Option, receiving such Restricted Stock Award, or such other Award to give written assurances in substance and form satisfactory to the Company and its counsel to the effect that such person is acquiring the Stock for his own account for investment and not with any present intention of selling or otherwise distributing the same, and to such other effects as the Company or its counsel deems necessary or appropriate in order to comply with Federal and applicable state securities laws. Legends evidencing such restrictions may be placed on the Stock certificates.

11.2 Compliance with Securities Laws. Each Option, Restricted Stock Award grant, or other Award shall be subject to the requirement that, if at any time counsel to the Company shall determine that the listing, registration or

qualification of the shares subject to such Option, Restricted Stock Award, or other Award grant upon any securities exchange or under any state or federal law, or the consent or approval of any governmental or regulatory body, is necessary as a condition of, or in connection with, the issuance or purchase of shares thereunder, such Option, Restricted Stock Award or other Award may not be accepted or exercised in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained on conditions acceptable to the Committee. Nothing herein shall be deemed to require the Company to apply for or to obtain such listing, registration or qualification.

11.3 Changes in Accounting or Tax Rules. Except as provided otherwise at the time an Award is granted, notwithstanding any other provision of the Plan to the contrary, if, during the term of the Plan, any changes in the financial or tax accounting rules applicable to Options, Restricted Stock Awards, or other Awards shall occur which, in the sole judgment of the Committee, may have a material adverse effect on the reported earnings, assets or liabilities of the Company, the Committee shall have the right and power to modify as necessary, any then outstanding and unexercised Options, outstanding Restricted Stock Awards and other outstanding Awards as to which the applicable services or other restrictions have not been satisfied.

11.4 Stockholder Agreements. If the Company has one or more stockholder agreements in effect at the time of grant or exercise of an Award under the Plan, then the Committee shall, if the Company is contractually obligated to, and may, in its discretion, condition the grant or exercise (as applicable) of any such Award upon execution by the Participant of such stockholder agreement(s), such that the Participant shall become a party to such stockholder agreements(s) concurrently with such grant or exercise (as applicable) of any such Award.

## **ARTICLE XII PLAN AMENDMENT, MODIFICATION AND TERMINATION**

The Board may at any time or from time to time, with or without prior notice, amend, modify, suspend or terminate the Plan provided, however, that no amendment or modification may become effective without approval of the amendment or modification by the stockholders if stockholder approval is required to enable the Plan to satisfy any applicable statutory or regulatory requirements, or if the Company, on the advice of counsel, determines that stockholder approval is otherwise necessary or desirable. No amendment, modification or termination of the Plan shall in any manner adversely affect any Options, Restricted Stock Awards, or other Award theretofore granted under the Plan, without the consent of the Participant holding such Options, Restricted Stock Awards, or other Awards. Notwithstanding the foregoing or anything to the contrary in this Plan, the Board may amend or modify the terms of the Plan or an Award Agreement, retroactively or prospectively, as permitted under Section 1 1.3 (Changes in Accounting or Tax Rules) or Section 14.3 (Section 409A) hereof with or without the consent of the Participant.

## **ARTICLE XIII WITHHOLDING**

13.1 Withholding Requirement. The Company or any Affiliate, as the case may be, shall have the right to deduct from payments of any kind otherwise due to a Participant, or to condition the Company's obligations to deliver Shares upon the exercise of any Option, the vesting of any Restricted Stock Award or lapse of Forfeiture Restrictions or Repurchase Rights, or the grant of Stock upon the payment by the Participant of, any federal, state, local or foreign taxes of any kind required by law with respect to the grant or issuance of, or the vesting of or other lapse of restrictions applicable to, the applicable Award or the Shares subject to, or issuable upon exercise of, such Award. At the time of such grant, issuance, vesting or lapse, the Participant shall pay to the Company or Affiliate, as the case may be, any amount that the Company or Affiliate may reasonably determine to be necessary to satisfy such withholding obligation.

13.2 Withholding with Stock. At the time the Committee grants an Option, Restricted Stock Award, other Award, or Stock or at any time thereafter, it may, in its sole discretion, grant the Participant an election to pay all such amounts of tax withholding, or any part thereof, by electing (a) to have the Company withhold from shares otherwise issuable to the Participant, shares of Stock having a value equal to the amount required to be withheld or such lesser amount as may be elected by the Participant; provided however, that the amount of Stock so withheld shall not exceed the minimum amount required to be withheld under the method of withholding that results in the smallest amount of withholding, or

(b) to transfer to the Company a number of shares of Stock that were acquired by the Participant more than six months prior to the transfer to the Company and that have a value equal to the amount required to be withheld or such lesser amount as may be elected by the Participant. All elections shall be subject to the approval or disapproval of the Committee. The value of shares of Stock to be withheld shall be based on the Fair Market Value of the Stock on the date that the amount of tax to be withheld is to be determined (the "*Tax Date*"). Any such elections by Participants to have shares of Stock withheld for this purpose will be subject to the following restrictions:

(a) All elections must be made prior to the Tax Date.

(b) All elections shall be irrevocable.

(c) If the Participant is an officer or director of the Company within the meaning of Section 16 of the Exchange Act ("*Section 16*"), the Participant must satisfy the requirements of such Section 16 and any applicable Rules thereunder with respect to the use of Stock to satisfy such tax withholding obligation.

#### **ARTICLE XIV REQUIREMENTS OF LAW**

14.1 Requirements of Law. The issuance of Stock and the payment of cash pursuant to the Plan shall be subject to all applicable laws, rules and regulations.

14.2 Federal Securities Law Requirements. If a Participant is an officer or director of the Company within the meaning of Section 16 of the Exchange Act, Awards granted hereunder shall be subject to all conditions required under Rule 16b-3, or any successor rule promulgated under the Exchange Act, to qualify the Award for any exception from the provisions of Section 16(b) of the Exchange Act available under that Rule. Such conditions shall be set forth in the agreement with the Participant which describes the Award or other document evidencing or accompanying the Award.

14.3 Section 409 A. Notwithstanding anything in this Plan to the contrary, the Plan and Awards made under the Plan are intended to comply with the requirements imposed by Section 409A of the Code. If any Plan provision or Award would result in the imposition of an additional tax under Section 409A of the Code, the Company and the Participant intend that the Plan provision or Award will be reformed to avoid imposition, to the extent possible, of the applicable tax and no action taken to comply with Section 409A of the Code shall be deemed to adversely affect the Participant's rights to an Award. The Participant further agrees that the Committee, in the exercise of its sole discretion and without the consent of the Participant, may amend or modify an Award in any manner and delay the payment of any amounts payable pursuant to an Award to the minimum extent necessary to meet the requirements of Section 409A of the Code as the Committee deems appropriate or desirable.

**14.4 Governing Law.** The Plan and all agreements hereunder shall be construed in accordance with and governed by the laws of the State of Delaware excluding its conflict of laws rules.

**ARTICLE XV  
DURATION OF THE PLAN**

Unless sooner terminated by the Board, the Plan shall terminate at the close of business on the day immediately following the tenth anniversary of the Effective Date and no Option Restricted Stock Award, other Award or Stock shall be granted, or offer to sell Stock made, after such termination. Options, Restricted Stock Awards, and other Awards outstanding at the time of the Plan termination may continue to vest, be exercised, or otherwise become free of restrictions, or be paid, in accordance with their terms.

Dated as of the Effective Date.

YiLoLife, Inc. a Delaware corporation

By: /s/ Carsten Loelke

Name: Carsten Loelke

Title: CEO / President

**YiLoLife Inc.  
Descriptions of Unwritten Agreements**

**JJ Empire, LLC, Provides Staffing and Management Services to NRC**

NRC engages the services of JJ Empire to manage substantially all of its staffing and human resources requirements. Under the agreement, JJ Empire, LLC, recruits, screens, interviews and assigns employees and independent contractors to positions within NRC. Each employee or independent contractor is sub-assigned to NRC where, depending upon his or her responsibilities, he or she may be required to register with the Arizona Department of Health Services as a dispensary agent. In such cases, JJ Empire, LLC assists NRC with managing that process and obtaining the necessary clearances. JJ Empire pays all wages, withholding taxes and other benefits for each worker. NRC pays JJ Empire a contract rate based upon the number of workers and their particular roles and responsibilities.

JJ Empire, LLC and NRC are presently contemplating a modification of their arrangement to include other revenue arrangements which may include base contract rates plus revenue sharing, although final agreements are not yet concluded.

There is no written agreement between JJ Empire, LLC and NRC pertaining to staffing and management services.

**NRC Retains Food 2828, LLC to Provide Kitchen Staffing and Culinary Sourcing and Management**

NRC engages the services of Food 2828, LLC, to provide kitchen staffing and culinary sourcing and management. Under the agreement, Food 2828, recruits, screens, interviews and assigns employees and independent contractors to culinary-related positions within NRC. Each employee or independent contractor is sub-assigned to NRC where, depending upon his or her responsibilities, he or she may be required to register with the Arizona Department of Health Services as a dispensary agent. In such cases, Food 2828 assists NRC with managing that process and obtaining the necessary clearances. Food 2828 pays all wages, withholding taxes and other benefits for each worker. NRC pays Food 2828 a contract rate based upon the number of workers and their particular roles and responsibilities.

Additionally, Food 2828 sources and provides kitchen equipment, culinary ingredients such as premium Belgian chocolate and others, and manages inventory systems and controls.

NRC and Food 2828, LLC are presently contemplating a modification of their arrangement to include other revenue arrangements which may include base contract rates plus revenue sharing, although final agreements are not yet concluded.

There is no written agreement between JJ Empire, LLC and NRC pertaining to kitchen staffing and culinary sourcing and management services.

**NRC Licenses YiLo™ and YiLoLife™ brand from YiLoLife, LLC**

YiLo™ and YiLoLife™ are trademarks owned by YiLoLife LLC, a New Mexico limited liability company, along with substantially all other intellectual property associated with the YiLo brand. NRC licenses the brand, trademark, and other intellectual property from YiLoLife LLC on a semi-exclusive basis, which provides NRC with State-specific exclusivity, except as to concurrently licenses also held certain of YiLoLife, LLC's affiliates.

There is no written agreement between YiLoLife LLC and NRC pertaining to intellectual property.

**EXHIBIT 11.1**

**CONSENT OF INDEPENDENT PUBLIC ACCOUNTING FIRM**

We consent to the incorporation by reference in this Offering Statement on Form 1-A of our reports dated August 31, 2016 on the financial statements of YiLo Life Inc. as of and for the year ended December 31, 2015, and for JJ Empire LLC and Food 2828 LLC (YiLoLife Consolidated Entities) for the year ended December 31, 2014.



Phoenix Arizona  
November 14, 2016



W. Scott Lawler  
*Corporate/Securities Attorney*  
WSL@BoothUdall.com

**Exhibit 12**

September 14, 2016

Board of Directors  
**YILOLIFE INC.**

Dear Board Members:

I have acted as special counsel to YiLoLife, Inc., a Delaware corporation (the "Company"), in connection with the preparation and filing with the Securities and Exchange Commission, under the Securities Act of 1933, as amended of the Company's Offering Statement on Form 1-A (the "Offering Statement"). The Offering Statement has been prepared by the Company and was filed with the Securities and Exchange Commission on or about July 6, 2016. The Company has asked me to opine on the legality of the sale of 5,000,000 shares of Class A common stock, \$0.001 par value per share pursuant to the Offering Statement. This opinion shall be filed with the Offering Statement.

The Offering Statement covers 5,000,000 shares of the Company's Class A Common Stock (the "Shares"). The Shares are to be offered to the public by the Company without the use of any underwriters, at a fixed price of \$3.28 per share.

In connection with rendering this opinion I have examined copies of the Offering Statement and all exhibits thereto as well as the amendments to the Offering Statement. I have also examined and relied upon the original, or copies certified to my satisfaction, of (i) the Articles of Incorporation and the Bylaws of the Company, (ii) minutes and records of the corporate proceedings of the Company with respect to the issuance of the Shares and related matters, and (iii) the form of Subscription Agreement and such other agreements and instruments relating to the Company as I deemed necessary or appropriate for purposes of the opinion expressed herein. In rendering such opinion, I have made such further investigation and inquiries relevant to the transactions contemplated by the Offering Statement as I have deemed necessary for the opinion expressed herein, and I have relied, to the extent I deemed reasonable, on certificates and certain other information provided to me by officers of the Company and public officials as to matters of fact of which the maker of such certificate or the person providing such other information had knowledge.

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Furthermore, in rendering my opinion, I have assumed that the signatures on all documents examined by me are genuine, that all documents and corporate record books submitted to me as originals are accurate and complete, and that all documents submitted to me are true, correct and complete copies of the originals thereof.

Based upon the foregoing, I am of the opinion that when issued and sold by the Company against payment therefore pursuant to the terms of the Subscription Agreement, the Shares will be legally issued, fully paid and non-assessable.

This opinion letter is limited to the current federal laws of the United States and, to the limited extent set forth above, the General Corporate Law of the State of Delaware, as such laws presently exist and to the facts as they presently exist. I express no opinion with respect to the effect or applicability of the laws of any other jurisdiction. I assume no obligation to revise or supplement this opinion letter should the laws of such jurisdiction be changed after the date hereof by legislative action, judicial decision or otherwise.

This opinion has been prepared in connection with the Offering Statement. I hereby consent to the inclusion of this opinion as an exhibit to the Offering Statement.

Sincerely,

/s/ W. SCOTT LAWLER