THE CHRON ORGANIZATION, INC.

CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS

For the three months ended March 31, 2017

and

CONSOLIDATED AUDITED FINANCIAL STATEMENTS

For the Year Ended December 31, 2016

Trading Symbol: CHRO

THE CHRON ORGANIZATION, INC.

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For the three months ended March 31, 2017
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CONSOLIDATED AUDITED FINANCIAL STATEMENTS

For the Year Ended December 31, 2016

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THE CHRON ORGANIZATION, INC.
BALANCE SHEETS

		March 31, 2017 (unaudited)		December 31, 2016 (audited)
ASSETS				
Current Assets				
Cash and cash equivalents	$	11,060	$	51,710
Other assets		12,000		12,000
Prepaid expenses		14,647		28,750
Total current assets		37,707		92,460
Fixed Assets				
Software		84,416		66,710
Less: Amortization		(942)		-
Total fixed assets		83,474		66,710
Total assets	$	121,181	$	159,170
LIABILITIES & SHAREHOLDERS' DEFICIT				
Liabilities				
Current Liabilities				
Accounts payable	$	131,881	$	111,207
Accrued interest		34,037		20,382
Accrued payroll		252,749		212,000
Other current liabilities		3,751		15,005
Subscription liabilities		230,000		75,000
Related party convertible promissory note, net		193,000		188,342
Notes Payable		34,323		-
Convertible promissory note, net		42,257		-
Total current liabilities		921,998		621,936
Long-term Liabilities				
Convertible promissory note, net		267,105		233,836
Total long-term liabilities		267,105		233,836
Total Liabilities		1,189,103		855,772
Mezzanine Equity				
Beneficial conversion feature		451,539		413,231
Warrants		91,840		80,892
Total Mezzanine equity		543,379		494,123
Shareholders' deficit				
Class A Common stock par value $.001, 1,450,000,000 shares authorized, 853,262,525 issued and outstanding		853,262		853,262
Class B Common stock par value $.001, 10,000,000 shares authorized, 10,000,000 issued and outstanding		10,000		10,000
Preferred stock series A par value $.001, 2,000,000 shares authorized, 500,000 and 0, respectively issued and outstanding		500		-
Preferred stock par value $.001, 38,000.000 shares authorized, none issued		-		-
Additional paid-in capital		399,504		274,903
Accumulated deficit		(2,874,567)		(2,328,890)
Total shareholders' deficit		(1,611,301)		(1,190,725)
TOTAL LIABILITIES & SHAREHOLDERS' DEFICIT	$	141,181	$	159,170

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

THE CHRON ORGANIZATION, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended March 31, 2017 (unaudited)	Twelve Months Ended December 31, 2016 (audited)
Revenue	$ 4,832	$ 5,051
Cost of goods sold	7,491	20,431
Gross profit (loss)	(2,659)	(15,380)
Operating expenses		
Selling, general and administrative expenses	478,968	1,522,183
Total Operating Expense	478,968	1,522,183
Operating loss	(481,627)	(1,537,563)
Other expense		
Amortization expense	(942)	-
Interest expense	(63,108)	(234,175)
Loss from operations	(545,677)	(1,771,738)
Net loss	$ (545,677)	$ (1,771,738)
Weighted average shares outstanding - basic	605,975,340	605,975,340
Weighted average shares outstanding - diluted	757,217,007	727,142,007

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

THE CHRON ORGANIZATION, INC.
CONSOLIDATED STATEMENTS OF CHANGE IN SHAREHOLDERS' DEFICIT

	Class A Common Stock		Class B Common Stock		Series A Preferred Stock				
	Shares	Amount	Shares	Amount	Shares	Amount	Accumulated Deficit	Additional Paid-in Capital	Total
December 31, 2015 (audited)	540,552,127	$ 540,552	-	$ -	-	$ -	$ (557,152)	$ (309,121)	$ (325,721)
Net Loss	-	-	-	-	-	-	(1,771,738)	-	(1,771,738)
Common stock issued for service	2,368,300	2,368	-	-	-	-	-	40,132	42,500
Conversion of notes payable	27,588,888	27,589	-	-	-	-	-	149,411	177,000
Stock issued	282,753,210	282,753	10,000,000	10,000	-	-	-	394,481	687,234
December 31, 2016 (audited)	853,262,525	$ 853,262	10,000,000	$ 10,000	-	$ -	$ (2,328,890)	$ 274,903	$ (1,190,725)
Net Loss	-	-	-	-	-	-	(545,677)	-	(545,677)
Stock issued	-	-	-	-	500,000	500	-	124,601	125,101
Beneficial conversion feature	-	-	-	-	-	-	-	-	-
March 31, 2017 (unaudited)	853,262,525	$ 853,262	10,000,000	$ 10,000	500,000	$ 500	$ (2,874,567)	$ 399,504	$ (1,611,301)

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

THE CHRON ORGANIZATION INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	March 31, 2017 (unaudited)	December 31, 2016 (audited)
OPERATING ACTIVITIES		
Net Loss	$ (545,677)	$ (1,771,738)
Adjustments to reconcile net loss to net		
Cash used in operating activities		
Amortization of debt discount	41,364	212,877
Amortization of software	942	-
Changes in operating assets and liabilities		
Prepaid expenses	14,103	(40,750)
Accounts payable and other current liabilities	9,420	126,212
Accrued interest	13,655	13,085
Accrued payroll	40,749	212,000
Compensation paid in stock	-	42,500
Net cash used in provided in operating activities	(425,444)	(1,205,814)
INVESTING ACTIVITIES		
Software	(17,706)	(66,710)
Net cash used in investing activities	(17,706)	(66,710)
FINANCING ACTIVITIES		
Proceeds from issuance of preferred stock	125,000	-
Proceeds from issuance of common stock	-	687,234
Proceeds from issuance of stock subscriptions	135,000	75,000
Proceeds from issuance of stock in subsidiary	20,000	-
Proceeds from notes payable	40,000	-
Proceeds from convertible promissory notes	82,500	500,000
Proceeds from related party convertible promissory notes and warrants	-	62,000
Net cash provided by financing activities	402,500	1,324,234
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	$ 51,710	$ -
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	$ 11,060	$ 51,710
Supplemental disclosure of non cash transactions		
Conversion of notes payable to common stock	$ -	$ 122,500
Cash paid for interest expense	$ 588	$ 1,179

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

THE CHRON ORGANIZATION, INC.
NOTES TO CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS
THREE MONTHS ENDED MARCH 31, 2017

1. Organization – Nature of Operations

The Chron Organization, Inc. (the "Company" or "CHRO") was incorporated under the laws of the State of Nevada on July 28, 1999. On March 24, 2016 FINRA (Financial Industry Regulatory Authority, Inc.) approved the name and CUSIP change from USA Restaurant Funding, Inc. to The Chron Organization, Inc. (OTC PINK: CHRO). The Company amended its Articles of Incorporation to change its name to "The Chron Organization, Inc.", to reflect the change in direction of the Company's business to smart home technologies and the next generation in energy utility services.

While the FINRA-registered name prior to March 24, 2016 and other registrations may imply and continue to imply an association with the restaurant industry, the Company has no plans or intentions to develop any business within that industry. Further, the entirety of the management team formally associated with the restaurant industry have resigned and new management has been brought in to transition the Company into a different industry entirely.

During the twelve months ended December 31, 2016 the Company formed a wholly owned subsidiary, Zen Technologies, Inc. The Company intends to provide home automation and energy conservation services to home owners through Zen Technologies, Inc. The services will include but are not limited to security, monitoring, and automation control that will enable the customer base to run a safe and efficient home. In addition to these services the Company will also provide electricity needs to its customer base through its retail electricity provider subsidiary.

During the three months ended March 31, 2017, the Company formed a wholly owned subsidiary, Zen Energy, Inc. The Company intends to provide and sell retain and commercial electricity to consumers. See further information in Note 12. *Subsequent Events.*

2. Summary of Significant Accounting Policies

Principals of Consolidation – The accompanying consolidated financial statements include the accounts of The Chron Organization, Inc. and its wholly owned subsidiary Zen Technologies, Inc. All significant intercompany transactions and balances have been eliminated.

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of sales and expenses during the reporting periods. Key estimates in the accompanying financial statements include, among others, revenue recognition, allowances for doubtful accounts, valuation of long-lived assets, and deferred income tax asset valuation allowances.

The financial statements are presented on the basis of the Company's ability to continue as a going concern. See further information in Note 3. *Going Concern*.

Cash and Cash Equivalents – The Company considers all highly-liquid investments with a maturity of three months or less, when purchased, to be cash equivalents.

Prepaid Expenses – As of March 31, 2017 and December 31, 2016 prepaid expenses totaled $26,647 and $40,750, respectively. The balance of prepaid expenses consists of business insurance and rent related expenses.

Fair Value of Financial Instruments - The Company calculates the fair value of its assets and liabilities which qualify as financial instruments and includes this information in the notes to consolidated financial statements when the fair value is different than the carrying value of those financial instruments. The estimated fair value of accounts receivable, prepaid and other current assets, and accounts payable and accrued expenses approximate the carrying amounts due to the relatively short maturity of these instruments. As stated above, the Company has discontinued its restaurant activities and as such has determined that the restaurant related assets have no future value and therefore have been written off at December 31, 2015. The carrying value of short- and long-term debt also approximates fair value since these instruments bear market rates of interest. None of these instruments are held for trading purposes.

Basic and Diluted Net Loss per Common Stock – Basic net loss per common share is computed by dividing net loss by the weighted-average number of common shares outstanding during the period. Diluted net loss per common share is determined using the weighted-average number of common shares outstanding during the period, adjusted for the dilutive effect of common stock equivalents. In periods when losses are reported, the weighted-average number of common shares outstanding excludes common stock equivalents because their inclusion would be anti-dilutive. The dilutive shares outstanding at March 31, 2017 and December 31, 2016 are as follows:

	March 31, 2017	December 31, 2016
Related party convertible promissory notes	64,333,333	64,333,333
Related Party Warrants	32,166,667	32,166,667
Convertible promissory notes	52,500,000	25,000,000
Warrants	12,875,000	10,000,000
Diluted shares outstanding	161,875,000	131,500,000

Income Taxes – The Company estimates its current tax position together with its future tax consequences attributable to temporary differences resulting from differing treatment of items, such as depreciation and other reserves for tax and accounting purposes. These temporary differences result in deferred tax assets and liabilities. Management must then assess the likelihood that its deferred tax assets will be recovered from future taxable income, prior year carryback, or future reversals of existing taxable temporary differences. To the extent management believes that recovery is unlikely, management establishes a valuation allowance against these deferred tax assets. Significant judgment is required in determining the Company's provision for income taxes, its deferred tax assets and liabilities, and any valuation allowance recorded against its deferred tax assets. At March 31, 2017 and December 31, 2016, the Company has recorded a full valuation allowance against its net deferred tax assets due to the uncertainty these assets will be used in the future.

Revenue Recognition - The Company recognizes sales, which include shipping fees where applicable, net of estimated returns, at the time the customer takes possession of merchandise or receives services. When the Company collects payments from customers prior to the transfer of ownership of merchandise or the performance of services, the amounts received are generally recorded as deferred sales. They are included in other current liabilities on the consolidated balance sheets, until the sale or service is completed. The Company reserves for estimated sales returns based on historical trends in merchandise returns, net of the estimated net realizable value of merchandise inventories to be returned and any estimated disposition costs. Amounts collected from members, which under common trade practices are referred to as sales taxes, are recorded on a net basis.

Software Development Costs – The Company capitalizes certain expenditures to the development of its software application. Capitalization begins when technological feasibility is established. Capitalized costs are amortized using the straight-line method over the estimated useful life of the developed product.

Beneficial Conversion Feature - The Company accounts for convertible notes payable in accordance with the guidelines established by the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") Topic 470-20, Debt with Conversion and Other Options, Emerging Issues Task Force ("EITF") 98-5, Accounting for Convertible Securities with Beneficial Conversion Features or Contingently Adjustable Conversion Ratios, and EITF 00-27, Application of Issue No 98-5 To Certain Convertible Instruments. The Beneficial Conversion Feature ("BCF") of a convertible note is normally characterized as the convertible portion or feature of certain notes payable that provide a rate of conversion that is below market value or in-the-money when issued. The Company records a BCF related to the issuance of a convertible note when issued and records the estimated fair value of any warrants issued with those convertible notes. Beneficial conversion features that are contingent upon the occurrence of a future event are recorded when the contingency is resolved.

The BCF of a convertible note is measured by allocating a portion of the note's proceeds to the warrants, if applicable, and as a discount on the carrying amount of the convertible note equal to the intrinsic value of the conversion feature, both of which are credited to mezzanine equity. The value of the proceeds received from a convertible note is then allocated between the conversion features and warrants and the debt on an allocated fair value basis. The allocated fair value is recorded in the financial statements as a debt discount (premium) from the face amount of the note and such discount is amortized over the expected term of the convertible note (or to the conversion date of the note, if sooner) and is charged to interest expense.

Classification - The Company had classified the beneficial conversion feature of the convertible note mezzanine equity on the consolidated balance sheets as the stock was contingently redeemable. Upon the occurrence of certain change in control events that are outside the Company’s control, including liquidation, sale or transfer of the Company, holders of the convertible preferred stock could cause redemption for cash. Pursuant to ASC 480-10-S99-3A, the SEC finds that a BCF should be separated from a convertible instrument and recorded in additional paid-in capital. However, Company’s filing with the SEC should present BCF as mezzanine equity in order to distinguish them from permanent equity. The balance sheet reflects the redeemable equity instruments as mezzanine equity separate from permanent equity.

3. Going Concern

The Company’s financial statements for the three months ended March 31, 2017 and twelve months ended December 31, 2016 have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. The Company reported a net loss of $545,677 for the three months ended March 31, 2017, and $1,771,738 for the twelve months ended December 31, 2016, respectively, and an accumulated deficit of $2,874,567 for the three months ended March 31, 2017, and $2,328,890 for the twelve months ended December 31, 2016, respectively. At March 31, 2017, and December 31, 2016, the Company had a working capital deficit of $884,291 and $529,476, respectively, and negative cash flow from continuing operating activity of $425,444 and $1,205,814, respectively, for the three months ended March 31, 2017, and twelve months ended December 31, 2016.

The Company’s ability to continue as a going concern may be dependent on the success of management’s plan. The financial statements do not include any adjustments relating to the recoverability and classification of assets or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

During the 2017 fiscal year, the Company intends to continue its efforts to raise funds to support its efforts through the sale of equity and/or debt securities. During the three months ended March 31, 2017, the Company has raised $402,500 from sales of its common stock, preferred stock, and notes payable.

To the extent the Company’s operations are not sufficient to fund the Company’s capital requirements, the Company may attempt to enter into a revolving loan agreement with financial institutions or attempt to raise capital through the sale of additional capital stock or through the issuance of debt. At the present time, the Company does not have a revolving loan agreement with any financial institution.

4. Notes Payable

On March 29, 2017, the Company entered into a promissory note agreement (the “March 2017 Promissory Note”) with a third-party in the amount of $40,000. The promissory note carries an interest rate of 10% per annum and has a maturity date of May 15, 2017. As additional consideration for entering into the Note, the Company issue to the third-party note holder a warrant for the purchase of 1,000,000 shares of common stock in the Company, exercisable at two cents ($0.02) per share for a period of one year from the date of issue (the “Warrant”).

The Company determined the fair value of the warrant which resulted in a debt discount of $5,576 which was recorded as a reduction in carrying value of the March 2017 Promissory Note.

5. Related Party Convertible Promissory Note

As of March 31, 2017 and December 31, 2016, the Company had an outstanding related party convertible promissory note of $193,000, with a maximum availability of $200,000 (the "Related Party Convertible Promissory Notes"). See Note 8. *Related Party Transactions.*

On November 20, 2015, the Company issued a Convertible Promissory Note to a related party (the "Related Party Convertible Promissory Note"). The Related Party Convertible Promissory Note accrues interest at a rate of 2% per annum. The principal balance and accrued interest under the Related Party Convertible Promissory Note at March 31, 2017 and December 31, 2016 was $193,000, and was $4,895 and $3,358, respectively, and is due on September 30, 2018.

The Holder of the Related Party Convertible Promissory Note has the right to convert all or any part of the outstanding principal and accrued interest to shares of common stock of the Company. The Related Party Convertible Promissory Note can be converted by the Holder in part from time to time after the issuance date by submitting notice of conversion. The November 2015 Related Party Convertible Promissory Note is convertible at a $0.003 per share conversion price.

The Related Party Convertible Promissory Note contained a beneficial conversion feature which resulted in a debt discount of $155,650 which was recorded as a reduction in carrying value of the Related Party Convertible Promissory Note and offset in mezzanine equity. During the three months ended March 31, 2017 and the twelve months ended December 31, 2016 a charge to debt discount in the amount of $1,986 and $143,011, respectively and was expensed as interest expense. At March 31, 2017 and December 31, 2016, the debt discount was $0 and $1,986, respectively.

In connection with the Related Party Convertible Promissory Note, the Holder was issued a total of 32,166,667 warrants exercisable at $0.05 expiring in November 2020 (the "Warrants"). The Company determined the fair value of the warrants which resulted in a debt discount of $37,366 which was recorded as a reduction in carrying value of the Related Party Convertible Promissory Note and offset in mezzanine equity. During the three months ended March 31, 2017 and twelve months ended December 31, 2016 a charge to debt discount in the amount of $2,672 and 34,695 and was expensed through interest expense, respectively. The balance at March 31, 2017 and December 31, 2016 was $0 and $2,672, respectively.

Related Party Convertible Promissory Note Summary

The fair value of the embedded beneficial conversion features and the fair value of the warrants underlying the Related Party Convertible Promissory Notes were calculated pursuant to the Black-Scholes Model. The following table summarizes the carrying value of the Convertible Promissory Notes as of March 31, 2017 and December 31, 2016:

	March 31, 2017		December 31, 2016	
Related Party 2015 Convertible Promissory Note	$	193,000	$	193,000
Less: debt discount		-		(1,986)
Warrants		-		(2,672)
Total net carrying value	$	193,000	$	188,342

6. Convertible Promissory Notes

On September 6, 2016, the Company issued a Convertible Promissory Note totaling $300,000 to a third-party (the "September 2016 Convertible Promissory Note"). The September 2016 Convertible Promissory Note matures on September 5, 2018, and accrues interest at a rate of 10% per annum. As of March 31, 2017 and December 31, 2016, the outstanding principal was $300,000. The accrued interest balance at March 31, 2017 and December 31, 2016 was $22,192 and $14,795, respectively.

The Holder of the Convertible Promissory Note has the right to convert all or any part of the outstanding principal and accrued interest to shares of common stock of the Company. The Convertible Promissory Note can be converted by the Holder in part from time to time after the issuance date by submitting notice of conversion. The September 2016 Convertible Promissory Note is convertible at the option of the Holder into that number of shares of the Company's common stock determined by dividing such principal amount and accrued interest by the Conversion Rate. The Conversion Rate is defined as seventy percent (70%) of the volume weighted average price over the prior ten (10) day trading period from the date of notice of conversion, but in no event shall the Conversion price be less than $0.02.

The September 2016 Convertible Promissory Note contained a beneficial conversion feature which resulted in a debt discount of $158,688 which was recorded as a reduction in carrying value of the September 2016 Convertible Promissory Note and offset in mezzanine equity. A charge to debt discount in the amount of $16,633 and $25,621 was expensed through interest expense during the three months ended March 31, 2017 and twelve months ended December 31, 2016, respectively. At March 31, 2017 and December 31, 2016, the debt discount was $116,433 and $133,067, respectively.

In connection with the September 2016 Convertible Promissory Note, the Holder was issued 6,000,000 warrants exercisable at $0.05 expiring in September 2018 (the "Warrants"). The Company determined the fair value of the warrants which resulted in a debt discount of $30,117, recorded as a reduction to the carrying value of the September 2016 Convertible Promissory Note and offset in mezzanine equity. The balance of the fair value of the warrants at March 31, 2017 and December 31, 2016 was $22,098 and $25,254, respectively.

On November 25, 2016, the Company issued two Convertible Promissory Notes totaling $200,000 to third-parties (the "November 2016 Convertible Promissory Notes"). The November 2016 Convertible Promissory Notes mature on November 24, 2017, and accrues interest at a rate of 10% per annum. As of March 31, 2017 and December 31, 2016, the outstanding principal was $200,000. The accrued interest balance at March 31, 2017 and December 31, 2016 was and $6,575 and $1,644, respectively.

The Holder of the November 2016 Convertible Promissory Notes have the right to convert all or any part of the outstanding principal and accrued interest to shares of common stock of the Company. The November 2016 Convertible Promissory Notes can be converted by the Holder in part from time to time after the issuance date by submitting notice of conversion. The November 2016 Convertible Promissory Notes are convertible at the option of the Holder into that number of shares of the Company's common stock determined by dividing such principal amount and accrued interest by the Conversion Rate. The Conversion Rate is defined as seventy percent (70%) of the volume weighted average price over the prior ten (10) day trading period from the date of notice of conversion, but in no event shall the Conversion price be less than $0.02.

The November 2016 Convertible Promissory Notes contained a beneficial conversion feature which resulted in a debt discount of $99,123 which was recorded as a reduction in carrying value of the November 2016 Convertible Promissory Notes and offset in additional mezzanine equity. During the three months ended March 31, 2017 and twelve months ended December 31, 2016 a charge to debt discount in the amount of $11,874 and $4,130 was expensed through interest expense, respectively. At March 31, 2017 and December 31, 2016, the debt discount was $83,119 and $94,993, respectively.

In connection with the November 2016 Convertible Promissory Notes, the Holders were issued 4,000,000 warrants exercisable at $0.05 expiring in November 2019 (the "Warrants"). The Company determined the fair value of the warrants which resulted in a debt discount of $13,409, recorded as a reduction to the carrying value of the November 2016 Convertible Promissory Note and offset in mezzanine equity. The balance of the fair value of the warrants at March 31, 2017 and December 31, 2016 was $11,244 and $12,850, respectively.

On March 17, 2017, the Company issued a Convertible Promissory Notes totaling $82,500 to a third-party (the "March 2017 Convertible Promissory Note"). The March 2017 Convertible Promissory Note mature on March 17, 2018, and accrues interest at a rate of 10% per annum. As of March 31, 2017, the outstanding principal was $82,500. The accrued interest balance at March 31, 2017 was $353. In addition, the Company recorded an original issued discount in the amount of $7,500 as interest expense.

The Holder of the March 2017 Convertible Promissory Note have the right to convert all or any part of the outstanding principal and accrued interest to shares of common stock of the Company. The March 2017 Convertible Promissory Note can be converted by the Holder in part from time to time after the issuance date by submitting notice of conversion. The March 2017 Convertible Promissory Note are convertible at the option of the Holder into that number of shares of the Company's common stock determined by dividing such principal amount and accrued interest by the Conversion Rate. The Conversion Rate is defined as the lower of $0.03 or sixty percent (60%) of the lowest closing price over the prior ten (10) day trading period from the date of notice of conversion, but in no event shall the Conversion price be less than $0.01.

The March 2017 Convertible Promissory Note contained a beneficial conversion feature which resulted in a debt discount of $38,308 which was recorded as a reduction in carrying value of the March 2017 Convertible Promissory Note and offset in additional paid in capital. During the three months ended March 31, 2017 a charge to debt discount in the amount of $798 through interest expense. At March 31, 2017, the debt discount was $37.510.

In connection with the March 2017 Convertible Promissory Note, the Holder was issued 500,000 warrants exercisable at $0.03 expiring in March 2018 (the "Warrants"). The Company determined the fair value of the warrants which resulted in a debt discount of $2,951 recorded as a reduction to the carrying value of the March 2017 Convertible Promissory Note and offset in additional paid in capital. The balance of the fair value of the warrants at March 31, 2017 was $2,705.

Convertible Promissory Note Summary

The fair value of the embedded beneficial conversion features and the fair value of the warrants underlying the Convertible Promissory Notes were calculated pursuant to the Black-Scholes Model. The following table summarizes the carrying value of the Convertible Promissory Note as of March 31, 2017 and December 31, 2016:

	March 31, 2017		December 31, 2016	
Convertible Promissory Note	$	582,500	$	500,000
Less: debt discount		(234,668)		(228,059)
Warrants		(36,047)		(38,105)
Total net carrying value	$	311,786	$	233,836

7. Income Taxes

No provision for federal income taxes has been recognized for the three months ended March 31, 2017 and twelve months ended December 31, 2016, as the Company has a net operating loss carry forward for income tax purposes available in each period. Additionally, it is uncertain if the Company will have taxable income in the future so a valuation allowance has been established for the full value of net tax assets. The deferred tax asset consists of net operating loss carry forwards and the Company has no deferred tax liabilities.

At March 31, 2017 and December 31, 2016, the Company has net operating loss carry forwards of $977,353 and $713,387, respectively for federal income tax purposes. This net operating loss carry forwards may be carried forward in varying amounts until 2036 and may be limited in their use due to significant changes in the Company's ownership.

	March 31, 2017		December 31, 2016	
Net operating loss carryforwards	$	977,353	$	713,387
Less: valuation allowance		(977,353)		(713,387)
Net deferred tax asset	$	-	$	-

The Company has valued its net deferred tax asset at zero with a valuation allowance due to the substantial doubt taxable income will be generated in the future to utilize the deferred tax asset.

8. Related Party Transactions

During the twelve months ended December 31, 2016, the Company issued the Chairman of the Board a convertible promissory note, (the "Related Party Convertible Promissory Note") in an amount up to $200,000 along with 32,166,667 warrants. The note accrues interest at 2% per annum. The issuance of the financial instruments was made in the ordinary course of business, and were given fair market treatment. The Related Party Convertible Promissory Note matures on September 30, 2017. See Note 5. *Related Party Convertible Promissory Note.*

Additionally, the Company merged with a company controlled by related parties. See following Note 9. *Merger.*

9. Merger

On July 1, 2016, the Company exchanged 165,000,000 shares of the Company's unregistered shares of common stock for 100% of the outstanding common stock of Chron Energy, Inc. ("CEI"), a Nevada corporation to related parties (consisting of the company's Chief Compliance Officer and an LLC managed by the Company's President). CEI possessed intellectual property and strategic relationships (the "Assets") that are integral to the Company's entrance into the home automation and retail electric provider markets. Generally, the total acquisition consideration price would be allocated to the assets acquired and liabilities assumed based on their estimated fair values. The excess of the purchase price over the total of estimated fair values assigned to tangible and identifiable intangible assets acquired and liabilities assumed would then be recognized as goodwill. At the date of merger, CEI had no liabilities and the Assets had no carrying value on the books. Since the acquisition was with related parties, no increase in the carrying value of the Assets or goodwill can be realized on the books of the Company.

There was no change of control of the Company as a result of the Merger. See above Note 8. *Related Party Transitions*.

10. Shareholder Deficit

March 2, 2017, the Company amended Articles Five and Seven of the corporation's Amended and Restated Articles of Incorporation.

Article Five was amended to set the aggregate number of shares which the Corporation shall have the authority to issue at 1,500,000,000 shares, of which 1,450,000,000 shares shall be Class A Common Stock, par value $.001 per share (the "Class A Common Stock"), 10,000,000 shares shall be Class B Common Stock, par value $.001 per share (the "Class B Common Stock") and 40,000,000 shares shall be Preferred Stock, par value $.001 per share (the "Preferred Stock") of which, 2,000,000 shares are designated as "Series A Preferred Stock". The rights, preferences and restrictions for the Series A Preferred Stock are set forth in the new Article Five, Section C which includes the following:

1. DESIGNATION OF SERIES. (a) There shall be a series of the Preferred Stock of the Corporation which shall be designated as the "Series A Preferred Stock," $0.001 par value, and the number of shares constituting such series shall be Two million (2,000,000). Such number of shares may be increased or decreased by resolution of the Board of Directors; provided, however, that no decrease shall reduce the number of shares of Series A Preferred Stock to a number less than that of the shares then outstanding. The Series A Preferred Stock shall have the rights, preferences, restrictions and other terms relating to such series of preferred stock as set forth in the Certificate of Designation of Preferences, Rights and Limitations of Series A Preferred Stock attached hereto as Exhibit A and incorporated herein by reference.

2. DIVIDENDS. The holders of Series A Preferred Stock shall not be entitled to receive dividends paid on the Common Stock.

3. LIQUIDATION PREFERENCE. The holders of Series A Preferred Stock shall not be entitled to any liquidation preference.

4. VOTING. Except as otherwise expressly set forth herein or as required by law, the holders of the Series A Preferred Stock shall not entitle the holders thereof to vote on any matter submitted for shareholder action, and the consent of the holders thereof shall not be required for the taking of any corporate action.

5. CONVERSION RIGHTS. The holders of the shares of Series A Preferred Stock shall have the right to convert the Series A Preferred Stock into Class A Common Stock at the rate of ten (10) common shares for each preferred share (10-1 conversion rate) (the "Conversion Right"). The holder of the Series A Preferred Stock shall be entitled to exercise the Conversion Right one year from purchase date of the Series A Preferred Stock.

6. REDEMPTION RIGHTS; REDEMPTION. To the extent not prohibited by law, all or a portion of the then-outstanding shares of Series A Preferred Stock may be redeemed by the Corporation for a period of one year from the date of issuance at an amount equal to one hundred thirty percent (130%) of the original issue price.

Article Seven was amended by deleting the existing Article Seven and adding a new Article 7 as follows:

Rights of Holders of Common Stock. The following rights, powers, privileges and restrictions, qualifications, and limitations apply to the Common Stock.

(a) General. The voting, dividend and liquidation rights of the holders of the Common Stock are subject to and qualified by the rights, powers and privileges of the holders of the Series A Preferred Stock.

(b) Voting. The holders of the Class A Common Stock are entitled to one vote for each share of Class A Common Stock held at all meetings of stockholders (and written actions in lieu of meetings) and the holders of the Class B Common Stock are entitled to 200 votes for each share of Class B Common Stock held at all meetings of stockholders (and written actions in lieu of meetings). Unless required by law, there shall be no cumulative voting. The number of authorized shares of Common Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by (in addition to any vote of the holders of one or more series of Series A Preferred Stock that may be authorized by the Board) the affirmative vote of the holders of shares of capital stock of the Corporation representing a majority of the votes represented by all outstanding shares of capital stock of the Corporation entitled to vote. Further, holders of the Common Stock shall have no right to vote on the designations, preferences, limitations and relative or other rights of the Series A Preferred Stock or any series thereof (collectively, the "Preferences"), or on any amendment, alteration or repeal of the Preferences or the Series A Preferred Stock, at any time, whether before or after the issuance thereof.

Issuances of Class A Common Stock, par value $0.001:

During the three months ended March 31, 2017, the Company has received $135,000 in share subscriptions from third-parties. The company has not issued the shares as of March 31, 2017.

Issuances of Series A Preferred Stock, par value $0.001:

During the three months ended March 31, 2017, the Company issued 500,000 shares to a third party for cash considerations totaling $125,000.

Minority of interest in subsidiary:

The Company entered into a securities purchase agreement in February 2017 with a third party. The Company sold one percent (1%) minority interest of Zen Energy, Inc, a wholly owned subsidiary of the Company. The Company sold 1,000 shares of the Zen Energy, Inc. at no par value at a purchase price of twenty dollars ($20.00) per share, representing one percent 1% of the issued and outstanding shares of common stock of Zen Energy.

11. Contingencies

In the ordinary course of conducting its business, the Company may be subject to loss contingencies including possible disputes and lawsuits. Management believes that any outcome of such contingences will not have a material impact on the Company's financial position or results of future operations.

12. Subsequent Events

Sale of Common Stock Subscriptions

Subsequent to the moth end period March 31, 2017, the Company sold share subscriptions in the amount of $120,000 of its restricted Class A Common Stock in private placements subject to Rule 144.The shares have not been issued and are recorded within subscription liabilities on the balance sheet.