

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-KT/A  
(Amendment No. 1)

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2015  
or

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from March 31, 2015 to December 31, 2015

Commission file number 333-193087

**FOCUS UNIVERSAL INC.**  
(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of  
Incorporation or organization)

46-3355876

(I.R.S. Employer Identification No.)

829 Lawson Street, City of Industry, CA

(Address of principal executive offices)

91748

(Zip Code)

Registrant's telephone number, including area code (626) 272-3883

**Securities registered under Section 12(b) of the Exchange Act:**

Title of each class	Name of each exchange on which registered
Common Stock \$0.001 par value	None

**Securities registered under Section 12(g) of the Exchange Act:**

None  
(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act.

Note - Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Exchange Act from their obligations under those Sections.

Indicate by check mark whether the registrant (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark if disclosure of delinquent filers in response to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendments to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer   
Non-accelerated filer  Smaller reporting company   
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes  No

As of March 28, 2016, the date immediately preceding the filing of this Annual Report, the aggregate market value of voting stock held by non-affiliates of the registrant, based on the closing price of the Over-The-Counter QB of \$1.75 per share, at which the common equity was sold, was \$60,505,735.50.

The number of shares outstanding of the registrant's common stock, \$0.001 par value, outstanding as of March 28, 2016: 34,574,706.

DOCUMENTS INCORPORATED BY REFERENCE

Articles of Incorporation, Bylaws, Subscription Agreement, are incorporated by reference to the Company's Registration Statement on Form S-1 filed with the SEC on December 26, 2013. Stock Purchase Agreement dated December 29, 2014 and the Consulting Agreement (MorePro Marketing, Inc.) is incorporated by reference to the 8-K filed on January 5, 2015 by the Company.

FOCUS UNIVERSAL INC.  
FORM 10-K/A  
EXPLANATORY NOTE

Focus Universal Inc. (the “Company” or the “Registrant”) is filing this Amendment No. 1 to the Transition Report on Form 10-KT (the “Form 10-K/A”) to amend the Transition Report on Form 10-KT for the transition period ended December 31, 2015, which was filed with the Securities and Exchange Commission (“SEC”) on March 29, 2016 (the “Original Filing” and together with the Form 10-K/a, the “Form 10-K”). This amendment is being filed for the purpose of providing exhibits that consist of stand-alone audited financial information for the years ended December 31, 2015 and 2014 for Perfecular Inc., which is an entity that the Registrant acquired on December 30, 2015.

In accordance with Rule 12b-15 under the Securities and Exchange Act of 1934, this Form 10-K/A also includes currently dated certifications from the Registrant’s Chief Executive Officer and Chief Financial Officer as required by Section 302 of the Sarbanes-Oxley Act of 2002.

This Form 10-K/A does not reflect events after the Original Filing or modify or update the disclosures affected by subsequent events. Accordingly, this Form 10-K/A should be read in conjunction with the Original Filing and all filings made with the SEC subsequent to the date of the Original Filing.

PART IV

Item 15. EXHIBITS

EXHIBIT NUMBER	DESCRIPTION
3.1	Articles of Incorporation. Incorporated by reference to the Company's Registration Statement on Form S-1 filed with the SEC on December 26, 2013.
3.2	Bylaws. Incorporated by reference to the Company's Registration Statement on Form S-1 filed with the SEC on December 26, 2013.
4.2	Subscription Agreement. Incorporated by reference to the Company's Registration Statement on Form S-1 filed with the SEC on December 26, 2013.
10.1	Consulting Agreement with MorePro Marketing, Inc. Incorporated by reference to the Company's 8-K filed with the SEC on January 5, 2015.
10.2	Stock Purchase Agreement dated December 29, 2015. Incorporated by reference to the Company's 8-K filed with the SEC on January 5, 2015.
10.3	Unsecured Demand Promissory Note dated February 1, 2015 in the amount of \$20,000 filed with the SEC on July 28, 2015
10.4	Unsecured Demand Promissory Note dated February 25, 2015 in the amount of \$100,000 filed with the SEC on July 28, 2015
10.5	Master Revolving Note dated May 21, 2015 in the amount of \$1,000,000 filed with the SEC on July 28, 2015
2.1	Agreement and Plan of Merger by and among Focus Universal Inc., FCUV Acquisition Corp. and Perfecular Inc. filed with the SEC on January 5, 2016.
23.1*	Consent of Independent Registered Public Accounting Firm.
31.1	Certification of the Chief Executive Officer pursuant to Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
31.2	Certification of the Chief Financial Officer pursuant to Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
32.1	Certification of the Chief Executive Officer pursuant to 18 U.S.C Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*
32.2	Certification of the Chief Financial Officer pursuant to 18 U.S.C Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*
99.1*	Perfecular, Inc. audited financial statements for the years ended December 31, 2015 and 2014
101.INS	XBRL Instance Document **
101.SCH	XBRL Taxonomy Extension Schema Document **
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document **
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document **
101.LAB	XBRL Taxonomy Extension Label Linkbase Document **
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document **

\* Filed herewith.

\*\* XBRL (Extensible Business Reporting Language) information is furnished and not filed or a part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, is deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise is not subject to liability under these sections.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: June 23, 2016

**FOCUS UNIVERSAL INC.**

By: /s/ Desheng Wang  
Desheng Wang  
Chief Executive Officer, Chief Financial Officer, and Director

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of Focus Universal Inc. and in the capacities and on the dates indicated.

<u>SIGNATURES</u>	<u>TITLE</u>	<u>DATE</u>
<u>/s/ Desheng Wang</u> Desheng Wang	Chief Executive Officer, Secretary and Director	June 23, 2016

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER  
PURSUANT TO SECTION 302 OF THE  
SARBANES-OXLEY ACT OF 2002**

I, Desheng Wang, certify that:

1. I have reviewed this Amendment No. 1 to the Transition Report on Form 10-KT/A of Focus Universal Inc. for the year ended December 31, 2015;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: June 23, 2016

By: /s/ Desheng Wang  
Desheng Wang  
Chief Executive Officer  
(Principal Executive Officer)

**CERTIFICATION OF PRINCIPAL ACCOUNTING OFFICER  
PURSUANT TO SECTION 302 OF THE  
SARBANES-OXLEY ACT OF 2002**

I, Desheng Wang, certify that:

1. I have reviewed this Amendment No. 1 to the Transition Report on Form 10-KT/A of Focus Universal Inc. for the year ended December 31, 2015;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: June 23, 2016

By: /s/ Desheng Wang  
Desheng Wang  
Chief Financial Officer  
(Principal Financial Officer)

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Amendment No. 1 to the Transition Report of Focus Universal Inc. (the "Company") on Form 10-KT/A for the year ended December 31, 2015, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Desheng Wang, Chief Executive Officer (Principal Executive Officer) of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: June 23, 2016

By: /s/ Desheng Wang

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Desheng Wang  
Chief Executive Officer  
(Principal Executive Officer)

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Amendment No. 1 to the Transition Report of Focus Universal Inc. (the "Company") on Form 10-KT/A for the year ended December 31, 2015, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Desheng Wang, Chief Financial Officer (Principal Financial Officer) of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: June 23, 2016

By: /s/ Desheng Wang  
Desheng Wang  
Chief Financial Officer  
(Principal Financial Officer)



**PERFECULAR, INC.**

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and  
Shareholders of Perfecular Inc.

We have audited the accompanying balance sheets of Perfecular, Inc. as of December 31, 2015 and 2014, and the related statements of operations, stockholders' equity (deficit) and cash flows for each of the years in the two-year period ended December 31, 2015. Perfecular Inc.'s management is responsible for these financial statements. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial positions of Perfecular Inc. as of December 31, 2015 and 2014, and the results of its operations and its cash flows for each of the years in the two-year period ended December 31, 2015, in conformity with accounting principles generally accepted in the United States of America.

/S/ DYH & Company

Irvine, California  
June 23, 2016

PERFECULAR, INC.

BALANCE SHEETS  
AS OF DECEMBER 31, 2015 AND 2014

<u>ASSETS</u>	2015	2014
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 826,332	\$ 43,257
Accounts receivable, net of allowance for doubtful accounts of \$0 and \$3,239 as of December 31, 2015 and 2014, respectively	106,889	40,281
Inventories	51,574	42,105
Due from affiliate	177,749	-
Due from shareholder	-	394,872
Prepaid rent	-	1,048
Total current assets	1,162,544	521,563
<b>OTHER ASSETS:</b>		
Deposit	-	1,590
Total assets	\$ 1,162,544	\$ 523,153
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 265,535	\$ 265,508
Accrued expenses	4,645	14,309
Due to related party	63,369	344,658
Customer deposits	140,029	35,663
Loan from shareholders	19,533	-
Total current liabilities	493,111	660,138
<b>SHAREHOLDERS' EQUITY</b>		
Common stock, par value \$1 per share, 100,000,000 shares authorized; 587,712 shares and 300,000 shares issued and outstanding as of December 31, 2015 and 2014, respectively	587,712	300,000
Additional paid-in-capital	740,100	-
Accumulated deficit	(658,379)	(436,985)
Total shareholders' equity (deficit)	669,433	(136,985)
Total Liabilities and shareholders' equity	\$ 1,162,544	\$ 523,153

See independent auditors' report and accompanying notes to financial statements

PERFECULAR, INC.

STATEMENTS OF OPERATIONS  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
REVENUE	\$ 412,669	\$ 368,575
COST OF SALES	<u>134,682</u>	<u>168,494</u>
GROSS PROFIT	<u>277,987</u>	<u>200,081</u>
OPERATING EXPENSE:		
General and administrative	178,182	173,993
Professional fees	20,128	-
Research and development	360,926	219,940
Total operating expenses	<u>559,236</u>	<u>393,933</u>
LOSS FROM OPERATIONS	(281,249)	(193,852)
OTHER INCOME (EXPENSE):		
Interest expense, net	(9,660)	(6,858)
Other income	72,687	-
Other expense	(2,372)	-
Total other income (expense), net	<u>60,655</u>	<u>(6,858)</u>
LOSS BEFORE INCOME TAX PROVISION	(220,594)	(200,710)
PROVISION FOR INCOME TAXES	<u>800</u>	<u>800</u>
NET LOSS	<u>\$ (221,394)</u>	<u>\$ (201,510)</u>

See independent auditors' report and accompanying notes to financial statements

PERFECULAR, INC.

STATEMENTS OF SHAREHOLDERS' EQUITY (DEFICIT)  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	Common Stock		Additional Paid-in-Capital	Accumulated Deficit	Total Shareholders Equity (Deficit)
	Shares	Amount			
Balance, December 31, 2013	100,000	\$ 100,000	\$ –	\$ (235,475)	\$ (135,475)
New shares issued	200,000	200,000	–		200,000
Net loss	–	–	–	(201,510)	(201,510)
Balance, December 31, 2014	300,000	300,000	–	(436,985)	(136,985)
New shares issued	287,712	287,712	740,100		1,027,812
Net loss	–	–	–	(221,394)	(221,394)
Balance, December 31, 2015	<u>587,712</u>	<u>\$ 587,712</u>	<u>\$ 740,100</u>	<u>\$ (658,379)</u>	<u>\$ 669,433</u>

See independent auditors' report and accompanying notes to financial statements

PERFECULAR, INC.

STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net loss	\$ (221,394)	\$ (201,510)
Changes in operating assets and liabilities:		
Accounts receivable	(66,608)	(22,348)
Inventories	(9,469)	7,919
Prepaid rent	1,048	(1,048)
Deposit	1,590	-
Accounts payable	27	3,856
Accrued expenses	(9,664)	4,706
Payroll taxes payable	-	(2,314)
Customer deposit	104,366	35,663
Deferred rent	-	(1,073)
Net cash flows used in operative activities	<u>(200,104)</u>	<u>(176,149)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Advances to affiliate	(177,749)	(352,849)
Collections of loans to shareholder	394,872	-
Net cash flows provided by (used in) operative activities	<u>217,123</u>	<u>(352,849)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from shareholders loans	19,533	-
Payments on related party loan	(281,289)	-
Proceeds from related party borrowing	-	264,934
Proceeds from issuance of common stock	-	200,000
Proceeds from issuance of common stock	1,027,812	-
Net cash flows provided by financing activities	<u>766,056</u>	<u>464,934</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>783,075</b>	<b>(64,064)</b>
<b>CASH AND CASH EQUIVALENTS, beginning of the year</b>	<b>43,257</b>	<b>107,321</b>
<b>CASH AND CASH EQUIVALENTS, end of the year</b>	<b><u>\$ 826,332</u></b>	<b><u>\$ 43,257</u></b>
<b>SUPPLEMENTAL CASH FLOW INFORMATION:</b>		
Interest paid	<u>\$ -</u>	<u>\$ -</u>
Income taxes paid	<u>\$ 800</u>	<u>\$ 800</u>

See independent auditors' report and accompanying notes to financial statements

NOTES TO THE FINANCIAL STATEMENTS

**Note 1 – Business operations**

Perfecular, Inc. (the “Company”) was founded in September 2009 and is headquartered in City of Industry, California, and is engaged in designing certain electronic products and sales of broad selection of garden equipment in North America and Europe. Prior to November 2014, the Company was fully owned by a related party, Tianjin Guanglee Technologies Co., Ltd (Tianjin Guanglee), a China based manufacturer of commercial-used filter, tent and other electronic products.

Changes in control

On November 28, 2014, Desheng Wang, secretary and chief financial officer of the Company acquired the entire 100,000 shares of the Company’s Common Stock from Tianjin Guanglee in addition to his contribution of capital for \$200,000 for additional 200,000 shares of the company’s common stock. Mr. Wang became the sole shareholder of the Company.

During 2015, the Company entered separate convertible note agreements with seven individuals and one entity, totaled \$1,103,000. Prior to the merger with Focus Universal Inc. as discussed in the following paragraph, all aforementioned individuals and entity elected to exercise their rights to convert a total of \$1,027,812 of the combined notes to 287,712 shares of common stock of the Company and forgave approximately total \$72,687 of loan balance. A remaining balance of \$2,501 was paid off subsequently.

On December 30, 2015, the Company entered into a merger and equity exchange agreement with a related party, Focus Universal, Inc. (“Focus”). The entire common shares of the Company were exchanged for common shares of Focus at a ratio of 1:47.6333. Upon execution of the merger and equity exchange agreement, Perfecular became a wholly owned subsidiary of Focus.

**Note 2 – Summary of significant accounting policies**

Basis of presentation

The Company’s financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

Revenue recognition

The Company applies paragraph 605-10-S99-1 of the FASB Accounting Standards Codification for revenue recognition for its sales to Vitashower, an entity related by certain common management and control. The Company recognizes revenue when it is realized or realizable and earned. The Company considers revenue realized or realizable and earned when all of the following criteria are met: (i) persuasive evidence of an arrangement exists, (ii) the products have been shipped or the services have been rendered to the customer, (iii) the sales price is fixed or determinable, and (iv) collectability is reasonably assured.

The Company reports net revenue for its sales to third parties in accordance to the Financial Accounting Standard Board Accounting Standards Codification 605-45, because its primary business functions are marketing and sales of Tianjin Guanglee’s products. It does not carry any inventory. While Tianjin Guanglee determines the products specifications and the sales prices, and bears physical loss risks during shipping. During the years ended December 31, 2015 and 2014, the Company facilitated approximately \$1,045,441 and \$917,363 in purchase orders from customers and earned commission revenue of \$230,679 and \$132,360, respectively. The Company collects full amount of accounts receivable from customers through direct wire transfers or letters of credit and remits payments to Tianjin Guanglee for the intercompany invoices with amounts net of the sales commissions. Commission revenue is recognized when the sales booked by the Company is recognized.

## **Note 2 – Summary of significant accounting policies (continued)**

### Cash and cash equivalents

The Company considers all highly liquid investments with a maturity of three months or less to be cash and cash equivalents.

### Allowance for doubtful accounts

The Company provides an allowance for doubtful accounts equal to the estimated uncollectible amounts. The Company's estimate is based on historical collection experience and a review of the current status of trade accounts receivable. It is reasonably possible that the Company's estimate of the allowance for doubtful accounts will change. Accounts receivable is presented net of an allowance for doubtful accounts of \$0 and \$3,239 at December 31, 2015 and 2014, respectively.

### Inventories

Inventories consist primarily of electronic components, and are valued at the lower of cost or market.

### Property, plant and equipment

Property and equipment are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives ranging from three to seven years for all categories of depreciable assets. Leasehold improvements are stated at cost and depreciation is computed on the straight-line method over the shorter of the lease term or the estimated lives of the assets. Software is stated at cost and is amortized on the straight-line method over the estimated lives ranging from one to five years.

The cost and accumulated depreciation of assets sold or retired are removed from the respective accounts and any gain or loss is included in earnings. Maintenance and repairs are expensed currently while major renewals and betterments are capitalized.

### Research and development

Research and development costs are expensed as incurred. Research and development costs primarily consist of efforts to refine existing product models and develop new product models. Research and development expenses included in operating expenses for the years ended December 31, 2015 and 2014 amounted to \$360,926 and \$219,940, respectively.

### Income taxes

The Company uses the asset and liability method, which requires the recognition of deferred tax liabilities and assets for the expected future tax consequences of temporary differences between tax bases and financial reporting bases of assets and liabilities. A valuation allowance is required if, based on the weight of available evidence, it is more likely than not that some portion or all of the deferred tax assets will not be realized.

### Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Management believes that the estimates utilized in preparing its financial statements are reasonable and prudent. Actual results could differ from these estimates.

### Recent Accounting Pronouncements

In November 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2015-17, Balance Sheet Classification of Deferred Taxes, which will require entities to present deferred tax assets (DTAs) and deferred tax liabilities (DTLs) as noncurrent in a classified balance sheet. The ASU simplifies the current guidance, which requires entities to separately present DTAs and DTLs as current and noncurrent in a classified balance sheet. ASU 2015-17 is effective for financial statements issued for annual periods beginning after December 15, 2016, and interim periods within those annual periods. The adoption of this guidance will eliminate the need to present DTAs as long-term and DTLs as current liabilities.



## **Note 2 – Summary of significant accounting policies (continued)**

### Recent Accounting Pronouncements (continued)

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") ASU 2016-02 – Leases. The new standard establishes a right-of-use ("ROU") model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Early adoption is permitted. The Company is evaluating the effect, if any, on its financial statements.

In March 2016, the FASB issued ASU 2016-08, Revenue from Contracts with Customers: Principal versus Agent Considerations (Reporting Revenue Gross versus Net). ASU 2016-08 clarifies the implementation guidance on principal versus agent considerations under the new revenue recognition standard. The guidance includes indicators to assist an entity in determining whether it controls a specified good or service before it is transferred to the customers. The Company is in the process of evaluating the impact of the provision of ASU 2016-08 on its financial statements.

There were other updates recently issued. The Company does not believe that other than disclosed above, the recently issued, but not yet adopted, accounting pronouncements will have a material impact on its financial position, results of operations or cash flows.

### **Note 3 – Related party transaction**

Prior to the merger, the shareholder borrows funds from the Company occasionally. At December 31, 2014, the Company had loans and accrued interest due from the shareholder totaled \$394,872. Interest accrued at 5 percent annual rate. In 2015, the shareholder has repaid the entire loan balance.

The Company granted advances to or from Focus, Inc. from time to time, and the advances are non-interest bearing. Total advances to Focus amounted to \$177,749 as of December 31, 2015.

The Company had borrowed short-term loans from shareholders of the Company. At December 31, 2015, the Company has short-term loans payable totaled approximately \$19,533. These loans are due upon the demand of the lenders and were unsecured with annual interest rate of 0.55%. Subsequently to year-end, the entire balance of these loans was paid off with accrued interest.

The Company from time to time borrows from a related party entity, Vitashower Corp., which is under common ownership and management. At December 31, 2015 and 2014, the outstanding loan and accrued interest payable to Vitashower totaled \$63,369 and \$344,658, respectively. This loan also bears annual interest rate of 5 percent. This loan was paid off subsequent to year-end.

The Company also sells certain products to Vitashower. The total revenue generated from Vitashower was \$54,331 and \$209,067 for the years ended December 31, 2015 and 2014, respectively.

The Company purchases majority of its products from Tianjin Guanglee.

### **Note 4 – Business concentrations and risks**

#### Uninsured cash

The Company maintains cash in bank accounts, which may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant risks on cash in bank accounts.

#### Major customers

The Company had sales to two customers representing 100% of sales in 2015 and 2014. One customer accounted for 100% of the total accounts receivable at December 2015 and 2014.

#### Major vendors

One vendor accounted for approximately 93% and 88% of the Company's purchases as of December 31, 2015 and 2014, respectively. One vendor accounted for 100% of the total accounts payable at December 31, 2015 and 2014.

**Note 5 – Lease commitment**

On December 20, 2012, the Company entered into an operating lease agreement for its office space located at 13111 Brooks Drive, Baldwin Park, California with a third party. The lease expires on February 2015. Lease expense related to this office location amounted to \$7,926 and \$18,615 for years ended December 31, 2015 and 2014.

On April 25, 2015, the Company entered a sublease agreement with Focus Universal, Inc., a related party to share office facility and warehouse located in City of Industry, California, for a monthly rent of \$5,000. The sublease expires on April 30, 2017. Lease expense related to this location amounted to \$40,000. Future minimum lease commitments are as follows:

December 31,	Expense	
2016	\$	60,000
2017	\$	20,000
Thereafter		—

**Note 6 – Income taxes**

The Company has implemented accounting standards related to income tax positions. In examining its tax positions under the new standards, the Company will assume the positions that will be examined by the appropriate taxing authority, and the taxing authority will have full knowledge of all relevant information. The technical merits of the Company's tax positions are derived from sources of authorities in the tax law (legislation and statutes, legislative intent, regulations, rulings, and case law) and their applicability to the facts and circumstances of the tax positions. As of December 31, 2015, the Company's returns are subject to examination by federal and state taxing authorities, generally for three years and four years, respectively, after they are filed. An uncertain income tax position will not be recognized if it has been a 50% likelihood of being sustained. There were no unrecognized tax benefits as of December 31, 2015 and 2014.

The Company's practice is to recognize interest and/or penalties related to income tax matters in income tax expense. The Company had no accrual for interest or penalties on the Company's balance sheets at December 31, 2015 or December 31, 2014, and has not recognized interest and/or penalties in the statements of operations for the years ended December 31, 2015 and 2014.

The Company has not completed a formal Section 382 analysis regarding the limitation of net operating loss carryforwards. As such, the Company's net operating loss carryforwards may be limited if an ownership change occurred. The Company plans to perform a formal Section 382 analysis if there is sufficient taxable income in the future years to begin utilizing its net operating loss carryforwards.

As of December 31, 2015, the cumulative federal and state net operating loss carryforwards of approximately \$637,000 and \$634,000, respectively. As of December 31, 2014, the cumulative federal and state net operating loss carryforwards of approximately \$416,000 and \$413,000, respectively. The cumulative operating loss carryforwards begin to expire in 2034.

**Note 7 – Subsequent event**

On February 29, 2016, the Company repaid \$63,369 of loan and any accrued interest back to Vitashower.

On February 29, 2016, the Company also repaid \$19,533 of loans and any accrued interest back to shareholders.

The Company has evaluated all events that occurred after the balance sheet date through the date when the financial statements were issued to determine if they must be reported. The Management of the Company determined that other than as disclosed above, there were no reportable subsequent events to be disclosed.