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

FORM 10-K

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

For the fiscal year ended: **April 30, 2017**

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

For the transition period from __________ to __________

Commission File Number: 000-04465

VALUESETTERS INC.
(Exact name of registrant as specified in its charter)

Utah	**87-0409951**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

745 Atlantic Avenue
Boston, MA 02111
(Address of Principal Executive Offices)

(339) 368-8100
(Registrant's telephone number, including area code)

Securities registered under Section 12(b) of the Exchange Act: **None**

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

Common Stock, par value $0.001 per share

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 Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has 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 checkmark 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 pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment 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 the definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer	☐	Non-accelerated filer	☐
Accelerated filer	☐	Smaller reporting company	☒

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

The aggregate market value of registrant's voting and non-voting common equity held by non-affiliates (as defined by Rule 12b-2 of the Exchange Act) computed by reference to the average bid and asked price of such common equity on October 31, 2016, was $180,901.

As of August 31, 2017 the registrant has one class of common equity, and the number of shares outstanding of such common stock was 564,590,000.

Documents Incorporated By Reference: None.

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FORWARD-LOOKING STATEMENTS

We caution readers that this Form 10-K contains forward-looking statements as that term is defined in the Exchange Act. In some cases, you can identify forward-looking statements by terminology such as "may," "should," "expects," "plans," "anticipates," "believes," "estimates," "predicts," "potential" or "continue" or the negative of these terms or other comparable terminology. We hereby qualify all our forward-looking statements by the following cautionary statements. Forward-looking statements are predictions and not guarantees of future performance or events. Forward-looking statements are based on current expectations rather than historical facts and relate to future events or future financial performance. Such statements are based on currently available financial and competitive information and are subject to various risks and uncertainties that could cause actual results to differ materially from historical experience and present expectations. Our actual results could differ materially from those stated or implied by such forward-looking statements due to risks and uncertainties associated with our business. Undue reliance should not be placed on forward-looking statements as such statements speak only as of the date on which they are made. These statements are only predictions and involve known and unknown risks, uncertainties and other factors that may cause our or our industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. Some of the factors that could affect our financial performance, cause actual results to differ from our estimates, or underlie such forward-looking statements, are set forth below and in various places in this Form 10-K, including under the headings Item 1. "Business" and Item 1A. "Risk Factors" in this Form 10-K. These factors include:

- our future capital needs and our ability to obtain financing;
- anticipated and unanticipated trends and conditions in our industry, including the impact of recent or future regulatory environment;
- recent and future economic conditions, including turmoil in the financial and credit markets;
- the effectiveness of our marketing to maintain existing and attract new customers;
- our ability to contain costs;
- our ability to predict consumer preferences and changes in trends, technology and consumer acceptance of both new designs and newly introduced products;
- changes in the costs of labor and advertising;
- our ability to carry out our business strategies;
- the level of consumer spending for gaming and entertainment;
- our ability to compete;
- general economic conditions; and
- other factors set forth in this Form 10-K.

You are cautioned that all forward-looking statements involve risks and uncertainties. We undertake no obligation to amend this Form 10-K or revise publicly these forward-looking statements (other than pursuant to reporting obligations imposed on registrants pursuant to applicable federal securities laws) to reflect subsequent events or circumstances.

ITEM 1. BUSINESS.

Overview

We are an Internet-based company that seeks free subscribers and revenue-generating subscribers for digital product that we offer to game players and app users. We operate on an automated basis with the belief that Internet operations, customer sign-ups, sales and game playing should occur without requiring a Company employee to participate in the transaction, so that it is possible for the Company to quickly expand in the event the number of subscribers begins to rapidly grow on a viral basis. Our back-office software operates 24 hours a day and can quickly collect money from and deliver games to subscribers. Similarly, we created and license to onedotsport LLC a video-calling product with a dynamic booking system, which collects an upfront credit-card payment, so that fans can book a time to call their favorite athlete. We intend to license our WebRTC calling product to other companies and other industries and have our licensee perform the sales, marketing and customer support, while our technology runs 24 hours a day. Given our lack of personnel, we offload the labor costs to third-parties and collect a per-call fee for every call that is made.

In addition to selling online games and video calling products, in June of 2014, we began consulting for small companies and taking an equity stake in the companies in exchange for our services. It is our strategy to purchase part or all of early-stage companies and cross pollinate the ideas, technology and expertise within these companies to enhance the operations, profits and market share of all the entities, at an affordable price.

One such company that we own equity in, as a result of our consulting services, is NetCapital Systems LLC ("NetCapital"). This company owns a Title III JOBS Act funding portal, and as of today is only one of 28 FINRA approved crowdfunding portals allowed to sell securities in startup companies to non-accredited investors, via the Internet. We continue to consult for NetCapital (see https://netcapital.com) and have invested in additional early-stage companies that we met through NetCapital by providing our consulting services. We believe our investment and future revenue potential from our relationship with NetCapital is significant.

We also consulted for Zelgor Inc., which has a mobile phone game, similar to Pokémon Go, which builds massive multiplayer online social games on top of the real world map. It combines elements of classic arcade games and GPS technology, and Valuesetters currently owns approximately 5% of Zelgor Inc. See http://www.zelgor.com.

Our focus on games and social media has attracted three people to our advisory board who have experience with the development of Internet-based and smart-phone-based games and applications. Joe Abrams, Nolan Bushnell and John Fanning are three advisory board members (the "Advisors") who have personal experience with creating value in companies such as Atari, Myspace and Napster. Given that we have a limited number of employees, we rely on our Advisors to identify and introduce us to products that we can potentially develop ourselves, buy, or resell on a white-label basis from the developer.

We have compensated the Advisors with 5-year stock options that fully vest over a three year period. On May 7, 2014, each Advisor was granted an option to purchase up to 6 million shares of our common stock at a price of $0.03 per share. They are required to attend 4 advisory board meetings each year and we engage them individually when needed for specific projects. We believe that by providing the Advisors with an equity ownership in the Company via a stock option grant, we strengthen their commitment to the success of the Company, and stimulate their efforts on behalf of the Company.

Development of Business

We were incorporated in the State of Utah in April 1984 under our previous name, DBS Investments, Inc. A change of control of our company occurred in December 2003 and we changed our name to Valuesetters, Inc., when we, in conjunction with a plan of reorganization, merged with Valuesetters L.L.C., an Arizona limited liability corporation. Another change of control of our company occurred on November 23, 2010 when a contract of sale was signed that required us to issue or cause to be issued from existing shareholders an aggregate of 417,048,000 shares of Common Stock to acquire the assets of NetGames.com.

After the merger in December 2003, the founders of Valuesetters L.L.C. held 75% of the shares of the merged business, the shareholders of DBS Investments held 6% of the shares and new investors acquired 19% of the shares. Valuesetters launched its business with a unique consumer goods distribution model that was designed to:

- provide manufacturers and importers with access to profitable incremental sales to small-store and non-store resellers;
- provide small-store and non-store resellers with cost-effective access to products from large manufacturers and importers; and
- utilize its proprietary computer-Internet based system to allow the Company to efficiently receive small orders from individual resellers, consolidate them and process them to large manufacturers and importers who would not otherwise find it economically feasible to deal with small retailers and vice versa.

When the operations of Valuesetters failed to generate enough revenue to sustain its business, we terminated operations and looked to invest in another business. In order to take advantage of the increasing game activities on the Internet, on November 23, 2010, we signed a contract to purchase all the assets of NetGames.com, a company that owned several websites and operated a small Internet-based chess game known as Chess.net. Our operations now consist of the revenue provided by the website at www.chess.net. In conjunction with the purchase of this website, Vaxstar LLC became the largest owner of our company.

Since our acquisition of Chess.net, we have upgraded the website, improved the graphical layout and changed the payment system. New programming techniques and features were applied to the former chess.net website, to create a modern, reliable and functionally effective and attractive design. The upgrade in the payment system follows the new trends of international payment gateways. We intend to continue to increase our marketing and administrative activities, and to increase other operating expenses as required to build our business.

On September 30, 2014, we purchased the assets and assumed selected liabilities of a Voice over Internet Protocol (“VoIP”) telephone company that sold business, consumer and mobile telephone services, including video calling services over the Internet. We have altered that product to video-calling only, over an Internet connection. We have experienced recent success with a video calling product that runs over the Internet and we are licensing that product to 1on1.fans, which plans to use the software to sell 20-minutes video calls from fans to professional athletes.

Competition

We compete with a number of public and private companies, which provide electronic commerce and/or Internet games. Most of our competitors have significant financial resources, and occupy entrenched position in the market and name-brand recognition. We also face challenges from new Internet sites that aim to attract subscribers who seek to play interactive games and obtain ratings and status for superior playing skills. Such companies may be able to attract significantly more subscribers than us because of new marketing ideas and new game concepts.

The barriers to entry into most Internet markets are relatively low, making them accessible to a large number of entities and individuals. We believe the principal competitive factors in our industry that create certain barriers to entry include but are not limited to reputation, technology, financial stability and resources, proven track record of successful operations, critical mass, and independent oversight and transparency of business practices. While these barriers will limit those able to enter or compete effectively in the market, it is likely that new competitors as well as laws and regulations of governmental authority will be established in the future, in addition to our known current competitors.

Increased competition from current and future competitors may in the future materially adversely affect our business, revenues, operating results and financial condition.

Industry Regulation

We are subject, both directly and indirectly, to various laws and regulations relating to our business. If any of the laws are amended, compliance could become more expensive and directly affect our income. We intend to comply with such laws, but new restrictions may arise that could materially adversely affect our Company.

Research and Development

We do not currently have a budget specifically allocated for research and development purposes.

Employees

As of August 15, 2017, we had two full-time employees, our Chief Executive Officer and our Chief Technology Officer.

We consider our corporate secretary, Mr. Avi Liss, to be an independent board member. Mr. Liss is an attorney with his own legal practice, and advises us on a non-compensated basis. We do not pay him a salary and we do not consider him an employee. He devotes approximately 1 hour a month to our business.

Corporate Information

We maintain a corporate website with the address http://www.valuesetters.com/ and our chess game maintains a website with the address http://www.chess.net/. We have not incorporated by reference into this Report on Form 10-K the information on any of our websites and you should not consider any of such information to be a part of this document. Our website addresses are included in this document for reference only.

We make available free of charge through our corporate website our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, and amendments to these reports through a link to the EDGAR database as soon as reasonably practicable after we electronically file such material with, or furnish such material to, the U.S. Securities and Exchange Commission (the "SEC"). You can also read and copy any materials we file with the SEC at the SEC's Public Reference Room at 100 F Street, NE, Washington, DC 20549. You can obtain additional information about the operation of the Public Reference Room by calling the SEC at 1.800.SEC.0330. In addition, the SEC maintains a website (www.sec.gov) that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC, including all of our filings.

Item 1A. RISK FACTORS.

An investment in our common stock involves a high degree of risk. You should carefully consider the risks described below and the other information in this Form 10-K before investing in our common stock. If any of the following risks occur, our business, operating results and financial condition could be seriously harmed.

We have a limited operating history that you can use to evaluate us, and the likelihood of our success must be considered in light of the problems, expenses, difficulties, complications and delays frequently encountered by a small developing company.

We were incorporated in the State of Utah in April 1984. We have limited revenues to date and no significant financial resources. The likelihood of our success must be considered in light of the problems, expenses, difficulties, complications and delays frequently encountered by a small developing company starting a new business enterprise and the highly competitive environment in which we will operate. Since we have a limited operating history, we cannot assure you that our business will be profitable or that we will ever generate sufficient revenues to meet our expenses and support our anticipated activities.

We will require financing to achieve our current business strategy and our inability to obtain such financing could prohibit us from executing our business plan and cause us to slow down our expansion of operations.

We will need to raise additional funds through public or private debt or sale of equity to achieve our current business strategy. Such financing may not be available when needed. Even if such financing is available, it may be on terms that are materially adverse to your interests with respect to dilution of book value, dividend preferences, liquidation preferences, or other terms. We estimate our capital requirements to implement our business strategy will be approximately $250,000. Moreover, in addition to monies needed to continue operations over the next twelve months, we anticipate requiring additional funds in order to implement our plan of operations. No assurance can be given that such funds will be available or, if available, will be on commercially reasonable terms satisfactory to us. There can be no assurance that we will be able to obtain financing if and when it is needed on terms we deem acceptable. If we are unable to obtain financing on reasonable terms, we could be forced to delay or scale back our plans for expansion. In addition, such inability to obtain financing on reasonable terms could have a material adverse effect on our business, operating results, or financial condition.

Our auditor has expressed substantial doubt as to our ability to continue as a going concern.

Based on our financial history since inception, our auditor has expressed substantial doubt as to our ability to continue as a going concern. At April 30, 2017, we had not yet achieved profitable operations, and had accumulated losses of $3,781,142. We expect to incur further losses in the development of our business, all of which casts substantial doubt about our ability to continue as a going concern. Our ability to continue as a going concern is dependent upon our ability to generate future profitable operations and/or to obtain the necessary financing to meet our obligations and repay our liabilities arising from normal business operations when they come due. Management anticipates that additional funding will be in the form of equity financing from the sale of common stock. Management may also seek to obtain short-term loans from the directors of our company or from our largest shareholder. There are no current arrangements in place for equity funding and our largest shareholder may not be able to provide us with enough working capital via short-term loans. If we cannot generate sufficient revenues from our services or seek additional funding we may have to delay the implementation of our business plan.

The requirements of being a public company may strain our resources, divert management's attention and affect our ability to attract and retain executive management and qualified board members.

As a public company, we are subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or the Exchange Act, the Sarbanes-Oxley Act, the Dodd-Frank Act, and other applicable securities rules and regulations. Compliance with these rules and regulations increases our legal and financial compliance costs, makes some activities more difficult, time-consuming or costly and increases demand on our systems and resources. The Exchange Act requires, among other things, that we file annual, quarterly and current reports with respect to our business and operating results. The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. In order to maintain and, if required, improve our disclosure controls and procedures and internal control over financial reporting to meet this standard, significant resources and management oversight may be required. As a result, management's attention may be diverted from other business concerns, and such attention could adversely affect our business and operating results. We may need to hire more employees in the future or engage outside consultants who will increase our costs and expenses.

In addition, changing laws, regulations and standards relating to corporate governance and public disclosure are creating uncertainty for public companies, increasing legal and financial compliance costs and making some activities more time consuming. These laws, regulations and standards are subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. We intend to invest resources to comply with evolving laws, regulations and standards, and this investment may result in increased general and administrative expenses and a diversion of management's time and attention from revenue-generating activities to compliance activities. If our efforts to comply with new laws, regulations and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to their application and practice, regulatory authorities may initiate legal proceedings against us and our business may be adversely affected.

We also expect that being a public company and these new rules and regulations will make it more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced coverage or incur substantially higher costs to obtain coverage. These factors could also make it more difficult for us to attract and retain qualified members of our board of directors, and we had two board resignations in fiscal 2018.

We may need to raise additional funds through public or private debt or sale of equity to pay for the costs we incur as a public company. Such financing may not be available when needed. Even if such financing is available, it may be on terms that are materially adverse to your interests with respect to dilution of book value, dividend preferences, liquidation preferences, or other terms. No assurance can be given that such funds will be available or, if available, will be on commercially reasonable terms satisfactory to us. There can be no assurance that we will be able to obtain financing if and when it is needed on terms we deem acceptable. If we are unable to obtain financing on reasonable terms, we could be forced to discontinue our public reporting.

As a result of disclosure of information in this report and in future filings required of a public company, our business and financial condition will become more visible, which we believe may result in threatened or actual litigation, including by competitors and other third parties. If such claims are successful, our business and operating results could be adversely affected, and even if the claims do not result in litigation or are resolved in our favor, these claims, and the time and resources necessary to resolve them, could divert the resources of our management and adversely affect our business and operating results.

We are dependent on a small number of individuals who are new to our Company.

Our two corporate officers are new to the Company. Our Chief Executive Officer was previously working as an angel investor and had her own business advisory practice. She began consulting for us in April 2017. We promoted her to Chief Executive Officer in July 2017 when our previous Chief Executive Officer resigned. Our Chief Technology Officer is also new to the Company. Both officers are working to obtain consulting fees primarily from early-stage businesses that are looking for guidance in how to raise capital.

To help compensate for the lack of full-time employees, the Company also uses outside consultants. We have accounting consultants, acquisition consultants, and sales and marketing consultants for project purposes on a part time basis; three advisors assist us with project evaluations and business development, information and research, technical writing and presentation. The loss of the services of our previous Chief Executive Officer could affect activities of our business and its operations until additional personnel can be retained and trained to perform some of the management tasks. At the present time the Company does not have long-term employment agreements with any personnel and does not maintain any life insurance policies.

We are dependent on a small number of individuals who occupy all corporate positions. Given our lack of employees and executive officers, it may not be possible for us to have adequate internal controls, and we believe that we have material weaknesses in internal controls.

Many of the key responsibilities of our business have been assigned to two individuals. Our ability to implement adequate internal controls depends, in part, on our ability to attract trained professional staff that allows us to segregate duties among several individuals.

The Company's management has evaluated the effectiveness of its internal control over financial reporting as of April 30, 2017 based on the criteria established in a report entitled "Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission" and the interpretive guidance issued by the Commission in Release No. 34-55929. Based on this evaluation, the Company's management has evaluated and concluded that the Company's internal control over financial reporting was ineffective as of April 30, 2017 and continues to be ineffective as of today, and identified the following material weaknesses:

- There is a lack of accounting personnel with the requisite knowledge of Generally Accepted Accounting Principles in the US ("GAAP"), and the financial reporting requirements of the SEC;

- There are insufficient written policies and procedures to insure the correct application of accounting and financial reporting with respect to the current requirements of GAAP and SEC disclosure requirements; and

- There is a lack of segregation of duties, in that we only had one person performing all accounting-related duties.

The lack of sufficient internal controls and the time and cost of implementing such controls could delay the development and introduction of, and negatively impact our ability to sell our services, which could adversely affect our financial results and impair our growth.

The adoption of new laws or changes to or the application of existing laws relating to Internet commerce may affect the growth of our business.

We may become subject to any number of laws and regulations that may be adopted with respect to the Internet and electronic commerce. New laws and regulations that address issues such as user privacy, pricing, online content regulation, taxation, advertising, intellectual property, information security, and the characteristics and quality of online products and services may be enacted. As well, current laws, which predate or are incompatible with the Internet and electronic commerce, may be applied and enforced in a manner that restricts the electronic commerce market. The application of such pre-existing laws regulating communications or commerce in the context of the Internet and electronic commerce is uncertain. Moreover, it may take years to determine the extent to which existing laws relating to issues such as intellectual property ownership and infringement, libel and personal privacy are applicable to the Internet.

The adoption of new laws or regulations relating to the Internet, or particular applications or interpretations of existing laws, could decrease the growth in the use of the Internet, decrease the demand for our products and services, increase our cost of doing business or could otherwise have a material adverse effect on our business, revenues, operating results and financial condition.

Many major economies are in a recession and unless these economies improve it will adversely impact our business.

We sell a form of entertainment for individual consumers throughout the world, and consequently the ability to successfully deploy our business model is heavily dependent upon the general state of the economy. If consumers have limited discretionary income, we may not be able to attract enough paying subscribers to make our video-calling or our chess business profitable, or to generate new Internet games that consumers are willing to purchase and play. We anticipate several international athletes in soccer; hockey and Olympic sports will be available to book appointments on our video-calling platform. We cannot assure you that favorable economic conditions will exist in the future, and that fans will be willing to pay the price charged for a personal video call. A continued long-term economic recession in several countries could have a serious adverse economic impact on us and our ability to obtain funding and generate projected revenues.

Our strategy to purchase a portion of early stage companies may provide us with investments that have no liquidity.

It is our strategy to sometimes purchase, at an affordable price, part or all of early-stage companies and cross pollinate the ideas, technology and expertise within these companies to enhance the operations, profits and market share of all the entities. That strategy may result in us diverting management attention and advisory resources to do work for early-stage companies that pay for the work with equity, which becomes impaired in value or never becomes a liquid asset. In addition, some of the companies that we do work for and take an equity position in, do not create revenues for the Company. We only record revenues in exchange for equity if we have access to the entity's audited financial statements or we have a verifiable market value for the equity received. For all of these early-stage companies, the future liquidity and value of our investments cannot be guaranteed, and no market may exist for us to generate gains from our investments in early-stage companies.

Our business depends on the reliability of the infrastructure that supports the Internet and the viability of the Internet.

The growth of Internet usage has caused frequent interruptions and delays in processing and transmitting data over the Internet. There can be no assurance that the Internet infrastructure or the Company's own network systems will continue to be able to support the demands placed on it by the continued growth of the Internet, the overall online gaming industry or that of our customers.

The Internet's viability could be affected if the necessary infrastructure is not sufficient, or if other technologies and technological devices eclipse the Internet as a viable channel.

End-users of our software depend on Internet Service Providers ("ISPs"), online service providers and our system infrastructure for access to the Internet sites that we operate. Many of these services have experienced service outages in the past and could experience service outages, delays and other difficulties due to system failures, stability or interruption. As a result, we may not be able to meet a level of service that we have promised to our subscribers, and we may be in breach of our contractual commitments, which could materially adversely affect our business, revenues, operating results and financial condition.

Game playing and video calling on the Internet is a developing industry and, therefore, we do not know if the market will continue to develop and our products and services will continue to be in demand.

The Internet continues to evolve rapidly and is characterized by an increasing number of market entrants. The demand and acceptance for new products and services are subject to a level of uncertainty and growing competition, and if our games do not receive market acceptance, our business, revenues, operating results and financial condition could be materially adversely affected.

Our game software, video calling software, the Internet and electronic commerce services are subject to security risks, which may inhibit the growth of the industry and the acceptance of our products and services.

Our game software, video calling software, the Internet and electronic commerce services are reliant on technologies and network systems to securely handle transactions and user information over the Internet, which may be vulnerable to system intrusions, unauthorized access or manipulation. As users become increasingly sophisticated and devise new ways to commit fraud, our security and network systems may be tested and subject to attack.

We implement and plan to continue to implement measures to protect against these intrusions. However, there is no assurance that all such intrusions or attacks will or can be prevented in the future, and any system intrusion/attack may cause a delay, interruption or financial loss, which could have a material adverse effect on our business, revenue, operating results and financial condition.

Intense competition could prevent us from increasing our market share and growing our revenues.

We compete with a number of public and private companies, which provide electronic commerce and/or Internet games. Most of our competitors have significant financial resources, and occupy entrenched position in the market and name-brand recognition. We also face challenges from new Internet sites that aim to attract subscribers who seek to play interactive games and obtain ratings and status for superior playing skills. Such companies may be able to attract significantly more subscribers than us because of new marketing ideas and new game concepts.

The barriers to entry into most Internet markets are relatively low, making them accessible to a large number of entities and individuals. We believe the principal competitive factors in our industry that create certain barriers to entry include but are not limited to reputation, technology, financial stability and resources, proven track record of successful operations, critical mass independent oversight and transparency of business practices. While these barriers will limit those able to enter or compete effectively in the market, it is likely that new competitors as well as laws and regulations of governmental authority will be established in the future, in addition to our known current competitors.

Increased competition from current and future competitors may in the future materially adversely affect our business, revenues, operating results and financial condition.

Our debt level could negatively impact our financial condition, results of operations and business prospects.

As of April 30, 2017, our total debt payable amounted to $1,857,790. Our level of debt could have significant consequences to our shareholders, including the following:

- requiring the dedication of a substantial portion of cash flow from operations to make payments on debt, thereby reducing the availability of cash flow for working capital, capital expenditures and other general business activities;

- requiring a substantial portion of our corporate cash reserves to be held as a reserve for debt service, limiting our ability to invest in new growth opportunities;

- limiting the ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions and general corporate and other activities;

- limiting the flexibility in planning for, or reacting to, changes in the business and industry in which we operate;

- increasing our vulnerability to both general and industry-specific adverse economic conditions;

- being us at a competitive disadvantage vs. less leveraged competitors; and

- increasing vulnerablity to changes in the prevailing interest rates.

Our ability to make payments of principal and interest, or to refinance our indebtedness, depends on our future performance, which is subject to economic, financial, competitive and other factors. Our business is not currently generating positive cash flow and may not generate cash flow in the future sufficient to service our debt because of factors beyond our control, including but not limited to our ability to market our products and expand our operations. If we are unable to generate sufficient cash flows, we may be required to adopt one or more alternatives, such as restructuring debt or obtaining additional equity capital on terms that may be onerous or highly dilutive. Our ability to refinance our indebtedness will depend on the capital markets and our financial condition at such time. We may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in a default on our debt obligations.

We will require our related-party lenders to cooperate with us and, among other things, not demand repayments of principal and interest until the business is capable of making such payments.

We do not expect that we will be able to obtain the funds to pay principal and interest on our related-party debt by utilizing cash flow from operations. We are operating as an early-stage company and our ability to meet these payment obligations will depend on expansion of our revenues and our future financial performance, which will be affected by financial, business, economic and other factors. We will not be able to control many of these factors, such as economic conditions in the markets in which we operate or the ability to raise additional capital in a timely manner. We cannot be certain that our future cash flow from operations will be sufficient to allow us to pay principal and interest on our debt and meet our other obligations. If cash flow from operations is insufficient, we may be required to refinance all or part of our existing debt, sell assets, and borrow more money or issue additional equity.

We owe related parties $1,266,107 in accounts and notes payable as of April 30, 2017. We owe our secured lender, Vaxstar LLC (the "Lender"), who is also our largest shareholder, $1,199,327 at April 30, 2017. Our Lender holds a term note bearing interest at an annual rate of 8%. We have not paid interest on the note and it accrues each month. We have a loan and security agreement (the "Loan") with the Lender for a maximum amount of $1,250,000. The Lender has provided us with cash advances to pay our operating expenses, but there is no assurance the Lender will continue to provide cash advances. The maturity date of our loan from the Lender was June 30, 2017, and we are currently in default on the loan for failure to pay. We anticipate we will be able to negotiate a new lending arrangement, however, no assurance can be given that a new lending agreement will be available or, if available, will be on commercially reasonable terms satisfactory to us.

To secure the payment of all obligations to the lender, the Company granted to the lender a continuing security interest and first lien on all of the assets of the Company.

In connection with the Loan, the Company has agreed to certain restrictive covenants, including, among others, that the Company may not convey, sell lease, transfer or otherwise dispose of any part of its business or property, except as permitted in the agreement, dissolve, liquidate or merge with any other party unless, in the case of a merger, the Company is the surviving entity, incur any indebtedness except as defined in the agreement, create or allow a lien on any of its assets or collateral that has been pledged to the Lender, make any loans to any person, except for prepaid items or deposits incurred in the ordinary course of business, or make any material capital expenditures.

We may need to renegotiate our related-party debt if our related-party lenders demand that we begin making principal or interest payments. Any renegotiation may be on less favorable terms or may require that we refinance the related-party debt. We may need to raise additional funds through public or private debt or sale of equity to pay the related-party debt. Such financing may not be available when needed. Even if such financing is available, it may be on terms that are materially adverse to your interests with respect to dilution of book value, dividend preferences, liquidation preferences, or other terms. No assurance can be given that such funds will be available or, if available, will be on commercially reasonable terms satisfactory to us. There can be no assurance that we will be able to obtain financing if and when it is needed on terms we deem acceptable. If we are unable to obtain financing on reasonable terms, or, if our related-party lender does not continue to cooperate with us, we could be forced to discontinue our operations.

We may make acquisitions or form joint ventures that are unsuccessful.

Our ability to grow is partially dependent on our ability to successfully acquire other companies, which creates substantial risk. In order to pursue a growth by acquisition strategy successfully, we must identify suitable candidates for these transactions; however, because of our limited funds, we may not be able to purchase those companies that we have identified as potential acquisition candidates. Additionally, we may have difficulty managing post-closing issues such as the integration into our corporate structure. Integration issues are complex, time consuming and expensive and, without proper planning and implementation, could significantly disrupt our business, including, but not limited to, the diversion of management's attention, the loss of key business and/or personnel from the acquired company, unanticipated events, and legal liabilities.

We do not expect to pay dividends and investors should not buy our common stock expecting to receive dividends.

We have not paid any dividends on our common stock in the past, and do not anticipate that we will declare or pay any dividends in the foreseeable future. Consequently, you will only realize an economic gain on your investment in our common stock if the price appreciates. You should not purchase our common stock expecting to receive cash dividends. Since we do not pay dividends, and if we are not successful in having our shares listed or quoted on an exchange, then you may have a limited ability to liquidate or receive any payment on your investment. Therefore our failure to pay dividends may cause you to not see any return on your investment even if we are successful in our business operations. In addition, because we do not pay dividends we may have trouble raising additional funds, which could affect our ability to expand our business operations.

Our common stock is considered a penny stock, which is subject to restrictions on marketability, so you may not be able to sell your shares.

The trading of our stock is subject to the penny stock rules adopted by the Securities and Exchange Commission that require brokers to provide extensive disclosure to their customers prior to executing trades in penny stocks. These disclosure requirements may cause a reduction in the trading activity of our common stock, which in all likelihood would make it difficult for our shareholders to sell their securities.

Penny stocks generally are equity securities with a price of less than $5.00 (other than securities registered on certain national securities exchanges or quoted on the NASDAQ system). Penny stock rules require a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from the rules, to deliver a standardized risk disclosure document that provides information about penny stocks and the risks in the penny stock market. The broker-dealer also must provide the customer with current bid and offer quotations for the penny stock, the compensation of the broker-dealer and its salesperson in the transaction, and monthly account statements showing the market value of each penny stock held in the customer's account. The broker-dealer must also make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written agreement to the transaction. These requirements may have the effect of reducing the level of trading activity, if any, in the secondary market for a security that becomes subject to the penny stock rules. The additional burdens imposed upon broker-dealers by such requirements may discourage broker-dealers from effecting transactions in our securities, which could severely limit their market price and liquidity of our securities. These requirements may restrict the ability of broker-dealers to sell our common stock and may affect your ability to resell our common stock.

Our future growth depends on our ability to develop and retain customers.

Our future growth depends to a large extent on our ability to effectively anticipate and adapt to customer requirements and offer services that meet customer demands. If we are unable to attract new customers and/or retain new customers, our business, results of operations and financial condition may be materially adversely affected.

We will need to attract, train and retain additional highly qualified senior executives and technical and managerial personnel in the future.

We continue to seek technical and managerial staff members, although we have limited resources to compensate them until we have raised additional capital or developed a business that generates cash flow from operations. We believe it is important to negotiate with potential candidates and, if appropriate, engage them on a part-time basis or on a project basis and compensate them at least partially, with stock-based compensation, when appropriate. There is a high demand for highly trained and managerial staff members. If we are not able to fill these positions, it may have an adverse affect on our business.

We may conduct future offerings of our common stock and pay debt obligations with our common and preferred stock which may diminish our investors' pro rata ownership and depress our stock price.

We reserve the right to make future offers and sales, either public or private, of our securities, including shares of our common stock or securities convertible into common stock at prices differing from the price of the common stock previously issued. In the event that any such future sales of securities are affected or we use our common stock to pay principal or interest on our debt obligations, an investor's pro rata ownership interest may be reduced to the extent of any such future sales.

Item 1B. UNRESOLVED STAFF COMMENTS

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide information under this item.

ITEM 2. PROPERTIES

We utilize an office at 745 Atlantic Avenue in Boston, Massachusetts. We currently pay rent of $4,200 a month, and our rent agreement is on a month-to-month basis for approximately 400 square feet in an office-suite location.

Management believes that this arrangement will meet our needs for the foreseeable future. We currently have no rental agreement and have not paid rent during the past three fiscal years. There is no guarantee that the office space will continue to be made available without cost in the future.

ITEM 3. LEGAL PROCEEDINGS

We are currently not involved in any litigation that we believe could have a materially adverse effect on our financial condition or results of operations. There is no action, suit, proceeding, inquiry or investigation before or by any court, public board, government agency, self-regulatory organization or body pending or, to the knowledge of the executive officers of our company or any of our subsidiaries, threatened against or affecting our company, our common stock, any of our subsidiaries or of our company's or our company's subsidiaries' officers or directors in their capacities as such, in which an adverse decision could have a material adverse effect.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable

PART II

Item 5. Market for Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

(a) Market Information

Our common stock is currently quoted on the OTC marketplace under the symbol VSTR. The high and low closing price for each quarterly period of our last two fiscal years are listed below.

Fiscal Quarter ended	High Price	Low Price
1st Quarter – May – July 2015	$ 0.0043	$ 0.0015
2nd Quarter – August – October 2015	$ 0.0065	$ 0.0011
3rd Quarter – November 2015 – January 2016	$ 0.0047	$ 0.0008
4th Quarter – February – April 2016	$ 0.0028	$ 0.0007
1st Quarter – May – July 2016	$ 0.0016	$ 0.0008
2nd Quarter – August – October 2016	$ 0.0010	$ 0.0006
3rd Quarter – November 2016 – January 2017	$ 0.0012	$ 0.0004
4th Quarter – February – April 2017	$ 0.0050	$ 0.0007

The quotations set forth in the table above reflect inter-dealer prices, without retail mark-up, mark-down or commission, and may not necessarily represent actual transactions.

Recent Issuances of Unregistered Securities

None

(b) Holders

There are 204 shareholders of record of our Common Stock.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is Pacific American Stock Transfer Company with its business address at 4045 S Spencer Street Suite 403, Las Vegas NV 89119.

(c) Dividends

We have never paid dividends on our Common Stock and do not expect to do so in the foreseeable future.

(d) Securities Authorized for Issuance under Equity Compensation Plans

We currently have no equity compensation plan either approved or not approved by security holders, and there are no securities currently authorized for issuance under any equity compensation plan. However, our Board of Directors has previously approved share-based compensation in lieu of cash compensation to various consultants and employees. Such share-based compensation is recognized at the time of grant equal to the fair value of the stock award at the time of the grant as the awards generally do not require a service or vesting period.

Item 6. Selected Financial Data.

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide information under this item.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

THE FOLLOWING DISCUSSION OF OUR PLAN OF OPERATION AND RESULTS OF OPERATIONS SHOULD BE READ IN CONJUNCTION WITH THE FINANCIAL STATEMENTS AND RELATED NOTES TO THE FINANCIAL STATEMENTS INCLUDED ELSEWHERE IN THIS ANNUAL REPORT. THIS DISCUSSION CONTAINS FORWARD-LOOKING STATEMENTS THAT RELATE TO FUTURE EVENTS OR OUR FUTURE FINANCIAL PERFORMANCE. THESE STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS THAT MAY CAUSE OUR ACTUAL RESULTS, LEVELS OF ACTIVITY, PERFORMANCE OR ACHIEVEMENTS TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, LEVELS OF ACTIVITY, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY THESE FORWARD-LOOKING STATEMENTS.

Overview

We are an Internet-based company, which seeks free subscribers and revenue-generating subscribers for digital product that we offer to game players and app users, and a consulting company, which takes equity positions in early-stage companies, or cash fees, in exchange for consulting services. Sometimes we buy a small position in an early-stage company. We look for companies that operate on an automated basis with the belief that Internet operations, customer sign-ups, sales and game playing should occur without requiring a Company employee to participate in the transaction, so that it is possible for the Company to quickly expand in the event the number of subscribers begins to rapidly grow on a viral basis. Our own back-office software operates 24 hours a day and can quickly collect money from and deliver games to subscribers. Similarly, we provide pay-for-in-advance video calling services to fans who want to have a private call with a professional athlete.

We intend to employ personnel in such areas as sales, technical support and finance once we have increased our revenues or received an injection of capital that is sufficient to support such personnel. In addition to our online chess subscriptions, we recently began selling video calling services. The sales are automated, and we have not hired any new employees to support this activity, and we are using an outside software development firm to enhance the existing technology. We anticipate our Chief Executive Officer and members of our advisory board will be able to find third parties who are capable of marketing the product in exchange for a sales commission. Once we achieve a sufficient revenue level to hire employees, we plan to do so, which will result in an increase in our selling, general and administrative expenses.

Our limited operating history and the uncertain nature of our future operations and the markets we address or intend to address make predictions of our future results of operations difficult. Our operations may never generate significant revenues, and we may never achieve profitable operations.

Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion of our financial condition and results of operations should be read in conjunction with the financial statements and related notes to the financial statements included elsewhere in this Form 10-K. This discussion contains forward-looking statements that relate to future events or our future financial performance. These statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements.

Results of Operations

Fiscal Year 2017 Compared to Fiscal Year 2016

Our revenues for fiscal 2017 decreased by $23,370, or 52%, to $21,508 as compared to $44,878 reported for fiscal 2016. The decrease in revenues is attributable to a decrease in revenues in our telecom business. We have changed this business to a video-calling business that runs on Amazon Web Services, and we are rebuilding our revenue base. In fiscal 2017, the majority of our revenues were from consulting services, which did not incur any cost of services. In fiscal 2016, we incurred $115,864 in costs of services, primarily related to a disputed contract for colocation services in which we were invoiced more than $100,000 for an alleged contractual violation.

Selling, general and administrative expenses decreased by $65,701, or 26%, to $189,491 for fiscal 2017 from $255,192 reported in the prior fiscal year. The decrease is primarily attributable to the non-cash compensation charge for stock-option expense and stock-based compensation of approximately $199,000 in fiscal 2016, as compared to approximately $164,000 in fiscal 2017.

Depreciation expense in fiscal 2017 and 2016 amounted to $381,060. We had no additions in fixed assets over the past two fiscal years, and we record depreciation on a straight-line basis. In fiscal 2017, we also recorded an impairment loss of $158,772, and wrote down the net book value of our fixed assets to $0. The impaired assets were from a mobile Voice-over-IP platform that we purchased in fiscal 2015 and there was a significant change in the manner in which we used these assets in fiscal 2017. We concluded that the future undiscounted cash flows from these assets were less than the carrying value of the assets and we recorded an impairment loss for the entire amount of the carrying value.

Interest expense increased by $1,665 to $115,301 for the year ended April 30, 2017, as compared to $113,636 for the prior fiscal year. Our debt balances increased slightly by 1.5%, but we paid down bank debt and credit card debt during the year.

Liquidity and Capital Resources

At April 30, 2017, we had cash and cash equivalents of $3,324 and negative working capital of $2,590,703 as compared to cash and cash equivalents of $843 and negative working capital of $609,063 at April 30, 2016. The increase in our negative working capital is primarily the result of the proximity of the due date of our long-term debt. At April 30, 2017 we have no long-term debt because it is classified as a current liability, whereas long-term debt amounted to $2,485,681 at April 30.2016.

Net cash used in operating activities aggregated to $14,179 and $21,729 in fiscal 2017 and 2016, respectively. The principal use of cash from operating activities in 2017 was the loss for the year of $828,121. The use of cash was offset in part by $381,060 in depreciation, $157,983 in stock-based compensation, $158,772 in impairment expense and an increase in accounts payable of $96,267. The principal use of cash from operating activities in 2016 was the loss for the year of $835,874. The use of cash was offset in part by $381,060 in depreciation, $198,895 in stock-based compensation an increase in accounts payable of $211,757.

There was no investing activity in fiscal 2017 or in fiscal 2016.

Net cash provided by financing activities aggregated to $16,660 and $17,335 in fiscal 2017 and 2016, respectively. The principal sources of cash from financing activities were net proceeds from the working capital line provided by our largest stockholder, and $10,300 in demand notes by other parties in fiscal 2016.

In fiscal 2017 and 2016, there were no expenditures for capital assets. We do not anticipate any capital expenditures in the next fiscal year.

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles, which contemplate continuation of our company as a going concern. However, we have sustained net losses from operations during the last several years, and we have very limited liquidity. Management anticipates that we will be dependent, for the near future, on additional capital to fund our operating expenses and anticipated growth, which we intend to achieve through consulting services and the further development of telecom and game applications. Although we are choosing methods of growth that potentially minimize the use of cash, we cannot be assured that we will be able to obtain the cash to market the digital products we sell or that we will be successful in increasing our sales. Furthermore, the report of our independent registered public accounting firm expresses doubt about our ability to continue as a going concern. Our operating losses have been funded through borrowings under a line of credit from our largest shareholder, and we are in default as of July 1, 2017 for non-payment. We intend to negotiate a new debt agreement with our largest shareholder and we anticipate we will be allowed to continue to operate the business without significant interruption. A loan from a former director, which exceeds $400,000, including accrued unpaid interest, was also due on June 30, 2017 and is technically in default as of July 1, 2017. We have received no default notices form our lenders and we anticipate they will be cooperative with us and not demand principal or interest payments.

Our required debt payments for a bank loan, which has a balance of $40,107 at April 30, 2017, amounts to $220 a month of principal and approximately the same amount in interest every month, at an interest rate that is approximately 5.5% per annum. As referred to above, we owe a former director debt payable of $333,066 at April 30, 2017, plus accrued interest payable of $107,590, in conjunction with a term note, at an interest rate of 3% per annum, which is in default. We have not paid interest on the note and it accrues each month. We owe our Lender, who is also our largest shareholder, $1,199,327 at April 30, 2017. Our Lender holds a term note bearing interest at an annual rate of 8%, which is in default. We also have balances due to directors, in both accounts payable and notes payable. Our total liabilities to related parties amount to $1,266,107 at April 30, 2017. We have not paid interest on any related party debt; the interest accrues each month. We believe our related party creditors will not demand payment of our current liabilities to them, in the near future, although each lender may have a change in circumstances and demand payment. Any demand for payment from a related party will have an adverse impact on our ability to achieve our longer-term business objectives, and will adversely affect our ability to continue operating as a going concern.

Although we are not yet profitable and we are not generating cash from operations, we believe we have short-term financing available from our largest shareholder to fund our monthly cash-flow deficit. While we continually look for other financing sources, in the current economic environment, the procurement of outside funding is extremely difficult and there can be no assurance that such financing will be available, or, if available, that such financing will be at a price that will be acceptable to us. Failure to generate sufficient revenues or raise additional capital will have an adverse impact on our ability to achieve our longer-term business objectives, and will adversely affect our ability to continue operating as a going concern.

New Accounting Standards

The new accounting pronouncements in Note 1 to our financial statements, which are included in this Report, are incorporated herein by reference thereto.

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with generally accepted accounting principles ("GAAP") in the United States requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. The most significant estimates include:

- revenue recognition and estimating allowance for doubtful accounts;
- valuation of long-lived assets; and
- income tax valuation allowance.

We continually evaluate our accounting policies and the estimates we use to prepare our financial statements. In general, the estimates are based on historical experience, on information from third party professionals and on various other sources and assumptions that are believed to be reasonable under the facts and circumstances at the time such estimates are made. Management considers an accounting estimate to be critical if:

- it requires assumptions to be made that were uncertain at the time the estimate was made; and
- changes in the estimate, or the use of different estimating methods, could have a material impact on our consolidated results of operations or financial condition.

Actual results could differ from those estimates. Significant accounting policies are described in Note 1 to our financial statements, which are included in this Report. In many cases, the accounting treatment of a particular transaction is specifically dictated by GAAP. There are also areas in which management's judgment in selecting any available alternative would not produce a materially different result.

Certain of our accounting policies are deemed "critical", as they require management's highest degree of judgment, estimates and assumptions. The following critical accounting policies are not intended to be a comprehensive list of all of our accounting policies or estimates:

Revenue Recognition

The Company recognizes revenue only when all of the following criteria have been met:
Persuasive evidence of an arrangement exists;
Delivery has occurred or services have been rendered;
The fee for the arrangement is fixed or determinable; and
Collectability is reasonably assured.

Revenues from services are recognized in the period in which they are earned, in accordance with the terms and conditions noted on our websites. In instances where a subscriber prepays for a service, any prepayment is recognized as a current liability until it is earned.

Allowance for Doubtful Accounts

For subscribers to our games website, in fiscal 2017 and 2016, we do not maintain allowances for doubtful accounts for estimated losses that result from the inability or unwillingness of our customers to make required payments. We have not carried any accounts receivable in either fiscal year, as we have required our customers to make a non-refundable prepayment for our services.

Consumers that used the Company's mobile Voice over Internet Protocol ("VoIP") application were required to prepay for all mobile telephone services via a credit card or an online payment service, such as PayPal. Wholesale customers potentially subject the Company to credit risk, and consequently, the Company typically asks its wholesale customers to provide a security deposit. These customers paid for their services each month in arrears.

In order to record the Company's accounts receivable at their net realizable value, the Company must assess their collectibility. A considerable amount of judgment is required in order to make this assessment, including an analysis of historical bad debts and other adjustments, a review of the aging of the Company's receivables, and the current creditworthiness of the Company's customers. Generally, when a customer account reached a certain level of delinquency, the Company disconnected the customer's service and provided an allowance for the related amount receivable from the customer. The Company writes off the accounts receivable balance from a customer and the related allowance established when it believes it has exhausted all reasonable collection efforts. No accounts receivable and no allowance for doubtful accounts existed at April 30, 2017 and 2016.

Impairment of Long-Lived Assets

Financial Accounting Standards Board ("FASB") authoritative guidance requires that certain assets be reviewed for impairment and, if impaired, remeasured at fair value whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. Impairment loss estimates are primarily based upon management's analysis and review of the carrying value of long-lived assets at each balance sheet date, utilizing an undiscounted future cash flow calculation. We recognized an impairment loss of $6,000 and $15,000, in the fiscal 2017 and 2016, respectively, as we concluded the carrying amount of a cash investment that we made in an early-stage company was not recoverable.

We also recorded an impairment loss of $158,772 in fiscal 2017. We evaluated the group of assets we own, both hardware and software, from a mobile Voice-over-IP platform that we purchased in fiscal 2015 and there was a significant change in the manner in which we used these assets in fiscal 2017. We concluded that the future undiscounted cash flows from these assets were less than the carrying value of the assets and we recorded an impairment loss for the entire amount of the carrying value.

Income Taxes

We estimate the degree to which tax assets and loss carryforwards will result in a benefit based on expected profitability by tax jurisdiction. A valuation allowance for such tax assets and loss carryforwards is provided when it is determined that such assets will more likely than not go unused. If it becomes more likely than not that a tax asset or loss carry-forward will be used, the related valuation allowance on such assets is reversed. If actual future taxable income by tax jurisdiction varies from estimates, additional allowances or reversals of reserves may be necessary. At April 30, 2017 and 2016, we have recorded a full valuation on our deferred tax assets.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements.

Information About Market Risk

We are not subject to fluctuations in interest rates, currency exchange rates or other financial market risks. We have not made any sales, purchases or commitments with foreign entities which would expose us to currency risks.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk.

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide information under this item.

Item 8. Financial Statements and Supplementary Data.

Our Consolidated Financial Statements required by this Item are included herein, commencing on page F-1.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

On July 14, 2017, the Company dismissed KLJ & Associates, LLP (the "Former Accountant") from its position as the principal independent accountant for the Company and hired Fruci & Associates II, PLLC. There were no disagreements with the Former Accountant on any matters of accounting principles or practices, financial statement disclosure or auditing scope and procedures, which if not resolved to the satisfaction of the Former Accountant, would have caused the Former Accountant to make reference to the matter in their report. There were no reportable events (as that term is described in Item 304(a)(1)(v) of Regulation S-K) during the two fiscal years ended April 30, 2016 and 2015, or in the subsequent period through July 14, 2017.

Not applicable.

Item 9A. Controls and Procedures.

(a) Evaluation of Disclosure Controls and Procedures

The Company's management, with the participation of the Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in SEC Rule 13a-15(e)) as of April 30, 2017. That evaluation revealed the three material weaknesses identified below (under *(b) Management's Assessment of Internal Control over Financial Reporting*). Based on that evaluation, the Company's Chief Executive Officer and Chief Financial Officer (the "PEO") concluded that, as of April 30, 2017, such controls and procedures were not effective.

(b) Management's Assessment of Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in the Exchange Act Rules 13a-15(f). A system of internal control over financial reporting is a process designed 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.

Under the supervision and with the participation of management, including the PEO, the Company's management has evaluated the effectiveness of its internal control over financial reporting as of April 30, 2017, based on the criteria established in a report entitled "2013 Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission" and the interpretive guidance issued by the Commission in Release No. 34-55929. Based on this evaluation, the Company's management has evaluated and concluded that the Company's internal control over financial reporting was ineffective as of April 30, 2017, and identified the following material weaknesses:

- There is a lack of accounting personnel with the requisite knowledge of Generally Accepted Accounting Principles in the US ("GAAP"), taxation requirements and the financial reporting requirements of the SEC;

- There are insufficient written policies and procedures to insure the correct application of accounting and financial reporting with respect to the current requirements of GAAP and SEC disclosure requirements; and

- There is a lack of segregation of duties, in that we only had one person performing all accounting-related duties.

The Company will continue its assessment on a quarterly basis. We plan to hire personnel and resources to address these material weaknesses. We believe these issues can be solved with hiring in-house accounting support and plan to do so as soon as we have funds available for this purpose.

This annual report does not include an attestation report of the Company's independent registered public accounting firm regarding internal control over financial reporting. The Company's registered public accounting firm was not required to issue an attestation on its internal controls over financial reporting pursuant to the rules of the SEC. The Company will continue to evaluate the effectiveness of internal controls and procedures on an ongoing basis.

(c) Changes in Internal Control over Financial Reporting

There have been no changes in our internal controls over financial reporting (as such term is defined in Rule 13a-15(f) and 15d-15(f) under the Securities Exchange Act) during the quarter ended April 30, 2017 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information.

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

Directors and Executive Officers

The following table and biographical summaries set forth information, including principal occupation and business experience, about our directors and executive officers at August 15, 2017.

Our executive officers and directors are as follows:

Name	Age	Position	Officer or Director Since
Cecilia Lenk	62	Chairman of the Board and Chief Executive Officer	July 2017
Thomas H Carmody	70	Director	August 2010
Avi Liss	37	Secretary and Director	August 2010
Steven Geary	49	Director	June 2006

Our directors serve in such capacity until the first annual meeting of our shareholders and until their successors have been elected and qualified. Our officers serve at the discretion of our board of directors, until their death, or until they resign or have been removed from office.

Executive Officers and Directors

Cecilia Lenk, Chairman of the Board and Chief Executive Officer

Cecilia Lenk is a newly-elected Chairman of the Board and Chief Executive Officer. She accepted the position on July 28, 2017. For the past five year she has worked as a self-employed business consultant and a town councilor in Watertown, MA.

Ms. Lenk has specialized in technology and health care. Formerly Vice President of Technology and Digital Design at Decision Resources Inc., a global company serving the biopharmaceutical market, she oversaw the implementation of new technologies, products, and business processes. Prior to joining Decision Resources, Cecilia founded a technology firm that built a patented platform for online research. She has managed large-scale technology projects for leading corporations, universities, government agencies, and major non-profit organizations.

Ms. Lenk has a Ph.D. in Biology from Harvard University and a B.A. from Johns Hopkins University in Geography and Environmental Engineering. She has served on a number of non-profit boards, including Chair of the Johns Hopkins Engineering Alumni. She is currently on the Alumni Advisory Board for the Hopkins School of Engineering.

Ms. Lenk brings to our board of directors key leadership experience in high-growth technology companies and possesses a strong mix of strategic, finance, and operating skills.

Thomas Carmody, Director

Thomas Carmody has served as a Director of the Company since August 2010. He has over 40 years experience as a marketing executive. For the past five years he has worked as a self-employed marketing consultant for Summit International LLC. He currently serves on the Board of Directors of Continental Materials Corporation, Chicago, Illinois, and serves on that company's audit committee. Mr. Carmody also served as the Vice President of U.S. Operations and Vice President of the sports division at Reebok International Inc. from 1988 to 1996.

As a long-term marketing expert, Mr. Carmody brings strategic insight and extensive experience with product distribution to our board of directors. He also has significant experience serving on the board of another public company.

Avi Liss, Director and Secretary

Avi Liss has served as a Director and Secretary of the Company since August 2010. From August 2009 to present, he has served as the President of Liss Law, LLC, a law firm specializing in real estate conveyances. Prior to founding Liss Law, he worked as a judicial law clerk for the Honorable Stephen S. Mitchell, a bankruptcy court judge for the Eastern District of Virginia.

Mr. Liss is well qualified to serve as a director of the company due to his knowledge and working experience with legal governance matters. He devotes approximately 1 hour a week to our Company and the remainder of his time to his other business interests.

Steven Geary, Director

Steven Geary has served as a Director of the Company since June 2006. Since 2009, he as served in several management positions at Statera and is currently the Vice President of Strategy and Business Development. From 2008 to 2009, he was the Chief Executive Officer of ImproveSmart, Inc. From April 2006 to June 2008, he served as our President and Chief Operating Officer, and as our Chief Executive Officer from June 2008 to December 2009.

Mr. Geary has significant business development and brand marketing expertise in consumer products and services.

Director Independence

Our common stock is currently quoted on the OTC Pink market and is not listed on the NASDAQ Stock Market or any other national securities exchange. Accordingly, we are not currently subject to the NASDAQ continued listing requirements or the requirements of any other national securities exchange. Nevertheless, in determining whether a director or nominee for director should be considered "independent" the board utilizes the definition of independence set forth in Rule 4200(a)(15) of the NASDAQ Marketplace Rules. Pursuant to that definition, Thomas Carmody and Steven Geary are independent members of our Board of Directors.

Involvement in Certain Legal Proceedings

Our directors, executive officers and control persons have not been involved in any of the following events during the past five years:

- Any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;

- Any conviction in a criminal proceeding or being subject to a pending criminal proceeding (excluding traffic violations and other minor offenses);

- Being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities or banking activities; and

- Being found by a court of competent jurisdiction (in a civil action), the Commission or the Commodity Futures Trading Commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended, or vacated.

Board Meetings and Committees; Management Matters

Our board of directors took no actions during the fiscal year ended April 30, 2017. No formal meetings were held. No fees are paid to directors for attendance at meetings or for agreeing to a unanimous consent or the board of directors.

Compensation Committee

Our board of directors does not have a compensation committee.

Nominating Committee

Our board of directors does not have a nominating committee. Our entire board of directors is responsible for this function. Due to the relatively small size of our company and the resulting efficiency of a board of directors that is also limited in size, our board of directors has determined that it is not necessary or appropriate at this time to establish a separate nominating committee. Our board of directors intends to review periodically whether such a nominating committee should be established.

Our board of directors uses a variety of methods for identifying and evaluating nominees for director. It regularly assesses the appropriate size of the board of directors and whether any vacancies exist or are expected due to retirement or otherwise. If vacancies exist, are anticipated or otherwise arise, our board of directors considers various potential candidates for director. Candidates may come to their attention through current members of our board of directors, shareholders or other persons. These candidates are evaluated at regular or special meetings of our board of directors, and may be considered at any point during the year.

Qualifications for consideration as a director nominee may vary according to the particular areas of expertise that may be desired in order to complement the qualifications that already exist among our board of directors. Among the factors that our directors consider when evaluating proposed nominees are their independence, financial literacy, business experience, character, judgment and strategic vision. Other considerations would be their knowledge of issues affecting our business, their leadership experience and their time available for meetings and consultation on company matters. Our directors seek a diverse group of candidates who possess the background skills and expertise to make a significant contribution to our board of directors, our company and our shareholders.

Audit Committee

Our board of directors does not have an audit committee.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act of 1934, requires our directors and executive officers, and persons who own more than ten percent of a registered class of our equity securities ("10% Shareholders"), to file with the Commission initial reports of ownership and reports of changes in ownership of our common stock and other equity securities. Officers, directors and 10% Shareholders are required by Commission regulation to furnish us with copies of all Section 16(a) forms they file.

Based solely on our review of the copies of such reports received by us, we believe that for the fiscal year ended April 30, 2017, that our directors and 10% shareholders did not comply with Section 16(a) filing requirements by failing to file initial statements of beneficial ownership of securities

Code of Ethics

We have adopted a code of business conduct and ethics for our directors, officers and employees, including our Chief Executive Officer. In addition, we have adopted a supplemental code of ethics for our financial executives and all employees in our accounting department. The text of our codes are posted on our Internet website at www.valuesetters.com.

Item 11. Executive Compensation.

The following table sets forth, for the fiscal years indicated, all compensation awarded to, earned by or paid to Mr. Manuel Teixeira, our former Chairman, Chief Executive Officer and Chief Financial Officer, and Mr. Avi Liss, our Secretary (collectively, the "Named Executives"). We have no other executive officers.

Summary Executive Compensation Table

Name and principal position	Year	Salary ($)	Bonus ($)	Stock awards ($)	Option awards ($)	Non-equity incentive plan compensation ($)	Change in pension value and nonqualified deferred compensation earnings ($)	All other compensation ($)(1)	Total ($)
Manuel	2017	0	0	0	0	0	0	2,500	2,500
Teixeira,	2016	0	0	0	0	0	0	2,100	2,100
CEO	2015	0	0	0	0	0	0	10,000	10,000
Avi,	2017	0	0	0	0	0	0	0	0
Liss, Secretary	2016	0	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0	0

(1) Although Mr. Teixeira is not paid a salary, we paid him a nominal amount, and reimbursed his out-of-pocket expenses incurred on behalf of our Company.

We have no retirement, pension, profit sharing, stock option or insurance programs or other similar programs for the benefit of our officers and directors, and we have no regular salaried employees.

Outstanding Equity Awards at Fiscal Year End

There were no outstanding equity awards as of April 30, 2017.

Stock Option Grants

There were no stock option grants or exercises in fiscal 2017 for Named Executives.

Compensation of Directors

We currently do not compensate our directors for their services as directors.

Employment Agreements

We currently have no employment agreements in place. At a later date we may enter into employment agreements with our executive officers.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The following table sets forth information with respect to the beneficial ownership of shares of our common stock as of August 31, 2017 by:

- each person whom we know beneficially owns more than 5% of any class of equity security;
- each of our directors individually;
- each of our named executive officers individually; and
- all of our current directors and executive officers as a group.

Unless otherwise indicated, to our knowledge, all persons listed below have sole voting and investment power with respect to their shares of common stock. Shares of common stock that an individual or group has the right to acquire within 60 days of August 31, 2017, pursuant to the exercise of options or restricted stock are, deemed to be outstanding for the purpose of computing the percentage ownership of such person or group, but are not deemed outstanding for the purpose of calculating the percentage owned by any other person listed.

Name and Address of Beneficial Owner (1)	Amount of Shares and Nature of Beneficial Ownership	Percent of Class*
Vaxstar LLC	227,173,207	41.0%
TelcoSoftware.com Corp.	40,000,000	7.2%
Manuel Teixeira (2)	25,000,000	4.5%
Steven Geary (3)	20,600,000	3.7%
Cecilia Lenk (3,4)	11,125,000	2.0%
Tom Carmody (3)	5,000,000	**%
Sean S. Lee (3)	4,600,000	**%
Avi Liss (2,3)	2,000,000	**%
Officers and Directors as a group (6 persons)	68,450,000	10.3%

* Based on 564,590,000 shares of common stock outstanding as of August 31, 2017.
** Less than 1%

(1) Unless otherwise noted, the business address of each member of our Board of Directors is c/o Valuesetters Inc. 745 Atlantic Avenue, Boston Massachusetts 02111

(2) Mr. Teixeira was our Chairman of the Board and Chief Executive Officer until July 14, 2017, when he resigned, and Mr. Liss is our Secretary.

(3) Such individual is a current member of the Board of Directors, except for Mr. Sean S. Lee who resigned from the Board on August 7, 2017.

(4) Includes 1,125,000 shares that vest within 60 days of August 31, 2017.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

Our largest shareholder, Vaxstar LLC, is also our working capital lender. As of April 30, 2017, we owe our largest shareholder $1,199,327, under a term note agreement that bears interest at an annual rate of 8%. We have not made any principal or interest payments to our working capital lender. Unpaid interest has been accrued and added to the note.

In connection with the financing, the Company has agreed to certain restrictive covenants, including, among others, that the Company may not convey, sell lease, transfer or otherwise dispose of any part of its business or property, except as permitted in the agreement, dissolve, liquidate or merge with any other party unless, in the case of a merger, the Company is the surviving entity, incur any indebtedness except as defined in the agreement, create or allow a lien on any of its assets or collateral that has been pledge to the Lender, make any loans to any person, except for prepaid items or deposits incurred in the ordinary course of business, or make any material capital expenditures.

We owe Steven Geary, a director, $31,680 as of April 30, 2017. This obligation is not interest bearing. $16,680 is recorded as a related party trade accounts payable and $15,000 as a related party note payable. We have no signed agreements for the indebtedness to Mr. Geary.

We owe Sean S. Lee, a former director, $15,000 as of April 30, 2017. This obligation is not interest bearing and is recorded as a related party trade accounts payable. We have no signed agreements for the indebtedness to Sean S. Lee.

We owe our former Chief Executive Officer and former Chairman of the board of directors, Manuel Teixeira, $100 as of April 30, 2017.

We owe a company controlled by our director, Thomas Carmody, $20,000 as of April 30, 2017 under a note payable with interest at 8% per annum, with a maturity date of November 18, 2017.

We currently have no equity compensation plan either approved or not approved by security holders, and there are no securities currently authorized for issuance under any equity compensation plan. However, our Board of Directors has previously approved share-based compensation in lieu of cash compensation to various consultants and employees. Such share-based compensation is recognized at the time of grant equal to the fair value of the stock award at the time of the grant as the awards generally do not require a service or vesting period.

Item 14. Principal Accounting Fees and Services.

On July 14, 2017 we notified KLJ & Associates, LLP (the "Former Accountant") that we hired Fruci & Associates II, PLLC (the "New Accountant") as the Company's independent registered public accounting firm. The engagement of the New Accountant was approved by the Company's board of directors on July 14, 2017

The following table presents fees for professional audit services rendered by our independent registered public accounting firm during the past two fiscal years.

	Fiscal 2017	Fiscal 2016
Audit fees	$ 10,000	$ 7,500
Audit related fees		
Tax fees		
All other fees		
Total	$ 10,000	$ 7,500

Policy on Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of Independent Auditors

Consistent with SEC policies regarding auditor independence, our board of directors has responsibility for appointing, setting compensation and overseeing the work of the independent auditor. In recognition of this responsibility, the board of directors has established a policy to pre-approve all audit and permissible non-audit services provided by the independent auditor.

Prior to engagement of the independent auditor for the next year's audit, management will submit an aggregate of services expected to be rendered during that year for each of four categories of services to the board of directors for approval.

1. ***Audit*** services include audit work performed in the preparation of financial statements, as well as work that generally only the independent auditor can reasonably be expected to provide, including comfort letters and reviews of our financials statements included in our Quarterly Reports on Form 10-Q.

2. ***Audit-Related*** services are for assurance and related services that are traditionally performed by the independent auditor, including due diligence related to mergers and acquisitions, employee benefit plan audits, and special procedures required to meet certain regulatory requirements.

3. ***Tax*** services include all services performed by the independent auditor's tax personnel except those services specifically related to the audit of the financial statements, and includes fees in the areas of tax compliance, tax planning, and tax advice.

4. ***Other*** services are those associated with services not captured in the other categories. We generally do not request such services from the independent auditor.

PART IV

ITEM 15. FINANCIAL STATEMENTS AND EXHIBITS.

Exhibit Number	Description
2.1	Asset Purchase Agreement, dated November 23, 2010, between Valuesetters, Inc. and NetGames.com, incorporated by reference to Exhibit 2.1 to our Form 10/A dated July 25, 2014.
3.1	Articles of Incorporation of Valuesetters, Inc. filed on April 25, 1984, incorporated by reference to Exhibit 3.1 to our Form 10 dated September 3, 2013.
3.2	Amendment to Articles of Incorporation of Valuesetters, Inc. filed on September 7, 1999, incorporated by reference to Exhibit 3.2 to our Form 10 dated September 3, 2013.
3.3	Amendment to Articles of Incorporation of Valuesetters, Inc. filed on December 4, 2003, incorporated by reference to Exhibit 3.3 to our Form 10 dated September 3, 2013.
3.4	By-Laws of Valuesetters, Inc, incorporated by reference to Exhibit 3.4 to our Form 10 dated September 3, 2013.
10.1	Amended Secured Lending Agreement between Valuesetters, Inc. and Vaxstar LLC incorporated by reference to Exhibit 10.1 to our Form 10/A dated July 25, 2014
10.2	3% Unsecured Term Note Due June 30, 2017, incorporated by reference to Exhibit 10.2 to our Form 10/A dated July 25, 2014
31.1	Certification by the Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (Rule 13a-14(a) or Rule 15d-14(a)).*
31.2	Certification by the Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (Rule 13a-14(a) or Rule 15d-14(a)).*
32.1	Certification by the Principal Executive Officer pursuant to 18 U.S.C. 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*
32.2	Certification by the Principal Financial Officer pursuant to 18 U.S.C. 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*

* filed herewith

SIGNATURES

Pursuant to the requirements of Section 12 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: September 8, 2017	**VALUESETTERS, INC.**
	By: */s/ Cecilia Lenk* Cecilia Lenk Chairman of the Board and Chief Executive Officer (Principal Executive Officer)

/s/ Avi Liss Avi Liss	Secretary and Director	September 8, 2017
/s/ Thomas Carmody Thomas Carmody	Director	September 8, 2017
/s/ Steven Geary Steven Geary	Director	September 8, 2017

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Valuesetters, Inc.

We have audited the accompanying balance sheet of Valuesetters, Inc. as of April 30, 2017, and the related statements of operations, stockholders' deficit, and cash flows for the year then ended. Valuesetters, Inc.'s management is responsible for these financial statements. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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 audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Valuesetters, Inc. as of April 30, 2017, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 2 to the financial statements, the Company has produced nominal revenue, sustained recurring losses, and relies on outside sources to fund its operations, which raises substantial doubt about its ability to continue as a going concern. The financial statements do not include any adjustment that might result from the outcome of this uncertainty.

/s/ Fruci & Associates II, PLLC

Fruci & Associates II, PLLC
Spokane, Washington
September 8, 2017

KLJ & Associates, LLP
CERTIFIED PUBLIC ACCOUNTANTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of Valuesetters, Inc.

We have audited the accompanying balance sheet of Valuesetters, Inc. (the "Company") as of April 30, 2016, and the related statements of operations, stockholders' deficit, and cash flows for the year then ended. Management is responsible for these financial statements. Our responsibility is to express an opinion on these financial statements based on our audit.

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, based upon our audit the financial statements referred to above present fairly, in all material respects, the financial position of Valuesetters, Inc. as of April 30, 2016 and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 2 to the financial statements, the Company is has earned limited revenue, has suffered net losses and has had negative cash flows from operating activities during the year ended April 30, 2016 These matters raise substantial doubt about the Company's ability to continue as a going concern. Management's plans concerning these matters are also described in Note 2. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount and classification of liabilities that might result should the Company be unable to continue as a going concern.

/s/ KLJ & Associates, LLP

KLJ & Associates, LLP
Edina, MN
February 17, 2017

5201 Eden Ave
Suite 300
Edina, MN 55436
630.277.2330

Valuesetters, Inc.
Balance Sheets

	April 30, 2017	April 30, 2016
Assets		
Current assets:		
Cash and cash equivalents	$ 3,324	$ 843
Prepaid expenses	16,424	152,992
Other current assets	—	2,017
Total current assets	19,748	155,852
Non-current prepaid expenses	—	6,015
Equipment and software, net of accumulated depreciation	—	539,832
Total assets	$ 19,748	$ 701,699
Liabilities and Stockholders' Deficit		
Current liabilities:		
Accounts payable		
Trade	$ 285,219	$ 290,389
Related party	31,680	31,680
Accrued expenses	434,229	332,792
Deferred revenue	1,533	2,017
Notes payable – related parties	35,100	15,100
Secured note payable to related party	1,199,327	—
Current portion of long-term debt	533,066	—
Loan payable - bank	40,107	42,747
Demand notes payable	50,190	50,190
Total current liabilities	2,610,451	764,915
Long-term notes payable	—	533,066
Long-term unsecured related party note payable	—	20,000
Long-term secured note payable to related party	—	1,167,700
	2,610,451	2,485,681
Commitments and Contingencies		
Stockholders' deficit:		
Common stock, $.001 par value; 900,000,000 shares authorized, 530,000,000 and 508,000,000 shares issued and outstanding in 2017 and 2016, respectively	530,000	508,000
Capital in excess of par value	660,439	661,039
Accumulated deficit	(3,781,142)	(2,953,021)
Total stockholders' deficit	(2,590,703)	(1,783,982)
Total liabilities and stockholders' deficit	$ 19,748	$ 701,699

See Accompanying Notes to the Financial Statements

VALUESETTERS, INC.

Statements of Operations

	Years Ended April 30, 2017	Years Ended April 30, 2016
Revenues	$ 21,508	$ 44,878
Cost and expenses:		
Costs of services	—	115,864
Selling, general and administrative	189,491	255,192
Depreciation	381,060	381,060
Total costs and expenses	570,551	752,116
Loss from operations	(549,043)	(707,238)
Other income (expense)		
Interest expense	(115,301)	(113,636)
Loss on investments	(6,000)	(15,000)
Impairment loss	(158,772)	—
Other income	995	—
Total other income (expense)	(120,306)	(128,636)
Net loss before taxes	(828,121)	(835,874)
Income tax	—	—
Net loss	$ (828,121)	$ (835,874)
Basic and diluted loss per share	$ 0.00	$ 0.00
Weighted average number of shares outstanding	512,195,042	506,032,787

See Accompanying Notes to the Financial Statements

VALUESETTERS, INC.
Statements of Stockholders' Deficit
For the years ended April 30, 2017 and 2016

	Shares	Amount	Capital in Excess of Par Value	Accumulated Deficit	Total Deficit
Balance, April 30, 2015	500,000,000	$ 500,000	$ 669,039	$ (2,117,147)	$ (948,108)
Net loss, April 30, 2016	—	—	—	(835,874)	(835,874)
Stock issued for services	8,000,000	8,000	(8,000)		—
Balance, April 30, 2016	508,000,000	508,000	661,039	(2,953,021)	(1,783,982)
Net loss, April 30, 2017				(828,121)	(669,349)
Stock issued to purchase investments	10,000,000	10,000	(3,000)		7,000
Stock issued for services	12,000,000	12,000	2,400		14,400
Balance, April 30, 2017	530,000,000	$ 530,000	$ 660,439	$ (3,781,142)	$(2,590,703)

See Accompanying Notes to the Financial Statements

VALUESETTERS, INC.

Statements of Cash Flows

	Year Ended April 30, 2017	Year Ended April 30, 2016
Operating activities		
Net loss	$ (828,121)	$ (835,874)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock-based compensation	157,983	198,895
Depreciation	381,060	381,060
Impairment of fixed assets	158,772	—
Loss on investments	6,000	15,000
Changes in non-cash working capital balances		
Accounts receivable	—	5,002
Prepaid expenses	—	4,097
Other assets	2,017	2,937
Accounts payable	96,267	211,757
Accrued expenses	12,327	10,540
Deferred revenue	(484)	(15,143)
Cash used in operating activities	(14,179)	(21,729)
Financing activities		
Payments on bank loan	(2,640)	(3,057)
Payments on related party notes	—	(1,048)
Proceeds from demand note payable	—	11,040
Proceeds from note payable – related party	—	100
Proceeds from note payable – secured related party	19,300	10,300
Cash provided by financing activities	16,660	17,335
Increase (decrease) in cash and cash equivalents during the period	2,481	(4,394)
Cash and cash equivalents, beginning of the period	843	5,237
Cash and cash equivalents, end of the period	$ 3,324	$ 843
Cash paid for:		
Interest	$ 2,608	$ 2,809
Income taxes	$ —	$ —
Non-cash financing activities:		
– Common stock issued for investment securities	$ 7,000	$ —

See Accompanying Notes to the Financial Statements

1. Description of Business and Summary of Accounting Principles

Description of Business and Concentrations

Valuesetters, Inc. ("Valuesetters," "we," "our," or the "Company") is a provider of consulting services, subscription services, advertising and digital goods using technology distribution platforms like the Internet and mobile devices in the media and entertainment markets.

The financial statements are presented in United States dollars and have been prepared in accordance with generally accepted accounting principles in the United States of America. The Company's fiscal year end is April 30.

Income Taxes

The Company accounts for income taxes under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income and the reversal of deferred tax liabilities during the period in which related temporary differences become deductible. A valuation allowance has been established to eliminate the Company's deferred tax assets as it is more likely than not that none of the deferred tax assets will be realized.

The Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than fifty percent likelihood of being realized upon settlement with the tax authorities. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. The Company records interest related to unrecognized tax benefits in interest expense and penalties in income tax expense. The Company has determined that it had no significant uncertain tax positions requiring recognition or disclosure.

1. Description of Business and Summary of Accounting Principles (Continued)

Revenue Recognition

Revenues from services are recognized in the period in which they are earned, in accordance with the terms and conditions noted on our websites. In instances where a subscriber prepays for a service, any prepayment is recognized as a current liability until it is earned.

Costs of Services

Costs of services consist of direct costs that we pay to third parties in order to provide the services that generate revenue.

Loss Per Share

Basic loss per share is computed by dividing net loss by the weighted-average number of shares outstanding. To the extent that stock options and warrants are anti-dilutive, they are excluded from the calculation of diluted loss per share. For 2017 and 2016, the Company excluded 38,733,333 shares of common stock issuable upon the exercise of outstanding stock options and fixed-rate convertible debt from the calculation of net loss per share because the effect would be anti-dilutive.

Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents. The Company did not have any cash equivalents during fiscal 2017 and 2016.

Use of Estimates

In preparing financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the 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. The most significant estimate relates to the accruals for income tax valuation allowance. On a continual basis, management reviews its estimates, utilizing currently available information, changes in facts and circumstances, historical experience and reasonable assumptions. After such reviews, and if deemed appropriate, those estimates are adjusted accordingly. Actual results could differ from those estimates.

Determination of Fair Value

Cash and cash equivalents, accounts receivable, and accounts payable

In general, carrying amounts approximate fair value because of the short maturity of these instruments.

Deferred Revenue

Deferred Revenue represents revenues collected but not earned as of the year end. The Company renders services, or rights to use its software, over a specific time period and revenues are recognized as earned as time passes.

Debt

At April 30, 2017 and 2016, the Company's secured debt was carried at its face value plus accrued interest. In July 2014, the Company renegotiated its secured related party debt and a note payable to a former director, and these notes became term loans which matured on June 30, 2017, and are now technically in default, although the company has not received a default notice and the lenders have indicated that the terms of the notes can be extended. Based on the financial condition of the Company, it is impracticable for the Company to estimate the fair value of its short and long-term debt.

The Company has no instruments with significant off balance sheet risk.

1. **Description of Business and Summary of Accounting Principles (Continued)**

Recent Accounting Pronouncements

In May 2014, FASB issued ASU 2014-09, "Revenue from Contracts with Customers". This ASU is a comprehensive new revenue recognition model that requires a company to recognize revenue to depict the transfer of goods or services to a customer at an amount that reflects the consideration it expects to receive in exchange for those goods or services. The revised effective date for this ASU is for annual and interim periods beginning on or after December 15, 2017, and early adoption will be permitted, but not earlier than the original effective date of annual and interim periods beginning on or after December 15, 2016, for public entities. We will adopt this ASU when effective. Companies may use either a full retrospective or modified retrospective approach to adopt this ASU and our management is currently evaluating which transition approach to use. We are currently evaluating the possible impact of ASU 2014-09, but we do not anticipate that it will have a material impact on the Company's consolidated results of operations, financial position or cash flows.

In August 2014, the FASB issued ASU 2014-15, Presentation of Financial Statements – Going Concern (Subtopic 205-40), Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern. Under this amendment, management is now required to determine every interim and annual period whether conditions or events exist that raise substantial doubt about an entity's ability to continue as a going concern within one year after the date the financial statements are issued. If management indicates that it is probable the entity will not be able to meet its obligations as they become due within the assessment period, then management must evaluate whether it is probable that plans to mitigate those factors will alleviate that substantial doubt. The guidance is effective for fiscal years, beginning after December 15, 2016. Early adoption is permitted. We do not expect the adoption of ASU 2014-15 to have a significant impact on the Company's consolidated results of operations, financial position or cash flows.

In April 2015, the FASB issued ASU 2015-03, "Simplifying the Presentation of Debt Issuance Costs." ASU 2015-03 requires debt issuance costs to be presented in the balance sheet as a direct deduction from the associated debt liability. ASU 2015-03 is effective for interim and annual reporting periods beginning after December 15, 2015. The new guidance will be applied on a retrospective basis and early adoption is permitted. The Company chose early adoption of the new guidance, which had no impact on the Company's consolidated results of operations, financial position or cash flows.

In November 2015, the FASB issued ASU 2015-17, "Income Taxes (Topic 740) – Balance Sheet Classification of Deferred Taxes." To simplify the presentation of deferred income taxes, the amendments in this Update require that deferred tax liabilities and assets be classified as noncurrent in a classified statement of financial position. The amendments in this Update apply to all entities that present a classified statement of financial position. The current requirement that deferred tax liabilities and assets of a tax-paying component of an entity be offset and presented as a single amount is not affected by the amendments in this Update. For public business entities, the amendments in this Update are effective for financial statements issued for annual periods beginning after December 15, 2016, and interim periods within those annual periods. For all other entities, the amendments in this Update are effective for financial statements issued for annual periods beginning after December 15, 2017, and interim periods within annual periods beginning after December 15, 2018. Earlier application is permitted for all entities as of the beginning of an interim or annual reporting period. The amendments in this Update may be applied either prospectively to all deferred tax liabilities and assets or retrospectively to all periods presented. If an entity applies the guidance prospectively, the entity should disclose in the first interim and first annual period of change, the nature of and reason for the change in accounting principle and a statement that prior periods were not retrospectively adjusted. If an entity applies the guidance retrospectively, the entity should disclose in the first interim and first annual period of change the nature of and reason for the change in accounting principle and quantitative information about the effects of the accounting change on prior periods. We do not expect the adoption of ASU 2015-17 to have a significant impact on our consolidated results of operations, financial position or cash flows.

In January 2016, the FASB issued ASU 2016-01 – "Financial Instruments – Overall (Subtopic 825-10) – Recognition and Measurement of Financial Assets and Financial Liabilities." ASU 2016-01, among other changes, requires equity investments (except those accounted for under the equity method of accounting or those that result in consolidation of the investee) to be measured at fair value with changes in fair value recognized in net income. This Update also simplifies the impairment assessment of equity investments without readily determinable fair values by requiring a qualitative assessment to identify impairment. The amendments in ASU 2016-01 will become effective for public business entities for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. We are currently evaluating the effect of the adoption of ASU 2016-01 will have on our consolidated results of operations, financial position or cash flows.

In February 2016, the FASB issued ASU 2016-02 – “Leases (Topic 842).” Under ASU 2016-02, entities will be required to recognize lease asset and lease liabilities by lessees for those leases classified as operating leases. Among other changes in accounting for leases, a lessee should recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. When measuring assets and liabilities arising from a lease, a lessee (and a lessor) should include payments to be made in optional periods only if the lessee is reasonably certain to exercise an option to extend the lease or not to exercise an option to terminate the lease. Similarly, optional payments to purchase the underlying asset should be included in the measurement of lease assets and lease liabilities only if the lessee is reasonably certain to exercise that purchase option. The amendments in ASU 2016-02 will become effective for fiscal years beginning after December 15, 2018, including interim periods with those fiscal years, for public business entities. We are currently evaluating the effect of the adoption of ASU 2016-02 will have on our consolidated results of operations, financial position or cash flows.

In March 2016, the FASB issued ASC 2016-09 – “Compensation – Stock Compensation (Topic 718) – Improvements to Employee Share-based Payment Accounting.” The areas for simplification in this Update involve several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. In addition to these simplifications, the amendments eliminate the guidance in Topic 718 that was indefinitely deferred shortly after the issuance of FASB Statement No. 123 (revised 2004), Share-Based Payment. The amendments in ASC 2016-09 will become effective for fiscal years beginning after December 15, 2016, and interim periods within those annual periods. Early adoption is permitted for any entity in any interim or annual period. If an entity early adopts the amendments in an interim period, any adjustments should be reflected as of the beginning of the fiscal year that includes that interim period. An entity that elects early adoption must adopt all of the amendments in the same period. We are currently evaluating the effect of the adoption of ASU 2016-09 will have on our consolidated results of operations, financial position or cash flows.

In August 2016, the FASB issued ASU 2016-15, Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipt and Cash Payments. The new guidance addresses certain classification issues related to the statement of cash flows which will eliminate the diversity of practice in how certain cash receipts and cash payments are presented and classified in the statement of cash flows. The guidance is effective for fiscal years beginning after December 2017. Early adoption is permitted. We are currently evaluating the possible impact of ASU 2016-15, but do not anticipate that it will have a material impact on the Company’s consolidated results of operations, financial position or cash flows.

In October 2016, the FASB issued ASU 2016-17, Consolidation (Topic 810): Interests Held through Related Parties That Are under Common Control. The new guidance amends the consolidation guidance on how a reporting entity that is the single decision maker should treat indirect interests in the entity held through related parties that are under common control with the reporting entity when determining whether it is the primary beneficiary of that VIE. The guidance is effective for fiscal years beginning after December 2016. Early adoption is permitted. We are currently evaluating the possible impact of ASU 2016-17, but do not anticipate that it will have a material impact on the Company’s consolidated results of operations, financial position or cash flows.

2. Going Concern Matters and Realization of Assets

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the ordinary course of business. However, the Company has sustained recurring losses from its continuing operations and as of April 30, 2017, had negative working capital of $2,590,703 and a stockholders' deficit of $2,590,703. In addition, the Company is unable to meet its obligations as they become due and sustain its operations. The Company believes that its existing cash resources are not sufficient to fund its continuing operating losses, capital expenditures, lease and debt payments and working capital requirements.

The Company may not be able to raise sufficient additional debt, equity or other cash on acceptable terms, if at all. Failure to generate sufficient revenues, achieve certain other business plan objectives or raise additional funds could have a material adverse effect on the Company's results of operations, cash flows and financial position, including its ability to continue as a going concern, and may require it to significantly reduce, reorganize, discontinue or shut down its operations.

In view of the matters described above, recoverability of a major portion of the recorded asset amounts shown in the accompanying balance sheet is dependent upon continued operations of the Company which, in turn, is dependent upon the Company's ability to meet its financing requirements on a continuing basis, and to succeed in its future operations. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or amounts and classification of liabilities that might be necessary should the Company be unable to continue in its existence. Management's plans include:

1. Seek to raise debt or equity for working capital purposes and to pay off existing debt balances. With sufficient additional cash available to the Company, it can begin to make marketing expenditures and hire people to generate more revenues, and consequently cut monthly operating losses.

2. Continue to look for software niches and digital products that can be sold via an Internet-based store. Various acquisition opportunities are being considered to help the Company generate additional revenues and obtain profitability.

3. Continue to provide consulting services to early-stage companies, and begin charging a cash fee, in addition to an equity-based fee, in exchange for these services.

There can be no assurance that the Company will be able to achieve or maintain cash-flow-positive operating results. If the Company is unable to generate adequate funds from operations or raise sufficient additional funds, the Company may not be able to repay its existing debt, continue to operate its business network, respond to competitive pressures or fund its operations. As a result, the Company may be required to significantly reduce, reorganize, discontinue or shut down its operations. The financial statements do not include any adjustments that might result from this uncertainty.

3. Debt

The following table summarizes components debt as of April 30, 2017 and 2016:

	2017	2016	Interest Rate
Secured lender (affiliate)	$ 1,199,327	$ 1,167,700	8.00%
Term note	333,066	333,066	3.0%
Term note	200,000	200,000	2.0%
Notes payable – related parties	35,100	35,100	0.0%
Demand notes payable	50,190	50,190	0.0 – 10.0%
Loan payable – bank	40,107	42,747	5.5%
Total Debt	$ 1,857,790	$ 1,828,803	

As of April 30, 2017 and 2016, the Company owed its principal lender ("Lender") $1,199,327 and $1,167,700, respectively, under a loan and security agreement ("Loan") dated April 28, 2011, that was amended on July 26, 2014, to change the maturity date to June 30, 2017. The loan is now in default for non-payment. The maximum amount of the Loan is $1,250,000, and interest on the Loan has been accrued and added to the principal balance of the Loan. The Lender is also the largest shareholder of the Company, owning 227,173,207 shares of common stock, or 42.9% of the 530,000,000 shares issued and outstanding, as of April 30, 2017.

In connection with the financing, the Company has agreed to certain restrictive covenants, including, among others, that the Company may not convey, sell, lease, transfer or otherwise dispose of any part of its business or property, except as permitted in the agreement, dissolve, liquidate or merge with any other party unless, in the case of a merger, the Company is the surviving entity, incur any indebtedness except as defined in the agreement, create or allow a lien on any of its assets or collateral that has been pledged to the Lender, make any loans to any person, except for prepaid items or deposits incurred in the ordinary course of business, or make any material capital expenditures

To secure the payment of all obligations to the lender, the Company granted to the lender a continuing security interest and first lien on all of the assets of the Company.

As of April 30, 2017 and 2016, the Company's related-party unsecured notes payable totaled $35,100. The Company also owes $333,066 to a former board member, for a note payable dated April 30, 2011. In July 2014, this note was renegotiated to a 3% term loan due on June 30, 2017, and is currently in default for non-payment. The same person has personally guaranteed a bank line of credit under which the Company owes $40,107 and $42,747 as of April 30, 2017 and 2016, respectively. The Company pays $220 a month in principal payments on the outstanding balance, plus the monthly interest expense, which is calculated at a rate of 5.5% per annum.

Demand notes payable totaled $50,190 at April 30, 2017 and 2016.

4. Fair Value Measurements

The Company uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures of financial instruments on a recurring basis.

Fair Value Hierarchy

The Fair Value Measurements Topic of the FASB Accounting Standards Codification establishes 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 measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

Determination of Fair Value

Under the Fair Value Measurements Topic of the FASB Accounting Standards Codification, the Company bases its fair value on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is the Company’s policy to maximize the use of observable inputs and minimize the use of unobservable inputs when developing fair value measurements, in accordance with the fair value hierarchy. Fair value measurements for assets and liabilities where there exists limited or no observable market data and, therefore, are based primarily upon management’s own estimates, are often calculated based on current pricing policy, the economic and competitive environment, the characteristics of the asset or liability and other such factors. Therefore, the results cannot be determined with precision and may not be realized in an actual sale or immediate settlement of the asset or liability. Additionally, there may be inherent weaknesses in any calculation technique, and changes in the underlying assumptions used, including discount rates and estimates of future cash flows, that could significantly affect the results of current or future value.

See Note 1 for a description of valuation methodologies used for assets and liabilities recorded at fair value and for estimating fair value where it is practicable to do so for financial instruments not recorded at fair value (disclosures required by the Fair Value Measurements Topic of the FASB Accounting Standards Codification).

5. Income Taxes

At April 30, 2017, the Company had net operating loss carryforwards for Federal income tax purposes of approximately $2,100,000 expiring in the years of 2018 through 2033. Utilization of the net operating losses may be subject to annual limitations provided by Section 382 of the Internal Revenue Code and similar State provisions.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets and liabilities as of April 30, 2017 and 2016 were as follows:

	2017	2016
Deferred tax assets, net:		
Net operating loss carryforwards	$ 2,100,000	$ 1,700,000
Valuation allowance	2,100,000	1,700,000
Net deferred assets	$ —	$ —

The valuation allowance increased by $400,000 to $2,100,000 at April 30, 2017 from $1,700,000 at April 30, 2016.

The following is a reconciliation of the tax provisions for the years ended April 30, 2017 and 2016 with the statutory Federal income tax rates:

	Percentage of Pre-Tax Income	
	2017	2016
Statutory Federal income tax rate	34.0%	34.0%
Loss generating no tax benefit	(34.0)	(34.0)
Effective tax rate	—	—

The Company did not have any material unrecognized tax benefits as of April 30, 2017 and 2016. The Company does not expect the unrecognized tax benefits to significantly increase or decrease within the next twelve months. The Company recorded no interest and penalties relating to unrecognized tax benefits as of and during the years ended April 30, 2017 and 2016. The Company is subject to U.S. federal income tax, as well as taxes by various state jurisdictions. The Company is currently open to audit under the statute of limitations by the federal and state jurisdictions for the years ending April 30, 2014 through 2017.

6. Commitments and Contingencies

Litigation

The Company is subject to legal proceedings and claims that arise in the ordinary course of its business. In the opinion of management, the amount of ultimate liability, if any, is not likely to have a material effect on the financial condition, results of operations or liquidity of the Company. However, as the outcome of litigation or legal claims is difficult to predict, significant changes in the estimated exposures could occur.

7. Stockholders' Deficit

The Company is authorized to issue 900,000,000 shares of its common stock, par value $0.001. 530,000,000 and 508,000,000 shares were outstanding as of April 30, 2017 and 2016, respectively. In fiscal 2017, 12,000,000 shares were issued for consulting services and 10,000,000 shares were issued to purchase shares and membership units in a total of seven early stage companies. 8,000,000 shares were issued in fiscal 2016 for consulting services. The following tables summarize information about options outstanding at April 30, 2017 and 2016.

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding	Weighted-Average Remaining Contractual Life (Years)	Weighted-Average Exercise Price	Number Outstanding	Weighted-Average Exercise Price
As of April 30, 2017					
$0.03	18,000,000	2.02	$ 0.03	17,913,777	$ 0.03
As of April 30, 2016					
$0.03	18,000,000	3.02	$ 0.03	13,417,883	$ 0.03

	Number of Shares	Exercise Price Per Share	Average Exercise Price
Outstanding April 30, 2015	18,000,000	$ 0.03	$ 0.03
Granted during year ended April 30, 2016	—	—	—
Exercised/canceled during year ended April 30, 2016	—	—	—
Outstanding April 30, 2016	18,000,000	$ 0.03	$ 0.03
Granted during year ended April 30, 2017	—	—	—
Exercised/canceled during year ended April 30, 2017	—	—	—
Outstanding April 30, 2017	18,000,000	$ 0.03	$ 0.03
Options exercisable, April 30, 2017	17,913,777	$ 0.03	$ 0.03

On May 7, 2014, the Company granted 5-year stock options that fully vest over a three year period to three consultants. Each consultant was granted an option to purchase up to 6 million shares of the Company's common stock at a price of $0.03 per share. The Company entered consulting agreements to issue common stock and options to purchase common stock, and recorded the applicable non-cash expense in accordance with the authoritative guidance of the Financial Accounting Standards Board. For the years ended April 30, 2017 and 2016, the Company recorded $157,983 and $198,895, respectively, in stock-based compensation expense. As of April 30, 2017, there was $16,424 of prepaid stock-based compensation expense.

8. Loss Per Common Share

Loss per common share data was computed as follows:

	2017	2016
Net loss	$ (828,121)	$ (835,874)

Weighted average common shares outstanding	512,195,042	506,032,787
Effect of dilutive securities	—	—
Weighted average dilutive common shares outstanding	512,195,042	506,032,787
Loss per common share – basic	$ (.00)	$ (.00)
Loss per common share – diluted	$ (.00)	$ (.00)

9. Related Party Transactions

The Company's largest shareholder is also its principal lender. As of April 30, 2017 and 2016, the Company owed its largest shareholder, under a secured lending agreement, $1,199,327 and $1,167,700, respectively. The maximum amount of the loan is $1,250,000, and the loan matures on June 30, 2017. Interest payments are accrued monthly and added to the principal balance of the note. The largest shareholder of the Company owns 227,173,207 shares of common stock, or 42.9% of the 530,000,000 shares issued and outstanding at April 30, 2017.

The Company has accounts payable to two directors for a total of $31,680 as of April 30, 2017 and 2016.

The Company has a note payable to a director for $15,000 as of April 30, 2017 and 2016.

The Company owes its former Chief Executive Officer and Chairman of the board of directors $100 and $1,048 as of April 30, 2017 and 2016, respectively.

10. Purchase of a Business

On September 30, 2014, the Company purchased assets and assumed certain liabilities of a voice over Internet protocol ("VoIP") business (the "Business") that sells under the name of VoX Communications and VoX Mobile. The seller required 40,000,000 shares of the Company's common stock, which was provided to the seller by our largest shareholder and secured lender, Vaxstar LLC ("Vaxstar"). In a simultaneous transaction, Vaxstar sold the Business to the Company for a $1,000,000 increase in our secured note that was due on June 30, 2017. In conjunction with this purchase, we recorded assets of $1,170,041, consisting of equipment and software of $1,143,177, accounts receivable of $19,415 and other assets of $7,449. We also recorded $1,170,041 in liabilities, consisting of the $1,000,000 loan, $151,241 in accounts payable and accrued expenses and $18,800 in deferred revenue. All the equipment on our balance sheet is from this purchase. We depreciated the equipment over a three-year life and at April 30, 2017, we recognized an impairment loss of $158,772 to write down the balance of our net fixed assets to $0.

11. Investments

During fiscal 2017, the Company acquired an equity interest in seven early-stage companies, Zelgor Inc., MadHat Media Inc, Chronability, Dark LLC, Storeboard Inc, Splyst LLC and Rivetz Corp. by issuing 10,000,000 shares of its common stock. During fiscal 2016 the Company acquired an equity interest in Dark LLC, Sportsclub LLC, Reper LLC and Cupcrew LLC in exchange for consulting services. The Company also is providing additional services for NetCapital Systems LLC, for which it earns equity, under a new agreement in August 2016. When the Company acquires equity in another entity in exchange for consulting services, the Company only recognizes consulting revenues on its income statement and the cost of the investment on its balance sheet in instances where the value of the early-stage company can be determined through publicly available evidence such as audited financial statements or a market value on a trading platform. The Company recorded a valuation loss on investments at April 30, 2017 and 2016 of $6,000 and $15,000, respectively.

12 Subsequent Events

In August 2017, the Company's board of directors granted 20,000,000 shares of our common stock as compensation to the Company's new Chief Executive Officer, 10,000,000 of which vest immediately and 10,000,000 of which vest over a two-year period. 5,000,000 shares, vesting over 2 years, were also approved for the Company's Chief Technology Officer.

In August 2017, the Company issued 24,590,000 shares of common stock to retire $24,590 in debt.