U.S. SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

[X] ANNUAL REPORT UNDER SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended June 30, 2016
or

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

For the transition period from_________________ to ___________________

Commission file number *33-16531-D*

INTERNATIONAL AUTOMATED SYSTEMS, INC.
(Name of small business issuer in its charter)

Utah	87-0447580
State or other jurisdiction of incorporation or organization	I.R.S. Employer Identification No.

2730 W 4000 S
Oasis, Utah 84624
(Address of principal executive offices)

Registrant's telephone number, including area code: (801) 423-8132

Securities registered pursuant to Section 12(b) of the Act: None

Title of each class	Name of each exchange on which registered
N/A	N/A

Securities to be registered under section 12(g) of the Act: None

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

Check if disclosure of delinquent filers in response to Item 405 of Regulations 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. [X]

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 definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. Check one:

o Large accelerated filer o Accelerated filer o Non-accelerated filer x 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 [X] No1

State the registrant's net revenue for its most recent fiscal year: $0.00. The aggregate market value of voting stock held by non-affiliates of the registrant on April 11, 2017 was approximately $13,478,861.

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date:

As of April 11, 2017, there were outstanding 79,156,343 shares of Registrant's common stock, no par value per share and 5,700,000 shares of preferred stock issued and outstanding, consisting of 5,400,000 shares of Class A preferred stock and 300,000 shares of Class B preferred stock.

Documents incorporated by reference: Exhibits

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Forward-Looking Statements

In this report, references to "International Automated Systems, "Registrant", " the "Company," "we," "us," and "our" refer to International Automated Systems, Inc.

This annual report on Form 10-K contains certain forward-looking statements and for this purpose any statements contained in this annual report that are not statements of historical fact are intended to be "forward-looking statements" with the meaning of the Private Securities Litigation Reform Act of 1995. Without limiting the foregoing, words such as "may," "will," "expect," "believe," "anticipate," "estimate" or "continue" or comparable terminology are intended to identify forward-looking statements. These statements by their nature involve substantial risks and uncertainties, and actual results may differ materially depending on a variety of factors, many of which are not within our control. These factors include but are not limited to economic conditions generally and in the markets in which we may participate, competition within our chosen industry, technological advances and failure by us to successfully develop business relationships.

We caution readers not to place undue reliance on any forward-looking statements, which speak only as of the date made, are based on certain assumptions and expectations which may or may not be valid or actually occur and which involve various risks and uncertainties.

Unless otherwise required by applicable law, we do not undertake, and specifically disclaim any obligation, to update any forward-looking statements to reflect occurrences, developments, unanticipated events or circumstances after the date of such statement.

ITEM 1. DESCRIPTION OF BUSINESS

	THE COMPANY
Exact corporate name:	International Automated Systems, Inc.
State and date of incorporation:	Utah- September 26, 1986.
Street address of principal office:	2730 West 4000 South Oasis, Utah 84624
Company telephone number:	(801) 423-8132
Fiscal year:	June 30

International Automated Systems, Inc. ("the Company"), was organized under the laws of the State of Utah on September 26, 1986. In April 1988 the Company filed a registration statement for a public offering under the provisions of the Securities Act of 1933 ("1933 Act") to sell a maximum of 1,074,000 units at a price of $.50 per unit. Each unit was comprised of one share of common stock and one common stock purchase warrant. The Company sold approximately 200,000 units at the offering price of $.50 per unit realizing total proceeds of approximately $100,000. All warrants expired without exercise.

Over time, the Company, for the most part, has been engaged in the investigation, design and development of technology based upon the exclusive rights to patents or exclusive rights to patented technologies obtained from the president of the Company or from entities controlled by the president of the Company.

OVERVIEW

International Automated Systems, Inc., a Utah corporation (hereinafter "Registrant" or "Company") based in

American Fork, Utah, seeks to design, produce and develop plans for the marketing of leading edge technology products.

The Company has production models of a patented turbine which uses the expansion of steam to generate a rotational force and a patented solar lens which may be included in systems which generate alternative solar energy.

The Company feels the turbine could be used in, but not limited to, the production of electricity, hydrogen or in the transportation industry. Though some testing has been done using pure steam and geothermal steam, more testing will be done. There are risks that the turbine may never be accepted.

The Company previously had an Alternate Solar Energy Thermal System ("System") which was developed in conjunction with the Company's bladeless turbine and solar lens to generate to provide solar electricity in commercial quantities. The system was designed to track the sun, efficiently concentrating the solar energy onto a receiver. The energy produced would propell the bladeless turbine, generating electricity.

The Company developed an automated self-service check-out system and management software. This system allows retail customers to ring up their purchases without a cashier or clerk. The system is primarily designed for grocery stores, but may be applicable in other retail establishments.

The Company has developed an Automated Fingerprint Identification Machine ("AFIM") designed to verify the identity of individuals. Potential AFIM applications include products for both commercial and governmental users, including employee time-keeping and security-access control and check, debit or credit card verification. .

The Company has developed technology that transmits information and data using different wave patterns, configurations and timing in the electromagnetic spectrum. The Company refers to this technology as digital wave modulation ("DWM"). The Company believes that when the technology is implemented and applied commercially, the technology will have the capability to increase the amount of information which can be transmitted.

The Company is continuing the development of the DWM technology.The commercial feasibility of the technology has not been demonstrated. The Company believes it has many competitors in the communications, information data transfer and data storage industries which have greater capital resources, more experienced personnel and technologies which are currently more established and accepted in the market place.

The first anticipated product using DWM technology is a high-speed modem. The modem is projected to be faster than modems currently in use. Generally modems are used for purposes of transmitting data over telephone lines, on telecommunications systems and over wireless mediums such as satellite transmissions and line- of-sight transmission mediums. The Company has a modem prototype. Additional development is required to achieve a commercial product.

The Company's objective is to apply the DWM technology in other areas. The Company has not established a plan or order of priorities for any future commercial product development. The Company may not be successful in its efforts to have commercially exploitable products due to difficulties and problems which may interfere with the future development efforts. Problems may arise, such as inability to design, construct and/or manufacture commercial products, the Company's lack of funding and financial resources and availability of experienced personnel. Competitors may develop technologies which are superior and will make the DWM technology obsolete even before the Company can complete its development of any commercial products. Cost will also be a factor in both the development and the commercialization of any new product. It is anticipated that if a commercially viable modem is developed, the Company will have to expend funds to develop a marketing plan and introduce the product into the market. Costs to offer new products and to establish the proper marketing strategy will be significant. The Company has not made any projections regarding any anticipated costs.

There are risks that no commercially viable products will be developed from the technologies and any products developed may not be accepted or successful in the marketplace. In addition, the Company may not have sufficient funds to develop, manufacture, and market any products when developed.

<u>Propulsion Steam Turbine</u>

The Company has a patented bladeless turbine production model. It uses the expansion of steam, through propulsion, to create a rotational force.

The production model has been tested using pure steam created by a gas heat exchanger. The Company believes its propulsion design has several advantages over current bladed turbines. The Company believes its turbine is at least as efficient as traditional turbines, is smaller in size, requires less maintenance, is mass producible and may be less expensive to manufacture. It also doesn't require cooling towers, making it more mobile, more economical and water conserving.

The Company believes that the turbine may be marketable in the utility power industry as well as for hydrogen production and transportation. There are risks that the Company will not be able to manufacture a commercially marketable turbine because of lack of financing, government interference, industry non-acceptance and/or many other conditions not under the Company's control.

The Company believes that the possible advantage over other similar systems is the System's ability to be mass produced. The Company has developed proprietary structural designs in anticipation of mass production of the System. Although the specific cost and production design has not been completed, the Company believes that the anticipated designs may significantly reduce the cost of manufacturing and marketing the turbine.

<u>Automated Self-Service Check-Out System.</u>

The proposed Automated Self-Check-Out System is an integrated, automated check-out system for customers of retail establishments and provides for self-service check-out lines, stations or lanes. The Self-Check-Out System has a scanner to read bar codes of items purchased and a scale to weigh the items scanned and placed in a receiving basket. As each item is scanned by the bar code reader, the scale verifies the accuracy of the item scanned and placed in the basket by comparing the weight of the item scanned with the weight change recorded in the receiving basket. If the weights differ or if other problems arise, a clerk is summoned to assist the customer and resolve any problem.

The Self-Check-Out System is designed to replace clerk operated cashier registers that are used in retail and grocery stores. In addition, the Self-Check-Out System, when fully and completely implemented, is intended to allow a store manager to maintain accurate inventory on a contemporaneous basis. The contemporaneous inventory assists in reordering and restocking. The Company believes that the Self-Check-Out System may simplify price verification and may provide customers with better and faster service.

Operation of Self-Check-Out System

The Self-Check-Out System operates as follows:

Customers make their selections for purchase. A customer places the grocery cart at the head of the System, removes the products from the grocery basket and scans the bar codes on the products across the reader. The bar code provides, as a data base index, the product description, weight and price. This information is then relayed on an item by item basis to the computer and the computer transmits the data in its memory to the check-out terminal. The product information, item description and price, are then displayed on the screen. A running subtotal for all items purchased is also shown. Each item scanned is placed into a receiving basket or cart with a sensitive scale. The computer compares the weight of the scanned item with the weight for that item in the database. If the weight differs, an error code is displayed and an attendant is summoned to assist the customer or to override the Self-Check-Out System. Once all items are scanned, a final tally is made. Payment is then made to the attendant either through a debit or credit card, check or cash. A payment may also be made without an attendant through the use of the "AFIM" which will verify the identity of the person making the transaction and automatically debit their account electronically.

The Self-Check-Out System interfaces with computers and data is transferred back and forth between the check-out terminals and the main computer. The interface may be compatible with various scanners and scales so the Self-Check-Out System may be adaptable to equipment already from other manufacturers. The Self-Check-Out System may allow a clerk to handle simultaneously multiple check-out stations or lanes.

Possible Advantages.

Management believes the Self-Check-Out System may have several possible advantages over conventional retail check-out systems to operators and customers. For operators the advantages are: reduced labor costs, more accurate inventory, theft reduction, theft deterrence, decreased check fraud, and decreased transaction costs. Also, the retailer can serve more customers during peak traffic. For customers the advantages are: faster service, greater convenience, less time waiting in line and more privacy. A retail establishment may not need as many cashiers with the Self-Check-Out System.

Management believes that the market for the Self-Check-Out System may include several types of retail establishments, including grocery stores, drug stores, discount stores and fast food restaurants. If operating properly the Self-Check-Out System may allow the proprietor to more efficiently match the number of attendants or cashiers to the customer needs. Customer traffic volume is difficult to predict and retail operators, wanting to reduce the time customers wait in line, require that sufficient clerks or cashiers are available.

The Self-Check-Out System uses proprietary software developed by the Company. The Self-Check-Out System also offers a hand-held unit to be used for price verification and taking physical inventory counts. The hand-held unit reads the bar codes and verifies the price in the database. This hand-held unit also is used to take physical counts for inventory control. The Self-Check-Out System may also include a check-in station at the loading dock. Items delivered are checked and the prices verified against purchase orders allowing greater control. Price verification can be done using the hand-held unit while the products are on the shelf.

For the Self-Check-Out System to operate efficiently at least 95% of the items offered for sale must have bar codes. In the past few years virtually all packaged goods have bar codes. Items purchased across the counter, such as bakery, meat and deli products usually have no bar code. Grocery stores or other retail operations using the Self-Check-Out System may have to install scales and labelers to place barcodes on items with no bar code. As an option the Company offers scales and labelers for produce and delicatessen items which interface with the Self-Check-Out System.

Management believes that the Self-Check-Out System may help reduce theft. For instance, one clerk cannot check-out another clerk's or friend's purchases using incorrect and understated prices. A portion of the theft in supermarkets is attributable to employees doing what is called "sweet- hearting" by checking-out the purchases of other employees or friends at reduced prices.

A possible market is automatic ordering and payment for use in restaurants and fast-food establishments. Restaurant customers would use a touch screen, connected to a computer, to place an order, pay for the order with cash, check, credit, or debit card using the Company's technologies including AFIM and then have the order automatically sent to the cook for preparation.

Competition

Competitors offer a similar Self-Check-Out System. The success of these other entities and the system used may, individually or collectively, significantly affect the Company's attempt to commercialize its Self-Check-Out System. The Company has no market studies to determine its relative position with its competitors in the market place. Some competitors have been in business longer, have more experienced personnel, have greater financial resources and better name recognition in the marketplace,

<u>Automatic Fingerprint Identification Machine.</u>

The company has an Automated Fingerprint Identification Machine ("AFIM") which verifies an individual's identity. The AFIM digitizes the unique characteristics of a person's fingerprint and then stores the information on a magnetic strip similar to the strip on the back of a credit card or on other storage medium. The identity verification process is simple, quick, easy, and reliable. AFIM connects to and operates with a personal computer. AFIM has unique software. Management believes that AFIM is better than other bio-metric and fingerprint based identification systems.

Operation.

To use the AFIM the person whose identity will be verified has the fingerprint read by the AFIM. The finger is placed on the lens and AFIM reads the print, digitizes, and stores the digitized fingerprint. To verify a person's identity AFIM reads the fingerprint and compares it to the digitized fingerprint on the magnetic strip or other storage medium. A match verifies the person's identity. The AFIM is connected to a personal computer which processes the information read by the AFIM and makes the comparison to the digitized fingerprint on the magnetic strip or other storage medium. The Company believes that it has the ability to connect AFIMs with series ???(parallel processing)[???] , so that multiple stations or readers can be connected and operated by a single computer.

Possible Commercial Applications.

Different commercial applications of the AFIM are under development:

1. A time clock. The digitized fingerprint stored on the magnetic strip on the back of a card like a credit card must match the fingerprint that is recording his arrival at or departure from the workplace. Because the AFIM system validates the identity of the person individual using the time clock, fellow workers cannot make in or out entries for other workers.

2. Access control. AFIM with appropriate software may be used with a database of fingerprints. The fingerprint is read by the AFIM and then verified against the database for identification and, where appropriate or required, for access control purposes. Searching the database requires additional time to verify the identity of the individual using the fingerprint stored in the database.

3. Door or entry security. The AFIM would read a card on which the fingerprint of the person seeking entry would be encoded. The fingerprint of the person seeking entry as read by the AFIM would have to match the fingerprint digitized and encoded on the card. To be successful the Company believes that the door security adaptation must be compatible with or adaptable to other door entry security

systems already in place.

4. Vending machines. Cards can be integrated for machines stocked with products requiring age and/or identity verification.

5. Identity verification on computer networks or identification when data is transmitted or accessed. The AFIM would read the fingerprint to validate the identity of the user. Depending on the system protocols the person would then be allowed access to data, files, information or programs. Also, the identity verification, if development is completed, may validate the identity of the person either receiving or sending information.

6. Another application of the AFIM technology is fingerprint secured financial transactions. A card user designates which personal account he/she would like to use. Upon positive AFIM verification, the Company's software sends the transaction information via ACH protocols to the Company's bank and the Company's bank debits the customer's bank account. The funds are then deposited into the participating retailer's account.

To date the full marketing of the AFIM time clock has been delayed as development of the product is continuing and modifications to the AFIM are being made.

The Company has no comprehensive study or evaluation to determine the reliability of the AFIM or the frequency of false positives. A false positive is when verification is sought and the person is identified as correct when, in fact, it is not the person claimed. Management believes, based on limited experience, that AFIM does not yield false positives or false negatives at unsatisfactory levels.

For future development and possible commercialization of the AFIM technology, the Company may enter into licensing agreements or joint ventures. Presently the Company is merely considering the possibility of licensing agreements or joint venture agreements. At this time there are no agreements to which the Company is a party for licensing, royalties or joint venture projects.

Competition.

The AFIM based products compete with a broad spectrum of products which verify identity. Competitors offer products based on some form of bio-metrics. Some competitors offer fingerprint based systems. The success of these other entities and the system used may individually or collectively, significantly affect the Company's attempt to commercialize AFIM. The Company has no market studies to determine its relative position with its competitors in the market place. Some competitors have been in business longer, have more experienced personnel, have greater financial resources and better name recognition in the marketplace.

Possible Advantages.

The Company believes that the AFIM products may be quicker, more reliable, and more cost-effective than other identification systems. The Company has no empirical data or statistics to support its belief.

<u>Digital Wave Modulation Technology.</u>

Digital Wave Modulation ("DWM") technology may provide a new way of transmitting data. Basically different wave patterns are generated on the magnetic spectrum which may increase flows of data and information transmission and communication. More data will be transmitted in a shorter time period and speed may be increased.

DWM technology is based on the transmission of symmetrical, asymmetrical, and reference waves that are combined and separated. Depending upon frequencies and other factors, the Company believes it can achieve transmission rates in excess of other modems. Data transmission speed will depend on such factors as the transmission medium, frequencies used and wave combinations. The rate of data transmission varies significantly depending on the communication medium used. When using plain old telephone system commonly known as "POTS", transmission rates will be slower. DWM is not compatible with the technology used in other modems.

DWM may be used to transmit over any analog media including wireless. Because wave frequencies may be higher when sent through the air, wireless data transmission using DWM technology may transmit information at higher rates.

Preliminary evaluations indicate that DWM technology may be used for data storage media which are magnetic based, such as hard drives, disks and other storage media. Because various forms of magnetic media store in analog format, DWM may increase the storage capacity of some magnetic based devices. DWM storage enhancement applications have not been fully developed and tested and may ultimately prove infeasible and impractical.

DWM must be developed from a prototype to a commercially viable product. The Company makes no assurance that the DWM technology can be developed into a commercially viable product or products.

If the research and development of the modem is successful and the Company has a commercially viable product, the Company will consider various alternatives. It may seek a joint venture partner or it may license the technology to another company and attempt to structure a royalty payment to the Company in the licensing agreement. No plan has been adopted regarding the manufacture, marketing, or distribution of the technology, when and if commercialization is achieved. No assurance can be given that the commercialization efforts for the technology will be successful or that the Company will be able to effectively penetrate and capture a share of the market. Any possible ventures are predicated on the Company developing commercially viable products.

Management believes that because of the increased amount of information that can be transmitted, other applications in the telecommunications industry may be feasible and beneficial. Again because of the sophisticated and technological demands of this technology, other applications may not ultimately be successful.

DEVELOPMENT STAGE COMPANY

The Company is a development stage company and its business is subject to considerable risks. The Company’s activities have not developed sufficient cash flows from business operations to sustain itself. The Company is small and has an extremely limited capitalization. Many of its actual and potential competitors have greater financial strength, more experienced personnel and extensive resources available. Also, the Company is engaged in technological development. It is expensive to do the research and development required to investigate and commercialize new products or applications of the DWM technology. Resources can be used and depleted without achieving the desired or expected results. Also, because of the rapid development of technology, the Company's products may become obsolete. Some of the Company's technology is revolutionary in that it is based on unconventional technological theories. The Company's business activities are subject to a number of risks, some of which are beyond the Company's control. The Company's future is dependent upon the Company developing technologically complex and innovative products and the ability to gain a competitive advantage. Product development based on new technology is complex and uncertain. Any new technology must identify products that can be developed and successfully introduced into the market. The Company's results may be adversely affected by delays in the development or manufacture, production cost overruns or delays in the marketing process.

FORWARD-LOOKING STATEMENTS

To the extent that this report contains forward-looking statements actual results could vary because of difficulties in developing commercially viable products based on the Company's technologies. The Company undertakes no obligation to release publicly the revisions of any forward-looking statements or circumstances or to report the non-occurrence of any anticipated events.

Management of the Company has had limited experience in the operation of a public company and the management of a commercial enterprise.

The Company's business, if its technological development is successful, will require the Company to enter new fields of endeavor and even new industries. Entry into new markets will have many risks and require significant capital resources. If the Company seeks funds from other sources, such funds may not be available to the Company on acceptable terms. Success will be dependent on the judgment and skill of management and the success of the development of any new products.

The Company's success depends, and is expected to continue to depend, to a large extent, upon the efforts and abilities of its managerial employees (and in some cases entities controlled by the employees) who may have been involved in the historical development of patented technology and trade secrets, particularly Neldon Johnson, President of the Company. The loss of Mr. Johnson would have a substantial, material, adverse effect on the Company. The Company entered into an agreement with Neldon Johnson to act as President and Chief Executive Officer in July 2000 which has expired. No new agreement has been formalized.

The Company is not insured against all risks or potential losses which may arise from the Company's activities because insurance for such risks is unavailable or because insurance premiums, in the judgment of management, would be too high in relation to the risk. If the Company experiences an uninsured loss or suffers liabilities, the Company's operating funds would be reduced and may even be depleted causing financial difficulties for the Company.

Patents and Trade Secrets.

The Company has been assigned or will be assigned the rights to several U.S. patents. Four patents pertaining to the AFIM technology granted January 1997, February 2001, July 2001, and September 2002, seven patents relate to the DWM technology granted May 1996, June 1997, November 1997, July 2000, September 2000, October 2000, and May 2001, one patent pertaining to shelf tag granted September 2003, and four patents relating to the turbine granted March 2003, January 2004, February 2006 and November 2007. One patent pertaining to the solar energy technology was granted in October 2007.

The Company has not sought or received an opinion from an independent patent attorney regarding the strength of the patents or patents pending and the ability of the Company to withstand any challenge to the patent or any future efforts by the Company to enforce its rights under a patent or patents against others. In 2008 a court held that one of the AFIM patents was invalid.

The Company believes that it has trade secrets and it has made efforts to safeguard and secure its trade secrets. There can be no assurance that these safeguards will enable the Company to prevent competitors from gaining knowledge of these trade secrets and/or using them to their advantage and to the detriment of the Company.

The Company relies heavily on its proprietary technology in the development of its products. There can be no assurance that others may not develop technology which competes with the Company's products and technology.

Future Funding

Because the Company is in the development stage, it will continue to need additional operating capital either from borrowing or from the sale of additional equities. The Company has no present plans to borrow money or issue additional shares for money. In the past, the Company has received funds from its president and his relatives in the form of cash advances. The Company repaid cash advances of $14,470, received cash advances of $16,472 from its officers during the years ended June 30, 2016 and 2015. The advances are non-interest bearing, payable upon demand and included in the related party payables. The balance of the related party advances at June 30, 2016 and 2015 were $149,198 and $147,196 respectively.

General

From its inception the Company's primary activity has been the development of different technologies. Since its formation, the Company has worked to develop a variety of technologies which currently are in different stages of development. To date the Company has not marketed any commercially acceptable products.

Employees

Employees will be hired as needed. Our employees are not represented by any labor union, and we believe our relations with employees are good.

Company Headquarters

The Company's address is located at 55 N Merchant St 608 American Fork, Utah 84003.

Marketing

Currently the Company has not finalized its marketing strategy for any products.

Strategies currently being considered include non-exclusive licensing of the solar lenses to companies promoting solar energy.

Development of the AFIM and DWM technologies has not been completed and no definitive marketing plan has been determined.

The Company may seek joint venture partners, may license the products to others or may seek to establish distribution channels. It is anticipated that any marketing efforts will require time and capital to develop.

Competition

Because the Company's products are distinct, its products will face different competitive forces.

The Bladeless Turbine and Alternative Solar Power System have competition from larger well-established companies that already have a history and name recognition. Though the turbine has many potential uses, especially in the area of electrical generation, there is no assurance that marketing strategies will be developed.

AFIM competes with all forms and systems of identity verification. End users have different needs including cost, sophistication, degree of security, operational requirements, time for individual verification and convenience. The Company believes that no firm dominates the identity verification market.

If the Company successfully completes the development of a commercially viable communication device, the Company will face competition from large, well-established firms. These firms offer products with immediate name recognition and are established in the market place and are compatible with other communication devices. The Company is hopeful that because of the speed at which its communication device may operate, it may have a competitive advantage. The Company has no marketing studies or market research reports to determine the commercial acceptance of the communication device in the market place or the best marketing strategy to follow. Further, no assurance can be given that the Company will be successful in its further development of the DWM products.

The Company has no market share for any products.

In marketing the Company faces competition from major companies with established systems in the point of sale terminal market. Overcoming reluctance to change may be difficult. In addition, the Self-Check-Out System may not be compatible with or applicable to all retail operations.

The Company may rely on prospects known to management or developed by word of mouth. The Company may develop a franchise program as a means to market and distribute the Self-Check-Out.

Manufacturing and Raw Materials

The development of the turbine and Self-Check-Out System has been done mostly by the Company, but if needed, the design could be outsourced. If marketing efforts succeed and demand for the turbine and the Self-Check-Out System increase, the Company plans to have them manufactured by established companies in their fields, with much of the assembling done on site.

Management believes that the supplies and parts are readily available from sources presently used by the Company or from alternative sources which can be used as needed.

Research and Development

The Company's primary activity is the development of its technologies. The industries may be subject to rapid and significant technological change. Future growth of the Company may be dependent on its ability to innovate and adapt its technologies to the changing needs of the marketplace. In the past the Company's activities have primarily consisted of its efforts in research and development. During fiscal years ended June 30, 2016 and 2015, research and development expenses were $5,435 and $181,792, respectively. Although no precise dollar amount has been determined, the Company will continue to allocate resources to product development. The Company expenses development costs as they occur. The Company may work with prospective customers to determine design, possible enhancements and modifications.

Immediate Plans

The Company intends to continue the research and development of its technologies, primarily focusing on its Bladeless Turbine and the Solar Lens over the next several months. The Company intends to have its Alternate Solar Energy Thermal System, which utilizes the Bladeless Turbine, fully operational in several months. The Company plans to market the technology to companies currently with specialization, operations and marketing efforts in the alternative energy sector.

Acquisition of Technology

In May 2004, the Company entered into an agreement with its president, in which the Company acquired, from the president, patents, patents pending, designs and contracts related to the bladeless turbine, solar and chemical-thermal technologies as well as electronic shelf tag technology developed by the president. As consideration for these patents, patents pending, designs and contracts, the Company issued warrants to purchase 100,000,000 shares of common stock at $0.40 per share and agreed to pay the president a 10% royalty of total gross sales of products related to the patents. As of June 30, 2016, there were 92,300,000 warrants still outstanding, exercisable through December, 2034 and no royalty has been paid or accrued.

Government Regulation

The Company's activities may be subject to government regulation. Depending on the nature of its activities, in data transmission and power production, the Company may need approval or authorization from Federal, State or Local authorities.

ITEM 1A. RISK FACTORS

You should carefully consider the risks, uncertainties and other factors described below, in addition to the other information set forth in this Annual Report on Form 10-K, because they could materially and adversely affect our business, operating results, financial condition, cash flows and prospects, as well as adversely affect the value of an investment in our Common Stock. Also, you should be aware that the risks and uncertainties described below are not the only ones facing us. Additional risks and uncertainties that we do not yet know of, or that we currently think are immaterial, may also impair our business operations. You should also refer to the other information contained in and incorporated by reference into this Annual Report on Form 10-K, including our financial statements and the related notes. The Company's business operations are highly speculative and involve substantial risks. Only investors who can bear the risk of losing their entire investment should consider buying our shares. Some of the risk factors that you should consider are the following:

The Company is in the Development Stage

The Company is at the development stage, and is currently focused upon demonstration of the capabilities of the technology being developed and exploring non-exclusive royalty arrangements with companies (some of which are related) operating in the alternative power industry. The Company has limited assets and has had limited operations since inception. The Company can provide no assurance that its current and proposed business will produce any material revenues or that it will ever operate on a profitable basis.

We Have a History of Significant Losses, and We May Never Achieve or Sustain Profitability

Since inception, we have incurred operating losses each year of our operations and we expect to continue to incur operating losses for the next several years. We may never become profitable. The process of developing our products requires significant investment in research. In addition, commercialization of our products will require the establishment of sales, marketing and manufacturing capabilities, either through internal hiring or through contractual relationships with others. We expect our research and development and general and administrative expenses will increase over the next several years and, as a result, our losses may increase. Our net loss was $(121,404) for the fiscal year ended June 30, 2016, and our net loss for the fiscal year ended June 30, 2015 was $(71,022). Our operating losses may lower the value of our common stock and deplete our resources which may jeopardize our ability to continue our operations.

The Company May Experience Fluctuations in Operating Results

The Company's operating results are likely to fluctuate in the future as a result of a variety of factors. Some of these factors may include economic conditions:

a. the amount and timing of the receipts from sales or royalties of the Company's current developments, such as the solar lens;
b. the success of the Company's development projects;
c. the success of the Company's marketing strategy;
d. the success in raising the necessary capital required for the expenditures and other costs relating to the development of the Company's products; and
e. the cost of advertising and related media.

Due to all of the foregoing factors, the Company's operating results in any given quarter, or for several quarters, may be negative. In such an event, any future trading price of the Company's common stock will likely be materially and adversely affected.

<u>The Company's Business Model May Change or Evolve</u>

The Company and its prospects must be considered in light of the risks (as identified in the Risk Factors section of this filing), expenses and difficulties frequently encountered by companies operating in the research and development stage. Such risks for the Company include, but are not limited to, an evolving business model. To address these risks the Company must, among other things, develop strong business development and management activities, develop the strength and quality of its operations, develop and produce high quality products that can be marketed and distributed either by the Company or by independent third party contractors. There can be no assurance that the Company will be successful in meeting these challenges and addressing such risks, and the failure to do so could have a material adverse effect on the Company's business, financial condition and result of operations.

<u>The Company May Need Future Capital and May Not be Able to Obtain Additional Financing</u>

The Company may need future capital and may not be able to obtain additional financing. If additional funds are needed, funds may be raised as either debt or equity. There can be no assurance that such additional funding will be available on terms acceptable to the Company, or at all. The Company may be required to raise additional funds through public or private financing, strategic relationships or other arrangements. There can be no assurance that such additional funding, if needed, will be available on terms acceptable to the Company, or at all. If adequate funds are not available on acceptable terms, the Company may be unable to develop or enhance its services and products, take advantage of future opportunities or respond to competitive pressures, any of which could have a material adverse effect on its business, financial condition, results of operations and prospects.

<u>Future Capital Raised Through Equity Financing May be Dilutive to Stockholders</u>

Additional equity financing may be dilutive to stockholders. If additional funds are raised through the issuance of equity securities, the percentage ownership of the stockholders of the Company will be reduced, stockholders may experience additional dilution in net book value per share and such equity securities may have rights, preferences or privileges senior to those of the holders of the Company's common stock.

<u>Future Debt Financing May Involve Restrictive Covenants that May Limit the Company's Operating Flexibility</u>

Furthermore, a debt financing transaction, if available, may involve restrictive covenants, which may limit the Company's operating flexibility with respect to certain business matters. If additional funds are raised through debt financing, the debt holders may require the Company to make certain agreements, covenants, which could limit or prohibit the Company from taking specific actions, such as establishing a limit on further debt, a limit on dividends, limit on sale of assets, or specific collateral requirements. If the Company raises funds through debt financing, the Company would also become subject to increased interest and principal payment obligations. In either case, if the Company was unable to fulfill either the covenants or the financial obligations, the Company may risk defaulting on the loan, whereby ownership of the firm's assets could be transferred from the Company or the shareholders to the debt holders.

Executive Management has Limited Management Experience of an Operating Company

The Company's officers have limited experience in managing an operating company. If the Company develops a marketable product, this lack of experience may make it more difficult to establish the contacts and relationships and implement operating procedures necessary to successfully operate the Company.

The Company's Success is Dependent on Management

The Company's success is dependent, in large part, on the active participation of its Executive Officers. The loss of their services would materially and adversely affect the Company's development activities and future business success.

The Company's Success is Dependent on our Patents, Trade Secrets and Proprietary Rights

The Company's future success depends in part on our ability to protect our intellectual property and maintain the proprietary nature of our technologies through a combination of patents and other intellectual property arrangements. The protection provided by our patents and patent applications, if issued, may not be broad enough to prevent competitors from introducing similar products. In addition, our patents, if challenged, may not be upheld by the courts of any jurisdiction. Patent infringement litigation, either to enforce our patents or to defend our patents from infringement suits, would be expensive and, if it occurs, could divert our resources from other uses. Any adverse outcome in such litigation could have a material adverse effect on our ability to market, sell or license the related products. Patent applications filed in foreign countries and patents in such countries are subject to laws and procedures that differ from those in the U.S. Patent protection in such countries may be different from patent protection under U.S. laws and may not be as favorable to us. We also attempt to protect our proprietary information through the use of confidentiality agreements and by limiting access to our facilities. There can be no assurance that our program of patents, confidentiality agreements and restricted access to our facilities and trade secrets will be sufficient to protect our proprietary technology.

Executive Officers Maintain Significant Control Over the Company and its Assets

Our executive officers maintain control over the Company's board of directors and also control the Company's business operations and policies. In addition, Neldon Johnson, the Company's President, and two of his sons, Randale Johnson and LaGrand Johnson, control approximately 85% of the voting rights of the Company. As a result, these three individuals will be able to exercise significant influence over all matters requiring stockholder approval, including the election of directors and approval of significant corporate transactions.

The Company is Unlikely to Pay Dividends in the Foreseeable Future

It is unlikely that the Company will pay dividends on its common stock in the foreseeable future, resulting in an investor's only return on an investment in the Company's common stock being the appreciation of the per share price. The Company makes no assurances that the Company's common stock will ever appreciate.

Risks of "Penny Stock"

Our common stock may be deemed to be "penny stock" as that term is defined in Rule 3a51-1 of the SEC.

Penny stocks are stocks (i) with a price of less than five dollars per share; (ii) that are not traded on a "recognized" national exchange; (iii) whose prices are not quoted on the NASDAQ automated quotation system (NASDAQ- listed stocks must still meet requirement (i) above); or (iv) in issuers with net tangible assets less than $2,000,000 (if the issuer has been in continuous operation for at least three years); or $5,000,000 (if in continuous operation for less than three years); or with average revenues of less than $6,000,000 for the last three years.

Section 15(g) of the Exchange Act and Rule 15g-2 of the SEC require broker dealers dealing in penny stocks to provide potential investors with a document disclosing the risks of penny stocks and to obtain a manually signed and dated written receipt of the document before effecting any transaction in a penny stock for the investor's account. Potential investors in our common stock are urged to obtain and read such disclosure carefully before purchasing any shares that are deemed to be a "penny stock."

Moreover, Rule 15g-9 of the SEC requires broker dealers in penny stocks to approve the account of any investor for transactions in such stocks before selling any "penny stock" to that investor. This procedure requires the broker-dealer to (i) obtain from the investor information concerning his, her or its financial situation, investment experience and investment objectives; (ii) reasonably determine, based on that information, that transactions in penny stocks are suitable for the investor, and that the investor has sufficient knowledge and experience as to be reasonably capable of evaluating the risks of penny stock transactions; (iii) provide the investor with a written statement setting forth the basis on which the broker-dealer made the determination in (ii) above; and (iv) receive a signed and dated copy of such statement from the investor, confirming that it accurately reflects the investor's financial situation, investment experience and investment objectives. Compliance with these requirements may make it more difficult for investors in our common stock to resell their shares to third parties or to otherwise dispose of them.

<u>No Assurance of a Liquid Public Market for our Common Stock.</u>

There can be no assurance as to the depth or liquidity of any market for our common stock or the prices at which holders may be able to sell their shares. As a result, an investment in our common stock may not be totally liquid, and investors may not be able to liquidate their investment readily or at all when they need or desire to sell.

ITEM 2. DESCRIPTION OF PROPERTIES

The Company’s principal address is located at 55 N Merchant St 608 American Fork, Utah 84003.

The Company owns approximately 600 acres of land in Delta, Utah.

The Company may require additional facilities in the future.

ITEM 3. LEGAL PROCEEDINGS

The Company has filed two lawsuits against Millard County and at least one of its employees seeking damages for incorrect disclosures and assertions regarding the Company and its activities. The lawsuits were filed in the Fourth District Court of the State of Utah. Millard County asserted that the Company did not have the necessary and proper permits for its activities. The Company believes it has the necessary permits and the statements of Millard County are incorrect.

Litigation to enforce patents, to protect proprietary information or to defend the Company against alleged infringement of the rights of others may occur. Such litigation could be costly, could divert our resources from other activities, and could have an adverse effect on our operations and financial condition.

The Company and its president have been named as a defendant in a complaint by the United States Justice Department (DOJ), dated November 23, 2015, alleging participation in the marketing of a non-compliant tax deferral, tax deduction and a tax credit program. The Company feels it has done its due diligence in receiving the exclusive rights to patents, obtaining reviews of the technologies by third party experts in their fields of study, obtained two tax opinion letters to ascertain that a business structure with specific tax benefits is available and legal under the law, developed working prototypes, and finally produced lenses with a manufacturing partner who is a global leader in the design, development and manufacture of acrylic based products. Even with these two opinion letters the Company contractually requires persons to seek independent legal and tax advice. The Company does not provide legal or tax advice and is not a law firm, nor does it hold itself out as such. The Company firmly and unequivocally denies the allegations made by the DOJ. The Company has obtained Legal Counsel and intends to pursue every legal means possible to protect its rights, the rights of potential customers and its shareholders in this matter. The final outcome and the effect of this case on the Company is yet to be determined but such litigation could be costly, could divert our resources from other activities, and could have an adverse effect on our operations and financial condition.

ITEM 4. RESERVED

PART II

ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Presently Registrant's common stock is traded on the NASD Electronic Bulletin Board under the symbol "IAUS". The table below sets forth the closing high and low bid prices at which the Company's shares of common stock were quoted during the quarters indicated. The trades are in U. S. dollars but may be inter-dealer prices without retail mark-up, mark-down or commission and may not necessarily represent actual transactions in the common stock.

Fiscal 2016	High	Low
June 30, 2016	$0.23	$0.17
March 31, 2016	$0.23	$0.18
December 31, 2015	$0.41	$0.15
September 30, 2015	$0.39	$0.29

Fiscal 2015	High	Low
June 30, 2015	$0.41	$0.35
March 31, 2015	$0.38	$0.35
December 31, 2014	$0.40	$0.32
September 30, 2014	$0.47	$0.45

Fiscal 2014	High	Low
June 30, 2014	$0.30	$0.21

March 31, 2014	$0.48	$0.25
December 31, 2013	$0.46	$0.32
September 30, 2013	$0.64	$0.40

The Company's shares are volatile and subject to large price movements and fluctuations. The Company's shares should be considered speculative and volatile securities. The stock price may also be affected by broader market trends unrelated to the Company's activities.

At June 30, 2016, the Company had approximately 995 shareholders of record.

As of June 30, 2016, Registrant had 75,156,343 shares of common stock issued and outstanding. Sales based on the provisions of Rule 144 are available to shareholders holding restricted common stock. Sales pursuant to the provisions of Rule 144 sold into the trading market may adversely affect the market price. The Company's shares trade on the Over-the-counter Electronic Bulletin Board. The per share price in an auction market is based in part on supply and demand. If more shares are available for sale into the market by holders of restricted shares who satisfy the conditions and provisions of Rule 144, the market price of the shares of common stock of the Company may be adversely affected.

Dividend Policy

To date, registrant has not declared or paid any dividends to holders of its common stock. In the future it is unlikely that the Company will pay any dividends.

Recent Sales of Unregistered Securities

Resales of the shares of restricted common stock must be made through an available exemption such as Rule 144 or Section 4(1) of the Securities Act in "routine trading transactions."Any person who acquires any of these securities in a private transaction may be subject to the same resale requirements. (See below for a general discussion on Rule 144).

The Company received $800,000 through the sale of 2,500,000 restricted shares of common stock on August 13, 2015.

An additional $3,077,383 in prepayments for common stock was received during the period from April 2015 through November 2015. The Company, subsequently issued 11,762,038 shares of restricted common stock on June 24, 2016 with cost of the shares determined by the trading value of the common stock on the dates the prepayments were received.

The Company may continue to attempt to obtain additional financing from private placements of equity securities or advances from its president.

Rule 144

The following is a summary of the requirements of Rule 144:

	Affiliate or Person Selling on Behalf of an Affiliate	Non-Affiliate (and has not been an Affiliate During the Prior Three Months)

Restricted Securities of Reporting Issuers	During six-month holding period – no resales under Rule 144 Permitted. After Six-month holding period – may resell in accordance with all Rule 144 requirements including: ·Curcurrent public information, volume limitations, manner of sale requirements for equity securities, and the filing of Form 144.	<u>During six- month holding period</u> – no resales under Rule 144 permitted. <u>After six-month holding period but before one year</u> – unlimited public resales under Rule 144 except that the current public information requirement still applies. <u>After one-year holding period</u> – unlimited public resales under Rule 144; need not comply with any other Rule 144 requirements.
Restricted Securities of Non-Reporting Issuers	<u>During one-year holding period</u> – no resales under Rule 144 permitted. <u>After one-year holding period</u> – may resell in accordance with all Rule 144 requirements including: ·Curcurrent public information, ·Volvolume limitations, ·Manner of sale requirements for equity securities, and ·Filing of Form 144.	<u>During one-year holding period</u> – no resales under Rule 144 permitted. <u>After one-year holding period</u> – unlimited public resales under Rule 144; need not comply with any other Rule 144 requirements.

ITEM 6. SELECTED FINANCIAL DATA

The following selected financial data should be read in conjunction with “Item 7 - Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Item 8 - Financial Statements and Supplementary Data.”

	June 30, 2016	June 30, 2015
Results of Operations:		
Revenue	$ -	$ -
Loss from operations	(121,568)	(99,883)
Other income (expenses)	165	28,861
Net loss	(121,404)	(71,022)
Basic and diluted net loss per share	(0.00)	(0.00)

Cash Flow and Balance Sheet Data:

Net cash used in operating activities	$	(180,900)	$	(4,412)
Cash		3,173,761		16,822
Total Assets		3,997,445		300,507
Total Current Liabilities		154,965		214,462
Accumulated deficit		(40,156,398)		(40,034,994)
Total Liabilities and Stockholders' equity	$	3,997,445	$	300,507

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATIONS

General

The following discussion and analysis provides information which management believes is relevant to an assessment and understanding of the Company's results of operations and financial condition. The discussion should be read in conjunction with the financial statements and notes thereto. This discussion contains forward looking statements regarding the Company's plans, objectives, expectations and intentions. All forward looking statements are subject to risks and uncertainties that could cause the Company's actual results and experience to differ materially from such projections.

Historically, the Company's activities have been dominated by its research and development activities. As a result, there have been no revenues associated with operations during prior reporting periods. The Company has limited information to estimate profit margins or costs of running a business with sales and production operations. In order to maximize the expected profitability of operations going forward, the Company is planning to enter into non-exclusive licensing arrangements. The Company currently expects that if successful in arranging for licenses with other companies to handle both production and sales, future operations will consist primarily of negotiating royalty agreements and managing the relationship between the Company and the licensees.

Plan of Operation

The Company's plan of operation for the next 12 months is to: (i) continue to license the Solar Lens and get the lens operational as part of a system to begin producing saleable energy; (ii) finalize a distribution agreement to provide non-exclusive licenses to vendors using the Solar Lens technology as a component in solar energy systems (to entities who desire to produce solar energy); and (iii) continue to develop marketable products which will exploit the existing technologies.

During the next 12 months additional financing may be required to fund the licensing of the Solar Lens product and for the development of other marketable products. To date, the Company has primarily financed operations by the receipt of advances from the Company's president, funds received from customers wishing to participate in future earnings from the Solar Lens and through the private placement of equity securities. The president and the Company have no formal agreement as to any future advances.

The Company received $800,000 through the sale of 2,500,000 restricted shares of common stock during August, 2015.

The Company issued 11,762,038 shares of restricted common stock on June 24, 2015 in commection with payments received of $3,077,839. The Company may continue to attempt to obtain additional financing from private placements of equity securities or advances from its president or other related parties.

The Company currently has only management employees and does not expect a significant increase in the number of employees during the next 12 months.

Operating Revenues

The results of fiscal year ended June 30, 2016 as compared to the results of fiscal year ended June 30, 2015:

The Company has not generated a profit since its inception. Operations during the years ended June 30, 2016 and 2015, primarily pertained to research and development, and, to organize an operation to create and manage licensing of proprietary technologies, primarily based upon the alternative solar technology developed by the Company. Research and development expenses were decreased by $2,630 or 48% (from $5,435 in fiscal year 2015 to $2,805 during fiscal year 2016).

The decrease in research and development expenses is reflective of the change in operations during the last two fiscal years from research and development to licensing and royalty arrangements. The reduced research and development costs include reduced payroll expense as well as reduced material and equipment costs paid to develop the Alternate Thermal Energy System and Bladeless Turbine during the fiscal year 2016 and 2015 as compared to fiscal year 2014 and prior.

There were no depreciation expenses in 2016 compared to depreciation expenses in 2015 of $2,022. In 2016 depreciation expenses were decreased by $2,022 as all equipment utilized for research and development has been written off or fully depreciated at the end of fiscal year 2015.

General and administrative expenses in 2016 were $118,764 compared to general and administrative expenses of $92,426 in 2015. General and administrative expenses increased by $28,968 due to increased costs incurred as part of the progress in finalizing the Solar Lens and the Company's decision to license the technology to outside vendors, who will be responsible for manufacturing and distributing the technology (or incorporating the Solar Lens into proprietary solar energy generating systems).

In 2016 total net operating loss were $121,568 compared to total net operating loss of $99,883 in 2015,an increase of $21,685 or approximately 22%.

In 2016 the net loss was $121,404 compared to a net loss of $71,022 in 2015. The net loss decrease was $1,048,918 or approximately 94% in the year 2015. The reduction in the operating loss is consistent with the operations of the Company, which were refocused upon the contractual licenses being negotiated after fiscal year ended June 30, 2014. The 2016 operations may not be representative of the future operations as management currently is evaluating the opportunities for commercial development of other technologies, including the Digital Wave Modulation, the Self Check Out, the Bladeless Turbine, the Finger Print Identification and other technologies.

In the years ended June 30 2016 and 2015 the basic and diluted loss per share was ($.00) for both years.

In 2016 and 2015, the weighted average number of shares outstanding was 67,292,974 and 64,894,305.

Total revenue and cost of sales were $0 for fiscal years 2016 and 2015.

Liquidity and Capital Resources

Historically, our principal use of cash has been to fund ongoing research and development activities. To date, we have primarily financed our operations by the receipt of loan advances from the Company's president and through the private placement of equity securities and through investments received for the Solar Lens technology. The president and the Company have no formal agreement as to any future loans or advances. The Company has no line of credit with any financial institution. The Company believes that until it has consistent operations and revenues, it will be unable to establish a line of credit from conventional or other sources.

The Company's liquidity is sustainable given the current rate of expenditures. More funds will be required to support ongoing product development, finance any marketing programs and establish any distribution networks.

During the quarter ended September 30, 2016, the Company raised $800,000 through a sale of 2,500,000 shares of restricted common stock. During the period April 2015 through November 2015, the Company raised $3,077,839 and on June 24, 2016 issued 11,762,038 shares of restricted common stock.

The 2016 ratio of current assets to current liabilities is approximately 2600% compared to the 2015 ratio of 8%.

The current liquidity will be sufficient for the current operations envisioned by management and will be used to continue developing royalty based operations. If the Company continues to have negative cash flows, if the Company is unable to create a cash flow from royalty arrangements sufficient to meet its operating needs or is required to invest in a developing technology (either contractually to support a licensee or by management decision to add additional technology for licensing), the Company may experience liquidity difficulties in the future.

<u>Critical Accounting Policies</u>

The Company’s significant accounting policies are discussed in Note 1 to the Financial Statements. The application of certain policies requires significant judgments or an estimation process that can affect our results of operations, financial position and cash flows, as well as the related footnote disclosures. We base our estimates on experience and other assumptions that we believe is reasonable. If actual amounts are ultimately different from previous estimates, the revisions are included in our results of operations for the period in which the actual amounts become known. The accounting policies and estimates with the greatest potential to have a significant impact on our operating results, financial position, cash flows and footnote disclosures are as follows.

Long-Lived Assets

Currently the only long-lived assets on the Company’s books is the land located in Delta, UT. The balance of the other fixed assets (except for a fully depreciated computer) were either sold or retired on the books and financial records of the Company during the years ended 2016 and the current operations of the Company are not expected to require significant investment in operating assets. The Company regularly evaluates whether events or circumstances have occurred that indicate the carrying value of its long-lived assets may not be recoverable. When factors indicate the asset may not be recoverable, we compare the related undiscounted future net cash flows to the carrying value of the asset to determine if impairment exists. If the expected future net cash flows are less than the carrying value, an impairment charge is recognized based on the fair value of the asset. The estimates of future cash flows involve management’s judgment and may be based on assumptions of future operating performance. The actual cash flows could differ from management’s estimates due to changes in business conditions, operating performance and economic conditions. Furthermore, the Company makes periodic assessments about patents and related technology to determine if it plans to continue to pursue the technology and if the patents have value. No impairments were recorded during the years ended June 30, 2016 and 2015, respectively. At June 30, 2016, the only undepreciated long-lived assets were represented by land, which is carried at historical cost.

Stock-Based Compensation

The Company measures compensation expense for granted share-based awards at fair value and recognizes compensation expense over the service period for awards expected to vest. The estimation of stock awards that will ultimately vest requires judgment, and to the extent actual results differ from estimates, such amounts will be recorded as an adjustment in the period estimates are revised. The Company considers many factors when estimating expected forfeitures, including types of awards, employee class and historical experience. Actual results may differ from these estimates.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, results of operations or cash flows.

Recent Accounting Pronouncements

ASU 2015-03

In April 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2015-03, Interest - Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs. The amendments in this ASU require that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The recognition and measurement guidance for debt issuance costs are not affected by the amendments in this ASU. The amendments are effective for financial statements issued for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. The amendments are to be applied on a retrospective basis, wherein the balance sheet of each individual period presented is adjusted to reflect the period-specific effects of applying the new guidance. The Company is evaluating possible effect of this guidance on future disclosures.

ASU 2015-02

In February 2015, the FASB issued ASU No. 2015-02, Consolidation (Topic 810): Amendments to the Consolidation Analysis, which is intended to improve targeted areas of consolidation guidance for legal entities such as limited partnerships, limited liability corporations, and securitization structures (collateralized debt obligations, collateralized loan obligations, and mortgage-backed security transactions). The ASU focuses on the consolidation evaluation for reporting organizations that are required to evaluate whether they should consolidate certain legal entities. In addition to reducing the number of consolidation models from four to two, the new standard simplifies the FASB Accounting Standards Codification and improves current U.S. GAAP by placing more emphasis on risk of loss when determining a controlling financial interest, reducing the frequency of the application of related-party guidance when determining a controlling financial interest in a variable interest entity ("VIE"), and changing consolidation conclusions for companies in several industries that typically make use of limited partnerships or VIEs. The ASU will be effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. Early adoption is permitted, including adoption in an interim period. We do not expect the adoption of ASU 2015-02 to have a material effect on our financial position, results of operations or cash flows.

ASU 2015-01

In January 2015, the FASB issued ASU No. 2015-01, "Income Statement - Extraordinary and Unusual Items

(Subtopic 225-20): Simplifying Income Statement Presentation by Eliminating the Concept of Extraordinary Items." This ASU eliminates from U.S. GAAP the concept of extraordinary items. ASU 2015-01 is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. A reporting entity may apply the amendments prospectively. We do not expect the adoption of ASU 2015-01 to have a material effect on our financial position, results of operations or cash flows.

ASU 2014-17

In November 2014, the FASB issued ASU No. 2014-17, "Business Combinations (Topic 805): Pushdown Accounting." This ASU provides an acquired entity with an option to apply pushdown accounting in its separate financial statements upon occurrence of an event in which an acquirer obtains control of the acquired entity. An acquired entity may elect the option to apply pushdown accounting in the reporting period in which the change-in-control event occurs. If pushdown accounting is applied to an individual change-in-control event, that election is irrevocable. ASU 2014-17 was effective on November 18, 2014. The adoption of ASU 2014-17 did not have any effect on our financial position, results of operations or cash flows.

ASU 2014-16

In November 2014, the FASB issued ASU 2014-16, "Derivatives and Hedging (Topic 815)." ASU 2014-16 addresses whether the host contract in a hybrid financial instrument issued in the form of a share should be accounted for as debt or equity. ASU 2014-16 is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. We do not currently have issued, nor are we investors in, hybrid financial instruments. Accordingly, we do not expect the adoption of ASU 2014-16 to have any effect on our financial position, results of operations or cash flows.

ASU 2014-15

In August 2014, the FASB issued ASU No. 2014-15, "Presentation of Financial Statements - Going Concern (Subtopic 205-40)". ASU 2014-15 provides guidance related to management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern and to provide related footnote disclosure. ASU 2014-15 is effective for annual periods ending after December 15, 2016, and for interim and annual periods thereafter. Early application is permitted. We do not expect the adoption of ASU 2014-15 to have a material effect on our financial position, results of operations or cash flows.

ASU 2014-12

In June 2014, the FASB issued ASU No. 2014-12, "Compensation - Stock Compensation (Topic 718): Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be achieved after the Requisite Service Period." This ASU requires that a performance target that affects vesting and that could be achieved after the requisite service period be treated as a performance condition. ASU 2014-12 is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. We do not expect the adoption of ASU 2014-12 to have a material effect on our financial position, results of operations or cash flows.

ASU 2014-09

In May 2014, the FASB issued ASU No. 2014-09, "Revenue from Contracts with Customers (Topic 606)." ASU 2014-09 affects any entity using U.S. GAAP that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of nonfinancial assets unless those contracts are within the scope of other standards (e.g., insurance contracts or lease contracts). ASU 2014-09 is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2016. We are still evaluating the effect of the adoption of ASU 2014-09. On April 1, 2015, the FASB voted to propose to defer the effective date of the new revenue recognition standard by one year.

ASU 2014-08

In April 2014, the FASB issued ASU No. 2014-08, "Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360) and Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity." ASU 2014-08 amends the definition for what types of asset disposals are to be considered discontinued operations, as well as amending the required disclosures for discontinued operations and assets held for sale. ASU 2014-08 is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2014. The adoption of ASU 2014-08 did not have any effect on our financial position, results of operations or cash flows.

Management has considered all recent accounting pronouncements issued since the last audit of our financial statements. The Company's management believes that these recent pronouncements will not have a material effect on the Company's unaudited condensed consolidated financial statements.

ITEM 8. FINANCIAL STATEMENTS

The financial statements required by this item are after the signature pages.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None

ITEM 9A (T). CONTROLS AND PROCEDURES

<u>Evaluation of Disclosure Controls and Procedures</u>

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act")) as of the end of the period covered by this report. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures as of the end of the period covered by this report were ineffective such that the information required to be disclosed by us in reports filed under the Securities Exchange Act of 1934 is (i) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and (ii) accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding disclosure. A controls system cannot provide absolute assurance, however, that the objectives of the controls system are met, and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected.

<u>Management's Annual Report on Internal Control over Financial Reporting</u>

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act). Our 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 of accounting principles generally accepted in the United States.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance of achieving their control objectives.

Our management, with the participation of the Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the Company's internal control over financial reporting as of June 30, 2015. In making this assessment, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control — Integrated Framework. Based on this evaluation, our management, with the participation of the Chief Executive Officer and Chief Financial Officer, concluded that, as of June 30, 2016, our internal control over financial reporting was not effective.

This annual report does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's registered public accounting firm pursuant to rules of the Securities and Exchange Commission that permit the Company to provide only management's report in this annual report.

Changes in Internal Control Over Financial Reporting

During the most recent quarter ended June 30, 2016, there has been no change in our internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act) that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

No annual reports or proxy materials have been sent to the Company's shareholder during the period covered by this report. The Company is a voluntary filer of periodic reports.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Directors and Officers

The executive officers and directors of the Company are as follows:

Name	Age	Position with the Company
Neldon Johnson	69	Chairman of the Board of Directors, President and CEO
Randale Johnson	46	Secretary, Vice President
LaGrand Johnson	49	CFO

Blain Phillips	53	Director

Curtis Snow	49	Director

All Directors hold office until a successor has been elected. All officers are appointed by the Board of Directors and serve at the discretion of the Board until a new officer is appointed.

Directors will be reimbursed by the Company for any expenses incurred in attending Directors' meetings. The Company also intends to obtain Officers and Directors liability insurance, although no assurance can be given that it will be able to do so.

Background of Executive Officers and Directors

Neldon Johnson is the founder of the Company and the primary inventor of the bladeless turbine and solar thermal energy technologies, Self-Check-Out system, AFIM and DWM. Mr. Johnson directs the Company's research and development program. Mr. Johnson studied physics and mathematics at Brigham Young University in Provo, Utah, and graduated from Utah Technical College's Electronics Technology Program in 1964. He has taken training courses and has taught courses in electronics programming, microwave and wave switch programs. From 1965 to 1968 he worked for American Telephone and Telegraph, Inc., as an engineer. From 1983 to the present, Mr. Johnson has been developing the bladeless turbine and solar thermal energy technologies, Self-Check-Out System, AFIM and DWM. Also, from 1975 to 1990 he worked at a Ream's Grocery Store and had management responsibilities for operations. Mr. Johnson has real estate holdings. Mr. Johnson is not currently an officer or director of any other public company nor has he ever been an officer or director of any other public company. We believe Mr. Johnsons long-standing service and extensive experience with the Company qualify him to serve as a director.

Randale P. Johnson is the son of Neldon Johnson. He has been an officer since June 1996. His responsibilities include marketing and administration. Mr. Johnson holds an associate degree in Computer Science and has four years of experience in the computer industry. He joined the Company in 1996. Mr. Johnson is not currently an officer or director of any other public company nor has he ever been an officer or director of any other public company.

LaGrand T. Johnson is the son of Neldon Johnson. He has worked with the Company since 1987 but he became a full time employee in 1996. He graduated with a Bachelor's Degree in chemistry in 1991. He received his Doctor of Osteopathy degree in 1995 from Western University of Health Sciences. He works as CFO and General Manager of the Company and in research and development. Mr. Johnson is not currently an officer or director of any other public company nor has he ever been an officer or director of any other public company.

Blain Phillips has been employed at Union Pacific Railroad since 1991. Mr. Phillips is not currently nor has he ever been an officer or director of any other public company.

Curtis Snow became a director in September 2010 following the passing of Mr. Barrett. Mr. Snow graduated from BYU with Bachelor of Science degree in Design Engineering Technology in 1992. He worked off and on with the Company as an employee or consultant for a period of 15 years. Mr. Snow previously served on the Company’s board of directors from June 1996 to January 2006. Management believes Mr. Snow’s extensive experience with the Company qualify him to serve as a director.

None of the officers or directors of the Company has during the past ten years, been involved in any events such as criminal proceedings or convicted of proceedings relating to securities violations.

<u>Corporate Governance</u>

Nominating Committee

We have not established a Nominating Committee because, due to our development of operations and the fact that we only have three directors and executive officers, we believe that we are able to effectively manage the issues normally considered by a Nominating Committee. Following the entry into any business or the completion of any acquisition, merger or reorganization, a further review of this issue will no doubt be necessitated and undertaken by new management.

If we do establish a Nominating Committee, we will disclose this change to our procedures in recommending nominees to our board of directors.

Audit Committee

We have not established an Audit Committee because, due to our development of operations and the fact that we only have three directors and one other executive officer, we believe that we are able to effectively manage the issues normally considered by an audit committee. Following the entry into any business or the completion of any acquisition, merger or reorganization, a further review of this issue will no doubt be necessitated and undertaken by new management.

Board Leadership Structure and Role in Risk Oversight

The Company's Chief Executive Officer and President currently serve as Chairman of the Board of Directors. The Board believes that combining the role of Chairman and position of CEO is appropriate and has positive results. and fostering accountability and single, clear focus for management to execute the Company's strategy and business plans. The Company does not have a Lead Independent Director.

The Chairman of the Board of Directors oversees management of the Company's risks. The Chairman of the Board of Directors reviews reports and other information regarding the Company's liquidity, operations and compliance with corporate policies, legal and regulatory requirements, as well as the risks associated with each such matter and oversees management of financial risks and any potential conflicts of interest arising from related party transactions.

ITEM 11. EXECUTIVE COMPENSATION

The primary objective of the Company's compensation policy is to maintain compensation reasonably low while the Company is in the development stage and has limited financial resources. The compensation of the officers is based on the scope of their responsibilities. During the periods ending June 30, 2016 and 2015, the Company did not pay nor accrue any compensation to its officers.

Name and	Stock	Option	Non-Equity Incentive Plan	Nonqualified Deferred Compensation

Principal Position	Fiscal Year	Salary $	Bonus ($)	Awards ($)	Awards ($)	Compensation ($)	Earnings ($)	All Other Compensation($)	Total ($)
Neldon Johnson	2016	None	-	-	-	-	-	-	
President, CEO and Director	2015	None	-	-	-	-	-	-	
Randale	2016	None	-	-	-	-	-	-	
Johnson	2015	None	-	-	-	-	-	-	
LaGrand Johnson	2016	None	-	-	-	-	-	-	
CFO	2015	None	-	-	-	-	-	-	

Employment Agreements

The Company entered into an agreement with Neldon Johnson to act as President and CEO of the Company for a period of ten years starting in July 2000. Per the agreement, Neldon is to be paid $100,000 per annum, increasing each calendar year by the percentage increase in the Consumer Price Index No new employment agreement has yet been entered into between the Company and its president. Mr. Johnsons has agreed to forego compensation until the Company becomes profitable. Any compensation which might have accrued under any of the previous contracts has been forgiven by Mr. Johnson and the attached financial statements do not include any accrued obligations for compensation.

Outstanding Equity Awards at Fiscal Year-End

	Option Awards					Stock Awards			
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
	Number of Securities Underlying Unexercised Options	Number of Securities Underlying Unexercised Options (#)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned	Option Exercise	Option Expiration	Number of Shares or Units of Stock That Have Not	Market Value of Shares or Units of Stock That Have Not	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not

Name	(#)Exercisable	Unexercisable	Options (#)	Price ($)	Date	Vested	Vested	Vested	Vested
Neldon Johnson	92,300,000	—	—	$0.40	12/31/2034	—	—	—	92,300,000
Randale Johnson		—	—			—	—	—	—
LaGrand Johnson		—	—			—	—	—	—

Compensation of Directors

The Company's Directors currently are not compensated for their time and there are no obligations or payment arrangements. The Company anticipates that it will need to compensate Directors at some point in the future.

ITEM. 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information known to the Company regarding beneficial ownership of the Company's Common Stock as of June 30, 2016, by (i) each person known by the Company to own, directly or beneficially, more than 5% of the Company's Common Stock, (ii) each of the Company's directors, and (iii) all officers and directors of the Company as a group. Except as otherwise indicated, the Company believes that the beneficial owners of the Common Stock listed below, based on information furnished by such owners, have sole investment and voting power with respect to such shares, subject to community property laws, where applicable.

Beneficial ownership is determined in accordance with the rules of the SEC. In computing the number of shares beneficially owned by a person or a group and the percentage ownership of that person or group, shares of our common stock issuable currently or within 60 days of June 30, 2016, upon exercise of options or warrants held by that person or group is deemed outstanding. These shares, however, are not deemed outstanding for computing the percentage ownership of any other person. Except as indicated by footnote, and subject to community property laws where applicable, the stockholders named in the table below have sole voting and investment power with respect to all shares of common stock shown as beneficially owned by them. Percentage ownership is based on 64,894,305 shares of common stock outstanding as of June 30, 2016, together with applicable options and warrants for each stockholder. Unless otherwise indicated, the address of each person listed below is in the care of International Automated Systems, Inc., 55 N Merchant St 608 American Fork, Utah 84003.

	Shares Beneficially Owned		
Name and Title	**Number (4)**		**Percent**
Neldon Johnson, President, CEO and Director	94,305,020	(1)	71.9%
Randale Johnson, Secretary and Vice President	450,085	(2)	0.6%
LaGrand Johnson, CFO	200,000	(3)	0.6%
Curtis Snow	380,000		0.6%
Blain Phillips, Director	-0-		0.0%
All officers and directors as a group (5 persons)	96,025,105		73.2%

(1) Includes warrants to purchase 93,300,000 shares of common stock

exercisable as of June 30, 2016.

(2) Includes options to purchase 500,000 shares of common stock exercisable as of June 30, 2016.

(3) Includes options to purchase 500,000 shares of common stock exercisable as of June 30, 2016.

(4) Does not include 2,000,000 shares of Series 1 Class A Preferred Stock held by Neldon Johnson, 1,150,000 shares of Series 1 Class A Preferred Stock held by LaGrand Johnson, or 1,150,000 shares of Series 1 Class A Preferred Stock held by Randale Johnson. Each share of the Series 1 Class A Preferred Stock has ten votes per share and votes with the shares of common stock on all matters with the exception of 1,000,000 of the Series 1 Class A Preferred Stock held by Neldon Johnson which has 100 votes per share and votes with the shares of common stock on all matters. Mr. Neldon Johnson has approximately 76%, LaGrand Johnson 5%, and Randale Johnson 5% of the voting control of the Company when the voting power of the shares of preferred stock, common stock and vested options are considered together.

Changes in Control

There are no additional present arrangements or pledges of the Company's securities which may result in a change in control of the Company. However, there are no provisions in our Articles of Incorporation or Bylaws that would delay, defer or prevent a change in control.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

On May 14, 2004, the Company entered into an agreement with Neldon Johnson, the Company's president, in which the Company acquired from Mr. Johnson patents, patents pending, designs and contracts related to the bladeless turbine, solar and chemical thermal technologies, and electronic shelf tag technology developed by Mr. Johnson. As consideration for these patents, patents pending, designs and contracts, the Company issued warrants to purchase 100,000,000 shares of common stock and 10% of total gross sales in royalties of the Company.

The Company's president made advances to the Company which are included as "Related Party Payables". For the periods ended June 30, 2016 and June 30, 2015, these payables were $163,668 and 147,196 respectively. The advances are non-interest bearing.

Resolving Conflicts of Interest

The Company's directors must disclose all conflicts of interest and all corporate opportunities to the entire board of directors. Any transaction involving a conflict of interest will be conducted on terms not less favorable than that which could be obtained from an unrelated third party.

Director Independence

The Company has two independent directors serving on its board of directors.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Our financial statements for the years ended June 30, 2016 and 2015 have been audited by the public accounting firm, Pinaki & Associates LLC.

The Chief Executive Officer pre-approves all audit and tax related services prior to the performance of services by the outside auditor. The percentage of hours expended on the audit by persons other than full time, permanent employees of Pinaki & Associates LLC was zero.

Audit Fees

Aggregate fees for the year ended June 30, 2016 for professional services by Pinaki & Associates LLC, our principal accountant, for the audit of our annual financial statements and review of our interim financial statements were approximately $5,000.

Audit-Related Fees

Audit-related fees, not included in the previous paragraphs, for the years ended June 30, 2016 and 2015 for assurance and related services by Pinaki & Associates LLC were $0 and $0, respectively.

Tax Fees

There were no fees for professional services by Pinaki & Associates LLC for tax compliance, tax advice, and tax planning. A firm, other than our principal accountant, prepares all income tax returns.

ITEM 15. EXHIBITS AND REPORTS ON FORM 8-K

a.
Exhibits

31.1
Certification by the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

31.2
Certification by the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

32.1
Certification by the Chief Executive Officer Pursuant to 18 U.S.C. Section 1350 Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

32.2
Certification by the Chief Financial Officer Pursuant to 18 U.S.C. Section 1350 Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

INTERNATIONAL AUTOMATED SYSTEMS, INC.

/s/ Neldon Johnson
NELDON JOHNSON
Title: President,
Chief Executive Officer

Date: May 12, 2017

/s/ Lagrand Johnson
LAGRAND JOHNSON
Title: Chief Financial Officer,

Date: May 12, 2017

DIRECTORS

/s/ Neldon Johnson
NELDON JOHNSON
Title: Director

Date: May 12, 2017

/s/ Blain Phillips
BLAIN PHILLIPS
Title: Director

Date: May 12, 2017

/s/ Curtis Snow
CURTIS SNOW
Title: Director

Date: May 12, 2017

Pinaki & Associates LLC
Certified Public Accountants
625 Barksdale Rd., Ste# 113
Newark, DE 19711
Phone: 408-896-4405 | pmohapatra@pinakiassociates.com

INDEPENDENT AUDITOR'S REPORT

To The Board of Directors
International Automated Systems Inc.
55 N Merchant St 608 American Fork
Utah 84003

We have audited the accompanying consolidated balance sheets of International Automated Systems Inc. as of June 30, 2016 and the related consolidated statements of income, stockholders' equity and cash flows for the year ended June 30, 2016. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company has suffered recurring losses from operations that raises a substantial doubt about its ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of International Automated Systems Inc. as of June 30, 2016, and the related consolidated statements of income, stockholders' equity and cash flows for the year ended June 30, 2016, in conformity with accounting principles generally accepted in the United States of America.

s/d

Pinaki & Associates LLC.
Newark, DE
April 9, 2017

INTERNATIONAL AUTOMATED SYSTEMS, INC

Balance Sheets

ASSETS

	June 30, 2016	June 30, 2015
CURRENT ASSETS		
Cash and cash equivalents	$ 3,713,761	$ 16,822
Accounts receivable	-	-

Total Current Assets	3,713,761	16,822
PROPERTY AND EQUIPMENT, net	283,685	283,685
TOTAL ASSETS	$ 3,997,445	$ 300,507

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES		
Accounts payable	$ 5,767	$ 27,794
Related party payable	149,198	163,668
Deferred revenue	-	23,000
Total Current Liabilities	154,965	214,462
Long-term notes payable	-	-
TOTAL LIABILITIES	154,965	214,462
STOCKHOLDERS' EQUITY		
Preferred stock, Series A, no par value; 22,000,000 shares authorized, 5,400,000 shares issued and outstanding	470,264	470,264
Preferred stock, Series B, no par value, 3,000,000 shares authorized, 300,000 shares issued and outstanding	-	-
Common stock, no par value, 225,000,000 shares authorized, 79,156,343 and 64,894,305 issued and outstanding, respectively	43,528,614	39,650,775
Accumulated deficit	(40,156,398)	(40,034,994)
Total Stockholders' Equity	3,842,480	86,045
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 3,997,445	$ 300,507

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

INTERNATIONAL AUTOMATED SYSTEMS, INC

Statements of Operations

	For the Year Ended June 30,	
	2016	2015
REVENUES	$ -	$ -
OPERATING EXPENSES		
Research and development	2,805	5,435
Depreciation expense	-	2,022
General and administrative	118,764	92,426

Total Operating Expenses	121,568	99,883
Net Operating Loss	(121,568)	(99,883)
OTHER INCOME (EXPENSES)		
Net gain on disposal of fixed assets	-	28,861
Interest income	165	-
Total Other Income (Expenses)	165	28,861
NET LOSS	$ (121,404)	$ (71,022)
BASIC AND DILUTED LOSS PER SHARE	$ (0.00)	$ (0.00)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	67,292,974	64,894,305

The accompanying notes are an integral part of these financial statements

INTERNATIONAL AUTOMATED SYSTEMS, INC

Statements of Stockholders' Equity

(Unaudited)

	Preferred Stock		Common Stock			
	Shares	Amount	Shares	Amount	Accumulated Deficit	Total Stockholders' Equity
Balance, June 30, 2012	5,700,000	$ 470,264	53,419,623	$ 37,704,739	$ (37,617,351)	$ 1,140,511
Common stock issued for cash	-	-	9,174,682	1,342,289	-	759,430
Common stock issued for services	-	-	2,300,000	603,747	-	603,747
Common stock issued for settlement of debt	-	-	-	-	-	-
Net loss for the year ended June 30, 2013	-	-	-	-	(1,226,681)	(1,226,681)
Balance, June 30, 2013	5,700,000	$ 470,264	64,894,305	$ 39,650,775	$ (38,844,032)	$ 1,277,007
Net loss for the year ended June 30, 2014	-	-	-	-	(1,119,940)	(1,119,940)
Balance, June 30, 2014	5,700,000	470,264	64,894,305	39,650,775	(39,963,972)	157,067
Net loss for the year ended June 30, 2015	-	-	-	-	(71,022)	(71,022)
Balance, June 30, 2015	5,700,000	470,264	64,894,305	39,650,775	(40,034,994)	86,045
Common stock issued for cash	-	-	2,500,000	800,000	-	800,000
Common stock issued for cash - RaPower3	-	-	11,762,038	3,077,839	-	3,077,839

Net loss for the nine months ended March 31, 2016 (unaudited)	-	-	-	-	(121,404)	(121,404)
Balance, September 30, 2015 (unaudited)	5,700,000	$ 470,264	79,156,343	$ 43,528,614	$ (40,156,398)	$ 3,842,480

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

INTERNATIONAL AUTOMATED SYSTEMS, INC

Statements of Cash Flows

(Unaudited)

	For the year ended June 30 2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (121,404)	$ (71,022)
Adjustments to reconcile net loss to net cash from operating activities:		
Depreciation and amortization	-	2,022
Changes in current assets and liabilities:		
(Increase) / decrease in accounts receivable	-	-
Increase / (decrease) in accounts payable	(22,027)	25,117
Payments/(Advances) on cash advances from related party	(14,470)	16,471
Increase/ (decrease) in accrued liabilities	(23,000)	23,000
Net cash used in operating activities	(180,900)	(4,412)
Cash flows used in investing activities		
Purchase of property and equipment	-	(2,853)
Net cash used in (provided by) investing activities	-	(2,853)
Cash flows provided by financing activities		
Sale of common stock	3,877,839	
Net cash provided by financing activities	3,877,839	-
Net change in cash	3,696,939	(7,265)
Cash at beginning of period	18,844	26,108
Cash at end of period	$ 3,715,783	$ 18,844
Supplemental cash flow information		
Cash payments for interest	$ -	$ -
Cash payments for income taxes	-	-
Non Cash Financing Activities	$ -	$ -

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization - International Automated Systems, Inc. (the "Company" or "IAS") was incorporated in the State of Utah on September 26, 1986. The Company's activities to date have consisted of developing a business plan, raising capital through the issuance of debt and equity instruments, developing power generation equipment and obtaining the rights to certain technology related to electronic security and communication equipment.

Use of Estimates - The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the balance sheet and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Presentation / Going Concern - 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 normal course of business. As June 30, 2016, the Company had $3,713,761 of available cash and a working capital surplus of $3,558,796. For the twelve months ended June 30, 2016 and 2015, the Company had no revenue, no operating income and used net cash for operating activities of $180,900 and $4,412, respectively. As of June 30, 2016 the Company's losses accumulated from inception totaled $40,156,398. These factors, among others, indicate that the Company may be unable to continue as a going concern for the next twelve months. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amount and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. The Company's ability to continue as a going concern is dependent upon its ability to obtain additional financing as may be required, and ultimately to attain sufficient cash flow from operations to meet its obligations on a timely basis. Management is in the process of negotiating various sales agreements and believes these sales will generate sufficient cash flow for the Company to continue as a going concern. If the Company is unsuccessful in these efforts and does not attain sufficient sales to permit profitable operations or if it cannot obtain sufficient additional financing, it may be required to substantially curtail or terminate its operations.

Concentration Risks - The Federal Deposit Insurance Corporation (FDIC) insures cash deposits in most general bank accounts for up to $250,000 per institution. The Company had cash deposits that exceeded insured amounts of $3,213,761 and $ -0- as of June 30, 2016 and June 30, 2015, respectively.

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

Fair Value of Financial Instruments - The Company's financial instruments consist of cash and cash equivalents, payables, and notes payable. The carrying amount of cash and cash equivalents and payables approximates fair value because of the short-term nature of these items. The carrying amount of the notes payable approximates fair value as the individual borrowings bear interest at rates that approximate market interest rates for similar debt instruments.

Impairment - The Company records impairment losses on property and equipment and patents when indicators of impairment are present and undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amount. Furthermore, the Company makes periodic assessments about each patent and the related technology to determine if it plans to continue to pursue the technology and if the patent has value.

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Research and Development - Research and development has been the principal function of the Company. Research and development costs are expensed as incurred. Expenses in the accompanying financial statements include certain costs which are directly associated with the Company's research and development of the Solar Power Plant technology, Steam Turbine technology, Automated Fingerprint Identification Machine technology, Digital Wave Modulation Technology and other various projects. These costs, which consist primarily of monies paid for consulting expenses, materials and supplies and compensation costs amounted to $2,805 and $5,435 for the twelve months ended June 30, 2016 and 2015, respectively.

Advertising Costs - Advertising costs are expensed when incurred. Advertising expense was $1,257 and $258 for the twelve months ended June 30, 2016 and June 30, 2015, respectively.

Property and Equipment - Property and equipment are recorded at cost and are depreciated using the straight-line method based on the expected useful lives of the assets which range from five to ten years. During the year ended June 30, 2016, the Company disposed of all depreciable assets except for a computer, which has been fully depreciated. Depreciation expense for the twelve months ended June 30, 2016 and 2015 was $2,022 and $38,851, respectively. The major classes of assets are as follows:

	June 30, 2016	June 30, 2015
Land	$ 283,685	$ 283,685
Computer and equipment	528	528
Total property and equipment	284,213	284,213
Less: Accumulated depreciation	(528)	(528)
Total property and equipment, net	283,685	283,685

Income Taxes - The Company recognizes the amount of income taxes payable or refundable for the current year and recognizes deferred tax assets and liabilities for operating loss carryforwards and for the future tax consequences attributable to differences between the financial statement amounts of certain assets and liabilities and their respective tax basis. Deferred tax assets and deferred liabilities are measured using enacted tax rates expected to apply to taxable income in the years those temporary differences are expected to be recovered or settled. Deferred tax assets are reduced by a valuation allowance to the extent that uncertainty exists as to whether the deferred tax assets will ultimately be realized.

Recent Accounting Pronouncements – The Company has reviewed all recently issued, but not yet adopted, accounting standards in order to determine their effects, if any, on its results of operation, financial position or cash flows. Based on that review, the Company believes that none of these pronouncements will have a significant effect on its financial statements.

NOTE 2 – BASIC AND DILUTED NET LOSS PER COMMON SHARE

Basic earnings per share is computed by dividing the net income or loss applicable to common shares by the weighted average number of common shares outstanding. Diluted earnings per share is computed by dividing the net income or loss by the sum of the weighted average number of common shares plus the weighted average common stock equivalents which would arise from the exercise of outstanding stock options, issuance of stock held in trust and conversion of Series B Preferred Shares into options to purchase shares of common stock, using the treasury stock method and the average market price per share during the period.

NOTE 3 – RELATED PARTY TRANSACTIONS

The Company owes $149,198 and $163,668 to its president for expenses paid on the Company's behalf as of June 30, 2016 and June 30, 2015, respectively. The liability is non-interest bearing, unsecured and due upon demand.

NOTE 4 – STOCK BASED COMPENSATION

Options and Warrants

The Company's board of directors authorized the Company to enter into an agreement dated May 14, 2004 and amended October 13, 2004, with the Company's president, in which the Company acquired patents, patents pending, designs and contracts related to certain technology developed by the president from the president. The direct costs of developing and obtaining the acquired patents, patents pending, designs and contracts were paid and capitalized by the Company. No additional value has been assigned to these patents as a result of them being acquired from the president.

As consideration, the Company authorized and issued warrants to purchase 100,000,000 shares of common stock to the president and agreed to pay the president royalties in the future equal to 10% of future sales proceeds from the technology. The warrants, which were considered stock-based compensation for services to be rendered, had no intrinsic value on the grant date. The fair value of the warrants was $37,136,781, calculated on the grant date using the Black-Scholes model. The following assumptions were used for this grant: Average risk-free interest rate of 4.79%; expected lives of 10 years; expected dividend yield of zero percent; and expected volatility of 138.76%. On July 1, 2006, the Company began recognizing stock-based compensation expense over the graded exercisability period of the options using the straight-line basis over the requisite service period for each separately exercisability portion of the award as if the award was, in-substance, multiple awards.

The agreement contains a standard anti-dilution clause that gives the president the right to purchase the same number of shares of common stock, given reclassification, reorganization or change by a stockholder, as were purchasable prior to any such changes, at a total price equal to that payable upon the exercise of the options. Appropriate adjustments shall be made to the exercise price so the aggregate purchase price of the shares will remain the same. The warrants have an exercise price of $0.40 per share and are all exercisable as of December 31, 2015.

The following table summarizes the stock option and warrant activity as of and for the years ended June 30, 2016 and 2015:

Detail	Options Warrants	Wtd Avg Exercise Prices	Wtd. Avg. Remaining Life in Years	Aggregate Intrinsic Value
Outstanding at June 30, 2013	92,300,000	$ 0.40	22.5	$ 36,920,000
Expired	-	-		
Exercised	-	-		
Outstanding at June 30, 2014	92,300,000	$ 0.40	21.5	$ 36,920,000
Expired	-	-		
Exercised	-	-		
Outstanding at June 30, 2015	92,300,000	$ 0.40	20.5	$ 36,920,000
Exercisable at June 20, 2015	92,300,000	$ 0.40	20.5	$ 36,920,000
Expired	-	-		
Exercised	-	-		
Outstanding at June 30, 2016	92,300,000	$ 0.40	19.5	$ 36,920,000
Exerciseable at June 30, 2016	92,300,000	$ 0.40	19.5	$ 36,920,000

NOTE 5 – PREFERRED STOCK

Series A Preferred Stock

The Series A Preferred Stock has equal dividend rights to the common shares, is not convertible into common shares, has no cumulative dividend requirements and has liquidation preferences equivalent to the common shares. 3,400,000 of the Series A Preferred Stock are entitled to the voting rights of 10 common shares, and 2,000,000 of the Series A Preferred Stock are entitled to the voting rights of 100 common shares. At June 30, 2016 and June 30, 2015, there were 5,400,000 Series A Preferred Stock issued and outstanding, respectively.

NOTE 5 – PREFERRED STOCK (Continued)

Series B Preferred Stock

The Series B Preferred Stock has equal dividend rights to the common shares, has no cumulative dividend requirements, has liquidation preferences equivalent to the common shares and each preferred share is entitled to the voting rights of 10 common shares. Each share is convertible into options to purchase two shares of common stock at $3.00 per share, exercisable immediately and the options expire ten years from the date the preferred stock is exchanged. At June 30, 2016 and June 30, 2015, there were 300,000, series B Preferred shares issued and outstanding.

The Company's policy for recording interest and penalties associated with taxes is to recognize it as a component of income tax

NOTE 6 – SUBSEQUENT EVENTS

In accordance with ASC 855, the Company evaluated subsequent events through the date these financial statements were issued.

During August of 2015, the Company sold 3,200,000 shares of restricted common stock and received proceeds of $800,000.

During November of 2015, a complaint was filed by the United States Justice Department naming the Company as a defendant along with two limited liability companys and three individuals. The complaint alleges that the Company was involved in a tax program which was marketed to several individuals. Further, the complaint alleges that the tax program was not consistent with the rules and regulations of the Internal Revenue Code regarding certain business expenses and tax credits which were claimed by the individuals investing in the program.

The Company is reviewing the complaint, does not believe that the allegations are supportable and plans to defend any allegations that the Company did anything to facilitate the investors claiming or supporting the deductions and tax credits.