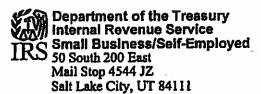
# EXHIBIT 1



International Automated Systems Inc PO Box 608 American Fork, UT 84003 Texpeyer Identification Number: 7580 1120 Tax period(s): Year Ending 06/30/2013 Response date: March 9, 2016 Person to contact: Joel Zielke Contact hours: 8:00am - 4:30pm Contact telephone number: 801-799-6685 Contact fax number: 801-799-6724 Employee Identification number: 1023566

February 24, 2016

Date:

Dear International Automated Systems Inc

Your federal return for the period(s) shown above was selected for examination.

What you need to do

Please call me on or before the response date listed at the top of this letter. You may contact me at the telephone number and times provided above.

### What we will discuss

During our telephone conversation, we will discuss:

- Items on your return that I will be examining.
- Types of documents I will ask you to provide.
- The examination process.
- · Any concerns or questions you may have.
- . The date, time and agenda for our first meeting.

The issues listed below are the preliminary items identified for examination. During the course of the examination, it may be necessary to add or reduce the list of items. If this should occur, I will advise you of the change.

- Net Operating Loss
- Deferred Revenue

Someone may represent you

You may have someone represent you during any part of this examination. If you decide you want representation, the representative you authorize will need a completed Form(s) 2848, *Power of Attorney and Declaration of Representative*, before we can discuss any of your tax matters.

If you choose to have someone represent you, please provide a completed Form 2848 by our first appointment. You can mail or fax the form to me or have your representative provide it at the first appointment, if you won't be present. You can obtain Form 2848 from our office, from our web site, www.irs.gov or by calling (800) 829-3676.

If you filed a joint return, you and your spouse may attend the examination. If you and/or your spouse choose not to attend with your representative, you must provide completed Form(s) 2848. You should provide a separate Form 2848 for each spouse if you filed jointly even if you use the same representative.

Your rights as a taxpayer

We have enclosed Publication 1, Your Rights as a Taxpayer and Notice 609, Privacy Act Notice. The Declaration of Taxpayer Rights found in Publication 1 discusses general rules and procedures we follow in examinations. It explains what happens before, during, and after an examination, and provides additional sources of information.

A video presentation, "Your Guide to an IRS Audit," is available at http://www.irsvideos.gov/audit. The video explains the examination process and will assist you in preparing for your audit.

Thank you for your cooperation and I look forward to hearing from you on or before the response date provided above.

Sincerely yours,

Joel Zielke Internal Revenue Agent

Enclosures: Publication 1 Notice 609

Form 4564	Department of the Internal Revenue Information Docume	Service	Request Number IDR-0001
To: (Name of Taxpayer and Company, Division or Branch)		Subject: Audit of Form 1120, Year End 06/30/13	
International Automated Systems PO Box 608 American Fork, UT 84003		Submitted to: International Automated Systems Dates of Previous Requests:	

#### Description of Documents Requested:

We are requesting information for the fiscal year ending June 30, 2013. Please provide the following for examination:

#### Records Maintained by the Taxpayer

- 1. Articles of Incorporation
- 2. Records identifying holders of stock in the corporation
- 3. Listing of Related Entities
- 4. Financial Statements
- 5. Detailed General Ledger
- 6. Depreciation Schedules
- 7. Sales Contracts and Invoices
- 8. Monthly Bank Statements
- 9. Monthly Credit Card Statements
- 10. Form 1120 Year-ending 06/30/2012, 06/30/2014
- 11. Forms W-2, 1099, 941 Year 2011

#### Records Maintained by the Accountant

- 12. Working Trial Balance
- 13. Worksheets reconciling the books to the return
- 14. Schedules of Adjusting Journal Entries
- 15. Year-End Bank Reconciliations 06/30/2012, 06/30/2013
- 16. Inventory Valuations 06/30/2012, 06/30/2013

## Specific Return Items

- 17. Net Operating Loss Please provide an NOL carryover calculation to support the \$14,080,031 NOL carryforward to the fiscal year ending 06/30/2013. Please provide copies of Form 1120 for each NOL year. Please provide an explanation of how the loss in each NOL year was generated.
- 18. Deferred Revenue Please provide an explanation of the \$2,360,250 of deferred revenue reported on Schedule L. Please indicate which customers gave advances. Please provide copies of the sales agreements specifying when revenue will be recognized.

Intornat	ion Due By 03/05 Name and Title Joel Zielke, Revenu	Requestor	Date: 02/24/2016
FROM	Office Location: 50 South 200 East Mail Stop 4544 JZ Salt Lake City, UT	Phone: 801-799-6685 Fax: 888-401-1762	Page 1
Form 456	4 (Rev. 04/2004)		Workpaper #: 610-