BENEFICIAL HOLDINGS, INC.
CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2013 AND 2012
AND FOR THE YEARS THEN ENDED

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and
Stockholders of Beneficial Holdings, Inc.
Montvale, New Jersey

We have audited the accompanying consolidated balance sheets of Beneficial Holdings, Inc. as of December 31, 2013 and 2012, and the related consolidated statements of operations, changes in stockholders' equity (deficit), and cash flows for each of the years then ended. Beneficial Holdings, Inc.'s management is responsible for these financial statements. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Beneficial Holdings, Inc. as of December 31, 2013 and 2012, and the results of its operations and its cash flows for each of the years then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming that Beneficial Holdings, Inc. will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, Beneficial Holdings, Inc. has suffered recurring losses from operations and has a working capital deficit that raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

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September 4, 2014

BENEFICIAL HOLDINGS, INC.
CONSOLIDATED BALANCE SHEETS

	December 31, 2013	December 31, 2012
ASSETS		
Cash	$ 1,888	$ 193
Note receivable, net of allowance of $150,000	-	-
Total assets	**$ 1,888**	**$ 193**
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable and accrued liabilities	$ 627,782	$ 531,680
Note payable, related party	88,500	2,825
Current liabilities	716,282	534,505
Series A convertible notes payable	175,000	-
Total liabilities	891,282	534,505
Commitments and contingencies		
Stockholders' deficit		
Series B preferred stock, par value $0.000001; 2,000,000 shares authorized; 2,000,000 shares issued and outstanding	20	20
Common stock, par value $0.000001, 200,000,000 shares authorized: 941,069 and 820,000 shares issued and outstanding, respectively	1	1
Additional paid-in capital	4,550,436	4,041,936
Accumulated deficit	(5,439,851)	(4,576,269)
Total stockholders' deficit	(889,394)	(534,312)
Total liabilities and stockholders' deficit	**$ 1,888**	**$ 193**

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

BENEFICIAL HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

	YEAR ENDED DECEMBER 31, 2013	2012
Sales to related parties	$ 157,500	$ -
Operating expenses:		
General and administrative expense	1,014,142	932,699
Impairment of investment in unconsolidated affiliate	-	460
Total operating expenses	1,014,142	933,159
Other expense:		
Interest expense	6,940	-
Net loss	**$ (863,582)**	**$ (933,159)**
Net loss per common share - Basic and diluted	**$ (0.92)**	**$ (1.33)**
Weighted average common shares outstanding – Basic and diluted	**941,069**	**701,536**

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

BENEFICIAL HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)

	Series B Preferred Stock		Common Stock		Additional Paid -In	Accumulated	
	Shares	Amount	Shares	Amount	Capital	Deficit	Total
Balance at December 31, 2011	2,000,000	$ 20	379,125	$ 1	$ 3,645,498	$ (3,643,110)	$ 2,409
Issuance of common stock for expense reimbursement	-	-	60,000	-	60,000	-	60,000
Issuance of common stock for services	-	-	380,875	-	334,438	-	334,438
Warrant issued for services	-	-	-	-	2,000	-	2,000
Net loss	-	-	-	-	-	(933,159)	(933,159)
Balance at December 31, 2012	2,000,000	20	820,000	1	4,041,936	(4,576,269)	(534,312)
Additional shares issued during reverse split for round lots	-	-	121,069	-	-	-	-
Stock option and warrant issued for services	-	-	-	-	508,500	-	508,500
Net loss	-	-	-	-	-	(863,582)	(863,582)
Balance at December 31, 2013	2,000,000	$ 20	941,069	$ 1	$ 4,550,436	$ (5,439,851)	$ (889,394)

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

BENEFICIAL HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31, 2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (863,582)	$ (933,159)
Adjustments to reconcile net loss to net cash used in operating activities:		
Bad debt expense	150,000	-
Stock-based compensation	508,500	396,438
Impairment of investment in unconsolidated affiliate	-	460
Changes in operating assets and liabilities:		
Increase in accounts payable and accrued liabilities	96,102	531,680
Net cash used in operating activities	(108,980)	(4,581)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment in unconsolidated affiliate	-	(460)
Investment in note receivable	(150,000)	-
Net cash used in investing activities	(150,000)	(460)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from note payable, related party	85,675	2,825
Proceeds from issuance of Series A convertible notes payable	175,000	-
Net cash provided by financing activities	260,675	2,825
Net change in cash	1,695	(2,216)
Cash, beginning of year	193	2,409
Cash, end of year	**$ 1,888**	**$ 193**
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ -	$ -
Cash paid for income taxes	$ -	$ -

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

NOTE 1 – ORGANIZATION AND BUSINESS

Beneficial Holdings, Inc., a Nevada Corporation, (the "Company") was incorporated on December 20, 1990. Since its formation, the Company has been engaged in several lines of business. The Company became inactive in 2004. In May 2009, a private investor group ("Old Private Investor") acquired control of the Company and installed a management team ("Old Management") which sought opportunities in the gaming and hospitality sectors. As a result of these efforts the Company invested in a non-controlling interest in a foreign company engaged in gaming and hospitality.

In April 2012, a new private investor group ("New Private Investor") acquired control of the Company from Old Private Investor and installed new management ("New Management"). Effective June 30, 2012, New Management concluded the activities of Old Management and disposed of all assets previously acquired by the Company.

Currently the Company operates in the real estate services sector and seeks to acquire and invest in service oriented businesses in the real estate, financial services and energy management sectors. It is expected that such operations will have a significant portion of their activities in the United States of America.

The Company's common stock is quoted on the OTCPink of OTC Markets under the symbol "BFHJ."

Basis of presentation and going concern uncertainty
The accompanying consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, BFHJ Energy Solutions LLC and BFHJ Project Solutions LLC. All intercompany balances have been eliminated.

The accompanying consolidated financial statements have been prepared in conformity with GAAP, which contemplates continuation of the Company as a going concern, dependent upon the Company's ability, among other matters, to establish itself as a profitable business. As of December 31, 2013, the Company had an accumulated deficit of $5,439,851 and for the years ended December 31, 2013 and 2012, the Company incurred losses of $863,582 and $933,159, respectively.

The Company has suffered recurring losses from operations and has a working capital deficit that raise substantial doubt about its ability to continue as a going concern. The Company plans to raise cash from public or private debt or equity financing, on an as needed basis and in the longer term, revenues from operations. The Company's ability to continue as a going concern is dependent upon obtaining sufficient financing and attaining profitable operations. However, there can be no assurance that management will be successful in obtaining additional funding or in attaining profitable operations, and therefore, these matters raise substantial doubt about the Company's ability to continue as a going concern. These consolidated financial statements do not include any adjustments that might result from the outcome of these uncertainties, nor do they include adjustments relating to the recoverability and realization of assets and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

NOTE 2 – SUMMARY OF ACCOUNTING POLICIES

Cash and Cash Equivalents
The Company considers amounts held by financial institutions and short-term investments with an original maturity of 90 days or less to be cash and cash equivalents. The Company had no interest-bearing amounts on deposit in excess of federally insured limits at December 31, 2013 and 2012.

Allowance for doubtful accounts
The Company provides an allowance for uncollectible accounts based upon prior experience and management's assessment of the collectability of existing specific accounts.

Variable Interest Entity Accounting
The determination of the appropriate accounting method with respect to the Company's *Variable Interest Entity* ("VIE") is based on a primarily qualitative approach focused on identifying which reporting entity has both (1) the power to direct the activities of a variable interest entity that most significantly impact such entity's economic performance and (2) the obligation to absorb losses or the right to receive benefits from such entity that could potentially be significant to such entity. The entity which satisfies these criteria is deemed to be the primary beneficiary of the VIE.

The Company analyzes its interests in VIEs to determine if it is the primary beneficiary. The Company considers a variety of factors in identifying the entity that holds the power to direct matters that most significantly impact the VIE's economic performance including, but not limited to, (a) control of the subsidiary board of directors (b) sign and enter into agreements to operate the business; set, distribute, and implement the capital budgets, the authority to refinance or sell subsidiary assets and, (c) liability for actions of the subsidiary and (d) a necessity of funding any deficit cash flows.

The Company consolidates any VIE of which it is the primary beneficiary. The Company determines whether an entity is a VIE and, if so, whether it should be consolidated by utilizing judgments and estimates that are inherently subjective. If the Company made different judgments or utilized different estimates in these evaluations, it could result in differing conclusions as to whether or not an entity is a VIE and whether or not to consolidate such entity. The Company has no VIEs of which it is the primary beneficiary as of December 31, 2013 and 2012.

Fair value of financial instruments
The Company calculates the fair value of its assets and liabilities which qualify as financial instruments and includes this additional information in the notes to the consolidated financial statements when the fair value is different than the carrying value of those financial instruments. The estimated fair value of the Company's current assets and current liabilities approximates their carrying amount due to their readily available nature and short maturity.

Management has determined that it will not, at this time, adopt fair value accounting for nonfinancial assets or liabilities currently recorded in the consolidated financial statements. An impairment analysis will be made of all assets using fair value measurements on an annual basis.

Fair value measurements
ASC Topic 820, *Fair Value Measurements and Disclosures* , defines fair value, establishes a framework for measuring fair value in accordance with GAAP, and requires certain disclosures about fair value measurements. In general, fair values of financial instruments are based upon quoted market prices, where available. If such quoted market prices are not available, fair value is based upon internally developed models that primarily use, as inputs, observable market-based parameters. Valuation adjustments may be made to ensure that financial instruments are recorded at fair value. Any such valuation adjustments are applied consistently over time. Management has determined that it will not, at this time, adopt fair value accounting for nonfinancial assets or liabilities currently recorded in the consolidated financial statements.

Revenue
Revenue is recognized when persuasive evidence of an arrangement exists, delivery has occurred, the fee is fixed or determinable, and collectability is probable.

Income Taxes
Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which the related temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized when the rate change is enacted. Valuation allowances are recorded to reduce

deferred tax assets to the amount that will more likely than not be realized. The Company recognizes the effect of uncertain income tax positions only if the positions are more likely than not of being sustained in an audit, based on the technical merits of the position. Recognized uncertain income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which those changes in judgment occur. The Company recognizes both interest and penalties related to uncertain tax positions as part of the income tax provision.

Earnings per Common Share
Basic EPS is computed based on the weighted average number of shares of common stock outstanding during the period. Diluted EPS is computed based on the weighted average number of common shares outstanding plus all potentially dilutive common shares outstanding during the period. As of December 31, 2013 and 2012, potentially dilutive common shares consist of options to purchase 13,175,000 and 10,000,000 shares of the Company's common shares, respectively. Potentially dilutive common shares also include 2,000,000 shares of Series B Preferred Stock convertible to 905,510 and 853,469 shares of common stock at December 31, 2013 and 2012, respectively. The options and preferred stock were excluded from the calculation of the diluted EPS as their inclusion would have been anti-dilutive.

Stock Based Compensation
The Company recognizes compensation expense for all share-based payments granted based on the grant date fair value estimated. Compensation expense is generally recognized on a straight-line basis over the employee's requisite service period based on the award's estimated lives for fixed awards with ratable vesting provisions.

Use of Estimates
The Company's consolidated financial statements have been prepared in accordance with U.S. GAAP. The preparation of these consolidated financial statements requires management to make significant estimates and judgments that affect the reported amounts of assets, liabilities, revenues, expenses and related disclosure of contingent assets and liabilities. Management evaluates estimates, including those related to contingencies, on an ongoing basis. Estimates are based upon historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Subsequent events
The Company's management reviewed all material events from December 31, 2013 through the issuance date of this report for disclosure consideration.

Recently Issued and Newly Adopted Accounting Pronouncements
In May 2014, the Financial Accounting Standards Board issued Accounting Standards Update ("ASU") No. 2014-09, Revenue from Contracts with Customers: Topic 606 ("ASU 2014-09"). ASU 2014-09 amends the guidance for revenue recognition to replace numerous, industry-specific requirements and converges areas under this topic with those of the International Financial Reporting Standards. The ASU implements a five-step process for customer contract revenue recognition that focuses on transfer of control, as opposed to transfer of risk and rewards. The amendment also requires enhanced disclosures regarding the nature, amount, timing and uncertainty of revenues and cash flows from contracts with customers. Other major provisions include the capitalization and amortization of certain contract costs, ensuring the time value of money is considered in the transaction price, and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. The amendments in this ASU are effective for reporting periods beginning after December 15, 2016, and early adoption is prohibited. Entities can transition to the standard either retrospectively or as a cumulative effect adjustment as of the date of adoption. Management is currently assessing the impact the adoption of ASU 2014-09 will have on the Company's consolidated financial statements.

In June 2014, the FASB issued ASU 2014-10, Development Stage Entities: Topic 915 (“ASU 2014-10”): Elimination of Certain Financial Reporting Requirements. ASU 2014-10 eliminates the distinction of a development stage entity and certain related disclosure requirements, including the elimination of inception-to-date information on the statements of operations, cash flows and stockholders’ equity. The amendments in ASU 2014-10 are effective prospectively for annual reporting periods beginning after December 15, 2014, and interim periods within those annual periods. However, early adoption is permitted. The Company evaluated and adopted ASU 2014-10 in June 2014.

NOTE 3 – INVESTMENT IN UNCONSOLIDATED AFFILIATE

On June 23, 2009, the Company acquired a 97% non-controlling interest in Grupo Beneficial, SA, a foreign company engaged in gaming and hospitality activities (the “Foreign Subsidiary”). The terms of the shareholder’s agreement related to this acquisition precluded the Company from exercising control over the day to day activities and capital transactions of the Foreign Subsidiary. The Foreign Subsidiary was not required to provide financial data to the Company. The Foreign Subsidiary indemnified the Company from any losses associated with its operations and actions. The Company was not obligated to fund any capital to the Foreign Subsidiary.

The Company has determined that the Foreign Subsidiary is a variable interest entity and has determined that the Company is not the primary beneficiary due to the fact that the Company (1) exercised no control over the operations of Foreign Subsidiary; (2) was not the beneficiary of any of the income or gains of the Foreign Subsidiary; (3) was not responsible for any losses or deficits of the Foreign Subsidiary; (4) was not obligated to support the capital structure of the Foreign Subsidiary; (5) was fully indemnified against any loss resultant from the acts or operations of the Foreign Subsidiary. The Company determined that its investment in Foreign Subsidiary was impaired as of June 30, 2012 (date of sale of Foreign Subsidiary) and recorded impairment of $460 for the year ended December 31, 2012.

New Management concluded the activities of Old Management subsequent to April 2012 and sold the Company’s non-controlling interest in Foreign Subsidiary effective June 30, 2012. The sale price of the Company’s 97% interest was $400,000. The Company received a note for the balance of the sale price. No cash has been received by the Company in conjunction with the sale. Collectability of the note is not assured, accordingly, the balance of the note and all interest thereon has not been recorded in the consolidated financial statements for the years ended December 31, 2013 and 2012. No gain was recorded on the sale.

NOTE 4 – NOTE RECEIVABLE

On August 28, 2013, the Company entered into a loan agreement with Green RG Management, LLC (“Green RG”) and Green RG’s sole owner. Pursuant to the agreement, the Company loaned Green RG’s owner $150,000 to fund Green RG’s general working capital purposes. The entire $150,000 plus interest calculated at 9% per annum was due on March 31, 2014. In connection with the loan agreement, Green RG’s owner pledged all of his equity interests in Green RG Management, LLC, Green RG Proactive, LLC, and Green RG Caribbean, LLC and his right to purchase Parr Metals, LLC, all of his intellectual properties, and the proceeds of each of the foregoing. As of December 31, 2013, the Company recorded an allowance of $150,000 and no interest income was accrued due to the uncertainty of collectability.

On March 18, 2014, the Company, Green RG and Green RG’s owner reached an agreement (See Note 10). Upon payment of the note and all accrued interest, the Company will release the collateral. The amount has not yet been received.

NOTE 5 – NOTES PAYABLE, RELATED PARTY

At December 31, 2012, the Company entered into a line of credit arrangement with an affiliate of New Management (the “Credit Agreement”). The Credit Agreement, as amended, allows the Company to borrow up to

$100,000 through December 31, 2014 when the Credit Agreement matures and is due and payable. The Credit Agreement bears interest at a rate of 12% per annum, compounded monthly. Substantially all of the Company's assets are pledged to secure borrowings under the Credit Agreement. A total of $88,500 and $2,825 was advanced under the Credit Agreement as of December 31, 2013 and 2012.

NOTE 6 – SERIES A CONVERTIBLE NOTES PAYABLE

In September and October 2013, the Company issued Series A Convertible Notes to third parties for a total of $175,000 in cash. These notes have a term of two years, an interest rate of 9% per annum and are convertible into 122,500 common shares and warrants to purchase 122,500 shares of the Company's common stock at $2 per share for 5 years commencing from the conversion date. The notes must be converted to common stock upon the filing of a registration statement on Form S-1 (or its equivalent) by the Company. The notes are secured by all of the Company's interests in the note issued by Green RG's owner (See Note 4) and all of the Company's other assets and rights. The Company evaluated the features of these notes on issuance dates and concluded that these notes have no beneficial conversion features. At December 31, 2013, outstanding principal of these notes was $175,000.

NOTE 7 – EQUITY

Preferred Stock
The Company is authorized to issue up to 2,000,000 shares of $0.000001 par value Preferred Stock with designations, rights and preferences determined from time to time by the Board of Directors. Accordingly, the Board of Directors is empowered, without stockholder approval, to issue Preferred Stock with dividend, liquidation, conversion, voting, or other rights which could adversely affect the voting power or other rights of the holders of the Common Stock. In the event of issuance, the Preferred Stock could be utilized, under certain circumstances, as a method of discouraging, delaying or preventing a change in control of the Company. If the Company issues shares of Preferred Stock and it is subsequently liquidated or dissolved, the preferred shareholders may have preferential rights to receive a liquidating distribution for their shares prior to any distribution to common shareholders.

In December 2011, the Company issued 2,000,000 shares of Preferred Stock to an affiliate of Old Private Investor ("Series B Preferred Stock"). The Board of Directors of the Company determined that the Series B Preferred Stock shall at all times have voting rights equal to 400,000 shares of the Company's common stock. Additionally, the Series B Preferred Stock is at all times convertible into 400,000 shares of the Company's common stock ("Conversion Amount"). The Conversion Amount shall be adjusted for any issuance of common stock by the Company subsequent to the date of issuance such that the adjusted Conversion Amount shall at all times be no less than 51% of the aggregate amount of outstanding common stock, inclusive of the common shares to be issued to the Series B Preferred Stock, assuming all the Series B Preferred Stock is converted.

In April 2012, New Private Investor acquired control of the Company by purchasing all of the outstanding 2,000,000 shares of the Company's Series B Preferred Stock. At December 31, 2013 and 2012, the Series B Convertible Preferred Stock was convertible into and had the voting power of 2,000,000 common shares.

Common Stock

On May 8, 2012, the Company issued 60,000 shares of common stock to New Private Investor to reimburse expenses of $15,000. Those shares were valued at $60,000 based on the quoted market price on the issuance date. The Company recorded compensation expense of $45,000 related to the issuance.

During the year ended December 31, 2012, the Company issued 380,875 shares of common stock, valued at $334,438 to affiliates of Old Private Investor for services.

In November 2013, the Company received approval from Financial Industry Regulatory Authority (FINRA), the Committee on Uniform Securities Identification Procedures (CUSIP) and the State of Nevada for a 5,000:1 reverse split of its common stock and changed its authorized shares to 200,000,000 shares (post-split) with an effective date of December 12, 2013. For every 5,000 shares of common stock, each shareholder received 1 share of common stock. However, no shareholder received less than 100 shares of common stock as a result of the exchange. The Company had 4,099,999,952 common shares outstanding prior to the reverse split with 4,099,179,952 shares being cancelled as a result of the reverse split, leaving 820,000 common shares outstanding as of December 12, 2013. An additional 121,069 shares were issued as a result of rounding shares to a minimum of 100 shares per shareholder. All share numbers or per share information presented herein give effect to the reverse split.

Options/Warrants

A summary of activities in employee and non-employee options/warrants and the related information is as follows:

	Shares	Weighted Average Exercise Price	Remaining Contractual Term (years)	Intrinsic Value
Outstanding balance, December 31, 2011	-	$ -	-	$ -
Granted	10,000,000	0.03	15.00	
Outstanding balance, December 31, 2012	10,000,000	0.03	14.29	-
Granted	3,175,000	0.25	12.49	
Outstanding balance, December 31, 2013	13,175,000	0.09	13.05	3,122,250
Exercisable	11,575,000			

In April 2012, the Company granted the Company's Chief Executive Officer an option to acquire up to 10,000,000 shares of the Company's common stock for $0.03 per share for 15 years. The amount of shares issuable under this agreement (and the strike price per share) are adjustable for stock splits and dividends but are not adjusted for any reverse stock splits or share buy backs by the Company. The option was vested on the grant date and was valued at $2,000 calculated using the Black-Scholes option-pricing model. Variables used in the Black-Scholes option-pricing model include: (1) discount rate of 2.47%, (2) option life of 15 years, (3) expected volatility of 343.73%, and (4) zero expected dividends.

During the year ended December 31, 2013, warrants and options to purchase 3,175,000 shares of the Company's common stock were granted to the Company's employees and consultants at an exercise price of $0.25 per share. These warrants and options have a term of 5-15 years and warrants and options to purchase 1,175,000 shares of the Company's common stock vested immediately. The remaining options/warrants vest in five years. Fair value of $1,020,500 was calculated using the Black-Scholes option-pricing model. Variables used in the Black-Scholes option-pricing model include: (1) discount rate of 1.75% to 3.38%, (2) expected life of 5-15 years from grant date, (3) expected volatility of 472.84%, and (4) zero expected dividends. The number of shares issuable (and the strike price per share) for options to purchase 125,000 shares issued during 2013 are adjustable for stock splits and dividends but are not adjusted for any reverse stock splits or share buy backs by the Company for 5 years.

NOTE 8 – INCOME TAXES

The Company had federal net operating tax loss carry-forwards ("NOL") of approximately $900,000 as of December 31, 2013. The NOL is available to offset future taxable income and begins to expire in 2030. Under Section 382 of the Internal Revenue Code, the NOL will be limited as a result of a change in control.

The Company periodically assesses the likelihood that it will be able to recover its deferred tax assets. The Company considers all available evidence, both positive and negative, including historical levels of income, expectations and risks associated with estimates of future taxable income and ongoing prudent and feasible profits. As of December 31, 2013 and 2012, the Company established valuation allowances equal to the full amount of the net deferred tax assets due to the uncertainty of the utilization of the operating losses in future periods.

For the years ended December 31, 2013 and 2012, no amounts have been recognized for uncertain tax positions and no amounts have been recognized related to interest or penalties related to uncertain tax positions. The Company has determined that it is not reasonably likely for the amounts of unrecognized tax benefits to significantly increase or decrease within the next twelve months. The Company is currently subject to a three-year statute of limitations by major tax jurisdictions.

NOTE 9 – RELATED PARTY TRANSACTIONS

Old Private Investor (the holder of the Convertible Note) funded $222,464 to the Company from May 5, 2009 through December 31, 2012, principally for the Company's non-controlling investment in Foreign Subsidiary. The Company recorded interest expense of $15,736 related to the Convertible Note from May 5, 2009 through December 31, 2012. During the period from May 5, 2009 to December 31, 2011, old Private Investor converted the entire balance of the Convertible Note (and the accrued interest thereon) into 23,553 shares of common stock in full payment of the Convertible Note.

During the year ended December 31, 2012, the Company issued 380,875 shares of common stock to affiliates of Old Private Investor for services. As a result of those transactions, the Company recorded consulting expense of $334,438 for the year ended December 31, 2012.

In May 2012, the Company issued an affiliate of New Private Investor 60,000 shares of common stock to reimburse expenses of $15,000 paid by the affiliate on behalf of the Company. The Company recorded compensation expense of $45,000 related to the issuance.

At December 31, 2012, the Company entered into a Credit Agreement with an entity controlled by the Company's chief executive officer ("Affiliate A"). A total of $88,500 and $2,825 was advanced under the Credit Agreement as of December 31, 2013 and 2012, respectively. Additionally, the Company's chief executive officer has agreed to defer all amounts owed under the terms of an employment agreement with the Company until December 31, 2014. As of December 31, 2013 and 2012, the Company has accrued liabilities of $572,896 and $505,680, respectively, to its chief executive officer for compensation or reimbursable expenses under this agreement. On February 15, 2013, the Company entered into an assignment and assumption agreement with Affiliate A, whereas, Affiliate A assigned its rights under the Asset Management Agreement dated December 1, 2012 between Affiliate A and another affiliate ("Affiliate B") which is also controlled by the Company's chief executive officer. The Asset Management Agreement has a 10-year term and pursuant to the agreement, Affiliate B agreed to pay an asset management fee of $15,000 per month and other performance-based distribution-sharing income. All of the Company's revenue for the year ended December 31, 2013 was related to this Asset Management Agreement.

NOTE 10 – SUBSEQUENT EVENTS

On March 18, 2014, the Company entered into a Non-Exclusive License and Distribution Agreement with Green RG, Proactive Lighting Solutions, LLC and Green RG's owner (together, the "Licensors"). Pursuant to the agreement, the Licensors granted the Company a non-exclusive right to distribute Licensors' products. The term of the agreement is 2 years and shall be automatically renewed for a period of 2 years into perpetuity if the Company orders a minimum of $2 million of Licensors' products during each of the initial 2 years and the following 2 years. Licensors agreed to sell the Licensor's products to the Company at a price lower than what the Licensors' sell other parties.

On January 1, 2014, the Company entered into an employment agreement with its Chief Financial Officer, pursuant to which, the Company granted an option to purchase 1,000,000 shares of the Company's common stock for $0.25

per share. The options have a life of 15 years. The amount of shares issuable under this agreement (and the strike price per share) are adjustable for stock splits and dividends but are not adjusted for any reverse stock splits or share buy backs by the Company. The option was vested on the grant date and was valued at $320,000 calculated using the Black-Scholes option-pricing model. Variables used in the Black-Scholes option-pricing model include: (1) discount rate of 3.38%, (2) option life of 15 years, (3) expected volatility of 472.84%, and (4) zero expected dividends.

On February 3, 2014, the Company entered into an agreement with Capital Metrics, LLC where Capital Metrics, LLC agreed to provide consulting services. As part of the consideration, the Company agreed to issue a warrant to purchase 100,000 shares of the Company's common stock exercisable at $0.50 per share with a term of 5 years.