

Capital Financial Global, Inc.
Notes to Financial Statements
For The Period Ending March 31, 2013
(Unaudited)

NOTE 1- ORGANIZATION AND BUSINESS OPERATIONS

Capital Financial Global, Inc., a Nevada corporation, together with its consolidated subsidiaries (collectively, the "Company"), is a specialty finance company that provides asset-based financing and loan advisory services to insurance trusts & pension funds, owners of commercial real estate, owners of residential real estate pools, and owners of mining & precious metals assets. The Company is publicly traded on the OTC Markets trading system under the symbol "OTC Pink: CFGX".

Organizational

On May 24, 2010, Capital Financial Global, Inc. issued 100 Series A preferred shares and 5,000,000 common shares in exchange for all of the assets of Capital Financial Services, Inc., a Utah corporation ("CFS"). Each Series A preferred share is convertible into 1.05%, or all of the Series A preferred shares are convertible into 105%, of the common shares outstanding immediately before the conversion. Conversion of the Series A Preferred shares was contingent upon certain milestones being met. All milestones were met on May 24, 2011 and on that date the Series A Preferred shares became unconditionally convertible into common shares.

Through the CFS shareholder's conversion rights, he remained in control of the CFS assets and operations before and after the transaction. Therefore the transaction was recognized as the reorganization of CFS into Capital Financial Global, Inc. The accompanying financial statements for the period prior to the reorganization are the historical financial statements of CFS restated to reflect the Series A preferred shares and the common shares issued to the CFS shareholder as outstanding for all periods presented.

Capital Financial Global, Inc. was not considered a business under current accounting guidance at the date of the transaction and therefore the 26,321,260 common shares that remain outstanding were considered to have been issued on May 24, 2010 in exchange for the \$(3,761,010) of net liabilities of Capital Financial Global, Inc. as follows:

Current Assets	
Revenue Share Receivable	\$ 159,836
Total Assets	<u>159,836</u>
Current Liabilities	
Accounts payable	1,562,150
Accrued liabilities	<u>42,305</u>
Total Current Liabilities	1,604,455
Long Term Notes Payable	<u>2,316,391</u>
Total Liabilities	3,920,846
Net Liabilities Assumed	<u><u>\$ (3,761,010)</u></u>

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP") and the Securities and Exchange Commission Act of 1934.

Capital Financial Global is a development stage company. The accompanying consolidated financial statements are prepared in accordance with SFAS No. 7, "Accounting and Reporting by Development Stage Enterprises."

These unaudited consolidated financial statements reflect all adjustments that are, in the opinion of management, necessary for a fair statement of the results for the interim periods presented. These adjustments are of a normal, recurring nature. Interim period operating results may not be indicative of the operating results for a full year.

Use of Estimates

These consolidated financial statements have been prepared in accordance with generally accepted accounting principles that require management to make certain estimates and assumptions. The most important of these estimates and assumptions relate to fair value measurements, the accounting for goodwill and identifiable intangible assets, discretionary compensation accruals and the provision for potential losses that may arise from litigation and regulatory proceedings and tax audits. Although these and other estimates and assumptions are based on the best available information, actual results could be materially different from these estimates.

Reclassification

Certain prior period amounts have been reclassified to conform to current period presentation.

Principles of Consolidation

The consolidated financial statements include the accounts of Capital Financial Global, Inc. and its 100% owned subsidiaries. At the time of this posting, the Company owns 100% of the units of Capital Financial, LLC., a Utah limited liability company. All material inter-company transactions and balances have been eliminated.

Revenue and Cost Recognition

Loan Fees

Loan related revenues and fees from originating, servicing, processing, and other loan services are recognized in the consolidated Statements of Earnings when the services related to the underlying transaction are completed under the terms of the engagement. Expenses associated with such transactions are deferred until the related revenue is recognized or the engagement is otherwise concluded.

Trading Assets and Trading Liabilities

Substantially all trading assets and trading liabilities are reflected in the consolidated statements of financial condition at fair value. Related gains or losses are generally recognized in the consolidated Statements of Earnings.

Fair Value Measurements

The fair value of a financial instrument is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e., the exit price). Financial assets are marked to bid prices and financial liabilities are marked to offer prices. Fair value measurements do not include transaction costs.

Credit risk is an essential component of fair value. Cash products (e.g., bonds and loans) and derivative instruments (particularly those with significant future projected cash flows) trade in the market

at levels which reflect credit considerations. The Company calculates the fair value of derivative assets by discounting future cash flows at a rate which incorporates counterparty credit spreads and the fair value of derivative liabilities by discounting future cash flows at a rate which incorporates the Company's own credit spreads. In doing so, credit exposures are adjusted to reflect mitigants, namely collateral agreements which reduce exposures based on triggers and contractual posting requirements. The Company manages its exposure to credit risk as it does other market risks and will price, economically hedge, facilitate and intermediate trades which involve credit risk. The Company records liquidity valuation adjustments to reflect the cost of exiting concentrated risk positions, including exposure to the Company's own credit spreads

Transfers of Financial Assets

In general, transfers of financial assets are accounted for as sales when the Company has relinquished control over the transferred assets. For transfers of financial assets accounted for as sales, any related gains or losses are recognized in net revenues. Assets or liabilities that arise from the Company's continuing involvement with transferred financial assets are measured at fair value. For transfers that are not accounted for as sales, the financial assets remain in trading assets, at fair value in the consolidated statements of financial condition and the transfer is accounted for as a collateralized financing, with the related interest expense recognized in net revenues over the life of the transaction. When the Company transfers a security that has very little, if any, default risk under an agreement to repurchase the security where the maturity date of the repurchase agreement matches the maturity date of the underlying security (such that the Company effectively no longer has a repurchase obligation) and the Company has relinquished control over the underlying security, the Company records such transactions as sales. See FASB 140, as amended, for further information regarding accounting for transfers of financial assets.

Cash Instruments

The Company's cash instruments are generally valued using quoted market prices, broker or dealer quotations, or alternative pricing sources with reasonable levels of price transparency. The types of instruments valued based on quoted prices in active markets include U.S. and non-U.S. government obligations and certain money market instruments.

The types of instruments that trade in markets that are not considered to be active, but are valued based on quoted market prices, broker or dealer quotations, or alternative pricing sources with reasonable levels of price transparency include commercial paper, certificates of deposit, time deposits, most government agency obligations, most corporate debt securities, certain mortgage-backed loans and securities, certain bank loans and bridge loans, certain state and municipal obligations and certain money market instruments and loan commitments. For positions that are not traded in active markets or are subject to transfer restrictions, valuations are adjusted to reflect illiquidity and/or non-transferability. Such adjustments are generally based on market evidence where available.

Derivative Contracts

Derivative contracts are instruments such as futures, forwards, swaps or option contracts that derive their value from underlying asset prices, indices, reference rates and other inputs or a combination of these factors. Derivative instruments may be privately negotiated contracts, which are often referred to as over-the-counter (OTC) derivatives, or they may be listed and traded on an exchange. The assets and inputs underlying derivative instruments may include financial instruments (such as government and corporate bonds, mortgage and other asset-backed loans and securities and bank loans), currencies, commodities, interest rates and related indices. The Company generally values exchange-traded derivatives using models which calibrate to market-clearing levels and eliminate timing differences between the closing price of the exchange-traded derivatives and their underlying instruments. OTC derivatives are valued using market transactions and other market evidence whenever possible, including market-based inputs to models, calibration to market-clearing transactions, broker or dealer quotations, or other alternative pricing sources with reasonable levels of price transparency. Where models are used, the selection of a particular model to value an OTC derivative depends upon the contractual terms of, and specific risks inherent in, the instrument, as well

as the availability of pricing information in the market. The Company generally uses similar models to value similar instruments. Valuation models require a variety of inputs, including contractual terms, market prices, yield curves, credit curves, measures of volatility, voluntary and involuntary prepayment rates, loss severity rates and correlations of such inputs. For OTC derivatives that trade in liquid markets, model inputs can generally be verified and model selection does not involve significant management judgment. When appropriate, valuations are adjusted for various factors such as liquidity, bid/offer spreads and credit considerations. Such adjustments are generally based on market evidence where available.

Trading Assets, at Fair Value and Trading Liabilities, at Fair Value

Absent evidence to the contrary, instruments are initially valued at transaction price, which is considered to be the best initial estimate of fair value. Accordingly, when a pricing model is used to value such an instrument, the model is adjusted so that the model value at inception equals the transaction price. Subsequent to the transaction date, the Company uses other methodologies to determine fair value, which vary based on the type of instrument, as described below. Regardless of methodology, valuation inputs and assumptions are only changed when corroborated by substantive evidence. The valuation techniques and significant inputs used in determining the fair values of cash instrument and derivative contracts are as follows:

Bank loans and bridge loans, corporate debt securities, State and municipal obligations and Other debt obligations

Valuations are generally based on discounted cash flow techniques, for which the significant inputs are the amount and timing of expected future cash flows, market yields and recovery assumptions. The significant inputs are generally determined based on relative value analyses, which incorporate comparisons both to credit default swaps that reference the same underlying credit risk and to other debt instruments for the same issuer for which observable prices or broker quotes are available.

Loans and securities backed by commercial real estate

Loans and securities backed by commercial real estate are collateralized by specific assets and may be tranching into varying levels of subordination. Due to the nature of these instruments, valuation techniques vary by instrument, but are generally based on relative value analyses, discounted cash flow techniques or a combination thereof. Significant inputs for these valuations include transactions in both the underlying collateral and instruments with the same or substantially the same underlying collateral, credit default swap prices, current levels and trends of market indices (such as the CMBX), market yields and other factors (such as the operating income generated by the underlying collateral) which are used in determining the amount and timing of expected future cash flows.

Loans and securities backed by residential real estate

Valuations are based on both proprietary and industry recognized models (including Intex and Bloomberg), and discounted cash flow techniques. The most significant inputs to the valuation of these instruments are the rates and timing of delinquencies, the rates and timing of prepayments, and default and loss expectations, which are driven in part by housing prices. The significant inputs are determined based on relative value analyses, which incorporate comparisons to instruments with similar collateral and risk profiles, including relevant indices such as the ABX.

Loan Portfolios

Loan portfolios are acquired portfolios of loans, primarily backed by commercial and residential real estate collateral, cash surrender values in insurance portfolios, or mining & precious metals assets. Valuations are based on discounted cash flow techniques, for which the significant inputs are the amount and timing of expected future cash flows and market yields. The significant inputs are determined based on relative value analyses which incorporate comparisons to recent auction data for other similar loan portfolios.

Resale and Repurchase Agreements and Securities Borrowed and Loaned

The significant inputs to the valuation of resale and repurchase agreements and securities borrowed and loaned within trading and principal Investments (which are related to the Company's matched book and certain Company financing activities) are generally the amount and timing of expected future cash flows, interest rates and collateral funding spreads.

Other Secured Financings

The significant inputs to the valuation of other secured financings at fair value, including transfers of financial assets accounted for as financings rather than sales, debt raised through the Company's investment bankers and certain other non-recourse financings, are the amount and timing of expected future cash flows, interest rates, the fair value of the collateral delivered by the Company (which is determined using the amount and timing of expected future cash flows, market yields and recovery assumptions), the frequency of additional collateral calls and the credit spreads of the Company.

Unsecured short-term and long-term borrowings.

The significant inputs to the valuation of certain short-term and long-term borrowings at fair value, including all promissory notes and commercial paper, certain hybrid financial instruments and prepaid physical commodity transactions, are the amount and timing of expected future cash flows, interest rates, the credit spreads of the Company, as well as commodity prices in the case of prepaid physical commodity transactions and, for certain hybrid financial instruments, equity prices, inflation rates and index levels

Goodwill

Goodwill is the cost of acquired companies in excess of the fair value of identifiable net assets at acquisition date. Goodwill is tested at least annually for impairment. An impairment loss is recognized if the estimated fair value of an operating segment is less than its estimated net book value. Such loss is calculated as the difference between the estimated fair value of goodwill and its carrying value.

Identifiable Intangible Assets

Identifiable intangible assets, which consist primarily of customer lists, contractual rights related to commodity-related acquisitions, value of business acquired (VOBA) in the Company's subsidiaries, are amortized over their estimated lives or, in the case of insurance contracts, in proportion to estimated gross profits or premium revenues. Identifiable intangible assets are tested for impairment whenever events or changes in circumstances suggest that an asset's or asset group's carrying value may not be fully recoverable. An impairment loss, generally calculated as the difference between the estimated fair value and the carrying value of an asset or asset group, is recognized if the sum of the estimated undiscounted cash flows relating to the asset or asset group is less than the corresponding carrying value.

Property, Leasehold Improvements and Equipment

Property, leasehold improvements and equipment, net of accumulated depreciation and amortization, are recorded at cost and included in the consolidated statements of financial condition.

Substantially all property and equipment are depreciated on a straight-line basis over the useful life of the asset. Leasehold improvements are amortized on a straight-line basis over the useful life of the improvement or the term of the lease, whichever is shorter. Certain costs of software developed or obtained for internal use are capitalized and amortized on a straight-line basis over the useful life of the software.

Property, leasehold improvements and equipment are tested for impairment whenever events or changes in circumstances suggest that an asset's or asset group's carrying value may not be fully recoverable. An impairment loss, calculated as the difference between the estimated fair value and the carrying value of an asset or asset group, is recognized if the sum of the expected undiscounted cash flows relating to the asset or asset group is less than the corresponding carrying value.

The Company's operating leases may include office space held in excess of current requirements. Rent expense relating to space held for growth is included in "Occupancy" in the consolidated Statements of Earnings. The Company records a liability, based on the fair value of the remaining lease rentals reduced by any potential or existing sublease rentals, for leases where the Company has ceased using the space and management has concluded that the Company will not derive any future economic benefits. Costs to terminate a lease before the end of its term are recognized and measured at fair value upon termination.

Foreign Currency Translation

Assets and liabilities denominated in non-U.S. currencies are translated at rates of exchange prevailing on the date of the consolidated statements of financial condition, and revenues and expenses are translated at average rates of exchange for the period. Gains or losses on translation of the financial statements of a non-U.S. operation, when the functional currency is other than the U.S. dollar, are included, net of hedges and taxes, in the consolidated statements of comprehensive income. Foreign currency re-measurement gains or losses on transactions in nonfunctional currencies are included in the consolidated Statements of Earnings.

Hedge Accounting

The Company applies hedge accounting for certain derivative contracts used to manage the interest rate exposure of certain fixed-rate obligations, and for certain derivative contracts and foreign currency-denominated debt used to manage foreign currency exposures resulting from the Company's net investment in certain non-U.S. operations. The Company documents its risk management strategy at the inception of each hedging relationship and assesses the effectiveness of each hedging relationship at least quarterly.

Fair Value Hedges — Interest Rate. The Company may designate certain interest rate swap contracts as fair value hedges. These interest rate swap contracts hedge changes in the relevant benchmark interest rate (e.g., London Interbank Offered Rate (LIBOR)), effectively converting a substantial portion of the Company's unsecured long-term fixed-rate borrowings and certificates of deposit, as well as certain unsecured short-term fixed-rate borrowings, into floating rate obligations.

The Company applies the "long-haul method" in assessing the effectiveness of its fair value hedging relationships in achieving offsetting changes in the fair values of the hedging instrument and hedged item. During the twelve months ended December 31, 2010, the Company changed its method of prospectively and retrospectively assessing the effectiveness of all of its fair value hedging relationships from a dollar-offset method, which is a non-statistical method, to regression analysis, which is a statistical method. An interest rate swap is considered highly effective in offsetting changes in fair value attributable to changes in the hedged risk when the regression analysis results in a coefficient of determination of 80% or greater and a slope between 80% and 125%. The dollar-offset method compared the change in the fair value of the hedging instrument to the change in the fair value of the hedged item, excluding the effect of the passage of time. The Company's prospective dollar-offset assessment utilized scenario analyses to test hedge effectiveness via simulations of numerous parallel and slope shifts of the relevant yield curve. Parallel shifts changed the interest rate of all maturities by identical amounts. Slope shifts changed the curvature of the yield curve. For both the prospective assessment, in response to each of the simulated yield curve shifts, and the retrospective assessment, a hedging relationship is deemed to be effective if the fair value of the hedging instrument and the hedged item changed inversely within a range of 80% to 125%.

For qualifying fair value hedges, gains or losses on derivative transactions are recognized in "Interest expense" in the consolidated Statements of Earnings. The change in fair value of the hedged item attributable to the risk being hedged is reported as an adjustment to its carrying value and is subsequently amortized into interest expense over its remaining life. Gains or losses resulting from hedge ineffectiveness are included in "Interest expense" in the consolidated Statements of Earnings.

Net Investment Hedges. The Company seeks to reduce the impact of fluctuations in foreign exchange rates on its net investment in certain non-U.S. operations through the use of foreign currency forward contracts and foreign currency-denominated debt. For foreign currency forward contracts designated as hedges, the effectiveness of the hedge is assessed based on the overall changes in the fair value of the forward contracts (that is, based on changes in forward rates). For foreign currency-denominated debt designated as a hedge, the effectiveness of the hedge is assessed based on changes in spot rates. For qualifying net investment hedges, the gains or losses on hedging instruments, to the extent effective, are included in the consolidated statements of comprehensive income.

Earnings Per Common Share (EPS)

Basic EPS is calculated by dividing net earnings applicable to common shareholders by the weighted average number of common shares outstanding. Diluted EPS includes the determinants of basic EPS and, in addition, reflects the dilutive effect of the common stock and preferred stock deliverable pursuant to convertible features, stock warrants and options.

Income Taxes

Income taxes are provided for using the asset and liability method. Deferred tax assets and liabilities are recognized for temporary differences between the financial reporting and tax bases of the Company's assets and liabilities. Valuation allowances are established to reduce deferred tax assets to the amount that more likely than not will be realized. When applicable, the Company's tax assets and liabilities are presented as a component of "Other assets" and "Other liabilities and accrued expenses," respectively, in the consolidated statements of financial condition. The Company recognizes tax positions in the financial statements only when it is more likely than not that the position will be sustained upon examination by the relevant taxing authority based on the technical merits of the position. A position that meets this standard is measured at the largest amount of benefit that will more likely than not be realized upon settlement. A liability is established for differences between positions taken in a tax return and amounts recognized in the financial statements. The Company reports interest expense related to income tax matters in "Provision for income tax" in the consolidated statements of earnings and income tax penalties in "Other expenses" in the consolidated statements of earnings.

Future income taxes are recognized for the future income tax consequences attributable to differences between the carrying values of assets and liabilities and their respective income tax bases. Future income tax assets and liabilities are measured using income tax rates expected to apply to taxable income in the years in which temporary differences are expected to be recovered or settled. The effect on future income tax assets and liabilities of a change in income tax rates is included in earnings in the period that such change in income tax rates is enacted. Future income tax assets are recorded in the financial statements if realization is considered more likely than not.

Cash and Cash Equivalents

The Company defines cash equivalents held in the ordinary course of business as highly liquid overnight deposits and investment grade securities for which there exists a highly liquid market.

New Accounting Pronouncements

The Company does not expect the announcement of any recently regulatory accounting pronouncements to have a significant impact on its results, operations, financial position, or cash flows.

NOTE 3- QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The potential for changes in the market value of our trading and investing positions is referred to as market risk. Such positions result from the Company's stated business activities. Substantially all of our inventory positions are marked-to-market on a quarterly basis and changes are recorded in net revenues.

Categories of market risk include exposures to interest rates, currency rates, and commodity prices. A description of each market risk category is set forth below:

- Interest rate risks primarily result from exposures to changes in the level, slope and curvature of the yield curve, the volatility of interest rates, mortgage prepayment speeds and credit spreads.
- Currency rate risks result from exposures to changes in spot prices, forward prices and volatilities of currency rates.
- Commodity price risks result from exposures to changes in spot prices, forward prices and volatilities of commodities, such as electricity, natural gas, crude oil, petroleum products, and precious and base metals.

We seek to manage these risks by diversifying exposures, controlling position sizes and establishing economic hedges in related securities or derivatives. For example, we may seek to hedge a portfolio of loans by taking an offsetting position in a related index futures contract. The ability to manage an exposure may, however, be limited by adverse changes in the liquidity of the security or the related hedge instrument and in the correlation of price movements between the security and related hedge instrument.

In addition to applying business judgment, senior management uses a number of quantitative tools to manage our exposure to market risk for trading assets, at fair value and trading liabilities, at fair value in the consolidated statements of financial condition. These tools include:

- risk limits based on a summary measure of market risk exposure referred to as VaR;
- scenario analyses, stress tests and other analytical tools that measure the potential effects on our trading net revenues of various market events, including, but not limited to, a large widening of credit spreads, a substantial decline in equity markets and significant moves in selected emerging markets.

Value at Risk (VaR)

VaR is the potential loss in value of trading positions due to adverse market movements over a defined time horizon with a specified confidence level.

The modeling of the risk characteristics of our trading positions involves a number of assumptions and approximations. While we believe that these assumptions and approximations should be reasonable, there is no standard methodology for estimating VaR, and different assumptions and/or approximations could produce materially different VaR estimates.

When appropriate, we use historical data to estimate our VaR and, to better reflect current asset volatilities, we generally weight historical data to give greater importance to more recent observations. Given its reliance on historical data, VaR is most effective in estimating risk exposures in markets in which there are no sudden fundamental changes or shifts in market conditions. An inherent limitation of VaR is that the distribution of past changes in market risk factors may not produce accurate predictions of future market risk. Different VaR methodologies and distributional assumptions could produce a materially different VaR. Moreover, VaR calculated for a short time horizon does not fully capture the market risk of positions that cannot be liquidated or offset with hedges within such time.

NOTE 4- SUPPLEMENTAL DISCLOSURES TO FINANCIAL STATEMENTS

The following information sets forth additional information which we feel is important to understanding and interpreting the financial statements, namely:

1. On May 24, 2010, Capital Financial, LLC (CF) was formed as a wholly owned subsidiary of Capital Financial Global, Inc.
2. On May 24, 2010, the Company, through its wholly owned subsidiary Capital Financial, LLC, entered into a certain "Asset Purchase and Sale Agreement" by which Capital Financial, LLC acquired the assets of Capital Financial Services, Inc., a Utah corporation. The price paid by the Company consisted of (a) 5,000,000 restricted shares of its common stock, which were issued to Capital Financial Services, Inc. on 8/12/2010, and (b) 100 shares of series A preferred stock, which were created on May 24, 2010 and issued to shareholders of Capital Financial Services, Inc. As offsetting booking entries, \$8,000 was recorded as "Office equipment" and \$92,000 was recorded as "Goodwill."
3. The Company's series A preferred shares have a par value of \$0.001 and are convertible to an amount that is equal to 105% of the outstanding common stock at the time of conversion. Conversion is allowed only after the Company achieves certain milestones, which are, (1) twenty-four months shall pass from the date of issue, which is May 24, 2010; or (2) the operating subsidiary Capital Financial, LLC shall produce at least \$5,000,000 in gross revenue annually; or (3) the operating subsidiary Capital Financial, LLC shall increase its assets by at least \$5,000,000. All of these milestones have been met and the shares are unconditionally eligible for conversion.
4. On June 29, 2010: Adrian Harvey resigned as a director and President; Chad Bawden resigned as a director; Michael Doron resigned as Secretary and Chief Operating Officer; and Paul Edward Norat was appointed as a director and as President and Chief Executive Officer.
5. On June 30, 2010, Paul Edward Norat was appointed President and Manager of Capital Financial, LLC.
6. On July 9th, 2010 Joseph Benowitz resigned as Treasurer and Chief Financial Officer, and Paul Edward Norat was appointed as Treasurer.
7. On July 29, 2010, a new class of preferred stock designated as series B was created. The class has a par value of \$0.001 and allows for automatic conversion of each series B preferred share to two shares (2:1) of the Company's common stock if the common stock reaches the trigger price of \$1.00 per share. On July 29, 2010, 1,000,000 series B preferred shares were sold for \$1,000,000, or \$1.00 per share. In March of 2011, the Company repurchased 500,000 of these same shares and canceled them (see note 4.13)
8. On August 1, 2010, Michael Doron resigned from the board of directors and Stacey Jenkins was appointed a director in his place.
9. On August 13, 2010, the Company entered into a stock purchase agreement with National Gold, Inc. (NGI) as part of a secured financing arrangement wherein the Company exchanged 10,000,000 shares of its common stock for 100,000 shares of NGI's class B stock (CUSIP 63624H 106; ISIN US63624H 1068), which have a par value of \$1,000.00 per share and are redeemable after November 13, 2010 for one troy ounce of refined gold bullion per share. Based on guidance contained in APB-29 *Accounting for Nonmonetary Transactions* (ASC 845) and FAS-153 *Exchange of Nonmonetary Assets*, the transaction was entered using its book value and shown on the Consolidated Statements of Financial Condition in "Derivative asset" with offsetting entries in "Additional paid-in capital." There exists a certain level of counterparty risk in that NGI could default on its obligation to convert the shares.
10. On October 1, 2010, the board of directors authorized the issuance of 10,000,000 shares of common stock in exchange for the relief of \$75,000 of the Company's debt.
11. On December 8, 2010, the board of directors authorized the issuance of 18,000,000 shares of common stock in exchange for the relief of \$135,000 of the Company's debt.
12. On March 25, 2011, two loans held for sale in the amount of \$220,000 and \$280,000 together with interest were repaid to the Company. As of March 31, 2012 these loans were paid off.
13. On March 25, 2011, the Company repurchased 500,000 shares of its Series B Preferred stock at the par price of \$1.00 per share.
14. On April 29, 2011, the Company filed restated articles of incorporation changing its name from

- Toyshare, Inc. to Capital Financial Global, Inc., changing its ticker symbol to OTC:CFGX, and increased its authorized shares of common stock to 500,000,000.
15. On June 29, 2011, the Company executed an Asset Purchase and Sale Agreement wherein it acquired 100% interest in 85.5 acres of land containing 5 lode mining claims composing the St. Louis Mine, in Clark County, Nevada. The purchase price consisted of \$20,000 cash, \$250,000 in an assumed note, and a new note of \$730,000, zero percent interest, due and payable in (36) thirty six months.
 16. The Company is holding the majority of its \$494,807.00 in cash reserves at Bank of America Merrill Lynch in the form of cash, US Treasury Bonds, and investment grade municipal bonds. The Company employs leverage in its reserve strategy which uses these funds as collateral for a margin line of credit. As of March 31, 2013, there was an outstanding balance on this margin line in the amount of \$431,694.00. This balance would need to be paid off in order to access the cash held in the account up to approximately 85% of the portfolio value. Any value above the 85% maintenance requirement is accessible to the Company at any time, without any restrictions. However, if the portfolio has a significant drop in value, it is possible that the Company will have a margin call.
 17. In December of 2011, the Company attempted to convert 100 shares of its NGI class B stock for 100 troy ounces of gold, as its rights provide, but National Gold was unable to make good on delivery. Accordingly, the Board of Directors of Capital Financial Global, Inc. has decided to voluntarily write down its derivative asset on its books from \$100,000,000 to \$10,000, which is the par value (.001) of the 10MM shares of our common stock that were exchanged in the original August 13, 2010 transaction. Management will continue to evaluate whether or not National Gold will be able to deliver on future conversions, and will further adjust this lowered \$10,000 value as is necessary and appropriate.
 18. On December 29, 2012, the operations of the wholly-owned subsidiary Toyshare, Inc., a Utah corporation, were formally discontinued and the entity was formally dissolved. The net remaining net liability of \$626,415.00 was applied to the Company's retained earnings as a benefit.
 19. During the three month period ended March 31, 2013, \$90,000 worth of debt was extinguished by issuing 22,000,000 shares having a market value of \$240,000, the difference of which was recorded as a "loss on extinguishment of debt" and recorded in "Net non-operating interest gain / (expense)" on the Consolidated Statement of Operations.
 20. Because of the unconditionally convertible features of the Company's Series A Preferred Stock, the Company has recognized the dilutive effect of the stock by debiting Series A Preferred Stock dividends and crediting Series A Preferred Stock at the end of each period in the aggregate amount of common stock issued during the period, at the last trading price of the stock at the end of the period.
 21. In October of 2012, the Company issued \$700,000 worth of its Series B Preferred shares to Zermatt Life/ Health Insurance Trust.
 22. On October 9, 2012, the Company issued a loan in the amount of \$770,000 to Benefits for Corporate America, Inc., a Nevada corporation, backed by approximately \$3,200,000 in cash surrender value in a portfolio of life insurance policies. The loan has a one year term, at 6% annually (18% default).

NOTE 5- LEGAL PROCEEDINGS

The Company is not aware of any legal claims against it at this time.