INTERNATIONAL SUSTAINABILITY GROUP, INC. AND SUBSIDIARY

Consolidated Financial Statements

For the Nine Months Ended September 30, 2014 and 2013

INTERNATIONAL SUSTAINABILITY GROUP, INC. AND SUBSIDIARY

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INTERNATIONAL SUSTAINABILITY GROUP, INC. AND SUBSIDIARY

Consolidated Balance Sheets

	September 30, 2014	December 31, 2013
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 19	$ 174
Total Current Assets	19	174
TOTAL ASSETS	$ 19	$ 174
LIABILITIES AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES:		
Current portion of loans payable	$ 7,656	$ 5,656
Total Current Liabilities	7,656	5,656
TOTAL LIABILITIES	7,656	5,656
Commitments and contingencies		
STOCKHOLDERS' DEFICIT		
Preferred Series A stock, $0.001 par value, 50,000,000 shares authorized; 1,000,000 and 1,000,000 shares issued and outstanding, respectively	1,000	1,000
Common stock, $0.001 par value, 950,000,000 shares authorized; 438,986,000 and 438,986,000 shares issued and outstanding, respectively	438,986	438,986
Additional paid-in capital	104,724	104,724
Accumulated deficit	(552,347)	(550,192)
TOTAL STOCKHOLDERS' DEFICIT	(7,637)	(5,482)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	$ 19	$ 174

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

INTERNATIONAL SUSTAINABILITY GROUP, INC. AND SUBSIDIARY

Consolidated Statements of Operations

	Nine Months Ended September 30,	
	2014	2013
OPERATING EXPENSES		
General and administrative expenses	$ 2,155	$ 309
TOTAL OPERATING EXPENSES	2,155	309
LOSS FROM OPERATIONS	(2,155)	(309)
NET LOSS	$ (2,155)	$ (309)
NET LOSS PER COMMON SHARE:		
Basic and diluted	$ 0.00	$ 0.00
NET LOSS PER SHARE - BASIC AND DILUTED	$ 0.00	$ 0.00
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING:		
Basic and diluted	438,986,000	438,986,000

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

INTERNATIONAL SUSTAINABILITY GROUP, INC. AND SUBSIDIARY

Consolidated Statements of Cash Flows

	Nine Months Ended September 30,	
	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (2,155)	$ (309)
NET CASH USED IN OPERATING ACTIVITIES	(2,155)	(309)
NET CASH USED IN INVESTING ACTIVITIES	-	-
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from loans payable	22,000	500
Principal payments towards loans payable	(20,000)	-
NET CASH PROVIDED BY FINANCING ACTIVITIES	2,000	500
Net decrease in cash and cash equivalents	(155)	191
Cash and cash equivalents, beginning of year	174	37
Cash and cash equivalents, end of year	$ 19	$ 228
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid for interest	$ -	$ -
Cash paid for taxes	$ -	$ -

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

NOTE 1 – ORGANIZATION

In 1990 Quantum production services was formed as a Louisiana Corp. In 2006, Quantum changed its domicile to Nevada by share exchange and changed its name to Smith Oil Group, Inc. Quantum became a wholly owned subsidiary of Smith Oil and was subsequently spun off.

In 2009 Smith Oil Group, Inc. acquired Hawk Solutions Group, Inc., a New York company incorporated October 1999. The Company is engaged in mechanical air quality retrofit, life safety and energy consultant/contracting.

On July 20, 2009 85% of the shareholders voted to change the name of the Company to International Sustainability Group, Inc.

On July 17, 2014, the Company appointed new management and directors of the board. On the same day, the former CEO and sole director of the Company resigned.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of International Sustainability Group, Inc. and its subsidiary, Hawk Solutions Group, Inc. (collectively, the "Company"). Intercompany accounts and transactions have been eliminated in consolidation.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions which affect the reporting of assets and liabilities as of the dates of the financial statements and revenues and expenses during the reporting period. These estimates primarily relate to the sales recognition, allowance for doubtful accounts, inventory obsolescence and asset valuations. Actual results could differ from these estimates. Management's estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the consolidated financial statements in the periods they are determined to be necessary.

FAIR VALUE OF FINANCIAL INSTRUMENTS

Generally Accepted Accounting Principles ("GAAP") requires certain disclosures regarding the fair value of financial instruments. The fair value of financial instruments is made as of a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

GAAP defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required or permitted to be recorded at fair value, the Company considers the principal, or most advantageous market in which it would transact, and it considers assumptions that market participants would use when pricing the asset or liability.

GAAP establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. A financial instrument's

categorization within the fair value hierarchy is based upon the degree of subjectivity that is necessary to estimate the fair value of a financial instrument. GAAP establishes three levels of inputs that may be used to measure fair value:

Level 1 – Level 1 applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

Level 2 – Level 2 applies to assets or liabilities for which there are inputs other than quoted prices included within Level 1 that are observable for the asset or liability such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which significant inputs are observable or can be derived principally from, or corroborated by, observable market data.

Level 3 – Level 3 applies to assets or liabilities for which there are unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities.

NEW ACCOUNTING PRONOUNCEMENTS

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which is the new comprehensive revenue recognition standard that will supersede all existing revenue recognition guidance under GAAP. The standard's core principle is that a company will recognize revenue when it transfers promised goods or services to a customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. This ASU is effective for annual and interim periods beginning on or after December 15, 2016, and early adoption is not permitted. Entities will have the option of using either a full retrospective approach or a modified approach to adopt the guidance in the ASU. The Company is currently evaluating the impact of adopting this guidance.

In June 2014, the FASB issued ASU 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 provides more explicit guidance for treating share-based payment awards that require a specific performance target that affects vesting and that could be achieved after the requisite service period as a performance condition. The new guidance is effective for annual and interim reporting periods beginning after December 15, 2015. The Company does not expect the adoption of this guidance to have a material impact on the consolidated financial statements.

In August 2014, the FASB issued ASU 2014-15, *Presentation of Financial Statements – Going Concern (Topic 205-40),* which requires management to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern for each annual and interim reporting period. If substantial doubt exists, additional disclosure is required. This new standard will be effective for the Company for annual and interim periods beginning after December 15, 2016. Early adoption is permitted. The Company expects to adopt this new standard for the fiscal year ending December 31, 2014 and the Company will continue to assess the impact on its consolidated financial statements.

There are various other updates recently issued, most of which represented technical corrections to the accounting literature or application to specific industries and are not expected to a have a material impact on the Company's financial position, results of operations or cash flows. All other issued accounting pronouncement but not yet effective have been reviewed and are not deemed to have a material financial impact on the Company once adopted.

ACCOUNTS RECEIVABLE

Accounts receivable are presented net of an allowance for doubtful accounts. The Company maintains allowances for doubtful accounts for estimated losses. The Company reviews the accounts receivable on a periodic basis and makes general and specific allowances when there is doubt as to the collectability of individual balances. In evaluating the collectability of individual receivable balances, the Company considers many factors, including the age of the balance, a customer's historical payment history, its current credit-worthiness and current economic trends. Accounts are written off after exhaustive efforts at collection. At September 30, 2014 and December 31, 2013, the Company has established, based on a review of its outstanding balances, that no allowance is necessary.

CASH AND CASH EQUIVALENTS

The Company considers highly liquid investments with original maturities of three months or less when purchased as cash equivalents. At times throughout the year, the Company might maintain bank balances that may exceed Federal Deposit Insurance Corporation insured limits. Periodically, the Company evaluates the credit worthiness of the financial institutions, and has not experienced any losses in such accounts. At September 30, 2014 and December 31, 2013, the Company had $0 over the insurable limit.

INCOME TAXES

The Company, along with its consolidated subsidiary, is deemed a corporation and thus is a taxable entity. No provision for income taxes was reflected in the accompanying consolidated financial statements as the Company did not have income through December 31, 2013. There were no uncertain tax positions that would require recognition in the consolidated financial statements through December 31, 2013.

Generally, federal, state and local authorities may examine the Company's tax returns for three years from the date of filing, and the current and prior three years remain subject to examination as of December 31, 2013.

The Company's conclusions regarding uncertain tax positions may be subject to review and adjustment at a later date based upon ongoing analyses of tax laws, regulations and interpretations thereof as well as other factors.

The Company accounts for income taxes under Accounting Standards Codification ("ASC") 740-10-30, *Income Taxes*. Deferred income tax assets and liabilities are determined based upon differences between the financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. Deferred tax assets are reduced by a valuation allowance to the extent management concludes it is more likely than not that the assets will not be realized. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the statements of operations in the period that includes the enactment date.

INTANGIBLE ASSETS

Intangible assets are recorded at the costs associated with the asset. These assets are then amortized using the straight-line method over the remaining useful economic life of each asset type. At each consolidated balance sheet date, the unamortized capitalized cost of the each intangible asset will be

compared to the net realizable value of that asset. If the unamortized capitalized cost exceeds the net realizable value, then the difference will be written down to the net realizable value. Intangible assets consist of customer lists and certification.

On August 8, 2014, the Company was assigned patents from the new CEO of the Company. The terms of the deal have not been finalized, and thus no values have been recorded on the consolidated balance sheet.

LONG LIVED ASSETS

The Company follows ASC 360-10, *Property, Plant and Equipment*. ASC 360-10 requires those long-lived assets and certain identifiable intangibles held and used by the Company be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Events relating to recoverability may include significant unfavorable changes in business conditions, recurring losses, or a forecasted inability to achieve break-even operating results over an extended period. The Company evaluates the recoverability of long-lived assets based upon forecasted undiscounted cash flows. Should impairment in value be indicated, the carrying value of intangible assets will be adjusted, based on estimates of future discounted cash flows resulting from the use and ultimate disposition of the asset. ASC 360-10 also requires assets to be disposed of be reported at the lower of the carrying amount or the fair value less costs to sell.

RECOGNITION OF REVENUE

Sales are recorded at the time title of goods sold passes to customers, which based on shipping terms which generally occurs when the product is shipped to the customer and collectability is reasonably assured. Sales are presented net of discounts and allowances. Discounts and allowances are determined when a sale is negotiated. The Company does not grant price adjustments after a sale is complete.

STOCK BASED COMPENSATION

The Company accounts for the grant of stock options and restricted stock awards in accordance with ASC 718, "Compensation-Stock Compensation." ASC 718 requires companies to recognize in the statement of operations the grant-date fair value of stock options and other equity based compensation. GAAP prescribes that accounting and reporting standards for all stock-based payment awards to employees, including employee stock options, restricted stock, employee stock purchase plans and stock appreciation rights, may be classified as either equity or liabilities. The Company should determine if a present obligation to settle the share-based payment transaction in cash or other assets exists. A present obligation to settle in cash or other assets exists if:

a) the option to settle by issuing equity instruments lacks commercial substance, or

b) the present obligation is implied because of an entity's past practices or stated policies. If a present obligation exists, the transaction should be recognized as a liability; otherwise, the transaction should be recognized as equity.

With respect to stock-based compensation issued to non-employees and consultants GAAP requires that the amount of share-based payment transactions be based on the fair value of whichever is more reliably measurable:

a) the goods or services received or

b) the equity instruments issued.

The fair value of the share-based payment transaction should be determined at the earlier of performance commitment date or performance completion date.

NOTE 3 – GOING CONCERN

The Company's consolidated financial statements have been prepared using generally accepted accounting principles in the United States of America applicable to a going concern which contemplates the realization of assets and liquidation of liabilities in the normal course of business. The Company has incurred net losses of $2,155 and $309 during the nine months ended September 30, 2014 and 2013, respectively. Cash on hand will not be sufficient to cover debt repayments, operating expenses and capital expenditure requirements for at least twelve months from the consolidated balance sheet date. As of September 30, 2014 and December 31, 2013, the Company had working capital deficits of $7,637 and $5,482, respectively. In order to continue as a going concern, the Company will need, among other things, additional capital resources. Management's plan is to seek equity and/or debt financing. However, management cannot provide any assurances that the Company will be successful in accomplishing any of its plans.

The ability of the Company to continue as a going concern is dependent upon its ability to successfully accomplish the plans described in the preceding paragraph and eventually secure other sources of financing and attain profitable operations. The accompanying financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

NOTE 4 – LOANS PAYABLE

The Company has received loans from a third party, which will be paid back within the following year. There is no interest on these loans, nor is there a due date for when these loans are to be paid back.

For the nine months ended September 30, 2014 and 2013, the Company received a net of $2,000 and $500 in loans from a related third party. As of September 30, 2014 and December 31, 2013, the Company had loans outstanding of $7,656 and $5,656, respectively.

NOTE 5 – EQUITY

Preferred Stock

As of September 30, 2014, the Company has 50,000,000 authorized shares of Series A preferred stock, no par value, of which 1,000,000 shares are issued and outstanding. The Series A preferred stock carries super voting rights of 70% of the entire voting common stock eligible, and is convertible into common stock at a 1:1 ratio.

Common Stock

As of September 30, 2014, the Company has 950,000,000 authorized shares of common stock, par value $0.001, of which 438,986,000 shares are issued and outstanding.

NOTE 6 – SUBSEQUENT EVENTS

Management has evaluated all transactions and events after the balance sheet date through November 12, 2014, the date on which these financials were available to be issued, and except as already included in the notes to these consolidated financial statements, has determined that no additional disclosures are required.