ANTON & CHIA

CERTIFIED PUBLIC ACCOUNTANTS

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

**To the Board of Directors**
**Emergent Health Corporation**

We have audited the accompanying balance sheets of Emergent Health Corporation (the "Company") as of December 31, 2013 and 2012, and the related statements of income, stockholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company was not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

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

**/s/Anton & Chia, LLP**

Newport Beach, CA

December 5, 2014

**EMERGENT HEALTH CORPORATION**
**BALANCE SHEETS**
**DECEMBER 31, 2013 AND 2012**

| | 2013 | 2012 |
|---|---|---|
| ASSETS | | |
| Current assets: | | |
| Cash | $ 814,269 | $ 737,298 |
| Inventory | 207,633 | 157,423 |
| Prepaid insurance | 7,631 | 7,705 |
| Total current assets | 1,029,533 | 902,426 |
| Intangible assets, net | 2,932 | 3,284 |
| TOTAL ASSETS | $ 1,032,465 | $ 905,710 |
| LIABILITIES AND STOCKHOLDER'S EQUITY | | |
| Current liabilities: | | |
| Accounts payable | $ 26,759 | $ - |
| Accrued commissions | 31,437 | 54,968 |
| Accrued income taxes | 16,990 | 14,490 |
| Total current liabilities | 75,186 | 69,458 |
| Stockholder's equity: | | |
| Preferred stock, $.001 par value, 20,000,000 shares authorized, -0- shares issued and outstanding | - | - |
| Common stock, $.001 par value, 50,000,000 shares authorized, 24,800,000 shares issued and outstanding | 24,800 | 24,800 |
| Additional paid in capital | 461,200 | 461,200 |
| Retained earnings | 471,279 | 350,252 |
| Total stockholder's equity | 957,279 | 836,252 |
| TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY | $ 1,032,465 | $ 905,710 |

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

**EMERGENT HEALTH CORPORATION**
**STATEMENTS OF INCOME**
**YEARS ENDED DECEMBER 31, 2013 AND 2012**

| | 2013 | 2012 |
|---|---|---|
| Gross Sales | $ 1,540,712 | $ 2,130,564 |
| Less: Returns | 15,348 | 28,563 |
| Less: Commissions | 535,529 | 736,248 |
| Net sales | 989,835 | 1,365,753 |
| Cost of sales | 260,794 | 483,453 |
| Gross margin | 729,041 | 882,300 |
| Operating expenses: | | |
| Selling, general and administrative | 305,109 | 359,044 |
| Warehousing and fulfillment costs | 174,746 | 217,790 |
| Royalty | 60,000 | 80,000 |
| Total operating expenses: | 539,855 | 656,834 |
| Net operating income | 189,186 | 225,466 |
| Interest income | 1,841 | 3,585 |
| Interest expense | - | (17,411) |
| Net income before income taxes | 191,027 | 211,640 |
| Provision for income taxes: | | |
| State | 20,000 | 22,000 |
| Federal | 50,000 | 58,000 |
| Total provision for income taxes | 70,000 | 80,000 |
| Net income | $ 121,027 | $ 131,640 |
| Basic and diluted per share data: | | |
| Net income Per share-basic | $ 0.0049 | $ 0.0055 |
| -diluted | $ 0.0049 | $ 0.0053 |
| Weighted average common shares | | |
| outstanding-basic | 24,800,000 | 24,047,541 |
| -diluted | 24,800,000 | 24,800,000 |

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

**EMERGENT HEALTH CORPORATION**
**STATEMENT OF STOCKHOLDERS' EQUITY**
**YEARS ENDED DECEMBER 31, 2013 AND 2012**

| | Common Stock | | Series A Preferred Stock | | | | |
|---|---|---|---|---|---|---|---|
| | Number of shares | Amount | Number of shares | Amount | Additional paid in capital | Retained Earnings | Total Stockholders' Equity |
| Balance at December 31, 2011 | 23,000,000 | $ 23,000 | 20,000 | $ 20,000 | $ 247,000 | $ 218,612 | $ 508,612 |
| Net Income | | | | | | 131,640 | 131,640 |
| Repayment of Preferred shares | | | (20,000) | (20,000) | - | - | (20,000) |
| Redemption of Convertible Note | 1,800,000 | 1,800 | - | - | 214,200 | - | 216,000 |
| Balance at December 31, 2012 | 24,800,000 | 24,800 | - | - | 461,200 | 350,252 | 836,252 |
| Net Income | - | - | - | - | - | 121,027 | 121,027 |
| Balance at December 31, 2013 | 24,800,000 | $ 24,800 | - | $ - | $ 461,200 | $ 471,279 | $ 957,279 |

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

**EMERGENT HEALTH CORPORATION**
**STATEMENTS OF CASH FLOWS**
**YEARS ENDED DECEMBER 31, 2013 AND 2012**

| | 2013 | 2012 |
|---|---|---|
| OPERATING ACTIVITIES: | | |
| Net Income | $ 121,027 | $ 131,640 |
| Adjustments to reconcile net income to net cash | | |
| and cash equivalents provided by operating activities: | | |
| Amortization of intangible asset | 352 | 352 |
| Issuance of shares for interest on convertible note | - | 16,000 |
| Changes in operating assets and liabilities: | | |
| Inventory | (50,210) | (132,006) |
| Prepaid insurance | 74 | (7,705) |
| Accounts payable | 26,759 | (11,312) |
| Accrued commissions | (23,531) | 34,651 |
| State taxes payable | 7,500 | (12,307) |
| Federal taxes payable | (5,000) | (48,573) |
| CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES | 76,971 | (29,260) |
| FINANCING ACTIVITIES: | | |
| Repayment of preferred stock | - | (20,000) |
| Payment of investor notes | - | (200,000) |
| CASH (USED IN) FINANCING ACTIVITIES | - | (220,000) |
| NET INCREASE (DECREASE) IN CASH | 76,971 | (249,260) |
| CASH, BEGINNING OF YEAR | 737,185 | 986,558 |
| CASH, END OF YEAR | $ 814,156 | $ 737,298 |
| SUPPLEMENTAL DISCLOSURES: | | |
| Cash paid for: | | |
| Income taxes paid | $ 67,500 | $ 140,880 |
| Interest paid | $ - | $ 1,411 |
| Supplemental schedule of non-cash financing activities: | | |
| Redemption of convertible note | $ - | $ 200,000 |
| Shares issued in lieu of interest expense | $ - | $ 16,000 |

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

**EMERGENT HEALTH CORPORATION**
**NOTES TO FINANCIAL STATEMENTS**
**DECEMBER 31, 2013 AND 2012**

## 1. Nature of Business

Emergent Health Corp, ("EHC" or the "Company") was incorporated in the State of Nevada on April 27, 2006. The Company engages in the development and sale of proprietary regenerative medicine, nutraceuticals and phytonutritionals in the United States and internationally. The current product offerings are rooted in patent and patent pending nutrition formulas that are marketed through a direct to consumer sales model that has been successful in growing a stream of approximately $1 million in revenue annually with more than 800 customers. The Company's current marketing plan calls for a rebranding strategy to the name "Cellaviv" with a targeted series of well-designed campaigns that have been successfully implemented previously and are being utilized currently by other direct sales companies. EHC has licensed patented and patent pending nutritionally designed products such as JDI MultiVitamin Multi Mineral With Stem Cell Nutrition, Hungarest Diet & Energy Aid, Vita-Stim Concentrate, Vita-Stim Stem Cell Nutrition, Neuvitale Life Support, EmergentO2 Water Oxygenator, Miracle Serum, Cardio Forte, Infinity and Infinity Plus Anti Aging, NeuStem Cell Helper and ResoluCan Nutritional.

## 2. Summary of Significant Accounting Policies

### Basis of Presentation

The financial statements have been prepared in accordance with generally accepted accounting principles ("GAAP").

### Use of Estimates

Preparation of the Company's financial statements in conformity with United States GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as well as the reported amounts of revenue and expenses. Accordingly, actual results could differ from those estimates. There are no estimates used in the preparation of the financial statements.

### Cash and Cash Equivalents

Cash and cash equivalents, if any, include all highly liquid instruments with an original maturity of three months or less at the date of purchase. At December 31, 2013 and December 31, 2012, the Company had no cash equivalents.

### Concentration of Risk

Financial instruments that potentially subject the Company to concentration of credit risk consist principally of cash. The Company places its cash with high quality banking institutions and may at times exceed federally insured limits of $250,000. At December 31, 2013 and 2012 cash exceeded federally insured limits by $558,628 and $487,185, respectively. The Company believes that the risk of loss is minimal. To date, the Company has not experienced any losses related to cash deposits with financial institutions.

### Fair Value of Financial Instruments

The Company accounts for the fair value of financial instruments in accordance with the FASB ASC Topic 820, Fair Value Measurements and Disclosures ("Topic 820"). Topic 820 defines fair value, establishes a three-level valuation hierarchy for disclosures of fair value measurement and enhances disclosure requirements for fair value measures.

The three levels are defined as follows:

- Level 1 inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 inputs to the valuation methodology are unobservable and significant to the fair measurement.

The fair value of the Company's cash, accounts payable and accrued expenses approximate carrying value because of the short-term nature of these items.

**Revenue Recognition**

The Company recognizes revenues when delivery of goods or completion of services has occurred provided there is persuasive evidence of an agreement, acceptance has been approved by its customers, the fee is fixed or determinable based on the completion of stated terms and conditions, and collection of any related receivable is probable. The Company records revenue when an order is filled. The Company typically receives payment via credit card at the time the order is made.

**Sales Returns and Allowances**

The Company's policy is to refund the amount of a purchase within thirty days of the sale if the customer is not satisfied with the product. Such amounts are included in net sales and amounted to $15,348 and $28,563 in 2013 and 2012, respectively.

**Inventories**

Inventories consist primarily of finished goods of bottled supplements and raw materials used in their production and are stated at the lower of cost (first-in first-out method) or market value. The Company is a Distributor and outsources the manufacturing of its products. The outsourcing costs are included in finished goods and cost of goods sold. There is no reserve for obsolescence in any of the inventory amounts presented, as the Company considers all goods current and sellable.

**Intangible Assets**

The Company capitalizes costs associated with the acquisition of patents and trademarks. It amortizes these costs over fifteen years using the straight line method. The costs on the Balance Sheet are for trademarks registered in the name of EHC.

**Income Taxes**

We account for income taxes under the asset and liability method. Deferred tax assets and liabilities are recognized for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which the 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 income in the period that includes the enactment date. Valuation allowances are recorded, when necessary, to reduce deferred tax assets to the amount expected to be realized.

As a result of the implementation of certain provisions of ASC 740, Income Taxes ("ASC 740"), which clarifies the accounting and disclosure for uncertainty in tax positions, as defined, ASC 740 seeks to reduce the diversity in practice associated with certain aspects of the recognition and measurement related to accounting for income taxes. We adopted the provisions of ASC 740 as of January 1, 2007, and have analyzed filing positions in each of the federal and state jurisdictions where we are required to file income tax returns, as well as all open tax years in these jurisdictions. We have identified the U.S. federal and Pennsylvania as our "major" tax jurisdictions. Generally, we remain subject to Internal Revenue Service examination of our 2009 through 2011 U.S. federal income tax returns, and remain subject to Pennsylvania Franchise Tax Board examination of our 2008 through 2011 Pennsylvania Franchise Tax Returns.

We believe that our income tax filing positions and deductions will be sustained on audit and do not anticipate any adjustments that will result in a material change to our financial position. Therefore, no reserves for uncertain income tax positions have been recorded pursuant to ASC 740. In addition, we did not record a cumulative effect adjustment

related to the adoption of ASC 740. Our policy for recording interest and penalties associated with income-based tax audits is to record such items as a component of income taxes.

**Commissions**

The Company pays commission expense to its distributors under an MLM arrangement down to seven levels at the rates of 20%, 10%, 10%, 2.5%, 2.5%, 2.5% and 2.5%, respectively. Commissions are earned by the distributors at the time of sale. The Company records commission expense in accordance with EITF01-9 Accounting for Consideration Given by a Vendor to a Customer. Accordingly, the commission expense is shown in the financial statements as a reduction to sales. Commission expense for the years ended December 31, 2013 and 2012 were $535,529 and $736,248, respectively.

**Basic and Diluted Earnings per Share**

The Company computes net income per share in accordance with ASC 260, *Earnings per Share.* ASC 260 requires presentation of both basic and diluted earnings per share ("EPS") on the face of the income statement. Basic EPS is computed by dividing net income available to common shareholders (numerator) by the weighted average number of shares outstanding (denominator) during the period. Diluted EPS gives effect to all dilutive potential common shares outstanding during the period using the treasury stock method and convertible preferred stock using the if-converted method. In computing diluted EPS, the average stock price for the period is used in determining the number of shares assumed to be purchased from the exercise of stock options, warrants or debentures. Diluted EPS excludes all dilutive potential shares if their effect is anti-dilutive. A convertible note in the amount of $216,000 was converted into 1,800,000 common shares as of June 30, 2012.

## 3. Inventories

The components of inventories are as follows at December 31:

| | 2013 | 2012 |
|---|---|---|
| Raw materials | $ 124,060 | $ 71,940 |
| Finished goods | 83,573 | 85,483 |
| Total | $ 207,633 | $ 157,423 |

The cost of outsourced manufacturing is included in the carrying value of items held in finished goods.

## 4. Commitments

**Operating Leases**

The Company leases its office space under an operating lease dated August 31, 2013. The lease expires August 31, 2015 and the Company has no future plans to renew the lease. Future minimum rental payments for the years ended December 31 are as follows:

| | |
|---|---|
| 2014 | $13,420 |
| 2015 | 9,240 |
| Total | $22,660 |

Rental expense under this lease amounted to $12,420 and $13,560 in 2013 and 2012, respectively.

## 5. Employee Benefit Plan

The Company sponsored a Retirement Savings Plan consisting of a SEP IRA Plan (the "Plan") which covered the major shareholder and his wife. Under the Plan, an employee was required to have worked for the Company for three years. The Company contributed $24,503 and $17,725 under the Plan in 2013 and 2012, respectively.

## 6. Related Party Transactions

The Company has entered into a licensing agreement with John V. Cappello, the majority shareholder of the Company, who has assigned the patent to Cappello's Inc., a corporation that he is the sole shareholder of. Under this agreement, the Company pays a royalty of approximately 4% of gross sales to the assignee which is shown on the income statement as royalty expense. Royalty expense was $60,000 and $80,000 for the years ended December 31, 2013 and 2012, respectively. There were no accrued royalty fees outstanding as of December 31, 2013 ad 2012.

Commissions paid to John V. Cappello and his wife, Sallie Cappello, amounted to $11,735 and $7,557 for the years ended December 31, 2013 and 2012, respectively. Accrued commissions owed to John V. Cappello and Sallie Cappello as of December 31, 2013 were $538 and $538, respectively.

## 7. Business Concentration

### Suppliers

During the years ended December 31, 2013 and 2012, one supplier provided 100% of the raw material purchases and one supplier provided 85% and 90 % of finished goods purchases, respectively. As of December 31, 2013 and 2012 another supplier represented 96% and 0% of accounts payable, respectively. We do not believe that the loss of either of or both of these suppliers would have a material adverse effect on our financial condition or results of operations as there are other suppliers in the marketplace that would be a suitable alternative.

## 8. Capital Stock

The Company is authorized to issue 20,000,000 shares of preferred stock, having a par value of $0.001 per share, and 50,000,000 shares of common stock, having a par value of $0.001 per share.

There is no preferred stock outstanding at both December 31, 2013 and 2012. Shares of common stock issued and outstanding were 24,800,000 shares at both December 31, 2013 and 2012.

On June 1, 2012, a convertible note in the amount of $200,000 which bore interest at 8% was converted into 1,800,000 shares of common stock in an amount of $216,000 which was credited to stockholders' equity.

## 9. Warehouse and Fulfillment Costs

The Company outsources its warehouse and fulfillment costs using a third-party provider. This arrangement is done under a contract which expired on August 31, 2014 and calls for a payment per order picked plus a monthly pallet storage fee, recorded under warehouse and fulfillment costs. Costs under this arrangement were $78,380 and $110,802 for the years ended December 31, 2013 and 2012, respectively.

## 10. Income Taxes

Income tax provision is summarized as follows:

| | Year Ended December 31, 2013 | Year Ended December 31, 2012 |
|---|---|---|
| Current: | | |
| Federal | $ 50,000 | $ 58,000 |
| State | 20,000 | 22,000 |
| Income tax provision | $ 70,000 | $ 80,000 |

The actual income tax provision differs from the "expected" tax computed by applying the Federal corporate tax rate of 35% to the income before income taxes as follows:

| | Year Ended December 31, 2013 | Year Ended December 31, 2012 |
|---|---|---|
| "Expected" income tax | 35% | 35% |
| State tax expense | (10)% | (10)% |
| Other | 11% | 13% |
| Income tax provision | 36% | 38% |

The Company has immaterial timing differences between book and tax, as a result has no deferred tax assets or deferred tax liabilities.

As a result of the implementation of ASC 740, we recognized no material adjustment to unrecognized tax benefits. We have incurred no interest or penalties as of December 31, 2013 and 2012.

## 11. Subsequent Events

On August 27, 2014 (the "Closing Date"), the majority shareholder of the Company, John Cappello ("JC") and an affiliated entity, Cappello's Inc. ("CI"), (collectively referred to as "Sellers"), which collectively owned 19,312,546 shares of the issued and outstanding common stock of the Company, sold 11,880,000 shares of its stock for $800,000 to a group comprised of a new management team and Parcae Capital Corp. ("Parcae") and Clover Capital Corporation ("Clover"), (collectively referred to as "Purchasers"), under the following terms:

- 5,940,000 shares were sold to the new CEO, Stephen Hussey, for $400,000 in cash.
- 4,455,000 shares were sold to Kim Halvorson, a related party, for $300,000.
- 1,485,000 shares were sold to Parcae and Clover or their assigns for $100,000 by delivering a note to the Sellers for a term of one year from the Closing Date. These shares will be held by JC and issued pro rata upon payment.

In addition to the above, the Purchasers agree to be responsible for all costs associated with the audit of the Company's financial statements for years ending December 31, 2012 and 2013 and the costs incurred in filing an S-1 Registration Statement with the SEC. To the extent that such costs are paid by the Company, these amounts will be added to the $300,000 note referenced above.

Under the terms of a Consulting Agreement dated May 29, 2014, Parcae and Clover are each issued 7,500,000 shares of common stock at par value as compensation for advancing the August 26, 2014 transaction to a closure, restructuring the Company, installing a new management team and assisting the team to grow the Company sales.

The Company also issued 930,000 shares of its authorized common stock for $200,000 under a Private Placement Memorandum dated November 1, 2014.