FUSION INTERACTIVE CORP.

ANNUAL REPORT

Period ended December 31, 2014

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1. Name of the issuer and its predecessors, if any.

FUSION INTERACTIVE CORP. – 19 December 2014
THE GOOD WATER COMPANY, INC. - 12-February-2013
PROTON LABORATORIES, INC. – 23-April, 2011
REGENOBODY HOLDINGS, INC. – 13-May-2010
PROTON LABORATORIES, INC. – 16-March-2004
BENTLY CAPITAL CORPORATION.COM, INC. – 13-March-2000

2. Address of the issuer's principal executive offices.

Company Headquarters
4380 NE 11TH AVE
OAKLAND PARK, FL 33334
Telephone: (954) 607-4400
Facsimile: (954) 607-440

3. Security Information

Trading Symbol: FUIG
Exact title and class of securities outstanding:

Common Stock

CUSIP:	36113V 109
Par or stated value:	$0.0001
Total shares authorized:	750,000,000 as of May 18, 2015
Total shares issued and outstanding:	12,005,330 as of May 18, 2015
Total number of shareholders:	272 as of May 18, 2015

Preferred Series "A"
Trading Symbol: None
CUSIP No.: None
Par or stated value: $0.0001
Total shares authorized: 10,000,000 as of May 18, 2015
Total shares issued and outstanding: 6,750,000 as of May 18, 2015

Preferred Series "B"
Trading Symbol: None
CUSIP No.: None
Par or stated value: $0.0001
Total shares authorized: 30,000 as of May 18, 2015
Total shares issued and outstanding: 30,000 as of May 18, 2015

Transfer Agent

Olde Monmouth Stock Transfer Co, Inc.
200 Memorial Parkway
Atlantic Highlands, NJ 07716
Telephone: (732) 872-2727
Facsimile: (732) 872-2778
Website: www.oldemonmouth.com

The Transfer Agent is registered under the Exchange Act and is regulated by the Securities and Exchange Commission.

Restrictions on the transfer of security:

None

Trading suspensions ordered by SEC in past 12 months:

None

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4. Issuance History

On April 7, 2014, the Company issued 6,750,000 shares of its Series A Preferred Shares and 30,000 of its Series B Preferred Shares in connection with its acquisition of Phonefusion, Inc. The shares were issued pursuant to an exemption from Registration contained in Section 4(2) of the Securities Act of 1933.

On, April 15, 2014, the Company issued 10,000,000 shares of its common stock to Fusion Interactive Series of Velocity Partners International LLC, in exchange for a license for certain software. The shares were issued pursuant to an exemption from Registration contained in Section 4(2) of the Securities Act of 1933.

ON April 16, 2014 the Company issued 730,000 shares of its common stock in exchange for the extinguishment of debt. The shares were issued pursuant to an exemption from Registration contained in Section 4(2) of the Securities Act of 1933.

The Company did not issue any new shares for the year ending 31-Dec-2013. On May 23, 2013 a 1:700 reverse split of the stock became effective (see notes to the financials: Note 5). All new certificates were issued to the shareholders of record as of that date upon surrender of their shares. The new certificates contained the same restrictions that were in place at the time of the reverse. The shareholder information contained herein has been adjusted to reflect the effects of such reverse.

5. Financial Statements

The Issuer is providing financial statements for the most recent period ending December 31, 2013 and the most recent fiscal year ending December 31, 2013, and the fiscal year ended December 31, 2012.

A. Balance Sheet
B. Statement of Operations
C. Statement of Cash Flows; and
D. Financial Notes

These unaudited financial statements are incorporated by reference herein and have been separately filed with OTC Markets

The financial statements have been retroactively adjusted to account for the reverse split May 23, 2013.

6. Issuer's Business, Products and Services.

A. **Issuer's Business**

With the acquisition of Phonefusion in 2014 the Company shifted its focus from enhanced water beverage products, to communications and virtualization products. Fusion Interactive's platform provides critical services that free a business from needing to deploy or maintain its own infrastructure,

and which allow for easy access to corporate resources from anywhere, at any time, on any device.

Services include: mobile messaging, call management, VoIP, visual voicemail, audio and video conferencing, automated response and notification, Desktop-as-a-Service, storage, and more, all hosted in a distributed, fault-tolerant, highly performant, flexible cloud environment, managed through an intuitive interface with automated provisioning and easy user management.

B. Date and jurisdiction of Incorporation.

The Company is organized under the laws of the state of Washington. It was originally organized under the name of BentleyCapitalCorp.com, Inc. on March 14, 2000. It has undergone several name changes since inception until December 2014 when it amended its name from The Good Water Company, Inc. to Fusion Interactive Corp.

C. Primary and secondary SIC Codes.

Primary SIC Code:	4899
Secondary SIC Code:	7374

D. Fiscal Year

The Company's fiscal year is the calendar year ending on December 31.

E. Principal products and their markets.

Phonefusion has developed a sophisticated cloud based digital platform which allows an organization to install its services over top of an existing infrastructure. This platform provideds business logic to all inbound and outbound calls, and allows any business which has made the transition to a UC environment to connect to the rest of the world, or "federate" with other organizations within this environment.
PHONE FUSION delivers a high-quality, highly secure experience across any workspace, which helps organizations shorten sales and customer service cycles, reduce time-to-market for new product information, adapt in real time to market changes, encourage innovation and deliver business intelligence.
PHONE FUSION provides 5 primary products:

1. Call Center and Mid-Tier Business Carrier Grade Solutions (a workforce enabler, and intelligent on/off-premise ACD with Presence capabilities)
2. Virtual Switchboard for Small to Mid Size businesses (5-100 Users) (a custom bundled suite of services tailored for the SME market with hardware provided by resellers)
3. Virtual Office for Employees, and Small Office Home Office (SoHo) markets - (includes call queuing, call conference, 3-way calling, faxing, and operator bailout).
4. Family Connect for individuals and immigrant families. (perfect for calling home - Moniker ET Call home).
5. Alertify is an on demand "push notification" system for mission critical application such as emergency broadcast or something as simple as informing a restaurant client that their meal is ready.

The company's portfolio of Call Center, Alert Notification, and Fixed Mobile Convergence products combines all modes of communication – from mobile phones to traditional landlines to VoIP to Business Intelligence Suites and Distributed Call Centers – into one, single, manageable source.

7. Describe the Issuer's Facilities.

The Company leases a 5,000 square foot building for $3,800 per month in Fort Lauderdale, Florida. The building is owned by a shareholder of the Company.

8. Officers, Directors, and Control Persons

A. Officers and Directors

Scott Smith, Age: 41
Chief Executive Officer, Secretary and Director
100 Seaview Ave 4-8b
Monmouth Beach, NJ 07750
Beneficial Shares Owned: 428,572
Compensation: $0.00
Other Affiliations: Independent Director Cono Italiano, Inc.

Mr. Smith is the CEO and a Director of the Company. His previous employment. Mr. Smith holds a B.S. in Business Administration from Monmouth University, in Long Branch, New Jersey wherehe graduated in 1993. His recent employment includes S.J. Smith Distributors, Inc. in Bordentown, New Jersey. Mr. Smith is the founder and owner of this manufacturer's representative where he has been employed since 1997. S.J. Smith Distributors sells and distributes a wide range of product lines. Since April 2002 he has also been employed by Ray Catena Motor Car of Edison, New Jersey where he serves as Corporate Sales Manager. He is an outside independent of member of the board of directors of Cono Italiano, Inc.

Thomas Seifert, Age 42
Chief Financial Officer and Director
Beneficial Shares Owned: 0
Compensation: $0.00

Mr. Seifert has more than 15 years of experience as a Chief Financial Officer and working with publicly traded companies. He earned a Bachelor's Degree in Finance from Colorado State University. Most recently Mr. Seifert has been a consultant to several businesses and the CFO of Georgetown Corp. (2012-2013) and Triad Communications Corp. (2011-2012). Prior to that he was one of three executives tasked with the turnaround of a former American Stock Exchange company.

B. Legal and disciplinary history.

In the past five (5) years, none of the foregoing persons have:

1. Been convicted in a criminal proceeding or named as a defendant in a pending criminal proceeding;

2. Has been the subject or an order, judgment or decree, not subsequently reversed, or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, suspended, barred or otherwise limited such person's involvement in any type of business, securities, commodities or branding activities.

3. Has been the subject of a finding or judgment which has not been reversed, suspended or vacated.

4. Has been the subject of an entry of an order by a self-regulatory organization that permanently or temporarily barred, suspended or otherwise limed such person's involvement in any type of business or securities activities.

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C. Beneficial Shareholders

THE GOOD WATER COMPANY		
Beneficial owners		
Beneficial Owner name and address	Number of Common Shares	Percent owned
Officers and Directors		
Scott Smith 384 North Ocean Ave Suite 302 Long Branch NJ 07740	428,572	3.6%
Total Officers and Directors	428,572	3.6%
Fusion Interactive Series of Velocity Partners International 3422 Old Capital Trail, Suite 700 Wilmington, DE 19808	10,000,000	83%
Total Officers and Beneficial Owners	10,428,572	87%

9. Third Party Providers

Legal Counsel:
Jonathan D. Leinwand, P.A
200 S. Andrews Ave., Suite 703B
Fort Lauderdale, FL 33301

Accountant
Jacques Arsenault
Montreal, QC Canada

Investor Relations Advisor
None

10. Issuer Certification.

I, Scott Smith, certify that:

1. I have reviewed this annual report for period ending December 31, 2014 of Fusion Interactive Corp.

2. Based on my knowledge, this disclosure statement does contain any untrue statements of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and

3. Based on my knowledge of the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects, the financial condition, results of operations, and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Dated: June 9, 2015

/s/SCOTT SMITH_____
Scott Smith, President/CEO

FUSION INTERACTIVE CORP.
(Formerly The Good Water Company, Inc.)
A Development Stage Company

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 2014 AND 2013

(Unaudited, expressed in US dollars)

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FUSION INTERACTIVE CORP.

(Formerly The Good Water Company, Inc.)
A Development Stage Company

CONSOLIDATED BALANCE SHEETS

(Unaudited, expressed in US dollars)

As at,	**December 31, 2014**	December 31, 2013 RTO restated
	$	$
ASSETS		
Current assets		
Cash and cash equivalents (note 6)	**29,533**	85,791
Receivables (note 7)	**409,958**	280,089
Prepaid expenses	**10,443**	74,677
Advances receivable	**18,686**	17,916
Deposits	**1,795**	1,120
	470,415	459,593
Non-current assets		
Fixed assets net (note 8)	**281,530**	8,812
Goodwill	**-**	261,656
	751,945	730,061
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (note 9)	**1,212,141**	953,614
Defferred revenues	**144,481**	189,397
	1,356,622	1,143,011
Non-current liabilities		
Notes payable (note 10)	**1,627,583**	1,479,910
	2,984,205	2,622,921
SHAREHOLDERS`EQUITY		
Common stock (note 11)	**579,934**	6,961
Preferred shares (note 11)	**6,780,000**	-
Contributed surplus	**8,718,344**	9,171,366
Accumulated deficit	**(18,310,538)**	(11,071,187)
	(2,232,260)	(1,892,860)
	751,945	730,061

The accompanying notes form an integral part of the consolidated financial statements

FUSION INTERACTIVE CORP.

(Formerly The Good Water Company, Inc.)
A Development Stage Company
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited, expressed in US dollars)

For the year ended December 31,	**2014**	2013
	$	$
Revenues	**2,911,911**	2,476,557
Cost of goods sold	**863,713**	871,734
Gross margin	**2,048,198**	1,604,823
Expenses		
Operating expenses	**258,325**	36,873
Computers and softwares	**35,020**	22,721
Professional and consulting fees	**397,627**	280,725
Rents	**50,113**	46,246
Revenue sharing	**35,060**	45,469
Office expenses	**43,206**	47,844
Salaries and levies	**1,029,454**	1,054,076
Financial charges	**25,662**	24,313
Marketing	**94,221**	57,931
Bad debts expenses	**81,514**	1,419
Commissions	**128,470**	99,146
Insurance	**93,250**	93,273
Interest expenses	**148,888**	147,169
Goodwill impairment	**261,656**	-
Depreciation	**12,877**	4,071
	2,695,343	1,961,276
Net loss before other income	**(647,145)**	(356,453)
Other income	**57,190**	175,727
Net loss for the year	**(589,955)**	(180,726)
Basic and fully diluted loss per share	**(0.05)**	(0.28)
Weighted average number of shares outstanding	**18,969,782**	650,305

The accompanying notes form an integral part of the consolidated financial statements

FUSION INTERACTIVE CORP.

(Formerly The Good Water Company, Inc.)
A Development Stage Company

CONSOLIDATED STATEMENTS OF CHANGES IN DEFICIENCY

For the periods ended December 31, 2014 and 2013
(Unaudited, expressed in US dollars)

	COMMON STOCK		PREFERRED SHARES		CONTRIBUTED SURPLUS	DEFICIT	TOTAL
	#	$	#	$	$	$	$
Balance - December 31, 2012	**650,305**	**65**	**-**	**-**	**6,320,017**	**(7,138,053)**	**(817,971)**
Income (loss) of the year						488,102	488,102
Balance - December 31, 2013	**650,305**	**65**	**-**	**-**	**6,320,017**	**(6,649,951)**	**(329,869)**
Reverse takeover transaction			6,780,000	6,780,000	2,398,327	-	9,178,327
Opening deficit of the accounting acquirer						(11,070,632)	(11,070,632)
Issuance of shares for acquisition of licenses	10,000,000	250,000					250,000
Issuance of shares for debts settlement	1,319,477	329,869					329,869
Income (loss) of the year						(589,955)	(589,955)
Balance - December 31, 2014	**11,969,782**	**579,934**	**6,780,000**	**6,780,000**	**8,718,344**	**(18,310,538)**	**(2,232,260)**

The accompanying notes form an integral part of the consolidated financial statements

FUSION INTERACTIVE CORP.

(Formerly The Good Water Company, Inc.)
A Development Stage Company

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited, expressed in US dollars)

For the year ended December 31,	**2014**	**2013**
	$	$
Cash used in operating activities		
Net loss	**(589,955)**	(180,726)
Adjustments for items not involving cash:		
Interest on notes payable (note 10)	**147,673**	144,710
Goodwill impairment	**261,656**	-
Adjustment to deficits	**555**	230
Depreciation	**12,877**	4,071
	(167,194)	(31,715)
Changes in non-cash working capital items:		
Receivables and other	**(129,869)**	(108,379)
Prepaid expenses	**64,234**	(66,276)
Advances receivable	**(770)**	45,371
Deposits	**(675)**	-
Accounts payable and accrued liabilities	**258,527**	10,245
Defferred revenues	**(44,916)**	143,046
	(20,663)	(7,708)
Cash used in investing activities		
Acquisition of equipment	**(35,595)**	(4,199)
	(35,595)	(4,199)
Cash flows from financing activities		
	-	-
Increase (decrease) in cash and cash equivalents	**(56,258)**	(11,907)
Cash and cash equivalents, beginning of the year	**85,791**	97,698
Cash and cash equivalents, end of the year	**29,533**	85,791

The accompanying notes form an integral part of the consolidated financial statements

1. ORGANIZATION, OWNERSHIP AND BUSINESS

Fusion Interactive, Corp. ("Fusion" or the "Company") was incorporated in the State of Washington on March 13, 2000, as Bently Capital Corporation.com Inc. The Company went through several name and business changes between 2004 and 2014 (as of now The Good Water Company, Inc.). On July 7, 2014 the Company and PhoneFusion, Inc. approved the merger of Fusion Unified Communications, a wholly owned Subsidiary of the Company created for the purposes of the merger and PhoneFusion, both Delaware corporations. PhoneFusion was incorporated in the state of Delaware on July 10, 2007.

The Merger was accounted for as a reverse merger and a recapitalization in accordance with generally accepted accounting principles in the United States of America, or "GAAP". As a result, these condensed financial statements reflect the: (i) historical results of PhoneFusion, Inc. prior to the Merger, (ii) combined results of the Company following the Merger, and (iii) acquired assets and liabilities at their historical cost. The accompanying unaudited consolidated financial statements of Fusion Interactive have been prepared in accordance with accounting principles generally accepted (``GAAP``) in the United States of America.

Fusion is the provider of unified communication services. Such services include mobile messaging, call management, VoIP, visual voicemail, audio and video conferencing, automated response and notification, Desktop-as-a-Service, storage, and more, all hosted in a distributed, fault-tolerant, highly performant, flexible cloud environment, managed through an intuitive interface with automated provisioning and easy user management. Fusion provides also critical services that free a business from needing to deploy or maintain its own infrastructure, and allow for easy access to corporate resources from anywhere, at any time, on any device, thus giving rise to our tag line "Virtually Everywhere". The Company is at the cutting edge of new technologies that allow for workplace and lifespace integrations using mobile identity management and complete workspace-as-a-service solutions.

The Company's common stock is quoted on the OTC Pink Market under the symbol "FUIG". As defined by ASC Topic 915, ``Development Stage Entities``, the company is devoting substantilally all of its presents efforts to developing its business. All losses accumulated since inception have been considered as part of the Company's development stage activities. Cost of start-up activities, including organizational costs, are expensed as incurred.

In the opinion of management, all adjustments, consisting of normal recurring adjustments (including the adjustments related to the recapitalization pursuant to the reverse merger), necessary for a fair presentation of financial position and the results of operations for the periods presented have been reflected herein.

2. GOING CONCERN DISCLOSURE

The Company's financial statements are prepared using United States generally accepted accounting principles applicable to a going concern, which contemplates the realization of assets and liquidation of liabilities in the normal course of business. As at December 31, 2014 the Company has a working capital deficit of $886,207 and an accumulated deficit of $18,310,538. These factors raise substantial doubt about its ability to continue as a going concern. The Company will need to raise proceeds from the issuance of debt or equity and increase its operating revenues. There can be no assurance that Fusion can or will be able to complete any debt or equity financing with commercially reasonable terms. The Company's financial statements do not include any adjustments that might result from the outcome of this uncertainty.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These consolidated financial statements of the Company are prepared in accordance with the United States generally accepted accounting principles (''GAAP''). The accounting policies have been similarly applied throughout all periods presented in the financial statements.

Basis of presentation

The consolidated financial statement of the Company has been prepared using the accrual basis of accounting except for cash flow information, at historical costs and fair values for certain items. Items measured at fair value include cash held in foreign currencies, and share based transactions. Certain comparative figures have been reclassified to conform to the current year's presentation. The Company has elected a calendar accounting period beginning January 1 and ending on December 31 of each year.

Basis of consolidation

The subsidiariy is fully consolidated from the date of acquisition and continue to be consolidated until the date control over the subsidiaries ceases. The consolidated financial statements of the Company include the accounts of its 100% wholly owned subsidiary, Fusion Unified Communications, located in the United States of America. All significant inter-company transactions and balances have been eliminated upon consolidation.

Functional and presentation currency

The functional and presentation currency of the Company is the United States (US) dollar. There is no foreign currency transactions and/or operations.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank balances and investments readily convertible to a known amount of cash with an insignificant risk of changes in value. Normally an investment qualifies as a cash equivalent when it has a short maturity of three-months or less from the date of acquisition.

Receivables

Accounts receivable consist primarily of trade receivables, net of allowance for doubtful accounts. The Company provides an allowance for doubtful accounts equal to the estimated uncollectible amounts. The Company's estimate is based on historical collection experience and a review of the current status of trade accounts receivable. It is reasonably possible that the Company's estimate of the allowance for doubtful accounts will change.

Fixed assets

Assets acquired in the normal course of business are recorded at original cost and may be adjusted for any additional significant improvements after purchase. The Company depreciates or amortizes the cost evenly over the assets' estimated useful lives, ranging from three to seven years. Upon retirement or sale, the cost of the assets disposed of and the related accumulated depreciation are removed from the accounts, with any resultant gain or loss being recognized as a component of operating expense. Furnitures and office equipements and softwares, hardwares and computer equipments are recorded at cost less accumulated amortization. The annual amortization is recognized as expense and is calculated using the straight-line method, based on the estimated using lives of the assets, represented by the following equivalent years of dépreciation:

Furnitures and office equipment	5 years
Licenses	5 years
Software, hardware and computer equipment	3 years

Revenue recognition

The Company is a provider of bespoke telecommunications services to corporate and wholesale clients, Fusion has grown into a full service provider of white label solutions marketed wholesale to B2B and B2C service providers. The Company will follow the guidance of ASC Topic 605, formerly, SAB 104 for revenue recognition. In general, the Company will record revenue when persuasive evidence of an arrangement exists, services have been rendered, the sales price to the customer is fixed or determinable, and collectability is reasonably assured. Revenues from services are recognized when the services are performed, evidence of an arrangement exists, the fee is fixed and determinable and collectability is probable. In circumstances when these criteria are not met, revenue recognition is deferred until resolution occurs.

Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and operating loss and tax credit carry forwards. 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 operations in the period enacted. A valuation allowance is provided when it is more likely than not that a portion or all of a deferred tax asset will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income and the reversal of deferred tax liabilities during the period in which related temporary differences become deductible. The benefit of tax positions taken or expected to be taken in the Company's income tax returns are recognized in the consolidated financial statements if such positions are more likely than not of being sustained. In accordance with 740-10, the Company recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting this standard, the amount recognized in the financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement with the relevant tax authority.

Segment reporting

The Company operates in a single reportable operating segment – the telecommunication. The Company's only operations headquarter is located in Florida, USA.

Share capital

Common shares issued for non-monetary consideration are recorded at their fair value on the measurement date and classified as equity. The measurement date is defined as the earliest of the date at which the commitment for performance by the counterparty to earn the common shares is reached or the date at which the counterparty's performance is complete. Proceeds from unit placements are allocated between shares and warrants issued using the residual method. Transaction costs directly attributable to the issuance of common shares and share purchase options are recognized as a deduction from equity, net of any tax effects.

Net income or (loss) per share of common stock

Basic and diluted loss per common share is based upon the weighted average number of common shares outstanding during the period computed under the provisions of Accounting Standards Codification subtopic 260-10, Earnings per Share ("ASC 260-10"). All primary dilutive common shares have been excluded since the inclusion would be anti-dilutive.

Recently issued accounting pronouncements

Management does not believe that any recently issued, but not yet effective accounting standards, if adopted, will have a material effect on Companies consolidated financial statements.

4. SIGNIFICANT JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements requires management to make judgments, estimates and assumptions based on currently available information that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and judgments are continuously evaluated and are based on managements' experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual results could differ from those estimated. By their very nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of future periods could be material. In the process of applying the Company's accounting policies, management has made the following judgments, estimates, and assumptions which have the most significant effect on the amounts recognized in the consolidated financial statements:

Depreciation and impairment of fixed assets

Management estimates the useful life of fixed assets for depreciation purposes.

Going concern

The assessment of the Company's ability to raise sufficient funds to finance its operations and administrative expenses involves judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Accrued Liabilities

The Company has applied judgment in recognizing accrued liabilities, including judgment as to whether the Company has a present obligation (legal or constructive) as a result of a past event; whether it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and whether a reliable estimate can be made of the amount of the obligation.

Fair value of financial instruments

Accounting Standards Codification subtopic 825-10, Financial Instruments ("ASC 825-10") requires disclosure of the fair value of certain financial instruments. The carrying value of cash and cash equivalents, accounts payable and accrued liabilities, and short-term borrowings, as reflected in the balance sheets, approximate fair value because of the short-term maturity of these instruments. All other significant financial assets, financial liabilities and equity instruments of the Company are either recognized or disclosed in the financial statements together with other information relevant for making a reasonable assessment of future cash flows, interest rate risk and credit risk. Where practicable the fair values of financial assets and financial liabilities have been determined and disclosed; otherwise only available information pertinent to fair value has been disclosed.

The company follows Accounting Standards Codification subtopic 820-10, Fair Value Measurements and Disclosures ("ASC 820-10") and Accounting Standards Codification subtopic 825-10, Financial Instruments ("ASC 825-10"), which permits entities to choose to measure many financial instruments and certain other items at fair value

5. SHARE EXCHANGE, REVERSE ACQUISITION AND RECAPITALIZATION

On July 7, 2014, the Company entered into a Share Exchange Agreement with PhoneFusion, a Delaware comapny ("PF") and all of the holders of the outstanding equity of Fusion Interactive Corp (the "FUIC Shareholders"). Upon closing of the transactions contemplated under the Exchange Agreement the PF Shareholders transferred all of the issued and outstanding equity of PF to the FUIC in exchange for (i) an aggregate of 6,750,000 shares of Series A Convertible Preferred Stock of the OTC and 30,000 shares of Series B Convertible Preferred Stock.. Such exchange caused PF to become a wholly owned subsidiary of the Company.

On July 7, 2014 the Company and PhoneFusion, Inc. approved the merger of Fusion Unified Communications, a wholly owned Subsidiary of the Company created for the purposes of the merger and PhoneFusion, both Delaware corporations. The Merger was accounted for as a reverse acquisition and a recapitalization in accordance with generally accepted accounting principles in the United States of America, or "GAAP". As a result, 6,750,000 shares of nonvoting Series "A" convertible preferred stock with $1 par value ($6,750,000) and 30,000 shares of Series "B" convertible preferred stock with $1 par value ($30,000) with super voting rights were issued.

For accounting purposes, this transaction is being accounted for as a reverse acquisition and has been treated as a recapitalization of Fusion Interactive Corp. with PhoneFusion, Inc. considered the accounting acquirer, and the financial statements of the accounting acquirer became the financial statements of the registrant. The completion of the Share Exchange resulted in a change of control. The Share Exchange was accounted for as a reverse acquisition and re-capitalization. The PhoneFusion Shareholders obtained approximately 51% of voting control on the date of Share Exchange. The consolidated financial statements after the acquisition include

the balance sheets of both companies at historical cost, the historical results of PhoneFusion and the results of the Company from the acquisition date. All share and per share information in the accompanying consolidated financial statements and footnotes has been retroactively restated to reflect the recapitalization.

6. CASH

Cash and cash equivalents were as follows:

	December 31, 2014	December 31, 2013
	$	$
Cash USA banks	**28,974**	80,422
Short term deposits	**558**	5,369
	29,533	85,791

7. RECEIVABLES

Receivables and other were comprised of the following balances:

	December 31, 2014	December 31, 2013
	$	$
Trade receivables	**492,891**	281,508
Allowance for doubtful accounts	**(82,933)**	(1,419)
	409,958	280,089

8. FIXED ASSETS

The fixed assets are comprised of the follow:

	December 31, 2014			December 31, 2013
	Cost	**Accumulated depreciation**	**Net value**	
	$	**$**	**$**	$
Furnitures and office equipments	**11,099**	**9,836**	**1,263**	2,558
Licenses	**250,000**	**-**	**250,000**	-
Softwares, hardwares and computer equipments	**53,319**	**23,052**	**30,267**	6,254
	314,418	**32,888**	**281,530**	8,812

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities were comprised of the following balances:

	December 31, 2014	December 31, 2013
	$	$
Trade payables	**608,536**	339,872
Accrued compensation	**560,436**	551,512
Accrued liabilities	**43,169**	62,230
	1,212,141	953,614

10. NOTES PAYABLE

A note payable of $200,000 resulted from proceeds received on May 20, 2010 from a third party. These proceeds were used for working capital purposes. Interest on the unpaid balance shall accrue and be paid with the principal upon demand for payment, which shall occur the earlier of: (1) the date the Company closes on a financing of $500,000 on or before May 20, 2012. The maturity date of the note has been extended by mutual agreement between the Company and the note holder to May 20, 2016. The note bears interest at 10%, is not convertible and is unsecured. During the period from May 20, 2010 (inception) through December 31, 2014, interest expense on the note payable was $115,687, all of which has been accrued and included in the notes payable. The total amount due of the note payable as December 31, 2014 is $315,687.

On April 28, 2009 DK Ventures II LLC loaned PhoneFusion $550,000 pursuant to a convertible term note with an interest rate of 10% per year. The note was convertible at $1.00 per share subject to certain adjustments. On June 1, 2009, PhoneFusion and DK Ventures entered into a second loan agreement in the amount of $235,000 on the same terms and conditions as the April 28, 2009 note. Additionally, as part of the transactions, DK acquired Warrants exercisable for common shares of PhoneFusion.

PhoneFusion was required to pay DK accrued interest on July 1, 2010 and September 1, 2010, respectively and in forbearance and modification of such obligations the Company and DK entered into that certain FORBEARANCE AND MODIFICATION AGREEMENT on July 27, 2010. Pursuant to the terms of the First Forbearance Agreement, (i) PhoneFusion paid DK a partial interest payment on the First Note in the amount of $32,309 and a partial interest payment on the Second Note in the amount of $25,458; (ii) the interest rate on the First and Second Notes (collectively, the "Notes") were increased effective as of July 1, 2010 to 15% per annum; (iii) the Exercise Price for both the First and the Second Class B Warrants was reduced from $3.00 per share to $1.50 per share; and (iv) the payment of the remaining unpaid portion of the accrued interest, together with interest on the principal balance of the Notes (accruing at the revised rate of 15% per annum effective as of July 1, 2010) was extended together with the unpaid principal balance of the Notes to December 1, 2010 (the "Revised Maturity Date").

In February 2013, DK assigned the Note to the PhoneFusion Series of Velocity Partners International LLC. At that time the parties entered into an additional forbearance agreement that extended the Maturity Date to December 1, 2015 and allowed for all principal and accrued and unpaid interest to be payable upon maturity.

On February On April 1, 2014, Velocity assigned the DK note to Yvonne Cormier. During the period from inception through December 31, 2014, interest expense on the notes payable was $526,895, all of which has

been accrued and included in the notes payable. The total amount due of the note payable as December 31, 2014 is $1,311,896.

11. SHARE CAPITAL

A Authorized Common Stock issued

As of December 31, 2014, 7,000,000 total shares of common stock, par value $0.0001 per share, were authorized and 650,305 (value of $65) were issued and outstanding. There is no special voting or economic rights or privileges.

On February 12, 2013, the shareholders of the Company approved a one for seven hundred (1:700) consolidation of the common shares of the Company. All references to share and per share amounts in these consolidated financial statements are references to post-consolidation shares. As a result, comparative figures have been adjusted as if the consolidation had occurred since inception. As at December 31, 2014, the issued and outstanding common shares were reduced in the ratio of seven hundred voting shares for one new share, and total number of shares was consolidated from 474,478,380 to 650,305 resulting in a 27,521 shares adjustment to account for partial shares. As a result of the consolidation, basic and fully diluted net (loss) per common shares have been retrospectively adjusted.
On July 7, 2014, the Company has issued 10,000,000 common shares with $0.25 par value ($250,000) for the acquisition of licenses.

On July 7, 2014, the Company has issued 1,319,477 common shares with $0.25 par value ($329,869) for the settlement of different debts.

B Authorized Preferred Stock Issued

Series "A" Preferred Stock:

The Company has authorized 6,750,000 shares of Series "A" convertible preferred stock with $1 par value of which 6,750,000 are issued. The holders of Series "A" convertible preferred stock are entitled to a cumulative dividend of 8% per year in cash payable in arrears. The holders may convert any or all of their shares plus all accrued dividends into common stock at any time. Each share of Series A preferred stock may be converted into five shares of common stock. The holder will also receive one share of common stock for each $2 of accrued dividends.

Upon the liquidation, dissolution or winding up on the Company, holders of Series A preferred stock are entitled to receive, out of legally available assets, a liquidation preference of $10 per share, plus an amount equal to any unpaid dividends through the payment date, before any payment or distribution is made to the holders of common stock.

On July 7, 2014 the Company and PhoneFusion, Inc. approved the merger of Fusion Unified Communications, a wholly owned Subsidiary of the Company created for the purposes of the merger and PhoneFusion, both Delaware corporations. The Merger was accounted for as a reverse merger and a recapitalization in accordance with generally accepted accounting principles in the United States of America, or "GAAP". As a result, 6,750,000 shares of Series "A" convertible preferred stock with $1 par value ($6,750,000) were issued.

Series "B" Preferred Stock:

The Company has authorized 19,600,000 shares of Series B convertible preferred stock with different par value of which 11,349,477 were issued. The holders or the Company may convert any or all of their shares into common stock at any time. Each share of Series B preferred stock may be convened into 1,000 shares of common stock subject to a maximum conversion of 55% of total issued capital when added to the total common shares held by the owners of the Series B shares.

On July 7, 2014 the Company and PhoneFusion, Inc. approved the merger of Fusion Unified Communications, a wholly owned Subsidiary of the Company created for the purposes of the merger and PhoneFusion, both Delaware corporations. The Merger was accounted for as a reverse merger and a recapitalization in accordance with generally accepted accounting principles in the United States of America, or "GAAP". As a result, 30,000 shares of Series "B" convertible preferred stock with $1 par value ($30,000) were issued.

C Share purchase warrants

As of December 31, 2014, the Company had no outstanding warrants of active stock plans allowing employees or other individuals or groups to purchase common shares.

12. RELATED PARTY TRANSACTIONS

In addition to share issuances, at present the Company occupies approximately 3,200 rentable square feet and pays monthly rent in the amount of $3,851.32. This amount is the equivalent of approximately $15 per square foot per year which is on par with the real estate market place in the surrounding area for comparable premises. The property is owned by a officer and the term of the lease is for 36 months (see note 16) ending July 31, 2016.

The above transaction is in the normal course of operations is the amount of consideration established and agreed to by the related parties.

13. EARNINGS PER SHARE ("EPS")

Basic EPS: basic EPS is computed by dividing net loss for the year by the weighted average number of common shares outstanding during that year.

*Diluted EPS: d*iluted EPS is computed by dividing net loss for a year by the diluted number of common shares. Diluted common shares include the effects of instruments, such as share options, which could cause the number of common shares outstanding to increase.

The Company reported net icome (losses) for the years ended December 31, 2014 and 2013; the Company has accordingly presented basic and diluted EPS, which are the same, on a single line in the statements of comprehensive loss. Diluted loss per share did not include the effect of share purchase options and warrants as they were anti-dilutive.

14. CAPITAL MANAGEMENT

The Company considers its capital structure to include net residual equity of all assets, less liabilities. The Company currently manages its capital structure and makes adjustments to it, based on cash resources expected to be available to the Company, in order to support the planned operations and development of the

business. Management has not established a quantitative capital structure. Capital needs are reviewed on a regular basis by management relative to the stage of development of the business entity.

The Company currently is dependent on externally provided equity financing to fund its future operations and development activities. In order to carry out planned operations and development and fund administrative costs, the Company will allocate its existing capital and plans to raise additional amounts as needed through equity and related party advances if available management reviews the capital management approach on an ongoing basis and believes that this approach is reasonable for the current state of the markets and the business industry. The Company is not subject to externally imposed capital requirements.

15. FINANCIAL INSTRUMENTS

At December 31, 2014, the Company's financial instruments include cash, receivables, advances and accounts payable for which there are no differences in the carrying values and fair values, due to their short-term nature. The types of risk exposures are detailed below. The Company is required to classify fair value measurements using a hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy is as follows:

Level 1 – quoted prices in active markets for identical assets or liabilities;
Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
Level 3 – inputs for the asset or liability that are not based on observable market data.

Cash and cash equivalents are measured using Level 1 inputs.

16. FINANCIAL RISK FACTORS

The Company's activities expose it to a variety of financial risks: market risk (including currency risk and cash flow and fair value interest rate risk); credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of the financial market and seeks to minimize potential adverse effects on the Company's financial performance. The Company does not use derivative financial instruments to hedge these risks.

Credit risk: credit risk arises from cash with banks and financial institutions. The Company reduces this risk by dealing with creditworthy financial institutions. Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company is subject to concentrations of credit risk through cash, and receivables.

Foreign exchange risk: the Company is not exposed to financial risks that arise from fluctuations in foreign exchange rates and the degree of volatility of these rates. All transactions are done in US currency.

Cash flow and fair value interest rate risk: the Company is exposed to fluctuation in its future cash flows arising from changes in interest rates through its variable rate financial assets and liabilities. Liabilities negotiated at a fixed rate expose the Company to fair value interest rate risk.

Market risk*:* the Company face intense competition across all business segments and key product lines that could adversely affect his market shares, service volumes and pricing strategies and, consequently, his

financial results. Technology substitution and IP networks, in particular, continue to reduce barriers to entry in the industry. This has allowed competitors to launch new products and services and gain market share with far less investment in financial, marketing, personnel and technological resources than has historically been required. The Comapny expect these trends to continue in the future, which could adversely affect his growth and financial performance. Adverse movements in the completion and prices may also negatively impact the Company's ability to raise capital and meet its financial commitments.

Liquidity risk: liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuance. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments. The Company has access to sufficient funds to meet its current and foreseeable financial requirements which are due less than thirty (30) days.

17. COMMITMENTS AND CONTINGENCIES

Commencing August 1, 2013 (inception July 10, 2007), The Company leased its office facilities from an officer of the Company under a three-years operating lease agreement expiring July 31, 2016. The following is a schedule by years of future minimum rental payments required under the oerating lease that has an initial or maining noncancellable lease term in excess of one year as of December 31, 2014:

Year ending December 31,	$
2015	46,216
2016	26,959
Total minimum payments required	**73,175**

Rent expenses for the operating lease for the period from January 1, 2014 through December 31, 2014 was $50,113.

18. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through December 31, 2014, that is the date of the consolidated financial statements available to be issued, and no subsequent events are required to be disclose.