EMERGENT HEALTH CORPORATION NOTES TO CONDENSED UNAUDITED FINANCIAL STATEMENTS
Ending September 30, 2015

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 Nutracan.

2. Summary of Significant Accounting Policies

Basis of Presentation

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

Reclassification

Certain amounts previously reported have been reclassified to conform to the current period presentation. The reclassifications were made to change the income statement presentation to provide the users of the financial statements additional information related to the operating results of the Company. These reclassifications include reclassifying the Company's warehousing and fulfillment costs to Cost of Sales, as these warehousing and fulfillments related expenditures were previously grouped with Operating expenses. The reclassifications had no effect on net income or assets and liabilities.

Use of Estimates

Preparation of the Company's condensed unaudited 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. As of September 30, 2015, 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.

FairValue 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.

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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.

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.

The Company records shipping costs in accordance with EITF 00-10 Accounting for Shipping and Handling Fees and Costs. The company offers a money back return policy YTD 2015 the company has returned $1,136.93 in products to the customers.

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

The Company 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 EITF 01-9 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 YTD as of September 30, 2015.is $26,553.45.

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 1, 2012.

3. Going Concern

For the Company to stay compliant as a public entity, we will have to comply with numerous financial reporting and legal requirements, including those pertaining to audits and internal control. The costs of this compliance could be significant. If our revenues are insufficient, and/or we cannot satisfy many of these costs through the issuance of our shares, we may be unable to satisfy these costs in the normal course of business that would result in our being unable to continue as a going concern.

4. Inventories

The components of inventories are as follows at the respective dates:	**September 30, 2015**	
September 30 2015		
Raw materials	$ 89,100	$ 124,060
Finished goods	64,651	83,573