UNION EQUITY INC.

uniting customers with solutions

Union Equity, Inc.

Consolidated Unaudited Financial Statements

Year to Date and Quarter Ended December 31st, 2011

Union Equity, Inc.

Balance Sheet

As of December 31, 2011 and December 31, 2010

	December 31, 2011	December 31, 2010
ASSETS		
Current Assets		
Cash	-	8,299
Other Receivables, net	136,690	
Other Current Assets	12,879	14,209
Total Current Assets	149,569	22,508
Fixed Assets		
Equipment - For Lease	448,594	231,700
Equipment - Other	15,163	4,540
Accumulated Depreciation	(80,331)	(54,413)
Total Fixed Assets	383,426	181,827
Other Assets		
Investment in Subsidiary	2,581	2,481
Loans Receivable	1,000	1,000
Other Long Term Assets	7,288	-
Due from Related Parties	22,455	-
Total Other Assets	33,324	3,481
TOTAL ASSETS	566,319	207,816
LIABILITIES & EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable	34,807	26,611
Short Term Loans Payable	50,066	26,550
Total Current Liabilities	84,873	53,161
Long Term Liabilities		
Loans from Shareholders	8,000	8,000
Due to Related Parties	-	71,369
Total Long Term Liabilities	8,000	79,369
Total Liabilities	92,873	132,531
Equity		
Common Stock	2,096	1,721
Preferred Shares - Series A	1	-
Preferred Shares - Series B	-	1
Additional Paid in Capital	605,745	336,173
Treasury Stock	(100,000)	(100,000)
Dividends	(409,101)	(409,101)
Retained Earnings	242,462	343,342
Net Income - Current Year	132,244	(96,851)
Total Equity	473,447	75,285
TOTAL LIABILITIES & EQUITY	566,319	207,816

See accompanying notes and management's report

Union Equity, Inc
Consolidated Statement of Shareholders Equity
For the quarter ended December 31, 2011

	Common Stock		Prefered - Series A		Prefered - Series B		Additional Paid In Capital	Treasury Stock	Dividends	Accumulated Income	Total
	Shares	Amount	Shares	Amount	Shares	Amount					
As of 12/31/2010	1,511,502	1,721	300,000	1			336,173	(100,000)	(409,101)	246,491	75,285
Current Year Earnings										132,244	132,244
									-	-	-
Common stocks issued	375,000	375					259,711		-		260,086
Adjustments							9,861		-	(4,029)	5,832
											-
										-	-
As of December 31, 2011	1,886,502	2,096	300,000	1	-	-	605,745	(100,000)	(409,101)	374,706	473,447

See accompanying notes and management's report

Union Equity, Inc
Consolidated Cash Flows
For the Twelve Months Ended December 31, 2011

Cash flows from operating activities:	
Net Income (loss)	132,244
Adjustments to reconcile net income to cash used in operating activities	
Depreciation	72,839
(Increase) decrease in:	
Gain on Sale of Assets	(20,817)
Other receivables	(136,690)
Other current assets	1,330
Accounts payable	8,196
Increase in short term loans	23,516
Net cash provided by operating activities	80,618
Cash flows from investing activities	
Acquisition of fixed assets	(366,278)
Proceed from sale of Fixed Asstes	110,927
Increase in loans to related parties	(93,824)
Increase other assets	(7,288)
Net cash used by investing activities	(356,465)
Cash flows from financing activities	
Proceeds from sale of shares	261,816
Additional paid in capital	9,761
Retained earnings adjustment	(4,029)
Net cash used in financing activities	267,548
Net cash flows	(8,299)
Cash at beginning of period	8,299
Cash at end of period	(0)

See accompanying notes and management's report

Union Equity, Inc

Consolidated Statement of Operations

For the Twelve Months Ended December 31, 2011 and 2010

	2011	2010
Revenues	638,186	337,252
Expense		
Salaries and employee benefits	347,362	62,458
Facility Expenses	47,386	91,050
Depreciation	72,839	55,874
Telephone	6,168	2,584
Professional & Consulting Fees	17,704	57,475
Banking Fees	3,392	4,878
Outside Services	5,044	667
Other	25,104	14,477
Total Expense	524,999	289,464
Income from Operations	113,187	47,788
Other Income/ (Expense)		
Interest Income	-	246
Interest Expense	(1,760)	(833)
Gain(Loss) on Sale of Assets	20,817	57,201
Loss on write off	-	(201,920)
Income Before Taxes	132,244	(97,518)

See accompanying notes and managment's report

Union Equity, Inc

Consolidated Statement of Operations

For the Three Months Ended December 31, 2011 and 2010

	2011	2010
Revenues	190,908	77,087
Expense		
Salaries and employee benefits	104,926	62,458
Facility Expenses	17,579	24,039
Depreciation	25,611	12,401
Telephone	1,064	1,505
Professional & Consulting Fees	2,008	(66,428)
Banking Fees	1,403	172
Other	7,226	1,695
Total Expense	159,817	35,842
Income from Operations	31,091	41,245
Other Income/ (Expense)		
Gain(Loss) on Sale of Assets	1,025	37,482
Loss on write off	-	(201,920)
Income Before Taxes	32,116	(123,193)

See accompanying notes and management's report

UNION EQUITY, INC.

Notes to Financial Statements

December 31, 2011 and December 31, 2010

(1) Summary of Significant Accounting Policies

(a) Description of Business

Union Equity, Inc. (the "Company") is a Delaware corporation, initially established in Nevada in 1997, then reincorporated in Delaware in 2004. The Company has been involved in a number of smaller ventures, more recently involved in real estate. On May 21, 2010, the Company's controlling shareholder, CEO and Chairman approved a corporate reorganization whereby his preferred and common shares were retired and new investors purchased 10,000,000,000 pre-split shares of newly issued common stock. Concurrent with this transaction, the new shareholders acquired a wholly owned subsidiary, Union Equipment Leasing, Inc. Union Equipment Leasing, whose primary business model is to lease semi-tractors to operators, will initially, is the primary operating entity in the reorganized company. On September 22, 2010, the Company completed a 1-for-10,000 reverse stock split.

The accompanying consolidated financial statements include the accounts of Union Equity, Inc. and Union Equipment Leasing, Inc., its wholly owned subsidiary.

When the Company does not have a controlling interest in an entity, but exerts significant influence over the entity, the Company applies the equity method of accounting. All significant intercompany balances and transactions have been eliminated in consolidation.

(b) Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant items subject to such estimates and assumptions include the useful lives of fixed assets and intangible assets; allowances for doubtful accounts and sales returns; deferred tax assets, inventory, investments, notes receivable; income tax uncertainties and other contingencies. The current economic environment has increased the degree of uncertainty inherent in those estimates and assumptions.

(c) Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Company maintains its cash in bank deposit accounts, which at times may exceed federally insured limits. The Company has not experienced any losses in such accounts.

(d) Other Current Assets

Other current assets reflect payments made to Company, but being held by payment processor at the end of the reporting period.

(e) Notes Receivable

Note receivable relates to a financing arrangement extended to a possible joint venture. The Company has not and does not intend to sell this receivable. Amounts collected on the note receivable are included in net cash provided by operating activities in the consolidated statements of cash flows.

The Company maintains an allowance for doubtful accounts which is the Company's best estimate of the amount of credit losses in the Company's existing notes. The allowance is determined on an individual note basis pursuant to FASB ASC Subtopic 310-10, *Receivables – Overall* (Statement No. 114, *Accounting by Creditors for Impairment of a Loan*) if it is probable that the Company will not collect all principal and interest contractually due. The impairment is measured based on the present value of expected future cash flows discounted at the note's effective interest rate. The Company does not accrue interest when a note is considered impaired. When ultimate collectability of the principal balance of the impaired note is in doubt, all cash receipts on impaired notes are applied to reduce the principal amount of such notes until the principal has been recovered and are recognized as interest income thereafter. Impairment losses are charged against the allowance and increases in the allowance are charged to bad debt expense. Notes are written off against the allowance when all possible means of collection have been exhausted and the potential for recovery is considered remote. No provision for uncollectible notes at December 31, 2011 and December 31, 2010 was considered necessary based upon management's estimate of future uncollectible notes.

(f) Inventories

Inventories are stated at the lower of cost or market. The cost of inventories includes raw materials, direct labor, and manufacturing overhead. Cost is determined on a weighted average basis. Raw materials consist primarily of surveillance and telecom network equipment and supplies expected to be manufactured or assembled prior to sale, while finished goods represents various manufactured and assembled products ready for sale.

(g) Investments

Investments in unconsolidated joint ventures or affiliates ("joint ventures") over which the Company has significant influence are accounted for under the equity method of accounting, whereby the investment is carried at the cost of acquisition, plus the Company's equity in undistributed earnings or losses since acquisition. Investments in joint ventures over which the Company does not have the ability to exert significant influence over the investees' operating and financing activities are accounted for under the cost method of accounting.

(h) Property and Equipment

Property and equipment are stated at cost. It is the policy of the Company to capitalize items greater than or equal to $1,000. Depreciation on plant and equipment is calculated on the straight-line method over the estimated useful lives of the assets, normally 5 years. Repair and maintenance costs are expensed as incurred.

(i) Revenue Recognition

Revenue from the leasing of equipment is recognized when equipment has been delivered to and accepted by the customer, the monthly lease price is fixed or determinable, collection is probable, and any future obligations of the Company are insignificant. Payments are auto-deducted from the lessee's bank account or charged to the lessees approved credit card, in advance of the current lease period.

(j) Concentration of Risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash and cash equivalents and trade accounts receivable. The Company's investment policy is to invest in low risk, highly liquid investments. The Company currently has two contracts that comprise the majority of its sales and trade accounts receivable both of which are with the U.S. government. The Company's raw materials are readily available, and the Company is not dependent on a single supplier or only a few suppliers.

(k) Leases Commitments and Contingencies

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, and penalties and other sources, are recorded when it is probable that a liability has been incurred and the amount of the assessment can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred.

(l) Fair Value Measurements

On January 1, 2008, the Company adopted the provisions of FASB Statement No. 157, *Fair Value Measurements*, (included in ASC Topic 820, *Fair Value Measurements and Disclosures*), for fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the financial statements on a recurring basis. Statement 157 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC Topic 820 (Statement 157) also establishes a framework for measuring fair value and expands disclosures about fair value measurements See note 4.

On January 1, 2009, the Company adopted the provisions of ASC Topic 820 (Statement 157) to fair value measurements of nonfinancial assets and nonfinancial liabilities that are recognized or disclosed at fair value in the financial statements on a nonrecurring basis.

(m) Fair Value Option

In February 2007, the FASB issued Fair Value Option provisions of the Subsections of ASC Subtopic 825-10, *Financial Instruments – Overall*, (included in FASB Statement No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities*). ASC Subtopic 825-10 (Statement 159) gives the Company the irrevocable option to report most financial assets and financial liabilities at fair value on an instrument-by-instrument basis, with changes in fair value reported in earnings. The Company adopted the Fair Value Option provisions of the Subsections of ASC Subtopic 825-10 as of January 1, 2008, but it had no impact on its financial condition or results of operations as the Company did not elect to apply the fair value options.

(n) Recently Issued Accounting Standards

The FASB issued ASU 2009-16, Transfers and Servicing (Topic 860): Accounting for Transfers of Financial Assets (FASB Statement No. 166, *Accounting for Transfers of Financial Assets – an amendment of FASB Statement No. 140*) in December 2009. ASU 2009-16 removes the concept of a qualifying special-purpose entity (QSPE) from ASC Topic 860, Transfers and Servicing, and the exception from applying ASC 810-10 to QSPEs, thereby requiring transferors of financial assets to evaluate whether to consolidate transferees that previously were considered QSPEs. Transferor-imposed constraints on transferees whose sole purpose is to engage in securitization or asset-backed financing activities are evaluated in the same manner under the provisions of the ASU as transferor-imposed constraints on QSPEs were evaluated under the provisions of Topic 860 prior to the effective date of the ASU when determining whether a transfer of financial assets qualifies for sale accounting. The ASU also clarifies the Topic 860 sale-accounting criteria pertaining to legal isolation and effective control and creates more stringent conditions for reporting a transfer of a portion of a financial asset as a sale. The ASU is effective for periods beginning after December 15, 2009, and may not be early adopted. The Company expects that the adoption of ASU 2009-16 will not have a material impact on its consolidated financial statements.

The FASB issued ASU 2009-17, Consolidations (Topic 810): Improvements to Financial Reporting by Enterprises Involved with Variable Interest Entities (FASB Statement No. 167, *Amendments to FASB Interpretation No. 46(R)*) in December 2009. ASU 2009-17, which amends the Variable Interest Entity (VIE) Subsections of ASC Subtopic 810-10, Consolidation – Overall, revises the test for determining the primary beneficiary of a VIE from a primarily quantitative risks and rewards calculation based on the VIE's expected losses and expected residual returns to a primarily qualitative analysis based on identifying the party or related-party group (if any) with (a) the power to direct the activities that most significantly impact the VIE's economic performance and (b) the obligation to absorb losses of, or the right to receive benefits from, the VIE that could potentially be significant to the VIE. The ASU requires kick-out rights and participating rights to be ignored in evaluating whether a variable interest holder meets the power criterion unless those rights are unilaterally exercisable by a single party or related party group. The ASU also revises the criteria for determining whether fees paid by an entity to a decision maker or another service provider are a variable interest in the entity and revises the Topic 810 scope characteristic that identifies an entity as a VIE if the equity-at-risk investors as a group do not have the right to control the entity through their equity interests to address the impact of kick-out rights and participating rights on the analysis. Finally, the ASU adds a new requirement to reconsider whether an entity is a VIE if the holders of the equity investment at risk as a group lose the power, through the rights of those interests, to direct the activities that most significantly impact the VIE's economic performance, and requires a company to reassess on an ongoing basis whether it is deemed to be the primary beneficiary of a VIE. ASU 2009-17 is effective for periods beginning after December 15, 2009 and may not be early adopted. The Company expects that the adoption of ASU 2009-17 will not have a material impact on its consolidated financial statements.

In October 2009, the FASB issued ASU 2009-13, Revenue Recognition (Topic 605): Multiple-Deliverable Revenue Arrangements (EITF Issue No. 08-1, *Revenue Arrangements with Multiple Deliverables*). ASU 2009-13 amends ASC 650-25 to eliminate the requirement that all undelivered elements have vendor specific objective evidence of selling price (VSOE) or third party evidence of selling price (TPE) before an entity can recognize the portion of an overall arrangement fee that is attributable to items that already have been delivered. In the absence of VSOE and TPE for one or more delivered or undelivered elements in a multiple-element arrangement, entities will be required to estimate the selling prices of those elements. The overall arrangement fee will be allocated to each element (both delivered and undelivered items) based on their relative selling prices, regardless of whether those selling prices are evidenced by VSOE or TPE or are based on the entity's estimated selling price. Application of the "residual method" of allocating an overall arrangement fee between delivered and undelivered elements will no longer be permitted upon adoption of ASU 2009-13. Additionally, the new guidance will require entities to disclose more information about their multiple-element revenue arrangements. ASU 2009-13 is effective prospectively for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010. Early adoption is permitted. The Company expects that the adoption of ASU 2009-13 will not have a material impact on its consolidated financial statements.

(2) Equity

Common Stock – the Company has authorized 900,000,000 of common stock with a par value of $0.001. Outstanding common shares as of December 31, 2010 and December 31, 2011 were 15,114,429,300 pre-split and 1,886,502, respectively.

Preferred Stock – the Company has authorized 50,000,000 of preferred stock with a par value of $0.0000001.

Series A – as of December 31, 2011 and December 31, 2010, the Company has 300,000 and -0- , respectively, shares of Preferred Stock – Series A outstanding.

Series B – as of December 31, 2011 and December 31, 2010, the Company had -0- and 5,000,000, respectively, shares of Preferred Stock – Series B outstanding.

(3) Note Receivable

During the second quarter of 2011, the Company sold 23 trucks as salvage to Used Parts America, LLC for a total of $60,150 at average net book value per unit. No gain realized or loss incurred as a result of that transaction. And as of December 31, 2011, the receivable (net) is $54,062.

As of December 31, 2011, American Truck Leasing, LLC1("ATLLLC1") owed to American Truck Leasing and Management, Inc., a subsidiary of Union Equity, Inc. $ 63,110 as a result of management fees billed to ATL1.

As of December 31, 2011, Truck Management Solutions, Inc. ("TMS") owed to American Truck Leasing and Management, Inc., a subsidiary of Union Equity, Inc. $ 19,517 as a result of management fees billed to TMS.

(4) Fixed Assets

The Company's primary fixed assets are its semi-tractors; there is also some furniture and fixtures included in the total. The Company procures these tractors and leases the tractors to independent businesses.

The Company depreciates its semi-tractors over the estimated useful life, normally five years and depreciates furniture and fixtures over seven years. The Company's fixed assets as of September 30, 2011 and December 31, 2010 consisted of the following:

Equipment - For Lease	$	448,594	231,700
Equipment - Other		15,163	4,540
		—	—
		—	—
Total Fixed Assets	$	463,757	236,240
Depreciation		(80,331)	(54,413)
Fixed Assets, net	$	383,426	181,827

(5) Related Party Transactions

Union Equipment, Union Equity's wholly owned subsidiary, subleased office space from Exodus Trucks System, Inc., which closed operations as of May 13, 2011 and voided its lease. Mr. Lance is currently a director of Union Equity, Inc.

American Equipment Leasing & Finance, Inc. borrowed approximately $201,920 from Union Equipment during the period through December 31, 2010, but as of December 31, 2011 the balance is $0.American Equipment Leasing & Finance, Inc. ceased operations and closed as of May 13, 2011, the receivable was uncollectible and written off.

American Truck Leasing, LLC1 ("ATL1"), an entity managed by Mr. Charles Lance, but not owned by Mr. Charles Lance, a director of the Union Equity, Inc., owed approximately $0 on a consolidated basis to the Company at December 31, 2010, and owed $22,455 at December 31, 2011.

As the result of amount owed by Easy Semi Truck Leasing America, Inc. ("ESA"), a subsidiary of Union Equity, Inc. to American Truck Leasing, LLC1 ("ATLLLC1") for trucks purchases. The receivable from American Truck Leasing, LLC1 ("ATLLLC1") , being primarily for revenues received by ATL1 for Union Equipment Leasing, Inc., a Union Equity's wholly owned subsidiary, is offset by the liability because of the trucks purchases.

Truck Trick Sales and Leasing, LLC ("TTSL"), an entity formerly managed by Mr. Lance, but not owned by Mr. Charles Lance, owed approximately $16,777 on a consolidated basis to the Company as of December 31, 2010 and the balance is $0 as of December 31, 2011 as the result of an agreement between TTSL and AEL to offset the receivable by the payable. And, as a result of that agreement, 75,000 shares were issued to TTSL.

On May 21, 2010, Union Equity entered into a Stock Purchase Agreement (the "Agreement") with CML III Funding, Inc. ("CML") whereby the Company sold 10,000,000,000 pre-split shares of the Company's common stock in exchange for $100,000. In conjunction with this transaction, RDJ Financial Services, Inc. n/k/a Union Equipment Leasing, Inc. ("Union Equipment") paid the $100,000 to Union Equity, Inc. on behalf of CML. As of December 31, 2011 and December 31, 2010, the receivable from CML was reclassified as dividends. The dividends will be reclassified.

On May 21, 2010, Union Equity acquired RDJ Financial Services, Inc. n/k/a Union Equipment Leasing, Inc. ("Union Equipment") from CML in exchange for 300,000 shares of Series A Convertible Preferred Stock.

(6) Leases and Commitments

On May 10, 2011, the company signed a lease agreement with HIV-KC Orlando, LLC with terms of 39 months, for its main office in Down Town Orlando. The lease expires on August 31, 2014. The average future monthly rental under the operation leases is $5640.00

(7) Common Stock Transactions

On July 26, 2011, the Board of Directors of the Company approved the issuance of 150,000 to E-Lionheart Associates, LLC in consideration of Ten Thousands and 00/00 dollars ($10,000.00).

On June 28, 2011, the Board of Directors of the Company approved the issuance of 150,000 to American Truck Leasing, LLC1 in consideration for 10 trucks purchased for a total of $175,369.

On May 16, 2011, the Board of Directors of the Company approved the issuance of 75,000 shares to Truck Trick Sales & Leasing, LLC in consideration of balance payable, not for the purchase of trucks, as of April 30, 2011 for a total of $74,716.62.

(8) Operating Segments

On May 19st, 2011, the Board of Directors of the Company approved the creation of American Truck Leasing and Management, Inc.("ATLM"); a corporation wholly owned by Union Equity, Inc., of which the purposes are to provide management services and serve as collection agent for other companies.

During the quarter ended December 31, 2011, ATLM's revenues represented 67 percent of the total revenues or $128,819.The net operating revenues of that segment was $68,687 for the quarter ended December 31, 2011.

BioFusion, a private corporation that provides cleaning technology solutions for the industrial/commercial, governmental, household and wastewater markets, was not included in Financial Statements because transaction was not completed and both parties rescinded the purchase agreement.

(9) Subsequent events

On January 5th , 2012, the Board of Directors of the Company approved the amendment of the Certificate of Incorporation in Article 4 to increase the authorized shares as follows: Common Stock authorized shares 5,000,000,000, Series B Preferred Class Stock authorized shares 90,000,000, and Series A Preferred Class Stock authorized shares 50,000,000.The Company has evaluated subsequent events from the balance sheet date through March 31, 2011, the date at which the financial statements were available to be issued, and determined there are no other material items to disclose.