BIZAUCTIONS, INC.

FINANCIAL STATEMENTS

FOR THE PERIODS ENDED

MARCH 31, 2014
&
DECEMBER 31, 2013

-Financial Principal's Letter Regarding Financial Statements

-March 31, 2014, and December 31, 2013 Period-End Financial Statements and Accompanying Notes

CERTIFICATION

The financial information contained in this report is unaudited and is based upon present knowledge and belief. This information is believed to be correct and does not contain untrue statements of material fact and is in accordance with generally accepted accounting principles, consistently applied.

These financial statements and the notes hereto, fairly present in all material respects the financial condition, results of operations, and cash flows for the three months ended March 31, 2014, and year-ended December 31, 2013, in conformity with generally accepted accounting principles in the United States, consistently applied.

The Issuer has duly caused this report to be signed and certified on its behalf by the undersigned, and duly authorized, on this 15th Day of May, 2014.

/s/ Delmar Janovec

Delmar Janovec
President and Principle
Financial Officer

CROUCH & ASSOCIATES
1453 SOUTH MAJOR STREET
SALT LAKE CITY, UTAH 84115

BizAuctions, Inc.
Mr. Delmar Janovec, President
3440 E. Russell Road, Suite 206
Las Vegas, NV 89120

Dear Mr. Janovec,

I have compiled the accompanying consolidated balance sheets of BizAuctions, Inc., as of March 31, 2014, and December 31, 2013, and the related consolidated statements of loss, changes in stockholders' deficit and cash flows for three months ended March 31, 2014, and March 31, 2013, in accordance with Statements of Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. I have not audited or reviewed the accompanying financial statements and accordingly, do not express an opinion or any other form of assurance on them.

These financial statements have been prepared in accordance with accounting principles generally accepted in the United States, consistently applied.

I have participated in the decision making process regarding certain financial transactions and am therefore not independent.

/s/ Brent Crouch

Brent Crouch
May 14, 2014
Salt Lake City, Utah

BIZAUCTIONS, INC.
CONSOLIDATED BALANCE SHEETS
(Unaudited)

	March 31, 2014 (unaudited)	December 31, 2013 (unaudited)
ASSETS:		
Current Assets:		
Cash	$ 2,160	$ 4,375
Inventory (Note D)	1,647	3,147
Accounts receivable		
Note receivable (Note H)	16,183	16,183
Due from affiliates (Note C)	139,208	139,208
Total Current Assets	159,198	162,913
Plant, Property and Equipment (net)	-	-
Deposits	-	-
Intangible assets - Candwich License	250,000	250,000
Total Assets	$ 409,198	$ 412,913
LIABLIITIES AND STOCKHOLDERS' DEFICIT		
Current Liabilities:		
Accounts payable and accrued expenses	$ 789,860	$ 726,368
Note Payable - related party (Note F)	476,777	440,866
Note Payable, short-term (Note G)	2,241,952	2,241,952
Total Current Liabilities	3,508,589	3,409,186
Total Liabilities	3,508,589	3,409,186
STOCKHOLDERS' DEFICIT		
Preferred stock, Series D, $.001, par value; 25,000,000 shares authorized 10,000,000 shares issued and outstanding,	10,000	10,000
Preferred stock, Series C convertible stock, 20,000,000 shares authorized 135,000 shares issued and outstanding converts to $5 of common shares per each share of preferred	135	135
Preferred stock - Series A convertible stock, 100,000,000 shares authorized; voting rights - 10 votes to one share of common; 42,000,000 issued and outstanding	42,000	42,000
Common stock, $.001 par value; 20,000,000,000 shares authorized; 98,333,434 issued and outstanding at March 31, 2014 and December 31, 2013	98,333	98,333
Additional paid-in Capital	7,356,095	7,356,095
Subscription receivable		
Retained deficit	(10,605,954)	(10,502,836)
Total Stockholders' Deficit	(3,099,391)	(2,996,273)
Total Liabilities and Stockholders' Deficit	$ 409,198	$ 412,913

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

BIZAUCTIONS, INC.

CONSOLIDATED STATEMENT OF LOSS

(unaudited)

	Three Months Ended March 31, 2014	Three Months Ended March 31, 2013
Revenues	$ 7,550	$ 21,768
Cost of goods sold	7,000	28,398
Gross profit	550	(6,630)
Operating expenses:		
Selling, general and administrative expenses	52,570	54,749
Depreciation and amortization	-	341
Total operating expenses	52,570	55,090
Other income and expenses:		
Interest expense	51,098	51,545
Loss before tax and extraordinary items	(103,118)	(113,265)
Income tax expenses	-	-
Net income (loss)	$ (103,118)	$ (113,265)
Net loss per common share	$ (0.00)	$ (0.00)
Weighted average common shares outstanding	98,333,434	98,333,434

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

BIZAUCTIONS, INC.
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' DEFICIT
FROM DECEMBER 31, 2011 TO MARCH 31, 2014
(Restated for a 1 for 17,000 reverse split effective 2-21-2012)
(unaudited)

	Preferred stock		Common Stock		Additional	Retained
	Shares	Amount	Shares	Amount	Paid-in Capital	Deficit
Balance at December 31, 2011	52,134,500	$ 52,135	1,061,790	$ 1,062	$ 6,945,537	$ (9,943,498)
Conversion of note for common stock			400,000	400	10,600	
Conversion of note-related party for common stock			68,765,585	68,766	111,395	
Stock issued for services			2,856,059	2,856	51,313	
Stock issued pursuant to Reg D 504			250,000	250	12,250	
Stock issued for License			25,000,000	25,000	225,000	
Net income for the period ended December 31, 2012						(221,938)
Balance at December 31, 2012	52,134,500	$ 52,135	98,333,434	$ 98,333	$ 7,356,095	$ (10,165,436)
Net income for the period ended December 31, 2013						(337,400)
Balance at December 31, 2013	52,134,500	$ 52,135	98,333,434	$ 98,333	$ 7,356,095	$ (10,502,836)
Net income for the period ended March 31, 2014						(103,118)
Balance at March 31, 2014	52,134,500	$ 52,135	98,333,434	$ 98,333	$ 7,356,095	$ (10,605,954)

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

BIZAUCTIONS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

	Three Months Ended March 31, 2014	Three Months Ended March 31, 2013
Cash flows from operating activities:		
Net income (Loss)	$ (103,118)	$ (113,265)
Adjustment to reconcile net loss to cash used in operations:		
Depreciation	-	341
Change in operation accounts:		
Accounts payable and accrued expenses	63,492	46,090
Inventory	1,500	11,183
Deposits	-	-
Notes receivable	-	6,183
Accounts receivable	-	-
Note payable related party	30,000	21,000
	(8,126)	(28,468)
Cash flows from investing activities:		
Purchase assets	-	-
Sale assets	-	-
	-	-
Cash flows from financing activities:		
Proceeds from loans - related party	5,911	(6,141)
Proceeds from loans (net)	-	33,800
	5,911	27,659
Increase (decrease) in cash	(2,215)	(809)
Cash - Beginning of the year	4,375	27,902
Cash - End of the Period	$ 2,160	$ 27,093

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

BIZAUCTIONS, INC.
(formerly Kootenai Corp.)
(Unaudited)
MARCH 31, 2014
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE A – SUMMARY OF ACCOUNTING POLICIES

The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. The results from operations for the three months ended March 31, 2014, are not necessarily indicative of the results that may be expected for the year-ended December 31, 2014.

A summary of the significant accounting policies applied in the preparation of the accompanying financial statement follows.

The consolidated financial statements include a company which is effectively controlled directly by the Company, where control is defined as the power to govern the financial operation policies. This control is generally evidenced when the company directly or indirectly owns more than 50% of the voting rights of the company's share capital. Significant intercompany transactions have been eliminated in consolidation.

In May of 2006, the Company's parent, Green Endeavors LTD., formerly Net2Auction, Inc., at the time of the transaction, purchased 50,000 shares (50,000,000 shares prior to the pre-reverse stock split on June 27, 2006) to gain a 50.02% ownership of BizAuctions, Inc. On June 27, 2006, the Company had a reverse stock split whereby each shareholder received 1 share for each 1,000 shares owned. On June 28, 2006, the former parent company, Green Endeavors LTD., at the time of the transaction, acquired 50,000,000 post reverse split shares to gain a 99.9% ownership of the Company's outstanding common stock. In this transaction, the Company acquired 100% of BizAuctions, Corp. from its parent. This transaction was valued at $154,400 or $0.003 per share.

On August 17, 2006, a forward stock split was effective whereby each shareholder of record received 2 shares of common stock for each share owned.

As of March 31, 2014, and December 31, 2013, AmeriResource Technologies, Inc., ("Parent" or its "Affiliates"), controlled approximately 0.003 % and 0.003%, respectively, of the outstanding common stock of the Company. Upon conversion of the Series A and Series D Preferred stock would give the Parent approximately 93% and 93% voting control of the Company as of March 31, 2014, and December 31, 2013.

BUSINESS AND BASIS OF PRESENTATION

BizAuctions, Inc. was formed as a Delaware Corporation on May 5, 1995 as Topper's Brick Oven Pizza, Inc. Since the inception of the Company there have been three subsequent name changes to its current name, BizAuctions, Inc.

BizAuctions has established itself as a leader within the eBay marketplace through its online auctions of well known name brand merchandise. BizAuctions past designation on eBay as a Power-Seller ranks the Company among the most successful on eBay in terms of customer satisfaction. With a worldwide audience of

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BUSINESS AND BASIS OF PRESENTATION-(CONTINUED)

approximately 290 million registered users, eBay provides the Company a well known and established forum to market and sell our merchandise in a competitive bidding format.

The Company strategy is that of the most basic of economic principles: Buy low and sell high. We have contracted with retailer-wholesalers to purchase salvaged merchandise at a discount and sell for a profit on eBay, Amazon, Craig's List, or a retail store. This salvaged merchandise is generally overstock inventory, display models, and customer returns. We sell brand name general merchandise, home goods, appliances, clothes and electronics. BizAuctions lists some of the merchandise through Kyozou software which is fully integrated and compliant with eBay, Amazon, and Craig's List. Once an auction ends, payment is collected via PayPal or credit card. We have designated Account Executives with eBay, Amazon, and PayPal to help BizAuctions achieve the highest potential.

BizAuctions operates out of its corporate office in Las Vegas, Nevada, and has one (1) full time employee and one (1) part-time employee at the end of this reporting quarter. We are currently providing limited liquidation services for retailers and other wholesalers. Since the inception of the Company, we have created an efficient business model that will allow for expansion in good economic times. The current operational capacity is limited to the Company purchasing power and the current economic conditions.

The Company is in the process of redefining its business model and is making contacts with other retailers and wholesalers for liquidation services. The Company is in discussions with other retailers-wholesalers that provide a broad base of merchandise for the potential liquidation of inventory that has been either phased out or is a surplus for the retailer-wholesalers.

BizAuctions sales for the quarter ending March 31, 2014 were $7,550. The decrease in revenues is due to the sale of a substantial portion of the retail operations during the 3rd quarter of calendar year 2011.

CASH AND CASH EQUIVILENTS

For the purposes of the Statements of Cash Flows, the company considers all highly liquid debt instruments purchased with a maturity date of three months or less to be cash equivalents.

INCOME TAXES

The Company has adopted Financial Accounting Standard No. 109 (SFAS 109) which requires the recognition of deferred tax liabilities and assets for the expected future tax consequences of events that have been included in the financial statement or tax returns. Under this method, deferred tax liabilities and assets are determined based on the difference between financial statements and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. Temporary differences between taxable income reported for financial reporting purposes and income tax purposes are insignificant.

BIZAUCTIONS, INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE A – SUMMARY OF ACCOUNTING POLICIES–(CONTINUED)

NET LOSS PER COMMON SHARE

The Company computes earnings per share under Financial Accounting Standard No. 128, "Earnings Per Share" (SFAS 128). Net loss per common share is computed by dividing net loss by the weighted average number of shares of common stock and dilutive common stock equivalents outstanding during the year. Dilutive common stock equivalents consist of shares issuable upon conversion of convertible preferred shares. During the three months ended March 31, 2014, and year-ended, December 31, 2013, common stock equivalents are not considered in the calculation of the weighted average number of common shares outstanding because they would be anti-dilutive, thereby decreasing the net loss per common share.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly actual results could differ from those estimates.

REVENUE RECOGNITION

Revenue for product sales is recognized at the time the product is shipped to or picked up by the customer.

ADVERTISING

The Company follows the policy of charging the costs of advertising to expenses as incurred. For the three months ended March 31, 2014, and March 31, 2013, advertising costs were not material to the statement of operations.

LIQUIDITY

As shown in the accompanying financial statements, the Company has incurred a net loss before tax and extraordinary items of ($103,118) during the three months ended March 31, 2014. As of March 31, 2014, the Company had working capital deficit of ($3,349,391).

CONCENTRATIONS OF CREDIT RISKS

Financial instruments and related items, which potentially subject the Company to concentrations of credit risk, consist primarily of cash, cash equivalents and related party receivables. The Company places its cash and temporary cash investments with credit quality institutions. At times, such investments may be in excess of the FDIC insurance limit.

NOTE A – SUMMARY OF ACCOUNTING POLICIES–(CONTINUED)

STOCK BASED COMPENSATION

In December 2002, the FASB issued SFAS No. 148, "Accounting for Stock-Based Compensation-Transition and Disclosure-an amendment of SFAS 123." This statement amends SFAS No. 123, "Accounting for Stock-Based Compensation," to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, this statement amends the disclosure requirements of SFAS No. 123 to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. The Company has chosen to continue to account for stock-based compensation using the intrinsic value method prescribed in APB Opinion No. 25 and related interpretations. Accordingly, compensation expense for stock options is measured as the excess, if any, of the fair market value of the Company's stock at the date of the grant over the exercise price of the related option. The Company has adopted the annual disclosure provisions of SFAS No. 148 in its financial reports for the periods ended March 31, 2014, and December 31, 2013.

COMPREHENSIVE INCOME

Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income" (SFAS 130), establishes standards for reporting and display of comprehensive income, its components and accumulated balances. Comprehensive income is defined to include all changes in equity except those resulting from investments by owners and distributions to owners. Among other disclosures, SFAS 130 requires that all items that are required to be recognized under current accounting standards as components of comprehensive income to be reported in a financial statement that is displayed with the same prominence as other financial statements. The Company adopted SFAS 130 during the periods ended March 31, 2014, and December 31, 2013, and has no items of comprehensive income to report.

SEGMENT INFORMATION

Statement of Financial Accounting Standards No. 131, Disclosures about Segments of an Enterprise and Related Information (SFAS 131) establishes standards for reporting information regarding operating segments in annual financial statements and requires selected information for those segments to be presented in interim financial reports issued to stockholders. SFAS 131 also establishes standards for related disclosures about products and services and geographic areas. Operating segments are identified as components of an enterprise about which separate discrete financial information is available for evaluation by the chief operating decision maker, or decision-making group, in making decisions to allocate resources and assess performance. The information disclosed herein, materially represents all of the financial information related to the Company's principal operating segment.

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NOTE A – SUMMARY OF ACCOUNTING POLICIES–(CONTINUED)

NEW ACCOUNTING PRONOUNCEMENTS-(CONTINUED)

SFAS No. 168. In June of 2009, the Financial Accounting Standards Board, ("FASB"), issued SFAS No. 168, The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles-replacement of SFAS No. 162. No 168 established the FASB Accounting Standards Codification as the source of authoritative accounting principles recognized by the FASB to be applied in the preparation of financial statements in conformity with generally accepted accounting principles. No.168 explicitly recognizes rule and interpretive releases of the Securities and Exchange Commission (SEC) under federal securities laws issued for fiscal years and interim periods ending after September 15, 2009. The Company has adopted SFAS No. 168 and there was no impact on the Company's consolidated financial statements or results of operations.

SFAS No. 165. In May of 2009, the Financial Accounting Standards Board, ("FASB), issued SFAS No. 165, Subsequent Events No. 165 establishes general standards of accounting for, and requires disclosures of events that occur after the balance sheet date but before the financial statements are issued or available to be issued. SFAS No. 165 is effective for interim or annual financial periods ending after June 15, 2009, and should be applied prospectively. The Company has adopted SFAS 165 and there was no impact on the Company's consolidated financial statements or results of operations.

NOTE B – ACQUISITION

On June 28, 2006, the Company entered into a purchase agreement ("Agreement") with Green Endeavors LTD, formerly, Net2Auction, Inc., to acquire a 100% interest in BizAuctions, Corp. for the issuance of Fifty million (50,000,000) shares of common restricted stock.

NOTE C – DUE FROM AFFILIATES

Due from affiliate is comprised of balances in the amount of $139,208 due from its affiliates or parent, at March 31, 2014.

NOTE D – INVENTORY

Inventory consists of unsold merchandise purchased from the major retailer-wholesaler for re-sale on internet and retail outlets. Inventory is valued at the lower of cost or market.

NOTE E – RELATED PARTY TRANSACTIONS

During the calendar year 2012, the Company issued 33,333,300 shares of common restricted stock at $0.015, per share to an officer and director of the Company in exchange for a partial reduction of a note payable, in the amount of $49,999.

NOTE E – RELATED PARTY TRANSACTIONS-(CONTINUED)

During the calendar year 2012, the Company issued 1,090,910 shares of common restricted stock at $0.037, per share to an officer and director of the Company in exchange for a partial reduction of a note payable in the amount of $40,367.

During the calendar year 2012, the Company issued 508,075 shares of common restricted stock at $0.02, per share, to an officer and director of the Company in exchange for a partial reduction of a note payable, in the amount of $10,162.

During the calendar years 2009 and 2008, the Company issued its parent 60,000,000 shares of common restricted stock and 42,000,000 of Series A Preferred for services rendered and financial guarantees.

During the calendar year 2009, the Company issued 50,000,000 shares of common restricted stock to the officers of the Company for services rendered and financial guarantees.

During the calendar year 2009, the Company issued its parent 10,000,000 shares of Series D Preferred in exchange for the partial reduction of debt in the amount of $179,046 owed to its parent.

During the calendar year 2008, the Company issued 8,000,000 shares of restricted common stock to an officer of the Company for the conversion of debt in the amount of $80,000 that was owed to the officer of the Company.

On June 28, 2006, the Company purchased 100% of Green Endeavors LTD., formerly Net2Auction, Inc.'s subsidiary, BizAuctions, Corp. for the issuance of Fifty (50,000,000) million shares of its common restricted stock. The total value of the transaction was $154,400.

NOTE F – NOTES PAYABLE-RELATED PARTY

At March 31, 2014 the Company had notes payable and accrued salary to an officer of the Company in the amount of $209,152. The note is payable on demand, is non-interest bearing, convertible into common stock, and does not have a beneficial conversion feature.

At March 31, 2014 the Company had notes payable to Brent Crouch, a former officer, in the amount of $267,625. The Note is payable on demand and interest of 9% and is convertible into common stock, at the option of the note holder. The note does not have a beneficial conversion feature.

NOTE G – NOTES PAYABLE

The Company entered into a Promissory Note with an investor in July and in the amount of $100,000. The note is due on September 27, 2011 with an interest charge of $10,000. The note can be extended at the option of the note holder. (For additional information, please see Note K-Legal.)

NOTE G – NOTES PAYABLE-(CONTINUED)

The Company entered into a Promissory Note with an investor on April 6, 2011 and in the amount of $25,000. The note is due on April 6, 2013 with an interest rate of 15% and is convertible into common stock upon the note holder's option. The Company and the note holder have negotiated new terms with interest adjusted to reflect a rate of 8% that is retroactive to the original effective date of April 6, 2011.

The Company entered into a Promissory Note with an investor on May 4, 2011 and in the amount of $20,000. The note is due on May 4, 2013 with an interest rate of 15% and is convertible into common stock upon the note holder's option. The Company and the note holder have negotiated new terms with interest adjusted to reflect a rate of 8% that is retroactive to the original effective date of May 4, 2011.

The Company entered into a Promissory Note with an investor on May 24, 2011 and in the amount of $10,000. The note is due on May 24, 2013 with an interest rate of 15% and is convertible into common stock upon the note holder's option. The Company and the note holder have negotiated new terms with interest adjusted to reflect a rate of 8% that is retroactive to the original effective date of May 24, 2011.

The Company entered into a Promissory Note with an investor in January of 2011, and in the amount of $100,000. The note is due on January 3, 2012 with an interest rate of 15% and can be extended for an additional year upon the note holder's option. (For additional information, please see Note K-Legal.)

The Company entered into a Convertible Promissory Note with an investor on January 27, 2011 and in the amount of $50,000. The note is due on January 27, 2013 with an interest rate of 10% and can be converted into common stock upon the note holder's option.

The Company entered into a Promissory Note with an investor in February and in the amount of $50,000. The note is due on July 2, 2011 with an interest rate of 15% and can be extended for an additional six months upon the note holder's option.

The Company entered into a Promissory Note with an investor in February and in the amount of $50,000. The note is due on July 14, 2011 with an interest rate of 15% and can be extended for an additional six months upon the note holder's option.

The Company entered into a working capital loan with Strategic Funding in October of 2011, and in the amount of $45,000 with an interest charge of $17,505. The loan is to be paid back at the rate of 15% of the total monthly net credit card sales. The loan balance at the end of the period ending December 31, 2012, was $50,304. (For additional information, please see Note K-Legal.)

The Company entered into a Convertible Promissory Note with an investor on December 15, 2010 and in the amount of $25,000. The note is due on December 15, 2012 with an interest rate of 10% and can be converted into common stock upon the note holder's option.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE G – NOTES PAYABLE-(CONTINUED)

The Company entered into a Convertible Promissory Note with an investor on December 8, 2010 and in the amount of $50,000. The note is due on December 8, 2012 with an interest rate of 18% and can be converted into common stock upon the note holder's option. The Company and the note holder have negotiated new terms with interest adjusted to reflect a rate of 8% that is retroactive to the original effective date of December 8, 2010.

The Company entered into a Convertible Promissory Note with an investor on December 15, 2010 and in the amount of $50,000. The note is due on December 15, 2012 with an interest rate of 18% and can be converted into common stock upon the note holder's option. The Company and the note holder have negotiated new terms with interest adjusted to reflect a rate of 8% that is retroactive to the original effective date of December 15, 2010.

The Company entered into a Convertible Promissory Note with an investor on December 1, 2010 and in the amount of $25,000. The note is due on December 1, 2012 with an interest rate of 10% and can be converted into common stock upon the note holder's option.

The Company entered into a Convertible Promissory Note with an investor on November 23, 2010 and in the amount of $25,000. The note is due on November 23, 2012 with an interest rate of 18% and can be converted into common stock upon the note holder's option. The Company and the note holder have negotiated new terms with interest adjusted to reflect a rate of 8% that is retroactive to the original effective date of November 23, 2010.

The Company entered into a Convertible Promissory Note with an investor on November 16, 2010 and in the amount of $50,000. The note is due on November 16, 2012 with an interest rate of 18% and can be converted into common stock upon the note holder's option. The Company and the note holder have negotiated new terms with interest adjusted to reflect a rate of 8% that is retroactive to the original effective date of November 16, 2010.

The Company entered into a Promissory Note with an investor on October 21, 2010 and in the amount of $150,000. The note is due on October 21, 2011 with an interest rate of 15% and can be extended for an additional one year upon the note holder's option. (For additional information, please see Note K-Legal.)

The Company entered into a Convertible Promissory Note with an investor on October 12, 2010 and in the amount of $25,000. The note is due on October 12, 2012 with an interest rate of 15% and can be converted into common stock upon the note holder's option. The Company and the note holder have negotiated new terms with interest adjusted to reflect a rate of 8% that is retroactive to the original effective date of October 12, 2010.

The Company entered into a Convertible Promissory Note with an investor on October 14, 2010, and in the amount of $25,000. The note is due on October 14, 2012 with an interest rate of 18% and can be converted into common stock upon the note holder's option. The Company and the note holder have negotiated new terms with interest adjusted to reflect a rate of 8% that is retroactive to the original effective date of October 14, 2010.

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NOTE G – NOTES PAYABLE-(CONTINUED)

The Company entered into a Promissory Note with an investor on September 15, 2010 and in the amount of $150,000. The note is due on September 15, 2011 with an interest rate of 15% and can be extended for an additional one year upon the note holder’s option. (For additional information, please see Note K-Legal.)

The Company entered into a Convertible Promissory Note with an investor on September 2, 2010, and in the amount of $10,000. The note is due on September 2, 2012 with an interest rate of 15% and can be converted into common stock upon the note holder’s option. The Company and the note holder have negotiated new terms with interest adjusted to reflect a rate of 8% that is retroactive to the original effective date of September 2, 2010.

The Company entered into a Convertible Promissory Note with an investor on August 30, 2010 and in the amount of $25,000. The note is due on August 30, 2012 with an interest rate of 15% and can be converted into common stock upon the note holder’s option. The Company and the note holder have negotiated new terms with interest adjusted to reflect a rate of 8% that is retroactive to the original effective date of August 30, 2010.

The Company entered into a Convertible Promissory Note with an investor on August 28, 2010 and in the amount of $10,000. The note is due on August 28, 2012 with an interest rate of 15% and can be converted into common stock upon the note holder’s option. The Company and the note holder have negotiated new terms with interest adjusted to reflect a rate of 8% that is retroactive to the original effective date of August 28, 2010.

The Company entered into a Convertible Promissory Note with an investor on August 23, 2010 and in the amount of $30,000. The note is due on August 23, 2012 with an interest rate of 15% and can be converted into common stock upon the note holder’s option. The Company and the note holder have negotiated new terms with interest adjusted to reflect a rate of 8% that is retroactive to the original effective date of August 23, 2010.

The Company entered into a Convertible Promissory Note with an investor on August 16, 2010, and in the amount of $30,000. The note is due on August 16, 2012 with an interest rate of 15% and can be converted into common stock upon the note holder’s option. The Company and the note holder have negotiated new terms with interest adjusted to reflect a rate of 8% that is retroactive to the original effective date of August 16, 2010.

The Company entered into a Convertible Promissory Note with an investor on July 30, 2010 and in the amount of $57,000. The note is due on July 30, 2012 with an interest rate of 15% and can be converted into common stock upon the note holder’s option. The Company and the note holder have negotiated new terms with interest adjusted to reflect a rate of 8% that is retroactive to the original effective date of July 30, 2010.

The Company entered into a Convertible Promissory Note with an investor on June 28, 2010, and in the amount of $77,000. The note is due on June 28, 2012 with an interest rate of 18% and can be converted into common stock upon the note holder’s option. The Company and the note holder have negotiated new terms with interest adjusted to reflect a rate of 8% that is retroactive to the original effective date of June 28, 2010.

NOTE G – NOTES PAYABLE-(CONTINUED)

The Company entered into a Convertible Promissory Note with an investor on June 1, 2010, and in the amount of $45,000. The note is due on June 1, 2012 with an interest rate of 18% and can be converted into common stock upon the note holder’s option. The Company and the note holder have negotiated new terms with interest adjusted to reflect a rate of 8% that is retroactive to the original effective date of June 1, 2010.

The Company entered into a Convertible Promissory Note with an investor on May 18, 2010, and in the amount of $45,000. The note is due on May 18, 2012 with an interest rate of 18% and can be converted into common stock upon the note holder’s option. The Company and the note holder have negotiated new terms with interest adjusted to reflect a rate of 8% that is retroactive to the original effective date of May 18, 2010.

The Company entered into a Convertible Promissory Note with an investor on April 30, 2010, and in the amount of $50,000. The note is due on April 30, 2012 with an interest rate of 15% and can be converted into common stock upon the note holder’s option. The Company and the note holder have negotiated new terms with interest adjusted to reflect a rate of 8% that is retroactive to the original effective date of April 30, 2010.

The Company entered into a note with Ford Motor Credit in the amount of $51,164 in April, 2010 for the purchase of a 2010 vehicle with an interest rate of 15%. The note is due on April 28, 2015, and the current balance was $39,133. The Company entered into an agreement with Ford Motor Credit in October of 2012 that allowed for the return of the vehicle and to be sold at auction. If the auction price was not adequate to pay-off the existing loan amount due, the Company would be responsible for the balanced owed.

The Company entered into a Convertible Promissory Note with an investor on April 1, 2010, and in the amount of $75,000. The note is due on April 1, 2012 with an interest rate of 10% and can be converted into common stock upon the note holder’s option.

The Company entered into a Convertible Promissory Note with an investor on March 30, 2010, and in the amount of $50,000. The note is due on March 30, 2012 with an interest rate of 18% and can be converted into common stock upon the note holder’s option. The Company and the note holder have negotiated new terms with interest adjusted to reflect a rate of 8% that is retroactive to the original effective date of March 30, 2010.

The Company entered into a Convertible Promissory Note with an investor on March 4, 2010, and in the amount of $60,000. The note is due on March 4, 2012 with an interest rate of 18% and can be converted into common stock upon the note holder’s option. The Company and the note holder have negotiated new terms with interest adjusted to reflect a rate of 8% that is retroactive to the original effective date of March 4, 2010.

The Company entered into a Convertible Promissory Note with an investor on February 1, 2010, and in the amount of $75,000. The note is due on February 1, 2012 with an interest rate of 18% and can be converted into common stock upon the note holder’s option. The Company and the note holder have negotiated new terms with interest adjusted to reflect a rate of 8% that is retroactive to the original effective date of February 1, 2010.

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NOTE G – NOTES PAYABLE-(CONTINUED)

The Company entered into a Convertible Promissory Note with an investor on December 30, 2009 and in the amount of $75,000. The note is due on December 30, 2011 with an interest rate of 18% and can be converted into common stock upon the note holder’s option. The Company and the note holder have negotiated new terms with interest adjusted to reflect a rate of 8% that is retroactive to the original effective date of December 30, 2009.

The Company entered into a Convertible Promissory Note with an investor on December 17, 2009 and in the amount of $50,000. The note is due on December 17, 2011 with an interest rate of 18% and can be converted into common stock upon the note holder’s option. The Company and the note holder have negotiated new terms with interest adjusted to reflect a rate of 8% that is retroactive to the original effective date of December 17, 2009.

The Company entered into a Convertible Promissory Note with an investor on December 3, 2009 and in the amount of $110,000. The note is due on December 3, 2011 with an interest rate of 18% and can be converted into common stock upon the note holder’s option. The Company and the note holder have negotiated new terms with interest adjusted to reflect a rate of 8% that is retroactive to the original effective date of December 3, 2009.

The Company entered into a Convertible Promissory Note with an investor on November 2, 2009 and in the amount of $50,000. The note is due on November 2, 2011 with an interest rate of 18% and can be converted into common stock upon the note holder’s option. The Company and the note holder have negotiated new terms with interest adjusted to reflect a rate of 8% that is retroactive to the original effective date of November 2, 2009.

The Company entered into a Convertible Promissory Note with an investor on November 23, 2009 and in the amount of $20,000. The note is due on November 23, 2011 with an interest rate of 18% and can be converted into common stock upon the note holder’s option. The Company and the note holder have negotiated new terms with interest adjusted to reflect a rate of 8% that is retroactive to the original effective date of November 23, 2009.

The Company entered into a Convertible Promissory Note with an investor on November 15, 2009 and in the amount of $16,000. The note is due on November 15, 2011 with an interest rate of 10% and can be converted into common stock upon the note holder’s option.

The Company entered into a Convertible Promissory Note with an investor on October 26, 2009 and in the amount of $25,000. The note is due on October 26, 2011 with an interest rate of 10% and can be converted into common stock upon the note holder’s option.

The Company entered into a Convertible Promissory Note with an investor on October 21, 2009 and in the amount of $10,000. The note is due on October 21, 2011 with an interest rate of 15% and can be converted into common stock upon the note holder’s option. The Company and the note holder have negotiated new terms with interest adjusted to reflect a rate of 8% that is retroactive to the original effective date of October 21, 2009.

The Company entered into a Convertible Promissory Note with an investor on October 9, 2009 and in the amount of $25,000. The note is due on October 9, 2011 with an interest rate of 15% and can be converted into common stock upon the note holder’s option. The Company and the note holder have negotiated new terms with interest adjusted to reflect a rate of 8% that is retroactive to the original effective date of October 9, 2009.

NOTE G – NOTES PAYABLE-(CONTINUED)

The Company entered into a Convertible Promissory Note with an investor on October 5, 2009 and in the amount of $15,000. The note is due on October 5, 2011 with an interest rate of 15% and can be converted into common stock upon the note holder’s option. The Company and the note holder have negotiated new terms with interest adjusted to reflect a rate of 8% that is retroactive to the original effective date of October 5, 2009.

The Company entered into a Convertible Promissory Note with an investor on September 11, 2009 and in the amount of $50,000. The note is due on September 11, 2012 with 10% interest and can be converted into common stock upon the note holder’s option.

The Company entered into a Convertible Promissory Note with an investor on July 24, 2009 and in the amount of $10,000. The note is due on July 24, 2011 with 15% interest and can be converted into common stock upon the note holder’s option. The Company and the note holder have negotiated new terms with interest adjusted to reflect a rate of 8% that is retroactive to the original effective date of July 24, 2009.

The Company entered into a Convertible Promissory Note with an investor on July 23, 2009 and in the amount of $20,000. The note is due on July 23, 2011 with 15% interest and can be converted into common stock upon the note holder’s option. The Company and the note holder have negotiated new terms with interest adjusted to reflect a rate of 8% that is retroactive to the original effective date of July 23, 2009.

The Company entered into a Convertible Promissory Note with an investor in May 29, 2009 and in the amount of $5,000. The note is due on May 29, 2012 with 15% interest and can be converted into common stock upon the note holder’s option. The Company and the note holder have negotiated new terms with interest adjusted to reflect a rate of 8% that is retroactive to the original effective date of May 29, 2009.

The Company entered into a Convertible Promissory Note with an investor on May 22, 2009 and in the amount of $5,000. The note is due on May 22, 2011 with 15% interest and can be converted into common stock upon the note holder’s option. The Company and the note holder have negotiated new terms with interest adjusted to reflect a rate of 8% that is retroactive to the original effective date of May 22, 2009.

The Company entered into a Convertible Promissory Note with an investor on May 15, 2009 and in the amount of $57,720. The note is due on May 15, 2011 with 10% interest and can be converted into common stock upon the note holder’s option.

The Company entered into a Convertible Promissory Note with an investor on May 11, 2009 and in the amount of $8,850. The note is due on May 11, 2011 with 15% interest and can be converted into common stock upon the note holder’s option. The Company and the note holder have negotiated new terms with interest adjusted to reflect a rate of 8% that is retroactive to the original effective date of May 11, 2009.

The Company entered into a Convertible Promissory Note with an investor on March 31, 2009 and in the amount of $23,500. The note is due on March 31, 2011 with 10% interest and can be converted into common stock upon the note holder’s option.

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NOTE G – NOTE PAYABLE-(CONTINUED)

The Company entered into a Convertible Promissory Note with an investor on March 31, 2009 and in the amount of $55,800. The note is due on March 31, 2011 with 10% interest and can be converted into common stock upon the note holder's option.

The Company borrowed $125,000 from an investor on June 28, 2006, through a Convertible Promissory Note. The note which bears interest at the rate of 10% is convertible into common stock of the Company at a ratio of $0.01 per share. The note plus accrued interest may be converted into common stock at the option of the note holder after the maturity date of June 28, 2008. No interest or principal payments are due prior to the maturity date. An officer of the Company is liable as a co-signer on the note. The note will be converted into Twelve Million Five Hundred Thousand (12,500,000) shares of restricted common stock.

NOTE H – NOTE RECEIVABLE

The Company made a loan on August 10, 2007 and in the amount of $10,000 to Candwich, Inc. The note has been extended since the initial due date of October 10, 2007, and is due on June 30, 2014.

The Company made a loan during 2012 and 2013 to a business associate, Guy Deiro, in the amount of $6,183. The note is due and payable at the time of this reporting period.

NOTE I – STOCKHOLDERS' DEFICIT

Preferred stock:

The Company is authorized to issue 150,000,000 shares with 100,000,000 of Series A Preferred stock, 5,000,000 shares of Series B Preferred stock, 20,000,000 shares of Series C Preferred stock, and 25,000,000 shares of Series D Preferred stock.

As of March 31, 2014, and March 31, 2013 respectively, the Company had 42,000,000 and 42,000,000 shares of Series A preferred stock outstanding, 0 and 0 shares of Series B preferred stock outstanding, 134,500 and 134,500 shares of Series C preferred stock outstanding, 10,000,000 and 10,000,000 shares of Series D preferred stock outstanding.

The Series A Preferred stock is convertible at the option of the holder into common stock at the rate of 10 shares of common for every one share of Series A Preferred after one year from the date of issue. Each share of Series A Preferred stock has voting rights equal to ten (10) shares of common stock.

The Series B Preferred stock is convertible at the option of the holder into common stock at the rate of 1 share of common for each share of Series B after one year from the date of issue. Each share of Series B Preferred stock has voting rights equal to one (1) share of common stock.

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NOTE I– STOCHOLDERS' DEFICIT-(CONTINUED)

The Series C Preferred stock is convertible at the option of the holder into common stock at a stated conversion value of $5.00, per share after one year from the date of issue. Each share of Series C has voting rights equal to five (5) shares of common stock.

The Series D Preferred stock is convertible at the option of the holder into common stock at a stated conversion value of $2.00 divided by 50% of the average closing price of the Common Stock on five business days preceding the date of conversion one year from the date of issue. Each share of the Series D Preferred stock has voting rights equal to the conversion factor at the time of conversion.

Preferred Stock issued during the Quarter ending March 31, 2014;

There was no issuance of Preferred Series during the period ended March 31, 2014.

Common Stock:

The Company is authorized to issue 20,000,000,000 shares of common stock with a par value of $.001 per share. As of March 31, 2014, and December 31, 2013, the Company has issued and outstanding 98,333,434 and 98,333,434 shares of common stock.

Issuances of common stock during the quarter ended March 31, 2014:

There were no issuances of common stock during the quarter.

Issuances of common stock during the calendar year, 2013:

There were no issuances of common stock during the year.

Issuances of common stock during the calendar year, 2012:

During the calendar year, the Company issued 200,000 shares of common stock for the partial conversion of a note payable at $0.037, per share.

During the calendar year, the Company issued 200,000 shares of common stock for the partial conversion of note payable at $0.017, per share.

During the calendar year, the Company issued 500,000 shares of common restricted stock at $0.02, per share, to a consultant and former officer of the Company in exchange for a partial reduction of a note payable, in the amount of $10,000.

During the calendar year, the Company issued 508,075 shares of common restricted stock at $0.02, per share, to an officer of the Company in exchange for a partial reduction of a note payable, in the amount of $10,162.

NOTE I– STOCHOLDERS' DEFICIT-(CONTINUED)

Issuances of common stock during the calendar year, 2012: (Continued)

During the calendar year, the Company issued 439,393 shares of common restricted stock for consulting services rendered at a value of $29,561.

During the calendar year, the Company issued 250,000 shares of common stock to an accredited investor for the purchase price of $12,500.00 under Regulation D-504.

During the calendar year, the Company issued 1,090,910 shares of common restricted stock at $0.037, per share, to an officer of the Company in exchange for a partial reduction of a note payable in the amount of $40,367.00.

During the calendar year, the Company issued 2,416,666 shares of restricted common stock for consulting services rendered at a value of $24,166.

During the calendar year, the Company issued 25,000,000 shares of restricted common stock, at $0.02, per share, to Mark Kirkland for the vending-distribution rights of the Candwich technology and products for the states of California and Nevada.

During the calendar year, the Company issued 33,333,300 shares of restricted common stock, at $0.015 per share, to Brent Crouch, a consultant and former officer, in exchange for the partial reduction of a note payable, in the amount of $49,999.

During the calendar year 2012, the Company issued 33,333,300 shares of common restricted stock at $0.015, per share to an officer and director of the Company in exchange for a partial reduction of a note payable, in the amount of $49,999.

NOTE J – COMMITMENTS AND CONTINGENCIES

The Company entered into a Lease Agreement ("Lease") with Mazal Realty Investments, LP, (the "Landlord"), on November 26, 2012 for the premise located at 693 Palomar Street, Suite B, Chula Vista, CA, 91910. The premise governed by the lease is a retail space consisting of approximately 2,000 sq. ft of retail space at 693 Palomar Street, Suite B, Chula Vista, CA 91910. The lease is for a twelve (12) month period and is on a month to month lease basis that can be extended for an additional twelve (12) month period at the following sq. ft. prices;

Base Year:
693 Palomar Street, Suite B, Chula Vista, CA 91910- November 26, 2012 through November 25, 2013, $2,462.50, per month, with cam charges of $610.00.

Option Year:
693 Palomar Street, Suite B, Chula Vista, CA 91910- November 26, 2013 through November 25, 2014, $2,548.70, per month, with cam charges of $610.00.

NOTE J – COMMITMENTS AND CONTINGENCIES-(CONTINUED)

The Company provided notice to the Landlord pursuant to the Lease, and vacated the retail space during the 2nd quarter of calendar year, 2013.

The Company shares office space with its Parent or affiliates located at 3440 E. Russell Rd., Suite 206, Las Vegas, Nevada 89120. The lease is on a month-to-month basis and at a rate of $675.00, per month.

The Lease was guaranteed by Delmar Janovec.

Rent expense totaled $1,950 and $3,152 respectively, during the quarters ended March 31, 2014, and March 31, 2013.

The Company recorded contingencies in the amount of $95,571 that consisted of trade payables for various vendors owed by the Company. These trade payables were accrued more than ten (10) years ago. On the advice of counsel, these amounts were written-off during 2013 as they are beyond the statute of limitations for collections.

NOTE K-LEGAL

Kenneth J. Sullivan Family Trust, vs. BizAuctions, Inc., a Delaware corporation, BizAuctions Corp., a Nevada corporation, Lucky 7's, Inc., a Nevada Corporation, and Delmar Janovec, an individual. The complaint was filed on July 27, 2012 in the District Court, Clark County, Nevada, Case No. A-12-665844-B. The complaint is for breach of fiduciary duty for Lucky 7's, misappropriation, conversion and waste of corporation assets, unjust enrichment, misrepresentation and fraud, and attorney fees.

Kenneth J. Sullivan Family Trust, vs. BizAuctions, Inc., a Delaware corporation, BizAuctions Corp., a Nevada corporation, and Delmar Janovec, an individual. The complaint was filed on August 21, 2012 in the District Court, Clark County, Nevada, Case No. A-12-667160-C. The complaint is for breach of promissory note contracts, breach of implied covenant of good faith and fair dealing, unjust enrichment, misrepresentation and fraud, and attorney fees.

The Companies and Delmar Janovec entered into a Forbearance Agreement and Stock Transfer Agreement with the Plaintiffs on September 25, 2012 for a period of ninety-seven (97) days or until December 31, 2012 that requires payments in the amount of $3,000.00 due on October 15th, November 15, and December 15, 2012. All payments were made pursuant to the terms of the Forbearance Agreement.

The Stock Transfer Agreement required Delmar Janovec to transfer 799,861 shares of his personal BizAuctions common restricted stock to the Plaintiffs that was completed on October 1, 2012.

The Companies and Delmar Janovec entered into an Extension of the Forbearance Agreement with the Plaintiffs, Kenneth J. Sullivan Family Trust, on February 11, 2013, effective from February 1 through September 30, 2013

NOTE K-LEGAL-(CONTINUED)

that requires payments in the amount of $3,000.00 due on the 15th of each month and through October 30, 2013. At the time of the filing of this report, payments were made pursuant to the terms of the Forbearance Agreement.

The Company and the Plaintiffs through their counsels have entered into preliminary discussions for a settlement of these complaints in January of 2014.

Strategic Funding Source, Inc.-BizAuctions Corp., a Nevada Corporation. The Company received notice in January of 2014; a Default Judgment was filed on November 22, 2013 in the Los Angeles Central District Court, Case No. BC 528-364, Dept. 4B. Pursuant to the terms of the Agreement, the Company received notice from Strategic Funding in July of 2013; the Company is in default and demanded payment in the amount of $50,304, plus interest, for payment on the note.

AJW Offshore, LTD., et al., vs. Debtors in Foreign Proceedings. United States Bankruptcy Court of Eastern New York, Chapter 15, Case No. 13-70078, 13-70082, 13-70085, 13-70087, Jointly Administered, filed on October 3, 2013, subpoenas were issued on October 23, 2013, to Issuer Parties, Third Party Marketers, Structuring Parties, and Sadis & Goldberg, LLC, to produce documents and witnesses, pursuant to the subpoena, which included the Company. The Bankruptcy Court and the Court Appointed Joint Administrators, REID COLLINS & TSAI, LLP, a law firm, is seeking repayment of loans made to the debtors, and fees paid to the debtors, if any, for services provided to NIR Group, Inc., the Parent or Affiliate of AJW Offshore, LTD., AJW Master, Fund Ltd., AJW Offshore II, Ltd., AJW Master Fund II, Ltd., (Collectively the "Offshore Funds). The loans were made to AmeriResource Technologies, Inc., a parent or an affiliate, of BizAuctions, Inc., with the subsidiaries as co-guarantors of the convertible loans made in December of 2008, in the amount of $150,000.00, and a second loan in April of 2009, for an additional amount of $150,000.00. The total amount of the convertible loans was $300,000.00. In addition to the loans, there were debt assumption agreements entered into by AmeriResource and affiliates, which were to assume debts originating from Midnight Holdings Group, Inc. In exchange for assuming the debts AmeriResource and Affiliates were to be issued Convertible Preferred Stock of Midnight Holdings Group, Inc. equaling the amount of the assumed debt that was owed by Midnight Holdings Group, Inc. to NIR Group, Inc. and/or Affiliates. These debts originated as loans that had been made to Midnight Holdings, Group, Inc. or Affiliates, prior to the calendar year of 2008. The Company signed a Debt Assumption Agreement with Midnight Holdings Group, Inc., and NIR Group, Inc., or Affiliates for the assumption of debt in the amount of $2,710,320.11.

The consideration for the debt assumption by the Company was the issuance of Midnight Holdings Group, Inc., Preferred Series Class A stock, equaling the amount of the debt to be assumed, and various financing commitments made by NIR Group, Inc., or Affiliates, and Midnight Holdings Group, Inc.

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NOTE K-LEGAL-(CONTINUED)

The Company did not and has not received the Preferred Series Class A stock from Midnight Holdings Group, Inc. nor received any of the financing commitments made by NIR Group, Inc. or Affiliates in conjunction with the Debt Assumption Agreements. These material terms and major points were not fulfilled by NIR Group, Inc. and Affiliates or Midnight Holdings Group, Inc. Accordingly; the Company rescinded all agreements in calendar year 2009.

(For additional information, please see Note K-Legal in the year-end report dated, December 31, 2013, filed on OTC-Pink Sheets.)

NOTE L–OTHER MATTERS

The Company filed with FINRA and CUSIP for the reclassification of the common stock on December 23, 2011 that was approved by FINRA and made effective on February 21, 2012. On December 16, 2011, the Board of Directors, as approved by written consent of the majority shareholders in excess of 60% of the voting rights of the Company, received the approval and authorization for a reclassification or reverse split of the common stock for a 1:17,000, and filed with the State of Delaware for an amendment to the Articles of Incorporation on December 19, 2011, with an effective date of December 28, 2011. The shareholders of record on December 16, 2011 received notice of the action taken by the Board of Directors. The Company filed with FINRA and CUSIP for the reclassification of the common stock on December 23, 2011, with final approval on February 17, 2012.

NOTE M – INCOME TAXES

The Company has adopted Financial Accounting Standard No. 109 which requires the recognition of deferred tax liabilities and assets for the expected future tax consequences of events that have been included in the financial statement or tax returns. Under this method, deferred tax liabilities and assets are determined based on the difference between financial statements and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. Temporary differences between taxable income reported for financial reporting purposes and income tax purposes are insignificant.

At March 31, 2014, the Company has available for federal income tax purposes a net operating loss carry forward of approximately $10,500,000 beginning to expire in the year 2025, which may be used to offset future taxable income. The Company has provided a valuation reserve against the full amount of the net operating loss benefit since in the opinion of management based upon the start-up status of the Company, the tax benefits will not be recognized until income is realized. Due to significant changes in the Company's ownership, the future use of its existing net operating losses may be limited.

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NOTE M – INCOME TAXES-(CONTINUED)

Components of deferred tax assets as of March 31, 2014, are as follows:

Non Current:	
Net operating loss-carry forward	$3,570,000
Valuation allowance	(3,570,000)

Net deferred tax asset	$ --
	========

NOTE N – GOING CONCERN

The accompanying consolidated statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. As shown in the financial statements during the three months ended March 31, 2014, the Company incurred a loss from operations of ($103,118), and has not obtained profitable operation under its current operating plan. This may indicate that the Company will be unable to continue as a going concern for a reasonable period of time. The Company's existence is dependent upon advances from its Parent company and its affiliates, the sale of additional stock, and management's ability to develop profitable operations. Management anticipates the Company will attain profitable status and improve its liquidity through the continued developing, marketing and selling of its products and additional equity investments in the Company. The accompanying financial statements do not include any adjustments that might result should the Company be unable to continue as a going concern. In order to improve the Company's liquidity, the Company is actively pursuing additional equity financing through discussions with investment bankers and private investors. There can be no assurance the Company will be successful in its effort to secure additional equity financing. If operations and cash flows continue to improve through these efforts, management believes that the Company can continue to operate and achieve profitability. However, no assurance can be given that management's actions will result in profitable operations or the resolution of its liquidity problems.