

FORTITUDE GROUP, INC



ANNUAL REPORT

YEAR ENDED
DECEMBER 31, 2013

Fortitude Group, Inc.
Balance Sheet
(unaudited)

ASSETS			
At		December	At
		31, 2013	December
			31, 2012
Current Assets			
Cash	\$	1 250	\$ 153
Total Current Assets		1 250	153
Property and Equipment , net of accumulated depreciation		-	
Other Assets			
Investment stock		550 600	900,600
Intangibles		825 048	779,069
Total Other Assets		1 375 648	1,679,669
TOTAL ASSETS	\$	1 375 648	\$ 1,679,669
LIABILITIES & STOCKHOLDERS' EQUITY (DEFICIT)			
Current Liabilities			
Accounts payable	\$	174 655	\$ 181,973
Accrued expenses		1 272 140	1,080,580
Current portion - notes payable		38 500	281,100
Total Current Liabilities		1 485 295	1,543,653
Long-Term Liabilities			
Notes Payable		120,000	103,058
Notes payable- related parties		0	95,631
Total Long-Term Liabilities		120 000	198,689
TOTAL LIABILITIES		1 605 295	1,742,342
Mezzanine stockholder receivable (recovery uncertain)			-338,607
Stockholders' Equity (Deficit)			
Preferred stock, 70,000,000 authorized, par value \$.001, 32,469 and 0 issued and outstanding December, 31, 2013 and 2012, respectively		0	32
Preferred stock Series C, 10,000 and 10,000 authorized, par value \$.001, 5,500 and 0 issued and outstanding December, 31, 2013 and 2012, respectively		10	6
Preferred stock Series B, 500,000 and 0 authorized, par value \$.001, 1,100 and 0 issued and outstanding December, 31, 2013 and 2012, respectively		-	1
Preferred stock Series D, 500,000 and 0 authorized, par value \$.001, 496,000 and 0 issued and outstanding December, 31, 2013 and 2012, respectively			496
Common stock, 998,000,000 and 500,000,000 authorized, par value \$.001, 699,322,304 and 440,929,404 issued and outstanding December, 31, 2013 and 2012, respectively 177,100,000 of currently issued shares will not be honored as they are from canceled agreements and the dividends derived from them.		699,322	440,929
Paid in capital		22 722 067	22,373,067
Deferred compensation		-	-
Retained deficit		(22 729 930)	
Total Stockholders' Equity (Deficit)		222 784	276,087
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY (DEFICIT)	\$	1 375 648	\$ 1,679,822

Fortitude Group, Inc.
Statement of Income
(unaudited)

		Year Ended		Year Ended
		December 31, 2013		December 31, 2012
Revenues				
Sales	\$	-	\$	-
Total Revenue		-		-
Cost of Goods Sold				
Cost of Goods Sold		-		-
Gross Profit	\$	-	\$	-
Expenses				
Depreciation		-		-
Public company		16,256		21,104
Consulting		50,000		45,000
Payroll		260,560		301,000
General and administrative		31,236		33,217
Total Expenses		358,052		400,321
Profit (Loss) from Operations		(358,052)		(400,321)
Other (Expenses)				
Interest expense		(18,658)		(26,100)
Impairment		-		-
(Loss) on disposal fixed assets				(308,065)
Total Other (Expense)		(18,658)		(334,165)
Net Profit (Loss) Before Provision for Income Tax		(376,710)		(734,486)
Provision for income taxes -				-
Net Profit (Loss)		(376,710)	\$	(734,486)
Basic and diluted loss per share	\$	(0.00)	\$	(0.00)
Weighted average number of common shares – basic and diluted		520,209,313		341,096,322

Fortitude Group, Inc.
Statement of Stockholders' Equity (Deficit)
(unaudited)

	Preferred Shares	Preferred Stock	Common Shares	Common Stock	Additional Paid-in Capital	Deferred Compensation	Retained Earnings (Deficit)	Total
Balance December 31, 2011	29,517	\$ 29	150,192,216	\$ 150,192	\$ 21,279,256	\$ (250,225)	\$ (21,803,958)	\$ (624,706)
Common stock returned	-	-	(90,000,000)	(90,000)	(810,000)	-	-	(900,000)
Common stock issued for cash	-	-	6,280,000	6,280	57,880	-	-	64,160
Common stock issued accrued exp	-	-	15,000,000	15,000	60,000	-	-	75,000
Common stock issued for wages	-	-	54,651,000	54,651	-	-	-	54,651
Stock issued for services	480,000	480	10,000,000	10,000	159,520	-	-	170,000
Prior adjustment accrued	-	-	(1)	(1)	(36,463)	-	-	(36,464)
Disposed agreement	-	-	-	-	(250,22)	250,225	-	-
Common stock issued for debt conversion	-	-	83,721,500	83,722	,386	-	-	261,108
Stock issued for acquisitions	6,000	6	171,000,000	171,000	1,775,818	-	-	1,946,824
Dividend	19,552	20	40,084,689	40,085	(40,105)	-	-	-
Loss for the year ended December, 31, 2011	-	-	-	-	-	-	(734,486)	(734,486)
Balance December 31, 2012	535,069	\$ 535	440,929,404	\$ 440,929	\$ 22,373,067	\$	\$ (22,538,144)	\$ 276,087
Common stock returned	-	-	-	-	-	-	-	-
Common stock issued for cash	-	-	-	-	-	-	-	-
Common stock issued accrued exp	-	-	-	-	-	-	-	-
Common stock issued wages	-	-	-	-	-	-	-	-
Stock issued for services	-	-	42,000,000	42,000	-	-	-	-
Prior adjustment accrued	-	-	-	-	-	-	-	-
Disposed agreement	-	-	-	-	-	-	-	-
Common stock issued for debt conversion	-	-	-	-	-	-	-	-
Stock issued for acquisitions	-	-	-	-	-	-	-	-
Dividend	-	-	-	-	-	-	-	-
Loss for the year ended December, 31, 2012	-	-	-	-	-	-	-	-
Balance December 31, 2013		\$		\$	\$	\$ -	\$	\$
Common stock returned	(80,000,000)	(80,000)	(42,000,000)	(42,000)				
Common stock issued for cash			48,500,000	48,500				
Common stock issued accrued exp								
Common stock issued wages			99,000,000	99,000				
Stock issued for services			42,000,000	42,000				
Common stock issued for debt conversion			50,000,000	50,000				

Fortitude Group, Inc.
Statement of Cash Flows
(unaudited)

		Year Ended December 31, 2013		Year Ended December 30, 2012
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income (loss)	\$	(376,710)	\$	(734,486)
Adjustments to reconcile net loss to net cash Provided by (used in) operating activities:				
Depreciation		-		-
Deferred compensation		-		509,550
Stock issued for services and wages		99,000		224,651
Stock issued for interest		-		-
Capital loss		-		308,065
Changes in operating assets and liabilities:				
Increase (decrease) in accounts payable		(1,318)		151,135
Increase (decrease) in accrued expenses		180,655		119,005
Net cash used by operating activities		(177,250)		(67,630)
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of property and equipment		-		-
Net cash (used) in investing activities		-		-
CASH FLOWS FROM FINANCING ACTIVITIES				
Stock issued for capital		48,500		64,160
Proceeds from notes payable		-		3,623
Cash payments on notes payable		-		-
Net cash provided by financing activities		48,500		67,783
Net increase (decrease) in cash and cash equivalents	\$	1,097	\$	153
Cash at beginning of period	\$	153	\$	-
Cash at end of period	\$	1,250	\$	153
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION				
Interest paid	\$	-	\$	-
Income taxes paid	\$	-	\$	-

See accompanying notes to financial statements

NOTE 1: Summary of Significant Accounting Policies, Nature of Operations and Use of Estimates:

Nature of Business and Basis of Presentation

On January 10, 2003, Home Services International, Inc. ("HSVI") was merged from a prior company. On January 2, 2004 HSVI merged with Internal Command International, Inc. ("ICI") which was accounted for as a reverse acquisition with ICI as the surviving entity. The company changed its name to Internal Hydro International, Inc. after the merger and on February 4, 2004 domiciled the merged entity in Florida. On February 20, 2007 the Company name was changed to Renewable Energy Resources, Inc. The Company again changed its name to New Green Technologies, Inc. on July 3, 2008. with a change in focus the Company changed its name to Spur Ranch, Inc. on August 10, 2010. After realizing that the business model needed an upgrade the company sought out opportunities and changed its name to reflect its new business to Rounder, Inc. on November 28, 2011. With the change in management in September 2012 it was decided to exit the gaming industry and seek a viable opportunity in the medical and nutraceutical field and change the name to Fortitude Group, Inc. to remove the stigma of the past and signify management's intention to strive toward lofty goals. The name change was effective in Florida in December 2012 and took effect in the market on January 8, 2013.

Fortitude Group, Inc. is a diversified company with investments in multiple sectors of the economy targeting joint ventures, wholly owned subsidiaries and/or majority/minority positions that cross various market segments with the goal of creating a quality company that builds intrinsic value for its shareholders.

Additional subsidiaries, ventures, licensing and/or products are expected to be added during 2014 creating a versatile, dynamic and liquid company.

Basis of Presentation

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America and pursuant to the rules and regulations of the United States Securities and Exchange Commission ("SEC").

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts in the financial statements, including the estimated useful lives of tangible and intangible assets. Management believes the estimates used in preparing the financial statements are reasonable and accurate. Actual results could differ from these estimates.

Revenue Recognition

Revenue is recognized in accordance with SEC Staff Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements". The Company recognizes revenue when the significant risks and rewards of ownership have been transferred to the customer pursuant to applicable laws and a regulation, including factors such as when there is evidence of a sale arrangement, delivery has occurred, or service has been rendered, the price to the buyer is fixed or determinable, and collectability is reasonably assured.

Use of Estimates

The preparation of financial statements, in conformity with generally accepted accounting principals in the United States of America requires management to make estimates and assumptions, which affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Cash and Cash Equivalents

Cash and Cash equivalents are considered to be highly liquid investments purchased with an initial maturity of three (3) months or less.

Income Taxes

The Company complies with the Provisions of SFAS No. 109 “Accounting for Income Taxes”. Deferred income tax assets and liabilities are computed for differences between the financial statement and tax bases of assets and liabilities that will result in future taxable or deductible amounts and are based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established, when necessary, to reduce deferred income tax assets to the amount expected to be realized.

Income (Loss) Per Share

In accordance with SFAS No. 128, “Earnings Per Share”, the basic net loss per common share is computed by dividing net loss available to common stockholders by the weighted average number of common shares outstanding. Diluted net loss per common share is computed similar to basic net loss per common share except that the denominator is increased to include the number of additional common shares that would have been outstanding if the potential common shares had been issued and if the additional common shares were dilutive. As of the date of these financial statements, diluted net loss per share is equivalent to basic net loss per share as there were no dilutive securities outstanding and the Company net loss is deemed anti-dilutive.

Concentration of Credit Risk

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist of cash and cash equivalents and accounts receivables. The Company places its cash with high quality financial institutions which at times may exceed the FDIC \$100,000 insurance limit. The Company extends credit based on an evaluation of the customer’s financial condition, generally without collateral. Exposure to losses on receivables is principally dependant on each customer’s financial condition. The Company monitors its exposure for credit losses and maintains allowances for anticipated losses, as required. Accounts are “written-off” when deemed uncollectible.

Stock Based Compensation

The Company is subject to the provisions of ASC 718 “Stock Compensation” which prescribes the recognition of compensation expense based on the fair value of options on the grant date. ASC 718 allows companies to continue applying APB 25 if certain pro forma disclosures are made assuming hypothetical fair value method, for which the Company uses the Black-Scholes option-pricing model.

For non-employee stock based compensation, the Company recognizes an expense in accordance with ASC 718 and values the equity securities based on the fair value of the security on the date of grant unless a contract states otherwise. For stock-based awards the value is based on the market value for the stock on the date of grant and if the stock has restrictions as to transferability a discount is provided for lack of tradability. Stock option awards are valued using the Black-Scholes option-pricing model. The Company uses the fair value based method of accounting for its stock option plans. The Company expenses stock options and other share-based payments.

The Company recognized \$99,000 and \$224,651 of stock based compensation expenses for the years ended December 31, 2013 and 2012.

Stock Compensation was paid to the following officers and directors during the year in the following amounts:

	Original Compensation For the Year Ended	Actual Stock Based Compensation (Based on Closing Share Price as of Issue Date)	Shares Issued
	December 31, 2013		
Thomas J Parilla CEO, Dir. Signing Agreement Series D Preferred	\$260,560	\$99,000	99,000,000
	\$20,000 Paid	\$80,000	240,000,000
			80,000,000 vest annually
	\$161,560,000 accrued		

Deferred Stock Compensation was paid to the following officers and directors during the year in the following amounts:

None

	Original Compensation For the Year Ended December 31, 2013	Deferred Stock Compensation (Based on Effective Issue Price)	Shares Issued
None			

Management recorded the issuance of 10,100,000 shares to the parties as deferred compensation and deferred Director's fees. The shares were granted to the parties, but are subject to substantial forfeiture in the event that the parties (individually) resign from the Company, or are terminated from employment and from their board duties as the result of a vote of the Board of Directors within a 36 month period.

In the event of termination or separation the employee or director may purchase his shares for \$0.10 or tender them back to the Company ("the Termination Forfeiture"). This Termination Forfeiture is effective for a 48 month period from the date of issuance, and is released beginning the 12th month from issuance, ratably over a 36 month period. Management will record an expense to compensation over this three year period, ratably over expiration of the Termination Forfeiture period.

A deferred compensation liability of \$1,100,000 was recorded on the balance sheet which shall be amortized over the expiration of the Termination Forfeiture period, with a corresponding expense on the income statement, beginning on the 13th month from the date of issuance. The effective share price for this deferred compensation issuance was \$0.10.

In the year ended December 31, 2011, Mr. Stobie returned his shares and the Company removed the deferred compensation. during the same period Mr. Stack resigned and the company took a charge of the complete deferred compensation assigned to him as the shares he received had been transacted by him to a third party.

All deferred compensation has been removed from the financial statements for the year ended December 31, 2012. All parties left their positions in 2011 and are not eligible for deferred compensation.

New Accounting Pronouncements

None that is applicable in December 31, 2013 to company operations.

Issuance of Shares for Services

Valuation of shares for services and other acquired assets were based on the fair market value of services received. For the year ended December 31, 2013 there were 99,000,000 common shares issued, the combined shares had a value of \$99,000. For the year ended December 31, 2012 there were 64,651, common shares, 480,000 preferred series D had a value of \$224,651 issued for services.

NOTE 2: RELATED PARTY TRANSACTIONS

For the year ended December 31, 2012, a former officer and director of the Company received 15,000,000 restricted common shares as compensation for his service. these shares were issued to companies that were owned by Mr. Stanton or his affiliates. A related expense for these issuances was recorded as described above in the Stock Based Compensation paragraph.

We borrow funds from officers and stockholders from time to time. Seven individuals have advanced the Company money for general and administrative expenses a value of less than a net of \$5,000 was directly received by the Company. Other debts were purportedly paid by others on our behalf but direct information has been received from the payer to substantiate such claims.

NOTE 3: ISSUANCE HISTORY

The following non-cash investing and financing activities occurred during the period from January 1, 2012 through December 31, 2013:

In January 2013, OTC Markets modified their required reporting for this area, requesting a more uniform approach with other regulatory reporting requirements. While we applaud the change requested for disclosure in this paragraph certain of the information was not collected at the time of the stock issuances and has been subsequently refused to be provided by the recipients or there has been no response to the request for such information. No current officer or director was involved in any issuance of shares prior to May 2012.

In the areas where no information is available a *** has been placed to indicate as such in the discussion below.

Shareholder	Month/ Year	Offer Type	Jurisdiction	Shares offered and sold	Offering Price/price received	Current share status	Restrictive legend applied at issue
Common Stock							
E Dawg	1/12	Accru ed Exp	None	7,500,000	\$37,500	Restrict	Yes
Boca J	1/12	Accru ed exp	None	7,500,000	\$37,500	Restrict	Yes
Parilla	1/12	Debt 144	None	2,500,000	\$12,500	Free	No
Goldwater Group, Inc. (1)	1/12	Debt 144	None	5,500,000	\$27,500	Free	No
Molecular Resilience (3)	2/12	Asset	None	161,000,000	\$805,000	Restrict	Yes
Kewitt Enterprises, Inc. (2)	2/12	Debt 144	None	30,000,000	\$150,000	Free	Yes
Lescord	2/12	Debt 144	None	1,000,000	\$5,000	Free	No
Papaleo	2/12	Debt 144	None	1,000,000	\$5,000	Free	No
Teknus	2/12	Debt 144	None	150,000	\$750	Free	No
Hanover	3/12	504	Wisconsin	280,000	\$50,000	Free	No
Holdings II LLC (3)							
Lescord	3/12	Debt 144	None	2,571,500	\$12,858	Free	No
Invicta Licensing LLC (4)	4/12	Acqu	None	10,000,000	Collateral	Restrict	No
Lescord	4/12	Debt 144	None	1,000,000	\$1,000	Free	No
Papaleo	8/12	Debt 144	None	20,000,000	\$20,000	Free	No
Teknus (5)	10/12	Serv	None	10,000,000	\$10,000	Restrict	Yes
Parilla	10/12	Wages	None	10,000,000	\$10,000	Restrict	Yes
Papaleo	10/12	Debt 144	None	10,000,000	\$10,000	Free	No
Wojtan	10/12	506	None	3,000,000	\$7,000	Restrict	Yes
Birmingham	11/12	Accru ed exp	None	10,000,000	\$10,000	Restrict	Yes
Parilla	11/12	Wages	None	10,000,000	\$10,000	Restrict	Yes

Linden	11/12	Accrued exp	None	1,280,000	\$1,280	Restrict	Yes
Wojtan	11/12	506	None	2,000,000	\$4,660	Restrict	Yes
Compass	11/12	Return	None	(90,000,000)	\$(900,000)	Cancel	Yes
Wojtan	12/12	506	None	1,000,000	\$2,500	Restrict	Yes
Birmingham	12/12	Accrued exp	None	12,716,000	\$12,716	Restrict	Yes
Parilla	12/12	Wages	None	10,655,000	\$10,655	Restrict	Yes
Papaleo	12/12	Debt 144	None	10,000,000	\$17,500	Free	No
Dividends	12/12		None	40,084,689	\$40,085	Restrict	Yes
Papaleo	1/13	Debt 144	None	20,000,000	\$20,000	Free	No
Birmingham	1/13	Wages	None	10,500,000	\$10,500	Restrict	Yes
Parilla	1/13	Wages	None	10,655,000	\$10,655	Restrict	Yes
Wojtan	1/13	506	None	500,000	\$ 1,250	Restrict	Yes
MC Hammel Properties	2/13	Service	None	2,000,000	\$20,000	Restrict	Yes
Parilla	2/13	Wages	None	40,655,000	\$40,655	Restrict	Yes
Teknus (5)	2/13	Service	None	10,000,000	\$10,000	Restrict	Yes
DeBello	3/13	506	None	500,000	\$ 500	Restrict	Yes
Wojtan	3/13	506	None	250,000	\$ 1,250	Restrict	Yes
Wojtan	4/13	506	None	500,000	\$ 500	Restrict	Yes
Kelly, Joe	4/13	506	None	5,000,000	\$15,000	Restrict	Yes
Mason	4/13	506	None	5,000,000	\$15,000	Restrict	Yes
Hossein Mahdavi	4/13	Debt 144	None	25,000,000		Free	No
Wojtan	6/13	506	None	500,000	\$ 1,000	Restrict	Yes
Holden Capital	7/13	Service	None	30,000,000	\$ 30,000	Restrict	Yes
Wojtan	8/13	506	None	2,750,000	\$ 3,500	Restrict	Yes
Arnold B, Charles	8/13	Debt 144	None	25,000,000		Restrict	Yes
Data Capital Corp	10/13	Debt 144	None	30,000,000	\$30,000	Free	No
Wojtan	11/13	506	None	4,000,000	\$ 4,000	Restrict	Yes
Wojtan	12/13	506	None	4,000,000	\$ 4,000	Restrict	Yes
Parilla	12/13	Wages	None	40,000,000	\$40,000	Restrict	Yes

- (1) Goldwater Group, Inc. received shares from Bulova Tech Riverside LLC debt. Purpose ***. They are a public relations company. Ownership ***.
- (2) Kewitt Enterprise Inc. received shares from Bulova Tech Riverside LLC debt. Purpose ***. Ownership***, expected to have affiliation with W Andres Stack as shares were issued to his Law office address.
- (3) Hanover Holdings LLC was issued shares for a Wisconsin 504. Joshua Sason Managing Member other owners ***. The 504 has since been closed.
- (4) Invicta Licensing LLC received shares after a software licensing agreement was signed. The shares have been requested to be returned as the agreement was canceled.
- (5) Ken Teknus received shares for providing public and investor relations services.

NOTE 4: Management's Discussion and Analysis of Financial Condition and Results of Operations

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern no adjustments have been made for any other outcome.

The company seeks to increase shareholder equity through its strategic partnerships with emerging growth companies across various market segments. In early 2013 the company 100% divested itself of BGGR and reversed out of the acquisition of App-Swarm Inc.

NOTE 5 Going Concern

As reflected in the accompanying consolidated financial statements, the Company has a net loss from continuing operations of \$358,052, a negative cash flow from operations of \$47,250. These conditions raise substantial doubt about its ability to continue as a going concern. The ability of the Company to continue as a going concern is dependent on the Company's ability to raise additional capital and expand its business. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

NOTE 6: Intangibles and Asset Impairment

We evaluate our long-lived assets for indicators of possible impairment when events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Impairment exists if the carrying amount of such assets exceeds the estimates of future net undiscounted cash flows expected to be generated by such assets. Should impairment exist, the impairment loss would be measured based on the excess carrying value of the asset over the asset's estimated fair value

As a result of continuing challenges in the deployment and sale of the Company's technologies as well as a new business focus by the Company's Management and Board of Directors, the Company

reviewed its inputs used to determine the fair value of several of its long-lived intangibles.

Accordingly, the Company evaluated the ongoing value CAVD Technology, BORS/Plasma Technology and New Green Technologies. Based on this evaluation, the Company determined that long lived assets with a carrying amount of \$957,667 were no longer recoverable and were in fact impaired. The Company reduced the carrying value of these assets to fair value, a total of \$4, and recorded a corresponding impairment charge of \$957,663 for the period ending June 30, 2010. Fair value was based on an analysis of expected future cash flows using Level 3 inputs under ASC 820. The cash flows are those expected to be generated by the market participants, discounted at the risk All intangible assets were disposed of in 2012 with a charge of \$100,004.

NOTE 7: Effects on the company, its financial statements and its outstanding shares related to former CEO and Director.

In August 2012, John Stanton resigned from all positions in the Company. He was subsequently arrested and has since been convicted of eight charges related to failure to file tax returns individually and for a non-related company to ours for periods before he was associated with our Company. He had also filed a personal bankruptcy in December 11, 2011. This petition was converted in February 2012 to a Chapter 7 liquidation in the Middle District of Florida.

Mr. Stanton was in possession of 161,000,000 restricted common shares that were associated with an acquisition that had been returned to the former owners by agreement in July 2012. Mr. Stanton did not and has not returned these shares. The 90,000,000 shares that were also issued for this acquisition have been returned and cancelled. The Chapter 7 Trustee has been contacted and provide with the proof of the cancellation of agreement and the need to cancel these shares. The Company expects a letter to the transfer agent to be issued from the Trustee to cancel the lost/unfound certificate. The acquisition was agreed to and began operating as part of the Company prior to the bankruptcy petition. These shares are therefore subject to the Trustee and are not issued as after the petition as they were contracted for before December 2011.

An additional 15,000,000 restricted common shares that were issued to Stanton affiliates are also the property of the Chapter 7 Trustee.

All Company shares of Stanton or his affiliates and his assets are the property of the Chapter 7 Trustee per conversations with various legal parties and will encumbered for some time until there liquidation, likely by private sale.

The Company transfer agent has been notified by the Trustee and the Company of all known shares that may be related Stanton and the transfer of such shares have been restrained by the Trustee and the Company.

NOTE 8: Complaint filed with the Securities and Exchange Commission.

In September 2012, the Company CEO filed on behalf of the Company and its shareholders related to the issuance of free trading shares issued by Mr. Stanton with assistance of a former officer and director who is an attorney and another counsel associated with the former officer.

The Company contends in its complaint that a note for \$1,000,000 that was issued by our predecessor company Spur Ranch, Inc. to Bulova Tech Riverside LLC purportedly on October 1, 2010 was invalid and has no merit. Bulova Tech Riverside LLC was in bankruptcy when the note was issued and

the court was not requested to approve of the note that was being assumed to pay the debts of the Company. No debts were paid by the note holder. There were less than \$400,000 in liabilities on the books of Spur Ranch, Inc. in a filing with the SEC for the nine months ended September 30, 2010.

While various subsequent events were discussed in the filing the note was not. The filing was completed in November 2010.

After the note had aged one year Bulova Tech Riverside LLC began converting the note and issuing free trading shares. Bulova Tech Riverside used the money for various purposes, paying purported debts of then Rounder, Inc. and then selling shares to various parties for cash which was described to the investor as being used for Rounder, Inc. the money was not conveyed to the Company at any time and indeed one investor never received the shares for the investment.

Mr. Stanton was the sole owner of Bulova Tech Riverside LLC at the time the note was issued and at the time of all subsequent free trading issuances and was also at the time of share issuance the CEO and Director of Rounder, Inc. making all shares affiliate shares and not subject to using any form of Rule 144 for the issuance of these shares as free trading even if the note were a valid debt.

The note has been omitted from the financial statements in the current year ended December 31, 2012 and an amount has been placed on the Balance Sheet for the demanded recovery of a minimum of \$338,607 plus interest.

Demand letters were sent to various parties involved and to the various recipients of such shares requesting the cash or shares be returned. Only two responses were received, no funds or shares were received.

At this writing the Company has discussed the matter with the Internal Revenue Service and the Federal Bureau of Investigation. A complaint has been filed by one injured party with the FBI and the Company intends to complete an information referral with the IRS for the fraud on the others within days of this report.

It also appears that the LLC only had one shareholder and was therefore improperly formed making the LLC invalid and creating individual liability for the owner and manager at all times since its inception. A court action to invalidate the LLC is expected during the first quarter of 2013.

NOTE 9: Legal proceedings

In March 2012 we were made aware of a potential lawsuit alleging trademark infringement on a Rounder mark provided in the agreement between the Company and Compass Entertainment Group LLC. Our representatives are pursuing various actions in the matter. The case was dismissed and re-filed. The Defendants have or will file for a dismissal of the second filing. We believe the case has no merit relative to Rounder, Inc., certainly not with Fortitude Group, Inc. and will vigorously defend that position.

In 2013 we were made aware of a potential legal conflict with a former employee Don Baruch alleging a violation of an employee contract with Rounder Inc. Don Baruch resigned by email from all positions held in Rounder, Inc. on May 11, 2012 before he satisfied his vesting Period on his contract. Fortitude Group, Inc. will vigorously defend its position that this legal conflict has no merit, and Fortitude Group Inc., may consider counter-charges against Mr. Baruch.

NOTE 10: Corporate Events for 2013 and Subsequent Events for 2014

1) 01-29-2013 Fortitude Group Inc acquires Legacy Life Science LLC. Legacy Life Science is a private

company owned in equal 1/3 parts by Christopher Cuzzola, Dr. Colantonio, and Bruce Kern. The main reason for the acquisition was to acquire the licensing agreement through Legacy Life Science with Nasorcap a Pittsburgh company with 5 FDA approved products. After speaking directly with Nasorcap, Fortitude Group Inc discovered a contract dispute between Nasorcap and Mr. Cuzzola. After uncovering this problem Mr.Cuzzola was confronted with this, and resigned by email the same day. Fortitude Group Inc approved Mr.Cuzzola's request to rescind the agreement between Legacy Life Science LLC and Fortitude Group Inc. Mr.Cuzzola returned all Restricted stock in his possession, and Fortitude Group Inc canceled the Preferred shares his group was due as part of the acquisition that was backed out. Fortitude Group Inc has kept an open line of communication with Nasorcap, and hopes this will lead to a fresh licensing deal in 2014 directly between Fortitude Group Inc and Nasorcap.

2) 06-20-2013 Fortitude Group Inc agrees to acquire 51% of Bigtime Auctions & Liquidations. Fortitude Group Inc signed a contract to acquire 51% of Bigtime Auction & Liquidations pending the investment by Fortitude Group Inc of 200,000 dollars and the assumption of 40,000 in debt. This acquisition is still awaiting the final investment from Fortitude Group Inc, and we expect this to take place in the 2nd quarter of 2014.

3) 06-26-2013 Fortitude Group Inc agrees to acquire 45% of Primarq
Under the terms of the deal Fortitude Group Inc will acquire 45% of Primarq for an investment of 4 Million Dollars. As part of the agreement Fortitude Group Inc will also receive a 10% Yearly dividend(400,000) from Primarq, and will have a share of the Monthly Revenue from Primarq as well. The funding for this deal is expected to take place in April of 2014 with Primarq launching their company shortly after this event.

4) 01-07-2013 Fortitude Group Inc agrees to acquire 51% of Smart Workout
Under the terms of this NOI Fortitude Group Inc was asked to fund Smart Workout for 500,00 dollars for 51% ownership and Monthly Revenue Sharing. The accountants for Smart Workout asked that this initial deal be canceled and a fresh deal with different terms be put in its place because of the tax situation it would cause Smart Workout. Fortitude Group Inc agreed to rescind this initial agreement, and are now discussing different terms with Smart Workout.

5) 10-24-2013 Fortitude Group Inc acquires Pro-Cap Funding
ProCap has access to approximately \$10 million in immediate funding capabilities. This acquisition was made so Fortitude Group Inc could complete it's existing acquisitions, and close new acquisition all with Non-Toxic funding provided by Pro Cap Funding.

6) 02-24-2014 Fortitude Group Inc announces MMA partnership with EviteXchange
Under the terms of the agreement, Fortitude will offer and facilitate closed-loop transaction processing to legal dispensaries in the medical marijuana industry as well as provide processing for entities in states that have legalized recreational marijuana sales.

7) 02-26-2014 Fortitude Group Inc announces Stock Repurchase Agreement
The initial plan calls for Fortitude Group to repurchase up to 100 Million shares of their stock. The company has since updated this agreement to allow Fortitude to repurchase up to 250 Million shares or 27% of the outstanding stock. Fortitude Group Inc will use funds from Pro-Cap Funding as well as their expected Revenue stream from newly launched, and about to be launched products.

8) 02-28-2014 Fortitude Group Inc announces Joint Venture with MariMedical Pharmaceuticals
This joint venture agreement allows Fortitude Group Inc to obtain the USA production/sales/distribution and licensing rights for a revolutionary medical marijuana product "MariMist" for the use in the care of

cancer patients with MariMedical Pharmaceuticals (MMP), a privately held company. Additional clinical applications include the treatment of nausea, anxiety and pain relief. Marimedical will incorporate in Wyoming and we expect them to be ready to launch their products in the 4th quarter of 2014.

9) 03-14-2014 Fortitude Group Inc Announces Master Funding Agreement with OTCBB company. Under the terms of the agreement, Fortitude will become the majority shareholder of a fully reporting Bulletin Board public company for the specific purpose of completing the funding of PRIMARQ while not diluting the current share structure of Fortitude.

10) 03-12-2014 Fortitude Group Inc Announces Special Share Issuance. Under the terms of the agreement, as of calendar date: March 14, 2014 at 6:00pm EDT, Affinity Mediaworks Corp. (OTCQB: AFFW) will issue a total of 9,250,000 shares as a special share issuance to the Fortitude Group shareholders of record. The shares will be issued and later included in an S-1 Registration Statement.

11) 03-18-2013 Fortitude Group Inc makes Asset Acquisition
As part of the acquisition Fortitude Group Inc acquired a Data base consisting of 1.6 Million single opt-in names of which 300K are small investors, 400K Accredited Investors, and 27K active site members.

12) 04-02-2014 Fortitude Group Inc signs Distribution Agreement with VaporVites
VaporVites, offers a unique herb vaporizing system that can be used with a wide array of dry herbs. The portable device fits in your pocket and is ergonomically designed with a convenient storage compartments for tips and paraphernalia. The advance temperature control system with its surrounding ceramic heating chamber enhances the overall vapor experience. Under the distribution agreement, Fortitude shall initially process orders for 10 dispensaries in Colorado with the expansion of an additional 70 dispensaries within the next quarter.