FUEGO ENTERPRISES, INC. AND AFFILIATE

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FUEGO ENTERPRISES, INC. AND AFFILIATE
UNAUDITED CONSOLIDATED BALANCE SHEETS

	May 31, 2013	May 31, 2012
ASSETS		
CURRENT ASSETS		
Cash	$ 10,816	$ 10,371
Account receivable-trade, less allowance for doubtful accounts of $235,573 and $235,573, respectively	45,929	45,929
Total Current Assets	56,745	56,300
EQUIPMENT, less accumulated depreciation of $57,674 and $57,674 respectively	-	-
OTHER ASSETS		
Music Albums (Echo-Fuego)	480,000	480,000
Prepaid expenses	85,000	-
Production costs-Music	55,747	55,747
Deposit on music library	14,500	14,500
Web portal	11,329	11,329
Logo, less accumulated amortization of $ 2,700 and $2,700, respectively	-	-
Total Other Assets	646,576	561,576
TOTAL ASSETS	$ 703,321	$ 617,876
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	$ 166,794	$ 164,707
Accounts payable - related parties	190,799	190,799
Accrued interest - related parties	175,943	175,943
Income taxes payable	3,870	3,870
Payroll tax liabilities	5,538	5,538
Other liabilities	3,105	3,105
Total Current Liabilities	546,049	543,962
Long-Term Debt		
Notes payable - related parties	99,418	7,411
Total Liabilities	$ 645,467	$ 551,373
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY		
Common stock, par value $.001, 40,266,666 shares authorized, 23,298,735 issued and outstanding	23,299	40,776
Additional Paid in capital	1,644,237	1,391,685
Paid in capital-stock options	112,527	112,527
Subscriptions payable	75,000	45,000
Noncontrolling interest in affiliate	354,737	354,737
Accumulated deficit	(2,151,943)	(1,878,220)
Total Stockholders' Equity	57,857	66,505
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 703,321	$ 617,876
	-	-

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

FUEGO ENTERPRISES, INC. AND AFFILIATE
UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS

	For the years ended	
	May 31, 2013	May 31, 2012
REVENUES		
Music sales, net	$ -	$ 105,770
Concert sales	9,213	397,067
Print Revenues	26,904	-
Total Revenues	36,117	502,837
COSTS AND EXPENSES		
Cost of music		
Concert Fees	-	4,890
Production costs	3,000	63,816
Selling, general and administrative:		
Other	305,654	608,244
Interest expense - related parties	733	3,046
Interest expense - other	453	453
Depreciation and amortization	-	4,952
Total costs and expenses	309,840	685,401
Other Income - gain on settlement of debt	-	-
Income (Loss) before income taxes	(273,723)	(182,564)
Income tax expense (benefit)	-	-
Income (Loss) Before Minority Interest	(273,723)	(182,564)
Less Minority Interest in Affiliate's profits/ losses	-	(7,763)
NET INCOME (LOSS)	$ (273,723)	$ (190,327)
EARNINGS (LOSS) PER SHARE - BASIC	$ (0.01)	*
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING - BASIC	18,989,615	40,775,186

* less than $.01 per share

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

FUEGO ENTERPRISES, INC. AND AFFILIATE
UNAUDITED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Common Stock Shares	Common Stock Amount	Paid-in Capital	Paid-in capital Stock Options	Subscriptions Payable	Noncontrolling Interest in Affiliate	Accumulated (Deficit)	Total
Balance, May 31, 2011, (unaudited)	40,775,186	$ 40,776	$ 1,318,485	$ 112,527	$ 45,000	$ 346,974	$ (1,687,893)	$ 175,869
Contributed services			73,200					73,200
Noncontrolling interest in affiliate						7,763		7,763
Net (loss) for the period							(190,327)	(190,327)
Balance, May 31, 2012, (unaudited)	40,775,186	40,776	1,391,685	112,527	45,000	354,737	(1,878,220)	66,505
Reverse stock split, July 26, 2012, 1 share for 75 shares	(40,166,748)	(40,168)	40,168					-
Acquisition of Cuba Business Development Group through share exchange on October 2012	22,275,297	22,275	(22,275)					-
Proceeds from sale of common stock for								
$0.75 per share	2,500	3	1,872					1,875
$0.25 per share	100,000	100	24,900					25,000
$0.80 per share	62,500	63	49,937					50,000
Shares issued for consulting services on January 23, 2013	250,000	250	84,750					85,000
Payment for shares to be issued for private placement					30,000			30,000
Contributed services			73,200					73,200
Noncontrolling interest in affiliate						-		-
Net (loss) for the period							(273,723)	(273,723)
Balance, May 31, 2013, (unaudited)	23,298,735	$ 23,299	$ 1,644,237	$ 112,527	$ 75,000	$ 354,737	$ (2,151,943)	$ 57,857
		-	-	-	-	-	-	-

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

FUEGO ENTERPRISES, INC. AND AFFILIATE
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the years ended	
	May 31, 2013	May 31, 2012
OPERATING ACTIVITIES		
Net income (loss)	$ (273,723)	$ (190,327)
Adjustments to reconcile net income (loss) to net cash used by operating activities		
Contributed services	73,200	73,200
Depreciation and amortization	-	4,952
Stock based compensation	85,000	-
Changes in operating assets and liabilities		
Accounts receivable	-	(4,752)
Deposits	-	100
Accounts payable	2,216	25,066
Accrued interest - related parties	-	37,300
Other current liabilities	-	(11,886)
NET CASH (USED IN) OPERATING ACTIVITIES	(198,307)	(66,347)
INVESTING ACTIVITIES		
Noncontrolling interest in affiliate	-	7,764
NET CASH (USED IN) INVESTING ACTIVITIES	-	7,764
FINANCING ACTIVITIES		
Proceeds from sale of common stock	76,745	-
Common stock subscription payable	30,000	-
Proceeds from notes payable - related parties	142,952	162,028
Repayments of notes payable - related parties	(50,945)	(99,203)
NET CASH PROVIDED BY FINANCING ACTIVITIES	198,752	62,825
NET INCREASE (DECREASE) IN CASH	445	4,242
CASH, BEGINNING OF YEAR	10,371	6,129
CASH, END OF YEAR	$ 10,816	$ 10,371

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

1 NATURE OF BUSINESS

Fuego Enterprises, Inc. (the "Company", "Fuego", "we", "our" or "us") is a US holding company that is engaged in a number of diverse business activities in Cuba and the United States, including Media, Entertainment, Telecommunications, Travel and Real Estate.

Included in the group of subsidiaries and business activities are:

In October 2012, we completed the acquisition of Cuba Business Development Group ("CBDG") through a 100% share exchange of our common stock. In conjunction with this transaction, we issued 22,275,297 shares of our common stock in exchange for 100% of the issued common stock of CBDG. Part of CBDG was the acquisition of Mobile Activation Services, Inc. ("MAScell") (www.mascell.com), an international cellular phone top-up service provider specialized in servicing the Cuban market; Mascell operates through a General License issued by The US Treasury Department. Another part of CBDG was the acquisition of Universal Network Operations Cargo, Inc. ("UNOCargo") a cargo export company with an Export License to carry out export transactions of gift parcels and cargo directly to Cuba (United States Department of Commerce / BIS - Exp. Lic. No. D465183).

In October 2013, we acquired majority control (51%) of The Americas Group Cuba Business Enterprises – ("TAGCBE") (www.theamericasgroup.net). The group was formed in 2009 in anticipation of the opening of Cuba to U.S. citizens and business interests. The objective of TAGCBE is to provide strategic advice to individuals and companies interested in doing business with Cuba and/or investing in Cuba as regulations permit. We believe that TAG's 40 years of experience in Latin America coupled with Fuego's deep relationships and presence in Cuba will provide the level of experience and credibility that will make us the dominant "go to" source as Cuba opens and the US Economic Embargo is lifted.

In August 2013, we entered into a Strategic Partnership Agreement with OPTERNA (www.opterna.com) to provide equipment, components, and solutions in Fiber Management Systems and Data-Com for Cuba, the Caribbean, and Central and Latin America territories. Cuban telecommunication infrastructure lags behind much of the world and the Caribbean region, as demand for telecommunication connectivity is rising and major plans for infrastructure development have been announced by Cuban companies and organizations in the sector.

In March 2012, we created OnCuba - the only media platform focused on Cuba with distribution in Cuba and in The United States. We developed this media platform to drive advertising sales.

Current OnCuba Media Platform Products

OnCuba Magazine: A colorful overview of the richness of Cuba's culture that celebrates the excellent and the exquisite of their people with original content and spectacular photography, packed in an easy-to-read format (English and Spanish language) with a cutting-edge design. Current distribution as inflight magazine in WorldAtlantic Airlines and SwiftAirlines for all US-Cuba flights. US nationwide retailers include Barnes & Noble, HudsonNews (Airports of Miami, Washington and NY), NewsLink (Miami Airport), Publix Supermarkets (Florida region), and Books and Books (Miami area).

ART OnCuba Magazine: A benchmark of Cuban visual arts production and a reference for scholars, curators and art critics, as well as for collectors and event managers. The first source for the international market that brings together everything related to artists, galleries, art centers, museums, collections, foundations and universities. Current distribution includes 200+ contemporary art museums and 300+ art galleries and private art collectors. US nationwide retailers include Barnes & Noble, HudsonNews (Airports of Miami, Washington and NY), Publix Supermarkets (Florida region), and Books and Books (Miami area).

OnCuba Online Magazine: The OnCuba website (www.OnCuba.com) is a primarily digital magazine, independent from the printed magazine, and available across platforms and devices, that delivers original in-depth analysis, news and opinion from Cuba.

In the 2012, the Cuban government authorized Fuego Enterprises, Inc. to register OnCuba as foreign news media desk, and more specifically, as an American News Media Outlet fully authorized to operate from Cuba.

2 SIGNIFICANT ACCOUNTING POLICIES

GOING CONCERN

Our financial statements have been presented on the basis that it is a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. Our ability to continue in existence is dependent on our ability to develop additional sources of capital or achieve profitable operations. As of May 31, 2013, we have a working capital deficit of $489,304, and accumulated deficit of $2,151,943. During the year ended May 31, 2013, we had a net loss of $273,723. Our financial position at those dates and presently is of great concern to us and our investors, however, management's plan is to obtain additional capital and to continue to develop its market and distribution channels of our "OnCuba" magazine and websites. As we are permitted to develop our business interests in Cuba, we will be properly positioned to take full advantage of new opportunities. We will also continue to develop concerts and live events and plan to have more events as time permits. The accompanying financial statements do not include any adjustments that might result from the outcome of this uncertainty.

BASIS OF PRESENTATION

Consolidation Policy

The accompanying May 31, 2013 financial statements include the Company's accounts and the accounts of its subsidiaries. All significant intercompany transactions and balances have been eliminated in consolidation. The Company's ownership of its subsidiaries as of May 31, 2013 is as follows:

Name of Subsidiary	Percentage of Ownership
Echo – Fuego Music Group, LLC	100.00%
Cuba Business Development	100.00%

Our operations are treated as one operating segment. All inter-company balances and transactions have been eliminated.

These consolidated financial statements reflect the use of significant accounting policies as described below and elsewhere in the notes to the financial statements, and are prepared in accordance with accounting principles generally accepted in the United States of America. The fiscal year end of the Company is May 31.

REVENUE RECOGNITION

Advertising Revenue

Revenue from the sale of advertising in our publications is recognized when the ad goes to print and is distributed to the general public.

Music Revenue

Revenue from the sale of digital music is recognized when our distributors notify us of the sales of our tracks through their online store.

Other

Revenue from the sale of film, television programming rights and license arrangements is or will be recognized only when persuasive evidence of a sale or arrangement with a customer exists, the project or sale is complete, the contractual delivery arrangements have been satisfied, the license period has commenced if applicable, the arrangement fee is fixed or determinable, collection of the arrangement fee is reasonably assured, and other conditions as specified in the respective agreements have been met.

Revenue from production services for third parties is recognized when the production is completed and delivered. All associated production costs are deferred and charged against income when the film is delivered and the related revenue is recognized.

Fees for other services, such as consulting provided to third parties, are recognized as revenues when the services are performed and there is reasonable assurance of collection.

Cash received in advance of meeting the revenue recognition criteria described above is recorded as deferred revenue.

ALLOWANCE FOR DOUBTFUL ACCOUNTS

In order to assess the collectability of our trade accounts receivable, the Company monitors the current creditworthiness of each customer and analyzes the balances aged beyond the customer's credit terms. Theses evaluations may indicate a situation in which a certain customer cannot meet its financial obligations due to deterioration of its financial viability, credit ratings or bankruptcy. The allowance requirements are based on currents facts and are reevaluated and adjusted as additional information is received. Trade accounts receivable are subject to an allowance for doubtful accounts when it is probable that the balance will not be collected. As of May 31, 2013 and 2012, allowances totaled $235,573 and $235,573, respectively; after analysis of these balances, it was determined that our reserve was sufficient. The majority of the reserve relates to the Italian music distributor. This was necessary as the original terms of payment by the two largest distributors had been exceeded. This amount could be adjusted in the near term based on eventual collections, if received. Accounts are written off when collection efforts have been exhausted and there is no likelihood of collection.

ADVERTISING EXPENSES

Advertising costs are expensed as incurred, except for costs related to the development of a property and/or live-action television program commercial or media campaign which are expensed at the time the commercial or campaign is first presented. Advertising expenses are included in selling, general and administrative expense in the accompanying statement of operations. For the years ended May 31, 2013 and 2012, we expensed $21,359 and $13,073 and such costs are included in selling, general and administrative expenses in the accompanying statement of operations.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ materially from those estimates.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of all liquid investments with original maturities of three months or less are classified as cash and cash equivalents. The fair value of cash and cash equivalents approximate the amounts shown on the financial statements. Cash and cash equivalents consist of unrestricted cash and short-term investments. As of May 31, 2013 and 2012, there were cash and cash equivalents of $10,816 and $10,371, respectively.

INCOME (LOSS) PER COMMON SHARE

Basic income (loss) per common share is calculated on the weighted average number of common shares outstanding during each period. Diluted income per common share is based on the weighted average number of common shares outstanding during each period, adjusted for the effect of outstanding stock equivalents. Outstanding stock equivalents were not used in the computation of basic loss per share, as their effect would be antidilutive.

FILM AND TELEVISION COSTS

We account for our film and television costs pursuant to AICPA Statement of Position (“SOP”) No. 00-2, *Accounting by Producers or Distributors of Films*. The cost of production for film and television production costs, including direct costs, production overhead and interest, are capitalized and amortized using the individual-film-forecast method under which such costs are amortized for each program in the ratio that revenue earned in the current period for such program bears to management’s estimate of the ultimate revenues to be realized from all media and markets for such program. Management regularly reviews, and revises when necessary, its ultimate revenue estimates on a title-by-title basis, which may result in a change in the rate of amortization applicable to such title and/or a write-down of the value of such title to estimated fair value. These revisions can result in significant quarter-to-quarter and year-to-year fluctuations in film write-downs and rates of amortization. If a total net loss is projected for a particular title, the associated film and television costs are written down to estimated fair value. All exploitation costs, including advertising and marketing costs, are expensed as incurred. Television adaptation and production costs that are adapted and/or produced are stated at the lower of cost, less accumulated amortization, or fair value. As of May 31, 2013 and 2012, the Company has recorded no further impairment for production costs capitalized on films which have not been completed, released or sold within 3 years.

EQUIPMENT

Equipment is carried at cost, net of accumulated depreciation. Depreciation is provided on the straight-line method based on the estimated useful lives of the assets, which range from 2.5 years to 7 years.

INTANGIBLE ASSETS

We capitalized the cost of the creation of our logo. Amortization of logo costs was recognized ratably over a 5-year useful life commencing with April 1, 2005, the date on which the logo was acquired by purchase.

INCOME TAXES

The Company accounts for income taxes under the liability method, which requires the recognition of deferred tax liabilities and assets for the expected future tax consequences of events that have been included in the consolidated financial statements or tax returns. Under this method, deferred income taxes are recognized for the tax consequences in future years of differences between the tax basis of assets and liabilities and their financial reporting amounts at each period end based on enacted tax laws and statutory tax rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized. The provision for income taxes represents the tax payable for the period and the change during the period in deferred tax assets and liabilities. Tax returns are subject to examination by taxing authorities and returns for fiscal years 2008 to 2013 are still open.

FAIR VALUE OF FINANCIAL INSTRUMENTS

In January 2008, the Company adopted FASB ASC 820, *Fair Value Measurements and Disclosures* ("ASC 820"), to value its financial assets and liabilities. The adoption of ASC 820 did not have a significant impact on the Company's results of operations, financial position or cash flows. ASC 820 defines fair value, establishes a framework for measuring fair value under GAAP and expands disclosures about fair value measurements. Standards defines fair value as the exchange price that would be paid by an external party for an asset or liability (exit price).

ASC 820 establishes a framework for measuring fair value and expands disclosures about fair value measurements. ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair values into three levels as follows:

• Level 1 – Active market provides unadjusted quoted prices for identical assets or liabilities that the company has the ability to access;
• Level 2 – Quoted prices for similar assets or liabilities in active markets or quoted prices for identical or similar assets or liabilities in inactive markets. Level 2 inputs include those other than quoted prices that are observable for the asset or liability and that are derived principally from, or corroborated by, observable market data by correlation of other means. If the asset or liability has a specified term the Level 2 input must be observable for substantially the full term of the asset or liability; and,
• Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Fair value estimates discussed herein are based upon certain market assumptions and pertinent information available to management as of May 31, 2013. The Company uses the market approach to measure fair value for its Level 1 financial assets and liabilities. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.

The respective carrying value of certain on-balance-sheet financial instruments approximated their fair values. These financial instruments which include cash, inventory, notes receivable, accounts payable, and notes payable are valued using Level 1 inputs and are immediately available without market risk to principal. Fair values were assumed to approximate carrying values for these financial instruments since they are short-term in nature. The Company does not have other financial assets that would be characterized as Level 2 or Level 3 assets.

STOCK-BASED COMPENSATION

The Company accounts for equity instruments issued in exchange for the receipt of goods or services from other than employees in accordance with FASB ASC 718-10 and the conclusions reached in FASB ASC 505-10. Costs are measured at the estimated fair market value of the consideration received or the estimated fair value of the equity instruments issued, whichever is more reliably measurable. The value of equity instruments issued for consideration other than employee services is determined on the earliest of a performance commitment or completion of performance by the provider of goods or services as defined by FASB ASC 505-10.

RECENTLY ISSUED ACCOUNTING STANDARDS

Recent accounting standards that have been issued or proposed by the FASB or other standards-setting bodies are not expected to have a material impact on our financial position, results of operations and cash flows, including the below:

In May 2014, the FASB released ASU 2014-9 - Accounting Standards Update 2014-9, Topic 606: Revenue from contracts with customers that outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The guidance is based on the principle that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to fulfill a contract. Entities have the option of using either a full retrospective or a modified retrospective approach for the adoption of the new standard. This guidance becomes effective for annual reporting periods beginning after December 15, 2016 and early adoption is not permitted. The Company is currently assessing the impact that this standard will have on its financial statements.

FASB ASU 2014-12, "Compensation - Stock Compensation (Topic 718), Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period," was issued June 2014. This guidance was issued to resolve diversity in accounting for performance targets. A performance target in a share-based payment that affects vesting and that could be achieved after the requisite service period should be accounted for as a performance condition and should not be reflected in the award's grant date fair value. Compensation cost should be recognized over the required service period, if it is probable that the performance condition will be achieved. The guidance is effective for annual periods beginning after December 15, 2015 and interim periods within those annual periods. The Company does not anticipate a significant impact upon adoption.

FASB ASU 2014-15, "Presentation of Financial Statements-Going Concern (Subtopic 205-40) Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern," was issued September 2014. This provides guidance on determining when and how to disclose going-concern uncertainties in the financial statements. The new standard requires management to perform interim and annual assessments of an entity's ability to continue as a going concern within one year of the date the financial statements are issued. An entity must provide certain disclosures if conditions or events raise substantial doubt about the entity's ability to continue as a going concern. FASB ASU 2014-15 applies to all entities and is effective for annual periods ending after December 15, 2016, and interim periods thereafter, with early adoption permitted. The Company does not anticipate a significant impact upon adoption.

Other pronouncements issued by the FASB or other authoritative accounting standards groups with future effective dates are either not applicable or are not expected to be significant to the financial statements of the Company.

3 SIGNIFICANT CUSTOMERS AND CONCENTRATION OF CREDIT RISK

Financial instruments, which potentially subject the Company to concentration of credit risk, consist primarily of temporary cash investments and accounts receivable. The majority of the cash and cash equivalents are maintained with major financial institutions in the United States of America. Credit risk on accounts receivable is minimized by the Company by performing ongoing credit evaluations of its customers' financial condition and monitoring its exposure for credit losses and maintaining allowances for anticipated losses. For the year ended May 31, 2013 the most significant customers (two music distributors) accounted for 69% and 22% respectively. For the year ended May 31, 2012, the most significant customers (two music distributors) accounted for 46% and 39%, respectively.

One distributor is located in Italy and represents the only foreign distributor we have at this time and there are no assets of ours located in any foreign country except for the Italian distributor's accounts receivable of $94,441 as of May 31, 2013 and 2012, against which an allowance for doubtful accounts has been provided for the whole amount of that balance.

4 CAPITALIZED PRODUCTION COSTS

Capitalized production costs represent development costs incurred on projects in process. A summary of these costs as of May 31, 2013 and 2012 follows:

The Trader Show is a reality television show based on the real life activities of amateur and professional stock traders. The Trader Show places an emphasis on the activities of day traders.	$34,784

Gold in Ecuador is the story of a small mining town of Portobello. In 1916, Mellick Tweedy traveled on a mule through the jungle of a small mining town in Ecuador; this small town became one of the largest gold exporters in South America. Fifty years ago the American company SADCO, abandoned the American shaft, one of the oldest gold mines in the world, leaving the town of Portobello and its people in ruins. Today, the people of Portobello have a new hope, or do they? The Americans are back in Portobello searching for Gold.	14,866
One Million Millionaires is a documentary that will capture the life of a controversial individual, Mr. Urban Casavant and his dream of making 1 million millionaires. For some, he is the hope of their life. For others, he is a dreamer. However, thousands follow him and wait patiently. The film will cover his life from the time he was a low-income earning prison guard to a multimillion-dollar businessman.	16594
Counterfeit Conspiracy is a documentary on stock market scandals from the 1980's to present, covering court documents, testimony, and interviews with participants to fashion an authoritative account of what happened. For example, it covers the highly publicized account of Michael Milliken, the Drexel Burnham Lambert junk bond king who convinced many savings institutions and insurance companies to buy such bonds in large quantities. It will also document the illegal practice of Naked Short Selling perpetrated by some offshore organizations and self-inflicted by some companies.	29697
Impairment reserve, May 31, 2008	(50432)
Impairment reserve, May 31, 2009	(45509)
Net capitalized production costs, May 31, 2013	$ --0 --

All of the above films are in production and none have been acquired from other parties. None have been released into the market or are generating revenues except for incidental advance sales of DVD's for Counterfeit Conspiracy totaling $6,659 during the fiscal year ended May 31, 2007. No amortization has commenced on any film products in production, and there are no other films owned by the Company.

Amortization of all of the above costs will commence upon their completion dates, with the possible exception of the costs incurred in the Trader Show, which the Company will not be able to begin marketing to television companies until completion thereof. The Trader Show costs represent the only costs in production to be considered a direct-to-television product.

In accordance with AICPA Statement of Position ("SOP") No. 00-2, *Accounting by Producers or Distributors of Films*, as of May 31, 2013 and 2012, the Company has recorded an impairment of $95,941, respectively, for production costs capitalized on films which have not been completed, released or sold within 3years.

5 COMMITMENTS

OPERATING LEASE
Fuego's President/CEO contributed the fair value of an office in home at $1,600 a month during all of fiscal 2013 and 2012, on a month to month basis, including utilities and insurance. Total rent expense for each of the years ended May 31, 2013 and 2012 was $19,200.

ACCOUNTS PAYABLE
The majority of the accounts payable as of May 31, 2013 and 2012 are past due on the basis of their terms.

6 RELATED PARTY TRANSACTIONS

As of May 31, 2013, our President/CEO advanced $349,104 for a variety of general and administrative expenses and various other costs since inception. During the fiscal year ending 2013, he advanced $142,952 and was repaid $50,945 in cash. No interest was paid during the fiscal year ending 2013, which accrues at 15 percent per annum. The note is payable on demand. Also, our President/CEO is owed accrued interest of $175,943 as of May 31, 2013.

As of May 31, 2012, our president/CEO advanced $206,152 for a variety of general and administrative expenses and various other costs since inception. During the fiscal year ending 2012, he advanced $162,028 and was repaid $99,203 in cash. No interest was paid during the current fiscal year, which accrues at 15 percent per annum. The note is payable on demand. Also, our President/CEO is owed accrued interest of $175,943 as of May 31, 2012.

Fees incurred in the year ended May 31, 2008 to a related party accounting firm totaled $15,204. The accounting firm received 100,000 options in payment of certain outstanding invoices for accounting, tax and financial statement preparation services, these options have since expired unexercised. The amount owed to the firm as of May 31, 2013 was $34,145.

7 CONTRIBUTED CAPITAL

For the years ended May 31, 2013 and 2012, our President/CEO contributed a total of $73,200 and 73,200, respectively. For the fiscal year ended 2013, the amount consisted of $54,000 for the value of services and $19,200 for the rent of corporate office facilities. For the fiscal year ended 2012, the amount consisted of $54,000 for the value of services and $19,200 for the rent of corporate office facilities.

8 STOCKHOLDER'S EQUITY

Stock Shares – Authorized
The Company has 40,266,666 common shares authorized at a par value of $0.001 per share as of May 31, 2013. All common stock shares have equal voting rights, are non-assessable and have one vote per share. Voting rights are not cumulative and, therefore, the holders of more than 50% of the common stock could, if they choose to do so, elect all the directors of the Company. As of the years ended May 31, 2013 and 2012, there were 23,298,735 and 608,397 (post reverse split) shares of our common stock issued and outstanding, respectively.

Share Based Compensation

On January 23, 2013, the Company issued 250,000 shares of our restricted common stock at a value of $85,000 for services to be provided. Since the issuance, the shares have been returned to the Company for none performance of the services, and will be cancelled.

Private Placements

In the fiscal year ended May 31, 2013, the Company sold 165,000 shares our restricted common stock for net proceeds of $76,875, net of no offering costs.

Reverse Stock Split
On July 26, 2012, the Company executed a reverse stock split at one share to 75 shares.

Share Exchange to Acquire Subsidiary
In October 2012, the Company completed a share exchange agreement with the shareholders of Cuba Business Development Group ("CBDG") to become a wholly-owned subsidiary of the Company. We issued 22,275,297 Shares of our restricted common stock to be exchanged for the shares of CBDG at the ratio of one-for-one. Please see the Note 1 for a more extensive discussion of CBDG and the business ventures contained with its corporate structure.

9. 2013 STOCK OPTION PLAN

On February 5, 2008, we registered the "2008 Stock Option Plan of Fuego Entertainment, Inc." The purpose of this Plan is to strengthen Fuego Entertainment, Inc. by providing incentive stock options as a means to attract, retain and motivate key corporate personnel through ownership of stock of the Company, and to attract individuals of outstanding ability to render services to and enter the employment of the Company or its subsidiaries. There shall be two types of Stock Options that may be granted under this Plan: (1) options intended to qualify as Incentive Stock Options under Section 422 of the Internal Revenue Code ("Qualified Stock Options"), and (2) options not specifically authorized or qualified for favorable income tax treatment under the Internal Revenue Code ("Non-Qualified Stock Options").

During the year ended May 31, 2008, the estimated value of the compensatory common stock purchase options granted to non-employees in exchange for services and financing expenses was determined using the Black-Scholes pricing model and the following assumptions: expected term of 3 years, a risk free interest rate of 3.30%, a dividend yield of 0% and volatility of 137%. The amount of the expense charged to operations for compensatory options and warrants granted in exchange for services was $226,727.

The expected volatility assumption was based upon historical stock price volatility measured on a daily basis. The risk-free interest rate assumption is based upon U.S. Treasury bond interest rates appropriate for the term of the Company's employee stock options. The dividend yield assumption is based on our history and expectation of dividend payments.

For the year ended May 31, 2009, various stock option agreements have been canceled for various reasons, mainly that the recipients did not serve a full year as members of our Board of Directors; thereby, as stipulated in our stock option agreement, management at its own discretion canceled those stock option agreements and recorded as other income (Gain on Cancellation of Compensation Options) of $137,500.

A summary of the options granted to employees and non-employees under the plan and changes during the years ended May 31, 2013 and 2012 is presented below:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Terms (In Years)	Aggregate Intrinsic Value
Balance at June 1, 2011	328,158	$ 0.50		
Granted	-	-	-	$ --
Exercised	-	-	-	
Forfeited or expired	-	-	-	
Balance at May 31, 2012	328,158	$ 0.50	0.75	$ --
Exercisable at May 31, 2012	328,158	$ 0.50	0.75	$ --
Weighted average fair value of options granted during the year ended May 31, 2012		$ 0.50		

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Terms (In Years)	Aggregate Intrinsic Value
Balance at June 1, 2012	328,158	$ 0.50	0.25	
Granted	-	-	-	$ --
Exercised	-	-	-	
Forfeited or expired	(328,158)	$ 0.50	-	
Balance at May 31, 2013	--	$ 0.50	0.25	$ --
Exercisable at May 31, 2013	--	$ --	--	$ --
Weighted average fair value of options granted during the period ended May 31, 2013		$ --		

The following table summarizes information about employee stock options under the 2008 Plan outstanding at May 31, 2013:

Options Outstanding					Options Exercisable		
Range of Exercise Price	Number Outstanding at May 31, 2013	Weighted Average Remaining Contractual Life (In Years)	Weighted Average Exercise Price	Intrinsic Value	Number Exercisable at May 31, 2013	Weighted Average Exercise Price	Aggregate Intrinsic Value
$ 0.50	--	--	$ --	$ --	--	$ --	$ --
	--	--	$ --	$ --	--	$ --	$ --

At May 31, 2013, there was no unrecognized compensation cost related to stock options granted under the plan.

10. SUBSEQUENT EVENTS

In accordance with ASC 855-10 “Subsequent Events”, the Company has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through the date the financial statements were issued and found the following transactions warranted disclosure.

Business Acquisition and Agreements

In October 2013, we acquired majority control (51%) of The Americas Group Cuba Business Enterprises – (“TAGCBE”) (www.theamericasgroup.net). The group was formed in 2009 in anticipation of the opening of Cuba to U.S. citizens and business interests. The objective of TAGCBE is to provide strategic advice to individuals and companies interested in doing business with Cuba and/or investing in Cuba as regulations permit. We believe that TAG’s 40 years of experience in Latin America coupled with Fuego’s deep relationships and presence in Cuba will provide the level of experience and credibility that will make us the dominant “go to” source as Cuba opens and the US Economic Embargo is lifted.

In August 2013, we entered into a Strategic Partnership Agreement with OPTERNA (www.opterna.com) to provide equipment, components, and solutions in Fiber Management Systems and Data-Com for Cuba, the Caribbean, and Central and Latin America territories. Cuban telecommunication infrastructure lags behind much of the world and the Caribbean region, as demand for telecommunication connectivity is rising and major plans for infrastructure development have been announced by Cuban companies and organizations in the sector.

Share Based Compensation

In July 2013, the Company issued 600,000 shares of our restricted common stock at a value of $180,000 for services provided.

Private Placements

In the fiscal year ended May 31, 2014, the Company sold 574,500 shares our restricted common stock for net proceeds of $197,665, net of no offering costs.