Interactive Health Network and Subsidiaries

Consolidated Financial Statements as of December 31, 2014 and

September 30, 2014 and the Three Months Ended

December 31, 2014 and 2013

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INTERACTIVE HEALTH NETWORK AND SUBSIDIARIES
Consolidated Balance Sheets
December 31, 2014 and September 30, 2014

	December 31, 2014	September 30, 2014
ASSETS		
Current Assets		
Cash	$ 10,709	$ 75,395
Accounts receivable, net	14,708	5,859
Inventories	128,000	178,815
Total Current Assets	153,417	260,069
Property, Plant and Equipment, net	1,738,351	1,773,484
Other Assets		
Deposits	12,631	12,631
Goodwill and Intangibles	1,006,916	1,006,916
Total Other Assets	1,019,547	1,019,547
Total Assets	$ 2,911,315	$ 3,053,100
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued expenses	$ 445,991	$ 619,150
Accounts payable and accrued expenses-Related parties	978,274	882,798
Contract payable	75,000	75,000
Current maturities of long-term debt	90,000	90,000
Total Liabilities	1,589,265	1,666,948
Long-term Liabilities		
Notes payable	135,000	985,000
Total Long-term Liabilities	135,000	985,000
Total Liabilities	1,724,265	2,651,948
Commitments and contingencies	-	-
Stockholder's Equity		
Preferred stock, Class A and B 10,000,000 shares authorized, $.001 par value, 6,072,392 and 1,000,000 shares issued and outstanding at December 31, 2014 and September 30, 2014	6,073	1,000
Common stock, 5,490,000,000 shares authorized $.001 par value, 2,886,539,520 shares issued and outstanding at December 31, 2014 and September 30, 2014, respectively	2,886,540	2,886,540
Additional paid-in capital	8,586,576	7,577,170
Retained (Deficit)	(10,292,139)	(10,063,558)
Total Stockholder's Equity	1,187,050	401,152
Total Liabilities and Stockholders' Equity	$ 2,911,315	$ 3,053,100

INTERACTIVE HEALTH NETWORK AND SUBSIDIARIES

Consolidated Statements of Operations

For the Three Months Ended December 31, 2014 and 2013

	Three Months Ended December 31, 2014	Three Months Ended December 31, 2013
Revenues	$ 353,994	$ -
Cost of Goods Sold	280,095	-
Gross Profit	73,899	-
Operating Expenses		
Depreciation	35,133	-
General and administrative	284,815	86,495
	284,815	86,495
(Loss) before other expenses	(210,916)	(86,495)
Other (Expenses)		
Interest expense	(17,665)	-
(Loss) before income taxes	(228,581)	(86,495)
Income taxes	-	-
Net (loss)	$ (228,581)	$ (86,495)
(Loss) per share	$ (0.00)	$ (0.00)
Weighted average shares	2,886,539,520	5,108,523,393

INTERACTIVE HEALTH NETWORK AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the Three Months Ended December 31, 2014 and 2013

	Three Months Ended December 31, 2014	Three Months Ended December 31, 2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net (loss)	$ (228,581)	$ (86,495)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	35,133	-
Inventory adjustment	111,712	-
Cancellation of debt for stock	52,767	-
Changes in assets and liabilities:		
(Increase)/decrease in receivables	(8,849)	2,145
Decrease in inventories	50,815	-
Increase/(decrease) in accounts payable and accrued expenses	(77,683)	84,622
Net cash provided (used in) operating activities	(64,686)	272
Net (decrease)/increase in cash	(64,686)	272
CASH AT BEGINNING PERIOD	75,395	396
CASH AT END OF PERIOD	$ 10,709	$ 668
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid for interest	$ -	$ -
Cash paid for income taxes	$ -	$ -
NON-CASH TRANSACTIONS		
Shares issued for debt conversion	$ 1,014,479	$ -

INTERACTIVE HEALTH NETWORK AND SUBSIDIARIES
Consolidated Statements of Changes in Stockholders' Equity
For the Three Months Ended December 31, 2014

	Preferred Stock		Common Stock		Additional Paid-In	Retained	Total Stockholders'
	Shares	Amount	Shares	Amount	Capital	(Deficit)	Equity/Deficit)
Balance-October 1, 2014	1,000,000	$ 1,000	2,886,539,520	$ 2,886,540	$ 7,577,170	$ (10,063,558)	$ 401,152
Issuance of preferred stock for notes payable and accrued interest	5,072,392	5,073	-	-	1,009,406	-	1,014,479
Net income for the three months ended December 31, 2014	-	-	-	-	-	(228,581)	(228,581)
Balance-December 31, 2014	6,072,392	$ 6,073	2,886,539,520	$ 2,886,540	$ 8,586,576	$ (10,292,139)	$ 1,187,050

INTERACTIVE HEALTH NETWORK AND SUBSIDIARIES
Notes to Consolidated Financial Statements
December 31, 2014 and September 30, 2014

NOTE 1 – Organization, History and Business Activity

Interactive Health Network ("IHN" or "the Company") is a Nevada corporation. IHN was in the business of operating as the House of Mohan that is a manufacturer of pure charcoal incense. The Company acquired 100% of the common stock of Wellness Builder, Inc. and is entering the business of the manufacture, sales and marketing of nutraceuticals. Additionally, the Company acquired 100% of the common stock of Here We Grow Store and has entered into the supply of horticultural and other agriculture products to both businesses and individuals.

NOTE 2 – Summary of Significant Accounting Policies

This summary of significant accounting policies of IHN is presented to assist in understanding IHN's financial statements. The financial statements and notes are representations of IHN's management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Principles of Consolidation

The consolidated financial statements include the accounts of Interactive Health Network. and its wholly-owned subsidiaries. All significant inter-company accounts and transactions have been eliminated in consolidation.

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 from those estimates.

Concentration of Risk

IHN places its cash and temporary cash investments with established financial institutions. Management feels this risk is mitigated due to the longstanding reputation of these banks.

In the normal course of business, the Company extends unsecured credit to the majority of its customers. Management periodically reviews its outstanding accounts receivable and establishes an allowance for doubtful accounts based on historical collection trends and other criteria.

Cash and Cash Equivalents

IHN considers all highly liquid investments with maturities of three months or less to be cash equivalents.

Fair Value of Financial Instruments

Effective January 1, 2008, the Company adopted FASB ASC 820, Fair Value Measurements and Disclosures, Pre Codification SFAS No. 157, “Fair Value Measurements”, which provides a framework for measuring fair value under GAAP. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The standard also expands disclosures about instruments measured at fair value and establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 — Quoted prices for identical assets and liabilities in active markets;
Level 2 — Quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets; and
Level 3 — Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

The Company designates cash equivalents (consisting of money market funds) and investments in securities of publicly traded companies as Level 1. The total amount of the Company’s investment classified as Level 3 is de minimis.

The fair value of the Company’s debt as of December 31, 2014 and September 30, 2014 approximated fair value at those times.

Fair value of financial instruments: The carrying amounts of financial instruments, including cash and cash equivalents, short-term investments, accounts payable, accrued expenses and notes payables approximated fair value as of December 31, 2014 and September 30, 2014 because of the relative short term nature of these instruments. At December 31, 2014 and September 30, 2014, the fair value of the Company’s debt approximates carrying value.

Shares for Services and Other Assets

The Company accounts for stock-based compensation based on the fair value of all option grants or stock issuances made to employees or directors on or after its implementation date, as well as a portion of the fair value of each option and stock grant made to employees or directors prior to the implementation date that represents the unvested portion of these share-based awards as of such implementation date, to be recognized as an expense, as codified in ASC 718. The Company calculates stock option-based compensation by estimating the fair value of each option as of its date of grant using the Black-Scholes option pricing model. These amounts are expensed over the respective vesting periods of each award using the straight-line attribution method. Compensation expense is recognized only for those awards that are expected to vest, and as such, amounts have been reduced by estimated forfeitures. The Company has historically issued stock options and vested and no vested stock grants to employees and outside directors whose only condition for vesting has been continued employment or service during the related vesting or restriction period.

Trade Accounts Receivable

Trade accounts receivable is recorded net of an allowance for expected losses. The allowance is estimated from historical performance and projections of trends. The reserve account at December 31, 2014 and September 30, 2014 was $0.

Inventory

The Company's inventory is valued at the lower of cost (first in, first out) or market using the retail method.

Goodwill

Goodwill represents the excess cost of a business acquisition over the fair value of the net assets acquired. In accordance with paragraph 350-20-35-1 of the FASB Accounting Standards Codification for goodwill is not amortized. The Company periodically, at least on an annual basis, reviews goodwill, considering factors such as projected cash flows and revenue and earnings multiples, to determine whether the carrying value of the goodwill is impaired. If the goodwill is deemed to be impaired, the difference between the carrying amount reflected in the financial statements and the estimated fair value is recognized as an expense in the period in which the impairment occurs. There was no impairment of goodwill.

Impairment of long-lived assets

The Company has adopted paragraph 360-10-35-17 of the FASB Accounting Standards Codification for its long-lived assets. The Company's long-lived assets, which include goodwill and furniture and fixtures, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable.

The Company assesses the recoverability of its long-lived assets by comparing the projected undiscounted net cash flows associated with the related long-lived asset or group of long-lived assets over their remaining estimated useful lives against their respective carrying amounts. Impairment, if any, is based on the excess of the carrying amount over the fair value of those assets. Fair value is generally determined using the asset's expected future discounted cash flows or market value, if readily determinable. If long-lived assets are determined to be recoverable, but the newly determined remaining estimated useful lives are shorter than originally estimated, the net book values of the long-lived assets are depreciated over the newly determined remaining estimated useful lives. The Company determined that there were no impairments of long-lived assets.

Revenue Recognition

The Company applies paragraph 605-10-S99-1 of the FASB Accounting Standards Codification for revenue recognition. The Company recognizes revenue when it is realized or realizable and earned less estimated future doubtful accounts. The Company considers revenue realized or realizable and earned when all of the following criteria are met: (i) persuasive evidence of an arrangement exists, (ii) the services have been rendered to the customer, (iii) the sales price is fixed or determinable, and (iv) collectability is reasonably assured.

Income Taxes

The Company accounts for income taxes under an asset and liability approach. This process involves calculating the temporary and permanent differences between the carrying amounts of the assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The temporary differences result in deferred tax assets and liabilities, which would be recorded on the Company's balance sheets in accordance with ASC 740, which established financial accounting and reporting standards for the effect of income taxes. The Company must assess the likelihood that its deferred tax assets will be recovered from future taxable income and, to the extent the Company believes that recovery is not likely, the Company must establish a valuation allowance. Changes in the Company's valuation allowance in a period are recorded through the income tax provision on the consolidated statements of operations.

On January 1, 2007, the Company adopted ASC 740-10 (formerly known as FIN No. 48, Accounting for Uncertainty in Income Taxes). ASC 740-10 clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribes a recognition threshold and measurement attributes for financial statement disclosure of tax positions taken or expected to be taken on a tax return. Under ASC 740-10, the impact of an uncertain income tax position on the income tax return must be recognized at the largest amount that is more-likely-than-not to be sustained upon audit by the relevant taxing authority. An uncertain income tax position will not be recognized if it has less than a 50% likelihood of being sustained. Additionally, ASC 740-10 provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As a result of the implementation of ASC 740-10, the Company recognized no material adjustment in the liability for unrecognized income tax benefits.

Segments

The Company operates in the business segments of the legal cannabis industry and advanced health supplements market.

Loss Per Share

The Company is required to provide basic and dilutive earnings (loss) per common share information.

The basic net loss per common share is computed by dividing the net loss applicable to common stockholders by the weighted average number of common shares outstanding.

Diluted net loss per common share is computed by dividing the net loss applicable to common stockholders, adjusted on an "as if converted" basis, by the weighted average number of common shares outstanding plus potential dilutive securities.

For the periods ended December 31, 2014 and September 30, 2014, potential dilutive securities had an anti-dilutive effect and were not included in the calculation of diluted net loss per common share. There were no potentially dilutive securities as of December 31, 2014 and September 30, 2014.

Recent Accounting Pronouncements

From time to time, new accounting pronouncements are issued by FASB that are adopted by the Company as of the specified effective date. If not discussed, management believes that the impact of recently issued standards, which are not yet effective, will not have a material impact on the Company's financial statements upon adoption.

Reclassifications

Certain amounts have been reclassified and represented to conform to the current financial statement presentation.

NOTE 3 – Financial Condition and Going Concern

IHN's 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. IHN has incurred net losses through December 31, 2014 in the amount of $10,292,139. This factor raises doubt as to IHN's ability to obtain debt and/or equity financing and achieve profitable operations.

IHN's management intends to raise additional operating funds through equity and/or debt offerings. However, there can be no assurance management will be successful in its endeavors. Ultimately, IHN will need to achieve profitable operations in order to continue as a going concern.

There are no assurances that IHN will be able to either (1) achieve a level of revenues adequate to generate sufficient cash flow from operations; or (2) obtain additional financing through either private placement, public offerings and/or bank financing necessary to support IHN's working capital requirements. To the extent that funds generated from operations and any private placements, public offerings and/or bank financing are insufficient, IHN will have to raise additional working capital. No assurance can be given that additional financing will be available, or if available, will be on terms acceptable to the Company. If adequate working capital is not available, IHN may be required to curtail its operations.

NOTE 4 – Acquisitions

Wellness Builder

The Company purchased 100% of the common stock of Wellness Builder, Inc. for 1,350,000,000 shares of its common stock valued at $.001 per share, which was the price per share of its common stock in the market place. The total consideration given was assigned to goodwill. In June of 2014, 700,000,000 shares that were issued in this transaction were cancelled and it reduced the impairment of the goodwill that was taken in the year by $700,000.

The Company is considered the acquiring entity and no prior historical information is presented of the acquired company.

Here We Grow Store

The purchase price for the acquisition of Here We Grow Store was $925,000. The contract payable calls for $175,000 to be paid in cash and 15,000,000 shares of the Company's common stock valued at $0.05 per share, which was the previous sales price of the Company's common stock in the market place.

The allocation of the purchase price and the estimated fair market values of the assets acquired and liabilities assumed are shown below.

Cash	$	8,689
Accounts receivable		3,533
Inventories		150,573
Property and equipment, net of accum. Depreciation		14,937
Goodwill		756,916
Total assets acquired		934,648
Accounts payable and accrued expenses		9,648
Total liabilities assumed		9,648
Net assets acquired	$	925,000

NOTE 5 – Inventories

Inventories consist of components and finished goods and are stated at the lower of cost or market. Cost is determined using the first-in first-out method.

	December 31, 2014	September 30, 2014
Finish goods (including deposits)	$ 128,000	$ 178,815

NOTE 6 – Property and Equipment

At December 31, 2014 and September 30, 2014, property and equipment consisted of the following:

	December 31, 2014	September 30, 2014
Leasehold Improvements, other	$1,530,370	$1,530,370
Furniture and fixtures	4,542	4,542
Equipment	258,600	258,600
	1,793,512	1,793,512
Less: accumulated depreciation	(55,161)	(20,028)
	$1,738,351	$1,773,484

Depreciation expense was $35,133 for the three months ended December 31, 2014.

The increase in property, plant and equipment during the year ended September 30, 2014 was primarily represented by cash payments of $750,000 and 29,999,997 shares valued at $.03 a share, or $900,000 plus an additional $133,070 to fund a managed service facility.

NOTE 7 – Intangibles

Impairment of intangible assets

Management has performed a thorough investigation of the assets and liabilities of the Company. As a result of this investigation, we have been unable to determine the appraised value of the Company's goodwill from the purchase of the Wellness Builder business. As a result of these evolutions that Company has recorded a total loss on impairment as of September 30, 2014 of $400,000 to better reflect the intrinsic value of the business based on prior sales of the Company and costs incurred by its prior management to develop the product line. The impairment was reduced by a cancellation of 700,000,000 shares in the year ended September 30, 2014.

Acquisition of intangible assets

The Company through the acquisition of the Here We Grow Store acquired goodwill in the amount of $756,916, which was the net difference between the purchase price of HWGS and the tangible assets acquired less the liabilities assumed.

At December 31, 2014 and September 30, 2014 and, intangibles consisted of the following:

	December 31, 2014	September 30, 2014
Goodwill	$ 1,006,916	$ 1,006,916

Amortization expense was $0 for the three months ended December 31, 2014.

NOTE 8 – Notes Payable

The Company’s long-term debt consists of the following:

	December 31, 2014	September 30, 2014
Note payable, non-interest bearing, due upon demand, unsecured	$ 30,000	$ 30,000
Notes payable, 8% interest, due March 16, 2016 through June 27, 2016, unsecured	-	600,000
Note payable, 8% interest, due April 2, 2016 unsecured	-	250,000
Note payable, 8% interest, due March 16, 2016, unsecured	135,000	135,000
Note payable, non-interest bearing, due upon demand, unsecured	60,000	60,000
Total due	215,000	1,075,000
Current portion	(90,000)	(90,000)
Long-term portion	$ 135,000	$985,000

Principal repayments for the next years are as follows:

December 31,	Amount
2015	$ 90,000
2016	135,000
Thereafter	-
	$ 215,000

NOTE 9 – Income Taxes

Effective January 1, 2007, we adopted the provisions of ASC 740-10 (formerly known as FIN No. 48, Accounting for Uncertainty in Income Taxes). ASC 740-10 clarifies the accounting for uncertainty in income taxes recognized in a company's financial statements. ASC 740-10 requires a company to determine whether it is more likely than not that a tax position will be sustained upon examination based upon the technical merits of the position. If the more-likely-than-not threshold is met, a company must measure the tax position to determine the amount to recognize in the financial statements. The application of income tax law is inherently complex. Laws and regulation in this area are voluminous and are often ambiguous. As such, we are required to make many subjective assumptions and judgments regarding the income tax exposures. Interpretations and guidance surrounding income tax laws and regulations change over time. As such, changes in the subjective assumptions and judgments can materially affect amounts recognized in the balance sheets and statements of income.

At the adoption date of January 1, 2007, we had no unrecognized tax benefit, which would affect the effective tax rate if recognized. There has been no significant change in the unrecognized tax benefit during the three months ended December 31, 2014.

We classify interest and penalties arising from the underpayment of income taxes in the statement of income under general and administrative expenses. As of December 31, 2014, we had no accrued interest or penalties related to uncertain tax positions. The tax years 2013, 2012 and 2011 federal return remains open to examination.

Deferred taxes are provided on a liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss and tax credit carry forwards and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

The provision (benefit) for income taxes for the three months ended December 31, 2014 and the year ended September 30, 2014 and consists of the following:

	2014	2014
Federal:		
Current	$ -	$ -
Deferred	-	-
State:		
Current	-	-
Deferred	-	-
	$ -	$ -

Net deferred tax assets consist of the following components as of December 31, 2014 and September 30, 2014:

	2014	2013
Deferred tax assets:		
Operating Loss	$3,499,327	$3,421,610
Deferred tax liabilities:	-	-
Valuation allowance	(3,499,327)	(3,421,610)
Net deferred tax asset	$ -	$ -

The income tax provision differs from the amount of income tax determined by applying the U.S. federal and state income tax rate of 34% to pretax income from continuing operations for the three months ended December 31, 2014 and the year ended September 30, 2014.

NOTE 10 – Common Stock

The Company issued 220,011 shares of common stock in the fiscal year ended September 30, 2012 to various parties for services valued at $1,528,405

The Company issued 2,279,791,778 shares of common stock in the fiscal year ended September 30, 2013 to various parties for services valued at $3,387,462. Additionally, the Company issued 3,277,778 shares of its common stock to obtain additional financing that was valued at $2,950,000. During the quarter ended June 30, 2014, 1,850,000 shares of these issuances was cancelled and the Company recognized $1,850,000 in income from this cancellation.

The Company issued 1,350,000,000 shares of common stock in exchange for 100% of the common stock of Wellness Builder valued at $1,350,000. During the year ended September 30, 2014, 700,000,000 of these shares were cancelled on this acquisition and the Company reduced the impairment loss from $1,100,000 to $400,000.

The Company paid down certain notes and the related accrued interest totaling $861,948 by issuing 861,948,067 shares of its common stock.

The Company paid certain payables and consulting fees due in the amount of $183,920 by issuing 613,066,667 shares of its common stock.

The Company paid certain payables and consulting fees due in the amount of $49,500 by issuing 49,500 shares of its common stock.

The Company issued 19,999,998 shares of its common stock for a management contract and facility development at $.03 per share, or $600,000.

The Company issued 168,500,000 shares of its common stock for services at $.001-.004 per share for a total value of $183,500.

The Company borrowed short term funds in the amount of $70,000 and issued 4,516,130 shares of common stock to satisfy the loan.

The Company issued 60,000,000 shares of its common stock for a prior service contract entered into by prior management.

NOTE 11 – Preferred Stock

Preferred Stock

The Company is authorized to issue 10,000,000 shares of preferred stock as described below:

	Total Series Authorized	Stated Value	Voting	Annual Dividends per Share	Conversion Rate
Series A	1,000,000	$.001	Yes(1)	As per common stock	None
Series B	9,000,000	$.001	No	None	20 for 1(2)

(1) The Company issued 1,000,000 shares of its Series A Preferred Stock to a previous officer and director of the Company. The shares give the individual 500:1 voting rights only upon the conversion into common stock. No shares have been converted as of December 31, 2014.
(2) The Company issued 5,072,392 shares of its Series B Preferred Stock for $1,014,479 of notes payable and the related accrued interest. The Holder of the Preferred Stock can convert into common stock after one year at $.01 per share and if the price of the stock is not at least $.01, the holder can convert and receive additional shares at a discount of 40% off of the trading price of the common stock.

NOTE 12 – Capital Changes

The Company on November 12, 2012 increased its authorized common shares from 400,000,000 to 3,990,000,000 and designated 10,000,000 shares to Preferred Stock.

The Company reverse split all of the common stock on February 6, 2013 on a one share for nine hundred shares and has retroactively reflected the stock split.

The Company on September 12, 2013 increased its authorized common shares from 3,990,000,000 to 5,490,000,000 and left the designation of 10,000,000 shares to its Preferred Stock.

NOTE 13 – Name Change

The Company on April 1, 2014 changed its name from HPC POS System, Corp. to Interactive Health Network

NOTE 14 – Commitments and Contingencies

The Company has entered into three lease contracts for its managed service facilities for periods of one to three years. The total monthly rent is $10,020. The rent expense during the three months totaled $30,060

NOTE 15 – Subsequent Events

The Company has evaluated all events that occurred after the balance sheet date of January 1, 2014 through February 19, 2015, the date these financial statements were issued. The Management of the Company determined that there were two reportable events that occurred during that subsequent period to be disclosed.

The Company has become aware of a debt owed by a prior subsidiary of the Company in the amount of $412,000, plus interest and expects to settle this obligation in the first quarter of 2015.