LATTENO FOOD CORP.

FINANCIAL STATEMENTS

December 31, 2012

Latteno Food Corp.		
Income Statement		
PERIOD ENDED December 31, 2012		
	31-Dec-12	31-Dec-11
Sales, net	$ 267,222	$ 197,332
Cost of goods sold	178,987	131,361
Gross profit	88,235	65,971
Selling, general and administrative expenses:		
Advertising and marketing	24,825	18,767
Salary expenses	54,994	30,450
Professional, legal and accounting	22,000	18,000
Depreciation and amortization	9,998	10,887
Other selling, general and administrative expenses	23,663	54,225
Total selling, general and administrative expenses	135,480	132,329
Loss from operations	-47,245	-66,358
Other income (expense):		
Interest expense, net	0	0
Total other income (expense)	0	0
Loss from operations before income taxes	-47,245	-66,358
Provision for income taxes	-	-
Net loss	**-47,245**	**-66,358**

Latteno Food Corp. Balance Sheet PERIOD ENDED December 31, 2012				
		31-Dec-12		31-Dec-11
ASSETS				
Current assets:				
Cash and cash equivalents	$	1,266	$	1,547
Accounts receivable	$	6,647	$	3,876
Inventory	$	38,789	$	28,767
Prepaid expenses	$	2,244	$	3,534
Total current assets	$	48,946	$	37,724
Intangible assets, net of accumulated amortization	$	986,765	$	1,134,322
Property Plant and Equipment				
Total Assets	$	1,035,711	$	1,172,046
LIABILITIES				
Bank Indebtedness				
Accounts payable	$	40,283	$	31,432
Accrued expenses	$	75,445	$	67,742
Long Term Convertible debentures payable	$	125,000	$	125,000
Long Term Convertible debentures payable	$	115,000	$	115,000
Total liabilities	$	355,728	$	339,174
Total liabilities	$	355,728	$	339,174
STOCKHOLDERS' DEFICIT				
Stockholders' deficit:				
Common shares of $0.001 par value; Authorized: 400,000,000 shares;				
Issued and outstanding: 34,418,840 (2011- 34,418,840)	$	34,419	$	34,419
Preferred Shares				
Series A convertible preferred stock, $0.001 par value, 10,000,000				
shares authorized, 0shares issued and outstanding	$	-	$	-
Additional paid-in capital	$	29,337,278	$	29,337,278
Accumulated deficit	-$	38,571,674	-$	37,970,409
Total stockholders' deficit		-9,879,960	-$	9,431,584
Total Liabilities and Stockholders' Deficit	$	1,035,711	$	1,172,046

Latteno Food Corp. STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY (UNAUDITED)					
	Common Stock		Preferred Stock		Additional
	Shares	Amount	Shares	Amount	Paid-in Capital
Balance - December 31, 2011	34,418,840	$34,419	0	$0	$ 29,337,278
Net (Loss) for the 3 Quarters Ended September 3o, 2012	-	-			
Balance - December 31, 2012	34,418,840	$34,419	$0	$0	$ 29,337,278
Balance May 31, 2012	**34,418,840**	**$34,419**	**$0**	**$0**	**$29,337,278**

Latteno Food Corp. CASH FLOW PERIOD ENDED December 31, 2012		
	31-Dec-12	31-Dec-11
Cash flows from operating activities:		
Net loss	-$ 47,245	-$ 66,358
(Increase) decrease in accounts receivable	-$ 2,771	-$ 11,589
Increase (decrease) in accounts payable	-$ 8,851	-$ 9,785
Increase (decrease) in accrued liabilities	-$ 7,703	-$ 8,965
Increase (decrease) in bank indebtedness	-$ 8,851	-$ 14,876
Increase (decrease) in accrued expenses	-$ 7,703	-$ 11,342
Net cash used in operating activities	-$ 11,366	-$ 9,801
Purchases of investment securities		
Sales of investment securities	$ -	$ -
Purchase of Intellectual Property	$ -	$ -
Purchases of property and equipment	$ -	$ -
Net cash provided by (used in) investing activities	$ -	$ -
Cash flows from financing activities:		
Discount on Conversion of Loan Notes secured convertible notes	$ -	$ -
Issuance of common stock	$ -	$ -
Net cash provided by financing activities	-$ 12,632	$ -
Net increase\(decrease) in cash and cash equivalents	-$ 281	-$ 1,872
Cash and cash equivalents at beginning of period	$ 1,547	$ 11,345
Cash and Cash equivalents at end of period	$ 1,266	$ 1,547

Latteno Food Corp.			
Consolidated Income Statement			
PERIOD ENDED December 31, 2012			
	31-Dec-12		
	Latteno Food	**GTG, Inc.**	**Consolidated**
Sales, net	$ 267,222	$ 2,089,256	$ 2,356,478
			$ -
Cost of goods sold	$ 178,987	$ 1,384,656	$ 1,563,643
			$ -
Gross profit	$ 88,235	$ 704,600	$ 792,835
Selling, general and administrative expenses:			
Advertising and marketing	$ 24,825	$ 89,000	$ 113,825
Salary expenses	$ 54,994	$ 150,000	$ 204,994
Professional, legal and accounting	$ 22,000	$ 65,750	$ 87,750
Depreciation and amortization	$ 9,998	$ 115,454	$ 125,452
Other selling, general and administrative expenses	$ 23,663	$ 156,544	$ 180,207
			$ -
Total selling, general and administrative expenses	$ 135,480	$ 576,748	$ 712,228
Profit/Loss from operations	-$ 47,245	$ 127,852	$ 80,607
			$ -
Other income (expense):			$ -
Interest expense, net	$ -	$ -	$ -
Total other income (expense)	$ -		$ -
Loss from operations before income taxes	-$ 47,245	$ 127,852	$ 80,607
Provision for income taxes	$ -	$ -	$ -
Net loss	**-$ 47,245**	**$ 127,852**	$ 80,607

Latteno Food Corp.			
Consolidated Balance Sheet			
AS AT December 31, 2012			
	Latteno Food	**GTG, Inc**	**Consolidated**
ASSETS			
Current assets:			
Cash and cash equivalents	$ 1,266	$ 19,526	$ 20,792
Accounts receivable	$ 6,647	$ 351,000	$ 357,647
Inventory	$ 38,789		$ 38,789
Prepaid expenses	$ 2,244		$ 2,244
Total current assets	$ 48,946	$ 370,526	$ 419,472
Intangible assets, net of accumulated amortization	$ 986,765		$ 986,765
Fixtures & Equipment, Furniture, net of Depreciation		$ 13,715	$ 13,715
Total Assets	$ 1,035,711	$ 384,241	$ 1,419,952
LIABILITIES			
Current liabilities:			
Accounts payable	$ 40,283	$ 82,000	$ 122,283
Accrued expenses	$ 75,445		$ 75,445
	$ 85,000		$ 85,000
	$ 50,000		$ 50,000
	$ 100,000		$ 100,000
Long Term Convertible debentures payable	$ 125,000		$ 125,000
Long Term Convertible debentures payable	$ 115,000		$ 115,000
Total Liabilities	$ 590,728	$ 82,000	$ 672,728
Total Liabilities	$ 590,728	$ 82,000	$ 672,728
STOCKHOLDERS' DEFICIT			
Stockholders' deficit:			
Common shares of $0.001 par value; Authorized: 400,000,000 shares;			
Issued and outstanding: 34,418,840 (2011- 34,418,840)	$ 34,419		$ 34,419
Preferred Shares			
Series A convertible preferred stock, $0.001 par value, 10,000,000			
shares authorized, 1,267,816 shares issued and outstanding	$ -		$ -
Additional paid-in capital	$ 29,337,278	$ 232,806	$ 29,570,084
Accumulated deficit	-$ 38,806,674	$ 69,435	-$ 38,737,239
			0
Total stockholders' deficit	-9,879,960	302,241	-9,577,719
			0
Total Liabilities and Stockholders' Deficit	$ 1,035,711	$ 384,241	$ 1,419,952

NOTES TO FINANCIAL STATEMENTS

Note 1 - Organization and summary of significant accounting policies:
Following is a summary of the Company's organization and significant accounting policies:

Organization and nature of business –

Latteno Food Corp., formally, B&D Food Crop. (the "Company"), was incorporated in the state of Delaware on August 24, 1994.

History of Names Changes-
formerly: B&D Food Corp. (filings through 2009-10-02)
formerly: REII INC (filings through 2005-07-11)
formerly: BAP ACQUISITION CORP (filings through 1998-05-20)

Financing

On February 10, 2010 Latteno completed the payment and capital contributions required of the acquisition of Global Milk. Latteno first acquired land located in Brazil from AES Comercial Ltda through the issuance of a convertible debenture totally $8,446,421 (15,000,000 Reals). The note bears interest at 2.75% per annum and matures on February 9, 2015. This land was then transferred to Global Milk, as part of the required capital contributed. Latteno issued an additional convertible debenture to Global Milk for $2,711,497 (5,000,000 Reals). The note bears interest at 2.75% per annum and matures on February 9, 2015.

Latteno's partner, the 40% non-controlling interest of Global Milk was notified by Latteno that they were in violation of the shareholders agreement, due to breach of non-compete clause. The remaining $2,815,474 (5,000,000 Reals) payable to Castrol for the GM shares acquired was therefore no longer payable.

The above transactions completed the 25,000,000 Reals requirements of Latteno's acquisition of Global Milk.
We have negotiated working capital funding for our purchases in the amount of $1,000,000 Reals and continuing to negotiate credit terms with suppliers as our operations mature.

This fiscal year to date, we have raised over $200,00 in the form of loans and convertible debentures to provide necessary working capital funding. We are continuing to seek similar financing until such time as our Global Milk operations reach a profitable stage. This is expected to be in 2011.

Capital Restructuring

In the summer of 2008, the Company ceased operations in the coffee division and began to restructure its debt and equity in an effort to position itself for strategic acquisitions. The first phase of this restructuring involved the sale of the BDFC subsidiary and the leasing back of the land and building where the coffee plant operations were located. This eliminated much of the debt that was associated with the BDFC subsidiary, but still enabled the Company to enter back into the coffee industry at the appropriate time in the future. Concurrent with the sale and leaseback transaction, senior management agreed to convert all existing convertible debentures into preferred shares, thus further reducing the overall debt requirements.

As the second phase of the Company's efforts to restructure itself, the Company filed an information statement with the SEC on September 14, 2009 notify stockholders of the following:

On or about September 1, 2009, the Company received written consents in lieu of a meeting of Stockholders from holders of 72,654,538 shares representing approximately 46% of the 154,986,955 shares of the total issued and outstanding shares of voting stock of the Company and shareholders holding 3,373,956 Series A Convertible Preferred shares which represent 337,395,600 voting shares of common stock. The holders of the Series A Convertible Preferred shares, have the right to vote 100 times the number of shares of common stock that the Series A Convertible Preferred is convertible into on all matters submitted to the shareholders. The Series A Convertible Preferred shares are each convertible into one hundred shares of common stock.

Therefore the 3,373,956 Series A Convertible Preferred shares are convertible into 337,395,600 common shares and the shareholders have the right to vote one hundred times the number of shares pursuant to the rights designated to the Series A Convertible Preferred Shares and has voted such amount in favor of approving of the Company (the "Majority Stockholders") to effect a 20-for-1 reverse stock split (pro-rata reduction of outstanding shares) of our issued and outstanding shares of Common Stock (the "Reverse Stock Split") authorizing the Company's Board of Directors, to effect a reverse split of the Company's common stock of 20:1 (pursuant to which the number of authorized shares of common stock will remain 400,000,000 following such reverse stock split); any fractional shares post-split will be rounded up to the next whole share. Additionally the Reverse Stock Split will affect the conversion ratio for all instruments convertible into shares of the Company's Common Stock including its convertible notes, warrants and outstanding preferred stock.

On December 14, 2009 the 3,735,956 Series A Convertible Preferred shares were converted into 16,869,781 shares of the Company's common stock.

On September 1, 2009, the Board of Directors of the Company approved the above-mentioned actions, subject to stockholder approval. The Majority Stockholders approved the actions by written consent in lieu of a meeting on September 1, 2009, in accordance with the Delaware Business Corporation Act ("DBCA").

On September 1, 2009, the Company's Board of Directors and persons owning a majority of the Company's voting securities approved a resolution authorizing the Company to amend the Articles of Incorporation to change the Company's name to "Latteno Food Corp." The Board believes that the name change better reflects the nature of the Company's current and anticipated operations. The Company had operated under the name B&D Food Corp. which reflected the Company's prior business operations.

The final phase of restructuring was completed on May 31, 2010, whereby the Company converted $3,470,000 into common stock. In addition, the Global Milk subsidiary has negotiated the necessary supplier lines of credit for its Brazilian dairy division.

The board of directors believed these actions have structured the debt and equity of the Company to enable the effective implementation of its plan of operations in Brazil.

On September 1, 2009, the Company's Board of Directors and persons owning a majority of the Company's voting securities approved a resolution authorizing the Company to amend the Articles of Incorporation to change the Company's name to "Latteno Food Corp." The Board believes that the name change better reflects the nature of the Company's current and anticipated operations. The Company had operated under the name B&D Food Corp. which reflected the Company's prior business operations.

In the 4th quarter of 2012, the Company made a change in management and refocused its operations as an independent investment, management, and holding company focusing on international distribution and management of high-growth food, beverage, and health-related products and systems.

The Company signed a letter of intent in January to acquire 100% of the stock and assets of GTG Inc ("GTG Acquisition"). As of December 31, 2012, the GTG Acquisition has been deemed closed and the financial statements at December, 31, 2012 have been provided to reflect a consolidation of the Company's and GTG's operations..

Basis of presentation – Our accounting and reporting policies conform to U.S. generally accepted accounting principles applicable to development stage enterprises. Changes in classification of 2009 amounts have been made to conform to current presentations.

Use of estimates -The preparation of financial statements in conformity with generally accepted accounting principles 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 amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition - In accordance with Accounting Standards Codification 605.25.05, we have determined that certain of our contractual arrangements contain multiple deliverables which represent separate units of accounting, specifically, the initial hearing screening and the subsequent delivery of the hearing aid and any follow up services necessary. Revenue related to initial screening services is recognized upon delivery of the screening services as there is no further obligation to provide subsequent service, objective and reliable evidence of the fair value of these services exists and the delivery of these services have value to the customer on a stand-alone basis. Revenue is recognized on the delivery of hearing aids in accordance with Accounting Standards Codification 605.25.05: Revenue Recognition When Right of Return Exists when delivery of the product has occurred and follow up service is completed assuming that collectibility is reasonably assured. If collection is doubtful, no revenue is recognized until such receivables are collected. Generally, customers have a 45 day period in which to either return the product or request follow up service; we therefore recognize revenue for products delivered only upon expiration of the 45 day return period.

Accounting for Convertible Debentures, Warrants and Derivative Instruments Accounting Standards Codification 815.10.05, "Accounting for Derivative Instruments and Hedging Activities," as amended, requires all derivatives to be recorded on the balance sheet at fair value. These derivatives, including embedded derivatives in the Company's structured borrowings, are separately valued and accounted for on the Company's balance sheet. Fair values for exchange-traded securities and derivatives are based on quoted market prices. Where market prices are not readily available, fair values are determined using market based pricing models incorporating readily observable market data and requiring judgment and estimates.

The pricing model the Company uses for determining fair values of the Company's derivatives is the Black

Scholes Pricing Model. Valuations derived from this model are subject to ongoing internal and external verification and review. The model uses market-sourced inputs such as interest rates, exchange rates and option volatilities. Selection of these inputs involves management's judgment and may impact net income.

In particular, the Company uses volatility rates for a time period similar to the length of the underlying convertible instrument based upon the closing stock price of the Company's common. However, we do not use stock price information prior to February 2002 when the Company emerged from bankruptcy. The Company determined that share prices prior to this period do not reflect the ongoing business valuation of the Company's current operations. The Company uses a risk-free interest rate, which is the U. S. Treasury bill rate, for a security with a maturity that approximates the estimated expected life of our derivative or security. The Company uses the closing market price of the Company's common stock on the date of issuance of a derivative or at the end of a quarter when a derivative is valued at fair value. The volatility factor used in Black Scholes has a significant effect on the resulting valuation of the derivative liabilities on the Company's balance sheet. The initial volatility for the calculation of the embedded and freestanding derivatives ranged from 115% to 190%, this volatility-rate will likely change in the future. The Company's stock price will also change in the future. To the extent that the Company's stock price increases or decreases, the Company's derivative liabilities will also increase or decrease, absent any change in volatility rates.

In September 2000, the Accounting Standards Codification 815.40.05, "Accounting for Derivative Financial Instruments Indexed to and Potentially Settled in, a Company's Own Stock," requires freestanding contracts that are settled in a company's own stock, including common stock warrants, to be designated as an equity instrument, asset or a liability. Under the provisions of Accounting Standards Codification 815.40.05, a contract designated as an asset or a liability must be carried at fair value on a company's balance sheet, with any changes in fair value recorded in the company's results of operations. A contract designated as an equity instrument must be included within equity, and no fair value adjustments are required from period to period. In accordance with Accounting Standards Codification 815.40.05, all of the Company's warrants to purchase common stock are accounted for as liabilities. The fair value of these warrants and conversion options is shown on the Company's balance sheet and the unrealized changes in the values of these derivatives are shown in the Company's consolidated statement of operations as "Loss on derivative liabilities."

Cash and cash equivalents -For purposes of the statement of cash flows, we consider all cash in banks, money market funds, and certificates of deposit with a maturity of less than three months to be cash equivalents.

Property and Equipment – The Company values its investment in property and equipment at cost less accumulated depreciation. Depreciation is computed primarily by the straight line method over the estimated useful lives of the assets ranging from five to thirty-nine years.

Fair value of financial instruments and derivative financial instruments – We have adopted Accounting Standards Codification regarding *Disclosure About Derivative Financial Instruments and Fair Value of Financial Instruments*. The carrying amounts of cash, accounts payable, accrued expenses, and other current liabilities approximate fair value because of the short maturity of these items. These fair value estimates are subjective in nature and involve uncertainties and matters of significant judgment, and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect these estimates. We do not hold or issue financial instruments for trading purposes, nor do we utilize derivative instruments in the management of foreign exchange, commodity price or interest rate market risks.

Federal income taxes - Deferred income taxes are reported for timing differences between items of income or expense reported in the financial statements and those reported for income tax purposes in accordance with

Accounting Standards Codification regarding *Accounting for Income Taxes*, which requires the use of the asset/liability method of accounting for income taxes. Deferred income taxes and tax benefits are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and for tax loss and credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred taxes are provided for the estimated future tax effects attributable to temporary differences and carryforwards when realization is more likely than not.

Net income per share of common stock – We have adopted Accounting Standards Codification regarding *Earnings per Share*, which requires presentation of basic and diluted EPS on the face of the income statement for all entities with complex capital structures and requires a reconciliation of the numerator and denominator of the basic EPS computation to the numerator and denominator of the diluted EPS computation. In the accompanying financial statements, basic earnings per share of common stock is computed by dividing net income by the weighted average number of shares of common stock outstanding during the period. We do not have a complex capital structure requiring the computation of diluted earnings per share.

Note 2 - Uncertainty, going concern:
At March 31, 2012, we were engaged in a business and had suffered losses from development stage activities to date. In addition, we have minimal operating funds. Although management is currently attempting to identify business opportunities and is seeking additional sources of equity or debt financing, there is no assurance these activities will be successful. Accordingly, we must rely on our officers to perform essential functions without compensation until a business operation can be commenced. No amounts have been recorded in the accompanying financial statements for the value of officers' services, as it is not considered material.

These factors raise substantial doubt about the ability of the Company to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Note 3- Subsequent Events

Subsequent to December 31, the Company signed a Letter of Intent to acquire GTG, Inc.

Note 4 - New accounting pronouncements:

Recent Accounting Pronouncements
In May 2008, the Accounting Standards Codification issued 944.20.15, "Accounting for Financial Guarantee Insurance Contracts-and interpretation of Accounting Standards Codification 944.20.05". Accounting Standards Codification 944.20.15 clarifies how Accounting Standards Codification 944.20.05 applies to financial guarantee insurance contracts, including the recognition and measurement of premium revenue and claims liabilities. This statement also requires expanded disclosures about financial guarantee insurance contracts. Accounting Standards Codification 944.20.15 is effective for fiscal years beginning on or after December 15, 2008, and interim periods within those years. Accounting Standards Codification 944.20.15 has no effect on the Company's financial position, statements of operations, or cash flows at this time.

In March 2008, the Accounting Standards Codification issued 815.10.15, Disclosures about Derivative Instruments and Hedging Activities—an amendment of Accounting Standards Codification 815.10.05. This standard requires companies to provide enhanced disclosures about (a) how and why an entity uses derivative instruments, (b) how derivative instruments and related hedged items are accounted for under 815.10.15 and its related interpretations, and (c) how derivative instruments and related hedged items affect an entity's financial position, financial performance, and cash flows. This Statement is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008, with early application encouraged. The Company has not yet adopted the provisions of Accounting Standards Codification 815.10.15, but does not expect it to have a material impact on its consolidated financial position, results of operations or cash flows.

In December 2007, the SEC issued Staff Accounting Bulletin (SAB) No. 110 regarding the use of a "simplified" method, as discussed in SAB No. 107 (SAB 107), in developing an estimate of expected term of "plain vanilla" share options in accordance with SFAS No. 123 (R), Share-Based Payment. In particular, the staff indicated in SAB 107 that it will accept a company's election to use the simplified method, regardless of whether the company has sufficient information to make more refined estimates of expected term. At the time SAB 107 was issued, the staff believed that more detailed external information about employee exercise behavior (e.g., employee exercise patterns by industry and/or other categories of companies) would, over time, become readily available to companies. Therefore, the staff stated in SAB 107 that it would not expect a company to use the simplified method for share option grants after December 31, 2007. The staff understands that such detailed information about employee exercise behavior may not be widely available by December 31, 2007.

In December 2007, the Accounting Standards Codification 815.10.65, Noncontrolling Interests in Consolidated Financial Statements—an amendment of Accounting Standards Codification 810.10.65. This statement amends Accounting Standards Codification 810.10.65 to establish accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. It clarifies that a noncontrolling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial statements. Before this statement was issued, limited guidance existed for reporting noncontrolling interests. As a result, considerable diversity in practice existed. So-called minority interests were reported in the consolidated statement of financial position as liabilities or in the mezzanine section between liabilities and equity. This statement improves comparability by eliminating that diversity. This statement is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008 (that is, January 1, 2009, for entities with calendar year-ends). Earlier adoption is prohibited. The effective date of this statement is the same as that of the related Accounting Standards Codification 805.10.10 (revised 2007). The Company will adopt this Statement beginning April 1, 2012. It is not believed that this will have an impact on the Company's consolidated financial position, results of operations or cash flows.

In December 2007, the Accounting Standards Codification, issued Accounting Standards Codification 805.10.10 (revised 2007), Business Combinations.' This Statement establishes principles and requirements for how the acquirer: (a) recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree; (b) recognizes and measures the goodwill acquired in the business combination or a gain from a bargain purchase; and (c) determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. This statement applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. An entity may not apply it before that date. The effective date of this statement is the same as that of the related Accounting Standards Codification 810.10.65, Noncontrolling Interests in Consolidated Financial Statements. The Company will adopt this statement beginning April 1, 2012. It is not believed that this will have an impact on the Company's consolidated financial position, results of operations or cash flows.

In February 2007, the Accounting Standards Codification, issued Accounting Standards Codification 810.10.65, The Fair Value Option for Financial Assets and Liabilities—Including an Amendment of Accounting Standards Codification 320.10.05. This standard permits an entity to choose to measure many financial instruments and certain other items at fair value. This option is available to all entities. Most of the provisions in Accounting Standards Codification 810.10.65 are elective; however, an amendment to Accounting Standards Codification 320.10.05 Accounting for Certain Investments in Debt and Equity Securities applies to all entities with available for sale or trading securities. Some requirements apply differently to entities that do not report net income. Accounting Standards Codification 810.10.65 is effective as of the beginning of an entities first fiscal year that begins after November 15, 2007. Early adoption is permitted as of the beginning of the previous fiscal year provided that the entity makes that choice in the first 120 days of that fiscal year and also elects to apply the provisions of SFAS No. 157 Fair Value Measurements.

In September 2006, the Accounting Standards Codification issued Accounting Standards Codification 820.10.05, Fair Value Measurements. This statement defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles (GAAP), and expands disclosures about fair value measurements. This statement applies under other accounting pronouncements that require or permit fair value measurements, the Board having previously concluded in those accounting pronouncements that fair value is the relevant measurement attribute. Accordingly, this statement does not require any new fair value measurements. However, for some entities, the application of this statement will change current practice.