Nutroganics, Inc. (NUTT)
OTC Pink® Basic Disclosure

Nutroganics, Inc Financial Statements for Q1, 2016

Covering the period January 1, 2016 to March 31, 2016

(unaudited)

Nutroganics, Inc. is providing their 2016 Quarterly Financial Statements and notes. This disclosure has been enhanced as a step towards achieving full compliance with regulatory standards for a fully trading equity security. The basis of presentation is US GAAP and preparation is by a qualified third party.

Nutroganics Inc. and Subsidiaries

Consolidated Financial Statements

For the Period January 1, 2016 - March 31, 2016

(Unauditied)

Income Statement		Q1	YTD
Revenue			
Total Revenue		2,199,385	2,199,385
Cost of Goods Sold		1,984,069	1,984,069
Gross Profit	$	215,316	215,316
	%	*9.8%*	*9.8%*
Expense			
Total Expense		1,114,793	1,114,793
Net Operating Income		(899,477)	(899,477)
Net Other Income/Expense		(149,897)	(149,897)
Net Income		(1,049,374)	(1,049,374)

BALANCE SHEET	Q1	YTD
Current Assets		
Checking/Savings/Petty Cash	200,956	200,956
Accounts Receivable	1,074,469	1,074,469
Inventory	1,247,370	1,247,370
Other Current Assets	7,000	7,000
Total Current Assets	2,529,795	2,529,795
Total Fixed Assets	1,165,758	1,165,758
Total Other Assets	49,535	49,535
Goodwill	3,371,427	3,371,427
TOTAL ASSETS	7,116,515	7,116,515
LIABILITIES & EQUITY		
Liabilities		
Current Liabilities		
Total Accounts Payable	4,008,851	4,008,851
Other Current Liabilities		
Advances - Crestmark	539,988	539,988
Payroll Related	7,155	7,155
Notes	645,827	645,827
Other/Deferred Purchase Price	2,395,571	2,395,571
Total Other Current Liabilities	3,588,541	3,588,541
Total Current Liabilities	7,597,392	7,597,392
Total Long Term Liabilities	2,223,003	2,223,003
Total Liabilities	9,820,395	9,820,395
Total Equity	(2,703,881)	(2,703,881)
TOTAL LIABILITIES & EQUITY	7,116,515	7,116,515

CASH FLOW	Q1	YTD
Net Income	(1,049,374)	(1,049,374)
Adjustments to reconcile Net		
Income to net cash provided by operations:		
Depre/Amort	123,856	123,856
Change In Accounts Receivable	42,913	42,913
Change in Inventories	(114,753)	(114,753)
Change in Current/Other Assets	(2,396)	(2,396)
Change in IC Accounting	-	(0)
Change in A/P	785,485	785,485
Change in Other Current Liabilities	443,349	443,349
Net cash provided by Operating	229,080	229,080
Investing Activities		
Fixed Assets	(52,984)	(52,984)
Goodwill	-	-
Investment in Subsidiaries	-	-
Net Cash provided or used by	(52,984)	(52,984)
Financing Activities	(70,137)	(70,137)
Net Cash Provided by Financing activities	(70,137)	(70,137)
Net Cash Increase or Decrease	105,959	105,959
Cash at the Beginning of the Period	94,997	94,997
Cash at the End of Period	200,956	200,956

Management Discussion and Analysis:

Nutroganics made an organizational announcement on 16 February 2016 disclosed in full under **SUBSEQUENT EVENTS** in our year end 2015 statements. This came about as part of a review that started with the presentation of certain correspondence purported to be between Mr. Carnazzo and the former bookkeeper working in NuStar titled "Invoice Clearing." Related to this, in QI of 2016 management determined that $313,810.25 of invoices factored through Crestmark Bank during November and December of 2015 did not meet the terms of NuStar's facility with Crestmark. Management took the action to buy these receivables back from Crestmark.

The QI of 2016 saw elevated operating losses at NuStar combined with modest improvements at Silverbow. The losses at NuStar are significant and could effect the viability of the business. Steps have been taken to resize the labor force and improve cost focus throughout the organization. It is anticipated that we will see improvements in QII and beyond.

In Q1 of 2016 senior management took significant steps to attract new capital to the business and identify potential strategic partners. This remains the primary imperative of the management team. Success in this area is essential to the survival and recovery of the business.

Notes to Financial Statements

1. BUSINESS DESCRIPTION

Nutroganics, Inc. (the "Company," "we" or "us") acquires and operates revenue-generating businesses in the consumables segment of the healthy lifestyle marketplace, and capitalizes on synergies from manufacturing through distribution. Silverbow Honey, Inc. packages and distributes natural honey in both branded and private label containers, and as both raw ingredients and as grocery store items. NuStar Manufacturing, LLC specializes in manufacturing liquid, gel, and powder nutritional supplements in single and multiple dose flexible packets, pouches, and containers. NuStar's capabilities include formulating, sourcing, blending, mixing, batching, filling, packing, warehousing & logistics.

The Company's business activity is principally conducted in the United States of America though some customers turn to us for products to serve their overseas markets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The significant accounting policies summarized in the accompanying notes to the consolidated financial statements included have been followed in the production and development of these statements. The financial statements include all adjustments (consisting only of normal recurring adjustments), which are, in the opinion of management, considered necessary for a fair presentation of the results for the periods presented. Certain information and note disclosures normally included in financial statements prepared in accordance with U.S. generally accepted accounting principles, or "GAAP," have been condensed or omitted pursuant to those rules and regulations, although we believe that the disclosures made are adequately informative, and similarly are not misleading. Results for interim periods are not necessarily indicative of the results to be expected for the full year.

These statements are unaudited and therefore subject to independent and critical review. Additionally, the intangible assets associated with the acquisition of NuStar Manufacturing, LLC have been independently reviewed and analyzed to separate Goodwill from other intangibles.

Use of Estimates
The preparation of financial statements in conformity with United States Generally Accepted Accounting Principles ("US GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the 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.

Principles of Consolidation
The accompanying consolidated financial statements include the accounts of Nutroganics, Inc. and its wholly owned subsidiaries, Silverbow Honey Co., Inc. & NuStar Manufacturing, LLC. All significant intercompany transactions have been eliminated.

Cash and Cash Equivalents
For purposes of the consolidated statements of cash flows, the Company considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Accounts Receivable
The Company reports all receivables at gross amounts due from customers. Because historical losses related to these receivables have been insignificant, management uses the direct write-off method to account for bad debts. On a continuing basis, management analyzes delinquent receivables and, once these receivables are determined to be uncollectible, they are written off through a charge against earnings. The Company maintains facilities with financial institutions to "factor" certain eligible receivables against institutionally defined limits by obligor.

Inventories
Inventory consists principally of raw honey and packaging materials. Values are stated at the lower of either cost or net realizable value on a first-in, first-out basis.

Property and Equipment
Property and equipment are recorded at cost and are depreciated using the straight-line method over the estimated useful lives of the assets.

Maintenance and repairs are charged to expenses when they are incurred, and the cost of additions, replacements, and improvements is capitalized.

Fixed Assets Schedule	As of March 31, 2016			
Silverbow	Asset Value	Accum Depre	Net Asset Value	
Machinery & Equipment	692,942	661,832		31,110
Automotive Equipment	201,296	201,296		-
Office Equipment	51,222	45,629		5,593
Leasehold Improvements	36,548	29,562		6,986
Covenant Not to Compete	5,000	5,000		-
	987,007	943,319	$	43,688
NuStar				
Capital Equipment	331,810			331,810
Furniture & Fixtures	2,639			2,639
Equipment	2,852,942			2,852,942
Software	8,697			8,697
Accumulated Depreciation		-2,074,018		(2,074,018)
	3,196,088	-2,074,018	$	1,122,070
TOTAL			$	1,165,758

Financing Activities

Share Data

	June 30, 2015	September 30, 2015	December 31, 2015	March 31, 2016
Common Shares Outstanding	33,631,123	34,567,360	34,317,360	36,075,694
Preferred Shares Outstanding	93,129,955	93,129,955	93,129,925	93,129,925
Fully Diluted	142,848,591	144,713,287	142,074,827	142,372,849

Lease Obligations Payable

NuStar has entered into two one-year leases with HMC Products, Inc. of California. The leases are for essential production related equipment and total $295,895 and contain fixed-price purchase options at the end of their respective terms in December of 2015 and January of 2016. These leases were modified in Q1 2016 to extend their terms.

The company leases or subleases facilities in Washington State and Utah.

NuStar entered into a warehouse lease on June 1, 2015 for a total of approximately 47,000 square feet available in two phases June 1, 2015 and September 1, 2105. Monthly rent for the total space until June 1, 2016 is $20,210.00. Starting in June of 2016 rent rises by 2% annually through the five-year term. The lease includes two five-year option periods. The space is intended to accommodate production expansion and fulfillment activity for customers.

On 15 March 2016, NuStar vacated the Orem, UT manufacturing plant lease at the end of its term. The company is currently producing at a nearby NSF certified facility while it concludes a search for a new facility.

The Silverbow facility in Moses Lake, WA is leased through Silverbow Properties LLC controlled by Donald Grigg (Estate of). This lease is for a five-year initial term ending May 31, 2018. The lease contains provisions for up to two additional five-year terms. The current monthly payment of $4,000 is fixed through the initial term.

Surety Bonds

Silverbow Honey Company, Inc maintains a "Dealer Bond" consistent with the regulations of the Washington State Department of Agriculture as part of its licensing obligations.

Income Taxes –

The Company has recorded a full valuation allowance on the net deferred tax asset recognized in the consolidated financial statements as of December 31, 2014 due to uncertainties as to their future realization. Substantially all of the Company's pre valuation allowance deferred tax assets consist of tax loss carry forwards, the utilization of which may be limited by changes in the Company's ownership.

Our effective tax rate is dependent upon many factors, including the impact of enacted tax laws in jurisdictions in which we operate and the amount of income that we earn. For calendar years 2013, 2014 and 2015 we incurred losses and had no income tax expense or benefit due to the full valuation allowance on our net deferred tax assets. Management's current outlook is that sufficient realizable tax loss carry forwards are available to offset any net income generated in 2016, which is subject to revision based on a number of factors including growth in the business and changes in ownership.

During the twelve months ended December 31, 2015, there were no material changes to the measurement of unrecognized tax benefits in various taxing jurisdictions. The Company recognizes interest and penalties related to uncertain tax positions as a component of income tax expense. Due to the existence of tax attribute carry forwards (which are currently offset by a full valuation allowance), the Company treats all years' tax positions as unsettled due to the taxing authorities' ability to modify these attributes.

Goodwill and Intangible Assets

Goodwill primarily represents the excess of the purchase price over market value of the Company's ownership in NuStar Manufacturing, LLC. The combined value of Goodwill and Intangible Assets as of March 31, 2016 is approximately $3.4 million.

2. CONCENTRATION OF CREDIT RISK

The Company maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. At March 31, 2016 the Company had a cash balance of $200,000 across all entities.

3. RELATED PARTY TRANSACTIONS

In 2013, the Company purchased Silverbow Honey, Inc. Under the terms of that purchase, the Company owed members of the Grigg family $662,293 in the form of unsecured promissory notes. Mr. Jay O. Wright, chairman of Nutroganics, has made the following periodic investments in Nutroganics in addition to providing a financial guarantee for the State of Washington Surety Bond:

Obligor	Issue Date	Original Value	Monthly Interest	Conversion Price
Nutroganics	May 17, 2013	75,920.00	1.25%	n/a
Nutroganics	May 23, 2013	10,600.00	1.25%	n/a
Nutroganics	July 30, 2013	6,466.00	1.25%	n/a
Nutroganics	April 11, 2014	109,783.59	1.25%	$0.20

Mr. Steven Grigg, a relative of the former President of Silverbow Honey, periodically sells raw honey materials to Silverbow Honey Company, Inc. Purchases of honey from Mr. Grigg have been reviewed and compared to other similar purchases to ensure that Mr. Steven Grigg's honey is purchased on terms no more favorable than other similar and comparable purchases by Silverbow. The lease for the Silverbow facility is through Don Grigg (Estate of) and Silverbow Properties. LLC. The essential terms of that lease are disclosed under lease obligations payable.

Additionally, Messrs. Wright and David Sackler, the Company's CEO, have services agreements with the Company through entities they control. Monthly charges in 2016 under these agreements totaled $34,400. In first quarter 2016, Mr. Wright advanced additional funds to the Company of approximately $435,000. This will be documented in the form of notes during QII.

4. LONG-TERM DEBT

The details concerning total long-term debt as of March 31, 2016 follow:

LONG-TERM DEBT SCHEDULE		As of March 31, 2016	
Nutroganics	World Wide Investments	$	235,205
	Timothy, Philip	$	459,408
	Timothy, Philip	$	1,293,000
Silverbow	Grigg Honey	$	64,447
NuStar	Food For Health/Lease	$	87,149
	Loeb Financing	$	83,794
		$	2,223,003

The value of Mr. Timothy's second note is the expected value of his earnout under the terms of the NuStar acquisition. This value will change if the business continues to exceed the expectations used as a basis for the purchase price allocation.

5. LITIGATION AND SUBSEQUENT EVENTS

Litigation Matters

DURING QI 2016, Nutroganics has become involved with three litigation matters. Mike Carnazzo, the former COO of NuStar (who was terminated for cause by the company), has filed a claim with the State of Utah claiming that NuStar failed to pay him certain amounts. This claim has been settled for a small sum. Second, Matthew Ferguson, the former President of Silverbow Honey, has filed a claim in Washington State seeking $240,000 of alleged damages resulting from the termination of his employment with the company. Silverbow has moved to have the claim arbitrated as required by Mr. Ferguson's employment agreement. Silverbow believes that it has meritorious defenses and has filed significant counterclaims against Mr. Ferguson and believes that the ultimate amount owed to Mr. Ferguson, if anything, will not be material. Finally, NuStar is in litigation with e-Hydrate, LLC on numerous issues. E-Hydrate claims that NuStar failed to produce certain items for e-Hydrate and breached certain alleged purchase orders from e-Hydrate. NuStar has filed multiple defenses and counterclaims against e-Hydrate and cross-claims against e-Hydrate's principals for, among other things, interfering with NuStar's business given that e-Hydrate established an illicit relationship with Mike Carnazzo, NuStar's former COO, which established significant conflicts of interest. NuStar believes that it has been materially damaged by e-Hydrate's actions. Absent settlement, any recovery from e-Hydrate and its principals will likely take 2-3 years or more to achieve and such recovery is not guaranteed. If this last matter is resolved favorably to Nutroganics, it could have a material positive impact on Nutroganics' financial position. If these litigation matters are resolved unfavorably to Nutroganics, they could have a material unfavorable impact on Nutroganics' financial position.

Risk Factors

In addition to the other information set forth in this report, you should carefully consider the following factors, which could materially affect our business, financial condition or results of operations in future periods. The risks described below are not the only risks facing our Company. Additional risks that are not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition, or the results of operations in future periods.

We are thinly capitalized and are dependent on raising additional capital to execute our business plan.

Due to the issues associated with Mr. Carnazzo's activities, NuStar had a material working capital deficit as of March 31, 2016. Although the Company has raised over $800,000 of new capital subsequent to year end, the Company remains undercapitalized and is seeking to raise additional capital. If the Company is not successful in raising additional capital, such failure could materially adversely affect the business of the Company and the stock price of the Company's common stock.

Our limited working capital negatively affects our supply chain and limits our ability to grow.

At both operating subsidiaries the lack of adequate working capital is negatively affecting our relationships with our vendors and therefore exposes us to supply chain interruptions and delays. Such delays reduce our growth rate and can result in lost revenue opportunity.

We may not be able to successfully implement our growth strategy, which includes, but is not limited to, increasing distribution of our products, penetrating new markets, introducing new products and extensions, acquiring new businesses, and attracting new customers.

Our future success depends largely on our ability to implement our growth strategy, including but not limited to enhancing our brand recognition, increasing distribution of our products, acquiring new businesses, attracting new consumers to our brands, increasing the sale of our products under private labels, and introducing new products and extensions. Our ability to implement our growth strategy depends, among other things, on our ability to develop new products, acquire additional product lines and businesses, secure shelf space in grocery stores and supermarkets, increase customer awareness of our brands, enter into distribution and other strategic arrangements potential distributors of our products, and compete with numerous other companies and products. Our ability to successfully and effectively implement our growth strategy is not guaranteed. If we fail to implement our growth strategy, our sales and profitability will be adversely affected.

The consolidation of customers, loss of a major customer, or a major reduction in purchase volume by such a customer due to changes in business, management, or timing of its orders could materially affect our revenues and net income in an adverse manner.

Supermarkets and food distributors in the U.S. continue to consolidate. This consolidation has produced larger, more sophisticated organizations with increased negotiating and buying power that are able to resist price increases or demand increased promotional programs, as well as operate with lower inventories, decrease the number of brands that they carry and increase their emphasis on private label products, which could negatively impact our business. The consolidation of retail customers also increases the risk that a significant adverse impact on their business could have a corresponding material adverse impact on our business.

Our distribution to Safeway, Kroger, Wal-Mart, Costco, and numerous independent grocers throughout the Pacific Northwest accounts for a large part of our sales. We cannot guarantee that our customers will continue to do business with us in the future. A significant reduction in purchase volume or the loss of a major customer will have a negative material affect on our results of operation and profitability.

If the reputation of our brands erodes, our sales and profits could be adversely affected.

A significant portion of our net sales depends on revenue generated by our branded products. Future growth is also dependent on the strength of our brands. Therefore, our financial success is reliant on the reputation and consumer perception of our brands. Our results of operations could be negatively affected if the reputation of one or more of our brands suffers damage due to real or perceived quality issues with our products, or if we are found to have violated any applicable laws or regulations.

Interruptions in or loss of one or more of our manufacturing facilities could harm our business.

We operate two manufacturing facilities, one in the state of Washington and one in Utah. We do not outsource the manufacturing of our products due to our vertical integration strategy; therefore, our business is dependent on the continued operation of these facilities. Any loss of the use of all or a portion of any of our facilities due to accidents, fires, explosions, labor issues, governmental actions and regulations, disease outbreaks, adverse weather conditions, natural disasters, supply interruptions, transportation interruptions, human error, mechanical failure, terrorist acts, power outages, environmental issues, or otherwise, could have a material adverse effect on our business and operations. In particular, any loss of the use of the Washington-based facility where we manufacture our Silverbow honey products or any loss of the use of the Utah based facility that we have just acquired would potentially prevent us from fulfilling all of our orders on time and have a material adverse effect on our business.

Additionally, unexpected failures of our machinery could result in production delays, revenue loss, and injuries to our employees. Any mechanical failure may require us to make large capital expenditures and considerable down time in order to fix the situation. Moreover, we are subject to losses associated with equipment shutdowns caused by the loss or interruption of electrical power to our facilities due to unusually high demand, blackouts, adverse weather, equipment failure or other unusual or extraordinary events or to delays caused by vendors failing to ship in a timely manner. Losses caused by disruptions in the supply of electrical power could materially and adversely affect our business.

The loss of one or more of our senior management team could disrupt operations and negatively affect our business.

We are highly dependent on the services and expertise of David Sackler, our CEO, Mike Carnazzo, our Chief Operating Officer in Utah, and our Chairman, Jay Wright. We believe the knowledge and skills of these three individuals are crucial in our future growth. They possess experience and relationships in the industry that would be difficult to replace. Not only would the loss of any of these individuals potentially harm our business, but also the disruption to our organization due to senior management turnover and replacement may have a negative impact on our ability to maintain current levels of performance and growth.

Changes in consumer preferences and spending habits are difficult to predict and may materially affect our revenue and net income in an adverse manner.

Our business operates within the healthy lifestyle space, primarily the nutritional supplement, and natural and organic food industries. These industries are highly susceptible to consumer demand, trends, and preferences. Furthermore, we may fail to predict, identify, or react to these changing consumer preferences and trends due to its volatile and unpredictable nature. Consumer preferences moving away from a healthy lifestyle, a shift from a preference in natural to non-natural foods, a greater desire to eat outside of the home, or negative views of specific ingredients would negatively affect demand for our products. Moreover, if spending habits become more frugal, regardless of an economic downturn, demand for our premium natural products would decrease and our business would be adversely affected.

We may be unable to acquire additional financing under acceptable terms in the future.

In the future, we may need more capital to fund capital expenditures, product development, and potential strategic growth opportunities such as investments and acquisitions. However, we cannot guarantee that additional financing will be available on terms favorable to us, or at all. If adequate funds are not available on acceptable terms, we may be forced to reduce our operations, and we may be unable to take advantage of expansion opportunities. Furthermore, even if we are able to continue our operations without more capital, the failure to obtain additional financing could reduce our competitiveness in the overall industry.

A sustained economic downturn may adversely impact our results of operations and financial conditions.

Adverse economic conditions may decrease customer and consumer demand for our products and negatively impact our ability to manage normal commercial relationships with our suppliers and creditors. Consumers may shift purchases to lower-priced or other perceived value offerings during economic downturns, which may adversely affect our results of operations. Consumers demand for natural products may also decrease due to the fact that their conventional counterparts generally sell at a lower retail price. Distributors and retailers may become more conservative in response to these conditions and seek to reduce their inventories and lower prices. Additionally, our suppliers may be forced to reduce production or stop operations, which could cause us to reduce production and sales. As a result, prolonged unfavorable economic conditions could adversely impact our sales and profitability.

If we do not manage our supply chain effectively, our operating results may be adversely affected.

The inability of any supplier of raw materials or third party distributor to deliver or perform for us in a timely or cost-effective manner could cause our operating costs to increase and our profit margins to decrease. We must continuously monitor our inventory and product mix against forecasted demand or risk having inadequate supplies to meet consumer demand as well as having too much inventory on hand that may reach its expiration date and become spoiled. If we are unable to manage our supply chain efficiently and ensure that our products are available to meet consumer demand, consumers may look to purchase alternative products from our competitors, decreasing our profits.

Our future results of operations may be adversely affected by price fluctuations in fuel, raw materials, and other costs associated with product processing and transportation.

Many aspects of our business have been, and may continue to be, directly affected by the rising cost of fuel. Increased fuel costs translate into increased costs for the products and services we receive from our third party providers including, but not limited to, increased distribution costs for our products and increased shipping costs of our raw materials.

Furthermore, raw materials used in our products are subject to availability and price volatility which can be caused by market fluctuations, crop yields, weather conditions, natural disasters (including floods, droughts, frosts, earthquakes and hurricanes), pest and disease problems, imbalances between supply and demand, and government programs and policies among other factors that are not within our control.

Because we do not control the production of raw materials, we are subject to the fluctuating prices and availability of these materials. In particular, if U.S. honeybees continue to decrease production at the current rate, we may see a price increase in our raw materials, which would adversely affect our business. As such, continued supply of raw materials at favorable prices is not guaranteed.

If we are not able to pass increased costs of transportation and raw materials along the supply chain onto our retailers and distributors, our profit margin will be squeezed and our financial position will be adversely affected.

It should be noted that U.S. based apiaries are suffering from significant net losses of active bee colonies. Continued losses will have an adverse impact on domestic supplies of premium floral honey. Silverbow Honey has a historic dependence on honey sourced in the Pacific Northwest and must diversify to maintain robust sources of supply.

We are subject to many U.S regulations that may adversely affect our business and results of operations.

We are subject to extensive regulations in the United States. Our products are subject to numerous food safety regulations under the FDA and other laws and regulations relating to the sourcing, manufacturing, storing, labeling, marketing, advertising, and distributing of these products as well as environmental regulations on our manufacturing facilities, including those related to disposal of hazardous substances. Enforcement of existing laws and regulations, changes in legal requirements, and/or evolving interpretations of existing regulatory requirements may result in increased compliance costs and create other obligations, financial or otherwise, that could adversely affect our business, financial condition or operating results.

We are subject to significant liability should the consumption of any of our products result in illness, injury, or death.

The sale of products for human use and consumption involves the risk of injury, death, or illness to consumers. Such injuries may result from inadvertent mislabeling, tampering by unauthorized third parties, product contamination, or spoilage. Although we believe we are in compliance with all applicable manufacturing and health and safety regulations, if our products cause alleged or actual injury in the future, we may be subject to product liability claims and lawsuits. Under certain circumstances, we may be required to recall or withdraw products, which may lead to a material adverse effect on our business. Even if a product liability claim is unsuccessful or is not fully pursued, the negative publicity surrounding any assertion that our products caused illness or physical harm could adversely affect our reputation with existing and potential customers and consumers and our corporate and brand image. Moreover, claims or liabilities of this type might not be covered by our insurance or by any rights of indemnity or contribution that we may have against others. We maintain product liability insurance in an amount that we believe to be adequate. However, we cannot be sure that we will not incur claims or liabilities for which we are not insured or that exceed the amount of our insurance coverage. A product recall or a product liability judgment against us could have a material adverse effect on our business, consolidated financial condition, results of operations and/or liquidity.

Future litigation may lead us to incur significant costs.

We may become party to various litigation claims and legal proceedings in the ordinary course of business, which may include lawsuits or claims related to contracts, intellectual property, product recalls, product liability, the marketing and labeling of products, employment matters, environmental matters or other aspects of our business. Even when such lawsuits in our judgment have little or no merit, the defense of these lawsuits may be costly and divert our management's attention. In addition, we may be required to pay damage awards or settlements or become subject to injunctions or other equitable remedies, which could have a material adverse effect on our financial position, cash flows or results of operations. The outcome of litigation is often difficult to predict, can vary from quarter to quarter based on the status of the proceedings, and could be material to our results in any given quarter.

Our use of acquisitions as a primary growth strategy exposes us to risk, including but not limited to successfully executing and integrating acquisitions.

We intend to continue to grow our business in part through the acquisition of other businesses in the United States. Our acquisition strategy is based on identifying and acquiring brands with products that complement our existing product mix and industry focus. However, we cannot be certain that we will be able to successfully identify suitable acquisition candidates, negotiate acquisitions of identified candidates on terms acceptable to us, or integrate acquisitions that we complete.

We may encounter increased competition for acquisitions in the future, which could result in acquisition prices we do not consider acceptable. We are unable to predict whether or when any prospective acquisition candidate will become available or the likelihood that any acquisition will be completed. The success of acquisitions we make will be dependent upon our ability to effectively integrate those brands, including our ability to realize potential marketing opportunities and cost savings. Furthermore, acquisition-related costs are required to be expensed as incurred even though the acquisition may not be completed, increasing our risk of experiencing losses.

Despite our due diligence investigation of each business that we acquire, there may be liabilities of the acquired companies that we fail to or are unable to discover during the due diligence investigation and for which we, as a successor owner, may be responsible. We cannot guarantee that we will be successful in new categories or markets in which we have little or no experience. Moreover, we cannot be certain as to the cost savings that may be realized as the result of a new business acquisition, or that if the new business combination will increase our profitability and competitive advantage.

Businesses acquired may not achieve the level of sales or profitability that justify the investment made. We may determine to discontinue products if they do not meet, among other reasons, our standards for quality or profitability or both, which may have a material adverse effect on sales relating to such acquisition. Inadequate sales and profitability related to an acquisition may be caused by failure in integrating an acquisition's distribution channels with our own, coordinating sales force activities of an acquired business to our current customer base, integrating an acquired business into our management information systems, or integrating an acquired business's products into our product mix.

Additionally, integrating an acquisition into our existing operations will require management resources and may divert management's attention from our day-to-day operations. If we are not successful in integrating the operations of acquired brands, our business could be harmed.

As a relatively small company, if we experience significant unexpected costs or decrease in revenue, we may be unable to achieve the level of liquidity needed to act on expansion opportunities or continue operations in the future.

Unlike many of our competitors, we are not a relatively large company. As such, we have fewer resources available to our disposal, and we are likely to be more affected by unexpected costs or decreases in revenue, including but not limited to legal costs, compliance costs, maintenance fees, settlement costs, increased raw material and transportation costs, loss of a major customer, or major reductions in purchase volume by our customers. Depending on the significance of these potential unexpected losses, we may be forced to slow, delay, or stop our pursuit of available expansion opportunities or to stop all or part of our daily operations, whether short-term or long term. Any such stops or delays will negatively affect our business and our profitability.

If our information technology systems fail to perform properly, our operations could be adversely affected.

The efficient operation of our business depends on our information technology systems. We rely on our information technology systems to effectively manage our business data, communications, supply chain, order entry and fulfillment, and other business processes. The failure of our information technology systems to perform as we anticipate could disrupt our business and could result in transaction errors, processing inefficiencies, and the loss of sales and customers, causing our results of operations to suffer.

In addition, our information technology systems may be vulnerable to damage or interruption from circumstances beyond our control, including fire, natural disasters, system failures, security breaches, and viruses. Any such damage or interruption could have a material adverse effect on our business.

The market that we operate in is highly competitive, and we compete with many companies who have greater resources or are more adaptable to change than us.

We operate in highly competitive geographic and product markets. Numerous brands and products compete for limited retailer shelf space, where competition is based on product quality, brand recognition and loyalty, price, product innovation and promotional activity, availability and taste among other things. Retailers also market competitive products under their own private labels, which are generally sold at lower prices and compete with some of our products, although we do manufacture some products under private labels too.

We cannot be certain that we will successfully compete for sales to distributors or retailers that purchase from larger competitors that have greater financial, managerial, sales and technical resources. Larger food companies may be able to use their resources and scale to respond to competitive pressures and changes in consumer preferences by introducing new products, reducing prices or increasing promotional activities. We also compete with other regional and local natural packaged food brands and companies which may be more adaptable and innovative, bringing new products to market faster and exploiting niche markets more quickly. Strong competition may drive down prices and decrease our profitability.

Retailers also market competitive products under their own private labels, which are generally sold at lower prices and compete with some of our products. As a result of actual or perceived conflicts resulting from this competition, retailers may take actions that negatively affect us. As a result, we may need to increase our marketing, advertising and promotional spending to protect our existing market share, which may result in an adverse impact on our profitability.

Certain members of management, directors, and common stockholders may face conflicts of interest due to the concentrated distribution of our preferred stock.

Our preferred stock is beneficially owned by Jay Wright, chairman, and David Sackler, CEO. Our preferred stock gives control of our company to these two individuals. Therefore, these two individuals have discretion over the direction and actions of the company, regardless of the views of the common stockholders. As such, should a conflict of interest arise in the future between Mr. Wright, Mr. Sackler, and the common stockholders, the common stockholders would have limited influence on the direction of the company.

Issuer Certification

The issuer shall include certifications by the chief executive officer and chief financial officer of the issuer (or any other persons with different titles, but having the same responsibilities).

The certifications shall follow the format below:

I, David Sackler certify that:

1. I have reviewed this Q1 - 2016 Financial Statements of Nutroganics, Inc.;

2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and

3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

23 May 2016

/s/ David Sackler________
David Sackler, CEO

/s/ Douglas A. Scott, Jr.___
Douglas A. Scott, Jr. CFO