

SYNDICATION, INC. AND SUBSIDIARY
(A Development Stage Company)
(formerly SYNDICATION NET.COM, INC.)
Balance Sheet

ASSETS

| | <u>December 31,</u> <u>2008</u> | <u>December 31,</u> <u>2007</u> |
|---|------------------------------------|------------------------------------|
| CURRENT ASSETS | | |
| Cash | \$ 4,904 | \$ 195,914 |
| Prepaid expenses | <u>175</u> | <u>430</u> |
| Total Current Assets | <u>5,079</u> | <u>196,344</u> |
| FIXED ASSETS | | |
| Property, Plant and Equipment, net of acciuated Depreciation of \$36,902 and \$10,306 respectively | 108,597 | 85,982 |
| OTHER ASSETS | | |
| Capitalized Financing costs, net of accumulated Amortization of \$158,541 and \$103,369 | 6,980 | 62,152 |
| Deposits | <u>2,260</u> | <u>-</u> |
| TOTAL ASSETS | <u>\$ 122,916</u> | <u>\$ 344,478</u> |

The accompanying notes are an integral part of these consolidated financial statements.

SYNDICATION, INC. AND SUBSIDIARY
(A Development Stage Company)
(formerly SYNDICATION NET.COM, INC.)
Balance Sheet

LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)

| | <u>December 31,</u> <u>2008</u> | <u>December 31,</u> <u>2007</u> |
|---|------------------------------------|------------------------------------|
| CURRENT LIABILITIES | | |
| Accounts payable and accrued expenses | \$ 820,660 | \$ 416,893 |
| Obligations under capital lease – current portion | 20,720 | 14,926 |
| Note payable – related party | 824,655 | 765,787 |
| Note payable | 108,611 | 108,611 |
| Convertible debentures – current portion | 611,041 | 177,561 |
| Payroll liabilities | <u>12,838</u> | <u>-</u> |
| Total Current Liabilities | <u>2,398,525</u> | <u>1,483,778</u> |
| LONG TERM LIABILITIES | | |
| Obligations under capital lease | 44,123 | 60,942 |
| Note payable, long term | - | 521,233 |
| Derivative and warranty liability relating to convertible debentures | <u>228,373</u> | <u>3,110,045</u> |
| Total Long Term Liabilities | <u>272,496</u> | <u>3,692,220</u> |
| STOCKHOLDERS' EQUITY (DEFICIT) | | |
| Preferred stock: 20,000,000 shares authorized of \$0.0001 par value, 2 million shares issued and outstanding | 200 | 200 |
| Common stock: 3,000,000,000 shares authorized of \$0.0001 par value, 181,392,665 (after reverse split 1:200, Nov 06, 2008), at Dec 31, 2007 there were 472,274,864 shares issued and outstanding respectively | 18,139 | 47,228 |
| Additional paid-in capital | 5,243,005 | 4,805,216 |
| Stock subscriptions payable | - | - |
| Stock warrants payable | - | - |
| Deficit accumulated prior to the development stage | (2,231,519) | (2,231,519) |
| Deficit accumulated during the development stage | <u>(5,577,730)</u> | <u>(7,452,445)</u> |
| Total Stockholders' Equity (Deficit) | <u>(2,548,105)</u> | <u>(4,831,520)</u> |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT) | <u>\$ 122,916</u> | <u>\$ 344,478</u> |

The accompanying notes are an integral part of these financial statements.

SYNDICATION, INC. AND SUBSIDIARY
(A Development Stage Company)
(formerly SYNDICATION NET.COM, INC.)
Statements of Operations

| | For the <u>Twelve Months</u> Ended December 31, | | From inception of the Development stage on January 1, 2004 through <u>December 31, 2008</u> |
|---|--|-----------------------|---|
| | <u>2008</u> | <u>2007</u> | |
| Sales revenue | \$ 62,813 | \$ - | \$ 62,813 |
| OPERATING EXPENSES | | | |
| Selling, general and administrative | 705,782 | 434,580 | 4,841,691 |
| Depreciation | <u>22,046</u> | <u>10,306</u> | <u>32,352</u> |
| Total Operating Expenses | <u>727,828</u> | <u>(444,886)</u> | <u>4,874,043</u> |
| OPERATING LOSS | <u>(665,015)</u> | <u>(444,886)</u> | <u>(4,811,230)</u> |
| OTHER INCOME (EXPENSES) | | | |
| Other Income (expenses) | (62,882) | 35,187 | 464,097 |
| Gain (Loss) on investments | - | - | (420,210) |
| Loss on change in fair value of debt derivative and warrant liabilities | 2,881,672 | (495,779) | 753,939 |
| Interest expenses, net | <u>(279,056)</u> | <u>(539,749)</u> | <u>(1,544,078)</u> |
| Total Other (Expenses) | <u>2,539,734</u> | <u>(1,445,227)</u> | <u>(746,252)</u> |
| LOSS BEFORE INCOME TAXES AND DISCONTINUED OPERATIONS | <u>1,874,719</u> | <u>(1,445,227)</u> | <u>(5,557,482)</u> |
| INCOME TAX EXPENSE | - | - | - |
| INCOME (LOSS) FROM CONTINUING OPERATIONS | <u>1,874,719</u> | <u>(1,445,227)</u> | <u>(5,557,482)</u> |
| GAIN (LOSS) FROM DISCONTINUED OPERATIONS | - | - | <u>(20,248)</u> |
| NET INCOME (LOSS) | <u>\$ 1,874,719</u> | <u>\$ (1,445,227)</u> | <u>\$ (5,577,730)</u> |
| BASIC INCOME AND LOSS PER SHARE | | | |
| Income (loss) Per Share | \$ 0.05 | \$ (0.01) | |
| WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING | <u>35,468,725</u> | <u>259,315,529</u> | |

The accompanying notes are an integral part of these financial statements.

SYNDICATION, INC. AND SUBSIDIARY
(A Development Stage Company)
Consolidated Statements of Stockholders' Equity (Deficit)

| | <u>Common Stock</u> | | Additional | | Stock | Stock | Accumulated |
|---|---------------------|---------------|-------------------------|-------------|----------------------|-----------------|----------------|
| | <u>Shares</u> | <u>Amount</u> | <u>Paid-In/Deferred</u> | <u>Fees</u> | <u>Subscriptions</u> | <u>Warrants</u> | <u>Deficit</u> |
| | | | <u>Capital</u> | | <u>Payable</u> | <u>Payable</u> | |
| Balance, December 31, 2003 | 12,075,088 | 1,207 | 2,021,959 | (292,000) | - | - | (2,231,519) |
| Common stock issued for cash at \$1.00 per share on February 16, 2004 | 50,000 | 5 | 49,995 | - | - | - | - |
| Common stock issued for deferred fees at \$0.80 per share on February 16, 2004 | 30,000 | 3 | 23,997 | (24,000) | - | - | - |
| Common stock issued for assets at \$0.90 per share on February 28, 2004 | 120,000 | 12 | 107,988 | - | - | - | - |
| Common stock issued for assets at \$0.65 per share on March 17, 2004 | 160,000 | 16 | 103,984 | - | - | - | - |
| Common stock issued for assets at \$0.65 per share on March 17, 2004 | 15,000 | 2 | 9,748 | - | - | - | - |
| Common stock issued for assets at \$0.65 per share on March 17, 2004 | 60,000 | 6 | 38,994 | - | - | - | - |
| Common stock issued for deferred fees at \$0.40 per share on May 18, 2004 | 600,000 | 60 | 239,940 | (240,000) | - | - | - |
| Common stock issued for services at \$0.35 per share on June 1, 2004 | 1,200,000 | 120 | 419,880 | - | - | - | - |
| Common stock issued for additional interest on default on note payable at \$0.35 per share on June 15, 2004 | 50,000 | 5 | 17,495 | - | - | - | - |
| Beneficial conversion feature of convertible debentures | - | - | 50,000 | - | - | - | - |
| Common stock issued for services at \$0.44 per share on December 1, 2004 | 675,000 | 67 | 296,932 | - | - | - | - |
| Common stock issued for deferred fees at \$0.50 per share on December 9, 2004 | 80,000 | 8 | 39,992 | (40,000) | - | - | - |
| Common stock issued for services at \$0.55 per share on December 27, 2004 | 250,000 | 25 | 137,475 | - | - | - | - |
| Amortization of deferred fees | - | - | - | 406,000 | - | - | - |
| Net loss for the year ended December 31, 2004 | - | - | - | - | - | - | (2,274,319) |
| Balance, December 31, 2004 | 15,365,088 | \$ 1,536 | \$3,558,379 | \$(190,000) | - | - | \$ (4,505,838) |
| Amortization of deferred fees | - | - | - | 82,500 | - | - | - |

The accompanying notes are an integral part of these consolidated financial statements.

SYNDICATION, INC. AND SUBSIDIARY
(A Development Stage Company)
Consolidated Statements of Stockholders' Equity (Deficit) (Continued)

| | | | | | | | |
|---|-----------|-----|--------|---|---|---|---|
| Common stock issued at \$0.24 per share per Irrevocable TA instructions free trading on June 09, 2005 | 41,667 | 4 | 9,995 | - | - | - | - |
| Common stock issued at \$0.17 per share on June 20, 2005 Loan payoff – draw 1 | 59,788 | 5 | 9,995 | - | - | - | - |
| Common stock issued at \$0.12 per share on June 27, 2005 Loan payoff – draw 2 | 85,034 | 8 | 9,992 | - | - | - | - |
| Common stock issued at \$0.05 per share on July 05, 2005 Loan payoff – draw 3 | 204,082 | 20 | 9,980 | - | - | - | - |
| Common stock issued at \$0.041 per share on Sep 19, 2005 Loan payoff – draw 4 | 243,902 | 24 | 9,976 | - | - | - | - |
| Common stock issued at \$0.03 per share on Sep 26, 2005 Loan payoff – draw 5 | 776,398 | 78 | 24,922 | - | - | - | - |
| Common stock issued at \$0.017 per share on Oct 03, 2005 Note Payable | 1,488,095 | 149 | 24,851 | - | - | - | - |
| Common stock issued at \$0.014 per share on Oct 10, 2005 Note Payable | 2,551,020 | 255 | 24,745 | - | - | - | - |
| Common stock issued at \$0.011 per share on Oct 24, 2005 Note Payable | 2,319,109 | 232 | 24,768 | - | - | - | - |
| Common stock issued at \$0.008 per share on Oct 31, 2005 Note Payable | 3,188,776 | 319 | 24,681 | - | - | - | - |
| Common stock issued at \$0.007 per share on Nov 07, 2005 Note Payable | 3,644,315 | 364 | 24,636 | - | - | - | - |
| Common stock issued at \$0.007 per share on Nov 07, 2005 Interest on Note Payable | 3,594,872 | 359 | 24,301 | - | - | - | - |
| Common stock issued at \$0.005 per share on Nov 14, 2005 Note Payable | 4,611,837 | 464 | 24,536 | - | - | - | - |
| Common stock issued at \$0.004 per share on NOV 17, 2005 Convertible debenture | 2,439,024 | 244 | 9,756 | - | - | - | - |
| Common stock issued at \$0.005 per share on Nov 21, 2005 Note Payable | 4,813,246 | 481 | 24,519 | - | - | - | - |
| Common stock issued at \$0.007 per share on Nov 28, 2005 Note Payable | 3,644,315 | 364 | 24,636 | - | - | - | - |
| Common stock issued at \$0.004 per share on Dec 01, 2005 Convertible debenture | 1,662,500 | 166 | 6,484 | - | - | - | - |
| Common stock issued at \$0.021 per share on Dec 09, 2005 Note Payable | 1,214,772 | 121 | 24,879 | - | - | - | - |
| Common stock issued at \$0.005 per share on Dec 12, 2005 Convertible debenture | 1,106,667 | 111 | 5,201 | - | - | - | - |

The accompanying notes are an integral part of these consolidated financial statements.

SYNDICATION, INC. AND SUBSIDIARY
(A Development Stage Company)
Consolidated Statements of Stockholders' Equity (Deficit) (Continued)

| | | | | | | | |
|--|-------------------|--------------|------------------|---------|-------|-------|--------------------|
| Common stock issued at \$0.015 per share on Dec 12, 2005 Note Payable | 1,759,324 | 176 | 24,824 | - | - | - | - |
| Common stock issued at \$0.013 per share on Dec 19, 2005 Note Payable | 1,962,323 | 196 | 24,804 | - | - | - | - |
| Common stock issued at \$0.011 per share on Dec 29, 2005 To Directors for services & fee | 38,500,000 | 3,850 | 431,200 | - | - | - | - |
| Amortization of deferred fees | - | - | - | 107,500 | - | - | - |
| Common stock issued on related party forgiveness of debt | - | - | 24,678 | - | - | - | - |
| Price rounding adjustments on issuance dates above | (5,080) | 2 | - | - | - | - | - |
| Net loss for the year December 31, 2005 | - | - | - | - | - | - | (2,334,408) |
| Balance on December 31, 2005 | <u>95,271,074</u> | <u>9,528</u> | <u>4,406,738</u> | - | - | - | <u>(6,840,246)</u> |
| Common stock issued at \$0.0054 per share on June 12, 2006 Convertible debenture | 1,851,852 | 185 | 20,371 | - | - | - | - |
| Common stock issued at \$0.0040 per share on Jul 18, 2006 to Knowledge Market for services | 3,250,000 | 325 | 12,675 | - | - | - | - |
| Common stock issued at \$0.0039 per share on July 26, 2006 Convertible debenture | 2,564,103 | 256 | 24,359 | - | - | - | - |
| Common stock issued at \$0.0039 per share on Aug 10, 2006 Convertible debenture | 3,846,154 | 385 | 36,538 | - | - | - | - |
| Common stock issued at \$0.0026 per share on Sep 08, 2006 Convertible debenture | 3,846,154 | 385 | 31,538 | - | - | - | - |
| Common stock issued at \$0.0018 per share on Oct 02, 2006 Convertible debenture | 4,166,667 | 417 | 13,750 | - | - | - | - |
| Common stock issued at \$0.0014 per share on Oct 25, 2006 Convertible debenture | 3,571,429 | 357 | 10,357 | - | - | - | - |
| Common stock issued at \$0.0009 per share on Nov 13, 2006 Convertible debenture | 4,444,444 | 444 | 10,667 | - | - | - | - |
| Common stock issuable per Vintage Filings Agreement dated Nov 14, 2006; 10 million Shares and 10 million warrants issuable | - | - | - | - | 2,500 | 2,460 | - |
| Common stock issued at \$0.0009 per share on Nov 21, 2006 Convertible debenture | 4,444,444 | 444 | 10,667 | - | - | - | - |
| Common stock issued at \$0.0009 per share on Nov 30, 2006 Convertible debenture | 3,888,889 | 389 | 9,333 | - | - | - | - |

The accompanying notes are an integral part of these consolidated financial statements.

SYNDICATION, INC. AND SUBSIDIARY
(A Development Stage Company)
Consolidated Statements of Stockholders' Equity (Deficit) (Continued)

| | | | | | | | |
|--|--------------------|------------------|---------------------|-------------|-----------------|-----------------|-----------------------|
| Common stock issued at \$0.0009 per share on Dec 13, 2006 Convertible debenture | 1,333,333 | 133 | 1,280 | - | - | - | - |
| Common stock issued at \$0.0011 per share on Dec 26, 2006 Convertible debenture | 5,000,000 | 500 | 13,000 | - | - | - | - |
| Common stock issued for services contributed - | - | - | 69,472 | - | - | - | - |
| Net loss for the year December 31, 2006 | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(1,398,491)</u> |
| Balance on December 31, 2006 | <u>137,478,543</u> | <u>\$ 13,748</u> | <u>\$ 4,670,745</u> | <u>\$ -</u> | <u>\$ 2,500</u> | <u>\$ 2,460</u> | <u>\$ (8,238,736)</u> |
| Common stock issued at \$0.0010 per share on Jan 11, 2007 Convertible debenture | 5,000,000 | 500 | 4,500 | - | - | - | - |
| Common stock issued at \$0.0009 per share on Jan 23, 2007 Convertible debenture | 5,222,222 | 522 | 4,178 | - | - | - | - |
| Common stock issued at \$0.0009 per share on Jan 30, 2007 Convertible debenture | 4,222,222 | 422 | 3,378 | - | - | - | - |
| Common stock issued at \$0.0009 per share on Feb 02, 2007 Convertible debenture | 5,222,222 | 522 | 4,178 | - | - | - | - |
| Common stock issued at \$0.0009 per share on Feb 12, 2007 Convertible debenture | 5,222,222 | 522 | 4,178 | - | - | - | - |
| Common stock issued at \$0.0009 per share on Feb 16, 2007 Convertible debenture | 5,222,222 | 522 | 4,178 | - | - | - | - |
| Common stock issued at \$0.0009 per share on Feb 28, 2007 Convertible debenture | 5,222,222 | 522 | 4,178 | - | - | - | - |
| Common stock issued at \$0.0009 per share on Mar 07, 2007 Convertible debenture | 5,000,000 | 500 | 3,000 | - | - | - | - |
| Common stock issued for directors fee On Mar 10, 2007 | 48,040,000 | 4,804 | 43,236 | - | - | - | - |
| Common stock issued for services on Mar 10, 2007 | 10,000,000 | 1,000 | 9,000 | - | - | - | - |
| Common stock issued for loan ext svcs on Mar 10, 2007 | 21,709,000 | 2,171 | 19,538 | - | - | - | - |
| Common stock issued at \$0.0009 per share on Mar 13, 2007 Convertible debenture | 4,142,857 | 414 | 2,486 | - | - | - | - |
| Common stock issued at \$0.0009 per share on Mar 22, 2007 Convertible debenture | 5,142,857 | 514 | 3,086 | - | - | - | - |
| Common stock issued and adjusted on Mar 31, 2007 | - | - | 67,633 | - | - | - | - |
| Common stock issued at \$0.0005 per share on Jul 27, 2007 Convertible debenture | 11,568,627 | 1,157 | 4,743 | - | - | - | - |

| | | | | | | | |
|---|----------------------|------------------|--------------------|------------|------------|------------|-----------------------|
| Common stock issued at \$0.0002 per share on Nov 30, 2007 Convertible debenture | 21,929,824 | 2,193 | 2,807 | - | - | - | - |
| Common stock issued at \$0.0002 per share on Nov 30, 2007 Convertible debenture | 21,929,824 | 2,193 | 2,807 | - | - | - | - |
| Common stock issued at \$0.0002 per share on Dec 13, 2007 Convertible debenture | 37,500,000 | 3,750 | 3,750 | - | - | - | - |
| Common stock issued at \$0.0002 per share on Dec 13, 2007 Convertible debenture | 37,500,000 | 3,750 | 3,750 | - | - | - | - |
| Common stock issued at \$0.0002 per share on Dec 24, 2007 Convertible debenture | 37,500,000 | 3,750 | 3,750 | - | - | - | - |
| Common stock issued at \$0.0002 per share on Dec 24, 2007 Convertible debenture | 37,500,000 | 3,750 | 3,750 | - | - | - | - |
| Warrants unused by the expiry date On Nov 14, 2007 | - | - | - | - | (2,500) | (2,460) | - |
| Net Loss for the year 2007 | - | - | - | - | - | - | (1,445,227) |
| Balance on Dec 31, 2007 | <u>472,274,864</u> | <u>\$47,228</u> | <u>\$4,872,846</u> | <u>\$-</u> | <u>\$-</u> | <u>\$-</u> | <u>(9,683,963)</u> |
| Jan 1 st 2008 thru 11/06/2008 (date of reverse split), Common stock issued at varying rates per share To varying note holders, Total | <u>2,056,245,580</u> | <u>\$205,625</u> | <u>\$125,445-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Balance on 11/06/2008 (date of reverse split 1:200) | <u>2,528,520,444</u> | <u>\$252,853</u> | <u>\$4,996,291</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Reverse Split 1:200 on Nov 06 th 2008 | 12,642,653 | \$(251,589) | \$251,589 | - | - | - | - |
| Common stock issued at \$0.00013333 Per share for cash on Nov 13, 2008 | 18,750,000 | 1,875 | 625 | - | - | - | - |
| Common stock issued to Etrade Financial | 12 | - | - | - | - | - | - |
| Common stock issued for cash at \$0.00005 On 12/23/2008 | 150,000,000 | 15,000 | (7,500) | - | - | - | - |
| Net income for the year 2008 | - | - | - | - | - | - | <u>1,874,716</u> |
| Balance on Dec 31, 2008 | 181,392,665 | \$18,139 | \$5,243,005 | \$- | \$- | \$- | \$(7,809,247) |
| Deficit accumulated prior to development stage | | | | | | | \$ (2,231,519) |
| Deficit accumulated during the development stage | | | | | | | <u>(5,577,728)</u> |
| Accumulated deficit | | | | | | | <u>\$ (7,809,247)</u> |

The accompanying notes are an integral part of these financial statements.

SYNDICATION, INC. AND SUBSIDIARY
(A Development Stage Company)
(formerly SYNDICATION NET.COM, INC.)
Statements of Cash Flows

| Inception Development 1, 2004 | For the <u>Twelve Months Ended</u> <u>December 31,</u> <u>2008</u> <u>2007</u> | | From of the Stage on January through |
|--|--|------------------|--|
| <u>December 31, 2008</u> | Restated | | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Net (Loss) | \$ 1,874,716 | \$ (1,445,228) | \$ (5,577,729) |
| Adjustments to reconcile net loss to net cash provided (used) in operating activities: | | | |
| Amortization of debt discount | 360,547 | 385,599 | - |
| Amortization of debt offering costs | 55,172 | 55,172 | 158,541 |
| Amortization of leased equipment | 13,607 | 10,205 | 23,812 |
| Depreciation Expense | 8,439 | 101 | 13,090 |
| Loss (Gain) on derivative liability | (2,881,672) | 495,779 | 228,373 |
| Stock warrants for services | - | (2,460) | - |
| Shares issued for services | 408,700 | 165,452 | 3,529,978 |
| (Increase) decrease in operating assets: | | | |
| Prepaid expenses | 255 | (430) | (175) |
| Accounts receivable | - | - | - |
| Deposits | (2,260) | - | (2,260) |
| Increase (decrease) in operating liabilities: | | | |
| Accounts payable | 7,278 | 5,591 | (245,336) |
| Accounts payable – related party | 244,590 | 36,859 | 309,946 |
| Payroll liabilities | 12,838 | - | 12,838 |
| Interest payable – convertible debentures | 111,307 | 125,849 | 360,255 |
| Interest payable - convertible debt | 3,708 | - | 3,708 |
| Interest payable – related party | 27,426 | (113,848) | 3,696 |
| Interest payable – others | 9,459 | (12,320) | 43,124 |
| Current portion of LT debt | 493,480 | 117,561 | 611,041 |
| Current portion of LT debt – Obligations under Capital lease | 5,794 | 14,926 | 20,720 |
| (Decrease) in directors fee accrued | - | (48,040) | (12,000) |
| Net Cash Used in Operating Activities | <u>753,384</u> | <u>(209,232)</u> | <u>(518,378)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of Fixed Assets | (44,661) | (1,042) | (50,253) |
| Incorporation expenses | - | - | - |
| Net Cash Used in Investing Activities | <u>(44,661)</u> | <u>(1,042)</u> | <u>(50,253)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from convertible debenture | (1,026,100) | (48,200) | - |

| | | | |
|---|------------------|-------------------|-----------------|
| Payments on convertible debentures | - | - | - |
| Proceeds from convertible debt | (60,000) | 60,000 | - |
| Payments on notes payable | - | (29,400) | 78,611 |
| Notes payable – related party | 58,868 | 396,850 | 711,555 |
| Notes payable – long term | 144,320 | (144,320) | - |
| Debt offering costs | - | - | (165,521) |
| Lease payments under Capital Lease | <u>(16,819)</u> | <u>(34,304)</u> | <u>(51,123)</u> |
| Net Cash Provided by (Used in) Financing Activities | <u>(899,731)</u> | <u>200,626</u> | <u>573,522</u> |
| NET INCREASE (DECREASE) IN CASH | (191,009) | (9,647) | 4,891 |
| CASH, BEGINNING OF PERIOD | <u>195,914</u> | <u>205,561</u> | <u>14</u> |
| CASH, END OF PERIOD | <u>\$ 4,905</u> | <u>\$ 195,914</u> | <u>\$ 4,905</u> |

The accompanying notes are an integral part of these financial statements.

SUPPLEMENTAL CASH FLOW INFORMATION

Cash Payments For:

| | | | | | | |
|--------------|----|---|----|---|----|--------|
| Income taxes | \$ | - | \$ | - | \$ | - |
| Interest | \$ | - | \$ | - | \$ | 11,370 |

Non-Cash Financing Activities

| | | | | | | |
|---|----|---------|----|--------|----|-----------|
| Common stock issued for deferred fees | \$ | - | \$ | 69,749 | \$ | 373,749 |
| Common stock issued for converting N/P | \$ | 133,700 | \$ | 40,000 | \$ | 513,701 |
| Common stock issued for converting debt | \$ | 275,000 | \$ | 48,200 | \$ | 420,862 |
| Common stock issued for services | \$ | - | \$ | 10,000 | \$ | 1,443,232 |
| Forgiveness of debt –related party | \$ | - | \$ | - | \$ | 24,678 |
| Forgiveness of debt | \$ | - | \$ | 5,000 | \$ | 5,000 |

