Sal's Italian Ristorante, Inc. and Subsidiaries
Consolidated Balance Sheets

	UNAUDITED September 30, 2009	December 31, 2008
Assets		
Current Assets		
Cash & Cash Equivalents	$ 28,083	$ 48,390
Notes Receivable	336,757	411,054
Prepaid Expenses & Other Current Assets	-	41,093
Total Current Assets	364,840	500,537
Construction in Progress	134,189	17,915
Property & Equipment, Net	723,310	351,258
Notes Receivable	1,894,870	3,045,505
Total Assets	**$ 3,117,209**	**$ 3,915,215**
Liabilities & Stockholders' Equity (Deficit)		
Current Liabilities		
Accounts Payable & Accrued Expenses	$ 129,462	$ 40,821
Deferred Revenue	147,362	180,086
Total Current Liabilities	276,824	220,907
Non-Current Liabilities		
Deposits	115,000	115,000
Deferred Revenue	768,341	1,290,479
Total Non-Current Liabilities	883,341	1,405,479
Total Liabilities	$ 1,160,165	$ 1,626,386
Commitments & Contingencies	-	-
Stockholders' Equity (Deficit)		
Common Stock, $1.00 par value, 1,000 shares authorized; 400 shares issued and outstanding	400	400
Additional Paid-in Capital	1,681,834	1,618,894
Retained Earnings	1,076,704	1,206,038
Distributions	(801,894)	(536,503)
Total Stockholders' Equity (Deficit)	1,957,044	2,288,829
Total Liabilities & Stockholders' Equity (Deficit)	**$ 3,117,209**	**$ 3,915,215**

The accompanying notes are an integral part of these financial statements

Sal's Italian Ristorante, Inc. and Subsidiaries
Consolidated Statements of Operations
UNAUDITED

	For the Nine Months Ended September 30, 2009	For the Nine Months Ended September 30, 2008	For the Three Months Ended September 30, 2009	For the Three Months Ended September 30, 2008
Sales	$ 1,781,105	$ 1,055,879	$ 627,601	$ 495,698
Cost of Sales	496,603	317,906	190,720	167,896
Gross Profit	1,284,502	737,973	436,881	327,802
Installment Income	59,021	218,147	9,821	76,400
Interest Income	162,837	171,620	38,420	32,037
Other Income	10,523	41,537	2,804	13,846
Total Income	1,516,883	1,169,277	487,926	450,085
Operating Expenses				
Rent	307,628	78,836	143,242	29,975
Salaries	714,892	367,472	284,031	183,892
Selling, General & Administrative	623,697	289,625	294,587	226,116
Total Operating Expenses	1,646,217	735,933	721,860	439,983
Operating Income (Loss)	$ (129,334)	$ 433,344	$ (233,934)	$ 10,102
Other Income (Expense)	-	-	-	-
Net Income (Loss) Before Income Taxes	$ (129,334)	$ 433,344	$ (233,934)	$ 10,102
Provision for Income Taxes	-	-	-	-
Net Income (Loss)	$ (129,334)	$ 433,344	$ (233,934)	$ 10,102
Net Income per Share				
Basic	$ (323.34)	$ 1,083.36	$ (584.84)	$ 25.26
Diluted	$ (323.34)	$ 1,083.36	$ (584.84)	$ 25.26
Number of Shares Used in Per Share Calculations				
Basic	400	400	400	400
Diluted	400	400	400	400

The accompanying notes are an integral part of these financial statements

Sal's Italian Ristorante, Inc. and Subsidiaries
Consolidated Statements of Stockholders' Equity (Deficit)

	Common Stock					
	Number of Shares	Par Value ($1.00) Amount	Additional Paid-In-Capital	Retained Earnings	Distributions	Total Stockholders' Equity (Deficit)
Balance at December 31, 2007	**400**	**$ 400**	**$ 1,114,417**	**$ 628,245**	**$ (251,927)**	**$ 1,491,135**
Distributions to Owners	-	-	-	-	(284,576)	(284,576)
Additional Investment by Stockholders	-	-	504,477	-	-	504,477
Net Profit (Loss)	-	-	-	577,793	-	577,793
Balance at December 31, 2008	**400**	**$ 400**	**$ 1,618,894**	**$ 1,206,038**	**$ (536,503)**	**$ 2,288,829**
Distributions to Owners	-	-	-	-	(109,801)	(109,801)
Distributions to Owners for Sale of Sal's	-	-	-	-	(155,590)	(155,590)
Additional Investment by Stockholders	-	-	62,940	-	-	62,940
Net Profit (Loss)	-	-	-	(129,334)	-	(129,334)
Balance at September 30, 2009 (UNAUDITED)	**400**	**$ 400**	**$ 1,681,834**	**$ 1,076,704**	**$ (801,894)**	**$ 1,957,044**

The accompanying notes are an integral part of these financial statements

Sal's Italian Ristorante, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
UNAUDITED

	For the Nine Months Ended September 30, 2009	2008
Cash Flows from Operating Activities		
Net Income (Loss)	$ (129,334)	$ 433,344
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation & Amortization	27,378	12,566
Changes in operating assets and liabilities:		
Notes Receivable	624,768	(338,789)
Prepaid Expenses & Other Current Assets	41,093	(12,347)
Accounts Payable & Accrued Expenses	88,641	58,766
Deposits	-	(335,000)
Deferred Revenue	(267,223)	507,879
Net Cash Used in Operating Activities	**385,323**	**326,419**
Cash Flows from Investing Activities		
Purchase of Property and Equipment	(86,905)	(365,061)
Cash Sold in Sale of Sal's	-	-
Construction in Process	(116,274)	172,993
Net Cash Used in Investing Activities	**(203,179)**	**(192,068)**
Cash Flows from Financing Activities		
Additional Investment by Stockholders	62,940	102,532
Distributions to Owners	(155,590)	-
Distributions to Owners for Sale of Sal's	(109,801)	(160,625)
Net Cash Provided by Financing Activities	**(202,451)**	**(58,093)**
Net Increase (Decrease) in Cash	**(20,307)**	**76,258**
Cash Beginning of Period	48,390	143,565
Cash End of Period	**$ 28,083**	**$ 219,823**
Supplemental Disclosure of Cash Flow Information:		
Cash Paid during the period for interest	$ -	$ -
Cash Paid during the period for income taxes	-	-
Supplemental Disclosure of Non-Cash Items:		
Assets and Liabilities Divested in Connection with the Sale of Sal's locations to in exchange for a Related Party Payable	$ 155,590	$ -
Assets obtained through foreclosure of Mission Lakes Note Receivable	312,525	$ -

The accompanying notes are an integral part of these financial statements

Sal's Italian Ristorante, Inc. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

UNAUDITED

Note 1 – Organization, Business & Operations

Organization and Line of Business

Sal's Italian Ristorante, Inc. (The Company) is a full service Italian family style restaurant located in south Florida. The Company has three such restaurants two operated companies under common control including a third owned also by Prophet One, Inc. a Company under common control. The Company with Prophet One, Inc. also finances individuals who desire to own and operate their own restaurant. The Company has executed asset sale agreements and installment notes with entities for financing five restaurants at September 30, 2009 (see Note 4).

The Company was incorporated in Florida in 1999. Prophet One was incorporated in Florida October 22, 2004. History

Note 2 - Summary of Significant Accounting Policies

Principles of Consolidation

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America. The financials include entities under common control which are the Company as well as Prophet One, Inc., Pembroke Gardens and Mission Lakes.

Cash and cash equivalents

The Company considers all liquid investments with a maturity of three months or less from the date of purchase that are readily convertible into cash to be cash equivalents.

Concentration of Credit Risk

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist of cash and cash equivalents and installment note receivables. The Company places its cash with high quality financial institutions and at times may exceed the FDIC $250,000 insurance limit. The Company extends credit based on an evaluation of the customer's financial condition, with the security being the restaurant operations. Exposure to losses on receivables is principally dependent on each customer's financial condition and the restaurant operations. The Company monitors its exposure for credit losses and maintains allowances for anticipated losses, as required.

Inventories

Inventories are stated at the lower of cost or market. Cost is computed on a weighted-average basis, which approximates the first-in, first-out method; market is based upon estimated replacement costs. There was no inventory value on the restaurants at the period end dates.

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 amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates

Property & equipment

Property and equipment are recorded at cost. Depreciation is computed using the straight-line method over useful lives of 3 to 10 years. The cost of assets sold or retired and the related amounts of accumulated depreciation are removed from the accounts in the year of disposal. Any resulting gain or loss is reflected in current operations. Assets held under capital leases are recorded at the lesser of the present value of the future minimum lease payments or the fair value of the leased property. Expenditures for maintenance and repairs are charged to operations as incurred.

Impairment of long-lived assets

SFAS No. 144 requires that long-lived assets to be disposed of by sale, including those of discontinued operations, be measured at the lower of carrying amount or fair value less cost to sell, whether reported in continuing operations or in discontinued operations. SFAS No. 144 broadens the reporting of discontinued operations to include all components of an entity with operations that can be distinguished from the rest of the entity and that will be eliminated from the ongoing operations of the entity in a disposal transaction. SFAS No. 144 also establishes a "primary-asset" approach to determine the cash flow estimation period for a group of assets and liabilities that represents the unit of accounting for a long-lived asset to be held and used.

Earnings Per share

The Company reports earnings (loss) per share in accordance with SFAS No. 128, "Earnings per Share." Basic earnings (loss) per share is computed by dividing income (loss) available to common shareholders by the weighted average number of common shares available. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the denominator is increased to include the number of additional common shares that would have been outstanding if the potential common shares had been issued and if the additional common shares were dilutive. Diluted earnings (loss) per share has not been presented since the effect of the assumed conversion of options and warrants to purchase common shares would have an anti-dilutive effect. Basic and Diluted Net Income per Share

Stock-based compensation

SFAS No. 123, "Accounting for Stock-Based Compensation," establishes and encourages the use of the fair value based method of accounting for stock-based compensation arrangements under which compensation cost is determined using the fair value of stock-based compensation determined as of the date of grant and is recognized over the periods in which the related services are rendered. For stock based compensation the Company recognizes an expense in accordance with SFAS No. 123 and values the equity securities based on the fair value of the security on the date of grant. Stock option awards are valued using the Black-Scholes option-pricing model.

Fair value of financial instruments

On January 1, 2008, the Company adopted SFAS No. 157, Fair Value Measurements. SFAS No. 157 defines fair value, establishes a three-level valuation hierarchy for disclosures of fair value measurement and enhances disclosures requirements for fair value measures. The carrying amounts reported in the balance sheets for receivables and current liabilities each qualify as financial instruments and are a reasonable estimate of fair value because of the short period of time between the origination of such

Instruments and their expected realization and their current market rate of interest. The three levels are defined as follow:

- Level 1 inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets. The Company's Level 1 assets include cash equivalents whose carrying value represents fair value because of their short-term maturities of the investments held by these funds.
- Level 2 inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. The Company's Level 2 assets consist of installment notes receivable.
- Level 3 inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The Company's assets and liabilities equate to fair value at September 30, 2009.

Revenue recognition

The Company recognizes revenue from sales, and gross profit on installment sales, and interest earnings, principally from installment sales. Sales revenue are from Company-owned restaurants which are recorded upon delivery of the related food and other products to the customer. The Company presents sales net of sales tax and other sales-related taxes. Gross earnings from installment sales and interest earnings are received from financing of restaurants with third parties who desire to operate their own restaurants.

The primary source for guidance related to revenue recognition originates in Securities and Exchange Commission Staff Accounting Bulletins (Topic 13, which covers SAB 104 and its predecessor SAB 101).

Topic 13 states that "the accounting literature on revenue recognition includes both broad conceptual discussions as well as certain industry-specific guidance. If a transaction is within the scope of specific authoritative literature that provides revenue recognition guidance, that literature should be applied. However, in the absence of authoritative literature addressing a specific arrangement or a specific industry, the Staff will consider the existing authoritative accounting standards as well as the broad revenue recognition criteria specified in the FASB's conceptual framework that contain basic guidelines for revenue recognition." Statement of Financial Accounting Concepts No. 5, "Recognition and Measurement in Financial Statements of Business Enterprises," is a part of the FASB's conceptual framework and creates the foundation for determining the timing of revenue recognition.

Based on these guidelines, "revenue should not be recognized until it is realized or realizable and earned." Concepts Statement 5, paragraph 83(b) states that "an entity's revenue-earning activities involve delivering or producing goods, rendering services, or other activities that constitute its ongoing major or central operations, and revenues are considered to have been earned when the entity has substantially accomplished what it must do to be entitled to the benefits represented by the revenues." Paragraph 84(a) continues "the two conditions (being realized or realizable and being earned) are usually met by the time product or merchandise is delivered or services are rendered to customers, and revenues from manufacturing and selling activities and gains and losses from sales of other assets are commonly recognized at time of sale (usually meaning delivery)." In addition, paragraph 84(d) states that "if services are rendered or rights to use assets extend continuously over time (for example, interest or rent), reliable measures based on contractual prices established in advance are commonly available, and revenues may be recognized as earned as time passes."

According to Topic 13, the Staff believes that revenue generally is realized or realizable and earned when all of the following criteria are met:

1. Persuasive evidence of an arrangement exists.

2. Delivery has occurred or services have been rendered.

3. The seller's price to the buyer is fixed or determinable.

4. Collectability is reasonably assured.

In some situations, the product or service has been delivered and/or the earnings process is complete, but the ability to collect the selling price is questionable and reliable estimates of the potential losses are not possible and, thus, the installment method is used to recognize revenue. The installment method recognizes a portion of the gross profit from the sale as cash is collected. The installment method is generally used in sales to third parties where payments are received over time.

As disclosed in the notes to the combined financial statements during the years ended December 31, 2007 and 2008 the combined Companies completed a number of sale transactions related to restaurant operations. All of these sale transactions/agreements contain provisions such that the sale proceeds will be received by the combined Companies in periodic payments over time, usually ten years. The revenues generated by the restaurant operations, and ultimately the sale proceeds to the combined Companies generated by these transactions, is highly dependent on future events and conditions, including the attainment of target average weekly net sales during the first year of operations. The Company cannot predict to what extent it will ultimately be able to benefit from the sales nor can the Company definitively estimate the revenues that these facilities will provide. As a result, the Company accounts for these restaurant operations sales that sold to third parties under the installment method, which requires that the net gain be recognized over time.

The installment method of accounting for the sales of these restaurant operations is appropriate and in accordance with the revenue recognition guidance provided above, due to the contingent nature of the flow of proceeds to the Company under these sales contracts. In addition, the Company's installment sale accounting meets the realized or realizable and earned requirements of Topic 13.

The Company makes significant judgments related to revenue recognition. Specifically, in connection with each transaction involving our sales of restaurant operations on the installment method of accounting the Company must evaluate whether: (1) persuasive evidence of an arrangement exists, (2) delivery of the restaurant operations has occurred, (3) the fee for such restaurant sales operations is fixed or determinable, and (4) collectability of the contract price is probable. All four of these criteria must be met in order for the Company to recognize revenue with respect to a particular arrangement. The Company applies these revenue recognition criteria as follows:

- Persuasive Evidence of an Arrangement Exists. Prior to recognizing revenue on an arrangement, the Company's customary policy is to have a written Asset Purchase Agreement, signed by both the buyer and the Company.
- Delivery Has Occurred. The Company executes a bill of sale with the buyer in which the Company sells and grants to the buyer the restaurant operations and property and the buyer acknowledges delivery.
- The Fee is Fixed or Determinable. The Company's determination that an arrangement fee is fixed or determinable depends principally on the arrangement's payment terms. The Company's standard payment terms provide the buyer to pay in weekly installments over a ten year period. If the arrangement's payment terms include provisions for a sales price adjustment based on computed average net weekly sales figures, the Company does not consider the fee to be fixed or determinable and generally recognizes revenue ratably over the term of the asset purchase agreement, but not in advance of when the customer's installments become due and payable, even if the fee is otherwise fixed or determinable.
- Collectability is Probable. The Company judges collectability of the arrangement fees on a customer-by-customer basis. Due to the long-term nature of the restaurant operations sales arrangement, the Company recognizes the net gain under that arrangement as customer payments are actually received using the installment sales method.

Advertising

The Company expenses advertising costs as incurred. Advertising costs for the nine months ended September 30, 2009 and 2008, was $82,479 and $52,212, respectively.

Income Taxes

The Company accounts for income taxes using the liability method as required by Statement of Financial Accounting Standards ("FASB") No. 109, Accounting for Income Taxes ("SFAS 109"). Under this method, deferred tax assets and liabilities are determined based on differences between their financial reporting and tax basis of assets and liabilities. The Company was not required to provide for a provision for income taxes for the periods ended September 30, 2009 and December 31, 2008, as the combined entities under common control were Subchapter S Companies, whereby the shareholders individually report their share of the respective profit or losses and as a result there is no provision for income taxes included in these financial statements.

Reclassifications

Certain items in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current period's presentation. These reclassifications have no effect on the previously reported income (loss).

Recently Issued Accounting Pronouncements

The adoption of these accounting standards had the following impact on the Company's statements of income and financial condition:

- FASB ASC Topic 855, "Subsequent Events". In May 2009, the FASB issued FASB ASC Topic 855, which establishes general standards of accounting and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. In particular, this Statement sets forth : (i) the period after the balance sheet date during which management of a reporting entity should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements, (ii) the circumstances under which an entity should recognize events or transactions occurring after the balance sheet date in its financial statements, (iii) the disclosures that an entity should make about events or transactions that occurred after the balance sheet date. This FASB ASC Topic should be applied to the accounting and disclosure of subsequent events. This FASB ASC Topic does not apply to subsequent events or transactions that are within the scope of other applicable accounting standards that provide different guidance on the accounting treatment for subsequent events or transactions. This FASB ASC Topic was effective for interim and annual periods ending after June 15, 2009, which was June 30, 2009 for the Corporation. The adoption of this Topic did not have a material impact on the Company's financial statements and disclosures.

- FASB ASC Topic 105, "The FASB Accounting Standard Codification and the Hierarchy of Generally Accepted Accounting Principles". In June 2009, the FASB issued FASB ASC Topic 105, which became the source of authoritative GAAP recognized by the FASB to be applied by nongovernmental entities. Rules and interpretive releases of the SEC under authority of federal securities laws are also sources of authoritative GAAP for SEC registrants. On the effective date of this FASB ASC Topic, the Codification will supersede all then-existing non-SEC accounting and reporting standards. All other non-SEC accounting literature not included in the Codification will become non-authoritative. This FASB ASC Topic identify the sources of accounting principles and the framework for selecting the principles used in preparing the financial statements of nongovernmental entities that are presented in conformity with GAAP. Also, arranged these sources of GAAP in a hierarchy for users to apply accordingly. In other words, the GAAP hierarchy will be modified to include only two levels of GAAP: authoritative and non-authoritative. This FASB ASC Topic is effective for financial statements issued for interim and annual periods ending after September 15, 2009. The adoption of this topic did not have a material impact on the Company's disclosure of the financial statements

- FASB ASC Topic 320, "Recognition and Presentation of Other-Than-Temporary Impairments". In April 2009, the FASB issued FASB ASC Topic 320 amends the other-than-temporary impairment guidance in GAAP for debt securities to make the guidance more operational and to improve the presentation and disclosure of other-than-temporary impairments on debt and equity securities in the financial statements. This FASB ASC Topic does not amend existing recognition and measurement guidance related to other-than-temporary impairments of equity securities. The FASB ASC Topic shall be effective for interim and annual reporting periods ending after June 15, 2009, with early adoption permitted for periods ending after March 15, 2009. Earlier adoption for periods ending before March 15, 2009, is not permitted. This FASB ASC Topic does not require disclosures for earlier periods presented for comparative purposes at initial adoption. In periods after initial adoption, this FASB ASC Topic requires comparative disclosures only for periods ending after initial adoption. The adoption of this Topic did not have a material impact on the Company's financial statements and disclosures.

The Company is evaluating the impact that the following recently issued accounting pronouncements may have on its financial statements and disclosures.

- FASB ASC Topic 860, "Accounting for Transfer of Financial Asset"., In June 2009, the FASB issued additional guidance under FASB ASC Topic 860, "Accounting for Transfer and Servicing of Financial Assets and Extinguishment of Liabilities", which improves the relevance, representational faithfulness, and comparability of the information that a reporting entity provides in its financial statements about a transfer of financial assets; the effects of a transfer on its financial position, financial performance, and cash flows; and a transferor's continuing involvement, if any, in transferred financial assets. The Board undertook this project to address (i) practices that have developed since the issuance of FASB ASC Topic 860, that are not consistent with the original intent and key requirements of that statement and (ii) concerns of financial statement users that many of the financial assets (and related obligations) that have been derecognized should continue to be reported in the financial statements of transferors. This additional guidance requires that a transferor recognize and initially measure at fair value all assets obtained (including a transferor's beneficial interest) and liabilities incurred as a result of a transfer of financial assets accounted for as a sale. Enhanced disclosures are required to provide financial statement users with greater transparency about transfers of financial assets and a transferor's continuing involvement with transferred financial assets. This additional guidance must be applied as of the beginning of each reporting entity's first annual reporting period that begins after November 15, 2009, for interim periods within that first annual reporting period and for interim and annual reporting periods thereafter. Earlier application is prohibited. This additional guidance must be applied to transfers occurring on or after the effective date.

- FASB ASC Topic 810, "Variables Interest Entities". In June 2009, the FASB issued FASB ASC Topic 810, which requires an enterprise to perform an analysis to determine whether the enterprise's variable interest or interests give it a controlling financial interest in a variable interest entity. This analysis identifies the primary beneficiary of a variable interest entity as the enterprise that has both of the following characteristics: (i)The power to direct the activities of a variable interest entity that most significantly impact the entity's economic performance and (ii)The obligation to absorb losses of the entity that could potentially be significant to the variable interest entity or the right to receive benefits from the entity that could potentially be significant to the variable interest entity. Additionally, an enterprise is required to assess whether it has an implicit financial responsibility to ensure that a variable interest entity operates as designed when determining whether it has the power to direct the activities of the variable interest entity that most significantly impact the entity's economic performance. This FASB Topic requires ongoing reassessments of whether an enterprise is the primary beneficiary of a variable interest entity and eliminate the quantitative approach previously required for determining the primary beneficiary of a variable interest entity, which was based on determining which enterprise absorbs the majority of the entity's expected losses, receives a majority of the entity's expected residual returns, or both. This FASB ASC Topic shall be effective as of the beginning of each reporting entity's first annual reporting period that begins after November 15, 2009, for interim periods within that first annual reporting period, and for interim and annual reporting periods thereafter. Earlier application is prohibited.

- FASB ASC Topic 820, "Fair Value measurement and Disclosures", an Accounting Standard Update. In September 2009, the FASB issued this Update to amendments to Subtopic 82010, "Fair Value Measurements and Disclosures". Overall, for the fair value measurement of investments in certain entities that calculates net asset value per share (or its equivalent). The amendments in this Update permit, as a practical expedient, a reporting entity to measure the fair value of an investment that is within the scope of the amendments in this Update on the basis of the net asset value per share of the investment (or its equivalent) if the net asset value of the investment (or its equivalent) is calculated in a manner consistent with the measurement principles of Topic 946 as of the reporting entity's measurement date, including measurement of all or substantially all of the underlying investments of the investee in accordance with Topic 820. The amendments in this Update also require disclosures by major category of investment about the attributes of investments within the scope of the amendments in this Update, such as the nature of any restrictions on the investor's ability to redeem its investments at the measurement date, any unfunded commitments (for example, a contractual commitment by the investor to invest a specified amount of additional capital at a future date to fund investments that will be made by the investee), and the investment strategies of the investees. The major category of investment is required to be determined on the basis of the nature and risks of the investment in a manner consistent with the guidance for major security types in GAAP on investments in debt and equity securities in paragraph 320-10-50-lB. The disclosures are required for all investments within the scope of the amendments in this Update regardless of whether the fair value of the investment is measured using the practical expedient. The amendments in this Update apply to all reporting entities that hold an investment that is required or permitted to be measured or disclosed at fair value on a recurring or non recurring basis and, as of the reporting entity's measurement date, if the investment meets certain criteria The amendments in this Update are effective for the interim and annual periods ending after December 15, 2009. Early application is permitted in financial statements for earlier interim and annual periods that have not been issued.

- FASB ASC Topic 740, "Income Taxes", an Accounting Standard Update. In September 2009, the FASB issued this Update to address the need for additional implementation guidance on accounting for uncertainty in income taxes. The guidance answers the following questions: (i) Is the income tax paid by the entity attributable to the entity or its owners? (ii) What constitutes a tax position for a pass-through entity or a tax-exempt not-for-profit entity? (iii) How should accounting for uncertainty in income taxes be applied when a group of related entities comprise both taxable and nontaxable entities? In addition, this Updated decided to eliminate the disclosures required by paragraph 740-10-50-15(a) through (b) for nonpublic entities. The implementation guidance will apply to financial statements of nongovernmental entities that are presented in conformity with GAAP. The disclosure amendments will apply only to nonpublic entities as defined in Section 740-10-20. For entities that are currently applying the standards for accounting for uncertainty in income taxes, the guidance and disclosure amendments are effective for financial statements issued for interim and annual periods ending after September 15, 2009.

Note 3 - Fixed Assets

At September 30, 2009 and December 31, 2008, fixed assets are comprised of the following:

	September 30, 2009	December 31, 2008
Furniture, Fixtures and Equipment	$ 67,297	$ 67,297
Leasehold Improvements	700,145	300,715
Less: Accumulated Depreciation	(44,132)	(16,754)
Net Property & Equipment	$ 723,310	$ 351,258

Depreciation and Amortization Expense for the nine months ended September 30, 2009 and 2008, was $27,378 and $12,566, respectively. The Company recognizes depreciation under the straight line method with asset lives of seven years and leasehold improvements over-thirty years.

In May 2009, the Company repossessed the Mission Lakes restaurant and took possession of $312,525 of existing leasehold improvements (see Note 4).

Note 4– Notes Receivable/Deferred Revenue

The Company has installment notes receivable due from its financing activities of new restaurant owners and recognizes its revenue when it is earned over the life of the contract. The installment notes carry an interest rate of 10% and are due in weekly or monthly installments over 10 years. The unearned portion is included as deferred revenue. A summary follows first for September 30, 2009 then December 31, 2008.Security for the notes receivable is the financed restaurant operations which are subject to a conditional assignment of lease.

As of September 30, 2009, a summary of the notes receivable and deferred gain from the financed restaurant operations is as follows by location:

	Notes Receivable	Deferred Revenue
Coral Landings, Florida	$ 548,875	$ 253,300
Southland Mall, Florida	733,632	254,486
Paraiso Parc, Florida	461,342	176,387
Seaplum Town Center, Florida	487,778	231,530
Total Notes Receivable	$ 2,231,627	$ 915,703
Less Amounts Due within One Year	(336,757)	(147,362)
Amounts Due after One Year	$ 1,894,870	$ 768,341

As of December 31, 2008 a summary of the notes receivable and deferred gain from the financed restaurant operations is as follows by location:

	Notes Receivable	Deferred Revenue
Coral Landings, Florida	$ 571,760	$ 262,313
Mission Lakes, Florida	616,488	294,741
Southland Mall, Florida	783,593	263,313
Paraiso Parc, Florida	501,637	195,949
Boynton Beach, Florida	516,169	246,047
Jupiter, Florida	211,105	116,587
Delray Beach, Florida	51,934	11,726
Oakwood, Florida	203,873	79,889
Total Notes Receivable	$ 3,456,559	$ 1,470,565
Less Amounts Due within One Year	(411,054)	(180,086)
Amounts Due after One Year	$ 3,045,505	$ 1,290,479

See Note 7 for the Sale of Sal's Jupiter, Delray Beach and Miramar locations to a related party.

In May 2009, the Company repossessed the Mission Lakes restaurant, cancelled the outstanding notes receivable of $600,164, reversed the unearned revenue of $287,639 and took possession of $312,525 of existing leasehold improvements.

Note 5 - Stockholders' Equity

Distributions

Included in the equity section are cumulative distributions taken by the owners and recorded as such being that the Company was a subchapter S corporation.

Common Stock

The Company is authorized to issue 1,000 shares of stock.

Note 6 - Leases

The Company has operating lease agreements for administrative office and restaurant space, and equipment. Minimum lease payments due are as follows at September 30, 2009.

	Minimum Lease Payments
2009 (remaining 3 months)	$ 63,448
2010	253,791
2011	212,972
2012	199,365
2013	193,021
2014	180,332
Thereafter	646,188
Total	$ 1,749,117

Note 7 – Related Party Transactions

The Company had the following related party transactions:

1. The owners received distributions during the years and are included in the equity section of the Balance Sheet.

2. The owners have loan funds included and described in note three and included in the Balance Sheet under related party payable. (See Note 4)

3. The Company's administrative office rent is contracted and paid by an enterprise owned by one of the stockholders which has not charged the Company rent. The monthly amount is $5,268.

4. The owners of Sal's Italian Ristorante, Inc., sold the Jupiter, Delray Beach and Miramar locations to a related entity. The assets purchased and the liabilities assumed by the related party in this transaction included:

Cash	$ 24,548
Notes Receivable	466,932
Deferred Revenue	(208,202)
Related Party Payable	(127,688)
Distribution to Shareholders for Sale	(155,590)

Note 8 - Deposits

The Company has received a down payment in the amount of $115,000 from a customer for the build-out of restaurant operations. When the build-out is complete, the customer may apply the down payment to the agreed upon purchase price, or the down payment is refundable if the sale is not completed.

Note 9 - Subsequent Events Review

The Company has evaluated all subsequent events through December 7, 2009. The following recognized or unrecognized events require disclosure as significant subsequent events.

In December 2009, the Company reached a settlement agreement totaling $130,000 in connection with the financing of the Palm Beach Gardens, Florida location. This note is payable in twelve installments accruing simple interest at a 6.5% annual rate. On May 19, 2008 the Company received a deposit in the amount of $150,000 and subsequent payments of $33,000 on a note receivable from a group which financed the restaurant. As of August 28, 2008 the note was in default and control of the restaurant was ceded back to the Company.

On November 2, 2009, the Company took back the Southland, Florida restaurant due to the default on the note by the purchaser.

Note 10 - Contingencies

The Company has assigned operating lease agreements for restaurant space to the buyers of the restaurants subject to a note receivable. The lease agreements are guaranteed for two years for related parties of the

Company. In the event of default on the note receivable, the Company will take control of the restaurant operations subject to the lease. Minimum lease payments due on the assigned leases are as follows at September 30, 2009:

	Minimum Lease Payments
2009 (remaining 3 months)	$ 108,283
2010	433,133
2011	433,133
2012	433,133
2013	433,133
2014	433,133
Thereafter	1,807,989
Total	$ 4,081,937

Note 11 - Segment Information

The operating segments reported below are the segments for which operating results are evaluated regularly by management in deciding how to allocate resources and in assessing performance. The Company's reportable segments are strategic divisions that offer different services and are managed separately as each division requires different resources and marketing strategies. The accounting policies of the business segments are the same as those described in the Summary of Significant Accounting Policies in Note 2 of Notes to Consolidated Financial Statements. Intersegment sales are not significant.

Net revenues and operating income (loss) by segments for the nine months ended September 30, 2009 is as follows:

	Restaurant Operations	Restaurant Financing	Total
Revenues	$ 1,781,105	$ 232,381	$ 2,013,486
Expenses	1,899,598	243,222	2,142,820
Net Income	$ (118,493)	$ (10,841)	$ (129,334)

Management reviews the Company's assets on a consolidated basis because it is not meaningful to allocate assets to the various segments. Management evaluates segment performance based on revenues and operating income. The company does not allocate income taxes or charges determined to be non-recurring in nature. The Company exclusively operates in the United States.