



**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM  
AND  
FINANCIAL STATEMENTS**

**December 31, 2009 and 2008**

**HANSEN, BARNETT & MAXWELL, P.C.**  
A Professional Corporation  
CERTIFIED PUBLIC ACCOUNTANTS

**IDEAL FINANCIAL SOLUTIONS, INC. AND SUBSIDIARIES**

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Registered with the Public Company  
Accounting Oversight Board



## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders  
Ideal Financial Solutions, Inc.

We have audited the accompanying consolidated balance sheets of Ideal Financial Solutions, Inc. and subsidiaries as of December 31, 2009 and 2008, and the related consolidated statements of operations, shareholders' deficit, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Ideal Financial Solutions, Inc. and subsidiaries as of December 31, 2009 and 2008, and the consolidated results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States.

*Hansen, Barnett + Maxwell, P.C.*  
HANSEN, BARNETT & MAXWELL, P.C.

Salt Lake City, Utah  
March 19, 2010

**IDEAL FINANCIAL SOLUTIONS, INC.  
CONSOLIDATED BALANCE SHEETS**

	<b>December 31,</b>	
	<b>2009</b>	<b>2008</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 328,856	\$ 151,705
Merchant reserves	286,844	21,749
Related party notes receivable - current portion	8,212	-
<b>Total Current Assets</b>	<b>623,912</b>	<b>173,454</b>
<b>Property and Equipment</b> , net of accumulated depreciation of \$22,608 and \$8,648, respectively	109,425	18,135
<b>Related Party Notes Receivable</b> , net of current portion	18,682	-
<b>Total Assets</b>	<b>\$ 752,020</b>	<b>\$ 191,589</b>
<b>LIABILITIES AND SHAREHOLDERS' DEFICIT</b>		
<b>Current Liabilities</b>		
Trade accounts payable	\$ 328,743	\$ 114,170
Accrued liabilities	870,903	1,218,320
Notes payable	17,230	297,081
<b>Total Current Liabilities</b>	<b>1,216,876</b>	<b>1,629,571</b>
<b>Shareholders' Deficit</b>		
Series A convertible preferred stock, \$0.001 par value; 200,000,000 shares authorized and outstanding; liquidation preference \$10,053	10,053	10,053
Undesignated preferred stock, \$0.001 par value; 300,000,000 shares authorized; no shares outstanding	-	-
Common stock, \$0.001 par value; 8,000,000,000 shares authorized; 4,319,055,833 shares and 3,661,453,440 shares outstanding	4,319,056	3,661,453
Additional paid-in capital	2,309,454	2,877,506
Accumulated deficit	(7,103,419)	(7,986,994)
<b>Total Shareholders' Deficit</b>	<b>(464,856)</b>	<b>(1,437,982)</b>
<b>Total Liabilities and Shareholders' Deficit</b>	<b>\$ 752,020</b>	<b>\$ 191,589</b>

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

**IDEAL FINANCIAL SOLUTIONS, INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**

	<b>For the Years Ended December 31,</b>	
	<b>2009</b>	<b>2008</b>
<b>Revenue, net of refunds</b>	\$ 7,298,707	\$ 924,374
<b>Expenses</b>		
Marketing and advertising	3,734,766	506,464
Customer service	748,873	71,267
Salaries	580,519	353,637
Professional fees	570,268	27,614
General and administrative	742,866	219,667
<b>Total Expenses</b>	<b>6,377,293</b>	<b>1,178,648</b>
<b>Income (Loss) from Operations</b>	<b>921,414</b>	<b>(254,274)</b>
<b>Other Income (Expense)</b>		
Interest expense	(39,788)	(71,819)
Other income	1,949	3,135
<b>Net Other Expense</b>	<b>(37,839)</b>	<b>(68,684)</b>
<b>Net Income (Loss)</b>	<b>\$ 883,575</b>	<b>\$ (322,957)</b>
<b>Basic Earnings (Loss) Per Share</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Diluted Earnings (Loss) Per Share</b>	<b>\$ -</b>	<b>\$ -</b>

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

**IDEAL FINANCIAL SOLUTIONS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF SHAREHOLDERS' DEFICIT**  
**FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2009**

	Preferred Stock		Common Stock		Additional	Accumulated	Total
	Shares	Amount	Shares	Amount	Paid-in Capital	Deficit	Shareholders' Deficit
<b>Balance, December 31, 2007</b>	200,000,000	\$ 10,053	3,554,929,705	\$ 3,554,931	\$ 2,960,929	\$ (7,664,037)	\$ (1,138,124)
Shares issued for services	-	-	106,522,735	106,523	(93,223)	-	13,300
Contribution of an accrued liability to additional paid-in capital by an officer; no additional shares issued	-	-	-	-	9,800	-	9,800
Net loss	-	-	-	-	-	(322,957)	(322,957)
<b>Balance, December 31, 2008</b>	200,000,000	10,053	3,661,452,440	3,661,453	2,877,506	(7,986,994)	(1,437,982)
Shares issued upon conversion of accrued compensation	-	-	600,000,000	600,000	(540,000)	-	60,000
Issuance of unvested shares	-	-	24,000,000	24,000	(24,000)	-	-
Amortization of unvested share-based compensation	-	-	-	-	25,200	-	25,200
Shares issued for services	-	-	95,897,860	95,898	55,772	-	151,670
Shares redeemed for cash	-	-	(62,294,467)	(62,295)	(85,024)	-	(147,319)
Net income	-	-	-	-	-	883,575	883,575
<b>Balance, December 31, 2009</b>	200,000,000	\$ 10,053	4,319,055,833	\$ 4,319,056	\$ 2,309,454	\$ (7,103,419)	\$ (464,856)

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

**IDEAL FINANCIAL SOLUTIONS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	<b>For the Years Ended December 31,</b>	
	<b>2009</b>	<b>2008</b>
<b>Cash Flows from Operating Activities</b>		
Net income (loss)	\$ 883,575	\$ (322,957)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Common stock issued for services	151,670	13,300
Share-based compensation	25,200	-
Depreciation and amortization	13,960	6,919
Changes in operating assets and liabilities:		
Merchant reserves	(265,095)	(21,749)
Accounts payable	214,573	126,909
Accrued liabilities	(287,417)	270,364
<b>Net Cash Provided By Operating Activities</b>	<b>736,466</b>	<b>72,786</b>
<b>Cash Flows from Investing Activities</b>		
Proceeds from collections on related party notes receivable	850	-
Advances on related party notes receivable	(27,744)	-
Purchase of property and equipment	(105,250)	-
<b>Net cash Flows Used In Investing Activities</b>	<b>(132,144)</b>	<b>-</b>
<b>Cash Flow from Financing Activities</b>		
Redemption of common stock	(147,319)	-
Proceeds from issuance of notes payable	-	40,195
Principal payments on notes payable	(279,852)	-
<b>Net Cash Provided by (Used In) Financing Activities</b>	<b>(427,171)</b>	<b>40,195</b>
<b>Net Increase in Cash</b>	<b>177,151</b>	<b>112,981</b>
<b>Cash at Beginning of Year</b>	<b>151,705</b>	<b>38,724</b>
<b>Cash at End of Year</b>	<b>\$ 328,856</b>	<b>\$ 151,705</b>
<b>Supplemental Cash Flow Information</b>		
Cash paid for interest	\$ 39,788	\$ 71,819
<b>Supplemental Schedule of Noncash Investing and Financing Activities</b>		
Common stock issued upon conversion of accrued compensation	\$ 60,000	\$ -
Contribution of an accrued liability to additional paid-in capital by an officer; no additional shares issued	-	9,800

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

**IDEAL FINANCIAL SOLUTIONS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization and Nature of Operations** – Ideal Financial Solutions, Inc. is incorporated under the laws of the State of Nevada and has 11 wholly-owned subsidiaries, which, with Ideal Financial Solutions, Inc., are referred to herein as the Company.

The Company markets and sells a suite of online software solutions to customers for monthly subscription fees that enable the customers to access the Company's software solutions online and to receive related customer support. The Company's software includes education, support and automated online tools intended to enable customers to create additional cash resources, to reduce or eliminate non-asset-building debt and to build financial independence. The suite of software solutions is marketed by the Company and through independent marketing organizations (marketing partners) that are paid a portion of the monthly subscription fees or a one time payment for referral. The Company initiates credit card charges to customers for the monthly subscription fees that are collected through merchant clearing accounts.

**Principles of Consolidation** – The accompanying consolidated financial statements include the operations, transactions and balances of Ideal Financial Solutions, Inc. and all of its wholly-owned subsidiaries. Intercompany balances and transactions have been eliminated in consolidation.

**Use of Estimates** – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, and expenses. Significant estimates include the recoverability of merchant reserves, revenue returns and refunds, share-based compensation forfeiture rates, and the potential outcome of future tax consequences of events that have been recognized for financial reporting purposes. Actual results and outcomes may differ from management's estimates and assumptions.

**Cash and Cash Equivalents** – The Company considers all highly-liquid investments purchased with an original maturity of three months or less to be cash equivalents.

**Merchant Reserves** – Online subscription-based services require the use of credit card merchant accounts. The merchant clearing companies retain a portion of collected fees to cover possible loss from charge backs and refunds. Upon a satisfactory period with a merchant clearing company, the percent of cash held in reserve is reduced and paid to the Company.

**Property and Equipment** – Property and equipment are recorded at cost less accumulated depreciation. Maintenance, repairs, and minor replacements are charged to expense as incurred. When depreciable assets are retired, sold, or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and the resulting gain or loss is reflected in operations. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets, which are three to five years. Depreciation expense for the years ended December 31, 2009 and 2008 was \$5,114, and \$980, respectively.

**Impairment of Long-Lived Assets** – The Company reviews its long-lived assets for impairment annually and when events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. The Company uses an estimate of future undiscounted net cash flows from the related asset or group of assets over their remaining life in measuring whether the assets are recoverable. If it is determined that the carrying value of an asset will not be recovered, the carrying value is written down to



**IDEAL FINANCIAL SOLUTIONS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

the asset's fair value determined by the discounted net cash flows from the asset. No impairment of long-lived assets was recognized during the years ended December 31, 2009 or 2008.

**Revenue Recognition** – Monthly subscription fees vary and are based on the services provided to customers including access to the Company's online software, upgraded access to the software, customer support and training. Subscription fees for each service are determined individually based on the price each service is charged to the customer and are recognized as revenue over the period the services are provided, less estimated refunds and credit card charge-backs based on historical experience rates.

Subscription fees received in advance of recognition as revenue and estimated refunds and credit card charge-backs are deferred; however, deferred revenue at December 31, 2009 and 2008 was immaterial.

**Marketing and Advertising** – The Company has contracts with independent marketing organizations (marketing partners), which marketing partners are paid a portion of the monthly subscription fees, or one time payments, for referrals of customers or for directing prospective customers to the Company's websites. The cost of the services provided are recognized as marketing and advertising expense at the date the referrals are received and the obligation under the contracts is incurred.

**Concentration Risk** – During 2009, the Company had a marketing partner that provided 70% of all revenue. This marketing partner discontinued providing services to the Company in August 2009.

**Customer Service** – The Company outsources customer service to an unaffiliated company and is billed for the customer support provided on an hourly basis. Customer support expenses are recognized as incurred.

**Income Taxes** – Provisions for income taxes are based on taxes payable or refundable for the current year and deferred income taxes. Deferred income taxes are provided on differences between the tax bases of assets and liabilities and their reported amounts in the financial statements and on tax carry forwards. Deferred tax assets and liabilities are included in the financial statements at currently enacted income tax rates applicable to the period in which the deferred tax assets and liabilities are expected to be realized or settled. As changes in tax laws or rates are enacted, deferred tax assets and liabilities are adjusted through the provision for income taxes. A valuation allowance is provided against deferred income tax assets when it is not more likely than not that the deferred income tax assets will be realized.

**Earnings (Loss) Per Share** – The computations of basic earnings (loss) per share are based on net income (loss) divided by the weighted-average number of common shares outstanding during the period, adjusted for qualified participating securities, using the if-converted method, when the qualified participating securities are dilutive. Diluted earnings (loss) per share are calculated by dividing net income (loss) assuming dilution by the weighted-average number of common shares and potentially dilutive shares of common stock issuable upon conversion of non-participating shares. The potential common shares issuable upon exercise of warrants included in diluted earnings (loss) per share are determined by the treasury stock method.

At December 31, 2009, there were 35,005,000 warrants that were excluded from the calculation of diluted earnings per share, as the exercise prices of the warrants were in excess of market price of the common stock and would have been anti-dilutive. At December 31, 2008, there were participating common stock equivalents from convertible preferred stock of 2,000,000,000 shares that were excluded from the computation of basic loss per share and there were 235,005,000 warrants that were excluded from the calculation of diluted loss per share because their effects would have been anti-dilutive.

**IDEAL FINANCIAL SOLUTIONS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

The calculations of basic and diluted earnings (loss) per share were as follows:

	<b>For the Years Ended December 31,</b>	
	<b>2009</b>	<b>2008</b>
Net income (loss)	\$ 883,575	\$ (322,957)
Weighted-average common shares outstanding	4,151,904,873	3,588,211,495
Effect of participating Series A convertible preferred stock	2,000,000,000	-
Basic weighted-average common shares outstanding	6,151,904,873	3,588,211,495
Dilutive effect of outstanding warrants	193,103,448	-
Diluted weighted-average common shares outstanding	6,345,008,321	3,588,211,495
Basic earnings (loss) per share	\$ -	\$ -
Diluted earnings (loss) per share	\$ -	\$ -

**Computer Software Costs** – The Company charges all software development costs to research and development until technological feasibility has been established. Technological feasibility has been established when a detail program design has been completed or the completion of a working model, after which additional development costs and updates are capitalized. After technological feasibility has been established, maintenance costs are expensed as incurred.

**Share-Based Compensation Plan** – The Company accounts for issuances of stock-based compensation to employees and consultants in accordance with generally accepted accounting principles, which require the recognition of the cost of the services received in exchange for an award of equity instruments in the financial statements and is measured based on the grant date fair value of the award or the fair value of the consideration received, whichever is more reliably measureable. Compensation expense is recognized over the period during which service is required to be provided in exchange for the award (the vesting period).

**Consolidation of Variable Interest Entities** – In June 2009, the FASB issued accounting guidance on the consolidation of variable interest entities. This new guidance revises previous guidance by eliminating the exemption for qualifying special purpose entities, by establishing a new approach for determining who should consolidate a variable-interest entity and by changing when it is necessary to reassess who should consolidate a variable-interest entity. This guidance will be effective for the Company on January 1, 2010. The Company does not anticipate that the adoption of this pronouncement will have an impact on its financial position or results of operations.

**Subsequent Events** – The Company has evaluated subsequent events through March 19, 2010, the date that these consolidated financial statements were issued.

**IDEAL FINANCIAL SOLUTIONS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

**NOTE 2 – RELATED PARTY NOTES RECEIVABLE**

During 2009, the Company advanced \$27,744 to two employees under the terms of promissory note agreements. The notes are unsecured, bear interest at 10% and 3%, respectively, require total monthly payments of \$500 and are due in December 2011 and June 2013, respectively. Future annual maturities of these notes are as follows:

	Years Ending December 31,			
	2010	2011	2012	2013
Future maturities	\$ 8,212	\$ 10,616	\$ 5,440	\$ 2,626

**NOTE 3 – INTANGIBLES ASSETS**

The following table summarizes the gross carrying amount and the related accumulated amortization of capitalized computer software costs as of December 31, 2009 and 2008, which are recorded on the balance sheet as part of property and equipment:

		2009		2008	
		Gross		Gross	
	Estimated	Carrying	Accumulated	Carrying	Accumulated
	Useful Life	Amount	Amortization	Amount	Amortization
Capitalized software	3 years	\$ 26,812	\$ 16,127	\$ 23,842	\$ 7,281

Amortization expense related to intangible assets was \$8,846 and \$5,939 during the years ended December 31, 2009 and 2008, respectively. Estimated amortization expense for the years ending December 31, 2010 and 2011 is \$8,937 and \$1,748, respectively.

**NOTE 4 – NOTES PAYABLE**

From 2004 through 2007, the Company borrowed under the terms of unsecured promissory notes from investors. The notes were all in default and were currently due as of December 31, 2009 and 2008. The notes payable consisted of the following:

	December 31,	
	2009	2008
Unsecured 10% notes payable to investors, in default	\$ 17,230	\$ 17,843
Unsecured 15% notes payable to investors	-	279,238
Total Notes Payable	\$ 17,230	\$ 297,081

**NOTE 5 – SHAREHOLDERS' EQUITY**

**Preferred Stock** – The Company is authorized to issue 500,000,000 shares of preferred stock from time to time with such rights and privileges as the Board of Directors may determine. During July 2004 and October 2006, the Board of directors designated and authorized the Company to issued 200,000,000 shares of \$0.001 par value, Series A convertible preferred stock (the "Series A Preferred Stock"). Each share of Series A Preferred Stock is convertible into 10 shares of common stock, or 2,000,000,000 shares of common stock in total.

**IDEAL FINANCIAL SOLUTIONS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

The Series A Preferred Stock has no stated dividend rate and will share in any dividend declared by the Board of Directors on a pro rata basis as though it had been converted into common shares. Should the Board declare a dividend, the Series A Preferred Stock would receive payment prior to any dividends being declared or paid on the common stock. Accordingly, the Series A Preferred Stock is a participating security with the common stock for purposes of computing earnings (loss) per share.

Upon any liquidation of the Company, no distribution shall be made to the holders of shares of common stock or other stock ranking junior to the Series A Preferred Stock unless, prior thereto, the holders of shares of Series A Preferred Stock shall have received an amount equal to the original issue price plus an amount equal to accrued and unpaid dividends and distributions thereon. After this preferential payment, the Series A Preferred Shareholders shall participate on an equal basis with the common shareholders as if the preferred stock had been converted into common stock immediately prior to liquidation.

Except as otherwise required by law, the holders of shares of Series A Preferred Stock vote together with the holders of shares of the common stock on all matters submitted to the stockholders of the Company and not as a separate class, and each share of Series A Preferred Stock entitles the holder thereof to 10 votes or the equivalent amount of voting power thereof as determined by the Board of Directors.

**Common Stock** – In 2008, the Company issued 106,522,735 shares of common stock, valued at \$13,300, or \$0.0001248 per share, as payment for services related to computer software development and maintenance. The common stock and the services provided were valued based on the amount charged by the service provider, which approximated the market value of the common stock issued. Also in 2008, an accrued liability in the amount of \$9,800 payable to the Company's CEO was contributed into capital with no additional shares being issued.

In 2009, the Company issued 95,897,860 shares of common stock to consultants for services valued at \$151,670, or \$0.001582 per share. The common stock and the related services were valued based on the market value of the common stock at the date the shares were issued.

In 2009, the Company issued 600,000,000 shares of common stock to officers of the Company upon satisfaction of accrued compensation. The common stock and the related compensation were valued at \$60,000, or \$0.0001 per share, which was equal to the market value of the common stock on the date issued.

On July 17, 2009, the Company awarded selected officers and key employees a total of 24,000,000 shares of unvested common stock. The common stock awarded to each officer or employee vests over a one year period if the officer or employee is employed on June 30, 2010. The Company has not and will not deliver the related stock certificates to the officers and employees until the service requirement has been fulfilled. The market value of Company's common stock on July 17, 2009 was \$0.0021 per share, or a total of \$50,400, and is being recognized as compensation expense over the period the common shares vest. Compensation expense charged against operations for these stock-based awards during the year ended December 31, 2009 was \$25,200 and is included in salaries expense in the accompanying consolidated financial statements. As of December 31, 2009, unrecognized stock-based compensation was \$25,200 and will be recognized over the remaining vesting term of 6 months. The fair value of the unvested common stock at December 31, 2009 was \$69,600.

In August 2009, the Company purchased and redeemed 62,298,467 shares of common stock for \$147,319, or \$0.00237 per share, for cash. The price paid was equal to the market value of the common stock on the date purchased and the payment did not include any unstated rights.

**IDEAL FINANCIAL SOLUTIONS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

**Warrants** – In 2005 and 2006, the Company issued warrants to purchase 235,005,000 shares of common stock at exercise prices from \$0.0001 to \$0.0600 per share. These warrants were issued to investors with no expiration date and vested at the dates issued. There was no activity in the warrants during the years ended December 31, 2009 and 2008. Warrants outstanding at December 31, 2009 consisted of the following:

<b>Warrants</b>	<b>Exercise Price</b>
200,000,000	\$0.0001
1,825,000	\$0.0060
5,167,000	\$0.0100
26,053,000	\$0.0250
1,460,000	\$0.0500
500,000	\$0.0600
<u>235,005,000</u>	

**NOTE 6 – DEFERRED INCOME TAXES**

The tax effects of temporary differences and carry forwards which give rise to the net deferred income tax asset as of December 31, 2009 and 2008 were as follows:

	<b>December 31,</b>	
	<b>2009</b>	<b>2008</b>
Deferred tax assets		
Operating loss carry forwards	\$ 96,266	\$ 241,728
Accrued salaries	292,161	406,120
Stock-based compensation	143,589	143,589
Accrued vacation	4,530	-
Miscellaneous	-	72,014
Less: Valuation allowance	(522,588)	(859,865)
<b>Total deferred tax assets</b>	<b>13,958</b>	<b>3,586</b>
Deferred tax liabilities		
Depreciation and amortization	(13,958)	(3,586)
<b>Net Deferred Income Tax Asset</b>	<b>\$ -</b>	<b>\$ -</b>

A reconciliation of the amount of tax computed using statutory federal income tax rate to the provision for income taxes is as follows:

	<b>For the Years Ended</b>	
	<b>December 31,</b>	
	<b>2009</b>	<b>2008</b>
Tax expense (benefit) at statutory rate (34%)	\$ 300,962	\$ (109,805)
State tax expense (benefit), net of federal benefit	29,211	(10,658)
Non-deductible expenses	7,104	1,101
Benefit of operating loss carry forwards	(152,092)	-
Change in valuation allowance	(185,185)	119,362
<b>Provision for Income Taxes</b>	<b>\$ -</b>	<b>\$ -</b>

**IDEAL FINANCIAL SOLUTIONS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

At December 31, 2009, the Company has operating loss carry forwards of approximately \$636,000 that will begin to expire in 2024 if not used by that date.

**NOTE 7 – COMMITMENTS AND CONTINGENCIES**

***Employment agreement*** – In July 2003, the Company entered into employment agreements with its chief executive officer, and its executive vice president. In 2010, the Company entered into employment agreements with its chief operating officer and its chief financial officer. The employment agreements have no defined termination date and provide for an annual base compensation with annual reviews and adjustments. Employee agreements exist for other key management positions with varying annual base compensation and a twelve-month duration with an option to extend in perpetuity.

***Merchant Claim*** – During 2009, the Company was notified of a claim from a merchant for alleged credit card fines and penalties incurred in excess of the reserves held by the merchant in the amount of \$115,320. The Company has requested substantiation of the fines and penalties; however, the claimant has been unable to substantiate the claim. The Company is negotiating with the claimant, is currently unable to estimate the outcome or the potential loss that may be incurred, if any, and believes that any loss that may be incurred as a result of this claim has been adequately provided for in the accompanying consolidated financial statements, however, the outcome is uncertain.