

SYNDICATION, INC. AND SUBSIDIARY
(formerly SYNDICATION NET.COM, INC.)
CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2010

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SYNDICATION, INC. AND SUBSIDIARY
(formerly SYNDICATION NET.COM, INC.)
Balance Sheet

ASSETS

	<u>December 31,</u> <u>2010</u>	<u>December 31,</u> <u>2009</u>
CURRENT ASSETS		
Cash		
\$670,890 less cash held in investment	\$ 74,721	\$ 890,215
Prepaid expenses	200	4,165
Trust Activity	<u>-</u>	<u>680</u>
 Total Current Assets	 <u>74,921</u>	 <u>896,060</u>
 FIXED ASSETS		
Property, Plant and Equipment, net of accumulated Depreciation of \$82,207 and \$59,605 respectively	63,292	85,894
 OTHER ASSETS		
Investments held in Cash	596,169	-
Deposits	<u>2,260</u>	<u>2,260</u>
 TOTAL ASSETS	 <u>\$ 736,642</u>	 <u>\$ 983,214</u>

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

SYNDICATION, INC. AND SUBSIDIARY
(formerly SYNDICATION NET.COM, INC.)
Balance Sheet

LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)

	<u>December 31,</u> <u>2010</u>	<u>December 31,</u> <u>2009</u>
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 1,665,967	\$ 1,073,742
Obligations under capital lease – current portion	19,722	18,033
Note payable – related party	433,359	502,309
Note payable	308,611	357,111
Convertible debentures – current portion	462,165	561,300
Payroll liabilities	<u>13,059</u>	<u>13,059</u>
 Total Current Liabilities	 <u>2,902,883</u>	 <u>2,525,554</u>
LONG TERM LIABILITIES		
Obligations under capital lease	18,333	33,343
Derivative and warranty liability relating to convertible debentures	<u>673,654</u>	<u>690,305</u>
 Total Long Term Liabilities	 <u>691,987</u>	 <u>723,648</u>
STOCKHOLDERS' EQUITY (DEFICIT)		
Preferred stock: 20,000,000 shares authorized of \$0.0001 par value, 2,000,000 shares issued and outstanding	200	200
Common stock: 10,000,000,000 shares authorized of \$0.0001 par value, 6,589,769,407 at Dec 31, 2010; there were 5,970,738,824 shares issued at Dec 31, 2009	658,977	597,074
Additional paid-in capital	6,638,371	6,521,056
Deficit accumulated prior to the development stage	(2,231,519)	(2,231,519)
Deficit accumulated during the development stage	<u>(7,924,257)</u>	<u>(7,152,777)</u>
 Total Stockholders' Equity (Deficit)	 <u>(2,858,228)</u>	 <u>(2,265,988)</u>
 TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	 \$ <u>736,642</u>	 \$ <u>983,214</u>

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

SYNDICATION, INC. AND SUBSIDIARY
(formerly SYNDICATION NET.COM, INC.)
Statements of Operations

	For the Twelve Months Ended December 31,	
	<u>2010</u>	<u>2009</u>
Sales revenue	\$ 14,420	\$ 35,162
OPERATING EXPENSES		
Selling, general and administrative	627,768	622,595
Depreciation	<u>22,602</u>	<u>22,703</u>
Total Operating Expenses	<u>650,370</u>	<u>645,298</u>
OPERATING LOSS	<u>(635,950)</u>	<u>(610,136)</u>
OTHER INCOME (EXPENSES)		
Other Income (expenses)	(35)	(291,745)
Gain (Loss) on investments	-	-
Loss on change in fair value of debt derivative and warrant liabilities	16,651	(461,931)
Interest expenses, net	<u>(152,146)</u>	<u>(211,121)</u>
Total Other Income (Expenses) (Net)	<u>(135,530)</u>	<u>(964,797)</u>
LOSS BEFORE INCOME TAXES AND DISCONTINUED OPERATIONS	<u>(771,480)</u>	<u>(1,574,933)</u>
INCOME TAX EXPENSE	-	-
INCOME (LOSS) FROM CONTINUING OPERATIONS	<u>(771,480)</u>	<u>(1,574,933)</u>
GAIN (LOSS) FROM DISCONTINUED OPERATIONS	-	-
NET INCOME (LOSS)	<u>\$ (771,480)</u>	<u>\$ (1,574,933)</u>
BASIC INCOME AND LOSS PER SHARE		
Income (loss) Per Share	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	<u>6,552,704,190</u>	<u>5,461,170,801</u>

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

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

	<u>Common Stock</u>		<u>Additional</u>		<u>Stock</u>		<u>Stock</u>		<u>Accumulated</u>
	<u>Shares</u>	<u>Amount</u>	<u>Capital</u>	<u>Deferred</u>	<u>Subscriptions</u>	<u>Payable</u>	<u>Warrants</u>	<u>Payable</u>	<u>Deficit</u>
Net Income (Loss) for the quarter ended Dec 31, 2010	-	-	-	-	-	-	-	-	(676,080)
Balance on Dec 31, 2010	<u>6,589,769,407</u>	<u>658,977</u>	<u>6,628,372</u>	-	-	-	-	-	<u>10,155,777</u>

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

SYNDICATION, INC. AND SUBSIDIARY
(formerly SYNDICATION NET.COM, INC.)
Statements of Cash Flows

For the Twelve Months Ended
December 31,

	2010	2009
Net Income (Loss)	\$ (771,480)	\$ (1,574,933)
CASH FLOWS FROM OPERATING ACTIVITIES		
Adjustments to reconcile net loss to net cash provided (used) in operating activities:		
Amortization of debt discount	-	-
Amortization of debt offering costs	-	6,980
Amortization of leased equipment	13,607	13,606
Depreciation Expense	8,996	9,097
Loss (Gain) on derivative liability	(16,651)	461,932
Shares issued for services	-	-
Shares issued on conversion of debentures	149,218	-
Preferred stock issued	22	(22)
(Increase) decrease in operating assets:		
Prepaid expenses	2,479	2,504
Deposits	-	(2,260)
Employee advances	1,486	(1,486)
Trust activity	680	(680)
Increase (decrease) in operating liabilities:		
Accounts payable	60,041	3,800
Accounts payable – related party	385,305	290,137
Payroll liabilities	-	221
Interest payable – convertible debentures	55,571	(30,483)
Interest payable – related party	57,875	58,671
Interest payable – others	33,433	9,433
Current portion of LT debt	(103,935)	(1,241)
Debt pending share allocation	(43,700)	-
Current portion of LT debt – Obligations under Capital lease	(1,689)	(2,687)
Rounding adjustments	-	1
Net Cash Provided (Used) in Operating Activities	<u>(165,365)</u>	<u>2,727,514</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	-	-
Investment Held in Cash	(596,169)	-
Net Cash Used in Investing Activities	<u>(596,169)</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from convertible debenture	-	-
Proceeds from convertible debt	-	-
Notes payable – related party	(68,950)	(202,188)
Stock issued for cash	30,000	-
Lease payments under Capital Lease	(15,010)	(10,780)

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

Net Cash Provided by (Used in) Financing Activities	<u>(53,960)</u>	<u>(212,968)</u>
NET INCREASE (DECREASE) IN CASH	815,494	885,311
CASH, BEGINNING OF PERIOD	<u>890,215</u>	<u>4,904</u>
CASH, \$670,890 less cash held in investment; End of Period	<u>\$ 74,721</u>	<u>\$ 890,215</u>

SUPPLEMENTAL CASH FLOW INFORMATION

Cash Payments For:

Income taxes	\$	-	\$	-
Interest	\$	-	\$	-

Non-Cash Financing Activities

Common stock issued for deferred fees	\$	-	\$	-
Common stock issued for converting N/P	\$	-	\$	-
Common stock issued for converting debt & interest	\$	149,218	\$	213,683
Common stock issued as stock dividend	\$	-	\$	7,771
Common stock rescission	\$	-	\$	(52,518)
Common stock converted from preferred stock	\$	-	\$	4,000
Preferred stock issued for fee (adjustment)	\$	22	\$	(22)

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

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Notes to the Financial Statements
December 31, 2010 and December 31, 2009

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Organization

The financial statements presented are those of Syndication, Inc. (formerly Syndication Net.com, Inc.) (Syndication). Syndication was incorporated under the name of Generation Acquisition Corporation (Generation) on March 25, 1999 under the laws of the State of Delaware to engage in any lawful act or activity. Effective August 16, 1999, Life2K.com, Inc. (Life2K) issued 16,200,000 shares of its common stock and 60,000 shares of its preferred stock in exchange for the issued and outstanding stock of Kemper. Effective October 13, 2000, pursuant to an Agreement and Plan of Organization between Generation Acquisition Corporation and Life2K, Generation Acquisition Corporation issued 10,387,750 shares of its outstanding common stock for 100% of the outstanding shares of Life2K. As part of the transaction, Life2K was merged with and into Generation Acquisition Corporation, Life2K was dissolved and Generation Acquisition Corporation changed its name to Syndication Net.com, Inc. and then to Syndication, Inc.

Kemper was incorporated on December 28, 1987 under the State laws of Mississippi. Kemper was organized to procure, buy, sell and harvest forest products for treating poles, conventional lumber and wood products, as well as preserve and treat wood and forest products for sale in wholesale and retail markets.

On October 9, 1997, Kemper entered into an asset purchase agreement and lease assignment under which it conditionally sold all of its assets as well as reassigned its lease related to its manufacturing enterprise. From that time, Kemper has acted as a retail broker, having eliminated virtually all of its manufacturing capacity.

At the time of the acquisition of Kemper, Life2K was essentially inactive, with no operations and minimal assets. Additionally, the exchange of Life2K's common stock for the common stock of Kemper resulted in the former stockholders of Kemper obtaining control of Life2K. Accordingly, Kemper became the continuing entity for accounting purposes, and the transaction was accounted for as a recapitalization of Kemper with no adjustment to the basis of Kemper's assets acquired or liabilities assumed. For legal purposes, Life2K was the surviving entity.

At the time of the acquisition of Life2K, Syndication was essentially inactive, with no operations and minimal assets. Additionally, the exchange of Syndication's common stock for the common stock of Life2K resulted in the former stockholders of Life2K obtaining control of Syndication. Accordingly, Life2K became the continuing entity for accounting purposes, and the transaction was accounted for as a recapitalization of Life2K with no adjustment to the basis of Life2K's assets acquired or liabilities assumed. For legal purposes, Syndication was the surviving entity.

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Notes to the Financial Statements
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NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

b. Accounting Method

The Company's financial statements are prepared using the accrual method of accounting. The Company has elected a December 31 year end.

c. Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

d. Accounts Receivable

The Company has no accounts receivable as of December 31, 2010.

e. Basic Income (Loss) Per Share

The computations of basic loss per share of common stock are based on the weighted average number of common shares outstanding during the period of the financial statements as follows:

	For the Years Ended December 31,	
	2010	2009
Income (loss) from operations	\$ 0.00	\$ 0.00
Total Income (Loss) Per Share	\$ 0.00	\$ 0.05
Weighted Average Number of Shares Outstanding	6,552,704,190	5,461,170,801

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

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f. Recent Accounting Pronouncements

In November 2004, the FASB issued SFAS No. 151 "Inventory Costs, an amendment of ARB No. 43, Chapter 4. The amendments made by Statement 151 clarify that abnormal amounts of idle facility expense, freight, handling costs, and wasted materials (spoilage) should be recognized as current-period charges and require the allocation of fixed production overheads to inventory based on the normal capacity of the production facilities. The guidance is effective for inventory costs incurred during fiscal years beginning after June 15, 2005. Earlier application is permitted for inventory costs incurred during fiscal years beginning after November 23, 2004. The Company has evaluated the impact of the adoption of SFAS 151, and does not believe the impact will be significant to the Company's overall results of operations or financial position.

In December 2004, the FASB issued SFAS No.152, "Accounting for Real Estate Time-Sharing Transactions--an amendment of FASB Statements No. 66 and 67" ("SFAS 152) The amendments made by Statement 152 This Statement amends FASB Statement No. 66, Accounting for Sales of Real Estate, to reference the financial accounting and reporting guidance for real estate time-sharing transactions that is provided in AICPA Statement of Position (SOP) 04-2, Accounting for Real Estate Time-Sharing Transactions. This Statement also amends FASB Statement No. 67, Accounting for Costs and Initial Rental Operations of Real Estate Projects, to state that the guidance for (a) incidental operations and (b) costs incurred to sell real estate projects does not apply to real estate time-sharing transactions. The accounting for those operations and costs is subject to the guidance in SOP 04-2. This Statement is effective for financial statements for fiscal years beginning after June 15, 2005. The Company has evaluated the impact of the adoption of SFAS 152, and does not believe the impact will be significant to the Company's overall results of operations or financial position.

In December 2004, the FASB issued SFAS No.153, "Exchanges of Non-monetary Assets, an amendment of APB Opinion No. 29, Accounting for Non-monetary Transactions."The amendments made by Statement 153 are based on the principle that exchanges of non-monetary assets should be measured based on the fair value of the assets exchanged. Further, the amendments eliminate the narrow exception for non-monetary exchanges of similar productive assets and replace it with a broader exception for exchanges of non-monetary assets that do not have commercial substance. Previously, Opinion 29 required that the accounting for an exchange of a productive asset for a similar productive asset or an equivalent interest in the same or similar productive asset should be based on the recorded amount of the asset relinquished. Opinion 29 provided an exception to its basic measurement principle (fair value) for exchanges of similar productive assets. The Board believes that exception required that some non-monetary exchanges, although commercially substantive, be recorded on a carryover basis. By focusing the exception on exchanges that lack commercial substance, the Board believes this Statement produces financial reporting that more faithfully represents the economics of the transactions. The Statement is effective for

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(Continued)

Non-monetary asset exchanges occurring in fiscal periods beginning after June 15, 2005. Earlier application is permitted for non-monetary asset exchanges occurring in fiscal periods beginning after the date of issuance. The provisions of this Statement shall be applied prospectively. The Company has evaluated the impact of the adoption of SFAS 153, and does not believe the impact will be significant to the Company's overall results of operations or financial position.

In December 2004, the FASB issued SFAS No.123 (revised 2004), "Share-Based Payment". Statement 123(R) will provide investors and other users of financial statements with more complete and neutral financial information by requiring that the compensation cost relating to share-based payment transactions be recognized in financial statements. That cost will be measured based on the fair value of the equity or liability instruments issued. Statement 123(R) covers a wide range of share-based compensation arrangements including share options, restricted share plans, performance-based awards, share appreciation rights, and employee share purchase plans. Statement 123(R) replaces FASB Statement No. 123, Accounting for Stock-Based Compensation, and supersedes APB Opinion No. 25, Accounting for Stock Issued to Employees. Statement 123, as originally issued in 1995, established as preferable a fair-value-based method of accounting for share-based payment transactions with employees. However, that Statement permitted entities the option of continuing to apply the guidance in Opinion 25, as long as the footnotes to financial statements disclosed what net income would have been had the preferable fair-value-based method been used. Public entities (other than those filing as small business issuers) will be required to apply Statement 123(R) as of the first interim or annual reporting period that begins after June 15, 2005. The Company adopted Statement 123(R) in December of 2005.

In December 2004, the Financial Accounting Standards Board issued two FASB Staff Positions - FSP FAS 109-1, Application of FASB Statement 109 "Accounting for Income Taxes" to the Tax Deduction on Qualified Production Activities Provided by the American Jobs Creation Act of 2004, and FSP FAS 109-2 Accounting and Disclosure Guidance for the Foreign Earnings Repatriation Provision within the American Jobs Creation Act of 2004. Neither of these affected the Company as it does not participate in the related activities.

In March 2005, the SEC released Staff Accounting Bulletin No. 107, "Share-Based Payment" ("SAB 107"), which provides interpretive guidance related to the interaction between SFAS 123(R) and certain SEC rules and regulations. It also provides the SEC staff's views regarding valuation of share-based payment arrangements. In April 2005, the SEC amended the compliance dates for SFAS 123(R), to allow companies to implement the standard at the beginning of their next fiscal year, instead of the next reporting period beginning after June 15, 2005. Management is currently evaluating the impact SAB 107 will have on our consolidated financial statements.

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In March 2005, the FASB issued FASB Interpretation No. 47, "Accounting for Conditional Asset Retirement Obligations" ("FIN 47"). FIN 47 provides guidance relating to the identification of and financial reporting for legal obligations to perform an asset retirement activity. The Interpretation requires recognition of a liability for the fair value of a conditional asset retirement obligation when incurred if the liability's fair value can be reasonably estimated. FIN 47 also defines when an entity would have sufficient information to reasonably estimate the fair value of an asset retirement obligation. The provision is effective no later than the end of fiscal years ending after December 15, 2005. The Company will adopt FIN 47 beginning the first quarter of fiscal year 2006 and does not believe the adoption will have a material impact on its consolidated financial position or results of operations or cash flows.

In May 2005, the FASB issued FASB Statement No. 154, "Accounting Changes and Error Corrections." This new standard replaces APB Opinion No. 20, "Accounting Changes, and FASB Statement No. 3, Reporting Accounting Changes in Interim Financial Statements," and represents another step in the FASB's goal to converge its standards with those issued by the IASB. Among other changes, Statement 154 requires that a voluntary change in accounting principle be applied retrospectively with all prior period financial statements presented on the new accounting principle, unless it is impracticable to do so. Statement 154 also provides that (1) a change in method of depreciating or amortizing a long-lived non-financial asset be accounted for as a change in estimate (prospectively) that was effected by a change in accounting principle, and (2) correction of errors in previously issued financial statements should be termed a "restatement." The new standard is effective for accounting changes and correction of errors made in fiscal years beginning after December 15, 2005. Early adoption of this standard is permitted for accounting changes and correction of errors made in fiscal years beginning after June 1, 2005. The Company has evaluated the impact of the adoption of Statement 154 and does not believe the impact will be significant to the Company's overall results of operations or financial position.

In February of 2006, the FASB issued SFAS No. 155, "Accounting for Certain Hybrid Financial Instruments", which is intended to simplify the accounting and improve the financial reporting of certain hybrid financial instruments (i.e., derivatives embedded in other financial instruments). The statement amends SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities", and SFAS No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities—a replacement of FASB Statement No. 125." SFAS No. 155 is effective for all financial instruments issued or acquired after the beginning of an entity's first fiscal year that begins after September 15, 2006.. The Company is currently evaluating the impact SFAS No. 155 will have on its consolidated financial statements, if any.

The implementation of the provisions of these pronouncements is not expected to have a significant effect on the Company's financial statement presentation.

In May 2005, the FASB issued Statement of Financial Accounting Standards No. 154 "*Accounting Changes and Error Corrections, an amendment of APB Opinion 20 and*

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FASB Statement No. 3,” which changes the requirements for accounting for and reporting on a change in accounting principle. This statement is effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005. We believe that the adoption of SFAS No. 154 will not have a material impact on our results of operations.

In March 2006, the FASB issued SFAS No. 156 *“Accounting for Servicing of Financial Assets, an amendment of FASB No. 140,”* which modifies the accounting for and reporting of servicing asset and servicing liabilities. This statement is effective as of the beginning of our first fiscal year that begins after September 15, 2006. SFAS No. 156 is not currently applicable to the company and, we believe that the adoption of SFAS No. 156 will not have a material impact on our results of operations.

In June 2006, the FASB issued Financial Interpretation No. (FIN) 48, *“Accounting for Uncertainty in Income Taxes – an interpretation of FASB Statement 109.”* FIN 48 prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. This interpretation also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. This interpretation is effective for fiscal years beginning after December 15, 2006. The Company is currently evaluating the impact of applying the various provisions of FIN 48.

In September 2006, the FASB issued SFAS No. 157, *“Fair Value Measurements,”* that provides guidance for using fair value to measure assets and liabilities. Under SFAS 157, fair value refers to the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the market in which the reporting entity transacts. SFAS 157 establishes a fair value hierarchy that prioritizes the information used to develop the assumptions that market participants would use when pricing the asset or liability. The fair value hierarchy gives the highest priority to quoted prices in active markets and the lowest priority to unobservable data. In addition, SFAS 157 requires that fair value measurements be separately disclosed by level within the fair value hierarchy. This standard will be effective for financial statements issued for fiscal periods beginning after November 15, 2007 and interim periods within those fiscal years. The Company is currently evaluating the impact of applying the various provisions of SFAS 157.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

g. Property and Equipment

Property and equipment is recorded at cost. Major additions and improvements are

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capitalized. The cost and related accumulated depreciation of equipment retired or sold are removed from the accounts and any differences between the undepreciated amount and the proceeds from the sale are recorded as gain or loss on sale of equipment. Depreciation is computed using the straight-line method over a period of five years. As of December 31, 2007 & December 31, 2006, all equipment has been fully depreciated, except for the equipment acquired in 2007.

h. Provision for Income Taxes

Deferred taxes are provided on a liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss and tax credit carryforwards and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

Net deferred tax assets consist of the following components as of December 31, 2010 and 2009:

	2010	2009
Deferred tax assets		
NOL Carryover	\$ 10,155,777	\$ 9,384,296
Accrued expenses	-	-
Deferred tax liabilities:	-	-
Valuation allowance	(10,155,777)	(9,384,296)
Net deferred tax asset	\$ -	\$ -

The income tax provision differs from the amount of income tax determined by applying the U.S. federal income tax rate of 39% to pretax income from continuing operations for the years ended December 31, 2010 and 2009 due to the following:

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

	2010	2009
Book income	\$ (771,480)	\$ (1,574,933)
Valuation allowance	771,480	1,574,933
	\$ -	\$ -

At December 31, 2010, the Company had net operating loss carry forwards of approximately \$10,155,777 that may be offset against future taxable income from the

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year 2004 through 2024. No tax benefit has been reported in the December 31, 2010 financial statements since the potential tax benefit is offset by a valuation allowance of the same amount.

Due to the change in ownership provisions of the Tax Reform Act of 1986, net operating loss carryforwards for Federal income tax reporting purposes are subject to annual limitations. Should a change in ownership occur, net operating loss carryforwards may be limited as to use in the future.

j. 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 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.

k. Advertising

The Company follows the policy of charging the costs of advertising to expense as incurred. Advertising expense for the years ended December 31, 2010 and 2009 was \$- and \$14,871 respectively.

l. Revenue Recognition Policy

Syndication has not instituted a policy for dealing or recording revenue recognition at this time. The company believes that as the business grows, we will have more frequent occasions to deal with this type of issue and will be in a position to better structure an effective policy.

NOTE 2 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31, 2010:

Office equipment	\$ 7,965
Computer	1,042
Equipment	41,246
Equipment leased (capital lease)	95,246
Accumulated depreciation	<u>(82,207)</u>
Net property and equipment	<u>\$ 63,292</u>

Depreciation expense including amortization expense for leased equipment for the years ended December 31, 2010 and 2009 was \$22,602 and \$22,703, respectively.

NOTE 3 - COMMITMENTS AND CONTINGENCIES

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On May 18, 1999, the Company entered into an agreement to acquire a reporting United States corporation with audited financial statements showing no material assets or liabilities. The Company agreed to pay \$100,000 for its services in regard to the transaction. On October 13, 2000 this acquisition took place (Note 1.) The Company has paid a total of \$65,000 and has accrued an additional \$35,000 for legal fees.

On April 7, 1999, the Company ratified its corporate service consulting agreement with Source Management Services, Inc. (Source), a related company owned by a significant shareholder. Source is to oversee the general activities of the Company on a day-to-day basis, develop and execute a business plan, and assist in other ongoing administrative issues.

The Company has also agreed to award Source a bonus of 5% of the outstanding shares of stock when the Company's securities are traded on any United States stock exchange. The Company became listed on the OTC Bulletin Board on March 5, 2003

On September 19, 2000, the Company entered into a Services and Consulting Agreement with Tri-State Metro Territories, Inc. (Tri-State), a business that sells franchised hair coloring salon units under the copyright name of "haircolorxpress." The Company was retained as Tri-State's consultant to assist in the development of management, sales and marketing of "haircolorxpress" franchised hair coloring salon units. The Company received a total of \$152,725 and a 13% interest in Tri-State during 2002 as a result of the consulting agreement. The Company is currently in negotiations with a number of companies that are interested in entering into similar consulting agreements.

NOTE 4 - PREFERRED STOCK

The shareholders of the Company have authorized 20,000,000 shares of preferred stock with a par value of \$0.0001. The terms of the preferred stock are on file for the public with the State of Delaware Corporate Charters. All rights and or modifications of the rights granted under the terms of the preferred shares are to be determined when issued by the board of directors of the Company.

NOTE 5 - NOTES PAYABLE - RELATED PARTY

Notes payable to related parties consisted of the following at December 31, 2010:

Note payable to a related party, due on demand, plus interest at 12% per annum, unsecured.	\$ 433,359
Less: Current Portion	<u>(433,359)</u>
Long-Term Notes Payable to Related Parties	<u><u>\$ -</u></u>

The aggregate principal maturities of notes payable to related parties are as follows:

<u>Year Ended</u> <u>December 31,</u>	<u>Amount</u>
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2010		\$ 433,359
2011		-
2011		-
2012 and thereafter		-
Total		<u>\$ 433,359</u>

Interest expense for the year ended December 31, 2010 and 2009 was \$57,875 and \$90,184 respectively. The total interest payable on this note as of December 31, 2010 is \$74,173.

NOTE 6 - DEBENTURE

On December 30th 2005, Syndication, Inc. (the “Company”), in order to obtain alternative funding for its ongoing operations of the Company, entered into a Termination Agreement with Cornell Capital Partners, LP (the “Investor”) pursuant to which the Standby Equity Distribution Agreement entered between the Company and the Investor dated June 2004 was terminated.

NOTE 7 - NAME CHANGE

In the first Quarter of 2006 the Board of Directors approved and directed the appropriate corporate offices to amend Article I of the Certificate of Incorporation so that it is superceded and was replaced as follows:

The Name of Corporation. The name of the Corporation is “Syndication, Inc.”

NOTE 8 - CHANGE OF AUTHORIZATION

In the Second Quarter of 2010 the Board of Directors approved and directed that the appropriate corporate offices amend Article IV of the Certificate of Incorporation so that it is superceded and was replaced as follows: The total number of shares of stock which the corporation shall have authority to issue is ten billion twenty million (10,020,000,000) of which ten billion (10,000,000,000) shares shall be Common Stock with a par value of \$.0001 and twenty million (20,000,000) shares shall be Preferred Stock with a par value of \$.0001. The Board of Directors is authorized, subject to limitations prescribed by law and the provisions of this Article Fourth, to provide by resolution or resolutions for the issuance of the shares of Preferred Stock in one or more series, and by filing a certificate pursuant to the applicable laws of Delaware to establish from time to time the number of shares included in any such series, and to fix the designation, powers, preferences and rights of the shares of any such series and the qualifications, limitations or restrictions thereof.

NOTE 9 - NOTE PAYABLE

At December 31, 2010, the Company had notes payable totaling \$308,611. These notes

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are unsecured and due on demand. Interest is accrued at varied rates. Interest expense for the years ended December 31, 2010 & 2009 was \$33,433 and \$15,285 respectively.

NOTE 10– MATERIAL BOARD RESOLUTIONS / SUBSEQUENT EVENTS

ITEM 1 October 7th 2010; Dividend Approval

On October 7th, 2010 the BOD approved an additional 2% to 5% common stock dividend of Syndication's stock to be paid in conjunction with the settlement of the % sale of SRE S.C. However, the BOD did not approve the "Declaration Date" of the dividend and stated that the declaration date will co-inside with the settlement date of the 20% sale of SRE S.C

FOLLOW UP SEE SECTION 10a ITEM 4

NOTE 10a- SUBSEQUENT EVENTS

ITEM 1 01/04/11; 20% Sale of Sentinel Renewable Energy Inc.

The CEO executed a Stock Purchase Agreement, (SPA), to sell 20% of Sentinel Renewable Energy Inc., the Company's Bio-Diesel Manufacturing project in South Carolina to Better Environment Concepts Inc., a Delaware Corporation, (BECI), trading OTC.BB, over the counter on the Pink Sheets, under the symbol, (BEEN.PK). In exchange for the sale BECI provided, among other concessions, a \$1,000,000 conditional draw down debenture investment and 10% of BECI's Common Stock.

The arrangement also called for a two consulting agreements, (the Capital Market and Acquisition Structure Consulting Agreement and the SRE S.C. Inc., Plant Operations Oversight Agreement). As a result of the stock exchanges called for under the terms of the contracts the Company and the CEO individually, must be considered greater than 10% shareholders of Better Environment Concepts Inc. At least until certain percentages of the BECI interest are distributed as dividends,

ITEM 2 2/07/11; New Consulting Initiative / Combination Dividend Distribution Program

On February 7th, 2011 the Board in an effort to diversify its business interest decided to pursue multiple offers from companies requesting us to assist them in their efforts to merge or acquire target assets and or companies. For our services, it was decided to establish multiple consulting arrangements requiring cash payments and percentage ownership in the form of the "client company's" common stock. It was further declared that the shares rendered to Syndication under the terms of these agreements would then be distributed as combination dividends in a format similar to the combination dividend of BEEN.PK currently proposed. It is the vision of the Board that future combination dividends may include 2, 3, and even 4 different companies in the same distribution. The company authorized the CEO to release news on these relationships as they develop.

ITEM 3 02/12/11; Dividend Restrictive Legend Lift Policy;

In the later part of 2010 the Board's realized that in many cases the cost of lifting the restrictive legend on the dividends held by shareholders was prohibitive. The Board

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asked the CEO to look into the possibility of providing the Company's shareholders with an affordable service that would enable them to have the restrictive legends on their dividend shares lifted. In response on February 12th, 2011, the CEO proposed and the Board approved what in their opinion was one of the most innovative dividend programs ever initiated by a listed bulletin board company. The program is designed to reward our shareholders for their continued interest and support, as well as establishing policy designed to encourage a long term investment posture. It is our ultimate goal to issue on an annual basis, in quarterly increments, a total of 7.5% to 10% ownership of our company plus ownership interest acquired from client companies by way of our consulting arrangements. It is further recognized by the Board that in order for our shareholder to experience the potential value of their dividends they must be able to lift the restriction on their stock, after the 1 year holding period, at an affordable cost.

Understanding that the normal cost of engaging a Securities Attorney to provide a legal opinion coupled with the service charges required by the brokerage firm and the transfer agent can easily run from \$750.00 to \$1,700.00 per transaction. The Company, in order to enhance the value and attraction of our Company's Dividend Program has created an affordable service that would enable our shareholders, that have held their dividends for a period of 1 year, to have the restrictive legends on their dividend shares lifted for a fee of \$50.00, plus shipping . This service will include a Blanket Legal Opinion for each specific dividend issued and the re-issuance of a new certificate without the "restrictive legend".

The Board further authorized the CEO to launch the new "Dividend Program" tab on the company's web-site. This would provide the shareholders with the "step by step" directions to pay for and avail themselves of the "Dividend Restriction Lifting" service.

ITEM 4 02/15/11; Board Declares a Dividend Record Date of March 31st, 2011;

The Board declares a Combination Restricted Common Stock Dividend with a RECORD DATE of March 31st, 2011. The issuance included a 1.25% Restricted Common Stock Dividend of the Company's .0001 Par value Common and a 25% distribution of the Company's 10% holdings in Better Environment Concepts Inc., BEEN.PK trading on the Pink Sheets OTCBB.

FOR FOLOW UP SEE ITEM - 6

ITEM 5 3/22/11; Warehouse

After receiving multiple independent appraisals on the actual condition of our target warehouse the investment oversight committee consisting of representatives of Syndication Inc. and Better Environment Concepts Inc. (the Company's investor/financer), concluded that the roof of the warehouse was too damaged to repair and must be completely replaced. Further findings of the committee revealed that the original estimate represented by the seller/bank of \$100,000.00 to \$125,000.00 to repair the roof could not be guaranteed for more than one year and left the building un-insurable. The best estimate proposed for the replacement of the entire roof was approximately \$640,000.00 dollars placing the total required investment for the property at \$1,140,000.00 and well out of a competitive price range. The Committee passed a motion to approve a counter offer of \$175,000.00 "as is" for the purchase of the foreclosed property. At this time although, our offer still stands we are not highly confident of its acceptance and are making offers on a number of alternative properties.

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ITEM 6 4/4/11; Dividend Postponement and Transfer Agent Terms Modification;

On March 31st, 2011 the Board was informed by its transfer agent (TA), that their failure to properly file the dividend issuance notification with FINRA, would require the Company to delay its March 31st, 2011 dividend. As a result on April 4th, 2011 the Board passed a resolution charging the CEO with the responsibility of re-negotiating its entire TA service agreement. It was decided that the appointment of the next Record Date would be delayed until the TA agreement was settled. If unsuccessful, he was ordered to switch to one of the TA's aggressively pursuing the Company's business. It was resolved that the adjusted terms would need to include the fee structure for each specific dividend issuance, monthly non-transactional service fees, the dividend certificate re-issuance and restriction lift program and a "quality of service" commitment. Previous resolutions declared that the Company would adhere to a strict but, expensive dividend issuance schedule that called for a total of 8 dividends in 2011 alone. The feasibility of the program will rest essentially on the transfer agent expense. In order to reward our long term shareholders for their loyalty while we, as a company negotiate the recent adverse challenges facing our business plan we intend to provide significant percentage ownership to our shareholders by way of our dividend system.

ITEM 7 4/16/11 \$592,000 Escrow; Board to Pursue other Parties;

The Company was informed on March 22, 2011 by its legal counsel that the International Fraud Investigation Division of HSBC has provided testimony by way of affidavit indicating that the \$5 million SBLC provided by Capital Assets Holding Co. drawn off the HSBC Bank of London was in fact a fraudulently produced counterfeit document. Further testimony and discovery provided under oath by the Defendant John Mulvana revealed that Mr. Katsburg and/or Mr. Liverett provided him with fraudulently fabricated company minutes bearing the forged signatures of the Company's officers authorizing the release of the Company's escrowed funds. Since that time the defendant filed cross complaints against other parties of the transaction that he may believe hold a share of the legal and financial responsibilities asserted against him in our claim. He also requested that the court extend the trial date in order to include the parties named in his cross. To our benefit, on April 16th, 2011 our legal counsel informed us that the court denied his request for an extension and went further to sever his cross from our trial leaving the case as it was originally styled, with him as the sole defendant.

In the Company's opinion the judge's decision was a clear indication that he saw the cross complaint as nothing more than a stall tactic by the defendant Mulvana. It has been the Boards strategy and the advice of counsel to first focus on getting our escrowed funds returned. It was decided that to achieve this goal the best strategy would be to prosecute the escrow attorney Maulvana alone and then pursue the other parties afterwards. In light of the courts recent decisions the Board is relatively confident that its strategy was correct.

By way of counsel, the Company has made it clear to the defendant that we have no intention of settling and expect to receive a full recovery of our \$592,000.00 as well as punitive damages and legal fees which exceed \$100,000.00. The company is highly confident that it will prevail in these matters and passed resolutions authorizing the CEO to

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immediately after the settlement of this suit, prosecute at his discretion and to the fullest extent of the law, any and all additional responsible persons.