

ACCOUNTANT'S COMPILATION REPORT

To the Board of Directors
Golden Valley Development, Inc.
Clearwater, FL

We have compiled the accompanying consolidated balance sheet of Golden Valley Development, Inc. (a corporation) as of December 31, 2011, and the related consolidated statements of operations, changes in stockholders' deficit and cash flows for the year then ended. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

We are not independent with respect to Golden Valley Development, Inc.

Cox CPA Services, Inc.

February 18, 2012

GOLDEN VALLEY DEVELOPMENT, INC.
CONSOLIDATED BALANCE SHEET
December 31, 2011
(unaudited)

ASSETS

Cash	\$	827
Total Current Assets		827
 Property and equipment, net of accumulated depreciation of \$353		 625
Total Assets	\$	1,452

LIABILITIES AND STOCKHOLDERS' DEFICIT

Current Liabilities:

Advances	\$	5,000
Accrued interest		15,230
Convertible notes payable		149,484
Total Current Liabilities		169,714

Stockholders' Deficit:

Preferred Stock Series A; \$.00001 par; 10,000,000 shares authorized, 2,010,000 shares issued and outstanding		20
Preferred Stock Series B; \$.00001 par; 90,000,000 shares authorized, 59,934,058 shares issued and outstanding		599
Preferred Stock Series C; \$.00001 par; 20,000,000 shares authorized, 0 shares issued and outstanding		-
Common Stock; \$.00001 par value; 49,880,000,000 shares authorized 24,205,511,750 shares issued and outstanding		242,055
Additional paid-in-capital		127,808
Accumulated deficit		(538,744)
Total Stockholders' Deficit		(168,262)

Total Liabilities and Stockholders' Deficit	\$	1,452
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See accompanying notes and accountant's compilation report.

GOLDEN VALLEY DEVELOPMENT, INC.
CONSOLIDATED STATEMENT OF OPERATIONS
For the Year Ended December 31, 2011
(unaudited)

Revenue	\$ -
Operating Expenses:	
General and administrative	73,885
Interest expense	<u>18,643</u>
Total Operating Expenses	<u>92,528</u>
Net Loss	<u>\$ (92,528)</u>
Basic and diluted loss per common share	<u>\$ -</u>
Basic weighted average common shares outstanding	14,361,655,723

See accompanying notes and accountant's compilation report.

GOLDEN VALLEY DEVELOPMENT, INC
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' DEFICIT
For the Year Ended December 31, 2011
(Unaudited)

	Common Stock		Preferred Stock Series A		Preferred Stock Series B		Additional Paid-in Capital	Deficit	Totals
	Shares	Amount	Shares	Amount	Shares	Amount			
Balances at December 31, 2010	5,336,200	\$ 53	2,010,000	\$ 20	60,000,000	\$ 600	\$ 244,497	\$ (446,216)	\$(201,046)
Shares issued for cash					17,500		35,000		35,000
Shares issued for services					16,558		33,116		33,116
Preferred stock Series B converted to common stock	20,000,000,000	200,000			(100,000)	(1)	(199,999)		-
Debt converted to common shares	4,200,175,000	42,002					3,498		45,500
Imputed rent							4,656		4,656
Beneficial conversion feature of convertible note payable							7,040		7,040
Fraction shares	550								-
Net loss								(92,528)	(92,528)
Balances at December 31, 2011	<u>24,205,511,750</u>	<u>\$ 242,055</u>	<u>2,010,000</u>	<u>\$ 20</u>	<u>59,934,058</u>	<u>\$ 599</u>	<u>\$ 127,808</u>	<u>\$ (538,744)</u>	<u>\$(168,262)</u>

See accompanying notes and accountant's compilation report.

GOLDEN VALLEY DEVELOPMENT, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2011
(unaudited)

CASH FLOWS FROM OPERATING ACTIVITIES	
Net Loss	\$ (92,528)
Adjustments to reconcile net loss to cash used in operating activities:	
Shares issued for services	33,116
Imputed rent expense	4,656
Amortization of BCF discount	7,040
Depreciation	325
Changes in:	
Advances	5,000
Accrued expenses	11,594
Accounts payable	<u>(3,376)</u>
NET CASH USED IN OPERATING ACTIVITIES	(34,173)
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from issuance of stock	<u>35,000</u>
NET CHANGE IN CASH	827
Cash balance, beginning of the period	<u>-</u>
Cash balance, end of the period	<u><u>\$ 827</u></u>
Supplemental Disclosures:	
Taxes paid	\$ -
Interest paid	\$ -
Shares issued for conversion of debt	\$ 45,500
Beneficial conversion feature on convertible note payable	\$ 7,040

See accompanying notes and accountant's compilation report.

GOLDEN VALLEY DEVELOPMENT, INC.

Notes to Unaudited Consolidated Financial Statements

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business. Golden Valley Development, Inc. ("Golden Valley" or "GVD") was incorporated in Nevada on July 26, 2004, and re-domiciled to the state of Wyoming on October 8, 2010. Since inception in 2004, Golden Valley's business plan has been that of an agriculture broker for farm and ranch products and equipment. In November of 2010, control of Golden Valley changed, and with the change in control, the focus of the business shifted to include the marketing, manufacture and distribution of patented and patentable products, beginning with its first two patented products, "Percuguard" and "Cutstop", which are intended to be used in the health care and hospitality services industries, respectively.

Consolidation Policy. On November 17, 2010, we purchased 100% of the stock of Media Sports Productions, Inc. and Digit-Pro. These consolidated financial statements include the financial information of the wholly owned subsidiaries. All significant inter-company accounts and transactions have been eliminated.

Use of Estimates. In preparing financial statements, management makes estimates and assumptions that affect the reported amounts of assets and liabilities in the balance sheet and revenue and expenses in the statement of expenses. Actual results could differ from those estimates.

Cash and Cash Equivalents. For purposes of the statement of cash flows, Golden Valley considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Property and Equipment. Property and equipment is stated at cost and depreciated using the straight-line method over the estimated life of the assets of three years. The cost of normal maintenance and repairs is charged to expense as incurred and expenditures for major improvements are capitalized at cost. Gains or losses on the disposition of assets are reflected in the income statement at the time of disposal.

Revenue Recognition. Golden Valley recognizes revenue when persuasive evidence of an arrangement exists, services have been rendered, the sales price is fixed or determinable, and collectability is reasonably assured. Golden Valley performs as a broker without assuming the risks and rewards of ownership of the goods, therefore sales are reported on a net basis. After receiving an order, Golden Valley will locate and inspect the desired item. The item will be shipped directly to the customer from the supplier by Golden Valley or the customer can arrange for pickup at the supplier. The item must meet certain industry standards prior to customer acceptance. If the industry standards are not met, the loss carries back to the supplier. If the item meets industry standards and the customer were to reject the item, the loss belongs to the customer. Golden Valley recognizes revenues at the time the customer accepts the item.

Income Taxes. Golden Valley recognizes deferred tax assets and liabilities based on differences between the financial reporting and tax basis of assets and liabilities using the enacted tax rates and laws that are expected to be in effect when the differences are expected to be recovered. Golden Valley provides a valuation allowance for deferred tax assets for which it does not consider realization of such assets to be more likely than not.

Basic and Diluted Net Loss Per Share. Basic and diluted net loss per share calculations are calculated on the basis of the weighted average number of common shares outstanding during the year. They include the dilutive effect of common stock equivalents in years with net income. Basic and diluted loss per share is the same due to the absence of common stock equivalents.

Recently Issued Accounting Pronouncements. Golden Valley does not expect the adoption of recently issued accounting pronouncements to have a significant impact on Golden Valley's results of operations, financial position or cash flow.

NOTE 2 - GOING CONCERN

As shown in the accompanying consolidated financial statements, GVD had an accumulated deficit as of December 31, 2011. These conditions raise substantial doubt as to GVD's ability to continue as a going concern. Management is trying to raise additional capital through sales of stock. The financial statements do not include any adjustments that might be necessary if GVD is unable to continue as a going concern.

NOTE 3 - DEBT

In March 2011, GVD issued a convertible note to the majority stockholder for \$7,040. It is due March 8, 2012, bears interest of 8% per annum, and is convertible at \$.00001 per share. GVD evaluated the application of ASC 470-30 & ASC 470-05, "Accounting for Convertible Securities with Beneficial Conversion Features or Contingently Adjustable Conversion Ratios," and ASC 470-30 & ASC 470-05, "ASC 470-0 & ASC 470-05 to Certain Convertible Instruments" and concluded that a beneficial conversion feature with intrinsic value was included in the amount of \$7,040 which was in interest expense in the first quarter when the note was repaid.

GVD evaluated the application of ASC 815-15 and ASC 815-40 for this convertible note and concluded this instrument was not required to be accounted for as a derivative. GVD also evaluated the application of ASC 470-30 & ASC 470-05, "Accounting for Convertible Securities with Beneficial Conversion Features or Contingently Adjustable Conversion Ratios," and ASC 470-30 & ASC 470-05, "ASC 470-30 & ASC 470-05 to Certain Convertible Instruments" and concluded that the conversion option was not a beneficial conversion feature with intrinsic value.

During the year ended December 31, 2011, \$45,500 of debt was converted to 4,200,175,000 shares of common stock.

A summary of the outstanding third party debt at is as follows:

	Interest rate	December 31, 2011
Note payable to Adavco	8%	\$ 96,477
Note payable to FMCOCO	5%	53,007
Convertible notes payable		\$ 149,484

NOTE 4 - INCOME TAXES

Golden Valley uses the liability method, where deferred tax assets and liabilities are determined based on the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities for financial and income tax reporting purposes. During the year ended December 31, 2011, Golden Valley incurred a net loss and, therefore, has no tax liability. The net deferred tax asset generated by the loss carry-forward has been fully reserved. The cumulative net operating loss carry-forward is approximately \$538,744 at December 31, 2011, and will expire in the year 2029 and 2031.

At December 31, 2011, deferred tax assets consisted of the following:

Deferred tax assets

	December 31, 2011
Net operating losses	\$ 80,812
Less: valuation allowance	(80,812)
Net deferred tax asset	\$ -

NOTE 5 - COMMON AND PREFERRED STOCK

On May 9, 2011 the company commenced a private placement stock offering to sell up to 500,000 preferred stock Series B shares for \$2 per share.

On May 13, 2011, the company effected a 1 for 2,000 reverse stock split relating to its common stock.

On May 19, 2011, the company president, M. Kevin Sorrels converted 100,000 shares of Series B into 20,000,000,000 shares of common stock.

During the year ended December 31, 2011, 4,200,175,000 shares of common stock were issued when \$45,500 of debt was converted to equity.

During the year ended December 31, 2011, 17,500 shares of preferred stock Series B were sold for \$35,000.

During the year ended December 31, 2011, 16,558 shares of preferred stock Series B were issued for administrative, paralegal and consulting services and were valued at \$33,116.

Each share of Series A preferred stock is convertible at any time into the number of shares of common stock equal to four times the sum of all shares of common stock issued and outstanding at time of conversion plus all shares of Series B and Series C preferred stock issued and outstanding at time of conversion divided by the number of shares of Series A preferred stock issued and outstanding at the time of conversion. The holders of Series A preferred stock are entitled to receive dividends when, and if declared by the Board of Directors, in its sole discretion.

Each share of Series B preferred stock is convertible into the number of shares of the corporation's common stock, par value \$.00001 per share, equal to the designated \$2 initial price of the Series B preferred stock divided by the par value of the common stock subject to adjustments as may be determined by the Board of Directors from time to time. The holders of Series B preferred stock are entitled to receive dividends when, and if declared by the Board of Directors, in its sole discretion. Upon liquidation, dissolution or winding up of the corporation, whether voluntarily or involuntarily, before any distribution or payment shall be made to the holders of any stock ranking junior to the Series B preferred stock, the holders of the Series B preferred stock are entitled to be paid out of the assets of the corporation an amount equal to \$1.00 per share or in the event of an aggregate subscription by a single subscriber for Series B preferred stock in excess of \$100,000, \$0.997 per share (as adjusted for any stock dividends, combinations, splits and recapitalization), plus all declared but unpaid dividends, for each share of Series B preferred stock held. After the payment of the full applicable preference value of each share of the Series B preferred stock, the remaining assets of the corporation legally available for distribution, if any, will be distributed ratably to the holders of the corporation's common stock.

Each share of Series C preferred stock is convertible at any time into 500 shares of the corporation's common stock, par value \$.00001 per share. The holders of Series A preferred stock are entitled to receive dividends when, and if declared by the Board of Directors, in its sole discretion. Upon liquidation, dissolution or winding up of the corporation, whether voluntarily or involuntarily, before any distribution or payment shall be made to the holders of any stock ranking junior to the Series B preferred stock, the holders of the Series C preferred stock are entitled to be paid out of the assets of the corporation an amount equal to \$1.00 per share or in the event of an aggregate subscription by a single subscriber for Series C preferred stock in excess of \$100,000, \$0.997 per share (as adjusted for any stock dividends, combinations, splits and recapitalization), plus all declared but unpaid dividends, for each share of Series B preferred stock held. After the payment of the full applicable preference value of each share of the Series B preferred stock, the remaining assets of the corporation legally available for distribution, if any, will be distributed ratably to the holders of the corporation's common stock.

GVD evaluated the application of ASC 815-15 and ASC 815-40 for the preferred stock listed above and concluded these instruments were not required to be accounted for as derivatives. GVD also evaluated the application of ASC 470-30 & ASC 470-05, "Accounting for Convertible Securities with Beneficial Conversion Features or Contingently Adjustable Conversion Ratios," and ASC 470-30 & ASC 470-05, "ASC 470-30 & ASC 470-05 to Certain Convertible Instruments" and concluded that the conversion option was not a beneficial conversion feature with intrinsic value.

NOTE 6 – IMPUTED INTEREST

GVD operates out of its President's office; therefore, rent is imputed based on the fair value of the office space. Imputed rent expense for the year ended December 31, 2011 is \$4,656.

NOTE 7 - LICENSING AGREEMENTS

On November 16, 2010, both of GVD's two wholly-owned subsidiaries entered into separate licensing agreements - regarding certain patents and trademarks - with Protospheric, Inc., an intellectual property holding corporation controlled by GVD's Chairman and CEO Kevin Sorrels.

One licensing agreement, between Protospheric and GVD subsidiary Media Sports Productions, Inc., grants to Media Sports a license to use the trademarked term "CutStop" as well as to develop, market and manufacture goods pursuant to certain patents (patent numbers D373,656; 5,450,626; and 6,807,681) having to do with the "CutStop" finger guard product. In exchange for the license, Protospheric earns 10% royalties on gross sales of the CutStop product, and 50% royalties on any sub-licensing receipts, minus direct costs.

The second licensing agreement, between Protospheric and GVD subsidiary Digit-Pro, grants to Digit Pro a license to use the trademarked term "Percu Guard" as well as to develop, market and manufacture goods pursuant to certain patents (patent numbers D373,656; 5,450,626; and 6,807,681) having to do with the "Percu Guard" sanitized industrial finger guard product. In exchange for the license, Protospheric earns 10% royalties on gross sales of the PercuGuard product, and 50% royalties on any sub-licensing receipts, minus direct costs.

Neither the licensing agreements, nor the underlying patent and trademark assets, have been appraised, and are therefore not included in the balance sheet.

NOTE 8 – SUBSEQUENT EVENTS

The Company has evaluated subsequent events through February 18, 2012, and has none to report.