

**CAPITAL FINANCIAL GLOBAL, INC.
AND SUBSIDIARY**

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2014

(Unaudited)

**CAPITAL FINANCIAL GLOBAL, INC.
AND SUBSIDIARY
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**Capital Financial Global, Inc. and Subsidiary
Consolidated Balance Sheets**

	<u>June 30, 2014</u>	<u>December 31, 2013</u>
	(Unaudited)	(Unaudited)
Assets		
Current Assets		
Cash and cash equivalents	\$ 11,685	\$ 9,918
Note held for sale, net of allowance	510,000	508,000
Interest income receivable, net of allowance	196,450	132,000
Other notes receivable	<u>1,701,200</u>	<u>-</u>
Total Current Assets	2,419,335	649,918
Property and equipment, net	4,332	7,875
Investment in mining property	<u>548,835</u>	<u>548,835</u>
Total Assets	<u><u>\$ 2,972,502</u></u>	<u><u>\$ 1,206,628</u></u>
Liabilities and Stockholders' Equity (Deficit)		
Current Liabilities		
Accounts payable	\$ 99,483	\$ 99,483
Accrued interest payable	188,774	178,422
Accrued interest payable - related party	729	490
Accrued compensation and payroll taxes	295,904	250,173
Credit facilities	-	-
Convertible notes payable	208,815	200,000
Notes payable - related party	11,760	8,500
Other current note payable	-	-
Other current liabilities	<u>7,000</u>	<u>3,729</u>
Total Current Liabilities	812,465	740,797
Long term notes payable	<u>868,574</u>	<u>775,665</u>
Total Liabilities	<u>1,681,039</u>	<u>1,516,462</u>
Stockholders' Equity (Deficit)		
Preferred stock		
Series A, \$0.001 par value, 100 shares authorized, 100 shares issued and outstanding;	2,521,813	2,386,287
Series B, \$0.001 par value, 20,000,000 shares authorized, 2,971,200 shares and 1,270,000 shares issued and outstanding, respectively	2,971,200	1,270,000
Common stock, \$0.001 par value, 500,000,000 shares authorized, 361,687,260 shares and 311,687,260 shares issued and outstanding, respectively	468,248	311,687
Additional paid-in capital	823,681	851,169
Accumulated deficit	<u>(5,493,479)</u>	<u>(5,128,977)</u>
Total Stockholders' Equity (Deficit)	<u>1,291,463</u>	<u>(309,834)</u>
Total Liabilities and Stockholders' Equity (Deficit)	<u><u>\$ 2,972,502</u></u>	<u><u>\$ 1,206,628</u></u>

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

Capital Financial Global, Inc. and Subsidiary
Consolidated Statements of Operations

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2014	2013	2014	2013
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenues				
Interest and fees on loans	\$ 41,576	\$ 38,482	\$ 91,712	\$ 75,026
Interest on fixed maturity trading securities	5,160	2,377	5,160	6,680
Interest expense	-	(1,348)	-	(4,172)
Net interest income	46,736	39,511	96,872	77,534
Net trading gains (losses)	-	(226)	-	9,392
Net unrealized trading gains (losses)	-	(6,805)	-	(20,289)
Loan servicing fees	-	392	502	688
Total non-interest income	-	(6,639)	502	(10,209)
Net Revenue	46,736	32,872	97,374	67,325
Operating Expenses				
Compensation and benefits	34,295	32,302	68,692	64,747
Marketing	2,750	1,832	5,428	3,140
Communications & technology	1,613	(12)	3,275	3,345
Occupancy	1,800	1,800	3,600	3,600
Professional fees	9,391	56,911	16,446	62,329
Provision for uncollectible loan interest income	15,423	-	32,423	-
Other general and administrative	5,562	2,404	9,765	4,097
Depreciation and amortization	1,772	2,016	3,543	4,032
Total operating expense	72,606	97,253	143,172	145,290
Operating Loss	(25,870)	(64,381)	(45,798)	(77,965)
Other Expenses				
Non-operating interest expense	(61,690)	7,703	(131,652)	(46,675)
Loss on extinguishment of debt	(51,526)	-	(51,526)	-
Loss before income taxes	(139,086)	(56,678)	(228,976)	(124,640)
Provision for income tax	-	-	-	-
Net Loss	(139,086)	(56,678)	(228,976)	(124,640)
Series A preferred dividends	(119,776)	-	(135,526)	(4,200)
Series B preferred dividends accumulated and unpaid	(12,665)	(12,665)	(25,191)	(25,191)
Net loss applicable to common shareholders	\$ (271,527)	\$ (69,343)	\$ (389,693)	\$ (154,031)
Net loss per common share:				
Basic and diluted	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)
Weighted average shares outstanding:				
Basic and diluted	395,203,521	179,187,258	374,670,573	179,010,462

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

Capital Financial Global, Inc. and Subsidiary
Consolidated Statements of Changes in Stockholders' Equity (Deficit)
For the Year Ended December 31, 2013 and Six Months Ended June 30, 2014
(Unaudited)

	Series A Preferred Stock		Series B Preferred Stock		Common Stock		Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Equity (Deficit)
	Shares	Amount	Shares	Amount	Shares	Amount			
Balance, December 31, 2012	100	\$ 2,261,337	1,270,000	\$ 1,270,000	175,187,260	\$ 175,187	\$ 868,669	\$ (4,359,485)	\$ 215,708
Issuance for directors fees; \$0.001 per share; January 2013	-	-	-	-	4,000,000	4,000	-	-	4,000
Issuance for cash; \$0.001 per share; July 2013	-	-	-	-	10,000,000	10,000	-	-	10,000
Issuance for cash; \$0.001 to \$0.00125 per share; August 2013	-	-	-	-	27,000,000	27,000	3,000	-	30,000
Issuance for cash; \$0.00125 per share; September 2013	-	-	-	-	20,000,000	20,000	5,000	-	25,000
Issuance for cash; \$0.00111 to \$0.0006 per share; October 2013	-	-	-	-	47,500,000	47,500	(7,500)	-	40,000
Issuance for cash; \$0.00036 per share; December 2013	-	-	-	-	28,000,000	28,000	(18,000)	-	10,000
Series A preferred dividends	-	124,950	-	-	-	-	-	(124,950)	-
Net loss	-	-	-	-	-	-	-	(644,542)	(644,542)
Balance, December 31, 2013	100	2,386,287	1,270,000	1,270,000	311,687,260	311,687	851,169	(5,128,977)	(309,834)
Issuance for cash; \$0.00003 per share; January 2014	-	-	-	-	50,000,000	50,000	(35,000)	-	15,000
Issuance for cash; \$0.001 per share; April 2014	-	-	-	-	15,000,000	15,000	-	-	15,000
Common Stock issued for conversion of debt	-	-	-	-	91,560,653	91,561	7,512	-	99,073
Series B preferred shares issued for notes receivable	-	-	1,701,200	1,701,200	-	-	-	-	1,701,200
Series A preferred dividends	-	135,526	-	-	-	-	-	(135,526)	-
Net loss	-	-	-	-	-	-	-	(228,976)	(228,976)
Balance, June 30, 2014	100	\$ 2,521,813	2,971,200	\$ 2,971,200	468,247,913	\$ 468,248	\$ 823,681	\$ (5,493,479)	\$ 1,291,463

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

Capital Financial Global, Inc. and Subsidiary
Consolidated Statements of Cash Flows

	For the Six Months Ended June 30,	
	2014	2013
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Net loss	\$ (228,976)	\$ (124,640)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	3,543	4,032
Net unrealized trading gains	-	20,091
Provision for uncollectible interest income	32,423	-
Loss on extinguishment of debt	51,527	-
Amortization of debt discount	92,909	-
Changes in operating assets and liabilities:		
Investment in fixed maturity trading securities	-	327,359
Interest income receivable	(96,873)	(68,493)
Accounts payable and accrued liabilities	3,271	55,201
Accrued interest payable	10,591	46,668
Accrued compensation and payroll liabilities	45,731	27,582
Net cash provided (used) by operation activities	(85,854)	287,800
Cash flows from investing activities		
Issuance of note receivable	(2,000)	-
Net cash provided (used) by investing activities	(2,000)	-
Cash flows from financing activities		
Common stock issued for cash	30,000	-
Net proceeds (payments) on credit facilities	-	(286,145)
Proceeds from note payable	56,361	-
Proceeds from related party note payable	3,260	-
Net cash provided (used) by financing activities	89,621	(286,145)
Net increase (decrease) in cash and cash equivalents	1,767	1,655
Cash and cash equivalents, beginning of period	9,918	7,425
Cash and cash equivalents, end of period	\$ 11,685	\$ 9,080
Supplemental Disclosures of Cash Flow Information		
Cash paid for:		
Interest	\$ -	\$ -
Income taxes	\$ -	\$ -
Non-cash financing activities:		
Series A preferred shares issued for notes receivable	\$ 1,701,200	\$ 4,200
Series A preferred dividends	\$ 135,526	\$ 25,191
Common stock issued for conversion of debt	\$ 47,546	\$ -

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

Capital Financial Global, Inc.
and Subsidiary
Notes to the Consolidated Financial Statements
June 30, 2014 (unaudited)

NOTE 1 – BASIS OF PRESENTATION

The accompanying interim consolidated financial statements were prepared by the Company without audit. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted. In management's opinion all necessary adjustments, which consist primarily of normal recurring adjustments, to the consolidated financial statements have been made to present fairly the consolidated financial position and results of operations and cash flows. The results of operations for the respective periods presented are not necessarily indicative of the results for the respective complete years. These consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's annual financial statements as of and for the year ended December 31, 2013.

Recent Accounting Pronouncements

Management has considered all recent accounting pronouncements issued during the periods presented in the accompanying consolidated financial statements. The Company's management believes that these recent pronouncements will not have a material effect on the Company's consolidated financial statements.

NOTE 2 – BUSINESS CONDITION

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. The Company has had recurring losses along with an accumulated deficit totaling \$5,493,479 as of June 30, 2014. These matters raise substantial doubt about the Company's ability to continue as a going concern. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty. Management's plans concerning these matters are to obtain additional debt and equity financing and expand lending to produce future revenues.

NOTE 3 – FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company's financial instruments include cash, notes and other receivables, accounts payable, and notes payable. The carrying amounts of cash, notes and other receivables, and accounts payable approximate their fair value due to their short maturities.

**Capital Financial Global, Inc.
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Notes to the Consolidated Financial Statements
June 30, 2014 (unaudited) (continued)**

The financial instrument assets and liabilities carried at fair value on a recurring basis at June 30, 2014, are as follows:

Description	Total Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Notes receivable	\$ 1,701,200	\$ -	\$ -	\$ 1,701,200
Note held for sale	510,000	-	-	510,000
Total	<u>\$ 2,211,200</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,211,200</u>

NOTE 4 – OTHER NOTES RECEIVABLE

In March 2014, the Company entered into agreements with the holders of various notes receivable due from an unrelated entity, Gold Rush Refiners, LLC, for a total discounted purchase price of \$1,701,200, paid for with the issuance of 1,701,200 shares of the Company’s Series B Preferred Stock. The total face value of these notes receivable was approximately \$5,100,000, with varying interest rates from 0% to 36% per annum, secured by the assets of Gold Rush Refiners, LLC. All of these notes were past due when acquired.

In April 2014, the Company exchanged these notes for a new consolidated note with extended payment terms. (See Note 12—Consolidation of Other Notes Receivable.)

NOTE 5 – NOTE HELD FOR SALE

On October 9, 2012, the Company issued a Secured Promissory Note with Benefits for Corporate America, Inc. (“BCA Note”) for \$770,000. This note bears interest at 6.00% per annum with a default interest rate of 18.00% with a 1.00% late payment penalty. The BCA Note was due on October 8, 2013. Security for the BCA Note consists of a security interest in certain general intangible assets, accounts receivable, inventory, and equipment and fixtures. This collateral includes cash surrender values of life insurance policies valued at \$4,029,000. These policies are valued at the lower of cost or fair value, which is the cash surrender value. The security interest was granted by The BCA Deferred Compensation Trust (“Trust”) to the Company on October 9, 2012. Benefits for Corporate America, Inc. and Trust are considered to be related parties with each other. The BCA Note requires that monthly interest payments are made with the principal balance due in a lump sum on the due date. The Company is actively pursuing a sale of this note.

No interest payments have been made on this BCA Note. As a result the receivable for interest income has been determined using the 18.00% default rate along with the 1.00% late payment fee. The Company has pursued collection or restructuring of the BCA Note without success. In January 2014, the Company entered into a contingency agreement with a collection agent to secure payment of the BCA Note, including possible legal action. The Company and the collection agent are confident that collection of the BCA Note and related accrued interest income and late fees will be successful. In consideration of the costs anticipated to obtain payment of the BCA Note and related accrued interest income and late fees, an allowance of \$262,000 has been provided for on the BCA Note with an additional allowance of \$100,423 related to the accrued interest income and late fees.

**Capital Financial Global, Inc.
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Notes to the Consolidated Financial Statements
June 30, 2014 (unaudited) (continued)**

NOTE 6 – INVESTMENT IN MINING PROPERTY

On June 29, 2011, the Company executed an Asset Purchase and Sale Agreement wherein it acquired 100% interest in 85.5 acres of land containing five patented lode mining claims along with water rights and certain property and equipment and other assets composing the St. Louis Mine, in Clark County, Nevada. The purchase price consisted of \$20,000 cash, a secured note for \$250,000, and an unsecured note for \$730,000, both bearing interests at 6% and due and payable on December 31, 2014 (see Note 9). The Company determined that the acquisition value of the mining property discounting the notes payable at a 30% risk rate as of the date of acquisition, plus the cash consideration, was \$548,835. The mining property has not yet been put into operation since the date of acquisition. As of June 30, 2014, no impairment of the acquisition value of those assets has been recognized.

NOTE 7 – CONVERTIBLE NOTES PAYABLE

On October 28, 2011, the Company issued a \$50,000 note payable (net of a \$5,000 discount, which was fully amortized in 2011), which matured April 28, 2012. The note was convertible at 50% of the market value of the Company's common stock, which valued the note at \$100,000 with the additional \$50,000 expensed in full during the year ended December 31, 2011. The note provided for 12% interest per annum until maturity, after which the note would be in default and assume a rate of 24%. The note remained unpaid and in default as of June 30, 2014.

On November 1, 2011, the Company issued an additional \$50,000 note payable (net of a \$5,000 discount, which was fully amortized in 2011), which matured on April 20, 2012. The note was convertible at 50% of the market value of the Company's common stock, which valued the note at \$100,000 with the additional \$50,000 expensed in full during the year ended December 31, 2011. The note provided for 12% interest per annum until maturity, after which the note would be in default and assume a rate of 24%. The note remained unpaid and in default as of June 30, 2014.

As explained in Note 11—Common Stock, during the six months ended June 30, 2014, portions of each of the foregoing notes were converted to common stock.

NOTE 8 – RELATED-PARTY NOTES PAYABLE

In July 2013, the Company issued two promissory notes to the Company's CEO totaling \$9,000 in consideration of cash advances to the Company. The notes bear interest at 12% per annum and mature in 12 months. Accordingly, these debt obligations have been included in current liabilities in the accompanying consolidated financial statements.

NOTE 9 – LONG-TERM NOTES PAYABLE

On June 29, 2011, the Company executed an Asset Purchase and Sale Agreement with an unrelated party wherein it acquired 100% interest in 85.5 acres of property consisting of five patented lode mining claims along with water rights and certain property and equipment and other assets composing the St. Louis Mine, in Clark County, Nevada (see Note 6). The purchase price consisted of \$20,000 cash, a note for \$250,000 secured by a deed of trust on the property purchased, and an unsecured note for \$730,000. Both notes bear interest at 6% and are due and payable on December 31, 2014. A discounted rate of 30% representing approximate market risk value was used to recognize an initial

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discount of \$451,165. As of June 30, 2014, and December 31, 2013, the total unamortized discount on both loans was \$111,426 and \$204,335, respectively.

NOTE 10 – PREFERRED STOCK

The Company has a total of 50,000,100 shares of Preferred Stock authorized, 100 shares of which have been designated as Series A Preferred Stock and 20,000,000 as Series B Preferred Stock. The remaining 30,000,000 shares of Preferred Stock have not yet been designated.

Series A Preferred Stock

The 100 shares of Series A preferred stock are convertible into 105% of the common shares outstanding immediately prior to conversion. The 100 shares of Series A Preferred stock were initially issued to the current Chairman of the Board, CEO, and President of the Company as part of the acquisition of the assets of Capital Financial Services, Inc. in May 2010. Conversion of the 100 Series A Preferred shares was initially contingent upon certain milestones being met. All milestones were met on May 24, 2011, and on that date the Series A Preferred shares became unconditionally convertible into common shares of the Company. Subsequent to initial issuance, as additional shares of common stock have been issued, the holder of the Series A Preferred Shares has the right to obtain additional shares of common stock upon conversion as a result of the 105% conversion provision. The value of the right to obtain those additional shares of common stock has been recognized as additional value of the Series A Preferred Shares and consideration to the holder of the Series A Preferred Shares in the form of a preferred stock dividend, and amounted to \$135,526 and \$25,191 for the six-month periods ended June 30, 2014 and 2013, respectively.

Series B Preferred Stock

The Company's Series B Preferred Stock includes terms that provide for a 4% cumulative dividend, payable quarterly from the date of issuance in July 2010, when, as, and if declared by the Company's Board of Directors. As of June 30, 2014, no such dividends have been declared.

NOTE 11 – COMMON STOCK

During the six months ended June 30, 2014, the Company issued a total of 65,000,000 shares of common stock for cash proceeds of \$30,000.

During the six months ended June 30, 2014, the Company issued a total of 91,560,653 shares of common stock for the conversion of debt according to the terms of convertible notes payable agreements. (See Note 7.) This resulted in the settlement of \$47,546 in outstanding debt during the period.

NOTE 12 – CONSOLIDATION OF OTHER NOTES RECEIVABLE

On April 8, 2014, the Company entered into a settlement agreement with Gold Rush Refiners, LLC, in which the Company exchanged the notes aggregating approximately \$5,100,000 from various makers for the issuance by Gold Rush Refiners, LLC, of a new, consolidated note in the principal amount of \$5,100,000, bearing interest at 12% before default and at 24% thereafter, and payable on or before

**Capital Financial Global, Inc.
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Notes to the Consolidated Financial Statements
June 30, 2014 (unaudited) (continued)**

April 7, 2019. Payment of the consolidated note is secured by all of the assets of Gold Rush Refiners. (See Note 4—Other Notes Receivable.)

NOTE 13 – MATERIAL RELATED-PARTY EVENTS

Assumption of \$5,100,000 Note Receivable

On April 8, 2014, Gold Rush Refiners, LLC, the maker of the \$5,100,000 consolidated note discussed above, sold all of its assets to a company owned by the Company's president and chief executive officer, Gold Rush Refiners International, LLC (now, Quantum Refiners, LLC), which assumed the obligation on the consolidated note and granted a security interest in all of the assets acquired from Gold Rush Refiners, LLC, as security for repayment of the obligation evidenced by the note. In addition to the assumption of the obligation under the \$5,100,000 consolidated note, Gold Rush Refiners International, LLC (now, Quantum Refiners, LLC), issued to Gold Rush Refiners, LLC, an unsecured promissory note in the amount of \$240,000, or 10% of the aggregate 12-month net income of Gold Rush Refiners LLC, whichever is less, or so much thereof as is from time to time outstanding, bearing interest at 12% per annum and due in full on April 7, 2015. Due to the potential uncollectibility of this balance, the Company has determined to retain the current book value of \$1,701,200 on the balance sheet.

Gold Concentrate Sales Agreement

In July 2014, the Company entered into a 10-year off-take agreement with Noble Metal Kings, an unrelated mining company, to purchase gold ore concentrates. The agreement calls for a minimum of 100 kilograms (3,215 troy ounces) per month, at 80% purity, with a price of 85% of spot gold price. The Company will bears the costs of shipping the concentrates from the Arizona mine to the Atlanta refinery. The Company will owe payment for the concentrates purchased within three days after the final assay to be completed when the gold refined from the concentrates is sold to a third-party purchaser. The Company is currently evaluating the concentrate mineralization grade, metallurgical compatibility with the refinery's processes, transportation logistics and costs, permitting requirements, and related issues.

The Company expects to deliver and sell the gold material purchased from Noble Metal Kings to Quantum Refiners, LLC (formerly Gold Rush Refiners International, LLC), which is owned by the Company's president and chief executive officer. The purchase price due by Quantum Refiners, LLC, to the Company will be 95% of the spot gold price, payable within 24 hours after the final assay to be completed by the third-party purchaser from Quantum. Quantum Refiners, LLC, owes \$5.1 million, plus interest, to the Company under the consolidated note discussed in Note 12—Consolidation of Other Notes Receivable.

The Company is reviewing applicable revenue recognition accounting principles and will adopt appropriate revenue recognition procedures prior to commencing gold sales.

NOTE 14 – PENDING LITIGATION

In mid-2012, the Company issued to Zermatt Life/Health Insurance Trust (Zermatt), an unrelated party, \$770,000 in Series B Preferred Stock, with a 4% cumulative dividend payable if, as, and when declared. Also in mid-2012, the Company used the proceeds from this preferred stock sale to loan Benefits for

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June 30, 2014 (unaudited) (continued)**

Corporate America Deferred Compensation Trust (BCA), an unrelated third party, \$760,000. The borrower delivered to the Company a promissory note secured by the third party's accommodation pledge of all of its assets, including its interest in 64 life insurance policies having a cash surrender balance of more than \$3.4 million. At the time of the foregoing preferred stock sale and loan, the purchaser of the stock (Zermatt) and the borrower (BCA) were represented to be unrelated to each other. The borrower defaulted in note payments, and the Company initiated and then accelerated efforts to collect payment of the \$770,000 note. Following such collection efforts, it appeared that the preferred stockholder and borrower were affiliated or related in that BCA has refused to repay the note balance due, which is now more than \$1 million, unless the Company agrees to repurchase all the Series B Preferred Stock held by Zermatt, which totals 1,470,000 shares. The Company believes that it is not obligated to repurchase the shares held by Zermatt and is entitled to collect from BCA. In response to the Company's position, in April 2014, Benefits for Corporate America, Inc., and others filed a lawsuit against the Company, a subsidiary, and Paul Norat, the Company's president and chief executive officer, entitled *Benefits for Corporate America, Inc., et al., vs. Capital Financial, LLC, et al.*, Third Judicial District Court, Salt Lake County, Utah, case no. 140902802, alleging breach of contract, fraud, violation of the Utah Uniform Securities Act, and failure of consideration and seeking a declaratory judgment that certain notes are not enforceable and for unspecified damages, costs, and attorneys' fees.

The defendants have denied the substantive allegations of the complaint, and the Company's subsidiary, Capital Financial, LLC, filed a counterclaim seeking to recover previously incurred costs \$104,325, plus interest. The counterclaim defendants have denied the substantive allegations in the counterclaim.

Capital Financial, LLC, has filed an amended counterclaim further asserting breach of contract and foreclosure on the collateral securing over \$1.0 million in indebtedness. The counterclaim defendants have denied all substantive allegations of the amended counterclaim.

The lawsuit is in the early pleading stage.

NOTE 15 – SUBSEQUENT EVENTS

In accordance with Financial Accounting Standards Board Accounting Standards Codification 855, Company management reviewed all material events through the date of this filing and has determined that no additional events exist that require disclosure.