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CERTIFIED PUBLIC ACCOUNTANTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Management of Sack Lunch Productions, Inc.

We have audited the accompanying consolidated balance sheets of Sack Lunch Productions, Inc. (“the Company”) as of December 31, 2016 and 2015, and the related consolidated statements of operations, stockholders’ deficit, and cash flows for each of the years in the two year period ended December 31, 2016. These 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 audit to obtain reasonable assurance about whether the consolidated 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 audit 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 consolidated 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 financial position of Sack Lunch Productions, Inc. as of December 31, 2016 and 2015, and the results of its operations and its cash flows for each of the years in the two year period ended December 31, 2016, in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 18 to the consolidated financial statements, the Company has suffered net losses since inception and has accumulated a significant deficit. These factors raise substantial doubt about its ability to continue as a going concern. Management’s plans in regard to these matters are also described in Note 18. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Sadler, Gibb & Associates, LLC

Salt Lake City, UT
June 27, 2017

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Sack Lunch Productions, Inc.
Consolidated Balance Sheets

	December 31, 2016	December 31, 2015
ASSETS		
Current assets		
Cash and cash equivalents	$ 670,352	$ 540,689
Restricted cash	262,996	429,832
Accounts receivable, net of allowance for doubtful accounts of $409,279 and $239,794, respectively	42,404	156,769
Inventory	1,016,661	1,630,641
Prepaid expenses	230,823	132,111
Total current assets	2,223,236	2,890,042
Note receivable, net of allowance of $0 and $11,622, respectively	184,295	179,032
Property and equipment, net of accumulated depreciation of $1,864,966 and $1,515,698, respectively	2,048,343	2,225,673
Goodwill	139,755	139,755
Intangible assets, net of accumulated amortization of $157,707 and $46,075	846,666	959,128
Other assets	19,674	20,914
Total assets	$ 5,461,969	$ 6,414,544
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities		
Accounts payable	$ 1,907,237	$ 2,127,398
Accounts payable related party	215,437	232,348
Deferred revenue	289,466	153,717
Accrued expenses	1,634,876	1,291,531
Current portion of notes payable, net of debt discount of $95,368 and $14,461, respectively	970,406	508,142
Current portion of capital leases	26,134	22,911
Derivative liability	1,391,432	2,113,172
Convertible notes payable, net of debt discount of $133,870 and $1,500,532, respectively	2,045,431	376,314
Convertible notes payable, related party	59,394	60,282
Current portion of notes payable related party	34,309	40,740
Total current liabilities	8,574,122	6,926,555
Long-term liabilities		
Notes payable	566,212	703,359
Notes payable, related party	-	14,389
Convertible notes payable, net of debt discount of $0 and $30,390 respectively	-	8,110
Capital leases	57,469	21,295
Total long-term liabilities	623,681	747,153
Total liabilities	9,197,803	7,673,708
Commitments and contingencies	-	-
Convertible preferred stock	8,921,709	8,942,303
Stockholders' deficit		
Common stock, par value $0.0001; 990,000,000 shares authorized; 163,535,685 and 135,999,942 shares issued and outstanding, respectively	16,352	13,599
Additional paid-in capital	35,662,067	36,836,102
Accumulated deficit	(48,212,352)	(45,166,282)
Accumulated other comprehensive income	(760)	(760)
Total Sack Lunch Productions, Inc. and subsidiaries stockholders' deficit	(12,534,693)	(8,317,341)
Non-controlling interest	(122,850)	(1,884,126)
Total stockholders' deficit	(12,657,543)	(10,201,467)
Total liabilities and stockholders' deficit	$ 5,461,969	$ 6,414,544

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

Sack Lunch Productions, Inc.
Consolidated Statements of Operations

	Year Ended December 31, 2016	Year Ended December 31, 2015
Revenue		
Services	$ 12,367,031	$ 8,031,936
Products	1,408,707	829,692
Rental	38,121	39,680
Franchise Fees and Royalties	616,092	1,326,094
Other	411,078	245,452
Total revenue	14,841,029	10,472,854
Costs and Expenses		
Cost of services	5,705,930	4,236,604
Cost of products	2,452,416	1,335,431
Cost of other revenues	175,610	222,324
Depreciation and amortization	500,485	359,205
Salaries and wages	1,928,475	1,766,405
General and administrative	5,849,959	3,455,526
Total operating expenses	16,612,875	11,375,495
Loss from operations	(1,771,846)	(902,641)
Other Income (Expense)		
Interest income	3,688	11,354
Interest expense	(1,569,805)	(679,968)
Interest expense, related parties	(35,705)	(8,834)
Gain on derivative activity	2,311,016	55,363
Gain (loss) on settlement of debt	(2,167,129)	110,220
Gain on disposal of assets	3,523	-
Other income (expense)	80,068	(4,079)
Loss on subsidiary stock subscription receivable	(40,883)	(155,488)
Total other income (expenses), net	(1,415,227)	(671,432)
Net income (loss) before income taxes	(3,187,073)	(1,574,073)
Income taxes	-	-
Net loss before non-controlling interest	(3,187,073)	(1,574,073)
Net loss attributable to non-controlling interest	(141,003)	(459,486)
Net loss attributable to stockholders	(3,046,070)	(1,114,587)
Deemed dividends	(386,250)	-
Net loss available to common stockholders	$ (3,432,320)	$ (1,114,587)
Loss per common share, basic and diluted	$ (0.02)	$ (0.02)
Loss related to non-controlling interest, basic and diluted	$ (0.00)	$ (0.01)
Weighted average shares used to compute earnings per share, basic and diluted	151,474,730	70,522,542

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

Sack Lunch Productions Inc.
Consolidated Statements of Stockholders' Deficit

	Mezzanine									
	Series A Preferred		Series B Preferred		Series C Preferred		Series D Preferred		Convertible Preferred	Convertible Preferred
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	APIC	Total
Balances at December 31, 2014	142,750	$ 143	15,000,000	$ 15,000	1,442,723	$ 1,443	-	$ -	$ 8,467,267	$ 8,483,853
Stock issuance for investment in subsidiary	417,000	417	-	-	-	-	-	-	20,059	20,476
Preferred C shares issued for cash	-	-	-	-	5,200	5	-	-	12,995	13,000
Preferred C shares converted to common stock	-	-	-	-	(25,766)	(26)	-	-	-	(26)
Preferred C shares issued for services	-	-	-	-	85,000	85	-	-	424,915	425,000
Preferred C shares cancelled	-	-	-	-	(278,396)	(278)	-	-	278	-
Balances at December 31, 2015	559,750	$ 560	15,000,000	$ 15,000	1,228,761	$ 1,229	-	$ -	$ 8,925,514	$ 8,942,303
Preferred A shares issued for cash	61,000	61	-	-	-	-	-	-	304,939	305,000
Preferred A shares converted to common shares	(3,000)	(3)	-	-	-	-	-	-	-	(3)
Preferred C shares issued for cash	-	-	-	-	40,000	40	-	-	99,960	100,000
Preferred C shares converted to common shares	-	-	-	-	(379,462)	(379)	-	-	-	(379)
Preferred C shares cancelled for debt	-	-	-	-	(85,000)	(85)	-	-	(424,915)	(425,000)
Preferred C shares cancelled	-	-	-	-	(336,716)	(337)	-	-	126	(212)
Extinguishment of Series C stock by issuance of Series D stock	-	-	-	-	(72,100)	(72)	72,100	72	-	-
Balances at December 31, 2016	617,750	$ 618	15,000,000	$ 15,000	395,483	$ 396	72,100	$ 72.00	$ 8,905,624	$ 8,921,709

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

Sack Lunch Productions Inc.
Consolidated Statements of Stockholders' Deficit

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Non-controlling interest	Total Shareholders' Deficit
Balances at December 31, 2014	64,821,834	$ 6,482	$ 35,116,238	$ (44,051,695)	$ (760)	$ (1,356,660)	$ (10,286,395)
Options exercise of subsidiary stock	-	-	428,004	-	-	-	428,004
Derivative liability conversion to APIC	-	-	24,561	-	-	-	24,561
Preferred C shares converted to common stock	11,186,416	1,118	(1,092)	-	-	-	26
Common shares issued with debt	1,416,667	142	23,858	-	-	-	24,000
Common shares issued for conversion of note payable	2,105,625	210	69,613	-	-	-	69,823
Common shares issued for accrued payroll	52,569,348	5,257	1,046,130	-	-	-	1,051,387
Common shares issued for cash	3,000,000	300	44,700	-	-	-	45,000
Common shares issued for services	900,000	90	16,110	-	-	-	16,200
Decrease NCI for ownership change in subsidiary	-	-	67,980	-	-	(67,980)	-
Net loss	-	-	-	(1,114,587)	-	(459,486)	(1,574,073)
Balances at December 31, 2015	135,999,890	$ 13,599	$ 36,836,102	$ (45,166,282)	$ (760)	$ (1,884,126)	$ (10,201,467)
Preferred A shares converted to common shares	230,769	23	(20)	-	-	-	3
Preferred C shares issued for cash	-	-	211	-	-	-	211
Preferred C shares converted to common shares	26,118,976	2,611	(2,232)	-	-	-	379
Common shares issued for settlement of liability	2,400,000	240	53,760	-	-	-	54,000
Common shares issued for services	1,950,000	195	314,515	-	-	-	314,710
Common shares issued for conversion of note payable	847,018	85	49,967	-	-	-	50,052
Common shares issued for loan inducement	83,333	8	(8)	-	-	-	-
Common shares cancelled	(4,094,301)	(409)	409	-	-	-	-
Subsidiary stock issued for services	-	-	175,000	-	-	-	175,000
Subsidiary stock issued for debt	-	-	24,244	-	-	-	24,244
Change in derivative	-	-	112,398	-	-	-	112,398
Decrease NCI for ownership change in acquired subsidiary	-	-	(1,902,279)	-	-	1,902,279	-
Net loss	-	-	-	(3,046,070)	-	(141,003)	(3,187,073)
Balances at December 31, 2016	163,535,685	$ 16,352	$ 35,662,067	$ (48,212,352)	$ (760)	$ (122,850)	$ (12,657,543)

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

Sack Lunch Productions Inc.
Consolidated Statements of Cash Flows

	Year Ended December 31, 2016	Year Ended December 31, 2015
Cash flows from operating activities		
Net loss	$ (3,187,073)	$ (1,574,073)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	500,485	359,205
Amortization of debt issuance costs	992,505	405,987
(Gain) loss on derivative liability fair value adjustment	(2,311,016)	(205,488)
(Gain) loss on forgiveness of non-related party convertible debt	-	45,268
(Gain) loss on settlement of debt	2,167,129	-
Stock issued for services	314,710	16,200
Stock option expense	-	292,389
Initial derivative expense	22,322	177,303
Changes in assets and liabilities:		
Restricted cash	166,836	(108,139)
Notes receivable	(5,264)	-
Certificate of deposit	-	28,660
Accounts receivable	114,365	(37,483)
Inventories	613,980	(267,898)
Prepaid expenses	80,100	49,637
Other assets	2,069	-
Accounts payable and accrued liabilities	288,013	1,081,025
Accounts payable, related party	(16,909)	24,373
Deferred revenue	135,749	(1,879,538)
Deferred rent expense	(12,182)	(16,356)
Net cash used in operating activities	(134,181)	(1,608,928)
Cash flows from investing activities		
Purchases of property, plant, & equipment	(186,609)	(397,930)
Proceeds from sale of fixed asset	40,567	-
Investment in capitalized intangible assets	-	(16,313)
Net cash used in investing activities	(146,042)	(414,243)
Cash flows from financing activities		
Payments made on capital leases	(26,084)	(21,980)
Payments made on notes payable	(1,031,515)	(922,149)
Payments made on convertible notes	(865,249)	(21,915)
Payments made on notes payable, related parties	(20,820)	(7,202)
Issuance of Preferred A shares in acquisition	(889)	20,477
Proceeds from issuance of convertible notes payable	655,700	1,802,150
Proceeds from issuance of common stock	-	45,000
Proceeds from issuance of Preferred A shares	305,000	-
Proceeds from issuance of Preferred C shares	100,000	13,000
Proceeds from issuance of notes payable	1,293,743	1,212,880
Proceeds from issuance of notes payable to related parties	-	35,082
Net cash provided by financing activities	409,886	2,155,343
Net increase in cash	129,663	132,172
Cash at beginning of period	540,689	408,517
Cash at end of period	$ 670,352	$ 540,689
Supplemental disclosure of cash flow information:		
Cash paid during the period for interest	$ 414,355	$ 201,527

Sack Lunch Productions Inc.
Consolidated Statements of Cash Flows

Noncash investing and financing activities:		
Issuance of shares of a subsidiary to settle a note payable	$ 24,244	$ 35,805
Equipment purchased for note payable	65,481	-
Stock issued in exchange for investment in a subsidiary	-	24,561
Stock issued in exchange for accrued payroll to an officer	-	1,072,133
Conversion of derivative liability	112,396	34,019
Common shares issued for settlement of a liability	54,000	15,000
Common shares issued for loan inducement	8	-
Debt discounts on notes payable	130,914	-
Subsidiary convertible debt converted to common stock of the subsidiary	-	141,102
Options issued and exercised in exchange for notes payable	-	124,732
Extinguishment of debt	1,245,860	-
Fixed assets acquired in acquisition	-	484,000
Other assets acquired in acquisition	-	2,481,000
Accounts payable, accrued expenses and other current liabilities assumed in acquisition	-	1,348,000
Deferred revenue assumed in acquisition	-	1,525,000
Note payable issued for acquisition of Series C shares	425,000	-
Common shares issued for accrued expenses	2,611	-
Issuance of subsidiary common stock for prepaid services	175,000	-
Prepaid insurance paid for via issuance of note payable	$ 32,561	$ -

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

Note 1 – Organization and Basis of Financial Statement Presentation
Business Description

Sack Lunch Productions, Inc. (“Sack Lunch”, “SAKL”, “it”, “we”, “us”, “our”, the “Company”) conducts operations in three lines of business:

- Events – We produce branded events under our own trademarked names including Color Me Rad, The Dirty Dash, Lantern Fest, Slide the City, and Trike Riot. We also franchise our branded events to third parties under agreements with various franchisees.
- Salons - the operation of Landis Lifestyle Salons through SAKL’s controlling ownership interest in Green Endeavors, Inc. (“GRNE”)
- Other - film distribution, assisting with the development and production of film products, and the acquisition, leasing and selling of real estate.

SAKL was originally incorporated in the State of Colorado on April 20, 1987 as Metropolitan Acquisition Corporation. On October 5, 2000, SAKL merged with a Nevada corporation with the same name, effectively changing its state of domicile from Colorado to Nevada. In February 2002 SAKL changed its name to Nexia Holdings, Inc. In 2009, SAKL changed its domicile to the State of Utah through a merger with a Utah corporation with the same name. The Company’s name was changed to Sack Lunch Productions, Inc. effective April 15, 2015.

During the first quarter of 2016 the Company has reorganized its operations to simplify the corporate structure and tax reporting of the Company’s subsidiaries. For Color Me Rad and Dirty Dash this resulted in the purchase of 100% of the assets of the LLC’s by new corporations formed to operate these events. Lantern Fest and Slide the City events operational LLC’s have been merged into new corporations that will continue the operations of these events. These actions have resulted in the elimination and consolidation of numerous LLC’s into four wholly owned corporations and the resulting simplification of the organization and operation of these events and the reduction of tax and accounting reporting generated by the prior organization.

Slide the City Productions, Inc., a Utah corporation formed on February 2, 2016 has merged with Slide the City Franchising LLC, Slide the City Canada LLC and Slide the City LLC and will operate the Slide the City events of the Company going forward.

The Lantern Fest Productions, Inc. a Utah corporation, formed on February 3, 2016 has merged with Lantern Fest LLC and will operate the Lantern Fest events of the Company.

Color Me Rad Productions, Inc. a Utah corporation, was formed on January 28, 2016 and has purchased 100% of the assets of Color Me Rad, LLC and will operate Color Me Rad events and the Color Me Rad franchises for the Company.

Trike Riot Productions Inc. a Utah corporation was formed on February 10, 2016 and will operate Trike Riot events for the Company.

The Dirty Dash Productions, Inc. a Utah corporation was formed on January 28, 2016 and has purchased 100% of the assets of Dirty Dash LLC and Springbok Franchising, LLC and will operate Dirty Dash events for the Company.

On March 29, 2016 the Company transferred the LLC Memberships it held in Springbok Holdings LLC. This LLC is the sole member of Springbok Management LLC, Springbok Franchising LLC and Springbok Slide the City LLC. These membership interests were transferred to Diversified Holdings X, Inc. for $100 in cash and other good and valuable consideration. The Company agreed to indemnify DHX against any liability arising at the time the Company held the membership interests, including providing legal counsel and defense against any litigation brought against DHX. DHX is

100% owned by Richard Surber, the CEO of Sack Lunch Productions, Inc. The transaction was affected to streamline the operations of SAKL. All the transferred LLC's are expected to be dissolved by the end of 2017.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation / Principles of Consolidation

The consolidated financial statements include the accounts of Sack Lunch Productions, Inc. and its wholly-owned and majority-owned subsidiaries, Slide the City Productions, Inc., Lantern Fest Productions, Inc., Color Me Rad Productions, Inc., The Dirty Dash Productions, Inc., Trike Riot Productions, Inc., WG Productions Company, Redline Entertainment, Inc., Diversified Management Services, Inc., Wasatch Capital Corporation, Downtown Development Corporation, Green Endeavors, Inc., Landis Salons, Inc., Landis Salons II, Inc., and Landis Experience Center. LLC. All intercompany transactions and balances have been eliminated in consolidation.

Use of Estimates in the Preparation of the Financial Statements

The consolidated financial statements are prepared in conformity with U.S. GAAP, which requires the use of estimates, judgments and assumptions that affect the amounts of assets and liabilities at the reporting date and the amounts of revenue and expenses in the periods presented. We believe that the accounting estimates employed are appropriate and the resulting balances are reasonable; however, due to the inherent uncertainties in making estimates actual results could differ from the original estimates, requiring adjustments to these balances in future periods.

Cash and Cash Equivalents

Investments with original maturities of three months or less at the time of purchase are considered cash equivalents. As of December 31, 2016 and 2015, SAKL had no cash equivalents.

Concentration of Credit Risk

Our cash balances are maintained in accounts held by major banks and financial institutions located in the United States. The Company occasionally maintains amounts on deposit with a financial institution that are in excess of the federally insured limits. The risk is managed by maintaining all deposits in high quality financial institutions. The Company has incurred no losses related to this risk.

Accounts Receivable

Accounts receivable consist of amounts earned and receivables for film production, rents receivable in our real estate assets, balances owed to us by franchisees for merchandise, equipment, franchise fees and royalties, and vendor rebate receivables in our salons. The Company periodically reviews its accounts receivable balances for collectability and realizable value. An allowance is provided where collectability is considered impaired and balances are written off when considered uncollectable.

Inventory

SAKL's inventory consists of goods used in our event operations and for resale at our events, and hair care products in our salon operations. Cost is determined using the first in first out, FIFO method. Market is determined based on the estimated net realizable value, which generally is the merchandise selling price. Inventory levels are reviewed in order to identify slow-moving merchandise and damaged items. Markdowns are used to clear merchandise.

Prepaid expenses

Prepaid expenses principally consist of prepaid financing expenses, event costs incurred in advance of an event taking place including deposits on sites, equipment and vendors, and prepaid salon operating expenses.

Property, Plant, and Equipment

Property and equipment is stated at cost. Expenditures that materially increase the life of the assets are capitalized. Ordinary maintenance and repairs are charged to expense as incurred. When assets are sold, or otherwise disposed of, the

cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized at that time. All capital leases are added to the property and equipment and depreciated over the life of the assets.
Depreciation is computed on the straight-line method over the following useful lives:

Leasehold improvements	Shorter of the lease term or the estimated useful life
Buildings	27.5 - 39 years
Computer equipment and related software	3 years
Furniture, equipment and fixtures	3-10 years
Vehicles	5 years

Fair Value Measurements

The fair value of a financial instrument is the amount that could be received upon the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Financial assets are marked to bid prices and financial liabilities are marked to offer prices. Fair value measurements do not include transaction costs. A fair value hierarchy is used to prioritize the quality and reliability of the information used to determine fair values. Categorization within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The fair value hierarchy is defined into the following three categories:

• Level 1 – Quoted market prices in active markets for identical assets or liabilities;
• Level 2 – Observable market based inputs or inputs that are corroborated by market data;
• Level 3 – Unobservable inputs that are not corroborated by market data.

Description	Total fair value at December 31, 2016	Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Derivative liability (1)	$1,391,432	$ -	$ -	$1,391,432

Description	Total fair value at December 31, 2015	Quoted prices in active markets (Level)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level)
Derivative liability (2)	$2,113,172	$ -	$ -	$2,113,172

Long-Lived Assets

We periodically review the carrying amount of our long lived assets for impairment. An asset is considered impaired when estimated future cash flows are less than the carrying amount of the asset. In the event the carrying amount of such asset is not considered recoverable, the asset is adjusted to its fair value. Fair value is generally determined based on discounted future cash flow. There were no impairments of long-lived assets during the years ended December 31, 2016 and 2015.

Goodwill and Intangible Assets

We test goodwill balances for impairment on an annual basis as of December 31, or whenever impairment indicators arise. We utilize several reporting units in evaluating goodwill for impairment. We assess the estimated fair value of reporting units using a combination of a guideline public company market-based approach and a discounted cash flow income-based approach. If the carrying amount of a reporting unit exceeds the fair value of the reporting unit, an impairment charge is recognized in an amount equal to the excess of the carrying amount of the reporting unit goodwill over the implied fair value of that goodwill.

We evaluate the recoverability of intangible assets periodically and take into account events or circumstances that warrant revised estimates of useful lives or that indicate that impairment exists. All of our intangible assets are subject to amortization. Intangible assets are amortized on a straight-line basis, except for customer lists, which are generally amortized on an accelerated basis, over the following useful lives:

Deferred Revenue Deferred revenue arises when customers pay for products and/or services in advance of revenue recognition. SAKL's deferred revenue consists of unearned revenue associated with the purchase of event ticket sales in advance of the event date, franchise ownership sales for which revenue is recognized only when the service is performed, the product is delivered, the event takes place, or all training obligations have been satisfied, and gift certificates.

As of December 31, 2016 and December 31, 2015 the classes of deferred revenue consisted of the following:

	December 31, 2016	December 31, 2015
Event Ticket Sales	$ 203,243	$ 87,669
Gift Cards	86,223	66,048
Total Deferred Revenue	$ 289,466	$ 153,717

Revenue Recognition
SAKL recognizes revenue from services, products, rentals, franchise fees and royalties and other.

Services
Our service revenue includes participant ticket sales to events and salon stylist services. SAKL follows the general policy of ASC 605 and recognizes service revenue when the following conditions are met:

- Persuasive evidence of an arrangement exists;
- Delivery has occurred or services have been rendered;
- Our price to the buyer is fixed or determinable; and
- Collectability is reasonably assured.

Event revenue is recognized at the time the events occur or the product is delivered. Ticket sales are recorded in the period in which the event takes place less refunds. Salon revenue is generally recognized at the time the service is provided in the salon.

Products
Our product revenue includes event merchandise sales and product sales at the salons. We recognize revenue generally at the point of sale and according to ASC 605, which supports the SEC's view that it is not appropriate to recognize revenue until all of the following criteria are met:

- Persuasive evidence that an arrangement exists
- Delivery has occurred or services have been rendered
- Our price to the buyer is fixed or determinable
- Collectability is reasonably assured

Rental
SAKL owns one commercial building and two residential homes which it leases to tenants. The Company recognizes revenue from rent once all of the following criteria are met in accordance with ASC 605:

- The agreement has been fully executed and delivered;
- Services have been rendered;

- The amount is fixed or determinable; and
- The collectability of the amount is reasonably assured.

Lease agreements are generally five years for the commercial building and one year for the residential homes. Annual lease amounts generally increase each year. Commercial tenant leases include reimbursement to SAKL for allocated property taxes, insurance on the building and common area expenses.

Franchise Fees and Royalties

We recognize franchise fee and royalty income from certain events and record revenue according to agreements and recognize revenue when the following conditions are met:

- We have no remaining obligation or intent to refund any cash received or forgive unpaid notes to the franchisee
- All of the initial services have been performed
- No other material conditions or obligations related to the determination of substantial performance exist

Other

The Company recognizes film revenue from the production and distribution of films and related products in accordance with ASC 926.
ASC 926 states that all of the following criteria must be met in order to recognize revenue:

- Persuasive evidence of a sale or licensing agreement with a customer exists.
- The film is complete and, in accordance with the terms of the agreement, has been delivered or is available for immediate and unconditional delivery.
- The license period of the arrangement has begun and the customer can begin its exploitation, exhibition, or sale.
- The agreement fee is fixed or determinable.
- Collection of the arrangement fee is reasonably assured.

Cost of Revenues

SAKL recognizes costs related to the revenue from services, products, rentals, franchise fees and royalties and other.

Services

Event costs include all costs relating to the production of an event for which the participant has paid including site expenses, event crew labor, entertainment, and transportation of equipment, goods and crew to and from the event site, and are expensed upon completion of the event. Salon costs include all operating costs of the salons including labor and facility costs and are expensed as the services are provided.

Products

Event product costs include merchandise sales at the event and online, and items included in the participant bag ("swag"). Salon product costs include those products used by the stylist and products sold retail.

Rental

Real estate properties and improvements are carried at historical cost. Depreciation is computed on the straight-line method over estimated useful lives.

Franchise fees and royalties

The costs associated with franchise fees and royalties are expensed as incurred.

Other

Film production costs are subject to regular recoverability assessments, which compare the estimated fair values with the unamortized costs. Film production costs are expensed based on the ratio of the current period's gross revenues to estimated total gross revenues. If actual demand or market conditions are less favorable than our projections, film cost write-downs may be required.

Advertising

The Company expenses advertising costs as they are incurred. Advertising expense was $1,989,223 and $621,067 for the years ended 2016 and 2015, respectively.

General and administrative expenses

General and administrative expenses include marketing and advertising for all of our businesses, plus management, executive, human resources, legal, accounting, professional and other corporate expenses. These costs are generally expensed as incurred.

Stock-Based Compensation

SAKL recognizes the cost of employee and nonemployee services received in exchange for awards of equity instruments as stock-based compensation expense. Stock-based compensation expense is measured at the grant date based on the fair value of the restricted stock award, option, or purchase right and is recognized as expense, less expected forfeitures, over the requisite service period, which typically equals the vesting period. Because the recipient of stock based compensation is expected to and has historically received shares of common stock on or about the date of the stock option grant date as part of the exercise process, the fair value of each stock issuance is determined using the fair value of SAKL's common stock on the grant date. Stock-based compensation issued to non-employees that vests over time is revalued at each reporting period.

Income Taxes

The Company 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. The Company provides a valuation allowance for deferred tax assets for which it does not consider realization of such assets to be more likely than not.

As of December 31, 2016 and 2015, SAKL's deferred tax assets, which are solely related to net operating losses, have been fully offset by a valuation allowance.

Basic and Diluted Loss Per Common Share

SAKL computes net loss per common share by dividing the net loss available to common stockholders for the period by the weighted average number of common and potentially dilutive shares during the specified period. The calculation of diluted net loss per share gives effect to common stock equivalents; however, potential common shares are excluded if their effect is anti-dilutive. Such potentially dilutive shares are excluded when the effect would be to reduce net loss per share. For the year ended December 31, 2016, 483,250,144 shares were not included in the diluted net loss per share calculation as their effect would be anti-dilutive.

Recent Accounting Pronouncements

Management believes the impact of recently issued standards and updates, which are not yet effective, will not have a material impact on SAKL's consolidated financial position, results of operations or cash flows upon adoption.

In February 2016, the FASB issued an ASU (Update 2016-02) amending the accounting for leases. The new guidance requires the recognition of lease assets and liabilities for operating leases with terms of more than 12 months, in addition to those currently recorded, on our consolidated balance sheets. Presentation of leases within the consolidated statements of operations and consolidated statements of cash flows will be generally consistent with the current lease accounting guidance. The ASU is effective for reporting periods beginning after December 15, 2018, with early adoption permitted. We are currently evaluating the impact and expect the ASU will not have a material impact on our consolidated financial statements.

In March 2016, The FASB issued an ASU (Update 2016-04) amending the accounting for prepaid stored-value products. This new guidance modifies the method to derecognize the financial and non-financial liabilities of these prepaid stored-value products when the likelihood of the product holder exercising its remaining rights becomes remote. The ASU is effective for reporting periods beginning after December 15, 2017 and interim periods for that fiscal year. We are currently evaluating the effects of this change and do not expect it to materially affect our financial statements.

In March 2016, the FASB issued an ASU (Update 2016-9) amending the accounting for stock-based compensation and requiring excess tax benefits and deficiencies to be recognized as a component of income tax expense rather than equity. This guidance also requires excess tax benefits and deficiencies to be presented as an operating activity on the statement of cash flows and allows an entity to make an accounting policy election to either estimate expected forfeitures or to account for them as they occur. The ASU is effective for reporting periods beginning after December 15, 2016, with early adoption permitted. We will adopt this ASU in the first quarter of 2017 by incorporating it into our stock-based compensation plan. As we do not currently have any outstanding potential forfeitures this change will not retroactively affect our financial statements.

In October 2016, the FASB issued an ASU (Update 2016-09) amending the accounting for income taxes. The new guidance requires the recognition of the income tax consequences of an intercompany asset transfer, other than transfers of inventory, when the transfer occurs. For intercompany transfers of inventory, the income tax effects will continue to be deferred until the inventory has been sold to a third party. The ASU is effective for reporting periods beginning after December 15, 2017, with early adoption permitted. We are currently evaluating the impact and expect the ASU will not have a material impact on our consolidated financial statements.

In January 2017 the FASB issued an ASU (Update 2017-04) amending the test for goodwill impairment. The new guidance simplifies the procedures for testing impairment of goodwill for publicly traded entities. The new guidance modifies the concept of impairment from the condition that exists when the carrying amount of goodwill exceeds its implied fair value to the condition that exists when the carrying amount of a reporting unit exceeds its fair value. The ASU is effective for reporting periods beginning after December 15, 2020 with early adoption permitted. We are currently evaluating the impact and expect the ASU will not have a material impact on our consolidated financial statements.

Note 3 – Inventory

SAKL's event inventories consist of finished goods that include apparel and other branded merchandise which are sold to participants as part of their participation ticket price, as well as are sold as individual items. Inventory is carried at the lower of cost or market. SAKL's salon inventories consist of finished good products that are held for resale at all locations or that are used for the services provided by the two salons. Inventory is carried at the lower of cost or market. As of December 31, 2016 and 2015 inventory by segment consisted of the following:

	December 31,	
	2016	**2015**
Event Inventory	$ 863,871	$ 1,491,713
Salon Inventory	152,790	138,928
Total Inventory	$ 1,016,661	$ 1,630,641

Note 4 – Property, Plant, and Equipment

The following is a summary of SAKL's property, plant, and equipment by major category as of December 31, 2016:

	Cost	Accumulated Depreciation	Net
Computer equipment and related software	$ 130,870	$ 108,059	$ 22,811
Construction in process	-	-	-
Leasehold improvements	732,691	530,039	202,652
Furniture and fixtures	258,060	119,190	138,870
Leased equipment	76,298	69,321	6,977
Equipment	1,187,527	584,029	603,498
Vehicle	160,868	103,956	56,912
Building and Improvements	839,032	334,160	504,872
Land	502,809	-	502,809
Signage	25,154	16,212	8,942
Total	$ 3,913,309	$ 1,864,966	$ 2,048,343

The following is a summary of SAKL's property, plant, and equipment by major category as of December 31, 2015:

	Cost	Accumulated Depreciation	Net
Computer equipment and related software	$ 113,383	$ 92,011	$ 21,372
Construction in process	22,147	-	22,147
Leasehold improvements	639,253	476,654	162,599
Furniture and fixtures	151,282	79,866	71,416
Leased equipment	85,933	54,543	31,390
Equipment	1,143,280	391,626	751,654
Vehicle	229,245	101,529	127,716
Building and Improvements	828,885	305,667	523,218
Land	502,809	-	502,809
Signage	25,154	13,802	11,352
Total	$ 3,741,371	$ 1,515,698	$ 2,225,673

Depreciation expense is $388,853 and $313,130 for the years ended 2016 and 2015, respectively.

Note 5 – Intangible Assets
The following is the weighted average amortization period for our intangibles assets:

	Amortization (Years)
Trade Names	10
Customer Contracts	5
Patents	10

The following tables provides a summary of the carrying amount of intangible assets that will continue to be amortized;

	As of December 31, 2016		
	Gross Amount	Accumulated Amortization	Net Amount
Trade Names	$ 858,061	$ 119,000	$ 739,061
Customer Contracts	120,000	33,600	86,400
Patents	26,312	5,107	21,205
	$ 1,004,373	$ 157,707	$ 846,666

	As of December 31, 2015		
	Gross Amount	Accumulated Amortization	Net Amount
Trade Names	$ 858,891	$ 34,000	$ 824,891
Customer contracts	120,000	9,600	110,400
Patents	26,312	2,475	23,837
	$ 1,005,203	$ 46,075	$ 959,128

The expected future 5 year amortization related to intangible assets is provided in the table below:

Year	Amortization
2017	$ 112,437
2018	112,437
2019	112,437
2020	102,837
2021	78,837
Thereafter	327,680
Total Amortization	$ 846,666

Amortization expense was $111,632 and $46,075 for the years 2016 and 2015 respectively.

Note 6 – Notes Receivable
SAKL has one note receivable from an LLC. It bears 5% interest and matures on 11/10/2018. The balance of principle and interest on December 31, 2016 and 2015 was $184,295 and $179,032 respectively.

Note 7 – Goodwill
As of December 31, 2016 and 2015 the balance of goodwill was $139,755. No impairment charges have been recorded against goodwill. All of the goodwill balance is related to the acquisition of Color Me Rad.

Note 8 – Notes Payable
A summary of notes payable as of December 31, 2016 and 2015 is as follows:

	Interest Rate	Maturity Date	December 31, 2016	December 31, 2015
To an Individual (a)	11.00%	2/27/2016	$ -	$ 14,844
To an Individual (b)	12.00%	3/31/2016	199,638	300,000
To an Individual (c)	7.00%	10/1/2016	-	40,000
To a Bank (d)	6.00%	3/1/2017	14,317	-
To a Bank (e)	5.00%	6/5/2017	15,224	-
To a Bank (f)	8.00%	8/19/2017	24,646	-
To a Corporation (g)	5.00%	9/1/2017	-	18,935
To a Corporation (h)	24.33%	10/25/2017	83,333	
To a Bank (i)	5.00%	11/11/2017	356,157	-
To a Bank (j)	12.00%	11/19/2017	-	261,806
To a Bank (k)	6.00%	12/11/2017	322,927	-
To a Bank (l)		2/9/2019	-	17,054
To a Partnership (m)	8.00%	3/3/2019	6,206	8,532
To a Bank (n)	6.50%	5/23/2021	551,229	564,790
To a Bank (o)	5.99%	6/17/2021	58,309	-
Less Debt Discount			(95,368)	(14,461)
Total Notes Payable			1,536,618	1,211,501
Less Current portion			970,406	508,142
Long Term Notes Payable			$ 566,212	$ 703,359

(a) On February 27, 2012, The Company issued an 11% note payable in the amount of $50,000 to an individual in exchange for a cash payment of the same amount. The note provides for monthly payments in the amount of $1,292 of principal and interest. As of December 31, 2016 the full balance of the note and accrued interest was paid off.

(b) On December 1, 2015 The Company issued a note payable in the amount of $300,000 to an individual for cash payment of the same amount. The note provides for a single payment at the due date. As of December 31, 2016 there was $199,638 of principle remaining unpaid.

(c) On October 3, 2014 The Company issued an 8% note payable to an individual in the amount of $40,000 in exchange for cash payment of the same amount. The note provided for monthly payments of principle and interest beginning 90 days after the execution of the note, to be made equally over the remaining term of the note. As of December 31, 2016 the full balance of the note and accrued interest was paid off.

(d) On March 1, 2016, The Company entered into a loan agreement with a bank in the amount of $62,000. The note provides for daily payments of $263. In addition to the merchant account receivables, collateral for the loan includes all receivables, financial instruments, equipment assets, inventories, intangibles, deposits, and other assets as applicable. The loan requires a prepaid interest charge that is 6% ($3,720) of the $62,000 loan amount. These financing costs are being amortized monthly to interest expense during the one year term of the loan. The total amount due at the inception date is $65,720.

(e) On September 18, 2016 The Company issued a 5% note payable to a bank in the amount of $32,651 in exchange for cash payment. The note provides for monthly payments of $2,538. The loan requires a prepaid interest charge that is 5% ($1,634) of the $32,351 loan amount. These financing costs are being amortized monthly to interest expense during the two year term of the loan. The total amount due at the inception date was $34,285.

(f) On August 19, 2016, the Company entered into a loan agreement with a bank in the amount of $35,000. The note is a merchant account financing arrangement wherein Lantern Fest repays the loan at the rate of $151 of the American Express credit card sales receipts that are collected each business day. In addition to the merchant account receivables, collateral for the loan includes all receivables, financial instruments, equipment assets, inventories, intangibles, deposits, and other assets as applicable. The loan requires a prepaid interest charge that is 8% ($2,800) of the $35,000 loan amount. These financing costs are being amortized monthly to interest expense during the two year term of the loan. The total amount due at the inception date is $37,800.

(g) On August 20, 2012, the Board of Directors approved The Company enter into a loan agreement with a Corporation in the amount of $50,000. Pursuant to the board approval, a note in the amount of $50,000 was issued on August 21, 2012. The note bears interest at 5% per annum and requires 60 monthly installments of $944 commencing October 1, 2012. As of December 31, 2016 the full balance of the note and accrued interest was paid off.

(h) On October 17, 2016 The Company issued a 24.33%, 12 month note in the amount of $100,000 to a corporation in exchange for cash of the same amount. The note provides for 6 monthly payments of $10,833 of principal and interest and then 6 monthly payments of $9,333 of principal and interest for the remainder of the note.

(i) On November 11, 2016, the Company entered into a loan agreement with a bank in the amount of $390,000 at a rate of 5%. The note is a merchant account financing arrangement wherein Lantern Fest repays the loan at the rate of $1,612 each business day. In addition to the merchant account receivables, collateral for the loan includes all receivables, financial instruments, equipment assets, inventories, intangibles, deposits, and other assets as applicable.

(j) On November 20, 2015, the Company entered into a loan agreement with a bank in the amount of $250,000. The note is a merchant account financing arrangement wherein Landis repays the loan at the rate of 31% of the American Express credit card sales receipts that are collected each month. In addition to the merchant account receivables, collateral for the loan includes all receivables, financial instruments, equipment assets, inventories, intangibles, deposits, and other assets as applicable. The loan requires a prepaid interest charge that is 12% ($30,000) of the $250,000 loan amount. These financing costs are being amortized monthly to interest expense during the two year term of the loan. The total amount due at the inception date is $280,000.

(k) On November 5, 2016, the Company entered into a loan agreement with a bank in the amount of $346,000. The note is a merchant account financing arrangement wherein Landis repays the loan at the rate of 75% of the American Express credit card sales receipts that are collected each month. In addition to the merchant account receivables, collateral for the loan includes all receivables, financial instruments, equipment assets, inventories, intangibles, deposits, and other assets as applicable. The loan requires a prepaid interest charge that is 6% ($20,760) of the $346,000 loan amount. These financing costs are being amortized monthly to interest expense during the one year term of the loan. The total amount due at the inception date is $366,760.

(l) On January 23, 2014 The Company issued a note payable in the amount of $26,928 for the purchase of fixed assets. The note provides for monthly payments of $449. As of December 31, 2016 the entire balance of the note was paid in full.

(m) On March 3, 2014, The Company entered into a loan agreement with a partnership in the amount of $12,021 for the financing of professional laundry equipment. The note calls for 60 monthly payments of $244 commencing when the equipment is delivered for installment. In addition to corporate guarantees, Richard Surber, President, CEO, and Director of SAKL is a personal guarantor and the note is secured by the equipment.

(n) On May 23, 2011 The Company entered into a mortgage note payable in the amount of $615,262 at a rate of 6.5%. The note provides for monthly payments of $4,158.

(o) On August 17, 2016, The Company entered into a loan agreement with a bank in the principal amount of $64,495 with an interest rate of 24%. The loan agreement requires 60 monthly payments of principal and interest in the amount of $1,242. The maturity date is June 17, 2021.

During 2016 and 2015 the Company negotiated settlement agreements for several notes. As a result SAKL recorded a loss on extinguishment of debt of ($2,167,129) and a gain on extinguishment of debt of $110,220, respectively.

Note 9 – Convertible Notes Payable

	Interest Rate	Maturity Date	December 31, 2016	December 31, 2015
To a Corporation (a)	8.00%	7/21/2012	$ -	$ 26,863
To a Corporation (b)	8.00%	8/17/2014	35,000	35,000
To a Corporation (c)	8.00%	10/28/2015	-	14,983
To a Corporation (d)	12.00%	6/13/2017	1,904,301	1,800,000
To a Corporation (e)	12.00%	7/30/2017	-	38,500
To a Corporation (f)	7.00%	8/3/2017	240,000	-
Less Debt Discount			(133,870)	(1,530,922)
Total Convertible Notes Payable			2,045,431	384,424
Less Current portion			2,045,431	376,314
Long Term Convertible Notes Payable			$ -	$ 8,110

(a) On July 21, 2009, The Company issued a $60,000 convertible promissory note to a corporation The Company converted $60,000 of accounts payable to the corporation to the note. The transaction has been handled as a private sale exempt from registration under Rule 506 of the Securities Act of 1933. The note bears interest at a rate of 8% per annum. The note can be convertible into SAKL's common shares at the conversion rate of 65% (a 35% discount) of the market price of the closing price on the date of notice. As of December 31, 2016, the balance of the note had either been paid or converted into shares of common stock.

(b) On August 17, 2012, The Company issued a $35,000 convertible promissory note to a corporation The Company converted $15,000 of accounts payable to the corporation to the note and also received $20,000 in cash for the loan. The transaction has been handled as a private sale exempt from registration under Rule 506 of the Securities Act of 1933. The note matures on August 17, 2014 and bear interest at a rate of 8% per annum. After one year from issuance, the note can be convertible into Green's common shares at the conversion rate of 54% of the market price of the lowest price of Green's common shares during the ten-day period ending one trading day prior to the date of the conversion. As of December 31, 2016, none of the note had been converted into shares of common stock and the note is in default

(c) On March 25, 2015, Green issued a $34,000 Convertible Promissory Note to LG Capital Funding, LLC ("LGCF Note") that matured March 26, 2016. The LGCF Note bears interest at a rate of 8% per annum and can be convertible into Green's common shares, at the holder's option, at the conversion rate of 58% of the market price (a 42% discount) of an average of the three lowest trading price of Green's common shares during the eighteen-day period ending on the date of the conversion. On March 29, 2016 Green settled the LGCF note for a payment of the remaining balance of principle and interest owed.

(d) On October 1, 2015 The Company issued a convertible note payable in the amount of $1,800,000 for cash received in the same amount. The note bears interest at a rate of 12% per annum. In July 2016 The Company increased this note by $440,000 for cash received in the same amount and by $375,000 for value of Series C preferred shares returned to the Company. The note is convertible into SAKL's common shares at the holder's option, after an event of default, at the conversion rate of 85% (a 15% discount) of the lowest of the daily volume weighted average price of SAKL's common shares during the five business days prior to the conversion date. As of December 31, 2016 none of the note had been converted in shares of common stock.

(e) On July 30, 2015, Green issued a $38,500 Convertible Promissory Note to JMJ. The JMJ Note can be convertible into Green's common shares, at the holder's option, at the conversion rate of 60% of the market price (a 40% discount) of an average of the three lowest trading price of Green's common shares during the eighteen-day period ending on the date of the conversion. On March 24, 2016 Green settled the JMJ Note for a payment of the remaining balance of principle and interest owed.

(f) On August 3, 2016 The Company issued a $240,000 convertible note payable to a corporation. The note bears guaranteed interest of 7% of the principle amount. The note is convertible into shares of SAKL common stock at the holder's option. The conversion rate is 70% of the market price (a 30% discount) of the lowest market price during the 10 consecutive trading days prior to conversion. In the event of default the rate of conversion would be 60% of the market rate (a 40% discount). As of December 31, 2016 none of the note had been converted to shares of common stock.

Note 10 - Related Party Notes

Convertible Related Party Notes Payable

	Interest Rate	Maturity Date	December 31, 2016		December 31, 2015	
Convertible Note Payable to Richard Surber, President and CEO of SAKL (a)	24.00%	11/20/2011	$	59,394	$	60,282
			$	59,394	$	60,282

(a) On July 13, 2011 the Company issued a note payable, in the amount of $250,000, to Richard Surber, President and CEO of SAKL, in exchange for common shares of Green Endeavors Inc. The note is convertible into Sack's common shares, at the holder's option, at the conversion rate of 90% (a 10% discount) of the average market price of Sack's common shares as reported from the date of notice to the date of conversion.

Related Party Notes Payable

	Interest Rate	Maturity Date	December 31, 2016		December 31, 2015	
Note Payable to a Corporation (a)	18.00%	5/6/2016	$	9,309	$	9,309
Note Payable to Richard Surber, President and CEO of SAKL (b)	20.00%	11/6/2017		25,000		25,000
Note Payable to Richard Surber, President and CEO of SAKL (c)	18.00%	3/12/2018		-		20,820
Total Related Party Notes				34,309		55,130
Less Current portion				34,309		40,740
Long Term Related Party Notes			$	-	$	14,389

(a) On May 6, 2015 Landis salons Inc. entered into a promissory note with Diversified Holdings X Inc. for the sum of $10,000. The interest rate on this loan is 18% per annum. There was to be a lump sum payment made 12 months after the origination date. The note is in default.

(b) On November 6, 2012, Landis Salons II, Inc. entered into a promissory note with Richard Surber, President, CEO, and Director of Green, for the sum of $25,000 for funds loaned. The note bears interest at the rate of 20% per annum, with a term of five years and monthly payments of $662 and a demand feature by which the note can be called upon the demand of Mr. Surber. As security for the note, Landis Salons II pledged all of its assets, stock in trade, inventory, furniture, fixtures, supplies, any intangible property and all tangible personal property of Landis Salons II and all and any other assets to which Landis Salons II holds title or claims ownership or that is hereafter acquired by Landis Salons II, subject only to purchase money liens held by sellers or grantors.

(c) On March 24, 2015, Landis Salons, Inc. entered into a promissory note with Richard Surber, President, CEO, and Director of Green, for the sum of $25,082 for funds loaned. The note bears interest at the rate of 18% per annum, with a term of five years and monthly payments of $806 and a demand feature by which the note can be called upon the demand of Mr. Surber. As security for the note, Landis Salons pledged all of its assets, stock in trade, inventory, furniture, fixtures, supplies, any intangible property and all tangible personal property of Landis Salons and all and any other assets to which Landis Salons holds title or claims ownership or that is hereafter acquired by Landis Salons, subject only to purchase money liens held by sellers or grantors. During 2016 the debt was settled by paying the remainder of the principle and interest of the note.

Note 11 – Derivative Liability

The Company has convertible notes that could be considered derivatives or contain embedded features subject to derivative accounting. The Notes convert into shares of the Company's common stock using a calculation of lowest prices over a period of time and some at a discount. The Company also added an additional convertible note in the year that converts at 85% of the lowest of the daily volume weighted average price of the Borrower's common stock during the five days immediately prior to the conversion date. The note also contains a ratchet provision. Because the terms do not dictate a maximum numbers of convertible shares, the ability to settle these obligations with shares would be unavailable causing these obligations to potentially be settled in cash. This condition creates a derivative liability Under ASC 815-40. The Company evaluates embedded conversion features within convertible debt under ASC 815 "Derivatives and Hedging" to determine whether the embedded conversion feature(s) should be bifurcated from the host instrument and accounted for as a derivative at fair value with changes in fair value recorded in earnings. If the conversion feature does not require derivative treatment under ASC 815, the instrument is evaluated under ASC 470-20 "Debt with Conversion and Other Options" for consideration of any beneficial conversion feature. Embedded derivatives are valued separately from the host instrument and are recognized as derivative liabilities in the Company’s balance sheet. The Company measures these instruments at their estimated fair value and recognizes changes in their estimated fair value in results of operations during the period of change. The Company has estimated the fair value of these embedded derivatives for convertible debenture using a multinomial lattice model. As of December 31, 2016 and 2015, the Company, has a $1,391,432 and $2,113,172 derivative liability respectively, related to convertible notes payable. For the years ended December 31, 2016 and 2015, the Company recorded gains of $2,311,016 and $55,363 from derivative liability fair value adjustments respectively.

Note 12 – Income Taxes

The Company follows ASC 740, under which deferred income taxes reflect the net effect of (a) temporary differences between carrying amounts of assets and liabilities for financial purposes and the amounts used for income tax reporting purposes, and (b) net operating loss carry-forwards. No net provision for refundable Federal income tax has been made in the accompanying statement of loss because no recoverable taxes were paid previously. Similarly, no deferred tax asset attributable to the net operating loss carry-forward has been recognized, as it is not deemed likely to be realized. The cumulative net operating loss and the cumulative tax effect at the expected composite rate of 39 percent of our net deferred tax amount is as follows:

	December 31,	
	2016	2015
Income (Loss) per books	$ (3,187,073)	$ (1,574,073)
Income tax differences:		
Derivative adjustments	(2,311,016)	120,362
Interest - debt discount	992,505	-
Debt extinguishment	2,167,129	-
Loss on subscription receivable	40,883	-
Contributions - carryforward	352,909	161,340
Accrued expenses to controlling shareholder	24,724	39,007
Other non-deductible expenses	65,037	39,644

Other adjustments	(95,801)	31,476
Taxable income (loss)	(1,950,703)	(1,182,244)
Prior year NOL carryover	(18,783,065)	(17,600,821)
Cumulative NOL carryover	$ (20,733,768)	$ (18,783,065)

Deferred Income Taxes	12/31/2016	12/31/2015
Cumulative NOL	(20,733,768)	(18,783,065)
Deferred Tax Assets:		
(34% Federal, 5% Avg. Corp. Rate)	8,086,170	7,325,395
Valuation allowance	(8,086,170)	(7,325,395)
Net balance	$ -	$ -
Deferred tax asset for current year at combined statutory rates (39%)	760,774	461,075
Change in valuation allowance	(760,774)	(461,075)
Total	$ -	$ -

Note 13 – Related Party Transactions

Accounts payable, related party, includes accounts payable and interest payable to Richard Surber, CEO, and entities or companies controlled by Mr. Surber.

Mr. Surber, a related party, is providing his personal guaranty for several lines of credit and credit cards that are being utilized by the Company and its operating subsidiaries. In addition to the above, Mr. Surber is a personal guarantor to notes payable by the Company with remaining principal balances of approximately $1,200,000. Subsequent to December 31, 2016, Mr. Surber continues to provide his personal guaranty for several lines of credit, credit cards, and loans that are being utilized by the Company and its subsidiaries. The total amount of these credit obligations could exceed the amount of $300,000 from time to time.

Note 14 – Lease Commitments

Operating Leases

Salon facilities are leased under operating leases expiring at various dates through 2020. Certain of these leases contain renewal options. Rent expense for the years ended December 31, 2016 and 2015 was $226,107 and $189,059 respectively.

As of December 31, 2016 future minimum lease payments under non-cancelable operating leases were as follows.

For the year ended December 31,	Operating Leases
2017	$ 220,292
2018	230,129
2019	206,732
2020	128,525
Total operating lease payments	$ 785,678

Capital Leases

The company has entered into lease agreements that it has evaluated under the guidance of ASC 840. The Company has classified these leases as capital leases for equipment.

	Interest Rate	Maturity Date	Monthly Payment	December 31, 2016	December 31, 2015
Capitalized lease for equipment	3.62%	11/12/2021	$ 389	$ 21,294	$ 25,110
Capitalized lease for equipment	10.07%	8/19/2020	205	7,469	9,058
Capitalized lease for equipment	14.32%	5/6/2019	2,248	54,840	-
Capitalized lease for equipment	16.96%	4/23/2016	1,535	-	5,929
Capitalized lease for equipment	17.75%	9/5/2016	485	-	4,110
Total Capital Leases Payable			$ 4,862	83,603	44,206
Less Current portion				26,134	22,911
Long Term Capital Leases Payable				$ 57,469	$ 21,295

These leases have been capitalized and included with the company's equipment and is amortized as such. This amortization is included with depreciation expense for financial statement presentation. The book value of these assets is as follows:

	December 31, 2016	December 31, 2015
Carrying Amount	$ 76,298	$ 85,933
Accumulated Amortization	69,321	54,543
Net Book Value	$ 6,977	$ 31,390

As of December 31, 2016, future minimum lease payments under non-cancelable capital leases were as follows:

	December 31, 2016
Total, net	$ 83,603
Less current portion	26,134
Long-term portion	$ 57,469

Future minimum capital lease payments for the next 5 years:

Payments for the year ended December 31,	Capital Lease Payments
2017	$ 34,100
2018	34,100
2019	18,363
2020	6,508
2021	4,532
Total operating lease payments	97,603
Less interest for the terms	14,000
Total, net	$ 83,603

Note 15 – Equity

Preferred Stock

SAKL is authorized to issue 50,000,000 shares of preferred stock with a par value of $0.001 per share. The Preferred Stock can be issued in various series with varying dividend rates and preferences.

As of December 31, 2016 and 2015, the number of shares of Series A Convertible Preferred Stock issued and outstanding was 617,750 and 559,750. The Series A Preferred shares have voting rights equal to 10 shares of common stock for every 1 Series A Preferred share, and it may be converted into $10 worth of common stock. A total of 10,000,000 shares have been designated and authorized as Series A Preferred Stock.

As of December 31, 2016 and 2015, the number of shares of Series B Convertible Preferred Stock issued and outstanding was 15,000,000. The shares have conversion rights into shares of common stock of one (1) share of common stock for each 10 (ten) shares of Series B Preferred. A total of 20,000,000 shares have been designated and authorized as Series B Preferred Stock pursuant to a filing on August 31, 2016. On August 23, 2016 an amendment to the designation of the Series B shares was filed with the State of Utah, voting rights were amended to be 100 votes per share.

As of December 31, 2016 and 2015, the number of shares of Series C Preferred Stock issued and outstanding was 467,583 and 1,228,761 shares, respectively. The Series C Preferred shares may be converted into $5.00 worth of common stock and are subject to redemption by SAKL in the amount of $5.00 per share, payable in cash or common stock of the Company. The Series C Preferred shares hold voting rights equal to 1 share of common stock for every 1 Series C Preferred share. A total of 5,000,000 shares have been designated and authorized as Series C Preferred Stock.

On December 20, 2016 the Board of Directors designated 200,000 shares of preferred stock as Series D Convertible Preferred. As of December 31, 2016 the number of shares of Series D Preferred Stock issued and outstanding was 72,100. The Series D Preferred shares may be converted into common stock at a 50% discount and are subject to redemption by SAKL in the amount of $5.00 per share, payable in cash or common stock of the Company.

All series of Preferred stock are reflected on the balance sheet as Mezzanine due to their convertible nature.

On May 19, 2016 the Board of Directors approved the conversion of 3,000 shares of Series A Preferred shares into 230,796 shares of Common Stock. The shares were converted at $0.13 based on the conversion provisions of the Convertible Series A Preferred Stock designation.

On May 20, 2016 the Board of Directors approved the issuance of 10,000 shares of Series A Preferred Stock in exchange for a cash payment in the sum of $50,000.

On June 3, 2016, the Board of Directors approved the issuance of 3,000 shares of Series A Preferred Stock in exchange for a cash payment in the sum of $15,000.

On July 5, 2016, the Board of Directors approved the issuance of 4,000 shares of Series A Preferred Stock in exchange for a cash payment in the sum of $20,000.

On July 5, 2016 the Board of Directors approved the issuance of 20,000 shares of Series A Preferred Stock in exchange for a cash payment in the sum of $100,000.

On July 6, 2016, the Board of Directors approved the issuance of 4,000 shares of Series A Preferred Stock in exchange for a cash payment in the sum of $20,000.

On October 17, 2016 the Board of Directors authorized the issuance of 20,000 restricted shares of Series A Preferred Stock pursuant to a Stock Purchase Agreement for cash consideration of $100,000.

On January 23, 2015 the Board of Directors approved the conversion of 5,950 shares of Series C Preferred shares into 3,233,696 shares of Common Stock. The shares were converted at $0.0092 based on the conversion provisions for the Convertible Series C Preferred Stock designation.

On March 12, 2015 the Board of Directors approved the conversion of 4,676 shares of Series C Preferred shares into 3,500,000 shares of Common Stock. The shares were converted at $0.00668 based on the conversion provisions for the Convertible Series C Preferred Stock designation.

On July 23, 2015 the Board of Directors approved the conversion of 4,488 shares of Series C Preferred shares into 3,300,000 shares of Common Stock. The shares were converted at $0.0068 based on the conversion provisions for the Convertible Series C Preferred Stock designation.

On October 15, 2015 the Board of Directors approved the issuance of 85,000 shares of Series C Preferred stock advisory services valued at $425,000.

On October 30, 2015 the Board of Directors approved the conversion of 11,776 shares of Series C Preferred shares into 3,542,720 shares of Common Stock. The shares were converted at $0.0166 based on the conversion provisions of the Convertible Series C Preferred Stock designation.

On December 7, 2015 the Board of Directors approved the conversion of 3,552 shares of Series C Preferred shares into 1,110,000 shares of common stock. The shares were converted at $0.016 based on the conversion provisions of the Convertible Series C Preferred Stock designation.

On December 21, 2016 SAKL entered into an Exchange Agreement with an independent third party to exchange 72,100 shares of Series C Preferred stock for Series D Preferred stock. This exchange resulted in a deemed dividend of $386,250.

During 2015 the Board of Directors cancelled or redeemed 278,396 shares of its Series C Preferred shares. The Board cancelled 193,636 Series C shares that the Company had held in its possession for in excess of 5 years based upon the non-performance of certain agreements. The Board approved 84,760 shares that were bought back pursuant to certain Stock Purchase Agreements.

On January 21, 2016 the Board of Directors approved conversion of 41,565 shares of Series C Preferred for the issuance of 4,618,333 shares of common stock. The shares were converted at $0.045 based on the conversion provisions for the Convertible Series C Preferred Stock designation.

On March 8, 2016 a conversion earlier approved by the Board of Directors was carried out whereby 11,776 shares of Series C Preferred Stock were converted into 3,542,720 shares of Common Stock.

On April 22, 2016 the Board of Directors approved the issuance of 1,595,474 shares of restricted common stock from the conversion of 25,133 shares of Series C Preferred Stock. The shares were converted at $0.07694 based on the conversion provisions for the Convertible Series C Preferred Stock designation.

The Company signed an agreement on April 26, 2016 with TCA to redeem 85,000 shares of its Series C preferred stock with a face value of $425,000. On July 13, 2016 the agreement was cancelled, the debt was rolled into an amended TCA note and the shares were returned to unissued.

On May 19, 2016 the Board of Directors approved the conversion of 169,600 shares of Series C Preferred shares into 6,523,074 shares of Common Stock. The shares were converted at $0.13 based on the conversion provisions of the Convertible Series C Preferred Stock designation.

On July 20, 2016 the Board of Directors approved the conversion of 33,164 shares of Series C Preferred Stock into 2,232,364 shares of Common Stock. The shares were converted at $0.07428 based on the conversion provisions of the Series C Preferred Stock.

On July 27, 2016 the Board of Directors approved the conversion of 50,000 shares of Series C Preferred Stock into 3,733,015 shares of Common Stock. The shares were converted at $0.06626 based on the conversion provisions of the Series C Preferred Stock.

On August 5, 2016 the Board of Directors approved the issuance of 40,000 shares of Series C Preferred Stock in exchange for a cash payment in the sum of $100,000.

On October 27, 2016 the Board of Directors approved the conversion of 10,000 shares of Series C Preferred Stock into 1,592,357 shares of Common Stock. The shares were converted at $0.03414 based on the conversion provisions of the Series C Preferred Stock.

Common Stock
As of December 2016, SAKL was authorized to issue 990,000,000 shares of common stock with a par value of $0.0001 per share. As of December 31, 2016 and 2015, the number of common shares issued and outstanding was 163,535,685 and 135,999,942, respectively. The common stock holds voting rights of one vote per share. It has no dividend or preemptive rights.

On February 8, 2016 the Board of Directors approved the issuance of 2.4 million shares of common stock to satisfy an obligation under a May 11, 2015 fee agreement with Meyers Associates L.P.

On February 17, 2016 the Board of Directors approved the issuance of 600,000 restricted shares of Common Stock to John E. Fry. Jr. as compensation for his services as a director of the Company.

On February 19, 2016, 900,000 shares of Common Stock were issued in satisfaction of Red Chip Companies, Inc. contract entered into on November 3, 2015.

On March 4, 2016 the Board of Directors approved the issuance of 83,333 restricted shares of Common Stock as provided for by the terms of a Promissory Note in the amount of $300,000 and which shares were provided as partial compensation for the granting of the loan that created the note.

On May 12, 2016 the Board of Directors approved the return to treasury of 3,800,000 shares of Common Stock held in the name of Richard Surber.

On August 3, 2016, SAKL issued a $550,000 Convertible Promissory Note, with initial consideration of $240,000, to Tangiers Global, LLC ("Tangiers Note") that matures August 3, 2017. The Tangiers Note bears interest at a rate of 7% per annum and can be convertible into SAKL's common shares, at the holder's option, at the conversion rate of 70% of the market price (a 30% discount) of the lowest closing price of SAKL's common shares during the ten days prior to the date of the conversion.

On October 23, 2015, the Company issued 2,105,65 shares of its common stock to an individual in satisfaction of a promissory note dated June 28, 2011 in the amount of $33,690.

On November 3, 2015, the Company issued 900,000 shares of common stock to a corporation for investor relations services.

On December 4, 2015, the Company issued 52,569,350 shares of common stock to Richard Surber in satisfaction of debt owed to Mr. Surber as compensation.

On December 7, 2015 the Company sold 3,000,000 shares of common stock for $45,000.

Note 16 – Litigation

From time to time, we are involved in various disputes and litigation that arise in the ordinary course of business. If the potential loss from any claim or legal proceeding is considered probable and the amount or the range of loss can be estimated, we accrue a liability for the estimated loss. Legal proceedings are subject to uncertainties, and the outcomes are difficult to predict. Because of such uncertainties, accruals are based only on the best information available at the time. As additional information becomes available, we reassess the potential liability related to pending claims and litigation matters and may revise estimates.

While the outcome of disputes and litigation matters cannot be predicted with any certainty, management does not believe that the outcome of any current matters will have a material adverse effect on our consolidated financial position, liquidity or results of operations. The following are claims and litigation of which the Company has received notification;

1. Kimberly S. Livingood and Husband, Kevin Livingood v Slide the City, LLC, Sack Lunch Productions, Inc. d/b/a Slide the City, LLC and Ride the Slide, LLC, Case No 16C760 In the Circuit Court of Hamilton County, State of Tennessee. Filed June 17, 2016, amount of damages sought are not specified. This was an injury asserted to have been occurred at a franchised Slide the City event, insurance coverage for the event has been notified and is currently providing a defense for the named parties. Sack Lunch believes itself to be an improper party to the case and has filed an answer through counsel to that effect. Discovery related to the case is ongoing at this time.
2. Jennifer Kelly v. The Dirty Dash Productions Inc., unknown John Does, In the Superior Court of the State of Washington, in and For Thurston County, complaint served on Sack Lunch on January 9, 2017. Copy of the complaint has been provided to the liability insurance carrier for Dirty Dash and Sack Lunch. Claim based upon personal injury to Ms. Kelly alleged to have occurred at a Dirty Dash event on June 25, 2016 in McCleary, Washington, the amount of damages are not specified. Counsel for insurance carrier has filed a response and a counterclaim to the suit on behalf of Dirty Dash.
3. Midland IRA Inc., FBO Arthur Wulf Roth IRA v Sack Lunch Productions Inc. and Richard Surber, Case No. 2017-L-003022 in the Circuit Court of Cook County, Illinois, filed March 23, 2017, seeking damages of $217,559.68, plus additional interest, attorneys' fees and costs, arising from the December 1, 2015 Promissory Note from Sack Lunch to Plaintiff in the original amount of $300,000. Sack Lunch has retained defense counsel to represent it in the matter and has removed the case to the U.S. District Court for the Northern District of Illinois. Discussions to resolve the matter are taking place between the parties. The note balance and accrued interest are recorded on the balance sheet. Additional fees and costs are not accrued as they are not estimable at this time.
4. Sack Lunch Productions Inc. v Scott Crandall and Matt Ward, Case No. 170903524 in the Third Judicial District Court of Salt Lake County, State of Utah, filed June 2, 2017 seeking damages under the Acquisition Agreement from August of 2015 for recovery of the debts or payables of Springbok that exceeded the amount of $2 million. Defendants have not yet made appearances in the case.
5. Shannon Lynn Basa-Sabol and Stephen Sabol v. Slide the Paradise City, LLC, a Utah limited liability company, Ryan Johnson, Slide the City Productions Inc. a Utah corporation fdba Slide the City LLC, a Utah limited liability company, David Wulf, Case No GD-17-8306 in the Court of Common Pleas of Allegheny County, PA. No service of the matter has been made and no details regarding this claim arising out of an event conducted by a franchisee of Slide the City in 2015 is known at this time.
6. Kane Consulting Inc. v Sack Lunch Productions Inc. Case No. 1784-00242 in the Justice Court of Utah, Salt Lake city Justice Court-Salt Lake County, filed May 3, 2017. Suit seeks recover of $9,930 for security and medical coverage for events conducted by Sack Lunch's subsidiaries, Color Me Rad and Slide the City during 2016. A response is due on June 28, 2017 before the Justice Court.

Potential Causes of Action:

7. Wolfpack Event Services vs Slide the City, demand letter dated October 15, 2015 for $21,054.57 for breach of contract, agreement alleged for events during 2015 the company responded denying liability. No court action has been filed or subsequent demands for payment received.
8. Ashely Davis v Sack Lunch Productions Inc. A personal injury claim arising out of an injury alleged to have been suffered at a Lantern Fest event held on April 23, 2016 at the Colorado National Speedway when a sound tower provided by Electifying Events, a subcontractor of The Lantern Fest Productions, Inc. fell and struck the named person. The claim has been referred to the liability insurance carrier for the event. The amount of damages and potential resolution of the claim are undetermined at this point in time.
9. Melodee Marcelle Stadler v Sack Lunch Productions, Inc. is a claim asserting injuries on June 4, 2016 at the franchised Slide the City event that took place in Davie, Florida on that date. The amount or extents of injuries and/or damages are not yet specified. The event was covered by a liability insurance policy which the franchisee had for the event. Counsel for the franchisee is expected to reply and investigate the nature of the claim and provide a defense for all parties against whom liability are alleged.
10. Dorset Realty Group Canada v. City of Surrey and Color Me Rad. Claim for the clean-up of a building located on the route of a Color Me Rad run that took place on May 23, 2015 in the City of Surrey, British Columbia, Canada. Claim for $36,230.04 for costs to remove color that reached the building during or immediately following the event and is alleged to be the cost of removal. Liability insurance coverage for the event has been notified of the claim and is still investigating and reviewing the claim at this time. A settlement agreement has been reached by the insurance company and the matter has been resolved.
11. Polly Crookston v. Slide the City c/o Sack Lunch Productions, notice of claim for personal injury accident on July 19, 2014 Slide the City event in Salt Lake City. Insurance carrier has been notified, no pending litigation, no details on injury claims or amount.
12. Eric Kirshenman v. Sack Lunch dba Dirty Dash LLC, notice of claim for personal injury accident June 25, 2016 at a Dirty Dash event. Insurance carrier has been notified, no pending litigation, no details on injury claims or amount.
13. Kathy Jo Pannkuk v Dirty Dash, notice of claim for personal injury accident June 25, 2016 at Dirty Dash event in McCleary, Washington. Insurance carrier has been notified, no pending litigation, no details on injury claims or amount.
14. TCA Global Credit Master Fund, LP v Sack Lunch Productions Inc. On November 23, 2016 TCA gave Sack Lunch a Notice of Default that Sack Lunch is in default for 3 months payments that were due in accordance with the terms and provisions of the Senior Secured Credit Facility Agreement effective between the parties as of October 31, 2015. Discussions to resolve the default are ongoing and TCA has agreed to extend any claim of default until June 30, 2017.

At the current time there are no other material pending legal proceedings to which SAKL or its subsidiaries are parties.

Note 17 – Concentration of Risk

Supplier Concentrations

For the years ended December 31, 2016 and 2015, the Company purchased a significant portion, approximately 95%, of its event merchandise from one supplier; Prodigy Promotions. In addition, the Company purchases approximately 99% of its salon product and merchandise from Aveda Services.

Revenue Concentrations

The Company's salon revenue is derived from three separate retail locations located within a 5 mile radius of each other in Salt Lake City, Utah.

Note 18 – Going Concern

SAKL's consolidated financial statements are prepared using accounting principles generally accepted in the United States of America applicable to a going concern which contemplates the realization of assets and liquidation of liabilities in the normal course of business. As of December 31, 2016, SAKL had negative working capital of $6,350,886 and an accumulated deficit of $48,212,352.

Primarily, revenues have not been sufficient to cover SAKL's operating costs. Management's plans to enable SAKL to continue as a going concern include the following:

- Creating or acquiring new types of events for the events line of business;
- Increasing the number of event locations for existing events;
- Increase retail sales of Landis Salons, Inc.;
- Open new salon locations;
- Reduce expenses through consolidating or disposing of certain subsidiary companies; and,
- Raising capital through planned public and private offerings.

There can be no assurance that SAKL can or will be successful in implementing any of its plans or that it will be successful in enabling SAKL to continue as a going concern. SAKL's consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Note 19 – Segment Reporting

The Company has three significant operating segments, action-oriented events (Events), health and beauty salons (Salons), film distribution, film production assistance and real estate rentals (Other). The Events segment is comprised of the branded events Slide the City, Color Me Rad, Lantern Fest, The Dirty Dash, and Trike Riot. The Salons segment is comprised of two Aveda Lifestyle salons and an Aveda retail store. All assets are located in and all revenues are earned in the United States.

The following table identifies assets and profit/loss for the significant operating segments.

2016	Events	Salons	Other	Total
Total Assets	$ 2,571,524	$ 1,179,652	$ 1,710,793	$ 5,461,969
Revenue	$ 11,002,020	$ 3,389,810	$ 449,199	$ 14,841,029
Cost of Sales	(6,212,432)	(1,945,914)	(175,610)	(8,333,956)
General Costs and Depreciation	(5,726,370)	(1,482,431)	(1,123,358)	(8,282,130)
Other income and Expense	14,538	(259,925)	(1,166,629)	(1,412,016)
Segment Net income	$ (922,244)	$ (298,460)	$ (2,016,398)	$ (3,187,073)

2015	Events	Salons	Other	Total
Total Assets	$ 3,656,455	$ 654,409	$ 2,103,680	$ 6,414,544
Revenue	$ 7,159,716	$ 3,028,006	$ 284,365	$ 10,472,087
Cost of Sales	(3,810,557)	(1,655,219)	(221,557)	(5,687,333)
General Costs and Depreciation	(2,901,095)	(1,445,323)	(1,340,977)	(5,687,395)
Other income and Expense	(30,683)	(530,448)	(110,301)	(671,432)
Segment Net income	$ 417,381	$ (602,984)	$ (1,388,470)	$ (1,574,073)

Note 20 – Subsequent Events

SAKL has evaluated subsequent events through the date the financial statements were available to be issued.

On January 31, 2017, the board of directors approved the conversion of 6,000 shares of Series D preferred stock into 2,898,551 shares of common stock.

On February 13, 2017 the board of directors approved the debt purchase agreement between Mammoth Corporation and TCA Global Credit Master Fund, LP, whereby Mammoth will acquire $112,500 of the debt owed to TCA by SAKL.

On February 14, 2017, the board of directors approved the conversion of 16,000 shares of Series C preferred stock into 2,996,000 shares of common stock.

On February 24, 2017, the board of directors approved the conversion of 6,000 shares of Series D preferred stock into 3,278,689 shares of common stock.

On March 15, 2017 SAKL issued a nine month convertible promissory note for $57,500 including interest.

On March 21, 2017, the board of directors approved the conversion of 6,000 shares of Series D preferred stock into 7,500,000 shares of common stock.

On March 31, 2017 SAKL entered into a purchase agreement with an unrelated, 3rd party, for the sale of 100% of the issued and outstanding shares of common stock of Redline Entertainment, Inc. and WG Productions, Inc. for 50,000 shares of SAKL Series A preferred stock held by the buyer.

On April 14, 2017 the Company entered into a Settlement Agreement and Release with John Malfatto and Martin Malfatto Squared Inc. wherein the parties agreed to terms that will end Malfatto’s current employment agreement with the Company and provide for the terms under which he will continue to provide services through the end of 2017. Malfatto and Malfatto Squared will deliver to the Company 250,000 shares of Series B Preferred stock and 139,000 shares of Series A Preferred stock and return 13,142,337 shares of common stock to Richard Surber and Taylor Gourley.

On June 1, 2017, the board of directors approved the conversion of 6,100 shares of Series D preferred stock into 6,100,000 shares of common stock.

On June 1, 2017 the board of directors approved the debt purchase agreement between Mammoth Corporation and TCA Global Credit Master Fund, LP, whereby Mammoth will acquire $50,000 of the debt owed to TCA by SAKL.