

**OTC Pink Disclosure Document**

**1) Name of the issuer and its predecessors (if any)**

HEMP, INC., AUGUST 2012  
MARIJUANA, INC., JULY 2010  
PREACHERS COFFEE INC., JANUARY 2008

**2) Address of the issuer's principal executive offices**

Company Headquarters  
Address 1: 8174 S. LAS VEGAS BLVD., #109-367  
Address 2: LAS VEGAS, NV 89123  
Phone: 877-221-8351  
Email: INFO@MARIJUANAINC.TV  
Website(s): WWW.HEMP.COM

IR Contact  
Address 1: 8174 S. LAS VEGAS BLVD., #109-367  
Address 2: LAS VEGAS, NV 89123  
Phone: 877-221-8351  
Email: INFO@MARIJUANAINC.TV  
Website(s): WWW.HEMP.COM

**3) Security Information**

Trading Symbol: HEMP

Exact title and class of securities outstanding: COMMON  
CUSIP: 423 703 10 7  
Par or Stated Value: \$0.00001  
Total shares authorized: 3,000,000,000 as of: 12/31/13  
Total shares outstanding: 1,827,349,022 as of: 12/31/13

Preferred share information:  
Exact title and class of securities outstanding: PREFERRED AND PREFERRED K  
CUSIP: N/A  
Par or Stated Value: \$0.00001 and \$0.00001 respectively  
Total shares authorized: 500,000,000 and 250,000,000 respectively as of: 12/31/13  
Total shares outstanding: 215,182,600 and 125,453,401 respectively as of: 9/30/13

Transfer Agent  
Name MADISON STOCK TRANSFER INC.  
Address 1: 1688 EAST 16<sup>TH</sup> ST  
Address 2: BROOKLYN, NY 11229  
Phone: 718-627-4453

Is the Transfer Agent registered under the Exchange Act?\* Yes:  No:

List any restrictions on the transfer of security:

RULE 144

Describe any trading suspension orders issued by the SEC in the past 12 months.

NONE

Within the past year please list any past, pending or anticipated stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization:

NONE

#### **4) Issuance History**

List below any events, in chronological order, that resulted in changes in total shares outstanding by the issuer in the past two fiscal years and any interim period. The list shall include all offerings of securities, whether private or public, and all shares or any other securities or options to acquire such securities issued for services, describing (1) the securities, (2) the persons or entities to whom such securities were issued and (3) the services provided by such persons or entities. The list shall indicate:

A. The nature of each offering (e.g., Securities Act Rule 504, intrastate, etc.);

ISSUANCES FOR SERVICES, DEBT, AND CASH

94,990,222 COMMON SHARES ISSUED FOR SERVICES IN 2011

307,537,500 COMMON SHARES ISSUED FOR SECURITIES HELD FOR SALE IN 2011

344,462,219 COMMON SHARES ISSUED FOR SERVICES IN 2012

193,836,430 PREFERRED K SHARES ISSUED FOR DEBT IN 2012; BRUCE PERLOWIN

3,100,000 COMMON ISSUED FOR SERVICES DURING QUARTER ENDED MARCH 31, 2013

10,000,000 COMMON SHARES ISSUED FOR SERVICES IN QE 6/30/13

15,111,111 COMMON ISSUED FOR SERVICES IN QE 9/30/13

45,000,000 COMMON ISSUED FOR SERVICES IN QE 12/31/13

85,360,723 PREFERRED K ISSUED FOR DEBT IN QE 12/31/13

B. Any jurisdictions where the offering was registered or qualified;

N/A

C. The number of shares offered;

N/A

D. The number of shares sold;

N/A

E. The price at which the shares were offered, and the amount actually paid to the issuer;

N/A

F. The trading status of the shares; and

RESTRICTED

G. Whether the certificates or other documents that evidence the shares contain a legend (1) stating that the shares have not been registered under the Securities Act and (2) setting forth or referring to the restrictions on transferability and sale of the shares under the Securities Act.

YES

With respect to private offerings of securities, the list shall also indicate the identity of the persons who purchased securities in such private offering; *provided, however*, that in the event that any such person is an entity, the list shall also indicate (a) the identity of each natural person beneficially owning, directly or indirectly, more than ten percent (10%) of any class of equity securities of such entity and (b) to the extent not otherwise disclosed, the identity of each natural person who controlled or directed, directly or indirectly, the purchase of such securities for such entity.

## 5) Financial Statements

Provide the financial statements described below for the most recent fiscal year end or quarter end to maintain qualification for the OTC Pink Current Information tier

- A. Balance sheet;
- B. Statement of income;
- C. Statement of Stockholders' Equity (Deficit)
- D. Statement of cash flows;
- E. Financial statement notes;

**FINANCIAL STATEMENTS AND FOOTNOTES ARE APPENDED TO THIS DOCUMENT**

## 6) Describe the Issuer's Business, Products and Services

Describe the issuer's business so a potential investor can clearly understand the company. In answering this item, please include the following:

- A. a description of the issuer's business operations;

PROVIDE LAWFUL PRODUCTS AND SERVICES TO THE MEDICAL MARIJUANA INDUSTRY AND TO PROVIDE OTC HEALTH PRODUCTS MADE FROM INDUSTRIAL HEMP

- B. Date and State (or Jurisdiction) of Incorporation:

JANUARY 16, 2008; COLORADO

- C. the issuer's primary and secondary SIC Codes;

7380

- D. the issuer's fiscal year end date;

DECEMBER 31

- E. principal products or services, and their markets;

PRODUCTS AND SERVICES FOR THE MEDICAL MARIJUANA INDUSTRY AND OVER THE COUNTER NATURAL HEALTH PRODUCTS MADE MANUFACTURED FROM INDUSTRIAL HEMP

## 7) Describe the Issuer's Facilities

THE ISSUER LEASES AN EXECUTIVE OFFICE SPACE ON A MONTH TO MONTH BASIS WHICH IS ADEQUATE FOR ITS CURRENT NEEDS

## 8) Officers, Directors, and Control Persons

- A. Names of Officers, Directors, and Control Persons. In responding to this item, please provide the names of each of the issuer's executive officers, directors, general partners and control persons (control persons are beneficial owners of more than five percent (5%) of any class of the issuer's equity securities), as of the date of this information statement.

BRUCE PERLOWIN, CEO/CFO/CHAIRMAN; DAVID TOBIAS, PRESIDENT; CRAIG PERLOWIN, SECRETARY; NEW COMPENDIUM CORP. (7%)

- B. Legal/Disciplinary History. Please identify whether any of the foregoing persons have, in the last five years, been the subject of:

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);

NONE

2. The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities;

NONE

3. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated; or

NONE

4. The entry of an order by a self-regulatory organization that permanently or temporarily barred, suspended or otherwise limited such person's involvement in any type of business or securities activities.

NONE

- C. Beneficial Shareholders. Provide a list of the name, address and shareholdings or the percentage of shares owned by all persons beneficially owning more than ten percent (10%) of any class of the issuer's equity securities. If any of the beneficial shareholders are corporate shareholders, provide the name and address of the person(s) owning or controlling such corporate shareholders and the resident agents of the corporate shareholders.

BRUCE PERLOWIN, CEO/CFO/CHAIRMAN (50%)

## 9) **Third Party Providers**

Please provide the name, address, telephone number, and email address of each of the following outside providers that advise your company on matters relating to operations, business development and disclosure:

Legal Counsel

Name: N/A

Accountant or Auditor

Name: N/A

Investor Relations Consultant

Name: N/A

Other Advisor: Any other advisor(s) that assisted, advised, prepared or provided information with respect to this disclosure statement.

Name: N/A

**10) Issuer Certification**

The issuer shall include certifications by the chief executive officer and chief financial officer of the issuer (or any other persons with different titles, but having the same responsibilities).

The certifications shall follow the format below:

I, BRUCE PERLOWIN, CEO/CFO/CHAIRMAN certify that:

1. I have reviewed this ANNUAL REPORT of HEMP, INC.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

1/15/14 [Date]

/S/ BRUCE PERLOWIN [CEO's Signature]

/S/ BRUCE PERLOWIN [CFO's Signature]

CEO/CFO [Title]

**Hemp, Inc. and Subsidiaries**

Balance Sheets

(Unaudited)

	December 31, 2013	December 31, 2012 <u>RESTATED</u>
<u>ASSETS</u>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 2,200	\$ 3,151
Securities held for sale	-	9,499
Inventory	31,142	5,600
Total Current Assets	33,342	18,250
<b>OTHER ASSETS</b>		
Investment in 420 Café	5,000	5,000
Investment in Wild Herb	5,000	5,000
Investment in Red Rock Naturals	2,500	2,500
Kins investment	2,761	2,761
Leasehold improvements	2,500	2,500
LPO software	1,810,775	1,810,775
Tax tracking software	156,250	156,250
Social network software	382,000	382,000
Total Other Assets	2,366,786	2,366,786
<b>TOTAL ASSETS</b>	\$ 2,400,128	\$ 2,385,036
<u>LIABILITIES AND STOCKHOLDERS' EQUITY/(DEFICIT)</u>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 2,490	\$ 2,490
Due to B. Perloin	-	671,231
Due to D. Tobias	16,310	16,260
TOTAL CURRENT LIABILITIES	18,800	689,981
<b>NON-CURRENT LIABILITIES</b>		
Contingent disputed liability - JS	12,105	12,105
TOTAL LIABILITIES	30,905	702,086
<b>STOCKHOLDERS' DEFICIT</b>		
Preferred stock:		
500,000,000 shares authorized, \$0.00001 par value		
215,182,600 and 256,714,800 shares issued	2,152	2,567
Preferred K stock:		
250,000,000 shares authorized, \$0.00001 par value		
210,814,124 and 178,320,066 shares issued	2,108	1,783
Common stock:		
3,000,000,000 common shares, \$0.00001 par value		
1,827,349,022 and 1,121,641,121 shares issued	18,274	11,216
Additional paid-in capital	9,894,425	7,434,177
Subscriptions payable (500,000 Preferred shares)	50	50
Other comprehensive income/(expense)	(693,905)	(354,406)
Retained earnings/(deficit)	(6,853,881)	(5,412,437)
Total Stockholders' Equity/(Deficit)	2,369,223	1,682,950
<b>TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT</b>	\$ 2,400,128	\$ 2,385,036

**Hemp, Inc. and Subsidiaries**  
**Statements of Operations**  
(Unaudited)

	For the Year Ended December 31, 2013	For the Year Ended December 31, 2012
		RESTATED
SALES	\$ 2,357,266	\$ 8,909
Cost of sales	594,196	8,275
GROSS MARGIN	1,763,070	634
OPERATING EXPENSES		
Compensation - stock based	1,703,885	2,142,792
Professional and consulting fees	305,356	201,546
Occupancy expenses	127,133	56,405
Travel	15,715	18,639
Advertising and promotion	49,892	54,595
General and administrative	762,532	380,587
Total Operating Expenses	2,964,513	2,854,564
NET LOSS FROM OPERATIONS	(1,201,443)	(2,853,930)
OTHER INCOME (EXPENSE)		
Gains on securities held for sale	-	116,574
Total other income (expense)	-	116,574
NET LOSS BEFORE TAXES	(1,201,443)	(2,737,356)
Provision for income taxes	-	-
NET LOSS	\$ (1,201,443)	\$ (2,737,356)
PER SHARE DATA:		
Basic and diluted income (loss) per common share	\$ (0.00)	\$ (0.00)
Weighted average number of common shares outstanding	1,434,482,583	840,234,523

**Hemp, Inc. and Subsidiaries**  
Statement of Stockholders' Equity (Deficit)  
(Unaudited)

	Preferred Stock		Preferred K Stock		Common Stock		Additional Paid-in Capital	Sub- scrip tion S Payable	Other Compre hensiv e Income/ (Expense)	Retained Earnings/ (Deficit)	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount	Shares	Amount					
Balance - December 31, 2011 (RESTATED)	331,000,000	\$ 3,310	-	\$ -	732,498,722	\$ 7,325	\$ 3,396,314	\$ 50	\$ (354,406)	\$ (2,675,082)	\$ 377,511
January 17, 2012 - Common stock issued for services	-	-	-	-	600,000	6	9,294	-	-	-	9,300
March 14, 2012 - Common stock issued for services	-	-	-	-	4,000,000	40	57,960	-	-	-	58,000
April 23, 2012 - Common stock issued for services	-	-	-	-	1,500,000	15	26,985	-	-	-	27,000
May 24, 2012 - Preferred K stock issued for debt	-	-	193,836,430	1,938	-	-	1,936,426	-	-	-	1,938,364
May 24, 2012 - Preferred stock converted to common	(10,000,000)	(100)	-	-	25,000,000	250	(150)	-	-	-	-
May 24, 2012 - Common stock issued for services	-	-	-	-	18,180,180	182	290,701	-	-	-	290,883
August 15, 2012 - Preferred stock converted to common	(30,000,000)	(300)	-	-	75,000,000	750	(450)	-	-	-	-
September 12, 2012 - Preferred stock converted to common	(10,000,000)	(100)	-	-	25,000,000	250	(150)	-	-	-	-
October 19, 2012 - Preferred K stock converted to common	-	-	(12,516,364)	(125)	125,163,640	1,252	(1,126)	-	-	-	-
October 23, 2012 - Common stock issued for services	-	-	-	-	18,880,555	189	1,491,375	-	-	-	1,491,564
October 25, 2012 - Preferred stock converted to common	(3,085,200)	(31)	-	-	7,713,000	77	(46)	-	-	-	-
November 16, 2012 - Preferred stock converted to common	(20,000,000)	(200)	-	-	50,000,000	500	(300)	-	-	-	-
October 19, 2012 - Preferred K stock converted to common	-	-	(3,000,000)	(30)	30,000,000	300	(270)	-	-	-	-
November 28, 2012 - Common stock issued for services	-	-	-	-	5,105,024	51	227,633	-	-	-	227,684
December 28, 2012 - Preferred stock converted to common	(1,200,000)	(12)	-	-	3,000,000	30	(18)	-	-	-	-
(Loss) for the year - RESTATED	-	-	-	-	-	-	-	-	-	(2,737,356)	(2,737,356)
Balance - December 31, 2012 (RESTATED)	256,714,800	\$ 2,567	178,320,066	\$ 1,783	1,121,641,121	\$ 11,216	\$ 7,434,177	\$ 50	\$ (354,406)	\$ (5,412,438)	\$ 1,682,950
February 4, 2013 - Preferred stock converted to common	(20,000,000)	(200)	-	-	50,000,000	500	(300)	-	-	-	-
February 4, 2013 - Common stock issued for services	-	-	-	-	500,000	5	40,495	-	-	-	40,500
February 7, 2013 - Preferred K stock converted to common	-	-	(10,000,000)	(100)	100,000,000	1,000	(900)	-	-	-	-



February 12, 2013 - Common stock issued for services	-	-	-	-	2,000,000	20	159,980	-	-	-	160,000
February 25, 2013 - Common stock issued for services	-	-	-	-	100,000	1	7,289	-	-	-	7,290
February 26, 2013 - Preferred K stock converted to common	-	-	(2,000,000)	(20)	20,000,000	200	(180)	-	-	-	-
March 14, 2013 - Preferred K stock converted to common	-	-	(555,555)	(6)	5,555,555	56	(50)	-	-	-	-
March 28, 2013 - Common stock issued for services	-	-	-	-	500,000	5	22,395	-	-	-	22,400
April 10, 2013 - Common stock issued for services	-	-	-	-	10,000,000	100	509,900	-	-	-	510,000
May 7, 2013 - Preferred K stock converted to common	-	-	(10,111,110)	(101)	101,111,100	1,011	(910)	-	-	-	-
May 13, 2013 - Preferred K stock converted to common	-	-	(200,000)	(2)	2,000,000	20	(18)	-	-	-	-
May 13, 2013 - Preferred stock converted to common	(8,800,000)	(88)	-	-	22,000,000	220	(132)	-	-	-	-
June 25, 2013 - Preferred K stock converted to common	-	-	(1,000,000)	(10)	10,000,000	100	(90)	-	-	-	-
July 9, 2013 - Preferred K stock converted to common	-	-	(1,000,000)	(10)	10,000,000	100	(90)	-	-	-	-
September 18, 2013 - Preferred K stock converted to common	-	-	(15,500,000)	(155)	155,000,000	1,550	(1,395)	-	-	-	-
September 27, 2013 - Common stock issued for services	-	-	-	-	15,111,111	151	289,982	-	-	-	290,133
September 30, 2013 - Preferred stock converted to common	(9,652,200)	(97)	-	-	24,130,500	241	(145)	-	-	-	-
October 2, 2013 - Preferred stock converted to common	(400,000)	(4)	-	-	1,000,000	10	(6)	-	-	-	-
October 8, 2013 - Preferred stock converted to common	(500,000)	(5)	-	-	1,250,000	13	(8)	-	-	-	-
October 9, 2013 - Preferred K stock converted to common	-	-	(1,000,000)	(10)	10,000,000	100	(90)	-	-	-	-
October 14, 2013 - Common stock issued for services	-	-	-	-	15,000,000	150	256,350	-	-	-	256,500
October 14, 2013 - Preferred stock converted to common	(500,000)	(5)	-	-	1,250,000	13	(8)	-	-	-	-
November 13, 2013 - Common stock issued for services	-	-	-	-	15,000,000	150	227,850	-	-	-	228,000
November 21, 2013 - Preferred K stock converted to common	-	-	-	-	55,000,000	-	-	-	-	-	-

	-	-	(5,500,000)	(55)		550	(495)	-	-	-	-
November 22, 2013 - Preferred K stock converted to common	-	-	(4,000,000)	(40)	40,000,000	400	(360)	-	-	-	-
November 27, 2013 - Preferred stock converted to common	(1,680,000)	(17)	-	-	4,200,000	42	(25)	-	-	-	-
December 13, 2013 - Common stock issued for services	-	-	-	-	15,000,000	150	149,850	-	-	-	150,000
December 18, 2013 - Preferred K stock converted to common	-	-	(1,000,000)	(10)	10,000,000	100	(90)	-	-	-	-
December 20, 2013 - Preferred K issued for debt	-	-	85,360,723	854	-	-	801,537	-	-	-	802,391
December 24, 2013 - Preferred K stock converted to common	-	-	(1,000,000)	(10)	10,000,000	100	(90)	-	-	-	-
Adjustment	-	-	-	-	(365)	-	-	-	-	-	-
Dividends-Shares of BioAdaptives	-	-	-	-	-	-	(240,000)	-	-	(240,000)	(240,000)
Other comprehensive income/(expense)	-	-	-	-	-	-	-	-	(339,499)	-	(339,499)
(Loss) for the year	-	-	-	-	-	-	-	-	-	(1,201,443)	(1,201,443)
Balance - December 31, 2013	215,182,600	2,152	210,814,124	2,108	1,827,349,022	18,274	9,654,425	50	(693,905)	(6,853,881)	2,369,222

**Hemp, Inc. and Subsidiaries**  
**Statements of Cash Flows**  
(Unaudited)

	For the Years Ended December 31,	
	2013	2012 RESTATED
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income (loss)	\$ (1,201,443)	\$ (2,737,356)
Adjustments to reconcile net income (loss) to net cash from operating activities:		
Issuance of common stock for services	1,703,885	2,142,792
Issuance of preferred stock for expenses	-	-
Changes in Operating Assets and Liabilities:		
Inventory	(25,542)	6,775
Prepaid fees and services	-	300
Accounts payable and accrued liabilities	-	(11,709)
Due to related parties	50	(1,000)
Net cash from operating activities	476,950	(600,198)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Securities held for sale distributed as dividends	(240,000)	-
Kins investment	-	(2,761)
Tax tracking software	-	(156,250)
Net cash from investing activities	(240,000)	(159,011)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Advances from related parties	(237,901)	761,758
Net cash from financing activities	(237,901)	761,758
NET CHANGE IN CASH	(951)	2,549
CASH AT BEGINNING OF PERIOD	3,151	602
CASH AT END OF PERIOD	\$ 2,200	\$ 3,151
<b>SUPPLEMENTAL CASH FLOW DISCLOSURES</b>		
Cash paid for interest	\$ -	\$ -
Cash paid for income taxes	\$ -	\$ -
<b>NON-CASH INVESTING AND FINANCING ACTIVITIES</b>		
Preferred K shares issued for debt	\$ -	\$ 1,925,743
Common stock issued for securities held for sale	\$ -	\$ -
Common stock issued for Social Network Software	\$ -	\$ -

HEMP, INC.  
NOTES TO UNAUDITED FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012 (RESTATED)

Note 1 - Organization and Basis of Presentation

Organization and Line of Business

The “Company” was incorporated on January 16, 2008 in Colorado as Preachers Coffee, Inc. and was given the trading symbol PCIO. On November 11, 2009 the Company changed its name to Marijuana, Inc. On October 10, 2011 the trading symbol was changed to HEMP. Subsequently the name was changed to Hemp, Inc.

The Company is a start-up company and has not earned significant revenues since inception. The Company is launching a comprehensive network of information, services and products focused on the rapidly emerging medical marijuana industries and movements. The Company continues to assemble the components of this all encompassing educational, social network, affinity program, and distribution network through internal development, mergers and acquisitions, and joint ventures. These components are being seamlessly integrated into a process designed to take the consumer from curious, to knowledgeable, to a satisfied and loyal community member with a lasting relationship with the Company through education, information, social networking, and product purchases.

Basis of Presentation

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America.

Note 2 - Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Principles of Consolidation

These consolidated financial statements include the accounts of the Company's wholly owned subsidiaries. All significant intercompany transactions have been eliminated.

#### Cash and Cash Equivalents

Cash and cash equivalents include cash in hand and cash in time deposits, certificates of deposit and all highly liquid debt instruments with original maturities of three months or less.

#### Securities Held for Sale

On August 15, 2011, ten million five hundred thousand (10,500,000) freely trading shares of Medical Marijuana, Inc., ("MJNA") were exchanged for 307,537,500 shares of the Company's common stock. On December 31, 2013 the marketable securities account was adjusted to reflect the change in market value.

#### Deposits

Deposits are the balances outstanding that have not been redeemed as of the date of the Financial Statements. As of December 31, 2013, there are no deposits.

#### Accounts Receivable/Other Receivable

Accounts Receivable are amounts due to the company from sales or services rendered. As of December 31, 2013 there were no receivables.

#### Notes Receivable

Notes Receivable are executed contractual obligations to pay the company reflecting amounts due for sales or services rendered to another by the company. As of December 31, 2013, there were no notes receivable.

#### Property and Equipment

Property and equipment are stated at cost. Expenditures for maintenance and repairs are charged to earnings as incurred; additions, renewals and betterments are capitalized. When property and equipment are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the respective accounts, and any gain or loss is included in operations.

Depreciation of property and equipment is provided using the straight line method over their useful lives.

## Inventory

Inventory has been recorded at the lower of cost or fair market value.

## Revenue Recognition

The Company's revenue recognition policies are in compliance with SEC Staff Accounting Bulletin ("SAB") 104.

## Stock-Based Compensation

The Company accounts for its stock-based compensation in accordance with SFAS No. 123R, "ShareBased Payment, an Amendment of FASB Statement no. 123." The Company recognizes in the statement of operations the grant-date fair value of stock options and other equity-based compensation issued to employees and non-employees.

## Income Taxes

The Company utilizes the SFAS No. 109, "Accounting for Income Taxes," which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred income taxes are recognized for the tax consequences in the future years of differences between the tax bases of assets and liabilities and their financial reporting amounts at each period and based on enacted tax laws and statutory tax rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized.

## Basic and Diluted Earnings per Share

Earnings per share are calculated in accordance with the SFAS No. 128 ("SFAS No. 128"), "Earnings per Share." Net earnings per share for all periods presented have been restated to reflect the adoption of SFAS No. 128. Basic earnings per share is based upon the weighted average number of common shares outstanding. Diluted earnings per share is based on the assumption that all dilutive convertible shares and stock options were converted or exercised. There are convertible shares as discussed in Note 8. There are no options or warrants. Dilution is computed by applying the treasury stock method. Under this method, options and warrants are assumed to be exercised at the beginning of the period (or at the time of issuance, if later), and as if funds obtained thereby were used to purchase common stock at the average market price during the period. At this time there are no stock options granted.

### Note 3 - Going Concern

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles in the United States of America, which contemplates continuation of the Company as a going concern.

### Note 4 - Accounts Payable

Accounts payable represent amounts owed to vendors for products and/or services rendered but not yet paid for in full.

### Note 5 - Notes Payable

None.

### Note 6 - Loans To/From Officers

Loans are stated at par and are represented in aggregate. Such sum represents the loan of funds and/or withdrawal of funds by officers and is not considered revenue to the company, nor income to individual officers.

### Note 7 - Stock Options and Warrants

None.

### Note 8 - Preferred Shares

The company has three types of preferred shares. The first, Preferred, is convertible to common shares at a ratio of one preferred share to two and one half shares of common shares. The second, Series K, is convertible to common shares at a ratio of one preferred share to ten shares of common. The third, Series Q, is convertible to common shares at a ratio of one preferred share to one hundred shares of common.

### Note 9 - Prepaid Expenses

None.

### Note 10 - Significant Events

The company has expanded its focus to develop opportunities associated with the medical marijuana industry. The company does not cultivate, distribute or possess marijuana. Instead, the company is creating a service infrastructure to serve industry participants. By creating the prerequisite social network infrastructure, the company is poised to profit from its leadership position in the industry. The company contemplates becoming involved in a social networking media via the internet to connect industry participants and serve their information needs. The company also plans to pursue providing a full curriculum to educate participants in the industry both through live seminars as well as via the internet. The company intends to offer industry-related products and services where economically feasible. Finally, the company is developing a website providing entertainment and news which affect industry participants.

Note 11 - Subsequent Events

None.