

**OTC Pink Disclosure Document**

**1) Name of the issuer and its predecessor(s):**

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: 12.31.14

Total shares outstanding: 2,736,041,906 as of: 12.31.14

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: 12.31.14

Total shares outstanding: 108,470,378 and 154,851,253 respectively  
as of: 12.31.14

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: [X]

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 ISSUED FOR MARKETABLE SECURITIES

IN 2011

344,462,219 COMMON SHARES ISSUED FOR SERVICES IN 2012  
193,836,430 PREFERRED K SHARES ISSUED FOR DEBT IN 2012;

B.PERLOWIN

3,100,000 COMMON ISSUED FOR SERVICES DURING QE 3.31.13  
10,000,000 COMMON SHARES ISSUED FOR SERVICES IN QE

6.31.13

15,111,111 COMMON ISSUED FOR SERVICES IN QE 9/30/13  
45,000,000 COMMON ISSUED FOR SERVICES IN QE 12/31/13  
36,216,629 COMMON ISSUED FOR SERVICES IN QE 3/31/14  
178,682 COMMON ISSUED FOR SERVICES IN QE 6.30.14  
85,360,723 PREFERRED K SHARES ISSUED FOR DEBT IN QE

6.30.14

9.30.14 575,000 PREFERRED K SHARES ISSUED FOR SERVICES IN QE  
9.30.14 5,000,000 COMMON ISSUED FOR PREPAID INTEREST IN QE  
9.30.14 26,560,874, COMMON ISSUED FOR SERVICES IN QE 9.30.14  
8,577,848 COMMON ISSUED FOR SERVICES IN QE 12.31.14

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 AND RECREATIONAL MARIJUANA INDUSTRIES AND TO PROVIDE 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;

PROVIDE LAWFUL PRODUCTS AND SERVICES TO THE MEDICAL AND RECREATIONAL MARIJUANA INDUSTRIES AND TO PROVIDE PRODUCTS MADE 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; CRAIG PERLOWIN, SECRETARY;

- 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.

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.

3.31.15 [Date]

/S/ BRUCE PERLOWIN [CEO/CFO's Signature]  
CEO/CFO [Title]

**Hemp, Inc. and Subsidiaries**

Balance Sheets  
(Unaudited)

|   | December 31,        | December 31,        |
|---|---------------------|---------------------|
|   | 2014                | 2013                |
|   |                     | RESTATED            |
| <b>ASSETS</b>   |                     |                     |
| <b>CURRENT ASSETS</b>                                 |                     |                     |
| Cash and cash equivalents                             | \$ 243,424          | \$ 11,933           |
| Securities held for sale                              | 2,457,245           | -                   |
| Escrow account  | 10,000              | -                   |
| Inventory   | 291,091             | 52,742              |
| Prepaid interest                                      | 488,533             | -                   |
| Prepaid rent  | 20,000              | -                   |
| Total Current Assets                                  | 3,510,293           | 64,675              |
| <b>OTHER ASSETS</b>                                   |                     |                     |
| Investment in 420 Café                                | -                   | 5,000               |
| Investment in Wild Herb                               | -                   | 5,000               |
| Investment in Red Rock Naturals                       | -                   | 2,500               |
| Kins investment                                       | -                   | 2,761               |
| Leasehold improvements                                | -                   | 2,500               |
| LPO software  | 1,810,775           | 1,810,775           |
| Tax tracking software                                 | 156,250             | 156,250             |
| Social network software                               | -                   | 382,000             |
| Property, Plant, and Equipment-net                    | 1,130,127           | -                   |
| Total Other Assets                                    | 3,097,152           | 2,366,786           |
| <b>TOTAL ASSETS</b>                                   | <b>\$ 6,607,445</b> | <b>\$ 2,431,461</b> |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY/(DEFICIT)</b> |                     |                     |
| <b>CURRENT LIABILITIES</b>                            |                     |                     |
| Accounts payable and accrued liabilities              | \$ 175,489          | \$ 2,490            |
| Due to B. Perlowin                                    | 1,194,838           | 175,310             |
| Due to D. Tobias                                      | 16,310              | 16,310              |
| Payroll taxes payable                                 | 347                 | -                   |
| TOTAL CURRENT LIABILITIES                             | 1,386,984           | 194,110             |
| <b>NON-CURRENT LIABILITIES</b>                        |                     |                     |
| Contingent disputed liability - JS                    | 12,105              | 12,105              |
| Note payable and accrued interest                     | 1,991,667           | -                   |
| TOTAL NON-CURRENT LIABILITIES                         | 2,003,772           | 12,105              |
| <b>TOTAL LIABILITIES</b>                              | <b>3,390,756</b>    | <b>206,215</b>      |
| <b>STOCKHOLDERS' DEFICIT</b>                          |                     |                     |
| Preferred stock:                                      |                     |                     |
| 500,000,000 shares authorized, \$0.00001 par value    |                     |                     |
| 108,470,378 and 215,182,600 shares issued             | 1,085               | 2,152               |
| Preferred K stock:                                    |                     |                     |
| 250,000,000 shares authorized, \$0.00001 par value    |                     |                     |
| 154,851,253 and 125,453,401 shares issued             | 1,548               | 1,255               |
| Common stock:   |                     |                     |
| 3,000,000,000 common shares, \$0.00001 par value      | 27,361              | 18,274              |
| Additional paid-in capital                            | 15,576,450          | 9,092,887           |
| Subscriptions payable                                 | 605,821             | 802,441             |

|   |                     |                     |
|---|---------------------|---------------------|
| Other comprehensive income/(expense)        | (5,092,884)         | (693,905)           |
| Retained earnings/(deficit)                 | (7,902,692)         | (6,997,858)         |
| Total Stockholders' Equity/(Deficit)        | <u>3,216,689</u>    | <u>2,225,246</u>    |
| TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT | <u>\$ 6,607,445</u> | <u>\$ 2,431,461</u> |

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

For the Year Ended  
December 31,

|   | RESTATED      |                |
|---|---------------|----------------|
| SALES   | \$ 7,952,014  | \$ 2,370,925   |
| Cost of sales   | 35,819        | 594,195        |
| GROSS MARGIN  | 7,916,195     | 1,776,730      |
| OPERATING EXPENSES                                      |               |                |
| Compensation - stock based                              | 4,797,106     | 1,703,989      |
| Professional and consulting fees                        | 1,537,295     | 447,801        |
| Occupancy expenses                                      | 167,056       | 146,142        |
| Travel  | 39,694        | 32,966         |
| Advertising and promotion                               | 195,419       | 55,592         |
| General and administrative                              | 474,053       | 735,662        |
| Total Operating Expenses                                | 7,210,623     | 3,122,152      |
| NET INCOME (LOSS) FROM OPERATIONS                       | 705,572       | (1,345,422)    |
| OTHER INCOME (EXPENSE)                                  |               |                |
| Gains/(losses)  | (831,868)     | -              |
| Interest income   | 18,915        | 2              |
| Other income  | 14,452        | -              |
| Impairment  | (382,000)     | -              |
| Interest expense  | (429,905)     | -              |
| Total other income (expense)                            | (1,610,406)   | 2              |
| NET INCOME (LOSS) BEFORE TAXES                          | (904,834)     | (1,345,420)    |
| Provision for income taxes                              | -             | -              |
| NET INCOME/LOSS   | \$ (904,834)  | \$ (1,345,420) |
| PER SHARE DATA:   |               |                |
| Basic and diluted income<br>(loss) per common share     | \$ (0.00)     | \$ (0.00)      |
| Weighted average number of<br>common shares outstanding | 2,366,956,901 | 1,434,482,583  |

The accompanying notes are an integral part of these statements

Hemp, Inc. and Subsidiaries

Statement of Stockholders' Equity (Deficit)

(Unaudited)

|   | Preferred Stock |          | Preferred K Stock |          | Common Stock  |           | Additional<br>Paid-in<br>Capital | Sub-<br>scriptions<br>Payable | Other Com-<br>prehensive<br>Income/<br>(Expense) | Retained<br>Earnings/<br>(Deficit) | Total        |
|---|-----------------|----------|-------------------|----------|---------------|-----------|----------------------------------|-------------------------------|--|------------------------------------|--------------|
|   | Shares          | Amount   | Shares            | Amount   | Shares        | Amount    |                                  |                               |  |                                    |              |
| Balance - December 31, 2012<br>(RESTATED)                     | 256,714,800     | \$ 2,567 | 178,320,066       | \$ 1,784 | 1,121,641,121 | \$ 11,217 | \$ 7,434,177                     | \$ 50                         | \$ (354,406)                                     | \$ (5,412,438)                     | \$ 1,682,950 |
| February 4, 2013 - Preferred<br>stock converted to common     | (20,000,000)    | (200)    | -                 | -        | 50,000,000    | 500       | (300)                            | -                             | -  | -                                  | -            |
| February 4, 2013 - Common<br>stock issued for services        | -               | -        | -                 | -        | 500,000       | 5         | 40,495                           | -                             | -  | -                                  | 40,500       |
| February 7, 2013 - Preferred K<br>stock converted to common   | -               | -        | (10,000,000)      | (100)    | 100,000,000   | 1,000     | (900)                            | -                             | -  | -                                  | -            |
| February 12, 2013 - Common<br>stock issued for services       | -               | -        | -                 | -        | 2,000,000     | 20        | 159,980                          | -                             | -  | -                                  | 160,000      |
| February 25, 2013 - Common<br>stock issued for services       | -               | -        | -                 | -        | 100,000       | 1         | 7,289                            | -                             | -  | -                                  | 7,290        |
| February 26, 2013 - Preferred K<br>stock converted to common  | -               | -        | (2,000,000)       | (20)     | 20,000,000    | 200       | (180)                            | -                             | -  | -                                  | -            |
| March 14, 2013 - Preferred K<br>stock converted to common     | -               | -        | (555,555)         | (6)      | 5,555,555     | 56        | (50)                             | -                             | -  | -                                  | -            |
| March 28, 2013 - Common<br>stock issued for services          | -               | -        | -                 | -        | 500,000       | 5         | 22,395                           | -                             | -  | -                                  | 22,400       |
| April 10, 2013 - Common<br>stock issued for services          | -               | -        | -                 | -        | 10,000,000    | 100       | 509,900                          | -                             | -  | -                                  | 510,000      |
| May 7, 2013 - Preferred K<br>stock converted to common        | -               | -        | (10,111,110)      | (101)    | 101,111,100   | 1,011     | (910)                            | -                             | -  | -                                  | -            |
| May 13, 2013 - Preferred K<br>stock converted to common       | -               | -        | (200,000)         | (2)      | 2,000,000     | 20        | (18)                             | -                             | -  | -                                  | -            |
| May 13, 2013 - Preferred                                      | (8,800,000)     | (88)     | -                 | -        | 22,000,000    | 220       | (132)                            | -                             | -  | -                                  | -            |
| June 25, 2013 - Preferred K<br>stock converted to common      | -               | -        | (1,000,000)       | (10)     | 10,000,000    | 100       | (90)                             | -                             | -  | -                                  | -            |
| July 9, 2013 - Preferred K stock<br>converted to common       | -               | -        | (1,000,000)       | (10)     | 10,000,000    | 100       | (90)                             | -                             | -  | -                                  | -            |
| September 18, 2013 - Preferred K<br>stock converted to common | -               | -        | (15,500,000)      | (155)    | 155,000,000   | 1,550     | (1,395)                          | -                             | -  | -                                  | -            |
| September 27, 2013 - Common<br>stock issued for services      | -               | -        | -                 | -        | 15,111,111    | 151       | 289,982                          | -                             | -  | -                                  | 290,133      |
| September 30, 2013 - Preferred<br>stock converted to common   | (9,652,200)     | (97)     | -                 | -        | 24,130,500    | 241       | (145)                            | -                             | -  | -                                  | -            |
| October 2, 2013 - Preferred<br>stock converted to common      | (400,000)       | (4)      | -                 | -        | 1,000,000     | 10        | (6)                              | -                             | -  | -                                  | -            |
| October 8, 2013 - Preferred<br>stock converted to common      | (500,000)       | (5)      | -                 | -        | 1,250,000     | 13        | (8)                              | -                             | -  | -                                  | -            |

The accompanying notes are an integral part of these statements

|   |              |       |             |        |               |        |           |         |           |             |             |
|---|--------------|-------|-------------|--------|---------------|--------|-----------|---------|-----------|-------------|-------------|
| 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 | -            | -     | (5,500,000) | (55)   | 55,000,000    | 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 subscription for debt     | -            | -     | -           | -      | -             | -      | -         | 802,391 | -         | -           | 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)   |
| Other comprehensive income/(expense)                      | -            | -     | -           | -      | -             | -      | -         | -       | (339,499) | -           | (339,499)   |
| (Loss) for the year-RESTATED                              | -            | -     | -           | -      | -             | -      | -         | -       | -         | (1,345,420) | (1,345,420) |
| Balance - December 31,                                    | 215,182,600  | 2,152 | 125,453,401 | 1,255  | 1,827,349,022 | 18,274 | 9,092,887 | 802,441 | (693,905) | (6,997,858) | 2,225,245   |
| Rounding  | -            | -     | -           | (1.00) | (420)         | (0)    | 6,379     | -       | -         | -           | 6,380       |
| January 7, 2014 - Common stock issued for services        | -            | -     | -           | -      | 4,500,000     | 45     | 184,455   | -       | -         | -           | 184,500     |
| January 10, 2014 - Common stock issued for legal fees     | -            | -     | -           | -      | 15,000,000    | 150    | 599,850   | -       | -         | -           | 600,000     |
| January 13, 2014 - Preferred K stock converted to common  | -            | -     | (2,920,042) | (29)   | 29,200,420    | 292    | (263)     | -       | -         | -           | -           |
| January 17, 2014 - Preferred K stock converted to common  | -            | -     | (4,555,555) | (46)   | 45,555,550    | 456    | (410)     | -       | -         | -           | -           |
| January 28, 2014 - Preferred K stock converted to common  | -            | -     | (1,023,810) | (10)   | 10,238,100    | 102    | (92)      | -       | -         | -           | -           |
| February 3, 2014 - Preferred K stock converted to common  | -            | -     | (86,905)    | (1)    | 869,050       | 9      | (8)       | -       | -         | -           | -           |
| February 4 - Preferred                                    | (40,000,000) | (400) | -           | -      | 100,000,000   | 1,000  | (600)     | -       | -         | -           | -           |

The accompanying notes are an integral part of these statements

|  |              |       |              |       |             |       |           |           |   |           |
|--|--------------|-------|--------------|-------|-------------|-------|-----------|-----------|---|-----------|
| February 5, 2014 - Preferred K stock converted to common   | -            | -     | (55,351)     | (1)   | 553,510     | 6     | (5)       | -         | - | -         |
| February 6, 2014 - Preferred K stock converted to common   | -            | -     | (111,100)    | (1)   | 1,111,000   | 11    | (10)      | -         | - | -         |
| February 12, 2014 - Preferred K stock converted to common  | -            | -     | (270,000)    | (3)   | 2,700,000   | 27    | (24)      | -         | - | -         |
| February 13, 2014 - Preferred K stock converted to common  | -            | -     | (410,000)    | (4)   | 4,100,000   | 41    | (37)      | -         | - | -         |
| February 14, 2014 - Preferred K stock converted to common  | -            | -     | (70,000)     | (1)   | 700,000     | 7     | (6)       | -         | - | -         |
| February 18, 2014 - Preferred K stock converted to common  | -            | -     | (60,000)     | (1)   | 600,000     | 6     | (5)       | -         | - | -         |
| February 20, 2014 - Preferred K stock converted to common  | -            | -     | (900,000)    | (9)   | 9,000,000   | 90    | (81)      | -         | - | -         |
| February 24, 2014 - Preferred K stock converted to common  | -            | -     | (25,000)     | (0)   | 250,000     | 3     | (2)       | -         | - | -         |
| February 27, 2014 - Common stock issued for services       | -            | -     | -            | -     | 11,716,629  | 117   | 1,640,211 | -         | - | 1,640,328 |
| March 14, 2014 - Preferred K stock converted to common     | -            | -     | (1,350,000)  | (14)  | 13,500,000  | 135   | (122)     | -         | - | -         |
| March 17, 2014 - Preferred K stock converted to common     | -            | -     | (433,333)    | (4)   | 4,333,330   | 43    | (39)      | -         | - | -         |
| March 19, 2014 - Preferred K stock converted to common     | -            | -     | (35,000)     | (0)   | 350,000     | 4     | (3)       | -         | - | -         |
| March 24, 2014 - Preferred K stock converted to common     | -            | -     | (178,000)    | (2)   | 1,780,000   | 18    | (16)      | -         | - | -         |
| March 25, 2014 - Common stock issued for services          | -            | -     | -            | -     | 5,000,000   | 50    | 549,950   | -         | - | 550,000   |
| March 25, 2014 - Preferred K stock converted to common     | -            | -     | (5,555,555)  | (56)  | 55,555,556  | 556   | (500)     | -         | - | -         |
| April 2, 2014 - Preferred K stock converted to common      | -            | -     | (59,300)     | (1)   | 593,000     | 6     | (5)       | -         | - | -         |
| April 7, 2014 - Preferred K stock converted to common      | -            | -     | (11,066,000) | (111) | 110,660,000 | 1,107 | (996)     | -         | - | -         |
| April 7, 2014 - Preferred                                  | (20,000,000) | (200) | -            | -     | 50,000,000  | 500   | (300)     | -         | - | -         |
| April 7, 2014 - Preferred K stock converted to common      | -            | -     | (200,000)    | (2)   | 2,000,000   | 20    | (18)      | -         | - | -         |
| April 17, 2014 - Preferred K stock converted to common     | -            | -     | (4,000,000)  | (40)  | 40,000,000  | 400   | (360)     | -         | - | -         |
| April 17, 2014 - Preferred K stock converted to common     | -            | -     | (250,000)    | (3)   | 2,500,000   | 25    | (23)      | -         | - | -         |
| April 17, 2014 - Preferred K stock issued for subscription | -            | -     | 85,360,723   | 854   | -           | -     | 801,537   | (802,391) | - | -         |
| April 25, 2014 - Preferred K                               |              |       |              |       |             |       |           |           |   |           |

The accompanying notes are an integral part of these statements

|   |              |       |             |      |            |     |         |           |   |   |         |
|---|--------------|-------|-------------|------|------------|-----|---------|-----------|---|---|---------|
| stock converted to common   | -            | -     | (1,000,000) | (10) | 10,000,000 | 100 | (90)    | -         | - | - | -       |
| May 2, 2014 - Preferred K stock converted to common                                   | -            | -     | (420,420)   | (4)  | 4,204,200  | 42  | (38)    | -         | - | - | -       |
| May 2, 2014 - Preferred K stock converted to common                                   | -            | -     | (1,207,500) | (12) | 12,075,000 | 121 | (109)   | -         | - | - | -       |
| May 5, 2014 - Common stock issued for services  | -            | -     | -           | -    | 74,515     | 1   | 4,247   | -         | - | - | 4,247   |
| May 9, 2014 - Preferred K stock converted to common                                   | -            | -     | (500,000)   | (5)  | 5,000,000  | 50  | (45)    | -         | - | - | -       |
| May 9, 2014 - Preferred K stock converted to common                                   | -            | -     | (300,000)   | (3)  | 3,000,000  | 30  | (27)    | -         | - | - | -       |
| May 12, 2014 - Common stock subscription prepaid interest                             | -            | -     | -           | -    | -          | -   | -       | 286,000   | - | - | 286,000 |
| May 12, 2014 - Derivative cost 10,000,000 warrants                                    | -            | -     | -           | -    | -          | -   | -       | 565,771   | - | - | 565,771 |
| May 14, 2014 - Preferred K stock converted to common                                  | -            | -     | (100,000)   | (1)  | 1,000,000  | 10  | (9)     | -         | - | - | -       |
| May 20, 2014 - Preferred K stock converted to common                                  | -            | -     | (200,000)   | (2)  | 2,000,000  | 20  | (18)    | -         | - | - | -       |
| May 20, 2014 - Preferred K stock converted to common                                  | -            | -     | (100,000)   | (1)  | 1,000,000  | 10  | (9)     | -         | - | - | -       |
| May 21, 2014 - Common stock subscription for 200,000,000 shares of CleanPath ("CLNP") | -            | -     | -           | -    | -          | -   | -       | 40,000    | - | - | 40,000  |
| June 3, 2014 - Preferred  | (22,000,000) | (220) | -           | -    | 55,000,000 | 550 | (330)   | -         | - | - | -       |
| June 10, 2014 - Preferred K stock converted to common                                 | -            | -     | (8,000,000) | (80) | 80,000,000 | 800 | (720)   | -         | - | - | -       |
| June 12, 2014 - Preferred stock converted to common                                   | (222,222)    | (2)   | -           | -    | 555,555    | 6   | (3)     | -         | - | - | -       |
| June 12, 2014 - Common stock issued for services                                      | -            | -     | -           | -    | 104,167    | 1   | 5,676   | -         | - | - | 5,677   |
| June 19, 2014 - Preferred K stock converted to common                                 | -            | -     | (1,000,000) | (10) | 10,000,000 | 100 | (90)    | -         | - | - | -       |
| July 1, 2014 - Common   | -            | -     | -           | -    | 5,000,000  | 50  | 285,950 | (286,000) | - | - | -       |
| July 3, 2014 - Preferred K stock converted to common                                  | -            | -     | (50,000)    | (1)  | 500,000    | 5   | (5)     | -         | - | - | -       |
| July 3, 2014 - Common stock issued for services                                       | -            | -     | -           | -    | 1,500,000  | 15  | 88,185  | -         | - | - | 88,200  |
| July 3, 2014 - Preferred K stock issued for services                                  | -            | -     | 575,000     | 6    | -          | -   | 379,494 | -         | - | - | 379,500 |
| July 10, 2014 - Common stock issued for services                                      | -            | -     | -           | -    | 12,000,000 | 120 | 791,880 | -         | - | - | 792,000 |
| July 14, 2014 - Preferred   |              |       |             |      |            |     |         |           |   |   |         |

The accompanying notes are an integral part of these statements

|   |             |      |             |      |            |     |         |   |   |   |         |
|---|-------------|------|-------------|------|------------|-----|---------|---|---|---|---------|
| stock converted to common                                     | (400,000)   | (4)  | -           | -    | 1,000,000  | 10  | (6)     | - | - | - | -       |
| July 15, 2014 - Preferred K<br>stock converted to common      | -           | -    | (1,000,000) | (10) | 10,000,000 | 100 | (90)    | - | - | - | -       |
| July 15, 2014 - Preferred                                     | (2,560,000) | (26) | -           | -    | 6,400,000  | 64  | (38)    | - | - | - | -       |
| July 17, 2014 - Preferred K<br>stock converted to common      | -           | -    | (1,000,000) | (10) | 10,000,000 | 100 | (90)    | - | - | - | -       |
| July 21, 2014 - Preferred                                     | (680,000)   | (7)  | -           | -    | 1,700,000  | 17  | (10)    | - | - | - | -       |
| July 24, 2014 - Common<br>stock issued for services           | -           | -    | -           | -    | 100,884    | 1   | 5,860   | - | - | - | 5,861   |
| July 28, 2014 - Common<br>stock issued for services           | -           | -    | -           | -    | 12,500,000 | 125 | 712,375 | - | - | - | 712,500 |
| July 30, 2014 - Preferred K<br>stock converted to common      | -           | -    | (200,000)   | (2)  | 2,000,000  | 20  | (18)    | - | - | - | -       |
| August 14, 2014 - Common<br>stock issued for services         | -           | -    | -           | -    | 110,497    | 1   | 4,806   | - | - | - | 4,807   |
| August 14, 2014 - Preferred<br>stock converted to common      | (6,000,000) | (60) | -           | -    | 15,000,000 | 150 | (90)    | - | - | - | -       |
| August 21, 2014 - Preferred K<br>stock converted to common    | -           | -    | (1,000,000) | (10) | 10,000,000 | 100 | (90)    | - | - | - | -       |
| August 21, 2014 - Preferred<br>stock converted to common      | (800,000)   | (8)  | -           | -    | 2,000,000  | 20  | (12)    | - | - | - | -       |
| September 3, 2014 - Preferred<br>stock converted to common    | (800,000)   | (8)  | -           | -    | 2,000,000  | 20  | (12)    | - | - | - | -       |
| September 12, 2014 - Preferred K<br>stock converted to common | -           | -    | (2,000,000) | (20) | 20,000,000 | 200 | (180)   | - | - | - | -       |
| September 15, 2014 - Common<br>stock issued for services      | -           | -    | -           | -    | 140,323    | 1   | 4,152   | - | - | - | 4,154   |
| September 18, 2014 - Preferred K<br>stock converted to common | -           | -    | (2,000,000) | (20) | 20,000,000 | 200 | (180)   | - | - | - | -       |
| September 19, 2014 - Preferred<br>stock converted to common   | (440,000)   | (4)  | -           | -    | 1,100,000  | 11  | (7)     | - | - | - | -       |
| September 19, 2014 - Preferred<br>stock converted to common   | (2,800,000) | (28) | -           | -    | 7,000,000  | 70  | (42)    | - | - | - | -       |
| September 30, 2014 - Common<br>stock issued for services      | -           | -    | -           | -    | 209,170    | 2   | 6,189   | - | - | - | 6,191   |
| October 24, 2014 - Common<br>stock issued for services        | -           | -    | -           | -    | 233,907    | 2   | 10,991  | - | - | - | 10,994  |
| November 4, 2014 - Preferred<br>stock converted to common     | (10,000)    | (0)  | -           | -    | 25,000     | 0   | (0)     | - | - | - | -       |
| November 4, 2014 - Preferred K<br>stock converted to common   | -           | -    | (2,500,000) | (25) | 25,000,000 | 250 | (225)   | - | - | - | -       |
| November 4, 2014 - Common<br>stock issued for services        | -           | -    | -           | -    | 6,000,000  | 60  | 329,940 | - | - | - | 330,000 |

The accompanying notes are an integral part of these statements

|   |              |       |             |       |               |        |            |         |             |             |             |
|---|--------------|-------|-------------|-------|---------------|--------|------------|---------|-------------|-------------|-------------|
| November 10, 2014 - Preferred K stock converted to common | -            | -     | (25,000)    | (0)   | 250,000       | 3      | (2)        | -       | -           | -           | -           |
| November 10, 2014 - Preferred K stock converted to common | -            | -     | (100,000)   | (1)   | 1,000,000     | 10     | (9)        | -       | -           | -           | -           |
| November 10, 2014 - Preferred K stock converted to common | -            | -     | (60,000)    | (1)   | 600,000       | 6      | (5)        | -       | -           | -           | -           |
| November 10, 2014 - Preferred K stock converted to common | -            | -     | (60,000)    | (1)   | 600,000       | 6      | (5)        | -       | -           | -           | -           |
| November 10, 2014 - Preferred K stock converted to common | -            | -     | (100,000)   | (1)   | 1,000,000     | 10     | (9)        | -       | -           | -           | -           |
| November 24, 2014 - Common stock issued for services      | -            | -     | -           | -     | 159,439       | 2      | 6,057      | -       | -           | -           | 6,059       |
| December 16, 2014 - Preferred stock converted to common   | (10,000,000) | (100) | -           | -     | 25,000,000    | 250    | (150)      | -       | -           | -           | -           |
| December 16, 2014 - Common stock issued for services      | -            | -     | -           | -     | 184,502       | 2      | 6,087      | -       | -           | -           | 6,089       |
| December 16, 2014 - Common stock issued for services      | -            | -     | -           | -     | 2,000,000     | 20     | 65,980     | -       | -           | -           | 66,000      |
| Other comprehensive income/(expense)                      | -            | -     | -           | -     | -             | -      | -          | -       | (4,398,979) | -           | (4,398,979) |
| Income for the year                                       | -            | -     | -           | -     | -             | -      | -          | -       | -           | (904,834)   | (904,834)   |
| Balance - December 31, 2014                               | 108,470,378  | 1,085 | 154,851,253 | 1,548 | 2,736,041,906 | 27,361 | 15,576,450 | 605,821 | (5,092,884) | (7,902,692) | 3,216,689   |

The accompanying notes are an integral part of these statements

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

|   | For the Year Ended<br>December 31, |                  |
|---|------------------------------------|------------------|
|   | 2014                               | 2013             |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                       |                                    |                  |
| Net income (loss)   | \$ (904,834)                       | \$ (1,345,420)   |
| Adjustments to reconcile net income (loss) to net cash from operating activities: |                                    |                  |
| Depreciation and amortization   | 86,077                             | -                |
| Issuance of common stock for services   | 4,797,106                          | 1,703,989        |
| Changes in Operating Assets and Liabilities:                                      |                                    |                  |
| Inventory   | (238,349)                          | (25,542)         |
| Escrow account  | (10,000)                           | -                |
| Prepaid interest  | (488,533)                          | -                |
| Accounts payable and accrued liabilities  | 173,346                            | -                |
| Due to related parties  | -                                  | 50               |
| <b>Net cash from operating activities</b>   | <b>3,414,813</b>                   | <b>333,077</b>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                       |                                    |                  |
| Securities held for sale  | (4,996,074)                        | (240,000)        |
| Worthless investments   | 17,761                             | -                |
| Property, plant, and equipment  | (1,216,204)                        | -                |
| <b>Net cash from investing activities</b>   | <b>(6,194,517)</b>                 | <b>(240,000)</b> |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                       |                                    |                  |
| Advances from related parties   | 1,019,528                          | (84,295)         |
| Notes payable   | 1,991,667                          | -                |
| <b>Net cash from financing activities</b>   | <b>3,011,195</b>                   | <b>(84,295)</b>  |
| <b>NET CHANGE IN CASH</b>   | <b>231,491</b>                     | <b>8,782</b>     |
| <b>CASH AT BEGINNING OF PERIOD</b>  | <b>11,933</b>                      | <b>3,151</b>     |
| <b>CASH AT END OF PERIOD</b>  | <b>\$ 243,424</b>                  | <b>\$ 11,933</b> |
| <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  | \$ -                               | \$ -             |
| Common stock issued for prepaid interest  | \$ 286,000                         | \$ -             |
| Warrants issued for prepaid interest  | \$ 565,771                         | \$ -             |

The accompanying notes are an integral part of these statements

HEMP, INC.  
NOTES TO UNAUDITED FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND DECEMBER 31, 2013 (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.

Initially, the Company launched a comprehensive network of information, services and products focused on the rapidly emerging medical and recreational marijuana industries and movements. The Company has assembled the components of all encompassing educational, social networking, affinity programs, and distribution networks 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.

After the name change, from Marijuana, Inc. to Hemp, Inc., the company's primary focus shifted to industrial hemp and the myriad of clean, green sustainable products that industrial hemp offers to the world.

**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. As of December 31, 2013, all MJNA shares had been sold and any gains or losses had been recognized.

During the Quarter ended March 31, 2014 for services rendered to eight corporate customers the Company received OTC listed equity securities classified as held for sale. The equity securities were recorded by the Company at the closing quotations for an aggregate of \$5,308,115.

On May 21, 2014, the Company entered into a Stock Sale and Purchase Agreement with Bioadaptives Inc. through its wholly owned subsidiary BioSwan, Inc., pursuant to which, the Company agreed to purchase 200,000,000 shares of restricted stock of CleanPath Resources Corp., ("CleanPath") in exchange for 1,057,362 shares of the Company's restricted common stock. The transaction was recorded at the closing price of the CleanPath shares which was lower than the market value of the Company shares on that date. The CleanPath shares were received on that date. The Company had not issued the shares called for in the agreement as of December 31, 2014.

During the Quarter ended June 30, 2014 for services rendered to six corporate customers the Company received OTC listed equity securities classified as held for sale. The equity securities were recorded by the Company at the closing quotations for an aggregate of \$2,331,459.

### **Deposits**

Deposits are the balances outstanding that have not been redeemed as of the date of the Financial Statements.

### **Accounts Receivable/Other Receivable**

Accounts Receivable are amounts due to the company from sales or services rendered.

### **Notes Receivable**

Notes Receivable are executed contractual obligations to the Company reflecting amounts due for sales or services rendered by the Company.

### **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**

Notes payable was incurred for equipment and inventory financing.

### **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, not income to individual officers.

### **Note 7 - Stock Options and Warrants**

Pursuant to the financing agreement(s) for the purchase of the decortication plant, land, and equipment the Company issued 10,000,000 Warrants.

### **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 – Potential Conflicts of Interest**

From time to time members of management and or stakeholders may enter into financial arrangements that must be examined to determine if such arrangements pose a conflict of interest that would precipitate the Company intervention.

On the 17<sup>th</sup> day of April, 2013 Bruce Perlowin (BP) personally entered into a verbal agreement with Diversified Investments, LLC (DI) for software development and analysis of strategic business opportunities, technologies, and products that could be beneficial to Bruce Perlowin. The Company had no involvement whatsoever in the agreement. The agreement called for BP to pay DI 40,000,000 shares of the Company's common stock for the services with the shares fully earned by October 17, 2013. DI completed its obligations under the agreement within the specified time frame and BP completed his obligation under the agreement with the issuance of 40,000,000 shares of HEMP common on April 7, 2014. An examination of this of this arrangement was determined to not pose a conflict of interest.

On December 10, 2014 BP and DI entered into a subsequent consulting agreement for software development and analysis of strategic business opportunities, technologies, and products that could be beneficial to Bruce Perlowin. The Company has no involvement whatsoever in this consulting agreement. The agreement calls for BP to pay DI 10,000,000 shares of the Company's common stock

monthly for each month services are rendered. Shares are to be paid in advance and considered fully earned on the first day of each month. An examination of this of this arrangement was determined to not pose a conflict of interest.

#### **Note 10 – Dividends**

The Company has not declared or distributed any cash dividends. However, during the year ended December 31, 2013 the Company declared a non-cash dividend in the form 2,000,000 shares of the Common Stock of BioAdaptives, Inc. ("Bio"), held for sale by the Company. Company shareholders received one share of Bio common stock for every 923 shares of Hemp common stock they held as of the record date for the distribution. Bio agreed to issue an additional 5,000 shares as may be required to avoid issuance of fractional shares. The record date for the distribution corresponded to the effective date of the S-1 registration statement filed by Bio which was January 13, 2014.

The Company is considered an "underwriter" within the meaning of the Securities Act of 1933 in connection with this distribution of Bio common shares to its shareholders. The shareholders of the Company receiving shares in the distribution may also be considered underwriters within the meaning of the Securities Act of 1933 in connection with the resale of the distributed shares.

As at the distribution date there was no public market for Bio securities. Since then Bio under the symbol BDPT now trades on the OTC Market.

#### **Note 11 – Decortication Plant**

On May 12, 2014, the Company purchased decortication equipment for processing kenaf, a fibrous plant used in industrial, commercial, and consumer applications, and for the anticipated future processing of hemp. On August 7, 2014 the Company acquired a 70,000 square-foot North Carolina factory building on 8 acres to house the decortication equipment along rolling stock and forklifts. The Company's CEO advanced the \$17,000 to open escrow on the purchase. The Company borrowed \$1,600,000 to finance the purchase of the land, building, equipment and to provide working capital on a long term convertible note payable. The land, building, equipment, and 8,000,000 Preferred K shares are pledged as collateral against the Note. The CEO supplied the 8,000,000 Preferred K shares from his own personal portfolio. The Note further required the Company to issued 5,000,000 Common shares, 10,000,000 five year \$0.10 Common stock warrants, and six amortizing payments of \$296,667 for a total of \$1,760,000 beginning on May 12, 2015. The Note is convertible to Common stock at the election of the Company. The 5,000,000 Common shares issued pursuant to the terms of the Note were recorded as prepaid interest at \$286,000, the closing price of the shares. The Company used the Black Scholes method to calculate the derivative cost of the 10,000,000 Common stock warrants at \$565,771 and was also recorded as prepaid interest.

#### **Note 12 - Subsequent Events**

None