

INFORMATION AND DISCLOSURE  
STATEMENT

2016 Interim Report Quarter 3



Health | Life | Liability

Novus Acquisition & Development  
Corp.

**Insurance Sales Location**

7365 Carnelian St #119  
Rancho Cucamonga CA 91730

**Operations**

12805 SW 84 Ave Road  
Second Floor  
Miami, FL 33156

Federal ID No.

90-0740131

Cusip No.

67011R 205

Trading Symbol

NDEV

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

The name of the issuer from 2006 to 2009 was known as BrandQuest Development Group, Inc. and on May of 2009 the name changed to Novus Acquisition & Development Corp, a Nevada Corp

2) Address of the issuer's principal executive offices

Company Headquarters

**Insurance Sales Location**

Novus Acquisition & Development Corp  
7365 Carnelian St #119 Rancho Cucamonga CA 91730  
Phone: 855-228-7355  
Mobile 305-467-6699  
Email: [Frank@ndev.biz](mailto:Frank@ndev.biz)  
Website(s): [www.ndev.biz](http://www.ndev.biz)  
[www.getnovusnow.com](http://www.getnovusnow.com)

Note: This above location is required by State of California for the domicile of resident of a insurance location. Insurance licensing is under WCIG Insurance Services, Inc. a wholly owned subsidiary of Novus; regulatory information can be found here: <http://bit.ly/2gcaMol>

**Management Contact**

Gary F. Labrozzi c/o Novus Acquisition & Development Corp 12805 SW 84 Ave  
Road Miami FL 33156  
Phone: 855-228-7355  
Email: [Frank@ndev.biz](mailto:Frank@ndev.biz)  
Website(s): [www.ndev.biz](http://www.ndev.biz)  
[www.getnovusnow.com](http://www.getnovusnow.com)

3) Security Information

Trading Symbol: NDEV

CUSIP: 67011R 205

Par or Stated Value: \$ .001

Total shares authorized: 200,000,000 as of: September 30, 2016

Total shares outstanding: 92,453,624 as of: September 30, 2016

## Distributions

i On January 2015 the Chairman, Treasurer, CEO Gary F. Labrozzi sent back 90 million share of his personal stock to treasury and;

ii On August 1, 2016, the Company has entered into a one-year services agreement with IR for 2,500,000 shares payable in common stock of the Company with leak out provision<sup>2</sup>

lii On August 1, 2016 CEO Gary F. Labrozzi received 2,000,000 shares common in lieu of his employment contract.

Common: Authorized 200,000,000 with 92,953,624 of common shares issued and outstanding

Preferred A: Preferred A Shares Authorized 6,600 shares and issued 6,600 shares issued (attributes of Preferred A is contained herein) All shares are issued and outstanding held by Gary F. Labrozzi Chairman of Novus

Preferred B: Authorized preferred stock, 20,000,000 shares of par value \$0.001 preferred stock shall be designated as shares of Series B Convertible Preferred Stock and carry a stated conversion value of \$6.00 per share. The Series B Preferred shall be senior to the Common Stock and any other series or class of the Company's Preferred Stock except Series A Preferred Stock. No shares are issued

Preferred C: One Class of Series C Preferred Stock; 20 million has been authorized; none issued no voting rights. No shares are issued

Preferred D; One Class of Series D Preferred Stock; attributes as follows; none issued. The shares of such series shall be designated as the "Series D Convertible Preferred Stock" (the "Preferred D Stock") and the number of shares initially constituting such series shall be up to 5 million shares. No shares are issued

### Transfer Agent

Name: Olde Monmouth Stock Transfer Company,

Inc. 200 Memorial Parkway

Atlantic Highlands NJ 07716

Phone: : (732) 872-2727

Facsimile: (732) 872-2728

Is the Transfer Agent registered under the Exchange Act?\*

Yes:

**Leak Out Provisions of Stock Issued From Treasury:**

List any restrictions on the transfer of security: Any and all share that have been issued since August 2015 have leak out provisions, for the protection of shareholders who purchase shares on the open market, this protection mechanism offers safety that any vendor or insider can't sell shares that are vested and liquidate irresponsibly

Common Stock is DTC eligible

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

N/A

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

Management has does not intend to reverse any common shares

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.);

N/A

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

N/A

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.

N/A

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. For the initial disclosure statement (qualifying for Current Information for the first time) please provide reports for the two previous fiscal years and any interim periods.

A. Balance sheet; appended herein

B. Statement of income; appended herein

C. Statement of cash flows; appended herein

## D. Financial notes; appended herein

All posted as of September 30, 2016

- 6) Describe the Issuer's Business, Products and Service Describe the issuer's business so a potential investor can clearly understand the company. In answering this item, please include the following:

### Introduction

As Novus' through its wholly owned subsidiary WCIG Insurance Service, Inc. (WCIG), is a California insurance brokerage entity. Novus initiated its insurance business model within the medical marijuana space where it can render risk and non-risk insurance models in Washington, Oregon, Hawaii, Michigan, Arizona, Colorado, California, Washington, and Vermont to sell benefits packages in addition to medical marijuana CBD concentrate, dental, vision, diabetic supplies, prescriptions, hearing, and other integrative medicines.

To summarize Novus' milestone accomplishments in the 1st quarter of 2016 found the merging growth of the medical marijuana market being a viable \$5 billion in sales with double digit growth projections to \$20 billion in sales by 2020. Now Novus has gained access into the insurance surplus market that is \$1.4 trillion market place. With this tremendous market share Novus can attain being an entity to write its own insurance policies.

In this filing you will be able to review our approval with Lloyds of London and the ability for Novus to sell, compliantly, a fixed annuity program (in accordance with regulatory compliance) that will help in the valuation enhancement of the company's net asset value so the company can sell more risk policies. This annuity program described herein makes Novus one of the few small cap public companies that can secure 100% of investor's money all the while leveraging the ability to write more policies.

### Milestones This 3<sup>rd</sup> Quarter

As of 2016 the company has achieved the following milestones:

- a) **Financial Overview:** Revenue increased by 35% this quarter over the last quarter, Balance Sheet has increased the Net Asset Value from \$1,052,594 to \$1,252,585 a 25% increase, this was done due to the forgiveness of debt (\$100,000) by the CEO. The company is starting to see that banks are more willing to take deposits on companies that do not handle the cannabis plant as opposed to 2015 and 2016. And Cash Flow increased 100% simply due to

implementing in-house marketing program.

- b) **Retirement of Debt**: \$100,000: The CEO Gary F. Labrozzi gave a forgiveness of debt to the company with no equity in exchange. The only equity Mr. Labrozzi has is given to him is via an employment contract that remunerates him 2,000,000 shares per year for his services to the company.
- c) Coverage: Completion of covering the entire state of California and Arizona, equating to 57% of the entire cannabis market.
- d) Worker Compensation Package: We have begun a Worker's Comp package in California to allow us to give cannabis related products to injured workers, allowing Novus to capture a portion of recreational users.
- e) Overcoming Marketing and Advertising Impediments: Each state has their own rules and regulations on marketing and advertising relating to cannabis related meds and products. To make matters more difficult medians such radio, television and digital advertising (Social Networking, Google Adwords, Pay Per Click, Pay Per Acquisition) have rejected by these Internet giants.

The company has utilized many third party marketers to brand and patient procurement, only resulting in high Return on Investment (ROI) or lack of performance all together by the third party vendors. This prompted to bring our marketing initiatives in-house and hire the right assets to implement them.

Our achievements in these initiatives have been accomplished in the following manner.

i. **Social Networking Success**: with digital ad dissemination on Twitter, Facebook and LinkedIn have given us much needed branding and lead generation. Since August the company has gone from 10,000 impressions to 400,000 impressions per month with a 1% engagement rate to our sales funnel, an increase of over 4,000% at a fraction of the cost for third party marketers. Our projected estimate by year-end is that we will be able to triple that by getting approximately 1,000,000 monthly unique views to our digital ads.

ii. **Digital Ad Dissemination with Ad Exchanges**: Ad exchanges are a technology platform that facilitates the buying and selling of media advertising inventory from multiple ad networks. The approach is algorithmic technology-driven as opposed to the historical approach of negotiating price on media. Data is produced in real time by Nielsen that geo targets consumers that have engaged in certain behavioral activities on the internet. There are 50 notable digital ad exchanges of which we have identified 10

exchanges that will allow advertising that contain the word marijuana and/or cannabis. It is our determination that this will be a game changer not only for Novus but also for the medical cannabis industry as a whole.

iii. **Programmatic Marketing Proximity Targeting**: This technology helps our marketing efforts reach for demographic audience down to the proximity of our target consumer. This is the best utilization of quality data that can identify our target audience down to every storefront, venue within our target audience. For example since we can target consumers via categories like if they visit pain clinics and capture their information on either mobile or desktop devices, or reach consumers when they are at a dispensary and send an opt-in advertisement about Novus. This precision targeting is done by gathering accurate data from Factual, similar to Google Maps but allows closer proximity than Google Maps and a customizable location based, geofencing, and consumer activity via app on mobile devices down to 1 meter. This quick video proximity marketing will surely convince you that Novus is taking the right route towards their marketing effort:  
<https://vimeo.com/120834432>

## **MMJ Sector**

Novus is approved to sell all or a portion of the risk and non risk benefits packages in the state of Washington, Oregon, California, Arizona, Colorado, Nevada and Michigan. While many health insurance companies are focused federal programs like Medicare and Medicaid, they must adhere to all federal laws including those that classify medical marijuana as a controlled substance. Conflicting federal and state laws surrounding the burgeoning industry have been a source of widespread confusion, which has led many insurance companies to refuse coverage of both hemp (CBD) and medical marijuana treatments for patients in need.

The Novus MedPlan includes everyone in middle-income household, regardless of age or health status. The company simply took what we thought the deficiencies in ObamaCare and added benefits in a supplemental package-giving members cost savings on the products and services in our Provider Network. Other than cannabis related meds, Novus can offer many other benefits such hearing, vision, dental, diabetic and many more benefits being added every month. We are currently filing with the State of California to include a small life component to the benefits package.

## **Medical Marijuana Health Revenue**

Insurance is the staple of Novus' business model, mainly in risk oversight, risk management consulting, and financial intelligence. Revenue is in the health plan is

realized on a per member per month or “PMPM” basis, derived from an HMO term, which is based on the number of members being current on their premiums.

The Novus business model is based on health insurance in risk and non-risk areas. The program works as follows: “members”, “patients” or “lives” for the oversight management to mitigate risk, patients pay a fee of \$24.95 per month. According California NORML, conservative estimates indicate there are now over 1,000,000 medical marijuana cardholders in California, or 2% of the population. Other data stipulates an estimate of over 1,125,000 patients, or 3% of the population. Therefore, we can extrapolate that 2% of the population in California alone are qualified for some type of MMJ treatment (THC component), and within 5 years other states will join in the movement. However our target market nationwide is approximately 23 million that can use Novus’s MedPlan.

Ultimately, as new states and federal determinations approve medical cannabis Novus’ risk and non-risk insurance infrastructure into its quality of care model, that once cannabis is down graded from a Schedule 1 to a Schedule 2 by the DEA, we will be implement co-pay, reimbursement and deductibles as permitted by each state.

For all intent and purposes Novus infrastructure is set in place, with expansion into an HMO component, once federal statutes approve MMJ on a national level. Then, whichever direction the MMJ industry regulatory protocol goes Novus will be there with the most important part, compliant integration of patients into their preference of treatment through our network.

It is management’s goal to diversify from a single oriented line of business, medical marijuana medical plans, to multiple insurance lines of business and revenue streams. As the medical cannabis industry matures, being an insurance company opens up numerous revenue segments that will create more channels of profitability within the lines of business of health, life, accident, annuity contracts, commercial vehicle, medical marijuana, and commercial liability.

Insurance premiums for prospective property/casualty, life and health insurance are earned over the loss exposure or coverage period in proportion to the level of protection provided. In most cases, premiums are recognized as revenues ratably over the term of the contract with unearned premiums computed on a monthly basis.

## **Medical Marijuana Competitive Assessment**

In the current environment major insurers won’t cover MMJ for at least the next 5 years, leaving Novus the market share of a national consumer base of close to 23 million patients. The reason health insurers won’t cover MMJ is:

a) MMJ is not approved by the FDA, and that approval depends on clinical studies conducted within the US that measure efficacy, safety, effectiveness and side effects,

and;

b) Major carriers don't want to jeopardize their lucrative federal agreements with Medicare and Medicaid that can reach into the billions of dollars annually

Since over 60% of American approve of this alternative treatment it will be inevitable that the federal government will be initiating some form of legalization in the next 5 years.

## **Why Diversification**

Novus acquired WCIG Insurance in late August of 2015 with the knowledge that the insurance industry plays a vital role in the economy of the United States. Novus' attraction to the insurance industry's \$1.4 trillion market share with a global reach and the ability for us to sell our own annuities (described herein) positions Novus to leverage funds and our net asset value to write our own policies. And has vigorously have been applying for regulatory approval in many specialty lines of business. A recent milestone is that the company can sell surplus excess in California and Oregon.

U.S. based insurers are also significant participants in the global financial markets. As of year-end 2014, the Life Health and Property and Casualty sectors reported \$7.3 trillion in total assets, roughly half the size of total assets held by insured depository institutions.

## **Growth Opportunities in Emerging Insurance Markets**

Also alluring are emerging markets in Asia and Latin America, which present growth opportunities for U.S. insurers. Between 2000 and 2007, three-fourths of global insurance premium growth was generated in North America and Western Europe. Since 2007, the majority of global premium growth has shifted to Asia and Latin America. Similarly, the MMJ market growth will be over 7% per annum.

## **Valuations of Insurance Companies**

Another frequently cited metric for publicly traded insurers (and other financial institutions) is price to book value, which compares the market value to the book value on the balance sheet of an institution.

Many off-shore investment firms are leaning towards insurance because of this metric and that valuations consistently trade higher than 15-20 times multiple, making the global insurance market a rapid expansion, particularly in emerging markets within Asia and Latin America.

By way of comparison, while total global premium volume grew by 90 percent from \$2.4

trillion in 2001 to \$4.6 trillion in 2011, U.S. premium volume only grew by 33 percent, from \$904 billion to \$1.2 trillion. Projections estimate by 2030 the U.S. market share will fall to seven percent globally, taking a distant third place behind India (23%) and China (18%), and there embeds future institutional investors and our market share as an emerging growth insurance entity.

## **Novus Technology**

After our acquisition of WCIG Insurance in 2015, we devoted the last quarter of 2015 to the development and the roll out of an automated insurance web portal

<http://getnovusnow.com>.

This portal design will make Novus the online one-stop insurance entity, giving consumers instant and easy access to a range of insurance solutions, tailored specifically to their insurance profile.

The portal services policy management for members and their insurance needs, through two areas a) holding policies of Novus or b) as an aggregate that can continue to monetize our business model.

To meet this demand Novus' portal has established a footprint in the institutional insurance business where Novus has designed to generate up to 40 insurance lines of business, automation of API gateways tied to 24 of the nation's largest insurance carriers, to take advantage of any revenue opportunity.

We have squeezed out the inefficiencies with automation; shareholders can be assured that Novus, a pioneer of MMJ medical plans and other insurance, will no longer be one-dimensional. In our strategic assessment, we found that internationally there has been a significant increase in the amount of insurance contracts concluded via the Internet.

Seventy-Two percent of consumers use the Internet as their primary source of insurance information and procurement. Novus concluded that very few insurance companies use technology, which lead to a lower satisfaction rate and customer retention. Novus' portal will give consumers ease of benefits selection, premium payments, and binding of policies. Value added, Wall Street and the insurance

industry complement each other with the integration of insurers and investment banks, who are both constituents to leverage capital market positions”.

To-date Novus’ management has procured multiple lines of health care services for mid-market consumers and institutions that are not insured or under insured with just over 100 providers online covering over 10,000 zip codes nationwide. Our current benefit packages cover, in addition to the medical cannabis, physician visits, dental, lasik, hearing, diabetic supplies, lab services, and gain entry in the commercial liability market.

Novus’ portal can:

- a) Procure, retain, and service new and existing members
- b) Offer, nationally, 12 flexible health benefit packages
- c) Insurance Wholesaler/Aggregator: Novus’ portal and search utility can allow clients to gain several quotes via an electronic e-quote form.
- d) The integration of 24 major insurance carriers payment gateway for quotation, payment and binding of policies.
- e) Automated management for global affiliate programs for lead generation and procurement. Independent insurance agent enrollment and marketing tools of Novus’ lines of business
- f) Member only section where members can select and place orders with licensed medical marijuana dispensaries via push notifications, as well as with our other providers with a no cost solution to upload and display products with a piggyback on Novus’ marketing backbone through email, social networking, digital display advertising at no cost
- g) Automation to generate claims and the modification of insurance coverage’s

Novus’ portal was designed to attract, convert, optimize and retain customers, deliver high customer satisfaction with the right message to the right customer at the right time. According to Bain and Co., financial services and insurance research shows that each customer that is satisfied will bring 6.3 new customers per year with a 97% renewal rate. As Novus ventures into its diversification, our goal is continual improvement that is determined to be rewarding for our shareholders.

## **Management Discussion and Analysis**

The expansion of the business model

Since becoming an insurance entity, Novus has been approached by numerous insurance carriers, PIPE entities, and capital companies that will diversify Novus’ MMJ

business model from a one-dimensional business entity to diverse lines of businesses in insurance. Right now we have been approved by the state of California in Life, Accidental, Health and Variable contracts with Allianz Life Insurance. Management anticipates many more contracts will be forth coming with the country's largest insurance companies that will move us into the MMJ property and casualty sector and commercial liability sector.

The lines of business that Novus encompasses and anticipates the execution of contracts are:

Novus currently has a risk and non risk Health Program for MMJ that has integrated our MMJ program with the largest providers in dental, hearing, imaging, Lasik, vision, pharmacies, etc. This will be added to our current policies and programs, with price ranges from free to \$24.95 per month. In Property and Casualty for MMJ with our automated quotation and binding system where MMJ cultivators, manufacturers, dispensaries, and health professional can get reasonable coverage in:

- Plant cycle (seed to harvest)
- Net revenue protection
- Storage facilities
- Natural disasters
- Theft
- Water damage
- Product liability
- SIR Umbrella
- Bodily injury
- Delivery vehicles
- Legal malfeasants protection
- Malpractice
- Disability claims
- Personal asset protection

It is managements' focus to propel Novus from being a single medical program to a multi diverse insurance business model. The company is filing reciprocity documents in the top 25 US markets, to move our business model from solely a cost-savings medical program to a full service supplemental /carrier program.

How does Novus move to the next level? One tool is via technology; Novus now has proprietary code to operate on the Internet similar to an Esurance platform. With this

platform, Novus possesses the technology to give insurance quotes, bind premiums and integrate policy payments through our API portal, directly or indirectly, with 20 major carriers (of which we already have consent to post transactions).

What this means is that if Novus, during this developmental period cannot supply insurance directly then we can refer off the policy to another carrier and still generate an estimated 25-30% EBITDA.

This technology has provided us with the following lines of business:

- Risk and Non Risk Medical Plan (established)
- Commercial Auto/Trucking (established)
- Business & Commercial (being written)
- Commercial Property /Umbrella (ready for deployment)
- Disability /Workers Comp (ready for deployment)
- Malpractice (ready for deployment)
- Non Profit Insurance (ready for deployment)
- Pet Insurance (being written)
- Commercial Trucking (ready for deployment)

*\*The items "ready for deployment" are not activated since we are waiting for California Department of Insurance to approve the expansion of our licensing which is expected to be the beginning to mid June 2016.*

The summation of Novus becoming an insurance entity was a windfall, there are many opportunities to being a California licensed insurance entity, and it dove tails directly with management's forte in Wall Street deal making, Healthcare and Insurance, and Financial institution funding of insurance programs.

## **Lloyds of London Approval**

As 2016 begins Novus has achieved new milestones with its approval by Lloyds of London to enter into the market as a Lloyds U.S. Broker with our sights set on becoming Lloyds syndicate broker.

Novus can attain this by taking advantage of our recent entry into Lloyds of London as a United States broker and up-lift our status as a direct Lloyds Broker and place business directly with any Lloyd's managing agent subject to terms of our business agreement.

This is the predominant route to place business into the market in the United States, by positioning Novus with the ability to write our own 100% secure corporate annuities fund that will give Novus the leverage to move risk to other reinsurance carriers in their respective business sectors.

## Novus Annuities

Our recent approval annuity lines in California gives Novus the right to sell our own fixed corporate annuities to accredited investment corporations. This program will be a fixed annuity, where institutional investors will put funds into Novus/WCIG, have the principal protected with collateral by purchasing zero coupon treasury bonds (5-7 years), then Novus can offer to the financial institutions the following:

- a) Straight 4-5% interest per year with an 18% profit sharing on net proceeds, or;
- b) The financial institution has the option to convert to common stock or warrant at a pre-negotiated value.

Novus is one of the few small cap companies that have the ability to write an investment instrument that secures investment money from institutional entities 100%. Then Novus will use the allocated funds for our policy underwriting efforts in our specific insurance lines of business. **Revenue recognition:** Insurance premiums for prospective property/casualty, life and health insurance are earned over the loss exposure or coverage period in proportion to the level of protection provided. In most cases, premiums are recognized as revenues ratably over the term of the contract with unearned premiums computed on a monthly basis. For the purposes of this report it is computed on a yearly basis.

1. **Insurance Losses:** The excess, if any, of the estimated ultimate liabilities for claims and claim settlement costs over the premiums earned with respect to retroactive property/casualty reinsurance contracts is recorded as a deferred charge at inception of the contract. Deferred charges are subsequently amortized using the interest method over the expected claim settlement periods. Changes to the estimated timing or amount of future loss payments produce changes in unamortized deferred charges. Changes in such estimates are applied retrospectively and are included in insurance losses and loss adjustment expenses in the period of the change. Losses and loss adjustment expenses, Liabilities for losses and loss adjustment expenses are established under property/casualty, life and health insurance issued by our insurance subsidiary WCIG for losses that have occurred as of the balance sheet date. The liabilities for losses and loss adjustment expenses are recorded at the estimated ultimate payment amounts, except that amounts arising from certain workers' compensation contracts are discounted. Estimated ultimate payment amounts are based upon (1) reports of losses from policyholders, (2) individual case estimates and (3) estimates of incurred but not reported losses.

A. Date and State (or Jurisdiction) of Incorporation:

1996 Nevada

B. the issuer's primary and secondary SIC Codes;

5241

C. the issuer's fiscal year end date;

December 31

D. principal products or services, and their markets;

Our business model is to own, as subsidiaries, developing start up or moderately profitable companies. We provide for our subsidiaries the means for;

- a) marketing / advertising;
- b) a subsidiary that have products or services with real consumer appeal Our scope of is to create tactical strategies for our subsidiary financial structure and commence in a national branding initiative. Our criteria of clients and/or target acquisitions is
  - a) strong management;
  - b) proprietary assets;
  - c) substantial emerging growth within the industry demonstrates stability and;
  - d) high growth potential.

We can assist our subsidiaries by entering into the their respective industry market place prepared and show distinctiveness that can sustain liquidity, investor interest or if possible obtain equity financing all together. Our experience and approach is to focus on companies that need growth, but lack in business experience in procuring the needed financial resources. This is where we assist our subsidiaries in the areas of market roll out, products and/or service, distribution – direct or indirect channel building, internet enterprise solutions, consultation on capitalization structures and product and service branding efforts, to meet their growth needs.

Shareholders should be aware that the subsidiary Novus Medical Group, Inc. is performing admirably and consumer acceptance is excellent. Please be advised our Provider network has taken some time we have either contracted or contracts pending in over 100 dispensaries to participate in our insurance network. And in the health insurance business model we stay true to established business practices in the insurance realm; we are not blazing trails but are conforming to a business model that has been successful for many years.

#### Safe Harbor

This submittal includes forward-looking statements, which are based on certain assumptions and reflects management's current expectations. These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations. Some of these factors include: general global economic conditions; general industry and market conditions and growth rates; uncertainty as to whether our strategies and business plans will yield the expected benefits; increasing competition; availability and cost of capital; the ability to identify and develop and achieve commercial success; the level of expenditures necessary to maintain and improve the quality of services; changes in the economy; changes in laws and regulations, includes codes and standards, intellectual property rights, and tax matters; or other matters not anticipated; our ability to secure and maintain strategic relationships and distribution agreements. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. And investors should be aware that the financials are unaudited and are subject to change.

The Private Securities Litigation Reform Act of 1995 provides a “safe harbor” to encourage companies to provide prospective information, so long as those informational statements are identified as forward-looking and are accompanied by meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those included in the forward-looking statements. We desire to take advantage of these provisions. This report contains cautionary

statements identifying important factors that could cause actual results to differ materially from those projected herein, and in any other statements made by Company officials in communications with the financial community and contained in documents filed with the Securities and Exchange Commission (SEC). Forward-looking statements are not based on historical information and relate to future operations, strategies, financial results or other developments. Furthermore, forward-looking information is subject to numerous assumptions, risks and uncertainties. In particular, statements containing words such as “expect,” “anticipate,” “believe,” “goal,” “objective,” “may,” “should,” “estimate,” “intends,” “projects,” “will,” “assumes,” “potential,” “target” or similar words as well as specific projections of future results, generally qualify as forward-looking. Aflac undertakes no obligation to update such forward-looking statements.

### **Management:**

Gary F. Labrozzi, Chairman, CEO:

Mr. Labrozzi is a Wall Street veteran for the past 20 years. A results-oriented analytical executive with diverse industry disciplines and has worked with many small to mid cap companies and investment firms in with specialty of focus on:

- Mergers and Acquisitions Healthcare and Insurance
- Turnaround/ Reorg
- Strategic Planning
- Corporate Finance

Consulted and negotiated contractual terms with many industry leaders with increased market capitalization, corporate cap structure and market assessment with over 100 private and public companies. Represented Reorg Turnarounds as interim

management for public companies that were in the brink of insolvency. And; introduced Asian and European companies to the NASDAQ equity markets.

Director of NDEV

CEO of Novus Medical Group, Inc.

Andrea Lopez

Andrea Lopez has been responsible for creating and maintaining Program Integrity and Compliance enterprise wide strategic policies for numerous companies under the performance standards and scrutiny of the U.S. Government and Fortune 500 Companies. With over two decades of experience maneuvering within the corporate world, Andrea has expanded her broad knowledge base to encompass management, professional development, and strategic communication while honing her business acumen across intercontinental industries. She has over 15 years of care compliance and program integrity experience: both domestically and internationally, with proven proficiency in cultural intelligence in trans media multi-cultural communication. She has developed and led enterprise-wide efforts at the executive level, implementing internal controls, policies and procedures to mitigate the risk of noncompliance with contract deliverables and applicable domestic and foreign laws and regulations. Andrea has coauthored multiple articles for industry-specific publications and has conducted instructional presentations to conference attendees at multiple symposiums world-wide, to include mentorship and education development with delivery to international student bodies. Andrea received both a Master of Science in Security Management (MSM) and a Bachelor of Science degree in Criminal Justice Administration from the prestigious Bellevue University.

## 8) Officers, Directors, and Control Persons

The goal of this section is to provide an investor with a clear understanding of the identity of all the persons or entities that are involved in managing, controlling or advising the operations, business development and disclosure of the issuer, as well as the identity of any significant shareholders.

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.

a) Mr. Labrozzi Chairman CEO holds 45,200,000 shares common and 6,600 shares of Series A Preferred.

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);

N/A

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;

N/A

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

N/A

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.

N/A

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.

Gary F. CEO hold 45,200,000 shares common and 6,600 shares of Series A Preferred. Address 12805 SW 84 Ave Road Second Floor Miami FL 33156

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

Law Offices: "West and Associates"  
South Bay Office  
700 N. Pacific Coast Highway  
Suite 201  
Redondo Beach, California 90277  
Telephone (310) 374-4141  
Facsimile (310) 372-4137  
WestandAssociates1@gmail.com

Accountant or Auditor

Management prepares financial statements for OTC Markets interim, last known audit was performed by

LBB and Associates LTD LLP  
10260 Wertheimer road  
Suite 310  
Houston Texas, 77042  
United States

## Investor Relations Consultant

N/A handled by company

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, Gary F. Labrozzi certify that:

1. I have reviewed this Quarterly disclosure statement of Novus Acquisition & Development Corp as of the date herein;
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 and subject to change if needed.

November 15, 2015

Gary F. Labrozzi CEO and CFO

Financial Statement Next Page

**Novus Acquisition & Development Corp Consolidated Balance Sheets Unaudited**

	<u><b>30-Sep-16</b></u>	<u><b>30-Jun-16</b></u>	<u><b>Mar-31-2016</b></u>
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$59,756	\$23,176	25,067
Investments	90,000	27,000	27,000
Total current assets	149,756	50,176	52,067
Software Development	71,653	61,889	51,063
WCIG Acquisition	570,000	570,000	570,000
<b>TOTAL ASSETS</b>	<b>791,409</b>	<b>732,241</b>	<b>673,130</b>
<b><u>LIABILITIES AND EQUITY</u></b>			
Current liabilities:			
Note Due to Related Party	91,000	187,350	167,220
Due to related parties	23,732	23,732	23,732
<b>Total current liabilities</b>	<b>114,732</b>	<b>211,082</b>	<b>190,952</b>
 Total liabilities	 114,732	 211,082	 190,952
 Stockholders' Deficit:			
 <b>Common Stock</b> 200,000,000 shares authorized \$.001 par value shares increased from June 30, 2016 and Sept 30, 2016 88,953,625 to 92,453,624 respectively	 92,953	 88,954	 88,954
 <b>Series A Preferred:</b> \$.001 par value; 6,600 shares authorized; all shares issued and outstanding as of Dec 31, 2015 through Sept 30, 2016 respectively	 660	 660	 660
 <b>Series B:</b> Preferred dividend stock: \$.001 par value; 100,000,000 shares authorized; no shares issued	 0	 0	 0
 <b>Series C &amp; D Preferred Shares:</b> \$.001 par value; 100,000,000 shares authorized; no shares issued and	 0	 0	 0
 Total	 93,613	 89,614	 89,614
Additional paid-in capital	7,270,766	7,916,896	7,896,896
Accumulated Deficit	5,998,181	6,164,302	6,344,302
<b>Total Equity</b>	<b>1,272,585</b>	<b>1,052,594</b>	<b>1,552,594</b>
<b>Total Liabilities and Equity</b>	<b>791,409</b>	<b>732,241</b>	<b>673,130</b>

**Novus Acquisition & Development Corp Statements  
of Operations Consolidated Unaudited**

	30-Sep-16	30-Jun-16	31-Mar-16	YTD
	\$	\$	\$	\$
Revenues	21,100	14,067	19,024	54,191.00
General and administrative expenses	8,456	11,234	9,361	29,051
Professional fees	3,000	4,000	3,000	10,000
Salaries and wages	-	-	-	-
Total operating expenses	11,456	15,234	12,361	39,051
Income from operations	9,644	-1,167	6,663	15,140
Other income (expense):	-	-	-	-
Investment gains (losses) - - -				
Other income	-	-	-	-
Total other income (expense)	-	-	-	-
Income	-	-	-	-
Net Income	9,644	-1,167	6,663	15,140

**Novus Acquisition and Development Corp Consolidated  
Statements of Cash Flows Unaudited**

	30-Sep-16	30-Jun-16	31-Mar-16
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	\$	\$	\$
Net income (loss)	11,456	-\$1,167	\$6,663
Adjustments to reconcile net income (loss) to net cash used in operating activities:	-	-	-
Stock-based compensation	2,000	-	-
<b>NET CASH USED IN OPERATIONS</b>	13,456	14,067	12,361
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	28,690	-15,234	5,698
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	23,176	23,176	25,067
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	36,632	-38,410	30,765
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>			
Cash paid during the period for:			
Income taxes	-	-	-
Interest	-	-	-
<b>NONCASH FINANCING ACTIVITIES</b>	-	-	-
Conversion of accrued expenses to common stock	-	-	-
Conversion of payable to related party to common stock	36,632	-38,410	30,765

**Novus Acquisition and Development Corp Consolidated  
Shareholder's Equity Unaudited**

	Series A Preferred		Series B Preferred		Series C Preferred		Common Stock		Paid-in	Accum.	Total
	Shares	Par Value	Shares	Par Value	Shares	Par Value	Shares	Par Value	Capital	Deficit	Equity
			-								
Balance 6-30-2016	6,600	0.0010	-	0	-	-	88,953,624	\$88,954	\$7,150,766	\$6,168,481	\$1,052,211
Net income (loss)	-	-	-	-	-	-	-	-	-	-	-
Stock compensation	6,600	-	-	-	-	-	88,953,624	88,954	-	6,168,481	1,052,211
Conversion of debt	-	-	-	-	-	-	-	-	-	-	-
Stock compensation	-	-	-	-	-	-	3,500,000	3,500	88,535	-	88,535
Net income (loss)	-	-	-	-	-	-	-	-	-	-	11,000
Debt Retirement		-									100,000
Ending Bal. 9-30-2016	6,600	0.0010	-	\$-	-	\$-	92,453,624	\$92,454	\$7,239,301	\$6,168,481	\$1,252,211

# Novus Acquisition & Development Corp.

## Notes to Consolidated Financial Statements

### - DESCRIPTION OF ORGANIZATION

Organization – Novus Acquisition & Development Corp. (the “Company”) was incorporated on November 11, 1996 under the laws of the state of Nevada under the name Shiraz Corporation. On January 1, 2003 Shirazi Corporation changed its name to Surface Tech Inc. On September 29, 2006 Surface Tech, Inc. changed its name to BrandQues Development Group, Inc. and on April 2009 changed its name to Novus Acquisition & Development Corp.

The primary activities of the Company were to serve as a private equity firm for the purpose of self-funding and/or acquiring one or more operating businesses. The focus of the Company’s business model has changed due to economic and market conditions. Commencing May 2008, the Company’s business model and purpose is providing risk management within the alternative medicine field including medical marijuana in states where it is approved. From the risk management model we have our focused set or discount medical plans and supplemental insurance programs that will aide and assist patients with discounts within alternative medicine fields discounts to medication in the respective approved states.

NDEV will work as outside developers and will not cultivate, handle, transport grow, extract, dispense put up for sale, put on the market, vend, deliver, supply, circulate, trade, cannabis or any substances that violates the United States law or the Controlled Substances Act, nor does it intend to do so in the future and will continue to follow state and federal laws. The products and statements made about specific products have not been evaluated by the United States Food and Drug Administration (FDA) and are not intended to diagnose, treat, cure or prevent disease. All information provided on these press releases or any information contained on or in any product label or packaging is for informational purposes only and is not intended as a substitute for advice from your physician or other health care professional.

The state laws are in conflict with the federal Controlled Substances Act. The current administration has effectively stated that it is not an efficient use of resources to direct federal law enforcement agencies to prosecute those lawfully abiding by state designated laws allowing the use and distribution of medical marijuana. However, there is no guarantee that the current administration, nor any future administration, will not change this policy and decide to enforce the federal laws strongly. Any such change in the federal government’s enforcement of current federal laws could cause significant

financial changes to the Company. While we do not intend to harvest, distribute or sell cannabis or cannabis related products, we may be harmed by a change in enforcement by federal or state governments.

Delay on Audit; The reason the company disseminated a press release in March of 2014 was the fact the Auditors entered into an engagement letter with the Company. After review the Auditors were required, a roll forward of Equity Sheet from inception. Since the company was formed in 1996 management painstakingly researched and produced documents that the Auditors would need to disseminate under SEC rules in a complaint manner. This process has taken some time and the Company now has all the necessary documentation to carry out the audit.

Basis of accounting – The financial statements are prepared using the accrual basis of accounting. Revenues are recognized when services are rendered and expenses are recognized in the period in which they were incurred. The basis of accounting conforms to accounting principles generally accepted in the United States of America.

#### Going concern

These conditions create an uncertainty as to the Company's ability to continue as a going concern. Management plans to increase marketing efforts, reduce expense, and expand through acquisitions. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

#### 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 these financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### Cash and Cash Equivalents

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

#### Fair value of financial instruments

The carrying amounts of financial instruments, including cash, accounts receivable, and investments approximate fair value at December 31, 2009 due to the relatively short maturity of the instruments.

### History of Revenue Recognition

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of accounts receivable and investments. Since the company implemented its insurance model. For the term ended;

December 31, 2012 the Company had total revenue of \$9,522.60

December 31, 2013 the Company had total revenue of \$32,000

December 31, 2014 the Company had total revenue of \$41,000

December 31, 2015 the Company had total revenue of \$82,101

### Assets and Cash Equivalents

The company has cash on hand as January 2015 the following totals

Novus Acquisition & Development Corp	\$ 22,269
Novus Medical Group, Inc.	\$1,456
Tequesta Capital Corp.	<u>\$21,752</u>
Total	\$45,477

### Shareholder Loans

Gary F. Labrozzi the CEO, has infused money periodically into the Company and its subsidiaries for a total of \$191,600. But has retired its debt of \$100,000 (a forgiveness of debt)

### Accounts receivables and allowances for losses on receivables

Accounts receivable and related party receivable are reported at net realizable value. Delinquent accounts are written-off when it is determined that the amounts are uncollectible. Currently there was no provision for doubtful accounts.

### Available for Sale Securities

The Company accounts for investments under Statement of Financial Accounting Standards ("SFAS") No. 115, Accounting for Certain Investments in Debt and Equity Securities. The Company reports investments in debt and marketable equity securities at fair value based on quoted market prices or, if quoted prices are not available, discounted expected cash flows using market rates commensurate with credit quality and maturity of the investment. Investment securities are designated as available for sale with unrealized gains and losses included in comprehensive income. Held-to-maturity securities are reported at amortized cost. The Company regularly reviews investment securities for impairment based on criteria that include the extent to which the investment's carrying value exceeds its related market value, the duration of the market decline, the Company's ability to hold to recovery and the financial strength and specific prospects of the issuer of the security. Unrealized losses that are other than temporary are included in the determination of income. Realized gains and losses are accounted for on the specific identification method.

### Income taxes

Income taxes are computed under the provisions of SFAS No. 109 "Accounting for Income Taxes", using an asset and liability approach for financial accounting and income tax reporting based on expected tax rates. Deferred tax assets are reduced by

a valuation allowance when it is more likely than not that some portion, or all, of the deferred tax assets will not be realized.

### Earnings per share

The Company computes basic and diluted earnings per share amounts at December 31, 2014 and 2015 pursuant to SFAS No. 128, "Earnings per Share." There are no potentially dilutive shares outstanding and, accordingly, dilutive per share amounts are the same as basic at the aforementioned dates.

### Reclassifications

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform to the current year presentation.

### New accounting pronouncements

#### Fair Value Measurements

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements". SFAS No. 157 provides guidance for using fair value to measure assets and liabilities. SFAS No. 157 addresses the requests from investors for expanded disclosure about the extent to which companies measure assets and liabilities at fair value, the information used to measure fair value and the effect of fair value measurements on earnings. SFAS No. 157 applies whenever other standards require (or permit) assets or liabilities to be measured at fair value, and does not expand the use of fair value in any new circumstances. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007 and will be adopted by the Company in the first quarter of fiscal year 2008. The Company is unable at this time to determine the effect that its adoption of SFAS No. 157 will have on its consolidated results of operations and financial condition.

In February 2008, the FASB issued Staff Position ("FSP") 157-2, "Effective Date of FASB Statement No. 157". This FSP delays the effective date of SFAS No. 157 for all nonfinancial assets and nonfinancial liabilities, except those that are recognized or disclosed at fair value on a recurring basis (at least annually) to fiscal years beginning after November 15, 2008, and interim periods within those fiscal years. The impact of adoption was not material to the Company's financial condition or results of operations.

### Accounting for Uncertainty in Income Taxes

In July 2006, the FASB issued FASB Interpretation No. 48 (FIN 48), "Accounting for Uncertainty in Income Taxes – an interpretation of FASB Statement No. 109". FIN 48 clarifies that accounting for uncertainty in income taxes recognized under SFAS No. 109 "Accounting for Income Taxes". FIN 48 prescribes a recognition threshold and measurement attribute for financial statement recognition measurement of a tax position taken or expected to be taken in a tax return and also provides guidelines on various related matters such as derecognition, measurement and classification of income tax uncertainties, interest and penalties, and disclosure. FIN 48 also includes guidance concerning accounting for income tax uncertainties in interim periods and increases the level of required disclosures associated with any recorded income tax uncertainties. The differences between the amount recognized in the statement of financial position prior to the adoption of FIN 48 and the amounts reported after adoption are to be accounted for as a cumulative-effect adjustment recorded to the beginning balance of retained earnings. FIN 48 was effective beginning in fiscal year 2007 and did not have a material effect on the Company's financial position, results of development stage activities or liquidity.

### Considering the Effects of Prior Year Misstatements

In September 2006, the Securities and Exchange Commission ("SEC") issued Staff Accounting Bulletin No. 108 (SAB No. 108) "Considering the Effects of Prior Year Misstatements When Qualifying Misstatements in Current Year Financial Statements". SAB No. 108 provides interpretive guidance on how the effects of the carryover or reversal of prior year misstatements should be considered in qualifying a current year misstatement. The SEC staff believes that registrants should qualify errors using both a balance sheet and income statement approach and evaluate whether either approach results in qualifying a current year misstatement that, when all relevant quantitative and qualitative factors are considered, is material. The provisions of SAB No. 108 were effective for the Company's fiscal year ending December 31, 2007. The adoption of SAB No. 108 did not have a material impact on the Company's financial statements.

### Business Combinations

In December 2007, the FASB issued SFAS No. 141(R) "Business Combinations" SFAS No. 141(R). This Statement replaces the original SFAS No. 141. This Statement retains the fundamental requirements in Statement 141 that the acquisition method of accounting (which Statement No. 141 called the purchase method) be used for all business combinations and for an acquirer to be identified for each business combination. The objective of this SFAS No. 141(R) is to improve the relevance, and comparability of the information that a reporting entity provides in its financial reports about a business combination and its effects. To accomplish that, SFAS No. 141(R) establishes principles and requirements for how the acquirer:

- a. Recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree.
- b. Recognizes and measures the goodwill acquired in the business combination or a gain from a bargain purchase.
- c. Determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination.

This Statement applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after

December 15, 2008 and may not be applied before that date. The Company is unable at this time to determine the effect that its adoption of SFAS No. 141(R) will have on its consolidated results of operations and financial condition.

#### Fair Value Option for Financial Assets and Financial Liabilities

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities – Including an amendment of FASB Statement No. 115", which becomes effective for the Company on February 1, 2008, permits companies to choose to measure many financial instruments and certain other items at fair value and report unrealized gains and losses in earnings. Such accounting is optional and is generally to be applied instrument by instrument. The Company does not anticipate that the election, of this fair-value option will have a material effect on its consolidated financial condition, results of operations, cash flows or disclosures.

#### Fair Value Measurements

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements" SFAS No. 157 provides guidance for using fair value to measure assets and liabilities. SFAS No. 157 addresses the requests from investors for expanded disclosure about the extent to which companies' measure assets and liabilities at fair value, the information used to measure fair value and the effect of fair value measurements on earnings. SFAS No. 157 applies whenever other standards require (or permit) assets or liabilities to be measured at fair value, and does not expand the use of fair value in any new circumstances. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007 and will be adopted by the Company in the first quarter of fiscal year 2008. The Company is unable at this time to determine the effect that its adoption of SFAS No. 157 will have on its consolidated results of operations and financial condition.

#### Stock-based compensation:

Effective January 1, 2007, the Company adopted SFAS No. 123(R), "Share-Based Payment" ("SFAS 123(R)") and related interpretations which superseded APB No. 25.

SFAS 123(R) requires that all stock-based compensation be recognized as an expense in the financial statements and that such cost be measured at the fair value of the award. This statement was adopted using the modified prospective method, which requires the Company to recognize compensation expense on a prospective basis.

Therefore, prior period financial statements have not been restated. Under this method, in addition to reflecting compensation expense for new share-based awards, an expense is also recognized to reflect the remaining service period of awards that had been included in pro-forma disclosures in prior periods.

The fair value of each option grant has been estimated on the date of the grant using the Black-Scholes option-pricing model with the following assumptions:

	2014	2015
Expected dividend yield	-	-
Expected stock price volatility	90 - 101%	52 - 175%
Weighted average volatility	134%	147%
Risk-free interest rate	4.45 - 4.68%	0.98 - 4.93%
Expected life of options	2 years	2 years
Block discount applied	40%	40%

#### ACQUISITION OF MARKETABLE SECURITIES

During the year ended December 31, 2009, the Company began recognizing revenue from the sale of equity securities of \$ 35,678.04. Gross realized gains were \$1,142.59 then, were the identification method was used to determine the cost of the securities sold.

As noted below

	<u>Cost</u>	<u>Gross Unrealized Gain</u>	<u>Gross Unrealized Losses</u>	<u>Estimated Fair Value</u>
December 31, 2009:				

Available for sale:				
Goo Green Inc.	.001	24,333	0.00	24,333
Total	<u>\$ .001</u>	<u>\$24,333</u>	<u>\$0.00</u>	<u>\$24,333</u>

## INCOME TAXES

The benefit for income taxes from continued operations for the years ended December 31, 2009 and 2010 consist of the following:

	December 31,	
	2014	2015
Current:		
Federal	\$ -	\$ -
State	-	-
	-	-
Deferred:		
Federal from 2007		(3,324)
State from 2007	(35,115)	<u>(1,219)</u>
		(4,543)
Benefit from the increase in valuation allowance	<u>(12,875)</u>	
	(47,990)	4,543
	<u>47,990</u>	
Provision benefit for income taxes, net	<u>\$ -</u>	<u>\$ -</u>

The above benefit was calculated using a combined federal and state tax estimated rate as noted below

Statutory federal income tax rate	15.0%
long-term capital gains	

State income taxes

5.5%

---

20.5%

---

Deferred income taxes result from temporary differences in the recognition of income and expenses for the financial reporting purposes and for tax purposes. The net deferred

tax assets are comprised of the following:

	December 31,	
	2013	2014
Deferred income tax asset	\$ (241,804)	\$ (50,431)
Valuation allowance		
	241,804	50,431
Deferred income tax asset	\$ -	\$ -

At December 31, 2010, the Company has net operating loss carry forward of approximately \$260,000 which will expire at various dates through 2027.

## COMMITMENTS

### Employment Agreements

The Company has employment agreements with both its Chief Executive Officer ("CEO") and President. The agreements are for nine years beginning November 17, 2008. Compensation relating to the agreements is 25,000,000 shares valued at on execution of the agreement and 1,000,000

Gary Labrozzi was granted in December of 2009 a Series A Preferred Shares, the attributes were;

## Section 1 - DESIGNATION OF SERIES AND RANK

The total 6,600 shares of such series shall be designated as the "Series A Preferred Stock" and the number of shares initially constituting such series shall be up to six thousand six hundred (6,600) shares. The Series A Preferred Stock shall be senior to the common stock and any other series or class of the company's preferred stock.

## Section 2 - CONVERSION RIGHTS

(a) All of the 6,600 shares of Series A Preferred Stock is issued and outstanding, then the total aggregate issued shares of Series A Preferred Stock at any given time, regardless of their number, shall be not be convertible into shares of Common Stock, the Series A Preferred is voting shares only equal 66% of the total number of shares of Common Stock, plus the total number of shares of all other series of stock, which are issued and outstanding.

(b) All share of Series A Preferred Stock shall be not be convertible into the number of shares of Common Stock which equals 66% of the total number of shares of Common Stock, plus the total number of shares of all other series of stock, which are issued and outstanding at the time of conversion, divided by the total number of shares of Series A Preferred Stock at the time of conversion.

The terms of the contract include a non-dilution of officers and directors for a nine year period, acceleration of agreement in the case of termination or change of control in which all compensation shall be delivered within thirty days of termination, performance based and a non-compete clause.

### Lease

The Company entered into a lease with Juan Carlos Pinillos an agreement for office space with the CEO of the Company at a rate of \$1,250 for the first 8 months and to be re-negotiated in April 2015

## VALUE OR DEFICIENCY IN ASSETS

### Classes of stock

Common Shares- The authorized number of common shares is 200,000,000. The CEO and President are majority shareholders owning approximately 26% of the company each.

## Series A; Section 1 - DESIGNATION OF SERIES AND RANK

The total 6,600 shares of such series shall be designated as the "Series A Preferred Stock" and the number of shares initially constituting such series shall be up to six thousand six hundred (6,600) shares. The Series A Preferred Stock shall be senior to the common stock and any other series or class of the company's preferred stock.

## Section 2 - CONVERSION RIGHTS

(a) All of the 6,600 shares of Series A Preferred Stock is issued and outstanding, then the total aggregate issued shares of Series A Preferred Stock at any given time, regardless of their number, shall be not be convertible into shares of Common Stock, the Series A Preferred is voting shares only equal 66% of the total number of shares of Common Stock, plus the total number of shares of all other series of stock, which are issued and outstanding.

(b) All share of Series A Preferred Stock shall be not be convertible into the number of shares of Common Stock which equals 66% of the total number of shares of Common Stock, plus the total number of shares of all other series of stock, which are issued and outstanding at the time of conversion, divided by the total number of shares of Series A Preferred Stock at the time of conversion.

## Section 3 - LIQUIDATION RIGHTS

(a) In the event of any liquidation, dissolution, or winding up of the Company, whether voluntary or involuntary, the holders of the Series A Preferred then outstanding shall be entitled to be paid out of the assets of the Company, before any other class or series, available for distribution to its shareholders, before any payment or declaration and setting apart for payment of any amount shall be made in respect of any outstanding capital stock of the Company, an amount equal to One Thousand Dollars (\$1,000) per share or option issued. Then all of the assets of the Company

available to be distributed shall be distributed ratably to the holders of the Series A Preferred and then to the holders of other outstanding shares of capital stock of the Company. If upon any liquidation, dissolution, or winding up of the Company, whether voluntary or involuntary, the assets to be distributed to the holders of the Series A Preferred shall be insufficient to permit the payment to the holders thereof the full preferential amount as provided herein, then such available assets shall be distributed ratably to the holders of the Series A Preferred.

- (b) None of the following events shall be treated as or deemed to be liquidation hereunder:
  - (i) A merger, consolidation or reorganization of the Company;
  - (ii) A sale or other transfer of all or substantially all of the Company's assets;
  - (iii) A sale of 50% or more of the Company's capital stock then issued and outstanding;
  - (iv) A purchase or redemption by the Company of stock of any class; or
  - (v) Payment of a dividend or distribution from funds legally available therefore.

#### Section 4 - VOTING RIGHTS

(a) All share of Series A Preferred Stock is issued and outstanding, then the total aggregate issued shares of Series A Preferred Stock at any given time, regardless of their number, shall have voting rights equal to 66% of the total number of shares of Common Stock, plus the total number of shares of all other series of stock, issued and outstanding at the time of any vote of shareholders.

(b) All 6,600 of Series A Preferred Stock shall have the voting rights equal to 66% of the number of shares of Common Stock, plus the total number of shares of all other series of Stock, issued and outstanding at the time of any vote of shareholders, divided by the number of shares of Series A Preferred Stock which are issued and outstanding at the time of the vote.

Series B Dividend Shares- authorized 100 million shares of this convertible preferred with a redemption rate of 1:2 into common. Price point \$1.00 per share; two preferred shares for every one common share. None are issued

Series C Convertible Preferred Shares - Authorized 10 million shares and carry at stated conversion of \$5.00 per share and is 1:1 conversion into common. Reclassification issues will not be granted in the event of dilution that equates to a higher net asset value. None are issued

Series D Shares- This class of stock was established with the intention of being traded on foreign exchanges such as the Nikkei and the Dax. Through June 30, 2009, the Company had not yet obtained authorization to trade on any foreign exchanges. The total authorized number of Series D shares are; 100,000,000. None are issued

Reverse stock split On December 30, 2012 the company authorized a 1:50 reverse stock split. Shares outstanding for all periods reported have been adjusted to reflect 1:50 reverse stock split.

## EARNINGS PER SHARE

Basic earnings per share are computed by dividing earnings (losses) available to common stockholders by the weighted average of common shares outstanding during the period.