

True Nature Holding, Inc.  
Form 10-Q/A  
March 16, 2017

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**WASHINGTON, D.C. 20549**

**FORM 10-Q/A**

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**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT  
OF 1934**

For the quarterly period ended September 30, 2016

OR

o

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT  
OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number **000-53601**

**TRUE NATURE HOLDING, INC.**

*(Exact name of registrant as specified in its charter)*

**Delaware**

*(State or other jurisdiction of  
incorporation or organization)*

**87-0496850**

*(I.R.S. Employer  
Identification No.)*

**1355 Peachtree Street, Suite 1150**

**Atlanta, Georgia**

*(Address of principal executive offices)*

**30309**

*(Zip Code)*

Registrant's telephone number, including area code: **(404) 913-1802**

Indicate by check mark whether the registrant (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐

Accelerated filer ☐

Non-accelerated filer ☐ (Do not check if a smaller reporting company)

Smaller reporting company ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES ☐ NO ☒

As of March 16, 2017, 17,216,894 shares of the registrant's common stock, \$0.01 par value, were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE: None

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EXPLANATORY NOTE: This Form 10-Q/A is an amended version of the Form 10-Q for the period ended September 30, 2016. The previous version did not include some material stock and debt transactions and accrued expenses, and had not been through final review with the Company's auditor. In the final review a number of transactions that management intended to record in the period ended September 30, 2016 were changed which thus resulted in this restated 10-Q.

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**PART I FINANCIAL INFORMATION**

**ITEM 1.**

**FINANCIAL STATEMENTS.**

**TRUE NATURE HOLDING, INC.**

**Consolidated Balance Sheets**

	<b>September 30, 2016 (Unaudited) (As Restated)</b>	<b>December 31, 2015</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$	\$ 28,185
Prepaid expenses and other current assets	3,750	17,000
Total current assets	3,750	45,185
<b>TOTAL ASSETS</b>	<b>\$ 3,750</b>	<b>\$ 45,185</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 539,220	\$ 414,463
Accounts payable-related party	77,284	
Promissory Note, Net	61,484	
Accrued interest	28,155	14,918
Accrued liabilities	520,210	13,325
Convertible Note, currently in default	122,167	122,167
Convertible note payable, Net	60,000	
Total current liabilities	1,408,520	564,873
<b>TOTAL LIABILITIES</b>	<b>1,408,520</b>	<b>564,873</b>

**Commitments and Contingencies (Note 12)**

**STOCKHOLDERS' (DEFICIT) EQUITY**

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Preferred stock, \$0.01 par value - 10,000,000 share authorized, none issued and outstanding as of September 30, 2016 and December 31, 2015			
Common stock, \$0.01 par value - 500,000,000 share authorized, 16,786,666 shares issued and outstanding at September 30, 2016 and 11,765,000 shares issued and outstanding at December 31, 2015			
	167,867		117,650
Additional paid-in-capital	4,057,941		3,917
Stock Payable	47,681		
Accumulated deficit	(5,678,259)		(641,255)
<b>Total Stockholders' (Deficit) Equity</b>	(1,404,770)		(519,688)
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	\$	3,750	\$ 45,185

The accompanying notes are an integral part of the Consolidated Financial Statements

**TRUE NATURE HOLDING, INC.****Unaudited Consolidated Statements of Operations and Comprehensive Loss****(Unaudited)**

	<b>For the Three Months Ended September 30,</b>		<b>For the Nine Months Ended September 30,</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>(As Restated)</b>		<b>(As Restated)</b>	
<b>Operating Expenses:</b>				
Selling, general and administrative	\$ 2,143,463	\$	\$ 4,655,818	\$
<b>Total operating expenses</b>	2,143,463		4,655,818	
<b>Operating Loss from Continuing Operations</b>	(2,143,463)		(4,655,818)	
<b>Other Income (Expense)</b>				
Interest expense	(109,919)		(174,857)	
Loss on debt extinguishment	(16,329)		(206,329)	
<b>Total other income (expense)</b>	(126,248)		(381,186)	
<b>Net Loss From Continuing Operations</b>	(2,269,711)		(5,037,004)	
<b>Discontinued Operations:</b>				
Net Loss from discontinued operations, net of tax		(481,120)		(1,803,316)
Other comprehensive gain, net of tax		9,096		21,904
<b>Comprehensive Loss from Discontinued Operations</b>		(472,024)		(1,781,412)
<b>Net Loss</b>	(2,269,711)	(481,120)	(5,037,004)	(1,803,316)

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<b>Comprehensive Net Loss</b>	\$	(2,269,711)	\$	(472,024)	\$	(5,037,004)	\$	(1,781,412)
<b>Net Loss from Continuing Operations Per Share Basic and Diluted</b>	\$	(0.17)	\$		\$	(0.40)	\$	
<b>Net Loss from Discontinued Operations Per Share Basic and Diluted</b>	\$		\$	(0.79)	\$		\$	(3.19)
<b>Net Loss Per Share Basic and Diluted</b>	\$	(0.17)	\$	(0.79)	\$	(0.40)	\$	(3.19)
<b>Weighted Average Number of Shares Outstanding During the Period - Basic and Diluted</b>		13,203,132		605,394		12,653,300		564,462

The accompanying notes are an integral part of the Consolidated Financial Statements

**TRUE NATURE HOLDING, INC.****Unaudited Consolidated Statements of Changes in Stockholders' Deficit****(Unaudited)****(As Restated)**

	<b>Preferred Shares</b>	<b>Preferred Stock</b>	<b>Common Shares</b>	<b>Common Stock</b>	<b>Additional Paid in Capital</b>	<b>Stock Payable</b>	<b>Accumulated Deficit</b>	<b>Total Stockholders' Deficit</b>
<b>Balance at December 31, 2015</b>		\$	11,765,000	\$ 117,650	\$ 3,917	\$	\$ (641,255)	\$ (519,688)
Sales of common stock, net of issuance cost			120,000	1,200	49,800			51,000
Shares issued as stock based compensation			3,420,000	34,200	3,190,915	47,681		3,272,796
Common stock issued for conversion of convertible note payable			400,000	4,000	116,000			120,000
Common stock issued upon conversion of accounts payable			1,066,666	10,667	569,333			580,000
Common stock and warrants issued for debt discount			15,000	150	118,601			118,751
Beneficial conversion feature					9,375			9,375
Net loss from continuing operations							(5,037,004)	(5,037,004)
<b>Balance as of September 30,</b>		\$	<b>16,786,666</b>	<b>\$ 167,867</b>	<b>\$ 4,057,941</b>	<b>\$ 47,681</b>	<b>\$ (5,678,259)</b>	<b>\$ (1,404,770)</b>

**2016**

The accompanying notes are an integral part of the Consolidated Financial Statements

**TRUE NATURE HOLDING, INC.****Condensed Consolidated Statement of Cash Flows****(Unaudited)**

	<b>Nine Months Ended September 30,</b>	
	<b>2016</b>	<b>2015</b>
	<b>(As Restated)</b>	
<b>Cash Flows from Operating Activities:</b>		
<b>Net Loss</b>	\$ (5,037,004)	\$ (1,803,316)
Adjustments to reconcile net loss to net cash used in operating activities:		
Loss from discontinued operations		1,803,316
Debt discount amortization	157,947	
Loss on conversion of debt to common shares	16,329	
Stock based compensation expense	3,272,796	
Loss on conversion of accounts payable to shares	190,000	
Change in operating assets and liabilities:		
Prepaid expenses and other assets	13,250	
Accounts payable	514,757	
Accounts payable-related party	77,284	
Accrued liabilities	506,885	
Accrued interest	16,909	
<b>Net Cash Used In Operating Activities</b>	\$ (270,847)	\$
<b>Cash Flows From Investing Activities:</b>		
Purchase of fixed assets		
<b>Net Cash Used In Investing Activities</b>	\$	\$
<b>Cash Flows From Financing Activities</b>		
Proceeds from promissory notes	98,000	
Payments on promissory notes	(66,338)	
Proceeds from convertible promissory notes	160,000	
Sale of common stock, net of issuance costs	51,000	
<b>Net Cash Provided By Financing Activities</b>	\$ 242,662	\$
<b>Discontinued Operations:</b>		
Operating activities		(274,317)
Investing activities		(90,897)
Financing activities		403,000
<b>Net Increase (Decrease) in Cash and Cash Equivalents for Discontinued Operations</b>		37,786
<b>Net Increase in Cash and Cash Equivalents for Continuing Operations</b>	(28,185)	
<b>Cash, Beginning of Period</b>	28,185	14,119
<b>Cash, End of Period</b>	\$	\$ 51,905

**Supplemental Disclosure of Cash Flow Information:**

Cash paid during the period for interest	\$		\$
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**Non-cash Investing and Financing Transactions:**

Beneficial conversion feature	\$	9,375	\$	
Conversion of debt to common stock shares	\$	103,671	\$	142,514
Conversion of accounts payable to common shares	\$	390,000	\$	
Discount related to issuance of debentures, warrants and convertible notes	\$	118,750	\$	274,122

The accompanying notes are an integral part of the Consolidated Financial Statements

**TRUE NATURE HOLDING, INC.**

**Notes To Consolidated Financial Statements**

**(Unaudited)**

**Note 1 Description of Business**

True Nature Holding, Inc. is executing on a business plan to acquire a series of businesses which specialize in compounding pharmacy activities, largely direct to consumers, doctors and veterinary professionals.

True Nature Holding, Inc. (the Company), previously known as Trunity Holdings, Inc., became a publicly-traded company through a reverse merger with Brain Tree International, Inc., a Utah corporation (BTI). Trunity Holdings, Inc. was the parent company of the prior educational business, named Trunity, Inc., which was formed on July 28, 2009 through the acquisition of certain intellectual property by its three founders. On December 31, 2015, the Company completed the restructuring and spin-out of the educational business.

**Note 2 Summary of Significant Accounting Policies**

*Basis of Presentation* - The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information, with the instructions to Form 10-Q and with Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required for complete financial statements. In the opinion of management, these consolidated financial statements contain all normal recurring adjustments considered necessary for a fair presentation of the Company's financial position at September 30, 2016, the results of operations for the three months and nine months ended September 30, 2016 and 2015, and cash flows for the three months and nine months ended September 30, 2016 and 2015. The results for the three and nine months ended September 30, 2016 are not necessarily indicative of the results to be expected for the full year. These statements should be read in conjunction with the Company's audited consolidated financial statements and management's discussion and analysis included in the Company's annual report on Form 10-K for the year ended December 31, 2015. In addition, refer to Note 5 regarding the spin-out of the educational business and related discontinued operations classification pertaining to the fiscal 2015 period. Common stock share and per share amounts in these financial statements have been retroactively adjusted for the effects of a 1 for 101 reverse stock split that occurred in January 2016.

*Use of Estimates* - The preparation of these financial statements requires our management to make estimates and assumptions about future events that affect the amounts reported in the financial statements and related notes. Future events and their effects cannot be determined with absolute certainty. Therefore, the determination of estimates

requires the exercise of judgment.

*Restatements* - During the third quarter of fiscal 2016, the Company discovered that it had incorrectly published the quarterly report without the auditor review and related adjustments. Our financial statements have thus been restated to recognize the related adjustments and review comments from the independent auditor. Please see Note 12 for more information.

*Per Share Data* - Basic loss per share is computed by dividing net loss by the weighted average number of common shares outstanding for the year. Diluted loss per share is computed by dividing net loss by the weighted average number of common shares outstanding plus common stock equivalents (if dilutive) related to warrants, options and convertible instruments.

The Company has excluded all common equivalent shares outstanding for warrants, options and convertible instruments to purchase common stock from the calculation of diluted net loss per share because all such securities are antidilutive for the periods presented. As of September 30, 2016, the Company had 142,652 warrants, 1,067,879 options, 135,037 potential shares which may be issued resulting from the provisions of convertible notes, respectively. As of September 30, 2015, the Company had 77,640 warrants, 67,483 options, 316,721 potential shares which may be issued resulting from the provisions of convertible notes, respectively.

*Accounts Receivable* - The accounts receivable balance primarily includes amounts due from customers the Company has invoiced or from third-party providers (e.g., insurance companies and governmental agencies), but for which payment has not been received. Accounts receivable are stated at the invoiced amount and are unsecured and require no collateral. Charges to bad debt are based on both historical write-offs and specifically identified receivables.

**TRUE NATURE HOLDING, INC.**

**Notes To Consolidated Financial Statements**

**(Unaudited)**

**Note 2 Summary of Significant Accounting Policies (Continued)**

*Inventories* - Inventories are stated at the lower of cost or market. Cost is determined on a first-in, first-out basis. The Company evaluates the carrying value of inventories on a regular basis, based on the price expected to be obtained for products in their respective markets compared with historical cost. In addition, the Company also regularly evaluates its inventories for excess quantities and obsolescence (expiration), taking into account such factors as historical and anticipated future sales or use in production compared to quantities on hand and the remaining shelf life of products and active pharmaceutical ingredients on hand. Write-downs of inventories are considered to be permanent reductions in the cost basis of inventories.

*Property and Equipment, net* - Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed generally on a straight-line basis over the estimated useful lives of the assets. The cost of leasehold improvements are amortized either over the life of the improvement or the lease term, whichever is shorter. Significant improvements are capitalized and disposed or replaced property is written off. Maintenance and repairs are charged to expense in the period they are incurred. When items of property or equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts, and any gain or loss is included in earnings.

*Business Combinations* - The Company accounts for business combinations by recognizing the assets acquired, liabilities assumed, contractual contingencies, and contingent consideration at their fair values on the acquisition date. The purchase price allocation process requires management to make significant estimates and assumptions, especially with respect to intangible assets, estimated contingent consideration payments and pre-acquisition contingencies. Examples of critical estimates in valuing certain of the intangible assets the Company has acquired or may acquire in the future include but are not limited to future expected cash flows from product sales, support agreements, consulting contracts, other customer contracts; and discount rates utilized in valuation estimates.

Unanticipated events and circumstances may occur that may affect the accuracy or validity of such assumptions, estimates or actual results. Additionally, any change in the fair value of the acquisition-related contingent consideration subsequent to the acquisition date, including changes from events after the acquisition date, such as changes in our estimates of relevant revenue or other targets, will be recognized in earnings in the period of the estimated fair value change. A change in fair value of the acquisition-related contingent consideration or the occurrence of events that cause results to differ from our estimates or assumptions could have a material effect on the consolidated financial position, statements of operations or cash flows in the period of the change in the estimate.

*Goodwill and Intangible Assets* - Goodwill represents the excess of the purchase price over the fair value of assets acquired and liabilities assumed. The Company accounts for goodwill and intangibles under ASC Topic 350, Intangibles - Goodwill and Other, which does not permit amortization, but requires the Company to test goodwill and other indefinite-lived assets for impairment annually or whenever events or circumstances indicate impairment may exist.

*Recently Issued Accounting Standards*-In May 2014, the FASB issued Accounting Standards Update ( ASU ) 2014-09, *Revenue from Contracts with Customers*. This updated guidance supersedes the current revenue recognition guidance, including industry-specific guidance. The updated guidance introduces a five-step model to achieve its core principal of the entity recognizing revenue to depict the transfer of goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The updated guidance is effective for interim and annual periods beginning after December 15, 2016, and early adoption is not permitted. In July 2015, the FASB decided to delay the effective date of ASU 2014-09 until December 15, 2017. The FASB also agreed to allow entities to choose to adopt the standard as of the original effective date. The Company is currently evaluating which transition method it will adopt and the expected impact of the updated guidance, but does not believe the adoption of the updated guidance will have a significant impact on its consolidated financial statements.

**TRUE NATURE HOLDING, INC.**

**Notes To Consolidated Financial Statements**

**(Unaudited)**

**Note 2 Summary of Significant Accounting Policies (Continued)**

In July 2015, the FASB issued ASU No. 2015-11, *Inventory (Topic 330): Simplifying the Measurement of Inventory*, requiring that inventory be measured at the lower of cost and net realizable value. Net realizable value is defined as estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation. This ASU is effective for annual periods beginning on or after December 15, 2016, including interim periods within those annual periods. The Company is currently evaluating the impact, if any, that the adoption of this guidance will have on its financial position, results of operations, cash flows and/or disclosures.

In August 2014, the FASB issued new accounting guidance which defines management's responsibility to assess an entity's ability to continue as a going concern, and to provide related footnote disclosures in certain circumstances. This guidance will be effective for annual periods ending after December 15, 2016 and interim periods within annual periods beginning after December 15, 2016. Early adoption is permitted for annual or interim reporting periods for which the financial statements have not previously been issued. The Company is currently evaluating the new guidance and has not determined the impact this standard may have on its consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases*, which requires the lease rights and obligations arising from lease contracts, including existing and new arrangements, to be recognized as assets and liabilities on the balance sheet. ASU 2016-02 is effective for reporting periods beginning after December 15, 2018 with early adoption permitted. While the Company is still evaluating ASU 2016-02, the Company expects the adoption of ASU 2016-02 to have a material effect on the Company's consolidated balance sheets and results of operations due to the recognition of the lease rights and obligations as assets and liabilities. The Company does not expect ASU 2016-02 to have a material effect on the Company's cash flows.

In March 2016, the FASB issued ASU 2016-09, *Compensation-Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting*, which addresses certain aspects of accounting for share-based payment award transactions. This guidance will be effective in the first quarter of fiscal year 2017 and early adoption is permitted. The Company is currently evaluating the impact that this guidance will have on its consolidated financial statements.

**Note 3 Financial Condition and Going Concern**

As of September 30, 2016, the Company had cash on hand of \$0 and current liabilities of \$1,408,520 and has incurred a loss from operations. True Nature Holding's principal operations is the acquisition of compounding pharmacy companies. The Company's activities are subject to significant risks and uncertainties, including failing to secure additional funding to execute its business plan.

As a result of these factors, there is substantial doubt about the ability of the Company to continue as a going concern. The Company's continuance is dependent on raising capital and generating revenues sufficient to sustain operations. The Company believes that the necessary capital will be raised and has entered into discussions to do so with certain individuals and companies. However, as of the date of these consolidated financial statements, no formal agreement exists.

The accompanying consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or amounts classified as liabilities that might be necessary should the Company be forced to take any such actions.

**TRUE NATURE HOLDING, INC.****Notes To Consolidated Financial Statements****(Unaudited)****Note 4 Spin-Out and Discontinued Operations**

On December 31, 2015, the Company completed the restructuring and spin-out of its software educational business, resulting in True Nature Holding, Inc. becoming purely focused on acquiring a series of compounding pharmacy businesses, largely direct to consumers, doctors and veterinary professionals. The results of the operations associated with the spin-out company and Trunity Holdings, Inc., qualifies as discontinued operations as of and for the three and nine month periods ended September 30, 2015.

The results of operations associated with discontinued operations were as follows:

	<b>Three Months Ended September 30, 2015</b>	<b>Nine Months Ended September 30, 2015</b>
<b>Net Sales</b>	\$ 206,004	\$ 391,141
Cost of sales	111,569	201,591
<b>Gross Profit</b>	94,435	189,550
<b>Operating Expenses:</b>		
Research and development	172,289	553,938
Selling, general and administrative	221,560	706,421
<b>Total operating expenses</b>	393,849	1,260,359
<b>Operating Loss from Discontinued Operations</b>	(299,414)	(1,070,809)
<b>Other Expense:</b>		
Other expense, net	(181,706)	(732,507)
<b>Net Loss from Discontinued Operations</b>	\$ (481,120)	\$ (1,803,316)
<b>Other Comprehensive Loss Net of Tax:</b>		
Foreign currency translation adjustments	9,096	21,904
<b>Comprehensive Loss from Discontinued Operations</b>	\$ (472,024)	\$ (1,781,412)

Our educational business was fully disposed of in December 2015. As a result, there were no assets or liabilities of discontinued operations as of December 31, 2015 or in subsequent periods.

**TRUE NATURE HOLDING, INC.**

**Notes To Consolidated Financial Statements**

**(Unaudited)**

**Note 5 - Acquisition and Subsequent Deconsolidation of P3 Compounding**

On April 29, 2016, the Company entered into definitive documents to acquire P3 Compounding of Georgia, LLC, ( P3 ). P3 received Georgia Board of Pharmacy approval for the transaction at the end of June 2016 and the transaction closed effective June 30, 2016. However, during the following 90 days, as the Company did not gain effective control of the P3 business, we entered into an agreement on September 30, 2016, with the owners to deconsolidate the operations and return the assets and liabilities to the former owners. After the deconsolidation, the entity which holds the assets is not a related party of the Company.

The acquisition transaction was accounted for as a business combination and recorded as of June 30, 2016. Consideration for the transaction was structured as follows:

- 1) An interest-free note for \$150,000 with no interest to be paid in full via wire transfer on the maturity date of August 16, 2016. *This note had not been satisfied at the time of the deconsolidation, and was cancelled.*
- 2) \$425,000 convertible note with a term of 12 months and a 6% interest rate, with the first installment due June 1, 2016, and convertible into common stock of True Nature at a rate of \$1.25 per share (which is 340,000 shares of common stock). *This note was converted into 340,000 shares of restricted common stock valued at \$1,183,200. These shares remain the property of the holders.*
- 3) A \$425,000 convertible note with no interest, which automatically converted 340,000 shares of common stock with a fair value of \$261,800 based on the closing price of the True Nature's common stock on June 30, 2016. *This note was cancelled.*

In addition, Mr. Casey Gaetano, a former owner of P3, received an employment contract with True Nature for 3 years as VP of Corporate Development, at an annual salary of \$125,000, plus normal benefits commensurate with other executives in the Company of equal stature. He also received in second quarter 2016, 125,000 shares valued at \$435,000 based on the closing market price on the date of grant in exchange for becoming the Company's VP of Corporate Development. No cash consideration was paid under this agreement, and it was fully cancelled without further obligation as a part of the deconsolidation transaction. The shares valued at \$435,000 were issued and will remain the property of Mr. Gaetano. As the company never attained full control of P3, in accordance with ASC 810 the business was deconsolidated from the company's financials as of September 30, 2016.

*Allocation of Consideration Transferred*

The identifiable assets acquired and liabilities assumed were recognized and measured as of the acquisition date based on their estimated fair values as of June 30, 2016. The fair value of the transaction and related purchase price allocation was based on a third-party valuation obtained by the Company. The purchase includes all payables, receivables, cash on hand, inventory and all assets used in the operation of the business. The excess of the acquisition date fair value of consideration transferred over the estimated fair value of the net tangible assets and intangible assets acquired was recorded as goodwill. The estimated fair values of the assets acquired and liabilities assumed at the acquisition date based on a fair value acquisition price pertaining to the consideration provided above. The fair value of intangible assets related to customer relationships was \$151,273 based on a useful life of 7 years and goodwill was valued at \$561,340. As the Company did not obtain effective control, these assets and liabilities were deconsolidated effective September 30, 2016.

*Loss from Deconsolidation*

As the Company did not obtain effective control of the P3 business, the Company deconsolidated the business effective September 30, 2016 in accordance with ASC 810 and the disclosures herein were also made in accordance with ASC 810. As a result, the Company recorded a loss from deconsolidation of \$1,724,200, based on the fair value of shares issued of \$1,618,200 and liabilities retained from the transaction of \$106,000; the loss from deconsolidation is included within selling, general and administrative expenses for the nine-month period ended September 30, 2016.

**TRUE NATURE HOLDING, INC.**

**Notes To Consolidated Financial Statements**

**(Unaudited)**

**Note 6 Related Party Transactions**

On September 27, 2016 the Company accepted the resignations of its former Chairman & CFO, and former CEO. the former CFO had a consulting agreement in the amount of \$10,000 per month for professional fees and was paid \$30,000 and \$56,000, respectively during the three and nine months ending September 30, 2016. The Company's former CEO had an employment agreement effective June 7, 2016 that would have paid him a monthly salary in the amount of \$12,500 per month for remainder of 2016, \$17,500 per month for the calendar year of 2017, \$22,500 per month for the calendar year of 2018 and \$25,000 per month for the calendar year of 2019. No payments have been made to the former CEO during the three and nine months ending September 30, 2016. Both of these agreements were fully cancelled and the Company has no further obligation to either going forward. Further, the former CFO has agreed to return for cancellation 2,000,000 of his shares of restricted common stock, and to use 100,000 shares to settle an obligation to a former employee. The former CEO had been awarded options for the purchase of 1,000,000 shares of restricted common stock, which were all cancelled in conjunction with his resignation.

On January 25, 2016 two board members were each awarded 100,000 of shares of the Company in exchange for their services as board members. The shares were valued at \$145,000 based on the closing market price on the date of grant.

On April 25, 2016 a board member was awarded 100,000 shares of the Company in exchange for his services on the board and 1,000,000 non-qualified stock options for his position as CEO. The stock options were subsequently cancelled in conjunction with his resignation on September 23, 2016, and 100,000 shares of restricted common stock valued at \$47,680, based on the closing market price on the date of grant, in conjunction with the cancellation of all amounts owed as of the date of his resignation.

On May 25, 2016, a board member was awarded 100,000 shares, valued at \$235,000, based on the closing market price on the date of grant, from the Company in exchange for his services on the board.

On September 23, 2016, the Company appointed three (3) new directors to the Board of Directors, and each received 100,000 shares, each valued at \$27,990, based on the closing market price on the date of grant, of restricted common stock in conjunction with their appointment.

In addition, a shareholder of the Company has a consulting agreement in the amount of \$10,000 per month for professional fees and was paid \$30,000 and \$48,645 during the three and nine months ended September 30, 2016, respectively. As of December 31, 2015, \$17,000 was classified as a prepaid asset in the consolidated balance sheets related to the prepayment of consulting fees. No amounts were prepaid as of September 30, 2016. The shareholder and the Company have agreed to terminate their agreement with the Company as of September 30, 2016. In consideration of all amounts owed, the Company has issued 966,666, valued at \$290,000 based on the closing market price on the date of grant, restricted common stock, and the consultant has cancelled \$290,000 in amounts owed. The amounts owed consist of a) \$80,000 in advances to the Company, or obligations paid to the Company, b) \$120,000 in consulting fees owed and c) reimbursement of \$90,000 of costs related to the formation of Newco4pharmacy, LLC, which was acquired by the Company in December 2015.

## **Note 7 Debt**

### *Convertible Promissory Notes*

On March 18, 2016, the Company issued a 12% Convertible Promissory Note (the Convertible Note A ) in the principal amount of \$60,000 to the Lender. Pursuant to the terms of the Convertible Note A, on the date thereof, the Company issued the Convertible Note A to the Lender and, as consideration therefor, the Lender paid the Company in cash the full principal amount of the Convertible Note A. Upon issuance, the lender was awarded 15,000 restricted common shares valued at \$18,750 based on the closing market price on the issuance date, as an origination fee which have certain registration rights. The Company issued an additional 15,000 shares, valued at \$4,050 based on the closing market price on the date of grant, restricted common stock to the Lender on September 30, 2016 in conjunction with the renewal and extension of the note.

**TRUE NATURE HOLDING, INC.**

**Notes To Consolidated Financial Statements**

**(Unaudited)**

**Note 7 Debt (Continued)**

Pursuant to the terms of the Convertible Note A, the Company is obligated to pay monthly installments of not less than \$1,000 the first of each month commencing the month following the execution of this note until its full maturity on September 16, 2016 at which time the Company is obligated to repay the full principal amount of the Convertible Note A. The Convertible Note A is convertible by the holder at any time into shares of the Company's common stock at an effective conversion price of \$1.00 and throughout the duration of this Convertible Note the holder has the right to participate in any and other financing the Company may engage in with the same terms and option as all other investors. The Company allocated the face value of the Convertible Note A to the shares and the note based on relative fair values, and the amount allocated to the shares of \$18,750 was recorded as a discount against the note.

The beneficial conversion feature of \$9,375 was recorded as a debt discount with an offsetting entry to additional paid-in capital decreasing the note payable and increasing debt discount. The debt discount is being amortized to interest expense over the term of the debt. As of September 30, 2016, the carrying value of this Convertible Note A was \$60,000 and accrued interest expense of \$3,906. For the nine months ended September 30, 2016, debt discount amortization related to the Convertible Note A was \$28,125 and its related interest expense was \$3,906.

On May 19, 2016, the Company issued a 10% Convertible Promissory Note (the Convertible Note B) in the principal amount of \$100,000 to the Lender. Pursuant to the terms of the Convertible Note B, on the date thereof, the Company issued the Convertible Note B to the Lender and, as consideration therefor, the Lender paid the Company in cash the full principal amount of the Convertible Note B. Upon issuance the lender was awarded 66,666 warrants to purchase common stock of the Company at an exercise price of \$2.50 for a term of twenty-four month. The warrants were valued at \$103,086 with \$100,000 as a debt discount; the additional \$3,086 was expensed as additional interest expense. The debt discount was fully amortized during the nine months ending September 30, 2016. This obligation, including all warrants, penalties and interest due was cancelled as of September 30, 2016 in consideration of the issuance of 400,000 shares of restricted common stock valued at \$120,000. At the time of conversion, the note about was \$100,000 and total accrued interest was \$3,671. Therefore, as a result of the conversion, a loss of \$16,329 recognized in the nine months ended September 30, 2016.

*Short-term Loan*

As a result of the acquisition of P3 Compounding of Georgia, LLC the Company had a short-term loan with a loan agency for a principal amount of \$52,000 for the purchase of future sales and credit card receivables of P3. Under the terms of the receivable purchase agreement, the Company purchased an advance of \$50,000 plus \$2,000 for origination costs with a 10.5% daily interest rate to be repaid over 160 days at a repayment amount of \$451.75 per day. Upon maturity, on October 24, 2016, of the loan the total repayment amount will be \$72,280. As of September 30, 2016, the carrying value of this short term loan was \$26,925. For the three and nine months ended September 30, 2016, no interest expense related to this loan was recorded in the Company's consolidated financial statements as the effective date of acquisition was the last day of the quarter. The origination fee and interest were recorded as debt discount on the date of issuance in the amount of \$22,280 and \$18,938 was amortized during the period ended September 30, 2016.

On July 11, 2016, the Company entered into a short term loan with a loan agency for the principal amount of \$48,000. Under the terms of the loan, the Company will make daily payments of \$434.38 for a term of 160 for a total repayment amount of \$69,500. As of September 30, 2016, the carrying value of this loan was \$45,175. The origination fee and interest were recorded as debt discount on the date of issuance in the amount of \$21,500 and \$10,884 was amortized during the period ended September 30, 2016.

**TRUE NATURE HOLDING, INC.**

**Notes To Consolidated Financial Statements**

**(Unaudited)**

**Note 7 Debt (Continued)**

*August 2014 Convertible Debentures (Series C)*

In fiscal 2015, all debentures issued by Trunity Holdings, Inc. to fund the former educational business were eligible to participate in a debt conversion; however, one debenture holder that was issued a Series C Convertible Debenture (the Series C Debenture ) in August 2014 with an aggregate face value of \$100,000 in exchange for the cancellation of Series B Convertible Debentures with a carrying value of \$110,833 did not convert. The Series C Debenture accrues interest at an annual rate of 10%, matured on October 31, 2015, and is convertible into the Company's common stock at a conversion rate of \$20.20 per share. The holders of the Series C Debenture also received warrants to acquire 4,950 shares post-split of common stock for an exercise price of \$20.20 per share, exercisable over five years. The former educational business in fiscal 2014 allocated the face value of the Series C Debenture to the warrants and the debentures based on its relative fair values, and allocated to the warrants, which was recorded as a discount against the Series C Debenture, with an offsetting entry to additional paid-in capital. The discount was fully expensed in fiscal 2014 upon execution of the new debentures. As of September 30, 2016, the carrying value of this Series C Debenture was \$110,833 and accrued interest expense of \$21,649. For the nine months ended September 30, 2016, interest expense related to the Debenture was \$8,312, respectively. This note is currently in default.

*November 2014 Convertible Debentures (Series D)*

In fiscal 2015, all debentures issued by Trunity Holdings, Inc. to fund the former educational business were eligible to participate in a debt conversion however one debenture holder that was issued a Series D Convertible Debenture (the Series D Debenture ) in November 2014 with an aggregate face value of \$10,000 in exchange for the cancellation of Series B Convertible Debenture with a carrying value of \$11,334 that did not participate in the debt conversion restructuring. The Series D Debenture accrues interest at an annual rate of 12%, matured on October 31, 2015, and is convertible into the Company's common stock at a conversion rate of \$16.67 per share. The holders of the Series D Debenture also received warrants to acquire 495 shares post-split of common stock for an exercise price of \$20.20 per share, exercisable over five years. The former educational business in fiscal 2014 allocated the face value of the Series D Debenture to the warrants and the debentures based on their relative fair values, and allocated to the warrants, which was recorded as a discount against the Series D Debenture, with an offsetting entry to additional paid-in capital. The discount was fully expensed in fiscal 2014 upon execution of the new debentures. As of September 30, 2016, the carrying value of the Series D Debenture was \$11,333 and accrued interest expense of \$2,601. For the nine months ended September 30, 2016, interest expense related to the Debenture was \$1,020. This note is currently in default.

**Note 8 Stockholders Deficit**

*Sale of Common Stock* During the nine months ended September 30, 2016, the Company raised gross proceeds of \$60,000 through the sale of 120,000 shares of common stock to accredited investors in private placement transactions at a price of \$0.50 per share. The Company incurred \$9,000 of securities issuance costs representing commissions paid to broker-dealers who assisted with these transactions.

*Shares for Stock Based Compensation* During the nine months ended September 30, 2016, in connection with services rendered, the Company issued 3,420,000 restricted shares of the Company's common stock at valued \$3,272,796 in exchange for services conducted on behalf of the Company. The value of these shares were based on the closing market price on the date of grant.

*Shares issued for convertible note payable issuance* As discussed in Note 8, during the nine months ended September 30, 2016, in connection with conversion of a six-month convertible promissory note, the Company issued 15,000 shares of the Company's common stock with a fair value of \$18,750 that was allocated based on the relative fair value of the note and associated shares.

*Shares issued for conversion of accounts payable-* During the nine months ended September 30, 2016, the company, the company converted several accounts payable amounts to stock. The company issued 1,066,666 shares valued at \$580,000 to settle the outstanding accounts payable. As a result of the settlements, a loss of \$190,000 was recorded due to the fair value of the shares exceeding the fair value of accounts payable settled.

**TRUE NATURE HOLDING, INC.**

**Notes To Consolidated Financial Statements**

**(Unaudited)**

**Note 8 Stockholders Deficit (Continued)**

On September 30, 2016, James McMurray, elected to convert his loan to the company of \$100,000 and accrued interest into 400,000 shares of the Company. At the time of conversion, the note about was \$100,000 and total accrued interest was \$3,671. Therefore, as a result of the conversion, there was a loss of \$16,329 recognized in the nine months ended September 30, 2016.

*Debt beneficial conversion feature for convertible note payable* During the nine months ended September 30, 2016, the Company raised gross proceeds of \$60,000 pursuant to a Convertible Note Payable that allocated the face value of the Note to the shares and debt based on their relative fair values and, resulted in the recording of beneficial conversion features totaling \$9,375 as a discount against the Notes, with an offsetting entry to additional paid-in capital. The discount is being amortized into interest expense over the term of the Note.

**Note 9 Stock Options**

The Company has two Employee, Director and Consultant Stock Option Plans that were not terminated as a result of the fiscal 2015 restructuring of the Company and spin-out and have continued as part of the operations as detailed below.

In fiscal 2015, the option pool pertaining to the 2009 Employee, Director and Consultant Stock Option Plan (the 2009 Plan ) was adjusted for a 1 for 101 stock split due to the spin-out and restructuring plan, resulting in an authorized option pool of 18,152. Stock options typically vest over a three-year period and have a life of ten years from the date granted. As of September 30, 2016, there were 3,610 shares available for future awards under this plan.

In fiscal 2015, the option pool pertaining to the 2012 Employee, Director and Consultant Stock Option Plan (the 2012 Plan ) was adjusted for a 1 for 101 stock split due to the spin-out and restructuring plan, resulting in an authorized options pool of 74,257. Stock options typically vest over a three-year period and have a life of ten years from the date granted. As of September 30, 2016, there were 45,673 shares available for future awards under this plan.

In addition, there are approximately 24,753 in options outstanding that were issued to a former CEO of spin-out Company in fiscal 2014. These options issued are outside of the 2009 and 2012 Plans.

On June 1, 2016 Jim Driscoll was granted for his position as Chief Executive Officer (CEO) of the Company options to purchase up to 1,000,000 shares of Common Stock outside of the Company's 2009 and 2012 stock option plans (the Option Agreement). These options covered 250,000 shares at an exercise price of \$1.00 per share to be granted immediately and three additional tranches of 250,000 shares each at an exercise price of \$1.50, \$2.00 and \$2.50 per share, respectively. The remaining three tranches will vest equally over the next three years with the first fully vesting on May 31, 2017 through May 31, 2019. The term of the options will be for a period of five years and may be exercised at any time as to the vested shares. These options were fully cancelled in conjunction with his resignation as of September 27, 2016.

During the nine months ended September 30, 2016, the Company recorded stock compensation expense related to the options granted to Mr. Driscoll of \$314,680. The grant-date fair value of options was estimated using the Black-Scholes option pricing model. The per share weighted average fair value of stock options granted for Mr. Driscoll was a range of \$1.35-\$1.76 and was determined using the following assumptions: expected price volatility is 80.39%, risk-free interest rate of 1.39%, zero expected dividend yield, and 4.0 years expected life of options. The expected term of options granted is based on the simplified method in accordance with Securities and Exchange Commission Staff Accounting Bulletin 107, and represents the period of time that options granted are expected to be outstanding. The Company makes assumptions with respect to expected stock price volatility based on the average historical volatility of peers with similar attributes. In addition, the Company determines the risk free rate by selecting the U.S. Treasury with maturities similar to the expected terms of grants, quoted on an investment basis in effect at the time of grant for that business day. As a result of the cancellation of these warrants, the Company has recovered \$314,680 as resulted of the elimination of this reserve.

As of September 30, 2016, unrecognized stock compensation expense related to unvested stock options under all Plans was \$0. Total stock compensation expense recorded to selling, general and administrative expenses on the consolidated statements of operations and comprehensive for the nine month period ending September 30, 2016 related to the all Plans and options that vested during the period was \$0.

**TRUE NATURE HOLDING, INC.****Notes To Consolidated Financial Statements****(Unaudited)****Note 9 Stock Options (Continued)**

A summary of options issued, exercised and cancelled are as follows:

	<b>Shares</b>	<b>Weighted-Average Exercise Price (\$)</b>	<b>Weighted-Average Remaining Contractual Term</b>	<b>Aggregate Intrinsic Value (\$)</b>
Outstanding at December 31, 2015	67,879	\$ 21.40	7.17	
Granted	1,000,000	1.75	5.00	
Cancelled	(1,000,000)	1.75	5.00	
Outstanding at September 30, 2016	67,879	\$ 21.40	6.42	
Exercisable at September 30, 2016	67,879	\$ 21.40	6.42	

**Note 10 Stock Warrants**

Subsequent to the restructuring of the Company and the spin-out, the Company had warrants to purchase common stock outstanding that were not terminated and have continued as part of the operations as detailed below. The warrants were adjusted for a 1 for 101 stock split due to the spin-out and restructuring plan as authorized. All warrants outstanding as of September 30, 2016 are scheduled to expire at various dates through 2019. A summary of warrants issued, exercised and expired are as follows:

	<b>Shares</b>	<b>Weighted-Average Exercise Price (\$)</b>	<b>Weighted-Average Remaining Contractual Term</b>
Outstanding at December 31, 2015	78,462	\$ 29.55	3.43
Granted	66,666	2.50	2.00

Expired	(2,475)	50.50	
Outstanding at September 30, 2016	142,653	\$ 17.42	2.50
Exercisable at September 30, 2016	142,653	\$ 17.42	2.50

## Note 11 Commitments and Contingencies

### *Legal*

*National Council for Science and the Environment, Inc. v. Trunity Holdings, Inc., Case No. 2015 CA 009726 B, Superior Court for the District of Columbia, Civil Division.*

This action was filed on December 16, 2015 by the National Council for Science and the Environment, Inc. ( NCSE ) in the state court in the District of Columbia against Trunity Holdings, Inc. ( Trunity ) and alleges claims for Breach of Contract. Acknowledgement of Indebtedness and Settlement Agreement and Quantum Meruit arising out of an agreement entered into between NCSE and Trunity in 2014. The Complaint seeks damages in the amount of \$177,270, inclusive of attorney's fees, costs and accrued interest, continuing interest in the amount of 12% per annum and attorney's fees and costs of collection relating to the case. The Company in its answer on January 27, 2016, denied the material allegations made by NCSE, asserted a number of affirmative defenses and filed a counterclaim alleging claims for fraud, negligent misrepresentation, breach of fiduciary duty, breach of contract and unjust enrichment. In its counterclaim, the Company will seek actual and compensatory damages against NCSE that it believes exceed the amount sought by NCSE on its claims, pre-judgment interest, punitive damages and all costs and expenses, including attorney's fees, incurred by the Company in bringing its claims against NCSE.

**TRUE NATURE HOLDING, INC.****Notes To Consolidated Financial Statements****(Unaudited)****Note 11 Commitments and Contingencies (Continued)**

On September 23, 2016 the Company settled this obligation with an agreement to pay \$48,500 to NCSE if paid by November 4, 2016, and \$75,000 if paid later. The Company has not paid the amounts as of the date of this filing, and has recorded the obligation at \$75,000. This amount, plus any related costs, including legal fees, shall be reimbursed by the spin-out company, Trunity, Inc., a Florida company.

**Note 12 - Restatement**

During the third quarter of fiscal 2016, the Company discovered that it had incorrectly published the quarterly report without the auditor review and related adjustments. Our financial statements have thus been restated to recognize the related adjustments and review comments from the independent auditor. See below for the effect of the adjustments on the Company's previously filed financial statements as of and for the nine-month period ended September 30, 2016.

**CONSOLIDATED BALANCE SHEET**

	<b>As Filed</b>	<b>Adjustments</b>	<b>Restated</b>
<b>ASSETS</b>			
Prepaid expenses	\$ 8,223	\$ (4,473)	\$ 3,750
<b>Total current assets</b>	<b>8,223</b>	<b>(4,473)</b>	<b>3,750</b>
<b>TOTAL ASSETS</b>	<b>\$ 8,223</b>	<b>\$ (4,473)</b>	<b>\$ 3,750</b>
<b>LIABILITIES &amp; SHAREHOLDERS' (DEFICIT)</b>			
Accounts payable	\$ 581,909	\$ (42,689)	\$ 539,220
Accounts payable related party		77,284	77,284
Promissory note, net	82,508	(21,024)	61,484
Accrued interest	25,881	2,274	28,155
Accrued liabilities	351,593	168,617	520,210
Convertible notes, currently in default	122,167		122,167
Convertible note payable	60,000		60,000

<b>TOTAL LIABILITIES</b>	<b>1,224,058</b>	184,462	<b>1,408,520</b>
Preferred stock, \$\$0.01 par value - 10,000,000 share authorized, none issued and outstanding as of September 30, 2016			
Common stock, \$0.01 par value - 500,000,000 share authorized, 16,786,666 shares issued and outstanding at September 30, 2016	148,867	19,000	167,867
Additional paid in capital	2,769,516	1,288,425	4,057,941
Stock payable		47,681	47,681
Accumulated deficit	(4,134,218)	(1,544,041)	(5,678,259)
<b>TOTAL SHAREHOLDERS' EQUITY (DEFICIT)</b>	<b>(1,215,835)</b>	<b>(188,935)</b>	<b>(1,404,770)</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' (DEFICIT)</b>	<b>\$ 8,223</b>	<b>\$ (4,473)</b>	<b>\$ 3,750</b>

**TRUE NATURE HOLDING, INC.****Notes To Consolidated Financial Statements****(Unaudited)****Note 12 Restatement (Continued)****CONSOLIDATED STATEMENT OF OPERATIONS**

	<b>As Filed</b>	<b>Adjustments</b>	<b>Restated</b>
<b>OPERATING EXPENSES</b>			
Selling, general & administrative	\$ 3,105,573	\$ 1,550,245	\$ 4,655,818
<b>TOTAL OPERATING EXPENSES</b>	<b>3,105,573</b>	<b>1,550,245</b>	<b>4,655,818</b>
<b>OPERATING LOSS</b>	<b>(3,105,574)</b>	<b>(1,550,245)</b>	<b>(4,655,818)</b>
<b>OTHER INCOME (EXPENSE)</b>			
Interest expense	(120,032)	(54,825)	(174,857)
Loss on debt extinguishment	(267,358)	61,029	(206,329)
<b>TOTAL OTHER INCOME (EXPENSE)</b>	<b>(387,390)</b>	<b>6,204</b>	<b>(381,186)</b>
<b>NET LOSS</b>	<b>\$ (3,492,964)</b>	<b>\$ (1,544,041)</b>	<b>\$ (5,037,004)</b>
Weighted number of common shares outstanding basic and diluted	12,653,300		12,653,300
Net (loss) per share basic and diluted	\$ (0.28)	\$ (0.12)	\$ (0.40)

**Note 13 Subsequent Events**

On December 1, 2016, the Board approved the engagement of M&K CPAs, PLLC as the company's independent registered public accounting firm for the purpose of auditing the company's financial statements. This selection replaces Salberg & Company PA which had served in that role for an interim period of October 28, 2016 to November 28, 2016. The change in accountants did not result from any dissatisfaction with the quality of professional services rendered by Salberg. This change was driven solely from the need to reduce the overhead and operating cost of the company.

The previous CEO, has agreed that any amounts owed under his employment contract including a previously issued warrant is cancelled including the vested warrants, and instead he will receive 200,000 restricted common shares (which includes 100,000 shares which had previously been acquired at \$.20 per share). He will be issued a 90 day note payable by the Company in an amount equal to any real and actual expenses incurred, or amounts advanced, in conjunction with his activities at the Company, estimated at \$30,000.

On December 30, 2016, the Board of Directors of the Company issued 100,000 shares of restricted common stock to a consultant, who subsequently became the CEO and CFO of the Company as compensation for his contribution during the prior 90 days. This charge to earnings for this issuance was \$19,000;

On December 30, 2016, the Board of Directors issued 150,000 shares of restricted common stock in fulfillment of a Settlement Agreement with a former employee who had claimed his employment agreement had been breached upon his termination in September 2016. The charge to earnings for this issuance was \$28,500, while an offsetting reduction in prior reserves related to potential litigation of \$280,000 was recorded.

On December 30, 2016, the Board voted to issue to the existing Board of Directors members 100,000 shares each of restricted common stock as additional compensation for services during the prior 90 days. Each of the recipients abstained from the vote on their issuance so as to not be voting on their own issuance, and did vote for the issuance to their fellow Board members. The charge to earnings for this issuance was \$19,000, for each of the three (3) directors, or a total of \$57,000.

On January 24, 2017, the Board granted to a member of Board of Directors 25,000 shares of restricted common stock as consideration for advances against certain of the Company's expenses. The Member of the Board of Directors abstained from the vote as to not be voting on his own issuance. The charge to earnings for the issuance was \$2,500.

**TRUE NATURE HOLDING, INC.**

**Notes To Consolidated Financial Statements**

**(Unaudited)**

**Note 13 Subsequent Events (Continued)**

On January 25, 2017, the Board of Director appointed Christopher Knauf, age 44, as the Chief Executive Officer and Chief Financial Officer of the Company. From 2014 to present, Mr. Knauf served as a consultant for small to mid-size emerging growth companies, both public and private. From 2012 to 2014, he served as CEO/CFO of Built NY, Inc, a consumer products company based in New York, NY. Prior to that, from 2004 to 2012, Mr. Knauf was VP of Finance and Operations for the Consumer Products division of A+E Networks, Inc, a provider of television content worldwide. From 2002 to 2004, He was the CFO of Intermix, Inc, a New York, NY based apparel retailer. His education includes an MBA, Finance concentration, 1999, Fordham University, New York, NY, BS, Finance, 1995, Fairfield University, Fairfield, CT

Mr. Knauf has been a consultant to the company from December 2016 to January 2017, where he has assisted with the financial reporting and other administrative functions. He was being compensated at a \$2,000 per week, and is currently owed \$26,000 at the time of his conversion to CEO. His fees have accrued and will be paid when the company achieves sufficient funding. Upon funding, he will become a full-time employee and his compensation will be a) a base salary of \$100,000 per year, and b) a potential performance bonus, subject to Board approval, of up to \$100,000. Effective immediately, he will receive a restricted stock grant of 500,000 shares of restricted common stock. The charge to earnings for the issuance was \$50,000. The shares are subject to a reverse vesting that requires him to stay with the company for three (3) years (1/3 per year) and achieve certain management objectives in order to keep all of the shares. If he fails to remain for the duration or to achieve the management objectives, certain number of the shares will be cancelled. He will also participate in any other executive benefits programs that are made available to other executives of equal statue in the public holding company. On December 30, 2016, Mr. Knauf was awarded 100,000 shares of restricted stock by the Board of Directors as additional compensation for the services provided 2016. The charge to earnings for the issuance was \$19,000.

On February 7, 2017 Mr. James Czirr joined the Board of Directors. Mr. Czirr, age 62, most recently served as Chairman of the Board from 2009 to 2016 of Galectin Therapeutics, Inc. (NASDAQ:GALT). He now sits on the Board as the representative for their Series B Preferred holders. He is a co-founder of 10X Fund, L.P. and is a managing member of 10X Capital Management LLC, the general partner of 10X Fund, L.P. Mr. Czirr served from 2005 to 2008 as Chief Executive Officer of Minerva Biotechnologies Corporation, a developer of nano particle bio chips to determine the cause of solid tumors; and was a consultant for Silver Bull Resources, Inc., (AMEX: SVBL), a mineral exploration company seeking to become a low-cost producer of zinc. Mr. Czirr received a B.B.A. degree from the University of Michigan. He shall receive the customary 100,000 shares of restricted common stock for their service. The cost to the Company for this issuance is \$11,000. The same candidate offered to buy 200,000 shares of restricted common stock at the same time. The consideration for the sale was \$22,000, reflecting the closing price of

\$.11 per share on that day. The transaction has no impact on earnings as the shares were priced at the same cost as the closing price on the date of the purchase.

On February 14, 2017 the Board of Directors for True Nature Holding, Inc. authorized the issuance of restricted common stock to convert amounts owed to a shareholder for consulting services, cash advances and payment of invoices for the benefit of TNTY. This calculation is based on February 14, 2017 and at the market close of \$0.14 per share; hereby converting the debts which are currently owed and equates to 258,657 shares, for a total cost to the Company of \$36,211. This action hereby settles all outstanding past debts owed to the shareholder by TNTY up to February 14, 2017.

On February 14, 2017 the Board of Directors for True Nature Holding, Inc. authorized the issuance of restricted common stock to convert amounts owed to a vendor. This calculation is based on February 14, 2017 and at the market close of \$0.14 per share; hereby converting \$20,000 of debt in outstanding legal fees and expenses which are currently owed as of January 31, 2017, to 142,857 shares, for a total cost to the Company of \$20,000.

On February 14, 2017 the Board authorized the issuance of restricted shares to convert the last 3 month's salary (\$4,000 per month for a total owed of \$12,000) of 2016 owed to a Director serving as its Interim President. The price per share used was the closing price of \$0.14 per share which equates to 85,714 shares of TNTY. This action hereby settles all outstanding past debts owed to the Director by TNTY up to February 14, 2017.

**TRUE NATURE HOLDING, INC.**

**Notes To Consolidated Financial Statements**

**(Unaudited)**

**Note 13 Subsequent Events (Continued)**

On February 14, 2017, the Board of Director appointed Louis Deluca as the Chief Operating Officer of True Nature Holdings, Inc. Mr. Deluca, age 58, served as VP of Operations for Mondetta US, Inc. an online apparel designer and retailer, from 2015 to 2016. From 2012-2015, he served as the COO of The Ivory Company, a multichannel home décor retailer based in Atlanta, GA. From 2007 to present, Mr Deluca was the Founder and CEO of Marietta Sign Company, a manufacturer and designer of customer signage based in Atlanta, GA. From 1981 to 2007, he served as Director of Inventory Planning and Sourcing at The Home Depot. He received a Technical Drafting Certificate from Gwinnett Technical College in 1977 and studied Business Management at the University of Phoenix.

Upon funding, Mr. Deluca will become a full-time employee and his compensation will be a) a base salary of \$100,000 per year, and b) a potential performance bonus, subject to Board approval, of up to \$100,000. Effective immediately, he will receive a restricted stock grant of 500,000 shares of restricted common stock. The charge to earnings for the issuance was \$50,000. The shares are subject to a reverse vesting that requires him to stay with the company for three (3) years (1/3 per year) and achieve certain management objectives in order to keep all of the shares. If he fails to remain for the duration or to achieve the management objectives, certain number of the shares will be cancelled. He will also participate in any other executive benefits programs that are made available to other executives of equal statue in the public holding company.

On February 14, 2017, the Board of Director appointed Susanne Leahy as the Chief Finance Officer of True Nature Holdings, Inc. Mr Christopher Knauf, will no longer be the Chief Finance Officer of the Company and will now serve solely as the Chief Executive Officer. Ms. Leahy, age 47, served as the SVP of Finance and Operations for Cinedigm (NASDAQ: CIDM) from 2012-2016. From 2000-2012, she served as VP of Finance and Operations for New Video group, a home entertainment distributor company based in New York NY. Ms. Leahy received a BS in Accounting from New York Institute of Technology in 1995.

Upon funding, Ms. Leahy will become a full-time employee and her compensation will be a) a base salary of \$100,000 per year, and b) a potential performance bonus, subject to Board approval, of up to \$100,000. Effective immediately, she will receive a restricted stock grant of 500,000 shares of restricted common stock. The charge to earnings for the issuance was \$50,000. The shares are subject to a reverse vesting that requires her to stay with the company for three (3) years (1/3 per year) and achieve certain management objectives in order to keep all of the shares. If she fails to remain for the duration or to achieve the management objectives, certain number of the shares will be cancelled. She will also participate in any other executive benefits programs that are made available to other

executives of equal statue in the public holding company.

**ITEM 2.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.**

*The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our unaudited consolidated financial statements and the related notes thereto contained in Part I, Item 1 of this Quarterly Report on Form 10-Q (this Quarterly Report). Our consolidated financial statements have been prepared and, unless otherwise stated, the information derived therefrom as presented in this discussion and analysis is presented, in accordance with accounting principles generally accepted in the United States of America (GAAP).*

*The information contained in this Quarterly Report is not a complete description of our business or the risks associated with an investment in our common stock. We urge you to carefully review and consider the various disclosures made by us in this Quarterly Report and in our other reports filed with the U.S. Securities and Exchange Commission (the SEC), including our Annual Report on Form 10-K for the fiscal year ended December 31, 2015 and subsequent reports on Form 8-K, which discuss our business in greater detail. Unless the context indicates otherwise, the Company, we, us, and our in this Item 2 and elsewhere in this Quarterly Report refer to True Nature Holding Inc., a Delaware corporation, and its consolidated subsidiaries.*

*In addition to historical information, the following discussion contains forward-looking statements regarding future events and our future performance. In some cases, you can identify forward-looking statements by terminology such as will, may, should, expects, plans, anticipates, believes, estimates, predicts, forecasts, potential, or the negative of these terms or other comparable terminology. All statements made in this Quarterly Report other than statements of historical fact are forward-looking statements. These forward-looking statements involve risks and uncertainties and reflect only our current views, expectations and assumptions with respect to future events and our future performance. If risks or uncertainties materialize or assumptions prove incorrect, actual results or events could differ materially from those expressed or implied by such forward-looking statements. Risks that could cause actual results to differ from those expressed or implied by the forward-looking statements we make include, among others, risks related to: our ability to successfully implement our business plan, develop and commercialize our proprietary formulations in a timely manner or at all, identify and acquire additional proprietary formulations, manage our pharmacy operations, service our debt, obtain financing necessary to operate our business, recruit and retain qualified personnel, manage any growth we may experience and successfully realize the benefits of our acquisitions and collaborative arrangements we may pursue; competition from pharmaceutical companies, outsourcing facilities and pharmacies; general economic and business conditions; regulatory and legal risks and uncertainties related to our pharmacy operations and the pharmacy and pharmaceutical business in general; physician interest in and market acceptance of our current and any future formulations and compounding pharmacies generally; our limited operating history; and the other risks and uncertainties described under the heading Risk Factors in Part II, Item 1A of this Quarterly Report. You should not place undue reliance on forward-looking statements. Forward-looking statements speak only as of the date they are made and, except as required by law, we undertake no obligation to revise or publicly update any forward-looking statement for any reason.*

## Overview

We are an early stage company that intends to acquire a series of businesses which specialize in compounding pharmacy activities, largely direct to consumers, and to doctors and veterinary professionals.

### *Description of Pharmaceutical Compounding*

The vast majority of medications are mass-produced by pharmaceutical drug companies. They aim to treat a specific medical condition for a large segment of people. Problems can arise when a patient has a medical condition that can't be treated by one of these mass-produced products. Pharmaceutical compounding (done in compounding pharmacies) is the creation of a particular pharmaceutical product prescribed by doctors to fit the unique needs of a patient that can't be met by commercially available drugs. To do this, compounding pharmacists combine or process appropriate ingredients using various tools. This may be done for medically necessary reasons, such as to change the form of the medication from a solid pill to a liquid, to avoid a non-essential ingredient that the patient is allergic to, or to obtain the exact dose(s) needed or deemed best of particular active pharmaceutical ingredient(s). It may also be done for more optional reasons, such as adding flavors to a medication or otherwise altering taste or texture. Examples of compounded formulations include medications with alternative dosage strengths or unique dosage forms, such as topical creams or gels, suspensions or solutions with more tolerable drug delivery vehicles. Compounding pharmacies (and pharmacists) adhere to standards and regulations set by the U.S. Pharmacopeia, National Association of Boards and State Boards of Pharmacy for quality assurance and accuracy. The compounding pharmacy business has the potential to provide high margins, and allow the pharmacy to specialize in certain solutions for specific maladies, so it can target specific markets efficiently.

We intend to focus on the acquisition of compounders who have a) a large client base in the veterinary area, b) a strong set of proprietary compounding solutions, versus non-proprietary over-the-counter (OTC) medicine sales, and c) where the combination of incremental operations will allow cross selling of a growing line of proprietary compounds into the respective markets of each new market participant acquired.

We expect economies of scale from the consolidation of:

- Materials procurement;
- Compounding activities combined into larger, more efficient and higher quality facilities;
- Expanded marketing nationwide with an emphasis on densely populated urban areas where an expanded product line may increase the profitability of each individual branch, when compared to pre-acquisition sales, and;
- Consolidated administration and personnel functions.

### **Off-Balance Sheet Arrangements**

Since our inception, except for standard operating leases, we have not engaged in any off-balance sheet arrangements, including the use of structured finance, special purpose entities or variable interest entities. We have no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to stockholders.

### **Critical Accounting Policies**

In the third quarter of 2016, there were no significant changes to our critical accounting policies and estimates from those disclosed in the section Management's Discussion and Analysis of Financial Condition and Results of Operations in our 2015 Form 10-K.

### **Recently Issued and Adopted Accounting Pronouncements**

See Note 2 to our consolidated financial statements included in this Quarterly Report.

## Results of Operations

The following period-to-period comparisons of our financial results are not necessarily indicative of results for the current period or any future period. In particular, our pharmacy operations activities will commence in the third quarter of 2016 and we have spun-out the prior year educational business which is presented as discontinued operations in the consolidated financial statements. This change in the nature of our operations will have and is expected to continue to have a significant impact on our financial results. As a result, our results of operations in the periods after commencement of our pharmacy operations will include aggregate revenue and expense amounts and the apportionment of expenses among categories, have changed and are expected to continue to change as we further develop these operations. Further, as a result of our acquisitions of our compounding pharmacies, and any additional pharmacy acquisitions or other such transactions we may pursue, we may experience large expenditures specific to the transactions that are not incident to our operations.

*For the Three and Nine Months ended September 30, 2016 and 2015*

There are no continuing operating sales and related cost of sales for the three and nine months ended September 30, 2016 as our first pharmacy acquisition was cancelled during the third quarter.

Our total operating expenses for the three months and nine month periods ended September 30, 2016 pertaining to continuing operations were \$2,143,463 and \$4,655,818 respectively. For the same periods in 2015, the continuing operating expense was \$0 and \$0. They were comprised primarily of expenses of \$1,346,021 and \$2,277,104 pertaining compensation expense, \$402,266 and \$534,766 professional fees related to SEC and audit filings services and legal expense.

There is \$109,919 and \$174,857, of interest expense for the three and nine months ended September 30, 2016, respectively, pertaining to interest incurred for outstanding debentures that were not converted resulting from the spin-out, and the convertible promissory notes.

There was a loss on the conversion of payables into common shares for continuing operations that resulted in debt extinguishment expense of \$206,329 for the nine months ended September 30, 2016 resulting from legal expenses that were converted into shares.

For the three months and nine month periods ending September 30, 2016, net loss from discontinued operations were \$0 and \$0 for the three and nine month periods respectively. For the three and nine month periods ending September 30, 2015, net loss from discontinued operations were \$481,120 and \$1,803,316, respectively. On December 31, 2015, the Company completed the restructuring and spin-out of its software educational business, resulting in True Nature Holding, Inc. becoming purely focused on acquiring a series of compounding pharmacy businesses, largely direct to consumers, doctors and veterinary professionals. The results of the operations associated with the spin-out company and Trunity Holdings, Inc., qualifies as discontinued operations as of and for the three and nine month periods ended September 30, 2015.

For the three months and nine month periods ended September 30, 2016, the Company had a net loss of \$2,269,711 and \$5,037,004 respectively. For the same periods in 2015, the Company had a loss of \$481,120 and \$1,803,316, respectively.

#### *Liquidity and Capital Resources*

We have financed our operations through the sale of equity securities. As of September 30, 2016, we had a working capital deficit of \$1,404,770. Our working capital deficit is attributable to the fact that we began implementing the Company's business plan of acquiring pharmaceutical compounding businesses.

During the nine months ending September 30, 2016, the Company had negative cash flow from Operations of \$270,847. This was mainly offset through the net proceeds from the sale of common stock and promissory notes combined totaling \$242,662. For the nine month period, the Company had a net negative cash flow of \$28,185.

*Specific details related to our financing activities are as follows:*

#### *2016 Private Placements*

During the nine months ended September 30, 2016, we raised gross proceeds of \$60,000 through the sale of 120,000 shares of common stock to accredited investors in private placement transactions at a price of \$0.50 per share. We incurred \$9,000 of securities issuance costs representing commissions paid to broker-dealers who assisted with these transactions.

On March 18, 2016, we issued a 12% Convertible Promissory Note (the *Convertible Note* ) in the principal amount of \$60,000 to the Lender. Pursuant to the terms of the *Convertible Note*, on the date thereof, we issued the *Convertible Note* to the Lender and, as consideration therefor, the Lender paid us in cash the full principal amount of the *Convertible Note*. Upon issuance the lender was awarded 15,000 restricted common shares as an origination fee which will have piggy back registration rights.

On May 19, 2016, we issued a 10% Convertible Promissory Note (the *Convertible Note B* ) in the principal amount of \$100,000 to the Lender. Pursuant to the terms of the *Convertible Note B*, on the date thereof, we issued the *Convertible Note B* to the Lender and, as consideration therefor, the Lender paid us in cash the full principal amount of the *Convertible Note B*. Upon issuance the lender was awarded 66,666 warrants to purchase our common stock at an exercise price of \$2.50 for a term of twenty-four months.

#### *Short term Loans*

As a result of the acquisition of P3 Compounding of Georgia, LLC the Company had a short-term loan with a loan agency for a principal amount of \$52,000 for the purchase of future sales and credit card receivables of P3. Under the terms of the receivable purchase agreement, the Company purchased an advance of \$50,000 plus \$2,000 for origination costs with a 10.5% daily interest rate to be repaid over 160 days at a repayment amount of \$451.75 per day. Upon maturity, on October 24, 2016, of the loan the total repayment amount will be \$72,280. As of September 30, 2016, the carrying value of this short-term loan was \$26,925. For the three and nine months ended September 30, 2016, no interest expense related to this loan was recorded in the Company's consolidated financial statements as the effective date of acquisition was the last day of the quarter. The origination fee and interest were recorded as debt discount on the date of issuance in the amount of \$22,280 and \$18,938 was amortized during the period ended September 30, 2016.

On July 11, 2016, the Company entered into a short-term loan with a loan agency for the principal amount of \$48,000. Under the terms of the loan, the Company will make daily payments of \$434.38 for a term of 160 for a total repayment amount of \$69,500. As of September 30, 2016, the carrying value of this loan was \$45,175. The origination fee and interest were recorded as debt discount on the date of issuance in the amount of \$21,500 and \$10,884 was amortized during the period ended September 30, 2016.

#### *Financial Advisors*

We engaged the services of brokers and investment bankers to assist us with accessing our growth capital. In exchange, we will pay fees of up to 8% of the aggregate price upon closing any fundraising. Also, the advisors may be entitled to warrants to purchase shares of our common stock of up to 8% of the shares sold in the offering.

#### **Plan of Operations**

We are entering the Compounding Pharmacy Industry via a roll-up of existing compounding pharmacies consolidating fragmented market. The key elements of our strategy include:

- we intend to grow regionally, building regional distribution centers, expand sales and marketing with eventually with a national presence;
- we intend to acquire multiple libraries of compounding formulations in the process, recognizing that:
- some are tailored for local needs;
- some will have regional markets with expanded marketing;
- some can become nationally accepted, and further productized solutions;
- in all cases, we intend to drive the costs down when compared to alternatives from big pharma .

The human market and the vet market are both large and growing, share many of the same solutions, and are in need of lower cost solutions. We will focus on a balance between legitimate insurance related revenue streams and cash pay business. We believe the pharmacy industry, and especially compounding pharmacy, can easily be described as having multiple flavors . We believe the markets for both people and pets are both underserved:

- Some sell basic OTC medications and provide delivery only , and most users rely on insurance reimbursement for payment;
- Some are value added resellers , using OTC recognized medications, then repackaging, or using combinations, to personalize the product for the client. While vet based is a cash business, the human side is largely insurance

reliant;

- Some are like OEM manufacturers, like a generic drug maker, starting with basic, non-productized materials, and creating both standard and fully customized novel formulations for specific maladies and needs. These are more often cash clients, and this approach is well accepted in the pet area, and becoming more accepted for people as alternatives to OTC, and for cash buyers seeking lower cost;
- We believe a mix of these can serve the need to drive costs down, and allow innovative approaches to improve patient results.

## Recent Developments

On April 4, 2016 we entered into a non-binding letter of intent to acquire Cherokee Compounding Pharmacy in Holly Springs, Georgia. We have decided not to proceed with this transaction.

On April 11, 2016 the Board of Directors elected Mr. James Driscoll, age 54, to the Board of Directors. Mr. Driscoll received 100,000 shares of restricted common stock as compensation for his service on the Board, consistent with prior appointments by us. Mr. Driscoll resigned as of September 23, 2016, and any amounts owed for compensation been forgiven. He has also agreed to cancel warrants for the purchase of 1,000,000 shares of restricted common stock previously issued and will in lieu receive an additional 100,000 shares of restricted common stock.

On April 11, 2016, Dr. William Ross, age 70, advised us that he desired to resign from the Board of Directors, as he intends to retire from all business activities. There were no disagreements, or conflicts with the Board and Dr. Ross.

On May 20, 2016 we entered into a non-binding letter of intent to acquire Innovation Compounding, Inc. ( Innovation ) in Kennesaw, Georgia. We incurred \$30,000 of expenses related to a fee for a no-shop provision, in addition to other customary expenses associated with the due diligence process. Management has determined not to pursue this acquisition further at this time.

On May 25, 2016 we announced that it has appointed Mr. Phillip Crone to its Board of Directors and accepted the resignation of Dr. Jeffrey Cosman, who has decided to commit all of his time and energy pursuing the continued development of Meridian Waste Solutions, Inc. (OTCQB: MRDN). There were no disagreements, or conflicts with the Board and Mr. Cosman.

On June 7, 2016, we announced that it has appointed Mr. James Driscoll as CEO. The former CEO Steve Keaveney has assumed the role of CFO. Mr. Keaveney resigned as of September 27, 2016, and has agreed to return for cancellation 2,000,000 shares of restricted common stock he held.

On July 6, 2016, the Company appointed Gary Meyer to the newly created position of Chief Compliance Officer. Mr Meyer was terminated as of September 23, 2016.

On September 19, 2016, The Company entered into an engagement with Elizabeth James to provide business development services to the Company. In exchange for that service, the Company issued 250,000 shares valued at \$2,500 with additional paid in capital of \$62,500 for a total valuation of \$65,000.

On September 19, 2016, The Company entered into an engagement with Harold Erhard to provide business development services to the Company. In exchange for that service, the Company issued 250,000 shares valued at \$2,500. In exchange for that service, the Company issued 250,000 valued at \$2,500 with additional paid in capital of \$62,500 for a total valuation of \$65,000.

On September 19, 2016, The Company entered into an engagement with Steeltown Consulting to provide business development services to the Company. In exchange for that service, the Company issued 250,000 shares valued at \$2,500 with additional paid in capital of \$62,500 for a total valuation of \$65,000.

On September 19, 2016, The Company entered into an engagement with Piggyback Ventures to provide business development services to the Company. In exchange for that service, the Company issued 250,000 shares valued at \$2,500 with additional paid in capital of \$62,500 for a total valuation of \$65,000.

On September 19, 2016, The Company entered into an engagement with Kevin Novack to provide business development services to the Company. In exchange for that service, the Company issued 15,000 shares valued at \$150 with additional paid in capital of \$3,900 for a total valuation of \$4,050.

On September 26, 2016, The Company issued to Amy Lance, Mack Leath, and Jordan Balencic of 100,000 shares valued at \$27,990 as compensation for become members of the Board of Directors.

On September 28, 2016, The Company entered into an agreement with Frank Lightmas to convert his legal service fee to shares of the Company. In exchange for that conversion, the Company issued 500,000 shares valued at \$150,000. The Company issued 100,000 shares valued at \$26,900 Dr. James Murray to convert his May 19, 2016 loan to shares.

On September 30, 2016, The Company entered into an agreement with Foundation for Innovation to convert their business consulting fees to common shares. In exchange for that conversion, the company issued 966,666 shares valued at \$290,000

### **ITEM 3.**

#### **QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.**

This Item is not required for a Smaller Reporting Company.

**ITEM 4.**

**CONTROLS AND PROCEDURES.**

As of the end of the period covered by this report (the Evaluation Date ), we carried out an evaluation regarding the nine months ended September 30, 2016, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer who is also serving as our Principal Executive Officer, Principal Financial Officer and Principal Accounting Officer, of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Rule 13a-15 under the Securities Exchange Act of 1934, as amended (the Exchange Act ). Based upon this evaluation, our management concluded that, as of the Evaluation Date, our disclosure controls and procedures were not effective to provide reasonable assurance that information required to be disclosed in the reports that are filed or submitted under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified by the Securities and Exchange Commission's rules and forms and that our disclosure controls and procedures are designed to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that the Company's disclosure controls and procedures will detect or uncover every situation involving the failure of persons within the Company to disclose material information otherwise required to be set forth in the Company's periodic reports.

The Company's management is also responsible for establishing and maintaining adequate internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. As of the Evaluation Date, no changes in the Company's internal control over financial reporting occurred that have materially affected or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Our Annual Report on Form 10-K contains information regarding a material weakness in our internal control over financial reporting as of December 31, 2015 due to an inadequate segregation of duties resulting from our limited number of employees whom duties can be allocated.

During the third quarter of 2016, there were no changes that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.



## **PART II OTHER INFORMATION**

### **ITEM 1.**

#### **LEGAL PROCEEDINGS.**

In December 2015 we were named as Defendant in a suit from National Council for Science in the Environment (NCSE) seeking to collect \$170,000 related to a services and consulting relationship dating back to 2009, a part of the legacy educational business, and not related to our ongoing pharmacy activities. We entered into a settlement agreement with NCSE as of September 27, 2016. We have recorded an amount in our payables of \$75,000 for this obligation. This balance remains unpaid as of March 16, 2017.

### **ITEM 1A.**

#### **RISK FACTORS.**

We believe there are no changes that constitute material changes from the risk factors previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2015, filed with the SEC on May 2, 2016.

### **ITEM 2.**

#### **UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.**

##### *2016 Private Placements*

During the nine months ended September 30, 2016, the Company raised gross proceeds of \$60,000 through the sale of 120,000 shares of common stock to accredited investors in private placement transactions at a price of \$0.50 per share. The Company incurred \$9,000 of securities issuance costs representing commissions paid to broker-dealers who assisted with these transactions.

On March 18, 2016, the Company issued a 12% Convertible Promissory Note (the Convertible Note ) in the principal amount of \$60,000 to the Lender. Pursuant to the terms of the Convertible Note, on the date thereof, the Company issued the Convertible Note to the Lender and, as consideration therefor, the Lender paid the Company in cash the full principal amount of the Convertible Note. Upon issuance the lender was awarded 15,000 restricted common shares as an origination fee which will have piggy back registration rights. The Company issued an additional 15,000 shares to the holder as of September 30, 2016 in consideration of an extension of this obligation.

On May 19, 2016, the Company issued a 10% Convertible Promissory Note (the Convertible Note B ) in the principal amount of \$100,000 to the Lender. Pursuant to the terms of the Convertible Note B, on the date thereof, the Company issued the Convertible Note B to the Lender and, as consideration therefor, the Lender paid the Company in cash the full principal amount of the Convertible Note B. Upon issuance the lender was awarded 66,666 warrants to purchase common stock of the Company at an exercise price of \$2.50 for a term of twenty-four months. All obligations under this agreement were cancelled, along with the warrants, interest and penalties as of September 30, 2016 in consideration of the issuance of 400,000 shares of restricted common stock.

#### *2015 Private Placements*

The Company acquired 100% of the membership interests of Newco4pharmacy, LLC, a business aimed at creating a nationwide network of compounding pharmacies. The consideration paid was the issuance of a newly created Preferred stock which was exchanged on December 31, 2015 for 10,000,000 shares of our common stock. The Company obtained approximately \$106,900 in cash from Newco4pharmacy. Funds received resulted from a Newco4pharmacy membership interest sale prior to the transaction. As a result of this transaction the Company issued Founders shares of 3,488,900 to the CEO and Founder, Stephen Keaveney and 3,988,900 to individuals and entities that were instrumental in the formation of the N4P business. The Company also issued 455,000 shares to broker-dealers and 1,353,200 to other individuals for services performed in connection with the formation of the company.

*August 2014 Convertible Debentures (Series C)*

As part of the restructuring all debentures issued by Trunity Holdings, Inc., to fund the former educational business were eligible to participate in a debt conversion however one debenture holder that was issued a Series C Convertible Debenture (the Series C Debenture ) in August 2014 with an aggregate face value of \$100,000 in exchange for the cancellation of Series B Convertible Debentures with a carrying value of \$110,833 did not convert. The Series C Debenture accrues interest at an annual rate of 10%, matured November 2015, and is convertible into the Company's common stock at a conversion rate of \$20.20 per share. The holders of the Series C Debenture also received warrants to acquire 4,950 shares post-split of common stock for an exercise price of \$20.20 per share, exercisable over five years. The former educational business allocated the face value of the Series C Debenture to the warrants and the debentures based on its relative fair values, and allocated to the warrants, which was recorded as a discount against the Series C Debenture, with an offsetting entry to additional paid-in capital. The discount was fully expensed upon execution of the new debentures. As of September 30, 2016, the carrying value of this Series C Debenture was \$110,833 and accrued interest expense of \$21,649. For the three and nine months ended September 30, 2016, interest expense related to the Debenture was \$8,312. This note is currently in default.

*November 2014 Convertible Debentures (Series D)*

As part of the restructuring all debentures issued by Trunity Holdings, Inc., to fund the former educational business were eligible to participate in a debt conversion however one debenture holder that was issued a Series D Convertible Debenture (the Series D Debenture ) in November 2014 with an aggregate face value of \$10,000 in exchange for the cancellation of Series B Convertible Debenture with a carrying value of \$11,333 that did not participate in the debt conversion restructuring. The Series D Debenture accrues interest at an annual rate of 12%, matured November 2015, and is convertible into the Company's common stock at a conversion rate of \$16.67 per share. The holders of the Series D Debenture also received warrants to acquire 495 shares post-split of common stock for an exercise price of \$20.20 per share, exercisable over five years. The former educational business allocated the face value of the Series D Debenture to the warrants and the debentures based on their relative fair values, and allocated to the warrants, which was recorded as a discount against the Series D Debenture, with an offsetting entry to additional paid-in capital. The discount was fully expensed upon execution of the new debentures. As of September 30, 2016, the carrying value of the Series D Debenture was \$11,334 and accrued interest expense of \$2,606. For the nine months ended September 30, 2016, interest expense related to the Debenture was \$1,020. This note is currently in default.

All of the shares issued in the transactions described above were issued in private placement transactions and were exempt from registration under Section 4(2) of the Securities Act of 1933, as amended, as sales of securities not involving a public offering.

**ITEM 3.**

**DEFAULTS UPON SENIOR SECURITIES.**

None

**ITEM 4.**

**MINE SAFETY DISCLOSURES**

This Item is not applicable to our company's operations.

**ITEM 5.**

**OTHER INFORMATION.**

None

**ITEM 6.**

**EXHIBITS.**

<b>Exhibit Number</b>	<b>Description</b>
3.1	Certificate of Incorporation of Trunity Holdings, Inc. dated as of January 18, 2012 (incorporated herein by reference to Exhibit 10.1 filed as part of the Company's Form 8-K dated January 24, 2012 (Commission File No. 000-53601)).
3.2	Certificate of Ownership and Merger dated as of January 24, 2012, between Trunity Holdings, Inc. and Brain Tree International, Inc. (incorporated herein by reference to Exhibit 3.3 filed as part of the Company's Form 10-K for the year ended December 31, 2012 (Commission File No. 000-53601)).
3.3	Certificate of Designation of Series X Preferred Stock of Trunity Holdings, Inc., dated as of December 9, 2015 (incorporated by reference to Exhibit 3.1 as part of the Company's Form 8-K dated December 15, 2015 (Commission File No. 000-53601))
3.4	Certificate of Amendment to the Certificate of Incorporation of Trunity Holdings, Inc., dated as of December 24, 2015 (incorporated by reference to Exhibit 3.1(I) as part of the Company's Form 8-K dated January 6, 2016 (Commission File No. 000-53601))
3.5	Bylaws of Trunity Holdings, Inc. (incorporated herein by reference to Exhibit 10.2 filed as part of the Company's Form 8-K dated January 24, 2012 (Commission File No. 000-53601)).
10.1	Spin-off and Asset Transfer Agreement dated as of December 31, 2015, by and among Trunity Holdings, Inc., Trunity, Inc., a Delaware corporation, and Trunity, Inc., a Florida corporation.(incorporated by reference to Exhibit 10.1 as part of the Company's Form 8-K dated January 6, 2016 (Commission File No. 000-53601))
10.2	Securities Exchange Agreement dated as of December 9, 2015 by and among Trunity Holdings, Inc. and the Members of Newco4Pharmacy, LLC (incorporated by reference to Exhibit 10.1 as part of the Company's Form 8-K dated December 15, 2015 (Commission File No. 000-53601))
10.3	Consulting Agreement dated as of December 1, 2015 by and between Trunity Holdings, Inc. and Stephen Keaveney (incorporated by reference to Exhibit 10.2 as part of the Company's Form 8-K dated December 15, 2015 (Commission File No. 000-53601))
10.4	Securities Purchase Agreement dated as of November 5, 2014 by and between Trunity Holdings, Inc. and Peak One Opportunity Fund, L.P. (incorporated by reference to Exhibit 10.15 as part of the Company's Form 10-Q for the quarter ending September 30, 2014 (Commission File No. 000-53601))
10.5	Trunity Holdings, Inc. Non-Qualified Stock Option Agreement dated as of December 13, 2013 by and between Arol Buntzman and Trunity Holdings, Inc. (incorporated by reference to Exhibit 10.14 as part of the Company's Form 10-K for the year ending December 31, 2013 (Commission File No. 000-53601))

- 10.6 Memorandum of Understanding Regarding Trunity Holdings, Inc. and PIC Partners dated as of June 5, 2013 by and between Pan-African Investment Company and Trunity Holdings, Inc. (incorporated by reference to Exhibit 10.13 as part of the Company's Form 10-K for the year ending December 31, 2013 (Commission File No. 000-53601))
- 10.7 Indemnification Agreement dated May 30, 2013 between the Company and Pan African Investment Company (incorporated herein by reference to Exhibit 10.12 filed as part of the Company's Form 10-K for the year ended December 31, 2013 (Commission File No. 000-53601)).

- 10.8 Voting Agreement dated June 5, 2013 by and among Trunity Holdings, Inc., Terry Anderton, RRM Ventures, LLC, Aureus Investments, LLC and Pan-African Investment Company, LLC (incorporated by reference to Exhibit C as part of the Company's Schedule 13D dated July 25, 2013 (Commission File No. 000-53601))
- 10.9 Voting Agreement dated May 30, 2013 by and among Trunity Holdings, Inc., Terry Anderton, RRM Ventures, LLC, Aureus Investments, LLC and Pan-African Investment Company, LLC (incorporated by reference to Exhibit 10.11 as part of the Company's Form 10-K for the year ending December 31, 2013 (Commission File No. 000-53601))
- 10.10 Investors Rights Agreement dated May 30, 2013 between the Company and Pan African Investment Company (incorporated herein by reference to Exhibit 10.10 filed as part of the Company's Form 10-K for the year ended December 31, 2013 (Commission File No. 000-53601)).
- 10.11 Investors Rights Agreement dated June 5, 2013 between the Company and Pan African Investment Company (incorporated herein by reference to Exhibit D filed as part of the Company's Schedule 13D dated July 25, 2013 (Commission File No. 000-53601)).
- 10.12 Subscription Agreement dated May 28, 2013 between the Company and Pan African Investment Company (incorporated herein by reference to Exhibit 10.9 filed as part of the Company's Form 10-K for the year ended December 31, 2013 (Commission File No. 000-53601)).
- 10.13 Form of Indemnification Agreement between Trunity and its Directors (incorporated herein by reference to Exhibit 10.8 filed as part of the Company's Form 10-K for the year ended December 31, 2012 (Commission File No. 000- 53601)).
- 10.14 License Agreement dated as of March 20, 2013, between Trunity and Educom Ltd. (incorporated herein by reference to Exhibit 10.7 filed as part of the Company's Form 10-K for the year ended December 31, 2012 (Commission File No. 000-53601)).
- 10.15 Share Purchase Agreement dated as of March 20, 2013, between Trunity and InnSoluTech LLP (incorporated herein by reference to Exhibit 10.6 filed as part of the Company's Form 10-K for the year ended December 31, 2012 (Commission File No. 000-53601)).
- 10.16 Investment Project Contract dated as of March 20, 2013, among Trunity, InnSoluTech LLP and Educom Ltd. (incorporated herein by reference to Exhibit 10.5 filed as part of the Company's Form 10-K for the year ended December 31, 2012 (Commission File No. 000-53601)).
- 10.17 Trunity Holdings, Inc. 2012 Employee, Director and Consultant Stock Option Plan (incorporated herein by reference to Exhibit 10.4 filed as part of the Company's Form 10-K for the year ended December 31, 2012 (Commission File No. 000-53601)).
- 10.18 Agreement and Plan of Merger, dated as of January 24, 2012 by and among Trunity Holdings, Inc., Trunity Acquisitions Corp. and Trunity, Inc. (incorporated herein by reference to Exhibit 10.5 filed as part of the Company's Form 8-K dated January 24, 2012 (Commission File No. 000-53601)).

- 10.19 Stock Purchase Agreement between dated as of January 24, 2012 by and among George Norman, Donna Norman, Lane Clissold, Trunity Holdings, Inc. and Trunity, Inc. (incorporated herein by reference to Exhibit 10.3 filed as part of the Company's Form 8-K dated January 24, 2012 (Commission File No. 000-53601)).
- 10.20 Agreement and Plan of Merger, dated as of January 24, 2012 by and among Brain Tree International, Inc. and Trunity Holdings, Inc. (incorporated herein by reference to Exhibit 10.4 filed as part of the Company's Form 8-K dated January 24, 2012 (Commission File No. 000-53601)).

14	Code of Ethics (incorporated herein by reference to Exhibit 14 filed as part of the Company's Form 10-K for the year ended December 31, 2012 (Commission File No. 000-53601)).
21	Subsidiaries of the Company (incorporated herein by reference to Exhibit 21 filed as part of the Company's Form 10-K for the year ended December 31, 2012 (Commission File No. 000-53601)).
31.1 *	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2 *	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1 *	Certification of Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS *	XBRL INSTANCE DOCUMENT
101.SCH *	XBRL TAXONOMY EXTENSION SCHEMA
101.CAL *	XBRL TAXONOMY EXTENSION CALCULATION LINKBASE
101.DEF *	XBRL TAXONOMY EXTENSION DEFINITION LINKBASE
101.LAB *	XBRL TAXONOMY EXTENSION LABEL LINKBASE
101.PRE *	XBRL TAXONOMY EXTENSION PRESENTATION LINKBASE

\* Filed herewith.

## **SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

TRUE NATURE HOLDING, INC.

Dated: March 16, 2017      By:                      /s/ Christopher Knauf  
   Christopher Knauf  
   Chief Executive Officer