

FITLIFE BRANDS, INC.
Form 10-K
March 28, 2014

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

FORM 10-K

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

For the Fiscal Year Ended December 31, 2013

OR

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

For the transition period from N/A to N/A

Commission File Number: 333-137170

FitLife Brands, Inc.

(Name of small business issuer as specified in its charter)

Nevada
(State of Incorporation)

20-3464383
(IRS Employer Identification No.)

4509 S. 143rd Street, Suite 1, Omaha, Nebraska 68137
(Address of principal executive offices)

(402) 333-5260
(Issuer's telephone number)

Securities registered under Section 12(b) of the Exchange Act:
None

Securities registered under Section 12(g) of the Exchange Act:
Common Stock, \$0.01 par value per share

(Title of Class)
Common Stock, \$.01 Par Value

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Edgar Filing: FITLIFE BRANDS, INC. - Form 10-K

Indicate by check mark whether the registrant (1) has 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 [X] 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 a shorter period that the registrant was required to submit and post such files). Yes [X] No []

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. []

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

(Check one):

| | | | |
|-------------------------|-----|---------------------------|-----|
| Large accelerated filer | [] | Accelerated filer | [] |
| Non-accelerated filer | [] | Smaller reporting company | [X] |

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). []

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter: \$6,792,671.

State the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date: As of March 15, 2014, there were 8,117,474 shares of common stock, \$0.01 par value per share, issued and outstanding.

Documents Incorporated By Reference - None

FITLIFE BRANDS, INC.
 FORM 10-K ANNUAL REPORT
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2013 and 2012
 TABLE OF CONTENTS

| | | PAGE |
|---|---|------|
| <u>PART I</u> | | 1 |
| <u>ITEM 1.</u> | <u>Business</u> | 1 |
| <u>ITEM 1A.</u> | <u>Risk Factors</u> | 8 |
| <u>ITEM 1B.</u> | <u>Unresolved Staff Comments</u> | 14 |
| <u>ITEM 2.</u> | <u>Properties</u> | 14 |
| <u>ITEM 3.</u> | <u>Legal Proceedings</u> | 14 |
| <u>ITEM 4.</u> | <u>Reserved</u> | 15 |
| | | |
| <u>PART II</u> | | 15 |
| | | |
| <u>ITEM 5.</u> | <u>Market For Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities</u> | 15 |
| <u>ITEM 6.</u> | <u>Selected Financial Data</u> | 16 |
| | | |
| <u>ITEM 7.</u> | <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u> | 16 |
| <u>ITEM 7A.</u> | <u>Quantitative and Qualitative Disclosures About Market Risk</u> | 21 |
| <u>ITEM 8.</u> | <u>Consolidated Financial Statements and Supplementary Data</u> | 21 |
| | | |
| <u>ITEM 9.</u> | <u>Changes In and Disagreements with Accountants on Accounting and Financial Disclosure</u> | 22 |
| <u>ITEM 9A.</u> | <u>Controls and Procedures</u> | 22 |
| <u>ITEM 9B.</u> | <u>Other Information</u> | 22 |
| | | |
| <u>PART III</u> | | 23 |
| | | |
| <u>ITEM 10.</u> | <u>Directors, Executive Officers, and Corporate Governance</u> | 23 |
| <u>ITEM 11.</u> | <u>Executive Compensation</u> | 27 |
| | | |
| <u>ITEM 12.</u> | <u>Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters</u> | 29 |
| | | |
| <u>ITEM 13.</u> | <u>Certain Relationships and Related Transactions, and Director Independence</u> | 30 |
| <u>ITEM 14.</u> | <u>Principal Accountant Fees and Services</u> | 30 |
| | | |
| <u>PART IV</u> | | 31 |
| | | |
| <u>ITEM 15.</u> | <u>Exhibits and Financial Statement Schedules</u> | 32 |
| | | |
| <u>SIGNATURES</u> | | 32 |
| <u>CERTIFICATIONS</u> | | |
| | | |
| Exhibit 31 – Certification pursuant to Rule 13a-14(a) and 15d-14(a) | | |
| Exhibit 32 – Certification pursuant to 18 U.S.C 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 | | |

Table of Contents

Forward Looking Statements — Cautionary Language

Certain statements made in these documents and in other written or oral statements made by FitLife Brands, Inc. or on FitLife Brands, Inc.'s behalf are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 ("PSLRA"). A forward-looking statement is a statement that is not a historical fact and, without limitation, includes any statement that may predict, forecast, indicate or imply future results, performance or achievements, and may contain words like: "believe", "anticipate", "expect", "estimate", "project", "will", "shall" and other words or phrases with similar meaning in connection with a discussion of future operating or financial performance. In particular, these include statements relating to future actions, trends in our businesses, prospective products, future performance or financial results. FitLife Brands, Inc. claims the protection afforded by the safe harbor for forward-looking statements provided by the PSLRA. Forward-looking statements involve risks and uncertainties that may cause actual results to differ materially from the results contained in the forward-looking statements. Risks and uncertainties that may cause actual results to vary materially, some of which are described in this filing. The risks included herein are not exhaustive. This annual report on Form 10-K, as amended quarterly reports on Form 10-Q, current reports on Form 8-K and other documents filed with the SEC include additional factors which could impact FitLife Brands, Inc.'s business and financial performance. Moreover, FitLife Brands, Inc. operates in a rapidly changing and competitive environment. New risk factors emerge from time to time and it is not possible for management to predict all such risk factors. Further, it is not possible to assess the impact of all risk factors on FitLife Brands, Inc.'s business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results. In addition, FitLife Brands, Inc. disclaims any obligation to update any forward-looking statements to reflect events or circumstances that occur after the date of the report.

PART I

ITEM 1. BUSINESS

Except for historical information contained herein, the following discussion contains forward-looking statements that involve risks and uncertainties. Such forward-looking statements include, but are not limited to, statements regarding future events and the Company's plans and expectations. Actual results could differ materially from those discussed herein. Factors that could cause or contribute to such differences include, but are not limited to, those discussed elsewhere in this Form 10-K or incorporated herein by reference, including those set forth in Management's Discussion and Analysis or Plan of Operation.

As used in this annual report, "we", "us", "our", "FitLife", "FitLife Brands" "Company" or "our company" refers to FitLife Brands, Inc. and all of its subsidiaries.

Overview

FitLife Brands, Inc., formerly Bond Laboratories, Inc. (the "Company"), is a national provider of innovative and proprietary nutritional supplements for health conscious consumers marketed under the brand names NDS Nutrition Products™ ("NDS") (www.ndsnutrition.com), PMD™ (www.pmdsports.com), SirenLabs™ (www.sirenlabs.com) and CoreActive™ (www.coreactivenutrition.com). The Company manufactures and distributes a full line of nutritional supplements to support athletic performance, weight loss and general health predominantly through franchised General Nutrition Centers, Inc. ("GNC") stores located both domestically and internationally.

The Company was incorporated in the State of Nevada on July 26, 2005. In October 2008, the Company acquired the assets of NDS Nutritional Products, Inc., a Nebraska corporation, and moved those assets into its wholly owned

subsidiary NDS Nutrition Products, Inc., a Florida corporation (“NDS”).

FitLife Brands is headquartered in Omaha, Nebraska. For more information on the Company, please go to <http://www.fitlifebrands.com>. The Company’s common stock currently trades under the symbol FTLF on the OTCBB market.

Table of Contents

Recent Developments

Corporate Name and Stock Symbol Change

On September 30, 2013, the Company filed the amendment to its Articles of Incorporation, as approved by a majority of the Company's stockholders on July 17, 2013, with the Nevada Secretary of State to change its corporate name from Bond Laboratories, Inc. to FitLife Brands, Inc. (the "Name Change"). The Financial Industry Regulatory Authority ("FINRA") approved the Name Change, and a change to the Company's stock symbol on September 28, 2013. On October 28, 2013, the Company's stock began trading under its new symbol, FTLF, to better reflect the new name of the Company.

Reverse Split

On September 30, 2013, the Company filed an amendment to its Articles of Incorporation, as authorized by a majority of the Company's stockholders on July 17, 2013, with the Nevada Secretary of State to implement a reverse split of its common stock on a ten old for one new basis (the "Reverse Split"). The Reverse Split was approved by FINRA on September 28, 2013, and became effective at the opening of trading on September 30, 2013.

Term Loan

On September 4, 2013, the Company executed a Term Loan Agreement and ancillary documents resulting in a \$2.6 million term loan from U.S. Bank to the Company (the "Bank") (the "TermLoan"), which Term Loan accrues interest at a rate of 3.6% per annum and matures on August 15, 2018. The Company's repayment of the Term Loan is guaranteed by NDS, and is secured by a continuing security interest in substantially all of the Company's assets, including the Company's interest in NDS.

Proceeds from the Term Loan were used, in part, to finance the Company's partial redemption of the Series C Convertible Preferred Stock ("Series C Preferred"), and the Company's redemption of all outstanding shares of the 10% Cumulative Perpetual Series B Preferred Stock ("Series B Preferred"), as described below.

Redemption of the 10% Cumulative Perpetual Series B Preferred Stock

On August 30, 2013, the Company mailed a notice of redemption (the "Redemption Notice") to all holders of its Series B Preferred, notifying each holder of the Company's intention to redeem all 103.3 issued and outstanding shares of Series B Preferred on September 30, 2013 (the "Series B Redemption"). Under the Certificate of Designation of the Relative Rights and Preferences of the 10% Cumulative Perpetual Series B Preferred Stock (the "Certificate of Designation"), each share of Series B Preferred is redeemable for \$10,000.00 per share, plus all accrued dividends, less any applicable tax withholding as may be required by law. The Company reserved approximately \$1.9 million from the proceeds of the Term Loan to finance the Series B Redemption, of which \$1.9 million has been distributed to former holders of Series B Preferred as of the date of the filing of this report representing 102.3 of the 103.3 shares of Series B Preferred outstanding prior to the Series B Redemption. The Company continues to make all reasonable efforts necessary to distribute the remaining amount payable in connection with the Series B Redemption. Notwithstanding the above, all shares of the Series B Preferred are considered redeemed and dividends are not and will not accrue on the undispersed amount.

Redemption and Conversion of the Series C Convertible Preferred Stock

On September 27, 2013, the Company entered into an agreement with each holder of the Company's Series C Preferred to, collectively: (i) redeem one-half of the issued and outstanding shares of Series C Preferred for \$10,000

per share, plus all accrued dividends thereon, resulting in the payment of \$670,085 to the holders of the Series C Preferred; (ii) convert all remaining shares of Series C Preferred and accrued dividends thereon into shares of the Company's common stock at \$0.25 per share, resulting in the issuance of a total of 2,680,337 shares of common stock, calculated prior to consummation of the Reverse Split; and (iii) the cancellation of warrants to purchase 2.5 million shares of common stock, which warrants were issued in connection with the original Series C Preferred financing, for 624,998 shares of common stock, each calculated prior to consummation of the Reverse Split (collectively, the "Series C Recapitalization Transactions").

Table of Contents

Upon the completion of the closing of the Term Loan, Series B Redemption and Series C Recapitalization Transactions, the Company's capitalization consisted of approximately 8.1 million shares of common stock, \$2.6 million of long-term debt held by U.S. Bank, a \$3.0 million credit line also provided by U.S. Bank, of which approximately \$436,000 was drawn as of December 31, 2013, and approximately 400,000 outstanding options and warrants to purchase common stock, a large portion of which remain significantly out-of-the-money.

Industry Overview

We compete principally in the nutrition industry. The Nutrition Business Journal categorizes the industry in the following segments:

- Dietary Supplements (vitamins, minerals, herbs & botanicals, sports nutrition, meal replacements and specialty supplements);
- Natural & Organic Foods (products such as cereals, milk, non-dairy beverages and frozen meals);
- Functional Foods (products with added ingredients or fortification specifically for health or performance purposes); and
- Natural & Organic Personal Care and Household Products.

Management believes that the following factors drive growth in the nutrition industry:

- The general public's awareness and understanding of the connection between diet and health;
- The aging population in the Company's markets who tend to use more nutritional supplements as they age;
- Increasing healthcare costs and the consequential trend toward preventative medicine and non-traditional medicines; and
- Product introductions in response to new scientific studies.

Our Products

The Company currently focuses its sales and marketing efforts on its full line of sports performance, weight loss and general nutrition products that are currently marketed and sold nationally through NDS, the Company's wholly-owned subsidiary. NDS currently markets approximately 50 different products to approximately 800 GNC franchise locations located in the United States, as well as to approximately 300 additional franchise locations in more than 10 additional countries, all of which are distributed through either the Company's direct distribution system or GNC's distribution system. A complete product list is available on our websites at fitlifebrands.com, ndsnutrition.com, pmdsports.com, sirenlabs.com and www.coreactivenutrition.com. Key brands include:

- NDS – Innovative weight loss, general health and sports nutrition supplements, examples include Censor, Cardio Cuts and LipoRUSH DS;
- PMD – Precision sports nutrition formulations for professional muscular development, examples include Amplify XL, Pump Fuel and Flex Stack;
- Siren Labs – Weight loss and sports nutrition performance enhancing supplements for fitness enthusiasts, examples include Slimify, Shock'd and Ultra Karbs;
- Core Active – Essential support for accelerated fitness and nutritional goals, examples include GSpeed, Lean Core and Whey Active; and,
- Doctor Health – General health products that promote well-being, examples include SlimTox, Alpha Strike and Dr. Joints.

Table of Contents

The Company also sells innovative diet, health and sports nutrition supplements and related products through its Core Active Nutrition product line (“Core Active Nutrition Products”). Core Active Nutrition Products provide essential support for accelerated fitness and nutrition goals sold directly to athletic facilities, gyms, and independent retailers nationwide.

Manufacturing, Sources and Availability of Raw Materials

The Company utilizes several contract manufactures to produce its various products and product forms including capsules, tablets, and powders. All of our manufacturers abide by current Good Manufacturing Practices (“cGMPs”) to ensure quality and consistency, and nearly all are certified through a governing body such as the NPA (“Natural Products Association”) or NSF International. Raw materials are sourced and supplied by the respective contract manufacturer, and tested for accuracy and purity. The materials are blended according to specific and proprietary formula specifications and subjected to comprehensive testing prior to store placement. We own the formulas for each of our products and we believe that our purchasing requirements can be readily met from alternative sources, if necessary.

New Product Identification

From time to time we expand our product line through the development of new products. New product ideas are derived from a number of sources, including trade publications, scientific and health journals, consultants, distributors, and other third parties. Prior to introducing new products, we investigate product formulations as they relate to regulatory compliance and other issues. We introduced a total of 28 new products during the year ended December 31, 2013, which included new products, reformulations and new flavors of existing products, and launch of an entirely new product line called SirenLabs. Management continually assesses and analyzes developing market trends to detect and proactively address what they believe are areas of unmet or growing demand that represent an opportunity for the Company and, where deemed appropriate, attempts to introduce new products and/or packaging solutions in direct response to meet that demand.

Sales, Marketing and Distribution

The Company principally distributes its sports performance, weight loss and general nutrition products through approximately 800 GNC franchise locations located throughout the United States. The Company has currently distributes to over 300 GNC international franchise locations in more than 10 countries. Each GNC franchisee represents a discrete customer for the Company. As of December 31, 2013, the Company distributed products to more than 300 franchisee customers operating between one and 17 independently owned franchise locations each. For the year ended December 31, 2013, sales to GNC franchises represented approximately 86% of the total sales of the Company. Direct sales to GNC for distribution to various franchise locations accounted for 11% of total revenue. No other single customer represented more than 6% of total revenue. The remaining 3% of sales were attributable to other distribution channels including online sales through the Company-owned website at www.ndsnutrition.com and sales of its Core Active Nutrition Products.

We are currently focusing our sales and marketing efforts to expand sales to additional GNC franchise locations both domestically and internationally, as well as developing a broader retail presence for our Core Active Nutrition Products. In addition to the foregoing, we also anticipate launching a new brand, Zyri Labs, into a select number of corporate owned stores during the fourth quarter of 2014. The pilot study is not expected to have a material impact on 2014 financial performance, but could represent a compelling growth platform for 2015 and beyond. Management believes that substantial growth opportunities exist to increase revenue with GNC, since the Company is currently only selling to i) approximately 800 of the 1,000 domestic franchise locations, ii) approximately 300 of the nearly 2,000 (and growing) international franchise locations, and iii) none of the more than 3,000 corporate owned locations

in the U.S. and Canada.

Product Returns

We currently have a 30 day product return policy, which allows for a 100% sales price refund, less a 20% restocking fee, for the return of unopened and undamaged products purchased from us online at www.ndsnutrition.com, or any of our other websites. Product sold to GNC may be returned only in the event product is damaged, or the product shelf life has expired. Historically, product returns have been immaterial.

-4-

Table of Contents

Competition

The Company competes with many companies engaged in the nutritional supplement industry. The Company also competes with companies who sell products similar to the Company's products online. Many of the Company's competitors have significantly greater financial and human resources than the Company does. The Company seeks to differentiate its products and marketing from its competitors based on its product quality, benefits, and functional ingredients. Patent and trademark applications that cover new formulas and embody new technologies will be pursued whenever possible. While we cannot assure that such measures will block competitive products, we believe our continued emphasis on innovation and new product development targeted at the needs of the consumer will enable the Company to effectively compete in the marketplace.

Regulatory Matters

Our operations are affected by extensive laws, governmental regulations, administrative determinations, court decisions and enforcement policies. These requirements exist at the federal, state and local levels in the United States, including laws and regulations pertaining to:

- the formulation, manufacturing, packaging, labeling, holding, storage, distribution, advertising, and sale of our products;
- product claims and advertising, including direct claims and advertising by us, as well as claims and advertising by independent distributors, for which we may be held responsible;
- our direct selling program(s); and
- taxation of independent distributors (which in some instances could impose an obligation on us to collect the taxes and maintain appropriate records).

The formulation, manufacturing, packaging, labeling, holding, storage, distribution, advertising, and sale of our products are subject to regulation by one or more federal agencies, including the Food and Drug Administration ("FDA"), the Federal Trade Commission ("FTC"), the Consumer Product Safety Commission ("CPSC"), the Occupational Safety and Health Administration ("OSHA"), the Department of Agriculture ("USDA") and the Environmental Protection Agency ("EPA"). These activities are also regulated by various agencies of the states and localities in which our products are sold. Pursuant to the Federal Food, Drug, and Cosmetic Act ("FDCA"), the FDA regulates the processing, formulation, safety, manufacture, packaging, labeling, holding, sale, and distribution of foods and nutritional supplements (including vitamins, minerals, amino acids, herbs, and botanicals). The FTC has jurisdiction to regulate the advertising of these products. The CPSC is charged with protecting the public from risks of serious injury or death associated with the use of consumer products. Nutritional supplements are among the over 15,000 types of consumer products under CPSC's jurisdiction. When consumers complain to the CPSC about alleged harm stemming from ingestion of a nutritional supplement, CPSC may contact the entity concerned, inform it of the nature of the complaint, and invite a response. CPSC has conducted several recalls of iron-containing dietary supplements that do not comply with the child-resistant packaging requirement. The OSHA is charged with protecting workplace safety. Nutritional supplement companies must maintain a safe workplace and may from time to time be subject to queries from OSHA if manufacturing methods or procedures raise a question of worker safety. The USDA has jurisdiction over animal food and animal feed, including regulatory control over the harvesting of animal-based source materials, including animal-derived proteins, and animal-derived gelatin capsules, used in the making of dietary supplements. The EPA regulates dietary supplement compliance with standards established under the Clean Air Act, the Clean Water Act, the Occupational Safety and Health Act, and the Pollution Prevention Act as they affect the use, maintenance, and disposal of substances used in and facilities used for the manufacture of nutritional supplements.

Table of Contents

The FDCA has been amended several times with respect to nutritional supplements, in particular by the Dietary Supplement Health and Education Act of 1994 (“DSHEA”), which established a new framework governing the composition, safety, labeling and marketing of nutritional supplements. Nutritional supplements are defined as vitamins, minerals, herbs, other botanicals, amino acids and other dietary substances for human use to supplement the diet, as well as concentrates, metabolites, constituents, extracts or combinations of such dietary ingredients. Generally, under DSHEA, dietary ingredients that were on the market prior to October 15, 1994, may be used in nutritional supplements without notifying the FDA. New dietary ingredients, consisting of dietary ingredients that were not marketed in the United States before October 15, 1994, are subject to a FDA pre-market new dietary ingredient notification requirement unless the ingredient has been present in the food supply as an article used for food without being chemically altered. A new dietary ingredient notification must provide the FDA with evidence of a history of use or other evidence of safety establishing that use of the dietary ingredient will reasonably be expected to be safe. A new dietary ingredient notification must be submitted to the FDA at least 75 days before the initial marketing of the new dietary ingredient. There is no certainty that the FDA will accept any particular evidence of safety for any new dietary ingredient. The FDA’s refusal to accept such evidence could prevent the marketing of such dietary ingredients.

The FDA issued a consumer warning in 1996, followed by proposed regulations in 1997, covering nutritional supplements that contain ephedra or its active substance, ephedrine alkaloids. We ceased producing and selling any and all products containing ephedra in compliance with all government mandates. In February 2004, the FDA issued a final regulation declaring nutritional supplements containing ephedra under the FDCA because they present an unreasonable risk of illness or injury under the conditions of use recommended or suggested in labeling, or if no conditions of use are suggested or recommended in labeling, under ordinary conditions of use. The rule took effect on April 12, 2004, and bans the sale of nutritional supplement products containing ephedra. Similarly, the FDA issued a consumer advisory in 2002 with respect to nutritional supplements that contain the ingredient Kava, and the FDA is currently investigating adverse effects associated with ingestion of this ingredient. To our knowledge, the Company has never produced or sold any products containing Kava.

Prior to June 2012, several of the Company’s products contained methylhexanamine (“DMAA”), which has been extensively marketed as a pre-workout sports supplement. It has been reported that DMAA has potential side effects, including headache, nausea, and stroke. At least one distributor of DMAA has been named in a class action lawsuit over DMAA’s safety. While the Company believes that DMAA is safe in the quantities included in its products, until further studies are conducted, no assurances can be given. In response to the above, the Company voluntarily elected to reformulate its products. None of the Company’s current products contain any DMAA.

DSHEA permits statements of nutritional support to be included in labeling for nutritional supplements without FDA premarket approval. These statements must be submitted to the FDA within 30 days of marketing and must bear a label disclosure that “This statement has not been evaluated by the FDA. This product is not intended to diagnose, treat, cure, or prevent any disease.” These statements may describe a benefit related to a nutrient deficiency disease, the role of a nutrient or nutritional ingredient intended to affect the structure or function in humans, the documented mechanism by which a nutrient or dietary ingredient acts to maintain such structure or function, the general well-being from consumption of a nutrient or dietary ingredient, but may not expressly or implicitly represent that a nutritional supplement will diagnose, cure, mitigate, treat or prevent a disease. An entity that uses a statement of nutritional support in labeling must possess scientific evidence substantiating that the statement is truthful and not misleading. If the FDA determines that a particular statement of nutritional support is an unacceptable drug claim or an unauthorized version of a disease claim for a food product, or if the FDA determines that a particular claim is not adequately supported by existing scientific data or is false or misleading, we would be prevented from using the claim.

Table of Contents

In addition, DSHEA provides that so-called “third-party literature,” e.g., a reprint of a peer-reviewed scientific publication linking a particular nutritional ingredient with health benefits, may be used in connection with the sale of a nutritional supplement to consumers without the literature being subject to regulation as labeling. Such literature must not be false or misleading; the literature may not promote a particular manufacturer or brand of nutritional supplement; the literature must present a balanced view of the available scientific information on the nutritional supplement; if displayed in an establishment, the literature must be physically separate from the nutritional supplement; and the literature may not have appended to it any information by sticker or any other method. If the literature fails to satisfy each of these requirements, we may be prevented from disseminating it with our products, and any dissemination could subject our products to regulatory action as an illegal drug. Moreover, any written or verbal representation by us that would associate a nutrient in a product that we sell with an effect on a disease will be deemed evidence of intent to sell the product as an unapproved new drug, a violation of the FDCA.

On August 25, 2007 the FDA adopted the final regulations for large manufactures of a standard originally proposed in March 2003 of the current Good Manufacturing Practices guidelines (“cGMPs”) for the manufacturing, packing, holding and distributing dietary ingredients and nutritional supplements. The new regulations will require nutritional supplements to be prepared, packaged, and held in compliance with strict rules, and will require quality control provisions that may mandate redundant testing of product ingredients at each separate stage of manufacture and are intended to ensure that products are accurately labeled and don’t contain adulterants and contaminants. While the rule allowed for medium and small manufacturers to have until 2012 and 2011, respectively, to comply with the cGMPs, most of our contract manufacturers did not qualify as small or medium. As a result, many of our contract manufacturers began following the proposed cGMPs or even pharmaceutical cGMPs well before the final rule was published. We expect to see an increase in our manufacturing costs as a result of the necessary increase in testing of raw ingredients and finished products and compliance with higher quality standards, although we are not certain of the amount of these costs.

The FDA has broad authority to enforce the provisions of the FDCA applicable to nutritional supplements, including powers to issue a public warning letter to an entity, to publicize information about illegal products, to request a recall of illegal products from the market, and to request the Department of Justice to initiate a seizure action, an injunction action, or a criminal prosecution in the United States courts. The regulation of nutritional supplements may increase or become more restrictive in the future.

In 2004, legislation was introduced in both houses of Congress that imposed substantial new regulatory requirements for dietary supplements. These bills did not pass and are no longer pending, but we believe the 2004 proposed legislation evidences a continuing effort to further regulate dietary supplements.

On April 12, 2004, the FDA adopted a new test for determining when a nutritional supplement is adulterated. Under this test, the FDA may declare a nutritional supplement adulterated (i.e., to present an unreasonable risk of illness or injury) if it finds any benefit provided by the supplement outweighed by a risk of illness or injury. The new risk/benefit test is ill-defined and can be interpreted to permit FDA to hold a wide range of nutritional supplements adulterated. It is possible that FDA might hold more nutritional supplements adulterated in the future, reducing the nutritional ingredients available for use in our products.

The FTC exercises jurisdiction over the advertising of nutritional supplements. In recent years, the FTC has instituted numerous enforcement actions against nutritional supplement companies for deceptive advertising based on those companies’ alleged failure to possess competent and reliable scientific evidence in support of claims made in advertising.

The FTC may monitor our advertising and could request all evidence in support of our advertising claims, which evidence is required to be kept by us in advance of advertising. Discerning what constitutes “competent and reliable

scientific evidence” involves, to a degree, a subjective assessment of the relative level, degree, quality, and quantity of scientific evidence and its acceptance in the scientific community as proof of the advertising statement. It is therefore possible that we may think evidence we have as sufficient but the FTC may deem the evidence inadequate. We believe we are in material compliance with all applicable federal, state and local rules.

-7-

Table of Contents

On December 9, 2006, President Bush signed the Dietary Supplement & Nonprescription Drug Consumer Protection Act into law. The legislation requires manufacturers of dietary supplements and over-the-counter products to notify the FDA when they receive reports of serious adverse events. In December 2008 the FDA submitted Guidance for implementing the regulations for comment, this guidance, when finalized, will represent the current thinking of the Food and Drug Administration on this topic, which we would intend to fully comply with at such time.

Patents, Trademarks and Proprietary Rights

We have obtained federal registration on certain of our products. We have abandoned or not pursued efforts to register certain other marks identifying other items in our product line for various reasons including the inability of some names to qualify for registration and due to our abandonment of certain such products. All trademark registrations are protected for a period of ten years and then are renewable thereafter if still in use.

Employees

We had 15 full-time employees and 1 part-time employee as of December 31, 2013. We consider our employee relations to be good. In addition to the above, the Company retains consultants for certain services on an as needed basis.

Environmental Regulation

Our business does not require us to comply with any particular environmental regulations.

ITEM 1A - Risk Factors

An investment in our common stock involves a high degree of risk. You should carefully consider the following information about these risks, together with the other information contained in this Annual Report on Form 10-K, before investing in our common stock. If any of the events anticipated by the risks described below occur, our results of operations and financial condition could be adversely affected which could result in a decline in the market price of our common stock, causing you to lose all or part of your investment.

Although the Company has recently achieved profitable operations, it may not be able to sustain profitability. The Company's failure to sustain profitability or effectively manage growth could result in net losses, and therefore negatively affect the Company's financial condition.

To achieve continual and consistent profitable operations, the Company must maintain growth in revenue from its products, including sales to GNC franchisees. In the event of any decrease in sales, if the Company is not able to maintain growth, or if the Company is unable to effectively manage its growth, the Company may not be able to sustain profitability, and may incur net losses in the future, and those net losses could be material. In the event the Company achieves net losses, its financial condition could be negatively affected, and such affect could be material.

We are currently dependent on direct sales to GNC franchisees for 86% of our total sales.

Sales to GNC franchises during the year ended December 31, 2013 were \$16,953,303, representing 86% of total sales. GNC's franchisees are not required to purchase product from the Company. In the event GNC franchisees cease purchasing products from the Company, or otherwise reduce their purchases, the Company's total revenues would be negatively impacted, and such impact could be material.

Table of Contents

Our ability to materially increase sales is largely dependent on the ability to increase sales of product to additional GNC franchisees, as well as increasing sales of our Core Active Nutrition Products and, in the longer term, GNC corporate stores. We may invest significant amounts in these expansions with little success.

We currently are focusing our marketing efforts on increasing the sale of products to additional GNC franchisees, both domestically as well as internationally, as well as increasing the number of independent retailers selling Core Active Nutrition Products. We may not be successful increasing sales to additional GNC franchisees, or contracting with additional independent retailers to market and sell Core Active Nutrition Products. In addition, although we increased international distribution efforts of our products in the year ended December 31, 2013, we do not have an established history of international expansion, and therefore have no assurance that any further efforts to sell our products outside the United States will result in material increased revenue. Additionally, we may need to overcome significant regulatory and legal barriers in order to continue to sell our products internationally, and we cannot give assurance as to whether we will be able to comply with such regulatory or legal requirements.

We are affected by extensive laws, governmental regulations, administrative determinations, court decisions and similar constraints, which can make compliance costly and subject us to enforcement actions by governmental agencies.

The formulation, manufacturing, packaging, labeling, holding, storage, distribution, advertising and sale of our products are affected by extensive laws, governmental regulations and policies, administrative determinations, court decisions and similar constraints at the federal, state and local levels, both within the United States and in any country where we conduct business. There can be no assurance that we or our independent distributors will be in compliance with all of these regulations. A failure by us or our distributors to comply with these laws and regulations could lead to governmental investigations, civil and criminal prosecutions, administrative hearings and court proceedings, civil and criminal penalties, injunctions against product sales or advertising, civil and criminal liability for the Company and/or its principals, bad publicity, and tort claims arising out of governmental or judicial findings of fact or conclusions of law adverse to the Company or its principals. In addition, the adoption of new regulations and policies or changes in the interpretations of existing regulations and policies may result in significant new compliance costs or discontinuation of product sales, and may adversely affect the marketing of our products, resulting in decreases in revenues.

We are currently dependent on a limited number of independent suppliers and manufacturers of our products, which may affect our ability to deliver our products in a timely manner. If we are not able to ensure timely product deliveries, potential distributors and customers may not order our products, and our revenues may decrease.

We rely entirely on a limited number of third parties to supply and manufacture our products. Our products are manufactured on a purchase order basis only and manufacturers can terminate their relationships with us at will. These third party manufacturers may be unable to satisfy our supply requirements, manufacture our products on a timely basis, fill and ship our orders promptly, provide services at competitive costs or offer reliable products and services. The failure to meet any of these critical needs would delay or reduce product shipment and adversely affect our revenues, as well as jeopardize our relationships with our distributors and customers. In the event any of our third party manufacturers were to become unable or unwilling to continue to provide us with products in required volumes and at suitable quality levels, we would be required to identify and obtain acceptable replacement manufacturing sources. There is no assurance that we would be able to obtain alternative manufacturing sources on a timely basis. Additionally, all our third party manufacturers source the raw materials for our products, and if we were to use alternative manufacturers we may not be able to duplicate the exact taste and consistency profile of the product from the original manufacturer. An extended interruption in the supply of our products would result in decreased product sales and our revenues would likely decline. We believe that we can meet our current supply and manufacturing requirements with our current suppliers and manufacturers or with available substitute suppliers and manufacturers.

Historically, we have not experienced any delays or disruptions to our business caused by difficulties in obtaining supplies.

-9-

Table of Contents

We are dependent on our third party manufacturers to supply our products in the compositions we require, and we do not independently analyze our products. Any errors in our product manufacturing could result in product recalls, significant legal exposure, and reduced revenues and the loss of distributors.

While we require that our manufacturers verify the accuracy of the contents of our products, we do not have the expertise or personnel to monitor the production of products by these third parties. We rely exclusively, without independent verification, on certificates of analysis regarding product content provided by our third party suppliers and limited safety testing by them. We cannot be assured that these outside manufacturers will continue to supply products to us reliably in the compositions we require. Errors in the manufacture of our products could result in product recalls, significant legal exposure, adverse publicity, decreased revenues, and loss of distributors and endorsers.

We face significant competition from existing suppliers of products similar to ours. If we are not able to compete with these companies effectively, we may not be maintain profitability.

We face intense competition from numerous resellers, manufacturers and wholesalers of protein shakes and nutritional supplements similar to ours, including retail, online and mail order providers. Many of our competitors have longer operating histories, established brands in the marketplace, revenues significantly greater than ours and better access to capital than us. We expect that these competitors may use their resources to engage in various business activities that could result in reduced sales of our products. Companies with greater capital and research capabilities could re-formulate existing products or formulate new products that could gain wide marketplace acceptance, which could have a depressive effect on our future sales. In addition, aggressive advertising and promotion by our competitors may require us to compete by lowering prices because we do not have the resources to engage in marketing campaigns against these competitors, and the economic viability of our operations likely would be diminished.

Adverse publicity associated with our products, ingredients, or those of similar companies, could adversely affect our sales and revenue.

Our customers' perception of the safety and quality of our products or even similar products distributed by others can be significantly influenced by national media attention, publicized scientific research or findings, product liability claims and other publicity concerning our products or similar products distributed by others. Adverse publicity, whether or not accurate, that associates consumption of our products or any similar products with illness or other adverse effects, will likely diminish the public's perception of our products. Claims that any products are ineffective, inappropriately labeled or have inaccurate instructions as to their use, could have a material adverse effect on the market demand for our products, including reducing our sales and revenues.

The efficiency of nutritional supplement products is supported by limited conclusive clinical studies, which could result in less market acceptance of these products and lower revenues or lower growth rates in revenues.

Our nutritional supplement products are made from various ingredients including vitamins, minerals, amino acids, herbs, botanicals, fruits, berries and other substances for which there is a long history of human consumption. However, there is little long-term experience with human consumption of certain product ingredients or combinations of ingredients in concentrated form. Although we believe all of our products fall within the generally known safe limits for daily doses of each ingredient contained within them, nutrition science is imperfect. Moreover, some people have peculiar sensitivities or reactions to nutrients commonly found in foods, and may have similar sensitivities or reactions to nutrients contained in our products. Furthermore, nutrition science is subject to change based on new research. New scientific evidence may disprove the efficacy of our products or prove our products to have effects not previously known. We could be adversely affected by studies that may assert that our products are ineffective or harmful to consumers, or if adverse effects are associated with a competitor's similar products.

Table of Contents

Our products may not meet health and safety standards or could become contaminated.

We do not have control over all of the third parties involved in the manufacturing of our products and their compliance with government health and safety standards. Even if our products meet these standards they could otherwise become contaminated. A failure to meet these standards or contamination could occur in our operations or those of our distributors or suppliers. This could result in expensive production interruptions, recalls and liability claims. Moreover, negative publicity could be generated from false, unfounded or nominal liability claims or limited recalls. Any of these failures or occurrences could negatively affect our business and financial performance.

The sale of our products involves product liability and related risks that could expose us to significant insurance and loss expenses.

We face an inherent risk of exposure to product liability claims if the use of our products results in, or is believed to have resulted in, illness or injury. Most of our products contain combinations of ingredients, and there is little long-term experience with the effect of these combinations. In addition, interactions of these products with other products, prescription medicines and over-the-counter drugs have not been fully explored or understood and may have unintended consequences. While our third party manufacturers perform tests in connection with the formulations of our products, these tests are not designed to evaluate the inherent safety of our products.

Although we maintain product liability insurance, it may not be sufficient to cover all product liability claims and such claims that may arise, could have a material adverse effect on our business. The successful assertion or settlement of an uninsured claim, a significant number of insured claims or a claim exceeding the limits of our insurance coverage would harm us by adding further costs to our business and by diverting the attention of our senior management from the operation of our business. Even if we successfully defend a liability claim, the uninsured litigation costs and adverse publicity may be harmful to our business.

Any product liability claim may increase our costs and adversely affect our revenues and operating income. Moreover, liability claims arising from a serious adverse event may increase our costs through higher insurance premiums and deductibles, and may make it more difficult to secure adequate insurance coverage in the future. In addition, our product liability insurance may fail to cover future product liability claims, which, if adversely determined, could subject us to substantial monetary damages.

If the products we sell do not have the healthful effects intended, our business may suffer.

In general, our products sold consist of nutritional supplements, which are classified in the United States as “dietary supplements” which do not currently require approval from the FDA or other regulatory agencies prior to sale. Although many of the ingredients in such products are vitamins, minerals, herbs and other substances for which there is a long history of human consumption, they contain innovative ingredients or combinations of ingredients. Although we believe all of such products and the combinations of ingredients in them are safe when taken as directed by the Company, there is little long-term experience with human or other animal consumption of certain of these ingredients or combinations thereof in concentrated form. The products could have certain side effects if not taken as directed or if taken by a consumer that has certain medical conditions. Furthermore, there can be no assurance that any of the products, even when used as directed, will have the effects intended or will not have harmful side effects.

A slower growth rate in the nutritional supplement industry could lessen our sales and make it more difficult for us to sustain consistent growth.

The nutritional supplement industry has been growing at a strong pace over the past ten years, despite continued negative impacts of popular supplements like Echinacea and ephedra on the supplement market. However, any reported medical concerns with respect to ingredients commonly used in nutritional supplements could negatively impact the demand for our products. Meanwhile, low-carb products, affected liquid meal replacements and similar competing products addressing changing consumer tastes and preferences could affect the market for certain categories of supplements. All these factors could have a negative impact on our sales growth.

Table of Contents

Compliance with changing corporate governance regulations and public disclosures may result in additional risks and exposures.

Changing laws, regulations and standards relating to corporate governance and public disclosure, including the Sarbanes-Oxley Act of 2002 and new regulations from the SEC, have created uncertainty for public companies such as ours. These laws, regulations, and standards are subject to varying interpretations in many cases and as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. As a result, our efforts to comply with evolving laws, regulations, and standards have resulted in, and are likely to continue to result in, increased expenses and significant management time and attention.

Loss of key personnel could impair our ability to operate.

Our success depends on hiring, retaining and integrating senior management and skilled employees. We are currently dependent on certain current key employees, including John Wilson, our Chief Executive Officer, who is vital to our ability to grow our business and achieve profitability. As with all personal service providers, our officers can terminate their relationship with us at will. Our inability to retain these individuals may result in our reduced ability to operate our business.

A limited trading market currently exists for our securities and we cannot assure you that an active market will ever develop, or if developed, will be sustained.

There is currently a limited trading market for our securities on the OTCBB marketplace. An active trading market for the common stock may not develop. Consequently, we cannot assure you when and if an active-trading market in our shares will be established, or whether any such market will be sustained or sufficiently liquid to enable holders of shares of our common stock to liquidate their investment in our company. If an active public market should develop in the future, the sale of unregistered and restricted securities by current shareholders may have a substantial impact on any such market.

The price of our securities could be subject to wide fluctuations and your investment could decline in value.

The market price of the securities of a company such as ours with little name recognition in the financial community and without significant revenues can be subject to wide price swings. For example, the adjusted closing price of our common stock has ranged from a high \$2.80 to a low of \$0.80 during the period commencing January 1, 2013 and ending December 31, 2013. The market price of our securities may be subject to wide changes in response to quarterly variations in operating results, announcements of new products by us or our competitors, reports by securities analysts, volume trading, or other events or factors. In addition, the financial markets have experienced significant price and volume fluctuations for a number of reasons, including the failure of certain companies to meet market expectations. These broad market price swings, or any industry-specific market fluctuations, may adversely affect the market price of our securities.

Companies that have experienced volatility in the market price of their stock have been the subject of securities class action litigation. If we were to become the subject of securities class action litigation, it could result in substantial costs and a significant diversion of our management's attention and resources.

Because our common stock may be classified as "penny stock," trading may be limited, and the share price could decline. Because our common stock may fall under the definition of "penny stock," trading in the common stock, if any, may be limited because broker-dealers would be required to provide their customers with disclosure documents prior

to allowing them to participate in transactions involving the common stock. These disclosure requirements are burdensome to broker-dealers and may discourage them from allowing their customers to participate in transactions involving our common stock.

-12-

Table of Contents

We may issue preferred stock with rights senior to the common stock.

Our articles of incorporation authorize the issuance of up to 10,000,000 shares of preferred stock and 10,000,000 shares of Series A preferred stock, par value \$0.01 per share, 1,000 shares of Series B preferred stock, par value \$0.01 per share, and 500 shares of Series C preferred stock par value \$0.01 per share, are currently authorized (the “Preferred Stock”) and, therefore, could be issued without shareholder approval subject to the 10,000,000 share limitation. Currently, there are no shares of Preferred Stock issued and outstanding, and we have no existing plans to issue any shares of Preferred Stock. However, the rights and preferences of any such class or series of Preferred Stock, were we to issue it, would be established by our board of directors in its sole discretion and may have dividend, voting, liquidation and other rights and preferences that are senior to the rights of the common stock.

You should not rely on an investment in our common stock for the payment of cash dividends.

We have never paid cash dividends on our stock and do not anticipate paying any cash dividends in the foreseeable future. You should not make an investment in our common stock if you require dividend income. Any return on investment in our common stock would only come from an increase in the market price of our stock, which is uncertain and unpredictable.

Failure to achieve and maintain effective internal controls in accordance with Section 404 of the Sarbanes-Oxley Act could have a material adverse effect on our business and operating results.

It may be time consuming, difficult and costly for us to develop and implement the additional internal controls, processes and reporting procedures required by the Sarbanes-Oxley Act. We may need to hire additional financial reporting, internal auditing and other finance staff in order to develop and implement appropriate additional internal controls, processes and reporting procedures. If we are unable to comply with these requirements of the Sarbanes-Oxley Act, we may not be able to obtain the independent accountant certifications that the Sarbanes-Oxley Act requires of publicly traded companies.

If we fail to comply in a timely manner with the requirements of Section 404 of the Sarbanes-Oxley Act regarding internal control over financial reporting or to remedy any material weaknesses in our internal controls that we may identify, such failure could result in material misstatements in our financial statements, cause investors to lose confidence in our reported financial information and have a negative effect on the trading price of our common stock.

Pursuant to Section 404 of the Sarbanes-Oxley Act and current SEC regulations, we initiated a process of documenting and testing our internal control procedures in order to satisfy these requirements, which has and is likely to continue to result in increased general and administrative expenses and may shift management time and attention from revenue-generating activities to compliance activities. While our management is expending significant resources in an effort to complete and maintain this important project, there can be no assurance that we will be able to continue to achieve our objectives on a timely basis. There also can be no assurance that our auditors will be able to issue an unqualified opinion on management’s assessment of the effectiveness of our internal control over financial reporting. Failure to achieve and maintain an effective internal control environment or complete our Section 404 certifications could have a material adverse effect on our stock price.

In addition, in connection with our on-going assessment of the effectiveness of our internal control over financial reporting, we may discover “material weaknesses” in our internal controls as defined in standards established by the Public Company Accounting Oversight Board, or the PCAOB. A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the annual or interim financial statements will not be prevented or detected. The PCAOB defines “significant deficiency” as a deficiency that results in more than a remote likelihood that a misstatement of the financial statements

that is more than inconsequential will not be prevented or detected.

-13-

Table of Contents

In the event that a material weakness is identified, we will employ qualified personnel and adopt and implement policies and procedures to address any material weaknesses that we identify. However, the process of designing and implementing effective internal controls is a continuous effort that requires us to anticipate and react to changes in our business and the economic and regulatory environments and to expend significant resources to maintain a system of internal controls that is adequate to satisfy our reporting obligations as a public company. We cannot assure you that the measures we will take will remediate any material weaknesses that we may identify or that we will implement and maintain adequate controls over our financial process and reporting in the future.

Any failure to complete our assessment of our internal controls over financial reporting, to remediate any material weaknesses that we may identify or to implement new or improved controls, or difficulties encountered in their implementation, could harm our operating results, cause us to fail to meet our reporting obligations or result in material misstatements in our financial statements. Any such failure could also adversely affect the results of the periodic management evaluations of our internal controls and, in the case of a failure to remediate any material weaknesses that we may identify, would adversely affect the annual auditor attestation reports regarding the effectiveness of our internal control over financial reporting that are required under Section 404 of the Sarbanes-Oxley Act. Inadequate internal controls could also cause investors to lose confidence in our reported financial information, which could have a negative effect on the trading price of our common stock.

SHOULD ONE OR MORE OF THE FOREGOING RISKS OR UNCERTAINTIES MATERIALIZE, OR SHOULD THE UNDERLYING ASSUMPTIONS PROVE INCORRECT, ACTUAL RESULTS MAY DIFFER SIGNIFICANTLY FROM THOSE ANTICIPATED, BELIEVED, ESTIMATED, EXPECTED, INTENDED OR PLANNED.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

The Company is headquartered in Omaha, NE and maintains a lease at a cost of \$4,066 per month. The Omaha facility is a total of 4,743 square feet inclusive of approximately 1,000 square feet of on-site warehouse space. Other than the Omaha facility the Company does not lease or own any property.

Summary monthly lease information for 2013 and 2012 is provided as follows:

| | Lease Cost |
|------|------------|
| 2012 | \$ 3,965 |
| 2013 | \$ 4,066 |

ITEM 3. LEGAL PROCEEDINGS

CycloBolan Matter

On October 7, 2010, Infinite Labs LLC ("Infinite Labs") was served with a complaint filed in the State of New York, Supreme Court, County of Onondaga, alleging numerous physical and psychological injuries by an individual in connection with his ingestion of CycloBolan, a supplement manufactured by NDS. Infinite Labs was a product line previously marketed by NDS, which was sold by the Company in September 2009. The lawsuit was tendered to the Company's insurance carrier, which assumed the defense of the case at no cost to the Company.

On August 12, 2013, the parties executed a settlement agreement, wherein the plaintiff released any and all claims against the Company in exchange for a one-time cash payment of \$36,000, which payment was tendered by the Company's insurance carrier at no cost to the Company. The case was dismissed on August 15, 2013 upon the filing of a stipulation discontinuing the action with the court.

Table of Contents

Alleged Patent Infringement Claims

On September 25, 2013 Thermolife International, LLC ("Thermolife") filed a claim against NDS in the United States District Court for the Southern District of California, alleging that NDS is impermissibly using Thermolife's patented formulations in certain NDS products. The Company, along with approximately 36 other entities defending against similar claims filed by Thermolife (the "Joint Defense Group") filed its answer with the court on October 16, 2013 denying the allegations, which is currently involved in the preliminary stages of discovery. While the Company believed that the claims were without merit, in March 2014, the Company settled this matter. The settlement required the Company to pay a fee, which management did not believe was material to the ongoing operation of the business. The settlement removed the risk of continued litigation, and, more importantly, avoided the cost of ongoing litigation.

On September 27, 2013, Thermolife filed an additional claim against the Company in the United States District Court for the Central District of California, alleging that the Company is selling products that impermissibly infringe on Thermolife patents. The Company filed its answer with the court on October 18, 2013 denying the allegations. Thermolife was seeking to recover an unspecified amount of compensatory damages from the Company, and injunctions to enjoin NDS from further acts of alleged infringement. While the Company believed that the claims were without merit, in January 2014, the Company settled this matter. The settlement required the Company to pay a fee, which management did not believe was material to the ongoing operation of the business. The settlement removed the risk of continued litigation and, more importantly, avoided the cost of ongoing litigation.

On September 27, 2013 the Tawnsaura Group, LLC ("Tawnsaura") filed a claim against NDS in the United States District Court for the Central District of California, alleging that NDS is impermissibly using Tawnsaura's patented technologies in certain products containing Citrulline. The Company, was among approximately 40 other entities defending similar claims filed by Tawnsaura. The Court stayed the case indefinitely pending the outcome of a patent validity hearing. Tawnsaura was seeking to recover an unspecified amount of compensatory damages from the Company, and an injunction to enjoin NDS from further acts of alleged infringement. While the Company believed that the claims were without merit, in January 2014, the Company settled this matter and secured a license for the use of Citrulline. The settlement required the Company to pay a fee, which management did not believe was material to the ongoing operation of the business. In addition to providing the Company with a license, the settlement removed the risk of continued litigation and, more importantly, avoided the cost of ongoing litigation.

We are currently not involved in any litigation except noted above that we believe could have a material adverse effect on our financial condition or results of operations. Other than described above, there is no action, suit, proceeding, inquiry or investigation before or by any court, public board, government agency, self-regulatory organization or body pending or, to the knowledge of the executive officers of the Company or any of our subsidiaries, threatened against or affecting the Company, our common stock, any of our subsidiaries or of the Company's or our subsidiaries' officers or directors in their capacities as such, in which an adverse decision could have a material adverse effect.

ITEM 4. MINE SAFETY DISCLOSURES

None.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON STOCK, RELATED STOCKHOLDER MATTERS AND ISSUERS PURCHASES OF EQUITY SECURITIES

Our common stock is traded in the over-the-counter market, and quoted on the OTCQB market under the symbol FTLF.

At December 31, 2013, there were 8,110,853 shares of common stock outstanding and there were approximately 211 shareholders of record of the Company's common stock in addition to an undetermined number of holders for whose shares are held in "street name".

-15-

Table of Contents

The following table sets forth for the periods indicated the high and low bid quotations for our common stock. These quotations represent inter-dealer quotations, without adjustment for retail markup, markdown or commission and may not represent actual transactions.

| | High* | Low* |
|--|---------|---------|
| Fiscal Year 2013 | | |
| First Quarter (January - March 2013) | \$ 1.20 | \$ 0.80 |
| Second Quarter (April - June 2013) | \$ 1.30 | \$ 0.90 |
| Third Quarter (July - September 2013) | \$ 2.80 | \$ 1.40 |
| Fourth Quarter (October - December 2013) | \$ 2.45 | \$ 1.63 |
| Fiscal Year 2012 | | |
| First Quarter (January - March 2012) | \$ 1.00 | \$ 0.60 |
| Second Quarter (April - June 2012) | \$ 0.90 | \$ 0.50 |
| Third Quarter (July - September 2012) | \$ 1.40 | \$ 0.70 |
| Fourth Quarter (October - December 2012) | \$ 1.20 | \$ 0.80 |

* All prices adjusted to reflect the September 30, 2013 one-for-ten reverse split of the Company's common stock.

On March 12, 2014, the closing price of our common stock was \$2.90.

Dividends

We may never pay any dividends to our shareholders. We did not declare any dividends for the year ended December 31, 2013. Our Board of Directors does not intend to distribute dividends in the near future. The declaration, payment and amount of any future dividends will be made at the discretion of the Board of Directors, and will depend upon, among other things, the results of our operations, cash flows and financial condition, operating and capital requirements, and other factors as the Board of Directors considers relevant. There is no assurance that future dividends will be paid, and if dividends are paid, there is no assurance with respect to the amount of any such dividend.

Transfer Agent

Our transfer agent and registrar for the common stock is Colonial Stock & Transfer located in Salt Lake City, Utah.

ITEM 6. SELECTED FINANCIAL DATA

Not Applicable.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OR PLAN OF OPERATION

The following is management's discussion and analysis of certain significant factors that have affected our financial position and operating results during the periods included in the accompanying consolidated financial statements, as well as information relating to the plans of our current management. This report includes forward-looking statements. Generally, the words "believes," "anticipates," "may," "will," "should," "expect," "intend," "estimate," "continue," "expressions or the negative thereof or comparable terminology are intended to identify forward-looking statements. Such statements are subject to certain risks and uncertainties, including the matters set forth in this report or other reports or documents we file with the Securities and Exchange Commission from time to time, which could cause

actual results or outcomes to differ materially from those projected. Undue reliance should not be placed on these forward-looking statements, which speak only as of the date hereof. We undertake no obligation to update these forward-looking statements.

-16-

Table of Contents

The following discussion and analysis should be read in conjunction with our consolidated financial statements and the related notes thereto and other financial information contained elsewhere in this Form 10-K.

Critical Accounting Policies

Principle of Consolidation

The consolidated financial statements include the accounts of FitLife Brands, Inc. and NDS Nutrition Products, Inc. Intercompany accounts and transactions have been eliminated in the consolidated financial statements.

Use of Estimates and Assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States (“GAAP”) requires management to make estimates and assumptions that affect (i) the reported amounts of assets and liabilities, (ii) the disclosure of contingent assets and liabilities known to exist as of the date the financial statements are published, and (iii) the reported amount of net sales and expenses recognized during the periods presented. Adjustments made with respect to the use of estimates often relate to improved information not previously available. Uncertainties with respect to such estimates and assumptions are inherent in the preparation of financial statements; accordingly, actual results could differ from these estimates.

These estimates and assumptions also affect the reported amounts of revenues, costs and expenses during the reporting period. Management evaluates these estimates and assumptions on a regular basis. Actual results could differ from those estimates.

Revenue Recognition

Revenue is derived from product sales. The Company recognizes revenue from product sales in accordance with Statement of Financial Accounting Standard (“FASB”) ASC Topic 605, Revenue Recognition in Financial Statements, which is at the time customers are invoiced at shipping point, provided title and risk of loss has passed to the customer, evidence of an arrangement exists, fees are contractually fixed or determinable, collection is reasonably assured through historical collection results and regular credit evaluations, and there are no uncertainties regarding customer acceptance.

Accounts Receivable

All of the Company’s accounts receivable balance is related to trade receivables. Trade accounts receivable are recorded at the invoiced amount and do not bear interest. The allowance for doubtful accounts is the Company’s best estimate of the amount of probable credit losses in its existing accounts receivable. The Company will maintain allowances for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments for products. Accounts with known financial issues are first reviewed and specific estimates are recorded. The remaining accounts receivable balances are then grouped in categories by the amount of days the balance is past due, and the estimated loss is calculated as a percentage of the total category based upon past history. Account balances are charged off against the allowance when it is probable the receivable will not be recovered. The Company wrote off \$9,051 and \$34,307 related to bad debt and doubtful accounts, respectively, during the years ended December 31, 2013 and 2012.

Allowance for Doubtful Accounts

The determination of collectability of the Company's accounts receivable requires management to make frequent judgments and estimates in order to determine the appropriate amount of allowance needed for doubtful accounts. The Company's allowance for doubtful accounts is estimated to cover the risk of loss related to accounts receivable. This allowance is maintained at a level we consider appropriate based on historical and other factors that affect collectability. These factors include historical trends of write-offs, recoveries and credit losses, the careful monitoring of customer credit quality, and projected economic and market conditions. Different assumptions or changes in economic circumstances could result in changes to the allowance.

Table of Contents

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. At December 31, 2013, cash and cash equivalents include cash on hand and cash in the bank.

Inventory

The Company's inventory is carried at the lower of cost or net realizable value using the first-in, first-out ("FIFO") method. The Company evaluates the need to record adjustments for inventory on a regular basis. Company policy is to evaluate all inventories including raw material and finished goods for all of its product offerings across all of the Company's operating subsidiaries. At December 31, 2013, the value of the Company's inventory was \$2,752,636 and at December 31, 2012, the value of the Company's inventory was \$3,684,991.

Property and Equipment

Property and equipment is recorded at cost and depreciated over the estimated useful lives of the assets using the straight-line method. When items are retired or otherwise disposed of, income is charged or credited for the difference between net book value and proceeds realized. Ordinary maintenance and repairs are charged to expense as incurred, and replacements and betterments are capitalized.

The range of estimated useful lives used to calculate depreciation for principal items of property and equipment are as follows:

| Asset Category | Depreciation / Amortization Period |
|------------------------|------------------------------------|
| Furniture and Fixture | 3 Years |
| Office equipment | 3 Years |
| Leasehold improvements | 5 Years |

Goodwill and Other Intangible Assets

The Company adopted FASB ASC Topic 350, Goodwill and Other Intangible Assets. In accordance with ASC Topic 350, goodwill, which represents the excess of the purchase price and related costs over the value assigned to net tangible and identifiable intangible assets of businesses acquired and accounted for under the purchase method, acquired in business combinations is assigned to reporting units that are expected to benefit from the synergies of the combination as of the acquisition date. Under this standard, goodwill and intangibles with indefinite useful lives are no longer amortized. The Company assesses goodwill and indefinite-lived intangible assets for impairment annually during the fourth quarter, or more frequently if events and circumstances indicate impairment may have occurred in accordance with ASC Topic 350. If the carrying value of a reporting unit's goodwill exceeds its implied fair value, the Company records an impairment loss equal to the difference. ASC Topic 350 also requires that the fair value of indefinite-lived purchased intangible assets be estimated and compared to the carrying value. The Company recognizes an impairment loss when the estimated fair value of the indefinite-lived purchased intangible assets is less than the carrying value.

Impairment of Long-Lived Assets

In accordance with ASC Topic 3605, Long-Lived Assets, such as property, plant, and equipment, and purchased intangibles, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Goodwill and other intangible assets are tested for impairment. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to

estimate undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. There were no events or changes in circumstances that necessitated an impairment of long-lived assets.

-18-

Table of Contents

Income Taxes

Deferred income taxes are provided based on the provisions of ASC Topic 740, Accounting for Income Taxes, to reflect the tax consequences in future years of differences between the tax bases of assets and liabilities and their financial reporting amounts based on enacted tax laws and statutory tax rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized.

The Company adopted the provisions of FASB Interpretation No. 48; Accounting For Uncertainty In Income Taxes - An Interpretation of ASC Topic 740 ("FIN 48"). FIN 48 contains a two-step approach to recognizing and measuring uncertain tax positions. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates it is more likely than not, that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount, which is more than 50% likely of being realized upon ultimate settlement. The Company considers many factors when evaluating and estimating the Company's tax positions and tax benefits, which may require periodic adjustments. At December 31, 2013, the Company did not record any liabilities for uncertain tax positions.

Concentration of Credit Risk

The Company maintains its operating cash balances in a bank located in Nebraska. The Federal Depository Insurance Corporation ("FDIC") insures accounts up to \$250,000.

Earnings Per Share

Basic income (loss) per share is computed by dividing net income (loss) available to common shareholders by the weighted average number of common shares outstanding during the reporting period. Diluted earnings per share reflects the potential dilution that could occur if stock options, warrants, and other commitments to issue common stock were exercised or equity awards vest resulting in the issuance of common stock that could share in the earnings of the Company. In the event of a loss, diluted loss per share is the same as basic loss per share, because of the effect of the additional securities, a result of the net loss would be anti-dilutive.

Fair Value of Financial Instruments

The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties other than in a forced sale or liquidation.

The carrying amounts of the Company's financial instruments, including cash, accounts payable and accrued liabilities, income tax payable and related party payable, if any, approximate fair value.

Recent Accounting Pronouncements

Recent accounting pronouncements that the Company has adopted or that will be required to adopt in the future are summarized below.

In July 2012, the FASB issued ASU 2012-02, Intangibles—Goodwill and Other (Topic 350): Testing Indefinite-Lived Intangible Assets for Impairment ("ASU 2012-02"), which permits an entity to make a qualitative assessment of whether it is more likely than not that the fair value of a reporting unit's indefinite-lived intangible asset is less than the asset's carrying value before applying the two-step goodwill impairment model that is currently in place. If it is determined through the qualitative assessment that the fair value of a reporting unit's indefinite-lived intangible asset

is more likely than not greater than the asset's carrying value, the remaining impairment steps would be unnecessary. The qualitative assessment is optional, allowing companies to go directly to the quantitative assessment. ASU 2012-02 is effective for the Company for annual and interim indefinite-lived intangible asset impairment tests performed beginning July 1, 2013, however, early adoption is permitted. The Company is currently evaluating the impact ASU 2012-02 will have on its Condensed Consolidated Financial Statements.

Table of Contents

RESULTS OF OPERATIONS

Fiscal Year Ended December 31, 2013 Compared to Fiscal Year Ended December 31, 2012

Net Sales. Revenue for the year ended December 31, 2013 increased to \$19,684,030 as compared to \$18,093,202 for the year ended December 31, 2012. This 8.8% increase was driven by continued strong sales growth in our established distribution channels as well as the launch of our latest brand, SirenLabs.

We currently market more than 50 products to over 1,100 domestic and international GNC franchise locations in more than ten countries. The Company continually seeks to increase both the number of stores and number of approved products that comprise its domestic and international distribution footprint and, while no assurances can be given, anticipates that such efforts will continue to drive future revenue growth. While currently not a material component of revenue, management anticipates that continued international expansion will be a major driver of future growth.

Cost of Goods Sold. Cost of goods sold for the year ended December 31, 2013 increased to \$12,548,637 as compared to \$11,568,240 for the year ended December 31, 2012. This increase is primarily attributable to increased sales volume during the respective periods.

General and Administrative Expense. General and administrative expense for the year ended December 31, 2013 increased by \$909,977 to \$3,100,320 as compared to \$2,190,343 for the year ended December 31, 2012. The increase in general and administrative expense is partially attributable to the non-cash expense recognized in connection with the Company's issuance of equity to certain employees and advisors for the fair value of services rendered during the year ended December 31, 2013. Absent non-cash charges related to equity issued for services, general and administrative expense for the year ended December 31, 2013 would have increased by \$589,749 to \$2,705,385 as compared to \$2,115,636 for the prior comparable period. The remainder of the increase is primarily attributable to increased insurance premiums tied to revenue growth and higher personnel costs in support of such revenue growth, as well as other fees for certain legal matters related to both international growth and patent defense.

Selling and Marketing Expense. Selling and marketing expense for the year ended December 31, 2013 increased to \$2,425,183 as compared to \$2,209,207 for the year ended December 31, 2012. The increase in selling and marketing expense for the year ended December 31, 2013 is principally attributable to increased sampling activity to promote new and existing products as well as incremental costs related to the Company's continued international expansion initiatives. As net sales increase, selling and marketing expense is anticipated to simultaneously increase, although management anticipates that selling and marketing expense will increase at a lower rate.

Depreciation and Amortization. Depreciation and amortization for the years ended December 31, 2013 and 2012 decreased to \$232,338 from \$244,059, respectively.

Net Income/ (Loss). Net income was \$1,292,425 for the year ended December 31, 2013 as compared to net income of \$2,524,276 for the year ended December 31, 2012. Net income for the year ended December 31, 2012 included a non-cash tax benefit of \$657,000. Absent the non-cash benefit, net income for the year ended December 31, 2013 decreased \$542,851 to \$1,292,425 as compared to \$1,867,276 for the year ended December 31, 2012. The decrease was primarily attributed to higher operating expenses related to ongoing growth initiatives including international expansion that were partially offset by increased gross profit driven by greater sales volume at sustained margins.

Table of Contents

Financial Position, Liquidity and Capital Resources

The Company has historically financed its operations primarily through equity and debt financings, and more recently, cash flow from operations. The Company has also provided for its cash needs by issuing common stock, options and warrants for certain operating costs, including consulting and professional fees. The Company did not engage in any financing activities during the year ended December 31, 2012. During the year ended December 31, 2013, the Company secured a \$2.6 million five-year term loan bearing interest at a fixed rate of 3.6% from US Bank. The use of proceeds from the debt issuance was the redemption of 100% of the Company's outstanding shares of its Series B Preferred Stock plus accrued dividends thereon and redemption of 50% of the Company's outstanding shares of its Series C Convertible Preferred Stock plus the prorata portion of accrued dividends thereon. The remaining outstanding shares of the Company's Series C Convertible Preferred Stock inclusive of the prorata portion of accrued dividends thereon was converted into common stock at \$0.25 per share prior to the reverse split. Notwithstanding the aforementioned recapitalization activity, we currently anticipate that cash derived from operations, together with existing cash and other resources, are expected to provide for the Company's liquidity through at least December 31, 2014; provided, however, although no assurances can be given, management currently believes the Company will generate sufficient cash from operations to provide for its working capital needs beyond December 31, 2014. Factors that could affect the Company's ability to provide for its future working capital needs beyond December 31, 2014 include, but are not limited to, the Company's ability to continue to generate positive cash flow from operations.

Cash Provided by (Used in) Operating Activities

Net cash provided by operating activities was \$2,564,740 in the fiscal year ended December 31, 2013, compared to cash provided by operating activities of \$581,982 for the year ended December 31, 2012. The increase is mainly attributable to offsets related the tax benefit, litigation reserve and changes to working capital.

Net Cash Flows from Investing Activities

Cash provided by (used in) investing activities was \$(50,000) and \$0 for the years ended December 31, 2013 and 2012, respectively. The \$50,000 was related to the partial write-down of a strategic investment made by the Company earlier in the year.

Net Cash Flows from Financing Activities

Our cash provided by financing activities for the year ended December 31, 2013 was \$(146,472) as compared to cash provided by financing activities of \$0 for the year ended December 31, 2012. While no assurances can be given and excepting the recent activity related to the recapitalization of the balance sheet, we remain cash flow positive and have not needed to seek or secure additional working capital to operate and grow the business since the fourth quarter of 2010.

Working Capital

The Company currently believes that it has adequate cash resources to fund its working capital requirements for the remainder of 2014; provided, however, in the event it is unable to generate sufficient revenue in the future to achieve positive cash flow from operations, additional working capital will be required. In the event the Company is unable to achieve positive cash flow from operations, and management is unable to secure additional working capital, the Company's business would be materially and adversely harmed.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We do not hold any derivative instruments and do not engage in any hedging activities.

ITEM 8. FINANCIAL STATEMENTS

The information required hereunder in this Annual Report on Form 10-K is set forth in the financial statements and the notes thereto beginning on Page F-1.

-21-

Table of Contents

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures.

Under the supervision and with the participation of our Management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of the design and operations of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as of December 31, 2013. Based on this evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective to ensure that information required to be disclosed in the reports submitted under the Securities and Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, including to ensure that information required to be disclosed by the Company is accumulated and communicated to management, including the principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

(b) Management's Annual Report on Internal Control over Financial Reporting.

We are responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act). Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes of accounting principles generally accepted in the United States.

This Annual Report does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our registered public accounting firm pursuant to an exemption for smaller reporting companies under Section 989G of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance of achieving their control objectives.

Our Chief Executive Officer and Chief Financial Officer evaluated the effectiveness of our internal control over financial reporting as of December 31, 2013. In making this assessment, we used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in Internal Control—Integrated Framework. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of December 31, 2013, our internal control over financial reporting was effective.

(c) Changes in Internal Controls over Financial Reporting.

The Company's Chief Executive Officer and Chief Financial Officer have determined that there have been no changes, in the Company's internal control over financial reporting during the period covered by this report identified in connection with the evaluation described in the above paragraph that have materially affected, or are reasonably likely to materially affect, Company's internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

-22-

Table of Contents

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS; COMPLIANCE WITH SECTION 16(a) OF THE EXCHANGE ACT

Directors and Executive Officers

Set forth below is information regarding the Company's current directors and executive officers. There are no family relationships between any of our directors or executive officers. Stockholders elect the directors annually. The executive officers serve at the pleasure of the Board of Directors.

| Name | Age | Title |
|----------------|-----|--|
| John Wilson | 50 | Chief Executive Officer, President, Director |
| Michael Abrams | 44 | Chief Financial Officer, Director |
| Lewis Jaffe | 58 | Director, Chairman |
| Grant Dawson | 45 | Director |
| Fadi Aramouni | 58 | Director |

The Chief Executive Officer and directors of the Company will hold office until their successors are duly elected and qualified. The background and principal occupations of the officers and directors of the Company are as follows:

John S. Wilson is the Chief Executive Officer, President, and Director with over eighteen years of invaluable experience at both The Coca-Cola Company and Coca-Cola Enterprises. Most recently, Mr. Wilson was responsible for negotiating exclusive bottling agreements with national customers on behalf of all seventy-three of the Coca-Cola Bottlers in the United States. Mr. Wilson holds a Master of Business Administration degree from St. Louis University.

Mr. Wilson's extensive experience with a Fortune 500 company involved in managing distribution relationships, and his success at growing the Company's revenue since joining the Company as Chief Executive Officer in 2009, provides substantial value to the Board of Directors.

Michael S. Abrams is the Chief Financial Officer and Director, and currently a partner at Burnham Hill Capital Group, a New York-based financial advisory, consulting, investment and merchant-banking firm he joined in August of 2003. Mr. Abrams currently serves on the Board of Directors of QuantRX Biomedical, Inc. He holds a Masters of Business Administration with Honors from the Booth School of Business at the University of Chicago.

The Board of Directors believes that Mr. Abrams' broad experience in corporate finance, including investment banking, his experience as a finance executive working with public companies, as well as his experience restructuring the Company, provides necessary and relevant experience to the Board of Directors in its deliberations.

Lewis Jaffe is the Chairman of the Board of Directors, and currently the Chief Executive Officer of Movio, a high speed, mobile movie and content downloading service and application. Prior to Movio, Mr. Jaffe was a principal at Jaffe & Associates ("J&A"), a consulting and advisory firm that provides strategic and tactical planning to mid-market companies and CEO coaching to their executives. Prior to 2009, Mr. Jaffe was Interim Chief Executive Officer and President of Oxford Media, Inc., where he served from 2006 to 2008. Mr. Jaffe has also served in executive management positions with Verso Technologies, Inc., Wireone Technologies, Inc., Picturatel Corporation, and was also previously a Managing Director of Arthur Andersen. Mr. Jaffe is a graduate of the Stanford Business School Executive Program, and holds a Bachelor of Science from LaSalle University. Mr. Jaffe also served on the Board of Directors of Benihana, Inc. as its lead independent director from 2004 to 2012.

Mr. Jaffe's experience as a CEO of both public and private companies and consultant providing strategic and tactical planning to public companies provides the Company with a depth of knowledge, systems and best practices. He also holds an advanced directors certification from the American College of Public Company Directors. His experience is invaluable on the strategic and operations side of our business and Mr. Jaffe is our corporate governance expert. He adds significant value to the Board of Directors and management as the Company executes its business plan.

-23-

Table of Contents

Grant Dawson has served as a Director since November 2013, and is currently a Portfolio Manager of Fixed Income Investments for Polar Securities. Mr. Dawson brings more than 15 years of experience in finance and has significant board-level experience in corporate governance for public companies. Prior to Polar Securities, he was Managing Director of Fixed Income Investments for Manulife Asset Management, a subsidiary of Manulife Financial Corporation, and Vice President and Lead Analyst responsible for corporate debt ratings with Dominion Bond Rating Agency. Prior to such time, Mr. Dawson held various senior management positions in credit management and corporate finance with Nortel and in equity research with Dain Rauscher Ltd. Mr. Dawson earned an M.B.A. from the SMU Cox School of Business, a B.Comm in Finance from the University of Windsor, and holds the Chartered Financial Analyst designation.

Mr. Dawson's extensive expertise and knowledge regarding corporate finance and investment banking matters, as well as corporate governance, provides the Company with valuable insight following the Company's recent capital recapitalization, and will assist the Company as it builds a long-term, sustainable long-term capital structure.

Fadi Aramouni has served as a Director since November 2013, and is a professor at the Food Sciences Institute at Kansas State University. He has been with the Kansas State University Department of Foods and Nutrition since 1989 and is a recognized leader and expert in the field of food science. In addition to teaching responsibilities that include courses on the research and development of food products and fundamentals of food processing, Dr. Aramouni manages the Value-Added Food Product Development Laboratory. Dr. Aramouni is also a process authority for processors of low acid/acidified foods, and provides educational programs on good manufacturing practices, sanitation, hazard analysis and critical control points (HACCP), food recalls and one-on-one assistance for the development and implementation of food processing programs. He received a B.S. in Biochemistry and M.S. in Food Technology from the American University of Beirut, as well as a Ph.D. in Food Science from Louisiana State University.

Dr. Aramouni's expertise in the field of food science provides the Company with invaluable guidance as we develop new products and seek to improve current product formulations, and provides the Board with a unique, industry-focused perspective.

Board Meetings

The Board held three official meetings during the year ended December 31, 2013, supplemented by numerous additional discussions by and among a majority of the Board, and numerous actions effectuated by Unanimous Written Consent in lieu of a formal motion and vote during an official meeting. In 2013, all incumbent directors attended at least 75% of the aggregate number of meetings of the Board. The Board was expanded from three members to five members effective November 1, 2013 as approved and provided for during the annual shareholder's meeting held in July in Omaha, Nebraska.

Independent Directors

The Board believes that a majority of its members should be independent directors. The Board has determined that, other than Messrs. Wilson and Abrams, all of its current directors are independent directors as defined by the rules and regulations of the NASDAQ Stock Market.

The members of the Audit Committee of the Board each meet the independence standards established by the NASDAQ Stock Market and the U.S. Securities and Exchange Commission (the "SEC") for audit committees. In addition, the Board has determined that Messrs. Jaffe and Dawson each satisfy the definition of an "audit committee financial expert" under SEC rules and regulations. These designations do not impose any duties, obligations or liabilities on Messrs. Jaffe and Dawson that are greater than those generally imposed on them as members of the Audit

Committee and the Board, and their designations as audit committee financial experts does not affect the duties, obligations or liability of any other member of the Audit Committee or the Board.

Table of Contents

Board Committees

The Board of Directors has an Audit Committee, a Compensation Committee, and a Nominating and Corporate Governance Committee each of which has the composition and responsibilities described below.

Audit Committee

The Audit Committee provides assistance to the Board of Directors in fulfilling its legal and fiduciary obligations in matters involving our accounting, auditing, financial reporting, internal control and legal compliance functions by approving the services performed by our independent accountants and reviewing their reports regarding our accounting practices and systems of internal accounting controls. The Audit Committee also oversees the audit efforts of our independent accountants and takes those actions as it deems necessary to satisfy it that the accountants are independent of management. The Audit Committee currently consists of Lewis Jaffe (Chairman), Grant Dawson and Fadi Aramouni, each of whom is a non-management member of our Board of Directors. We believe that the composition of our Audit Committee meets the criteria for independence under, and the functioning of our Audit Committee complies with the applicable requirements of the Sarbanes-Oxley Act of 2002 and current SEC rules and regulations.

Compensation Committee

The Compensation Committee determines our general compensation policies and the compensation provided to our directors and officers. The Compensation Committee also reviews and determines bonuses for our officers and other employees. In addition, the Compensation Committee reviews and determines equity-based compensation for our directors, officers, employees and consultants and administers our stock option plans and employee stock purchase plan. The Compensation Committee currently consists of Lewis Jaffe (Chairman), Grant Dawson and Fadi Aramouni, each of whom is a non-management member of our Board of Directors. We believe that the composition of our Compensation Committee meets the criteria for independence under, and the functioning of our Compensation Committee complies with the applicable requirements of the Sarbanes-Oxley Act of 2002 and current SEC rules and regulations.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee is responsible for making recommendations to the Board of Directors regarding candidates for directorships and the size and composition of the Board. In addition, the Nominating and Corporate Governance Committee is responsible for overseeing our corporate governance guidelines and reporting and making recommendations to the Board concerning corporate governance matters. The current members of the Nominating and Corporate Governance committee are Lewis Jaffe (Chairman), Grant Dawson and Fadi Aramouni. We believe that the composition of our Nominating and Corporate Governance Committee meets the criteria for independence under, and the functioning of our Nominating and Corporate Governance Committee complies with the applicable requirements of the Sarbanes-Oxley Act of 2002 and current SEC rules and regulations.

Compensation Committee Interlocks and Insider Participation

No executive officers of the Company serve on the Compensation Committee (or in a like capacity) for the Company or any other entity.

Compliance with Section 16(a)

Section 16(a) of the Securities Exchange Act of 1934, as amended (“Exchange Act”), requires the Company’s directors and executive officers, and persons who beneficially own more than 10% of a registered class of the Company’s equity securities, to file reports of beneficial ownership and changes in beneficial ownership of the Company’s securities with the Securities and Exchange Commission on Forms 3 (Initial Statement of Beneficial Ownership), 4 (Statement of Changes of Beneficial Ownership of Securities) and 5 (Annual Statement of Beneficial Ownership of Securities). Directors, executive officers and beneficial owners of more than 10% of the Company’s Common Stock are required by Securities and Exchange Commission regulations to furnish the Company with copies of all Section 16(a) forms that they file.

Table of Contents

To our knowledge, based solely on a review of the copies of such reports furnished to us and written representations that no other reports were required, during the fiscal year ended December 31, 2013, management believes that all necessary reports were filed in a timely manner and all filings are current as of the date of this filing.

There have been no events under any bankruptcy act, no criminal proceedings and no judgments or injunctions material to the evaluation of the ability and integrity of any director or nominee during the past ten years.

Code of Ethics and Business Conduct

We have adopted a code of ethics that applies to all of our executive officers, directors and employees. Code of ethics codifies the business and ethical principles that govern all aspects of our business. This document will be made available in print, free of charge, to any shareholder requesting a copy in writing from the Company. A form of the code of conduct and ethics was filed as Exhibit 14.1 to the Annual Report on Form 10-K for December 31, 2008.

Indemnification of Officers and Directors

As permitted by Nevada law, the Company will indemnify its directors and officers against expenses and liabilities they incur to defend, settle, or satisfy any civil or criminal action brought against them on account of their being or having been Company directors or officers unless, in any such action, they are adjudged to have acted with gross negligence or willful misconduct.

Exclusion of Liability

The Nevada Business Corporation Act excludes personal liability for directors for monetary damages based upon any violation of their fiduciary duties as directors, except as to liability for any breach of the duty of loyalty, acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, acts in violation of the Nevada Business Corporation Act, or any transaction from which a director receives an improper personal benefit. This exclusion of liability does not limit any right that a director may have to be indemnified and does not affect any director's liability under federal or applicable state securities laws.

Table of Contents

ITEM 11. EXECUTIVE COMPENSATION

Summary Compensation Table

The following table sets forth information concerning the compensation paid to the Company's Chief Executive Officer, and the Company's two most highly compensated executive officers other than its Chief Executive Officer, who were serving as executive officers as of December 31, 2013 and whose annual compensation exceeded \$100,000 during such year (collectively the "Named Executive Officers").

SUMMARY COMPENSATION TABLE

| Name and Principal Position | Year | Salary and Bonus (\$) | Stock Awards (\$)* | Warrants Option Awards (\$)* | All Other Compensation (\$)* | Total (\$) |
|------------------------------------|------|-----------------------|--------------------|------------------------------|------------------------------|------------|
| John Wilson CEO and Director | 2013 | 268,957 | - | - | 15,911 | 284,867 |
| | 2012 | 275,615 | 15,000 | 16,174 | - | 306,789 |
| Michael Abrams CFO and Director | 2013 | 203,138 | 294,250 | 16,092 | 62,631 | 576,112 |
| | 2012 | 26,962 | - | 3,235 | 162,000 | 192,197 |

* The reported amounts for 2013 include the common stock and option grant authorized by the Board of Directors for Mr. Abrams in January 2013, which securities were reflected in the beneficial ownership table in the Form 10-K filed for the year ended December 31, 2012. The shares of common stock issued Mr. Abrams are subject to a Restricted Stock and Vesting Agreement under which the shares shall remain unvested until the third anniversary of the original date of issuance and subject to substantial risk of forfeiture prior to such date. In addition, \$54,000 of the amount listed under All Other Compensation for Mr. Abrams in 2013 was paid directly to Burnham Hill Advisors LLC ("BHA") pursuant to an agreement by and between BHA and the Company. The contract was cancelled in connection with the execution of that certain employment agreement by and between the Company and Mr. Abrams dated May 1, 2013.

Employment Agreements

Mr. John Wilson currently serves as the Company's Chief Executive Officer pursuant to the terms of an Employment Agreement by and between the Company and Mr. Wilson dated December 31, 2009 as amended on April 13, 2012. The Employment Agreement provides that Mr. Wilson shall serve the Company in the capacity of its Chief Executive Officer through June 30, 2014, subject to standard terms and provisions consistent with agreements of such type.

Mr. Michael Abrams currently serves as the Company's Chief Financial Officer pursuant to the terms of an employment agreement by and between the Company and Mr. Abrams, dated May 1, 2013. The Employment Agreement provides that Mr. Abrams shall serve the Company in the capacity of its Chief Financial Officer through May 31, 2016, subject to standard terms and provisions consistent with agreements of such type. Prior to May 1, 2013, Mr. Abrams served as the Company's Chief Financial Officer pursuant to the terms of a Consulting Agreement for Services by and between the Company and Burnham Hill Advisors LLC ("BHA"), which agreement was terminated on May 8, 2013.

Compensation of Directors

We currently have five directors. Our director compensation plan adopted in June 2010 provides for the issuance of 25,000 shares of the Company's common stock (2,500 shares giving effect for the 1 for 10 reverse split) on the date of their appointment to each independent director for service on the Company's Board of Directors. In addition, each independent director receives \$5,000 per quarter for service on the Board. Under the plan, the Chairman of the Board is paid an additional \$5,000 per annum in addition to all other fees, and the chairman of each committee of the Board of Directors is paid \$2,500 per annum in addition to all other fees. The maximum amount that may be paid to any director for service on the Board of Directors in any calendar year is \$25,000.

Table of Contents

Stock Options and Warrants

The following table discloses outstanding stock option awards and warrants held by each of the Named Executive Officers as of December 31, 2013:

| Name | Number of Securities Underlying Unexercised Options (#) Exercisable | Option Awards | | Option Exercise Price (\$) | Option Expiration Date |
|---|---|---|---|----------------------------|------------------------|
| | | Number of Securities Underlying Unexercised Options (#) Unexercisable | Number of Securities Underlying Unexercised Options (#) | | |
| John Wilson Chief Executive Officer and President | 33,333 | 16,667 | 16,667 | \$ 1.00 | 05/19/16 |
| Michael Abrams Chief Financial Officer | 3,333 | 16,667 | 6,667 | \$ 0.90 | 04/13/17 |
| | | | 33,333 | \$ 0.90 | 01/16/18 |

Equity Compensation Plan Information

The following table sets forth additional information as of December 31, 2013, with respect to the shares of common stock that may be issued upon the exercise of options and other rights under our existing equity compensation plans and arrangements. The information includes the number of shares covered by and the weighted average exercise price of, outstanding options and other rights and the number of shares remaining available for future grants, excluding the shares to be issued upon exercise of outstanding options and other rights.

| Plan category | Number of securities to be issued upon exercise of outstanding options, warrants and rights (a) | Weighted-average exercise price of outstanding options, warrants and rights (b) | Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c) |
|---|---|---|---|
| Equity compensation plans approved by security holders: | 180,000 | \$ 0.93 | 1,320,000 |
| Equity compensation plans not approved by security holders: | - | - | - |
| Total | 180,000 | \$ 0.93 | 1,320,000 |

Description of Equity Compensation Plans

2010 Stock Incentive Plan. The 2010 Stock Incentive Plan (the “2010 Plan”) was adopted by the Company’s Board of Directors on June 30, 2010, and approved by a majority of the Company’s shareholders on August 26, 2010. The 2010 Plan reserves for issuance 1,500,000 post-split shares of the Company’s common stock for issuance as one of four types of equity incentive awards: (i) stock options, (ii) stock appreciation rights, (iii) restricted stock, and (iv) stock

units. The 2010 Plan permits the qualification of awards under the plan as “performance-based compensation” within the meaning of Section 162(m) of the Internal Revenue Code.

-28-

Table of Contents

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table lists stock ownership of our common stock as of March 14, 2014, based on shares of common stock issued and outstanding on a fully diluted basis, which includes 8,117,474 shares of common stock, as well as options and warrants. The information includes beneficial ownership by (i) holders of more than 5% of our common stock, (ii) each of our directors and executive officers and (iii) all of our directors and executive officers as a group. Except as noted below, to our knowledge, each person named in the table has sole voting and investment power with respect to all shares of our common stock beneficially owned by them.

| Name and Address of Owner | Title of Class | Number of Shares Owned (1) | Percentage of Class(2) |
|---|----------------|----------------------------|------------------------|
| Michael Abrams(3) c/o FitLife Brands, Inc. 4509 S. 143rd Street, Suite 1 Omaha, NE 68137 | Common Stock | 402,000 | 4.9% |
| Lewis Jaffe(4) c/o FitLife Brands, Inc. 4509 S. 143rd Street, Suite 1 Omaha, NE 68137 | Common Stock | 57,000 | *% |
| John Wilson(5) c/o FitLife Brands, Inc. 4509 S. 143rd Street, Suite 1 Omaha, NE 68137 | Common Stock | 514,075 | 6.3% |
| Grant Dawson c/o FitLife Brands, Inc. 4509 S. 143rd Street, Suite 1 Omaha, NE 68137 | Common Stock | 4,121 | *% |
| Fadi Aramouni c/o FitLife Brands, Inc. 4509 S. 143rd Street, Suite 1 Omaha, NE 68137 | Common Stock | 2,500 | *% |
| All Officers and Directors as a group (5 persons) | Common Stock | 979,696 | 11.8% |
| Jason Adelman Cipher Capital Partners, LLC c/o Rothschild 1251 Avenue of the Americas, Suite 936 New York, NY 10020 | Common Stock | 1,152,680 | 14.2% |
| Jeffrey Greenblatt 14 East 60th Street, Suite 600 New York, NY 10022 | Common Stock | 950,697 | 11.7% |

Michael Liss

Cipher Capital Partners, LLC

c/o Rothschild

1251 Avenue of the Americas, Suite 936

New York, NY 10020

Common Stock

438,578

5.4%

- (1) Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission and generally includes voting or investment power with respect to securities.
- (2) * Less than 1%
- (3) Includes stock options to purchase 60,000 shares of common stock, exercisable at \$0.90 per share.
- (4) Includes stock options to purchase 10,000 shares of common stock, exercisable at \$0.90 per share.
Includes: (i) options to purchase 50,000 shares of common stock, exercisable at \$0.90 per share; and (ii) options
- (5) to purchase 50,000 shares of common stock, exercisable at \$1.00 per share.

-29-

Table of Contents

Changes in Control

We are not aware of any arrangements that may result in a change in control of the Company.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Until May 2013, Mr. Michael Abrams served as the Company's Chief Financial Officer pursuant to the terms of a Consulting Agreement for Services ("Agreement") by and between the Company and Burnham Hill Advisors LLC ("BHA"). The Agreement was cancelled on May 8, 2013 in connection with the execution of an employment agreement by and between Mr. Abrams and the Company. Mr. Abrams is a partner in Burnham Hill Capital Group, of which BHA is a 100% wholly owned entity. Mr. Jason Adelman, a shareholder beneficially owning more than 5% of the Company's common stock, is also a principal of BHA. During the year ended December 31, 2013, the Company paid BHA \$54,000 under the Agreement in connection with services rendered by Mr. Abrams to the Company as its CFO and an additional \$26,000 in connection with the cancellation of the Agreement. Additionally, Mr. Abrams received \$1,500 per month directly from the Company from January 2013 through April 2013 in connection with the services he provided to the Company pursuant to the Agreement prior to its cancellation.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Audit Fees

The aggregate fees billed by Tarvaran, Askelson & Company for professional services rendered for the audit of the Company's annual financial statements for fiscal years ended December 31, 2013 and 2012 approximated \$40,000 in each of the fiscal years. In addition, aggregate fees billed by Tarvaran, Askelson & Company for professional services rendered for the review of the Company's quarterly financial statements for fiscal years ended December 31, 2013 and 2012 approximated \$20,000 in each year.

Audit-Related Fees

Tarvaran, Askelson & Company did not provide assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements for the fiscal years ended December 31, 2013 and 2012, and that are not disclosed in the paragraph captioned "Audit Fees" above.

Tax Fees

Tarvaran, Askelson & Company provided professional services for tax compliance, tax advice and tax planning for the fiscal year ended December 31, 2013 and 2012. The aggregate fees billed or expected to be billed for Tax Fees for each of the fiscal years ending December 31, 2013 and 2012 were less than \$10,000.

All Other Fees

Tarvaran, Askelson & Company did not provide any additional services to the Company, other than the services described in the paragraphs "Audit Fees" and "Tax Fees" above, for the fiscal years ended December 31, 2013 and 2012.

The Board has received and reviewed the written disclosures and the letter from the independent registered public accounting firm required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees), and has discussed with its auditors its independence from the Company. The Board has considered whether the provision of services other than audit services is compatible with maintaining auditor independence.

Based on the review and discussions referred to above, the Board approved the inclusion of the audited consolidated financial statements be included in the Company's Annual Report on Form 10-K for its 2013 fiscal year for filing with the SEC.

The Board pre-approved all fees described above.

-30-

Table of Contents

PART IV

ITEM 15. EXHIBITS AND REPORTS

Exhibits

- Articles of Incorporation (incorporated by reference to Exhibit 3.1 filed with
- 3.1 Amendment No. 3 to the Company’s Registration Statement on Form SB2 (Commission File No. 333-137170)).
- Amendments to Articles of Incorporation (incorporated by reference to Exhibit 3.2
- 3.2 filed with Amendment No. 3 to the Company’s Registration Statement on Form SB2 (Commission File No. 333-137170)).
- Bylaws of the Corporation (incorporated by reference to Exhibit 3.3 filed with
- 3.3 Amendment No. 3 to the Company’s Registration Statement on Form SB2 (Commission File No. 333-137170)).
- 3.4 Certificate of Amendment to Articles of Incorporation (incorporated by reference to Exhibit 3.1 filed with Form 8-K on September 13, 2010).
- Certificate of Amendment to Articles of Incorporation to change name to FitLife
- 3.5 Brands, Inc. (incorporated by reference to Exhibit 3.1 filed with Form 8-K on October 1, 2013).
- Certificate of Amendment to Articles of Incorporation to effect 1-for-10 reverse
- 3.6 split (incorporated by reference to Exhibit 3.1 filed with Form 8-K on October 1, 2013).
- 4.1 Certificate of Designations of Series A Convertible Preferred Stock (incorporated by reference to Exhibit 4.2 filed with Form 8-K on June 30, 2008).
- 4.2 Certificate of Designations of Series B Convertible Preferred Stock (incorporated by reference to Exhibit 10.1 filed with Form 8-K on January 23, 2009).
- 4.3 Certificate of Designations of Series C Convertible Preferred Stock. (incorporated by reference to Exhibit 4.3 filed with Form 10-K on April 15, 2011).
- Asset Purchase Agreement between the Company and NDS Nutritional Products,
- 10.1 Inc. (incorporated by reference to Exhibit 10.1 filed with Form 8-K on October 15, 2008).
- Settlement Agreement (incorporated by reference to Exhibit 10.1 filed with Form
- 10.2 8-K on October 6, 2009).
- Secured Promissory Note (incorporated by reference to Exhibit 10.2 filed with
- 10.3 Form 8-K on October 6, 2009).
- 10.4 Second Amendment to Asset Purchase Agreement (incorporated by reference to Exhibit 10.3 filed with Form 8-K on October 6, 2009).
- Amendment No. 1 to Security Agreement (incorporated by reference to Exhibit
- 10.5 10.4 filed with Form 8-K on October 6, 2009).
- 10.6 Amendment No. 1 to Supply, License and Transition Agreement (incorporated by reference to Exhibit 10.5 filed with Form 8-K on October 6, 2009).
- Assignment of Name (incorporated by reference to Exhibit 10.6 filed with Form
- 10.7 8-K on October 6, 2009).
- Consulting Agreement for Services between the Company and Burnham Hill
- 10.8 Advisors LLC, dated August 20, 2009 (incorporated by reference to Exhibit 99.1 filed with the Form 8-K on August 26, 2009).
- Consulting Agreement for Services between the Company and Burnham Hill
- 10.9 Advisors LLC, dated August 20, 2010 (incorporated by reference to Exhibit 99.1 filed with Form 8-K on August 23, 2010).

- Amendment No. 1 to Consulting Agreement between the Company and Burnham Hill Advisors LLC, dated September 15, 2010. (incorporated by reference to Exhibit 10.12 filed with Form 10-K on April 15, 2011).
- Amendment No. 2 to Consulting Agreement between the Company and Burnham Hill Advisors LLC, dated November 18, 2010. (incorporated by reference to Exhibit 10.13 filed with Form 10-K on April 15, 2011).
- Employment Agreement, dated December 31, 2009, between the Company and John Wilson. (incorporated by reference to Exhibit 10.14 filed with Form 10-K on April 15, 2011).
- 2010 Equity Incentive Plan (incorporated by reference to Exhibit 10.18 filed with Form 10-K on April 15, 2011).
- Form of Exchange Agreement (incorporated by reference to Exhibit 10.1 filed with Form 8-K on October 7, 2013).
- Employment Agreement, dated May 1, 2013, by and between the Company and Michael Abrams (filed herewith).
- Code of Ethics (incorporated by reference to 14.1 filed with Form 10-K on March 27, 2009).
- List of Subsidiaries (incorporated by reference to Exhibit 21 filed with Form 10-K on March 27, 2009).
- Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act.
- Certification of Principal Financial and Accounting Officer Pursuant to Section 302 of the Sarbanes-Oxley Act.
- Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act.
- Certification of Chief Accounting Officer Pursuant to Section 906 of the Sarbanes-Oxley Act.

Table of Contents

SIGNATURES

In accordance with 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, there unto duly authorized.

| | |
|----------------------|--|
| Registrant | FitLife Brands, Inc. |
| Date: March 28, 2014 | By: /s/ John Wilson John Wilson Chief Executive Officer (Principal Executive Officer), President |
| Date: March 28, 2014 | By: /s/ Michael Abrams Michael Abrams Chief Financial Officer (Principal Financial Officer) |

In accordance with the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Company and in the capacities and on the dates indicated.

| | |
|----------------------|---|
| Date: March 28, 2014 | By: /s/ John Wilson John Wilson Chief Executive Officer (Principal Executive Officer), President, Director |
| Date: March 28, 2014 | By: /s/ Michael Abrams Michael Abrams Chief Financial Officer (Principal Financial Officer) |
| Date: March 28, 2014 | By: /s/ Lewis Jaffe Lewis Jaffe Chairman of the Board |
| Date: March 28, 2014 | By: /s/ Grant Dawson Grant Dawson Director |
| Date: March 28, 2014 | By: /s/ Fadi Aramouni Fadi Aramouni Director |

Table of Contents

ITEM 8. FINANCIAL STATEMENTS

FITLIFE BRANDS, INC.

| TABLE OF CONTENTS | Page |
|---|------|
| INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM: | |
| <u>Tarvaran Askelson & Company</u> | F-2 |
| CONSOLIDATED FINANCIAL STATEMENTS: | |
| <u>Consolidated Balance Sheet at December 31, 2013 and 2012</u> | F-3 |
| <u>Consolidated Statements of Operations for the years ended December 31, 2013 and 2012</u> | F-4 |
| <u>Consolidated Statements of Cash Flows for the years ended December 31, 2013 and 2012</u> | F-5 |
| <u>Consolidated Statements of Stockholders' Equity for the years ended December 31, 2013 and 2012</u> | F-6 |
| <u>NOTES TO CONSOLIDATED FINANCIAL STATEMENTS</u> | F-7 |

F-1

Table of Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders
of FitLife Brands, Inc.
Omaha, Nebraska

We have audited the accompanying consolidated balance sheets of FitLife Brands, Inc. (Company) and subsidiaries as of December 31, 2013 and 2012, and the related consolidated statements of operations, stockholders' equity, and cash flows for the years then ended. FitLife Brands, Inc.'s management is responsible for these financial statements. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of FitLife Brands, Inc. as of December 31, 2013 and 2012, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Laguna Niguel, California
March 24, 2014

Table of Contents

FITLIFE BRANDS, INC.
CONSOLIDATED BALANCE SHEETS

| ASSETS: | December 31, 2013 | December 31, 2012 |
|--|-------------------------|-------------------------|
| CURRENT ASSETS | | |
| Cash | \$3,305,179 | \$936,911 |
| Accounts receivable, net | 1,259,887 | 969,111 |
| Inventory | 2,752,636 | 3,684,991 |
| Deferred Taxes | 689,000 | 689,000 |
| Prepaid expenses and other current assets | 127,448 | 117,059 |
| Total current assets | 8,134,150 | 6,397,072 |
| PROPERTY AND EQUIPMENT, net | | |
| | 5,988 | 18,577 |
| Intangibles assets, net | 1,037,117 | 1,256,866 |
| Long-term investments | 50,000 | - |
| Deposits | 3,048 | 3,048 |
| TOTAL ASSETS | \$9,230,303 | \$7,675,563 |
| LIABILITIES AND STOCKHOLDERS' EQUITY: | | |
| CURRENT LIABILITIES: | | |
| Accounts payable | \$1,204,894 | \$1,209,380 |
| Accrued expenses and other liabilities | 280,402 | 191,787 |
| Income tax payable | 48,000 | 32,000 |
| Line of credit | 437,089 | 437,089 |
| Current Portion of Term Loan Agreement | 489,129 | |
| Redemption of preferred stock payable | 15,459 | - |
| Total current liabilities | 2,474,974 | 1,870,256 |
| LONG-TERM DEBT | | |
| | 1,946,733 | - |
| TOTAL LIABILITIES | 4,421,707 | 1,870,256 |
| CONTINGENCIES AND COMMITMENTS | | |
| | - | - |
| STOCKHOLDERS' EQUITY: | | |
| Preferred stock series B, \$.01 par value, 1,000 shares authorized; 0 and 103.3 issued and outstanding of its 10% Perpetual Preferred with a Stated Value of \$10,000 per share with a cumulative dividend of \$0 and \$757,063 as of December 31, 2013 and December 31, 2012, respectively | - | 757,064 |
| Preferred stock series C, \$.01 par value, 500 shares authorized; 0 and 125 issued and outstanding of its convertible preferred stock with a Stated Value of \$10,000 per share with a \$0.25 conversion price and a cumulative dividend of \$0 and \$50,755 as of December 31, 2013 and December 31, 2012, respectively | - | 50,756 |
| Common stock, \$.01 par value, 150,000,000 shares authorized; 8,110,853 and 74,753,482 issued and outstanding as of December 31, 2013 and December 31, 2012, | 81,109 | 747,535 |

respectively

| | | |
|---|--------------------|--------------------|
| Subscribed common stock | 66 | - |
| Additional paid-in capital | 26,049,722 | 26,864,676 |
| Accumulated deficit | (21,322,299) | (22,614,724) |
| Total stockholders' equity | \$4,808,598 | \$5,805,307 |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | \$9,230,303 | \$7,675,563 |

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

F-3

Table of Contents

FITLIFE BRANDS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

| | 2013 | 2012 |
|-------------------------------------|---------------|---------------|
| Revenue | \$ 19,684,030 | \$ 18,093,202 |
| Total | 19,684,030 | 18,093,202 |
| Cost of Goods Sold | 12,548,637 | 11,568,240 |
| Gross Profit | 7,135,393 | 6,524,962 |
| OPERATING EXPENSES: | | |
| General and administrative | 3,100,320 | 2,190,343 |
| Selling and marketing | 2,415,183 | 2,209,207 |
| Depreciation and amortization | 232,338 | 244,059 |
| Total operating expenses | 5,747,841 | 4,643,609 |
| OPERATING INCOME (LOSS) | 1,387,552 | 1,881,353 |
| OTHER (INCOME) AND EXPENSES | | |
| Interest expense | 40,906 | 18,404 |
| Other expense (income) | (36,279) | (12,584) |
| Total other (income) expense | 4,627 | 5,820 |
| INCOME TAXES (BENEFIT) | 90,500 | (648,743) |
| NET INCOME (LOSS) | \$ 1,292,425 | \$ 2,524,276 |
| NET INCOME (LOSS) PER SHARE: | | |
| Basic | \$ 0.17 | \$ 0.03 |
| Diluted | \$ 0.14 | \$ 0.03 |
| Basic | 7,830,909 | 74,465,509 |
| Diluted | 8,951,051 | 93,779,867 |

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

FITLIFE BRANDS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

| | 2013 | 2012 |
|---|---------------------|-------------------|
| Net income | \$ 1,292,425 | \$ 2,524,276 |
| Adjustments to reconcile net income to net cash used in operating activities: | | |
| Depreciation and amortization | 232,338 | 244,059 |
| Common stock issued (cancelled) for services | 354,039 | 52,064 |
| Warrants and options issued (cancelled) for services | 40,896 | 22,643 |
| Gain on redemption of preferred stock and warrants | (86,278) | - |
| Increase / (Decrease) in Litigation reserve | - | (250,000) |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | (290,776) | 73,637 |
| Inventory | 932,355 | (1,807,709) |
| Deferred tax asset | - | (689,000) |
| Prepaid expenses | (10,389) | (95,638) |
| Deposits | - | 3,782 |
| Accounts payable | (4,486) | 442,209 |
| Accrued liabilities | 88,615 | 29,659 |
| Income tax payable | 16,000 | 32,000 |
| Net cash provided by (used in) operating activities | 2,564,740 | 581,982 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchase of property and equipment | - | - |
| Long-term investment | (50,000) | - |
| Proceeds from sale of assets | - | - |
| Net cash provided by (used in) investing activities | (50,000) | - |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Proceeds from issuance of long-term debt | 2,600,000 | - |
| Payments for redemption of preferred stock | (2,582,333) | - |
| Repayments of note payable | (164,139) | - |
| Net cash provided by (used in) financing activities | (146,472) | - |
| INCREASE (DECREASE) IN CASH | 2,368,268 | 581,982 |
| CASH, BEGINNING OF PERIOD | 936,911 | 354,929 |
| CASH, END OF PERIOD | \$ 3,305,179 | \$ 936,911 |

Supplemental disclosure operating activities

| | | |
|------------------------|-----------|-----------|
| Cash paid for interest | \$ 40,906 | \$ 18,404 |
|------------------------|-----------|-----------|

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

F-5

FITLIFE BRANDS, INC.
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

| | Common Stock | | Preferred Stock | | | | Additional Paid-in Capital | Accumulated Deficit | Total |
|--|--------------|-----------|--------------------------|--------------------------|--------------------------|--------------------------|----------------------------------|------------------------|-------|
| | Shares | Amount | Preferred A Shares | Preferred B Shares | Preferred C Shares | Preferred C Amount | | | |
| DECEMBER 31, 2011 | 74,171,996 | \$741,719 | - | 103.3 | 125.0 | \$1 | \$27,014,893 | \$(25,138,999) | \$3,2 |
| Common stock issued for services | 581,486 | 5,815 | | | | | 46,248 | | 52, |
| Preferred B shares accumulated dividends | | | | | 168,354 | | (168,354) | | - |
| Preferred C shares accumulated dividends | | | | | | 50,755 | (50,755) | | - |
| Options issued | | | | | | | 22,644 | | 22, |
| Net income | | | | | | | | 2,524,276 | 2,5 |
| DECEMBER 31, 2012 | 74,753,482 | \$747,534 | - | 103.3 | 125.0 | \$50,756 | \$26,864,676 | \$(22,614,724) | \$5,8 |
| Common stock issued for services | 3,005,000 | 30,050 | | | | | 310,900 | | 340, |
| Preferred B shares accumulated dividends | | | | | 137,639 | | (137,639) | | - |
| Preferred C shares accumulated dividends | | | | | | 39,414 | (39,414) | | - |
| Options and warrants issued for services | | | | | | | 40,896 | | 40, |
| Reverse stock split existing shares | (69,978,160) | (699,782) | | | | | 699,782 | | - |
| | (2,974,804) | (29,748) | | | | | 29,743 | | (5 |

| | | | | | | | | | | | |
|----------------------------------|-----------|----------|---------|-----------|--------|----------|-------------|-----|--------------|----------------|-------|
| Reverse stock split recap shares | | | | | | | | | | | |
| Redemption of Preferred B shares | | | (103.3) | (894,703) | | | (1,032,999) | | | | (1,9 |
| Redemption of Preferred C shares | | | | | (62.5) | (45,085) | (624,999) | | | | (67 |
| Conversion of Preferred C shares | 2,680,337 | 26,803 | | | (62.5) | (45,085) | (142,538) | | | | (16 |
| Exchange of Preferred C warrants | 624,998 | 6,250 | | | | | 68,293 | | | | 74, |
| Subscribed common stock | 6,621 | 66 | | | | | 13,023 | | | | 13, |
| Net income | | | | | | | | | 1,292,425 | | 1,2 |
| DECEMBER 31, 2013 | 8,117,474 | \$81,175 | - | \$- | - | \$- | - | \$- | \$26,049,722 | \$(21,322,299) | \$4,8 |

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

FITLIFE BRANDS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013 AND 2012

NOTE 1. DESCRIPTION OF BUSINESS

Summary

FitLife Brands, Inc., formerly Bond Laboratories, Inc. (the “Company”), is a national provider of innovative and proprietary nutritional supplements for health conscious consumers marketed under the brand names NDS Nutrition Products™ (“NDS”) (www.ndsnutrition.com), PMD™ (www.pmdsports.com), SirenLabs™ (www.sirenlabs.com) and CoreActive™ (www.coreactivenutrition.com). The Company manufactures and distributes a full line of nutritional supplements to support athletic performance, weight loss and general health predominantly through franchised General Nutrition Centers, Inc. (“GNC”) stores located both domestically and internationally.

The Company was incorporated in the State of Nevada on July 26, 2005. In October 2008, the Company acquired the assets of NDS Nutritional Products, Inc., a Nebraska corporation, and moved those assets into its wholly owned subsidiary NDS Nutrition Products, Inc., a Florida corporation (“NDS”).

FitLife Brands is headquartered in Omaha, Nebraska. For more information on the Company, please go to <http://www.fitlifebrands.com>. The Company’s common stock currently trades under the symbol FTLF on the OTCBB market.

Recent Developments

Corporate Name and Stock Symbol Change

On September 30, 2013, the Company filed the amendment to its Articles of Incorporation, as approved by a majority of the Company’s stockholders on July 17, 2013, with the Nevada Secretary of State to change its corporate name from Bond Laboratories, Inc. to FitLife Brands, Inc. (the “Name Change”). The Financial Industry Regulatory Authority (“FINRA”) approved the Name Change, and a change to the Company’s stock symbol on September 28, 2013. On October 28, 2013, the Company’s stock began trading under its new symbol, FTLF, to better reflect the new name of the Company.

Reverse Split

On September 30, 2013, the Company filed an amendment to its Articles of Incorporation, as authorized by a majority of the Company’s stockholders on July 17, 2013, with the Nevada Secretary of State to implement a reverse split of its common stock on a ten old for one new basis (the “Reverse Split”). The Reverse Split was approved by FINRA on September 28, 2013, and became effective at the opening of trading on September 30, 2013.

Term Loan

On September 4, 2013, the Company executed a Term Loan Agreement and ancillary documents resulting in a \$2.6 million term loan from U.S. Bank to the Company (the “Bank”) (the “TermLoan”), which Term Loan accrues interest at a rate of 3.6% per annum and matures on August 15, 2018. The Company's repayment of the Term Loan is guaranteed by NDS, and is secured by a continuing security interest in substantially all of the Company's assets, including the Company's interest in NDS.

Proceeds from the Term Loan were used, in part, to finance the Company's partial redemption of the Series C Convertible Preferred Stock ("Series C Preferred"), and the Company's redemption of all outstanding shares of the 10% Cumulative Perpetual Series B Preferred Stock ("Series B Preferred"), as described below.

F-7

Table of Contents

Redemption of the 10% Cumulative Perpetual Series B Preferred Stock

On August 30, 2013, the Company mailed a notice of redemption (the “Redemption Notice”) to all holders of its Series B Preferred, notifying each holder of the Company's intention to redeem all 103.3 issued and outstanding shares of Series B Preferred on September 30, 2013 (the “Series B Redemption”). Under the Certificate of Designation of the Relative Rights and Preferences of the 10% Cumulative Perpetual Series B Preferred Stock (the “Certificate of Designation”), each share of Series B Preferred is redeemable for \$10,000.00 per share, plus all accrued dividends, less any applicable tax withholding as may be required by law. The Company reserved approximately \$1.9 million from the proceeds of the Term Loan to finance the Series B Redemption, of which \$1.9 million has been distributed to former holders of Series B Preferred as of the date of the filing of this report representing 102.3 of the 103.3 shares of Series B Preferred outstanding prior to the Series B Redemption. The Company continues to make all reasonable efforts necessary to distribute the remaining amount payable in connection with the Series B Redemption. Notwithstanding the above, all shares of the Series B Preferred are considered redeemed and dividends are not and will not accrue on the undispersed amount.

Redemption and Conversion of the Series C Convertible Preferred Stock

On September 27, 2013, the Company entered into an agreement with each holder of the Company's Series C Preferred to, collectively: (i) redeem one-half of the issued and outstanding shares of Series C Preferred for \$10,000 per share, plus all accrued dividends thereon, resulting in the payment of \$670,085 to the holders of the Series C Preferred; (ii) convert all remaining shares of Series C Preferred and accrued dividends thereon into shares of the Company's common stock at \$0.25 per share, resulting in the issuance of a total of 2,680,337 shares of common stock, calculated prior to consummation of the Reverse Split; and (iii) the cancellation of warrants to purchase 2.5 million shares of common stock, which warrants were issued in connection with the original Series C Preferred financing, for 624,998 shares of common stock, each calculated prior to consummation of the Reverse Split (collectively, the “Series C Recapitalization Transactions”).

Upon the completion of the closing of the Term Loan, Series B Redemption and Series C Recapitalization Transactions, the Company's capitalization consisted of approximately 8.1 million shares of common stock, \$2.6 million of long-term debt held by U.S. Bank, a \$3.0 million credit line also provided by U.S. Bank, of which approximately \$436,000 was drawn as of December 31, 2013, and approximately 400,000 outstanding options and warrants to purchase common stock, a large portion of which remain significantly out of the money.

NOTE 2. BASIS OF PRESENTATION

The accompanying financial statements represent the consolidated financial position and results of operations of the Company and include the accounts and results of operations of the Company and its wholly owned subsidiaries. The accompanying consolidated financial statements include the active entity of FitLife Brands, Inc. and its wholly owned subsidiaries.

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company prepares its financial statements in accordance with accounting principles generally accepted in the United States of America. Significant accounting policies are as follows:

Principle of Consolidation

The consolidated financial statements include the accounts of FitLife Brands, Inc. and NDS Nutrition Products, Inc. Intercompany accounts and transactions have been eliminated in the consolidated financial statements.

F-8

Table of Contents

Use of Estimates and Assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States (“GAAP”) requires management to make estimates and assumptions that affect (i) the reported amounts of assets and liabilities, (ii) the disclosure of contingent assets and liabilities known to exist as of the date the financial statements are published, and (iii) the reported amount of net sales and expenses recognized during the periods presented. Adjustments made with respect to the use of estimates often relate to improved information not previously available. Uncertainties with respect to such estimates and assumptions are inherent in the preparation of financial statements; accordingly, actual results could differ from these estimates.

These estimates and assumptions also affect the reported amounts of revenues, costs and expenses during the reporting period. Management evaluates these estimates and assumptions on a regular basis. Actual results could differ from those estimates.

Revenue Recognition

Revenue is derived from product sales. The Company recognizes revenue from product sales in accordance with Statement of Financial Accounting Standard (“FASB”) ASC Topic 605, Revenue Recognition in Financial Statements, which is at the time customers are invoiced at shipping point, provided title and risk of loss has passed to the customer, evidence of an arrangement exists, fees are contractually fixed or determinable, collection is reasonably assured through historical collection results and regular credit evaluations, and there are no uncertainties regarding customer acceptance.

Accounts Receivable

All of the Company’s accounts receivable balance is related to trade receivables. Trade accounts receivable are recorded at the invoiced amount and do not bear interest. The allowance for doubtful accounts is the Company’s best estimate of the amount of probable credit losses in its existing accounts receivable. The Company will maintain allowances for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments for products. Accounts with known financial issues are first reviewed and specific estimates are recorded. The remaining accounts receivable balances are then grouped in categories by the amount of days the balance is past due, and the estimated loss is calculated as a percentage of the total category based upon past history. Account balances are charged off against the allowance when it is probable the receivable will not be recovered. The Company wrote off \$9,051 and \$34,307 related to bad debt and doubtful accounts, respectively, during the years ended December 31, 2013 and 2012.

Allowance for Doubtful Accounts

The determination of collectability of the Company’s accounts receivable requires management to make frequent judgments and estimates in order to determine the appropriate amount of allowance needed for doubtful accounts. The Company’s allowance for doubtful accounts is estimated to cover the risk of loss related to accounts receivable. This allowance is maintained at a level we consider appropriate based on historical and other factors that affect collectability. These factors include historical trends of write-offs, recoveries and credit losses, the careful monitoring of customer credit quality, and projected economic and market conditions. Different assumptions or changes in economic circumstances could result in changes to the allowance.

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. At December 31, 2013, cash and cash equivalents include cash on hand and cash in the bank.

Inventory

The Company's inventory is carried at the lower of cost or net realizable value using the first-in, first-out ("FIFO") method. The Company evaluates the need to record adjustments for inventory on a regular basis. Company policy is to evaluate all inventories including raw material and finished goods for all of its product offerings across all of the Company's operating subsidiaries. At December 31, 2013, the value of the Company's inventory was \$2,752,636 and at December 31, 2012, the value of the Company's inventory was \$3,684,991.

F-9

Table of Contents

Property and Equipment

Property and equipment is recorded at cost and depreciated over the estimated useful lives of the assets using the straight-line method. When items are retired or otherwise disposed of, income is charged or credited for the difference between net book value and proceeds realized. Ordinary maintenance and repairs are charged to expense as incurred, and replacements and betterments are capitalized.

The range of estimated useful lives used to calculate depreciation for principal items of property and equipment are as follows:

| Asset Category | Depreciation / Amortization Period |
|------------------------|------------------------------------|
| Furniture and Fixture | 3 Years |
| Office equipment | 3 Years |
| Leasehold improvements | 5 Years |

Goodwill and Other Intangible Assets

The Company adopted FASB ASC Topic 350, Goodwill and Other Intangible Assets. In accordance with ASC Topic 350, goodwill, which represents the excess of the purchase price and related costs over the value assigned to net tangible and identifiable intangible assets of businesses acquired and accounted for under the purchase method, acquired in business combinations is assigned to reporting units that are expected to benefit from the synergies of the combination as of the acquisition date. Under this standard, goodwill and intangibles with indefinite useful lives are no longer amortized. The Company assesses goodwill and indefinite-lived intangible assets for impairment annually during the fourth quarter, or more frequently if events and circumstances indicate impairment may have occurred in accordance with ASC Topic 350. If the carrying value of a reporting unit's goodwill exceeds its implied fair value, the Company records an impairment loss equal to the difference. ASC Topic 350 also requires that the fair value of indefinite-lived purchased intangible assets be estimated and compared to the carrying value. The Company recognizes an impairment loss when the estimated fair value of the indefinite-lived purchased intangible assets is less than the carrying value.

Impairment of Long-Lived Assets

In accordance with ASC Topic 3605, Long-Lived Assets, such as property, plant, and equipment, and purchased intangibles, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Goodwill and other intangible assets are tested for impairment. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimate undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. There were no events or changes in circumstances that necessitated an impairment of long-lived assets.

Income Taxes

Deferred income taxes are provided based on the provisions of ASC Topic 740, Accounting for Income Taxes, to reflect the tax consequences in future years of differences between the tax bases of assets and liabilities and their financial reporting amounts based on enacted tax laws and statutory tax rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized.

The Company adopted the provisions of FASB Interpretation No. 48; Accounting For Uncertainty In Income Taxes - An Interpretation of ASC Topic 740 ("FIN 48"). FIN 48 contains a two-step approach to recognizing and measuring uncertain tax positions. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates it is more likely than not, that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount, which is more than 50% likely of being realized upon ultimate settlement. The Company considers many factors when evaluating and estimating the Company's tax positions and tax benefits, which may require periodic adjustments. At December 31, 2013, the Company did not record any liabilities for uncertain tax positions.

F-10

Table of Contents

Concentration of Credit Risk

The Company maintains its operating cash balances in a bank located in Nebraska. The Federal Depository Insurance Corporation ("FDIC") insures accounts up to \$250,000.

Earnings Per Share

Basic income (loss) per share is computed by dividing net income (loss) available to common shareholders by the weighted average number of common shares outstanding during the reporting period. Diluted earnings per share reflects the potential dilution that could occur if stock options, warrants, and other commitments to issue common stock were exercised or equity awards vest resulting in the issuance of common stock that could share in the earnings of the Company. In the event of a loss, diluted loss per share is the same as basic loss per share, because of the effect of the additional securities, a result of the net loss would be anti-dilutive.

Fair Value of Financial Instruments

The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties other than in a forced sale or liquidation.

The carrying amounts of the Company's financial instruments, including cash, accounts payable and accrued liabilities, income tax payable and related party payable, if any, approximate fair value.

Recent Accounting Pronouncements

Recent accounting pronouncements that the Company has adopted or that will be required to adopt in the future are summarized below.

In July 2012, the FASB issued ASU 2012-02, Intangibles—Goodwill and Other (Topic 350): Testing Indefinite-Lived Intangible Assets for Impairment ("ASU 2012-02"), which permits an entity to make a qualitative assessment of whether it is more likely than not that the fair value of a reporting unit's indefinite-lived intangible asset is less than the asset's carrying value before applying the two-step goodwill impairment model that is currently in place. If it is determined through the qualitative assessment that the fair value of a reporting unit's indefinite-lived intangible asset is more likely than not greater than the asset's carrying value, the remaining impairment steps would be unnecessary. The qualitative assessment is optional, allowing companies to go directly to the quantitative assessment. ASU 2012-02 is effective for the Company for annual and interim indefinite-lived intangible asset impairment tests performed beginning July 1, 2013, however, early adoption is permitted. The Company is currently evaluating the impact ASU 2012-02 will have on its Condensed Consolidated Financial Statements.

NOTE 4. PREPAID EXPENSES

The Company has prepaid expenses as of December 31, 2013 and 2012 as follows:

| | December 31, | |
|------------------|--------------|------------|
| | 2013 | 2012 |
| Prepaid Expenses | 127,448 | 117,059 |
| Total | \$ 127,448 | \$ 117,059 |

Table of Contents

NOTE 5. INVENTORIES

The Company inventories as of December 31, 2013 and 2012 consists as follows:

| | December 31, | |
|----------------|--------------|--------------|
| | 2013 | 2012 |
| Finished goods | \$ 2,140,185 | \$ 2,669,358 |
| Components | 612,451 | 1,015,633 |
| Total | \$ 2,752,636 | \$ 3,684,991 |

NOTE 6. PROPERTY AND EQUIPMENT

The Company has fixed assets as of December 31, 2013 and 2012 as follows:

| | December 31, | |
|--------------------------|--------------|--------------|
| | 2013 | 2012 |
| Equipment | \$ 285,753 | \$ 285,753 |
| Accumulated depreciation | \$ (279,765) | \$ (267,176) |
| Total | \$ 5,988 | \$ 18,577 |

Depreciation Expense is \$12,589 for December 31, 2013 compared to \$24,310 for December 31, 2012.

NOTE 7. ACQUISITION

On October 1, 2008, the Company entered into an Asset Purchase Agreement with Cory Wiedel and Ryan Zink (the "Shareholders"), and NDS Nutritional Products, Inc. ("NDS"), a Nebraska corporation. The Company purchased substantially all of the tangible properties, equipment, tenant improvements, customer accounts, customer lists, goodwill, software, intellectual property, component inventory and all insurance benefits, including rights and proceeds in or related to the retail operations of NDS, in accordance with the provisions of the definitive transaction documents. The estimated purchase price was \$2,645,684. In addition to \$700,000 in cash, the purchase price consisted of promissory notes and an earn-out based on gross profits of NDS.

On September 30, 2009, the Company amended the terms to the above referenced Asset Purchase Agreement originally dated October 1, 2008 by and between the Shareholders, NDS and the Company. Under the terms of the amendment, all remaining obligations payable by the Company in connection with the earn-out and outstanding secured promissory notes were replaced in their entirety by a new promissory note (the "New Note") with an original principal amount of \$621,775.01 payable in monthly installments commencing as of March 1, 2010, accruing at the rate of eight percent (8%) per annum, and due and payable in full on December 31, 2010.

On November 15, 2010, the Company entered into an Amended and Restated Secured Promissory Note by and among FitLife Brands, Inc., NDS Nutrition Products, Inc. and NDS Nutritional Products, Inc., as well as other ancillary documents in connection with such transaction in replacement of that certain Secured Promissory Note by and among the parties dated September 30, 2009. The Amended and Restated Secured Promissory Note, which became effective December 1, 2010, calls for an initial payment by the Company of \$205,000 on December 1, 2010 and ongoing monthly payments of \$17,350 throughout 2011 in full satisfaction of the note. The Secured Promissory Note, which was replaced by the Amended and Restated Secured Promissory Note, had a remaining principal balance of approximately \$400,000 and matured in December of 2010.

The Company hired a third-party expert to prepare a valuation analysis to assist management of the Company in its allocation of the purchase price, primarily through the determination of the fair value and remaining useful lives of the intangible assets from the acquisition of NDS Nutritional Products, Inc. in 2008. A summary of that analysis is included herein in Note 3 to these financial statements. Based on that analysis, the Company determined that there was no impairment for the year ended December 31, 2013 or 2012.

F-12

Table of Contents

The amortization expense for all intangible assets is grouped with the depreciation expense for the related reporting period, and reported in the Statements of Operations and the Statements of Cash Flows as “Depreciation and amortization” expense. The Company calculates the weighted average of the average amortization period, in total and by major define-lived intangible asset on a straight-line basis over the estimated useful lives of the related assets that is ten years in accordance with the agreements with the above intangible assets. The Company had total amortization expense of \$219,749 for December 31, 2013 and \$219,749 for December 31, 2012.

NOTE 8. NOTE PAYABLES

Notes payable consist of the following as of December 31, 2013 and December 31, 2012:

| | December 31, 2013 | December 31, 2012 |
|---|-------------------------|-------------------------|
| Revolving Line of Credit of \$3,000,000 from US Bank dated April 9, 2009 as amended July 15, 2010, May 25, 2011, and August 22, 2012, and April 29, 2013 at an interest rate of 3.0% plus the one-month LIBOR quoted by US Bank from Reuters screen LIBOR. The Line of Credit matures May 15, 2014 and is secured by 80% of the receivables and 50% of the eligible inventory (such inventory amount not to exceed 50% of the borrowing base) of NDS Nutrition Products, Inc. The Company pays interest only on a monthly basis on this Line of Credit. | \$ 437,089 | \$ 437,089 |
| Term loan of \$2,600,000 from US Bank, dated September 4, 2013, at a fixed interest rate of 3.6%. The term loan amortizes evenly on a monthly basis and matures August 15, 2018. | \$2,435,862 | \$ - |
| Total of notes payable and advances | \$ 2,872,951 | \$ 437,089 |
| Less Current Portion: | \$ (926,218) | \$ (437,089) |
| Long-Term Portion: | \$ 1,946,733 | \$ - |

NOTE 9. EQUITY

Common and Preferred Stock

The Company is authorized to issue 150,000,000 shares of common stock, \$0.01 par value, of which 8,110,853 common shares were issued and outstanding as of December 31, 2013. The Company is authorized to issue 10,000,000 shares of Series A Convertible Preferred Stock, \$0.01 par value, of which no shares were issued and outstanding as of December 31, 2013. The Company is authorized to issue 1,000 shares of its 10% Cumulative Perpetual Series B Preferred Stock, none of which were issued and outstanding as of December 31, 2013 following the Series B Redemption. The 10% Cumulative Perpetual Series B Preferred has a liquidation preference of \$10,000 per share. The Company is authorized to issue 500 shares of its Series C Convertible Preferred Stock, none of which were issued and outstanding as of December 31, 2013 following the Series C Recapitalization Transactions. The Series C Preferred Stock is convertible at \$0.25 per share and has a liquidation preference of \$10,000 per share.

As of December 31, 2013, 6,621 shares of common stock were subscribed.

Options

As of December 31, 2013, 180,000 options to purchase common stock of the Company were issued and outstanding, of which 60,000 are exercisable at \$1.00 per share and 120,000 are exercisable at \$0.90 per share.

F-13

Table of Contents

Warrants

The Company values all warrants using the Black-Scholes option-pricing model. Critical assumptions for the Black-Scholes option-pricing model include the market value of the stock price at the time of issuance, the risk-free interest rate corresponding to the term of the warrant, the volatility of the Company's stock price, dividend yield on the common stock, as well as the exercise price and term of the warrant. The Black Scholes option-pricing model was the best determinable value of the warrants that the Company "knew up front" when issuing the warrants in accordance with Topic 505. Other than as expressly noted below, the warrants are not subject to any form of vesting schedule and, therefore, are exercisable by the holders anytime at their discretion during the life of the warrant. No discounts were applied to the valuation determined by the Black Scholes option-pricing model; provided, however, that in determining volatility the Company utilized the lesser of the 90-day volatility as reported by Bloomberg or other such nationally recognized provider of financial markets data and 40.0%.

As of December 31, 2013, 209,808 warrants to purchase common stock of the Company were issued and outstanding, additional information on which is included in the following table:

| Issued | Exercise Price | Issuance Date | Expiration Date | Vesting |
|---------|----------------|---------------|-----------------|---------|
| 17,586 | \$ 7.700 | 12/31/09 | 12/31/14 | No |
| 10,000 | \$ 7.000 | 12/31/09 | 12/31/14 | No |
| 37,500 | \$ 5.000 | 08/20/09 | 08/20/14 | No |
| 14,259 | \$ 3.600 | 05/14/10 | 05/14/15 | Yes |
| 17,500 | \$ 3.500 | 08/20/09 | 08/20/14 | No |
| 10,000 | \$ 3.500 | 12/31/09 | 12/31/14 | No |
| 2,083 | \$ 3.000 | 04/01/09 | 04/01/14 | Yes |
| 25,000 | \$ 3.000 | 11/01/13 | 11/01/16 | No |
| 20,640 | \$ 2.000 | 06/29/10 | 06/29/15 | No |
| 21,240 | \$ 2.000 | 07/21/10 | 07/21/15 | No |
| 9,000 | \$ 2.000 | 09/03/10 | 09/03/15 | No |
| 25,000 | \$ 2.000 | 11/01/13 | 11/01/16 | No |
| 209,808 | | | | |

| | | |
|---|------|---|
| Expected Dividend Yield | 0.0 | % |
| Volatility | 40.0 | % |
| Weighted average risk free interest rate | 0.3 | % |
| Weighted average expected life (in years) | 1.5 | |

Table of Contents

Private Placements, Other Issuances and Cancellations

The Company periodically issues shares of its common stock and warrants to purchase shares of common stock to investors in connection with private placement transactions, as well as, to advisors and consultants for the fair value of services rendered. Absent an arm's length transaction with an independent third-party, the value of any such issued shares is based on the trading value of the stock at the date on which such transactions or agreements are consummated or such shares are issued. The Company expenses the fair value of all such issuances in the period incurred.

The Company issued 311,621 shares of its common stock for services during the year ended December 31, 2013, for which it recorded an expense of \$354,039, as compared to a net expense of \$52,064 for the year ended December 31, 2012. During the year ended December 31, 2013 the Company also issued 110,000 options and warrants to purchase shares of its common stock, for which it recorded an expense of \$40,896, as compared to a net contra-expense of \$22,644 for the year ended December 31, 2012.

2013

During the year ended December 31, 2013, the Company issued and cancelled 642,126 and 0 shares of its common stock, respectively, for an aggregate net issuance of 642,126 shares. Of those amounts, (i) 5,000 shares were issued to consultants for the fair value of services rendered, (ii) 39,121 shares were issued to members of the Board of Directors for the fair value of services rendered consistent with the Company's Board compensation plan, (iii) 267,500 shares were issued to employees for the fair value of services rendered in connection with an employee stock award program, and (iv) 330,505 shares were issued in connection with the Series C Recapitalization Transactions. In addition to the above, during the year ended December 31, 2013 the Company issued 60,000 options to purchase common stock in the Company under the terms of the Company's qualified plan and 50,000 warrants to a consultant for the fair value of services rendered. The Company did not issue any shares of its common stock to investors for cash during the year ended December 31, 2013.

Any offer and sale of shares of our common stock are effected in reliance on the exemptions for sales of securities not involving a public offering, as set forth in Rule 506 promulgated under the Securities Act and in Section 4(2) of the Securities Act, based on the following: (a) the investors confirmed to us that they were "accredited investors," as defined in Rule 501 of Regulation D promulgated under the Securities Act and had such background, education and experience in financial and business matters as to be able to evaluate the merits and risks of an investment in the securities; (b) there was no public offering or general solicitation with respect to the offering; (c) the investors were provided with certain disclosure materials and all other information requested with respect to our company; (d) the investors acknowledged that all securities being purchased were "restricted securities" for purposes of the Securities Act, and agreed to transfer such securities only in a transaction registered under the Securities Act or exempt from registration under the Securities Act; and (e) a legend was placed on the certificates representing each such security stating that it was restricted and could only be transferred if subsequent registered under the Securities Act or transferred in a transaction exempt from registration under the Securities Act.

During the year ended December 31, 2013, the Company valued shares issued for services rendered based on the trading value of the stock at the time of issuance.

2012

During the year ended December 31, 2012, the Company issued and cancelled 581,486 and 0 shares of its common stock, respectively, for an aggregate net issuance of 581,486 shares. Of those amounts, (i) 100,000 shares were issued to consultants for the fair value of services rendered, (ii) 25,000 shares were issued to the Chairman of the Board

consistent with the Company's Board compensation plan, and (iii) 456,486 shares were issued to employees for the fair value of services rendered in connection with an employee stock award program. In addition to the above, during the year ended December 31, 2012 the Company issued 700,000 options to purchase common stock in the Company under the terms of the Company's qualified plan. The Company did not issue any shares of its common stock to investors for cash during the year ended December 31, 2012.

F-15

Table of Contents

Any offer and sale of shares of our common stock are effected in reliance on the exemptions for sales of securities not involving a public offering, as set forth in Rule 506 promulgated under the Securities Act and in Section 4(2) of the Securities Act, based on the following: (a) the investors confirmed to us that they were “accredited investors,” as defined in Rule 501 of Regulation D promulgated under the Securities Act and had such background, education and experience in financial and business matters as to be able to evaluate the merits and risks of an investment in the securities; (b) there was no public offering or general solicitation with respect to the offering; (c) the investors were provided with certain disclosure materials and all other information requested with respect to our company; (d) the investors acknowledged that all securities being purchased were “restricted securities” for purposes of the Securities Act, and agreed to transfer such securities only in a transaction registered under the Securities Act or exempt from registration under the Securities Act; and (e) a legend was placed on the certificates representing each such security stating that it was restricted and could only be transferred if subsequently registered under the Securities Act or transferred in a transaction exempt from registration under the Securities Act.

During the year ended December 31, 2012, the Company valued shares issued for services rendered based on the trading value of the stock at the time of issuance.

NOTE 10. INCOME TAXES

The provision (benefit) for income taxes from continued operations for the years ended December 31, 2013 and 2012 consist of the following:

| | December 31, | |
|---|--------------|--------------|
| | 2013 | 2012 |
| Current: | | |
| Federal AMT | \$ 26,250 | \$ 40,257 |
| State | 64,250 | - |
| | 90,500 | 40,257 |
| Deferred: | | |
| Federal | \$ 455,000 | \$ 646,000 |
| State | 38,000 | 152,000 |
| | 493,000 | 798,000 |
| Change in valuation allowance | (493,000) | (1,487,000) |
| Provision (benefit) for income taxes, net | \$ 90,500 | \$ (648,743) |

The difference between income tax expense computed by applying the federal statutory corporate tax rate and actual income tax expense is as follows:

| | December 31, | |
|-----------------------------------|--------------|----------|
| | 2013 | 2012 |
| Statutory federal income tax rate | 34.00% | 34.00% |
| State income taxes and other | 6.29% | 8.00% |
| Federal AMT | 1.90% | 0.02% |
| Valuation allowance | (35.65)% | (76.76)% |
| Effective tax rate | 6.54% | (34.74) |

Deferred income taxes result from temporary differences in the recognition of income and expenses for the financial reporting purposes and for tax purposes. The components of deferred tax assets consist principally from the following:

December 31,

| | 2013 | 2012 |
|----------------------------------|-------------|-------------|
| Net operating loss carryforwards | 7,272,000 | 7,727,000 |
| Valuation allowance | (6,583,000) | (7,038,000) |
| Deferred income tax asset | \$ 689,000 | \$ 689,000 |

F-16

Table of Contents

The Company has a net operating loss carryforwards of approximately \$21,250,000 for federal purposes available to offset future taxable income through 2032, which expire in various years through 2032, The Company has provided a valuation reserve against the full amount of the net operating loss benefit, because in the opinion of management the benefits from net operating losses carried forward may be impaired or limited on certain circumstances. Events which may cause limitations in the amount of net operating losses that the Company may utilize in any one year include, but are not limited to, limitations imposed under Section 382 of the Internal Revenue Code, as amended, from change of more than 50% over a three-year period. The impact of any limitations that may be imposed for future issuances of equity securities, including issuances with respect to acquisitions have not been determined.

ASC 740 requires the consideration of a valuation allowance to reflect the likelihood of realization of deferred tax assets. Significant management judgment is required in determining any valuation allowance recorded against deferred tax assets. In evaluating the ability to recover deferred tax assets, the Company considered available positive and negative evidence, giving greater weight to its recent cumulative losses and its ability to carry-back losses against prior taxable income and lesser weight to its projected financial results due to the challenges of forecasting future periods. The Company also considered, commensurate with its objective verifiability, the forecast of future taxable income including the reversal of temporary differences. At that time the Company continued to have sufficient positive evidence, including recent cumulative profits, a reduction in operating expenses, the ability to carry-back losses against prior taxable income and an expectation of improving operating results, showing a valuation allowance was not required. At the end of the year ended December 31, 2012, expectations of taxable income necessitated a reduction in the valuation allowance and a restoration of \$689,000 of deferred tax assets related to net operating losses expected to be utilized in the next 12 months. At December 31, 2013, the Company continues to maintain the deferred tax asset of \$689,000.

NOTE 11. FAIR VALUE MEASUREMENTS

The Company immediately adopted FASB Accounting Standards Codification No. 820 (SFAS 157), Fair Value Measurements. ASC 820 relates to financial assets and financial liabilities.

Determination of Fair Value

At December 31, 2013, the Company calculated the fair value of its assets and liabilities for disclosure purposes only.

Valuation Hierarchy

ASC 820 establishes a three-level valuation hierarchy for the use of fair value measurements based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date:

Valuation Hierarchy

- Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, including quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability (e.g., interest rates); and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

- Level 3 - Inputs that are both significant to the fair value measurement and unobservable. These inputs rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability. (The unobservable inputs are developed based on the best information available in the circumstances and may include the Company's own data.)

Table of Contents

The following table presents the Company's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of December 31, 2013.

| | Level 1 | Level 2 | Level 3 | Total |
|-------------------|---------|--------------|--------------|--------------|
| Assets | | | | |
| Cash | \$ - | \$ 3,305,179 | \$ - | \$ 3,305,179 |
| Intangible assets | - | - | 1,037,117 | 1,037,117 |
| | \$ - | \$ 3,305,179 | \$ 1,037,117 | \$ 4,342,296 |

NOTE 12. COMMITMENTS AND CONTINGENCIES

The Company does not have, to the best of its knowledge, any undisclosed commitments or contingent liabilities.

NOTE 13. RELATED PARTY TRANSACTIONS

Until May 2013, Mr. Michael Abrams served as the Company's Chief Financial Officer pursuant to the terms of a Consulting Agreement for Services ("Agreement") by and between the Company and Burnham Hill Advisors, LLC ("BHA"). The Agreement was cancelled on May 8, 2013 in connection with the execution of an employment agreement by and between Mr. Abrams and the Company. Mr. Abrams is a partner in Burnham Hill Capital Group, of which BHA is a 100% wholly owned entity. Mr. Jason Adelman, a shareholder beneficially owning in excess of 5% of the Company's common stock, is also a principal of BHA. During the year ended December 31, 2013, the Company paid BHA \$54,000 under the Agreement in connection with services rendered by Mr. Abrams to the Company as its CFO and an additional \$26,000 in connection with the cancellation of the Agreement. Additionally, Mr. Abrams received \$1,500 per month directly from the Company from January 2013 through April 2013 in connection with the services he provided to the Company pursuant to the Agreement prior to its cancellation.

The Company did not have any other related party transactions as of December 31, 2013.

Table of Contents

NOTE 14. NET INCOME PER SHARE

Basic income per share is calculated by dividing net income attributable to common stockholders by the weighted average number of shares of common stock outstanding during the period. Diluted income per share is calculated by dividing net income attributable to common stockholders by the weighted average fully diluted number of shares of common stock outstanding during the period. For the years ended December 31, 2013 and 2012, the following potential shares of common stock were included in the number of shares of common stock outstanding for the calculation of diluted income per share.

| | December 31, | |
|--------------------------------|--------------|------------|
| | 2013 | 2012 |
| Warrants | 569,142 | 8,863,917 |
| Options | 176,000 | 1,200,000 |
| Preferred Stock (as converted) | 375,000 | 5,000,000 |
| Total | 1,120,142 | 15,063,917 |

The following table represents the computation of basic and diluted losses per share at December 31, 2013 and 2012:

| | December 31, 2013 | December 31, 2012 |
|---|-------------------------|-------------------------|
| Net income (losses) available for common shareholders | 1,292,425 | 2,524,276 |
| Basic weighted average common shares outstanding | 7,830,909 | 74,465,509 |
| Basic income (loss) per share | 0.17 | 0.03 |
| Diluted weighted average common shares outstanding | 8,951,051 | 93,779,867 |
| Diluted income (loss) per share | 0.14 | 0.03 |

Net loss per share is based upon the weighted average shares of common stock outstanding.

NOTE 15. SUBSEQUENT EVENTS

Management has reviewed and evaluated subsequent events and transactions occurring after the balance sheet date through the filing of this Annual Report on Form 10-K on March 18, 2014 and determined that no subsequent events occurred.