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

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**FORM 8-K**

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**CURRENT REPORT**

Pursuant to Section 13 OR 15(d) of the  
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): June 11, 2010

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**AMHN, INC.**

(Exact name of registrant as specified in its charter)

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

**000-16731**  
(Commission  
File Number)

**87-0233535**  
(IRS Employer  
Identification No.)

**100 North First Street, Suite 104, Burbank, California 91502**  
(Address of principal executive offices and Zip Code)

**(424) 239-6781**  
(Registrant's telephone number, including area code)

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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## CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING INFORMATION

This report contains certain forward-looking statements (as such term is defined in Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) and information relating to the Company that are based on the current beliefs of the Company’s management as well as assumptions made by and information currently available to management, including statements related to the markets for the Company’s products, general trends and trends in the Company’s operations or financial results, plans, expectations, estimates and beliefs. When used in this report, the words “anticipate,” “believe,” “estimate,” “expect,” “intend,” “plan,” “predict,” “opinion,” “will” and similar expressions and their variants, as they relate to the Company or the Company’s management, may identify forward-looking statements. Such statements reflect the Company’s judgment as of the date of this report with respect to future events, the outcome of which is subject to certain risks, including the risk factors described herein, which may have a significant impact on the Company’s business, operating results or financial condition. You are cautioned that these forward-looking statements are inherently uncertain. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results or outcomes may vary materially from those described herein.

## EXPLANATORY NOTE

Upon the closing of the Agreement and Plan of Reorganization as described more fully below, AMHN, Inc., a Utah corporation (“AMHN”), became the parent company of Spectrum Health Network, Inc., a Delaware corporation (“Spectrum”). Unless otherwise provided in this current report on Form 8K (the “Report”), all references in this Report to “we,” “us,” “our Company,” “our,” “AMHN,” the “Company,” or the “Registrant” refers to the combined AMHN, Inc. entity, together with its wholly owned subsidiaries, America’s Minority Health Network, Inc., a Delaware corporation (“America’s Minority Health Network”) and Spectrum. Unless otherwise indicated in this Report, all references in this Report to the Company’s Board of Directors shall refer to the Board of Directors of AMHN, which was not reconstituted upon the closing of the Agreement and Plan of Reorganization. The business operations of AMHN following the Agreement and Plan of Reorganization consist of those of its subsidiaries, America’s Minority Health Network and Spectrum. This Report contains summaries of the material terms of various agreements executed in connection with the Agreement and Plan of Reorganization and subsequent transactions.

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TABLE OF CONTENTS

	<u>Page</u>
Item 1.01 <a href="#">Entry into a Material Definitive Agreement</a>	4
Item 2.01 <a href="#">Completion of Acquisition or Disposition of Assets</a>	4
Item 3.02 <a href="#">Unregistered Sales of Equity Securities</a>	7
Item 9.01 <a href="#">Financial Statements and Exhibits</a>	7

**Item 1.01 Entry into a Material Definitive Agreement.**

On June 1, 2010, AMHN, Inc., a Utah corporation (“AMHN”), entered into an Agreement and Plan of Reorganization (the “Acquisition Agreement”) with Spectrum Acquisition Corp., a newly formed Delaware corporation and wholly owned subsidiary of AMHN (“Merger Sub”), Spectrum Health Network, Inc., a Delaware corporation (“Spectrum”) and the sole shareholder of Spectrum (the “Sole Shareholder”). The terms of the Acquisition Agreement provide for (i) the transfer of 100% of the issued and outstanding shares of common stock of Spectrum to AMHN in exchange for the issuance to the shareholder of Spectrum of an aggregate of 500,000 shares of common stock of AMHN (the “AMHN Common Stock”) at a conversion ratio where one share of Spectrum is converted into 500 shares of AMHN; (ii) AMHN’s assumption of all the assets and liabilities of Spectrum; (iii) the officers and directors of Spectrum to retain their respective positions in the Merger Sub; and (iv) Spectrum to become a wholly owned subsidiary of AMHN. A full description of the terms of the Acquisition Agreement (the “Transaction”) is set forth in our discussion of the Transaction in Item 2.01 below, and as outlined in the Acquisition Agreement filed herewith as Exhibit 10.01 to this Report on Form 8-K, which is incorporated herein by reference.

**Item 2.01 Completion of Acquisition or Disposition of Assets.**

***Agreement and Plan of Reorganization with Spectrum Health Network, Inc.***

On June 11, 2010, the Closing Date of the Transaction pursuant to the terms and conditions of the Acquisition Agreement, AMHN acquired 100% of the issued and outstanding shares of Spectrum in exchange for the issuance of an aggregate of 500,000 shares of AMHN Common Stock. In accordance with the provisions of this triangulated merger, Merger Sub shall be merged with and into Spectrum as of the Effective Date of the Acquisition Agreement, as that term is defined therein. Upon consummation of the Agreement and all transactions contemplated therein, the separate existence of Merger Sub shall cease and Spectrum becomes a wholly owned subsidiary of AMHN. In conjunction with the Acquisition Agreement, AMHN assumed the assets and liabilities of Spectrum totaling approximately \$270,264 and \$453,299 respectively.

***Business Overview of Spectrum***

Spectrum Health Network, Inc. was founded in October 2009. Spectrum is a digital signage waiting room network built for the multispecialty group practice and independent physician associations (“IPA”)<sup>1</sup>. Spectrum was developed to be an extension of the medical practice, enabling the group practice to relay custom produced health-specific educational based content to patients while they waited to see their physician. Spectrum provides its clients with a powerful tool for practice enhancement, patient communications and as a viable method to deliver educational initiatives.

Spectrum uses HD 32” LCD flat panel commercial monitors, a digital signage media player, and an EnQii remote transfer platform to manage the playlist content for each site. The right side of the viewing screen is dedicated to the medical group/IPA. As of the Closing of the Transaction, Spectrum maintained 126 live sites installed across seventy-two (72) independent buildings servicing eight (8) different UPAs in

<sup>1</sup> An Independent Practice Association (IPA) is an association of independent physicians, or other organization that contracts with independent physicians, and provides services to managed care organizations on a negotiated per capital rate, flat retainer fee, or negotiated fee-for-service basis. An HMO or other managed care plan may contract with an IPA, which in turn contracts with independent physicians, to treat members at a discounted fee or on a capita basis. The typical IPA encompasses all specialties, but an IPA can be solely for primary care or for a single specialty. IPAs assembles physicians in self-directed groups within a geographic region to invent and implement healthcare solutions, form collaborative efforts among physicians to implement these programs and to exert political influence upward within the medical community to effect positive change.

## Table of Contents

the California and New York markets and one location operating as a test site in Atlanta, Georgia. Of these locations, fifty-eight (58) are located in Northern California, ten (10) in Southern California, and two (2) in New York. Spectrum has an additional 29 sites under contract but which have not yet been installed.

Spectrum was originally founded as an ad supported network; however, the decision was recently made to shift from ad supported to a subscription based service. Spectrum now sells its network to the IPA market as a subscription service for a one-time fee of \$3,500 per location for each system, plus an ongoing monthly service fee ranging from \$102 to \$250 per month per location. To date, Spectrum has not converted any of its existing client base to a subscription service. The IPA has a well-maintained network which they can choose to be free of advertising. The IPA can use their network to:

- Customize each screen to reach specific groups of clinics
- Introduce new services, physicians, or play full-sound videos
- Keep the waiting room environment focused on health and education
- Continuously brand the medical group throughout the playlist
- Provide off-hours training or medical group scheduled messages

If Spectrum is able to convert its existing client base to a subscription service, then at the lowest price threshold, Spectrum expects to net \$13,260 per month in network maintenance revenue.

Spectrum has developed a primary target list of prospective IPAs which, if subscribed, would represent a minimum of 640 potential locations, with each location supporting its own system. There are approximately 3,500 IPAs operating in the United States. Of this total, an estimated 2,000 fall under the category of the “Staff Model” where staff are fulltime employees directed under a corporate management structure; another 1,500 are considered a “Staff/Hybrid Model” where the IPA is created to facilitate a Primary Care Group and still enable specialized physicians to maintain their own practices, but also the benefits of achieving economies of scale from the formation of an association to operate and help manage their practice.

According to The IPA Association of America, the average UPA has approximately 450 independent physicians. While the exact number of waiting rooms is unknown, the single most important aspect of the IPA market is its sheer size and number of offices each IPA may grow to manage.

### *Aggregate Beneficial Ownership of AMHN’s Common Stock after the Transaction*

On the Closing Date, and after giving effect to the issuance of the 500,000 shares of AMHN Common Stock to the shareholders of Spectrum, there are 16,290,209 shares of Common Stock of AMHN issued and outstanding. The aggregated beneficial ownership of the Company’s shares of outstanding Common Stock on a fully diluted basis is as follows:

- The shareholders who exchanged their shares of Spectrum in connection with the Transaction acquired an aggregate beneficial ownership of three percent (3%) of the issued and outstanding shares of Common Stock of AMHN; and
- Persons beneficially owning 100% of the shares of Common Stock of AMHN immediately prior to the consummation of the Transaction were diluted to an aggregate beneficial ownership of approximately ninety-seven percent (97%) of the issued and outstanding shares of Common Stock of AMHN.

A discussion of beneficial ownership of our directors, officers and principal shareholders is set forth herein in *Security Ownership of Certain Beneficial Owners and Management*.

## [Table of Contents](#)

### *Security Ownership of Certain Beneficial Owners and Management*

The following alphabetical table sets forth the ownership of our Common Stock, after giving effect to the Closing of the Transaction, by each person known by us to be the beneficial owner of more than 5% of our outstanding Common Stock, each of our directors and executive officers, and all of our directors and executive officers as a group. The information presented below regarding beneficial ownership of our voting securities has been presented in accordance with the rules of the Securities and Exchange Commission and is not necessarily indicative of ownership for any other purpose. This table is based upon information derived from our stock records. Unless otherwise indicated in the footnotes to this table and subject to community property laws where applicable, we believe that each of the shareholders named in this table has sole or shared voting and investment power with respect to the shares indicated as beneficially owned. Except as set forth below, applicable percentages are based upon 16,290,209 shares of Common Stock outstanding as of June 11, 2010 and takes into account the shares issued upon the Closing of the Transaction. Except as otherwise listed below, the address of each person is c/o AMHN at 100 North First Street, Suite 104, Burbank, CA 91502.

<u>Name and Address of Beneficial Owner</u>	<u>Title of Class</u>	<u>Number of Shares Beneficially Owned<sup>(1)</sup></u>	<u>Percent of Class</u>
Robert Cambridge Chairman of the Board, Chief Executive Officer, Director	Common	0	*
Charles Richardson President and Director	Common	0	*
Donald R. Mastropietro Chief Financial Officer, VP Finance, Treasurer	Common	684,684	4.20%
Kimberly Sarubbi <sup>(2)</sup> Director	Common	4,108,107	25.22%
Andrew Golden Director	Common	0	*
Seatac Digital Resources, Inc. 555 H Street, Suite H Eureka, CA 95501	Common	4,108,107	25.22%
Sky Kelley 44 Musano Ct West Orange NJ 07052	Common	3,423,422	21.02%
All directors and executive officers as a group (5 persons):	Common	4,792,791	29.42%

<sup>(1)</sup> Beneficial ownership is determined in accordance with the rules of the SEC and generally includes voting or investment power with respect to securities. The indication herein that shares are beneficially owned is not an admission on the part of the listed stockholder that said listed stockholder is or will be a direct or indirect beneficial owner of those shares.

<sup>(2)</sup> Includes 4,108,107 shares beneficially owned by Saddle Ranch Productions, Inc., a corporation for which Ms. Sarubbi serves as President and sole director.

\* Less than one percent.

## Table of Contents

### **Item 3.02 Unregistered Sales of Equity Securities.**

As previously mentioned herein, pursuant to and in conjunction with the Closing of the Acquisition Agreement, the Company issued 500,000 shares of its Common Stock to the shareholders of Spectrum. The 500,000 shares were issued with a restrictive legend that the shares had not been registered under the Securities Act of 1933. The exchange of the securities pursuant to the Transaction was conducted pursuant to the exemption from registration provided by Regulation D of the Securities Act and Section 4(2) of the Securities Act.

### **Item 9.01 Financial Statements and Exhibits.**

(a) Financial Statements of Business Acquired:

See Financial Statements of Spectrum Health Network, Inc. for the period from inception (October 21, 2009) through December 31, 2010 attached hereto at Exhibit 99.1.

See Financial Statements of Spectrum Health Network, Inc. for the quarter ended March 31, 2010 attached hereto at Exhibit 99.2.

(b) Pro Forma Financial Information:

See Unaudited Proforma Consolidated Financial Statements attached hereto at Exhibit 99.3.

(c) Shell Company Transactions:

None.

(d) Exhibits:

<u>Exh. No.</u>	<u>Date</u>	<u>Document</u>
10.01	June 11, 2010	Agreement and Plan of Reorganization (for the acquisition of Spectrum Health Network, Inc.)*
99.1	n/a	Financial Statements of Spectrum Health Network, Inc. for year ended December 31, 2009*
99.2	n/a	Financial Statements of Spectrum Health Network, Inc. for quarter ended March 31, 2010*
99.3	n/a	Unaudited Proforma Consolidated Financial Statements*

\* Filed herewith.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: June 14, 2010

**AMHN, INC.**

By: \_\_\_\_\_ /s/ ROBERT CAMBRIDGE  
Robert Cambridge  
Chief Executive Officer



**AGREEMENT AND PLAN OF REORGANIZATION**

AMONG

**AMHN, INC.,**

**SHN ACQUISITION CORP.,**

**SPECTRUM HEALTH NETWORK, INC.,**

AND

**THE SOLE SHAREHOLDER OF**

**SPECTRUM HEALTH NETWORK, INC.**

June 11, 2010

## AGREEMENT AND PLAN OF REORGANIZATION

This Agreement and Plan of Reorganization (hereinafter the "Agreement") is entered into effective as of this 11th day of June 2010, by and among AMHN, Inc., a Utah corporation (hereinafter "Parent"); SHN Acquisition Corp., a newly formed Delaware corporation and wholly owned subsidiary of Parent (hereinafter "Merger Sub"); Spectrum Health Network, Inc., a Delaware corporation (hereinafter the "Company" or "Spectrum"), and the Sole Shareholder of Spectrum listed on the signature page hereof (hereinafter the "Sole Shareholder").

### RECITALS

WHEREAS, Parent desires to acquire the Company as a wholly-owned subsidiary and to issue shares of Parent's Common Stock (as defined below) to the shareholders of the Company upon the terms and conditions set forth herein. Merger Sub is a wholly-owned subsidiary corporation of Parent that shall be merged into the Company; whereupon the Company shall be the surviving corporation of said merger and shall become a wholly-owned subsidiary of Parent (Merger Sub and the Company are sometimes collectively hereinafter referred to as the "Constituent Corporations").

WHEREAS, the boards of directors of each of Parent, Merger Sub and the Company deem it advisable and in the best interests of such corporations and their respective shareholders that Merger Sub merge with and into the Company pursuant to this Agreement and the Delaware Certificate of Merger (in the form attached hereto as Exhibit A) and pursuant to applicable provisions of law (such transaction hereafter referred to as the "Merger").

WHEREAS, Merger Sub has an authorized capitalization consisting of 1,000 shares of common stock, par value \$0.001 per share, of which 1,000 shares shall be issued and outstanding and owned by Parent as of the closing of the Merger.

WHEREAS, Parent has an authorized capitalization consisting of 50,000,000 shares of common stock, par value \$0.10 per share ("Parent Common Stock"), of which 15,790,209 shares of Parent Common Stock shall be, as of the Effective Date (as defined below), issued and outstanding and, except as may be set forth within the Disclosure Schedule of Parent, no shares of Parent Common Stock are reserved for issuance pursuant to options, warrants or other securities that are convertible into or exchangeable for Parent Common Stock, in each case as of the Effective Date.

WHEREAS, the Company has an authorized capitalization consisting of 1,000 shares of common stock, par value \$0.001 per share ("Spectrum Common Stock"), of which 1,000 shares are issued and outstanding as of the Effective Date.

NOW THEREFORE, for the mutual consideration set out herein, and other good and valuable consideration, the sufficiency of which is hereby acknowledged, the parties agree as follows:

## AGREEMENT

1. **Plan of Reorganization.** The parties to this Agreement do hereby agree that Merger Sub shall be merged with and into the Company upon the terms and conditions set forth herein and in accordance with the provisions of the Delaware General Corporation Law. It is the intention of the parties hereto that this transaction qualify as a tax-free reorganization under Section 368(a)(2)(E) of the Internal Revenue Code of 1986, as amended, and related sections thereunder.

2. **Terms of Merger.** In accordance with the provisions of this Agreement and the requirements of applicable law, Merger Sub shall be merged with and into the Company as of the Effective Date (the terms "Closing" and "Effective Date" are defined in Section 6 hereof). The Company shall be the surviving corporation (hereinafter the "Surviving Corporation") and the separate existence of Merger Sub shall cease when the Merger shall become effective. Consummation of the Merger shall be upon the following terms and subject to the conditions set forth herein:

(a) **Corporate Existence.**

(i) Commencing with the Effective Date, the Surviving Corporation shall continue its corporate existence as a Delaware corporation and (i) it shall thereupon and thereafter possess all rights, privileges, powers, franchises and property (real, personal and mixed) of each of the Constituent Corporations; (ii) all debts due to either of the Constituent Corporations, on whatever account, all causes in action and all other things belonging to either of the Constituent Corporations shall be taken and deemed to be transferred to and shall be vested in the Surviving Corporation by virtue of the Merger without further act or deed; and (iii) all rights of creditors and all liens, if any, upon any property of any of the Constituent Corporations shall be preserved unimpaired, limited in lien to the property affected by such liens immediately prior to the Effective Date, and all debts, liabilities and duties of the Constituent Corporations shall thenceforth attach to the Surviving Corporation.

(ii) At the Effective Date, (i) the Certificate of Incorporation of the Company shall be the Certificate of Incorporation of the Surviving Corporation, and the Bylaws of the Company, as existing immediately prior to the Effective Date, shall be and remain the Bylaws of the Surviving Corporation; (ii) the members of the Board of Directors of the Company holding office immediately prior to the Effective Date shall be appointed the members of the Board of Directors of the Surviving Corporation (if on or after the Effective Date a vacancy exists on the Board of Directors of the Surviving Corporation, such vacancy may thereafter be filled in a manner provided by applicable law and the Bylaws of the Surviving Corporation); and (iii) until the Board of Directors of the Surviving Corporation shall otherwise determine, all persons who hold offices of the Company at the Effective Date shall be elected to hold the same offices of the Surviving Corporation.

(b) **Conversion of Securities.** As of the Effective Date and without any action on the part of Parent, Merger Sub, the Company or the holders of any of the securities of any of these corporations, each of the following shall occur:

(i) Each share of Spectrum Common Stock issued and outstanding immediately prior to the Effective Date shall be converted into 500 shares of Parent Common Stock (the "Conversion Ratio"), an aggregate of 500,000 shares. All such shares of Spectrum Common Stock shall no longer be outstanding and shall automatically be canceled and shall cease to exist, and upon the execution and delivery of assignment and transfer of stock to receive certificates of Spectrum in accordance with the provisions of Section 4 hereof, certificates evidencing such number of shares of Parent Common Stock, respectively, into which such shares of Spectrum Common Stock were converted. The holders of rights to receive shares of Spectrum Common Stock outstanding immediately prior to the Effective Date shall receive their respective shares of Parent Common Stock. All shares issued to the holders of the capital stock of the Company will be subject to certain restrictions on any sale, assignment, transfer, encumbrance or other manner of disposition as more fully set forth below;

(ii) Any shares of capital stock of Spectrum held in the treasury of the Company immediately prior to the Effective Date shall automatically be canceled and extinguished without any conversion thereof and no payment shall be made with respect thereto; and

(iii) Each share of capital stock of Merger Sub issued and outstanding immediately prior to the Effective Date shall remain in existence as one share of common stock of the Surviving Corporation, which shall be owned by Parent.

3. **Delivery of Shares.** Promptly after the Effective Date, Parent shall mail to the Sole Shareholder of Spectrum Common Stock at the address set forth on books of Parent, (i) a notice of the effectiveness of the Merger, and (ii) certificates representing the shares of Parent Common Stock into which the Sole Shareholder's shares of Spectrum Common Stock were converted pursuant to the Merger (the "New Certificates"), that such holder is entitled to receive.

4. **Representations of Spectrum and its Major Shareholder.** Spectrum and its Sole Shareholder hereby represent and warrant as follows, which warranties and representations shall also be true as of the Closing:

(a) As of the Effective Date, one thousand (1,000) shares of Spectrum Common Stock are issued and outstanding and there are no shares of Preferred Stock authorized. The foregoing shares represent all of the shares of the Company's capital stock that will be issued and outstanding as of the Closing.

(b) The issued and outstanding shares of Spectrum Common Stock constitute duly authorized, validly issued shares of capital stock of the Company. All issued and outstanding shares of Spectrum Common Stock are fully paid and nonassessable.

(c) The Spectrum audited financial statements for the year ended December 31, 2009 and its unaudited and reviewed financial statements for the quarter ended March 31, 2010, which have been made available to Parent (hereinafter referred to as the "Spectrum Financial Statements"), fairly present the financial condition of the Company as of the date thereof and the results of its operations for the period covered. Other than as set forth in any schedule or Exhibit attached hereto, and except as may otherwise be set forth or referenced herein, there are no material liabilities or obligations, either fixed or contingent, not disclosed or referenced in the Company Financial Statements or in any exhibit thereto or notes thereto other than contracts or obligations occurring in the ordinary course of business since March 31, 2010; and no such contracts or obligations occurring in the ordinary course of business constitute liens or other liabilities which materially alter the financial condition of Spectrum as reflected in the Company Financial Statements. Spectrum has or will have at the Closing, good title to all assets shown on the Spectrum Financial Statements, subject only to dispositions and other transactions in the ordinary course of business, the disclosures set forth therein and liens and encumbrances of record. The Spectrum Financial Statements have been prepared in accordance with generally accepted accounting principles (except as may be indicated therein or in the notes thereto.)

(d) Except as set forth in Schedule 4(d), since March 31, 2010, there have not been any material adverse changes in the financial position of Spectrum except changes arising in the ordinary course of business, which changes will not materially and adversely affect the financial position of Spectrum.

(e) Spectrum is not a party to any material pending litigation or, to the knowledge (herein, "Knowledge"), of its executive officers, and its Sole Shareholder, any governmental investigation or proceeding, not reflected in the Spectrum Financial Statements, and, to its and their Knowledge, no material litigation, claims, assessments or any governmental proceedings are threatened against the Company.

(f) Spectrum is in good standing in the State of Delaware, and is in good standing and duly qualified to do business in California and each other state where Spectrum is required to be so qualified except where the failure to so qualify would have no material negative impact on Spectrum.

(g) Spectrum has, or by the Closing will have, filed all material tax, governmental and/or related forms and reports (or extensions thereof) due or required to be filed in the ordinary course of business and has (or will have) paid or made adequate provisions for all taxes or assessments which have become due as of the Closing, except where the failure to do so would not have a material adverse effect on Spectrum.

(h) Spectrum has not materially breached any material agreement to which it is a party. Spectrum has made available to Parent copies of or access to all material contracts, commitments and/or agreements to which the Company is a party, including all contracts covering relationships or dealings with related parties or affiliates.

(i) Spectrum has no subsidiary corporations.

(j) Spectrum has made its corporate financial records, minute books, and other corporate documents and records available for review to present management of Parent prior to the Closing, during reasonable business hours and on reasonable notice.

(k) Spectrum has the corporate power to enter into this Agreement and to perform its obligations hereunder. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been or will prior to the Closing be duly authorized by the Board of Directors of Spectrum and by the Major Shareholder of Spectrum. The execution of this Agreement does not materially violate or breach any material agreement or contract to which Spectrum is a party, and Spectrum, to the extent required, has (or will have by Closing) obtained all necessary approvals or consents required by any agreement to which Spectrum is a party. The execution and performance of this Agreement will not violate or conflict with any provision of the Certificate of Incorporation or Bylaws of Spectrum.

(l) Information regarding Spectrum which has been delivered by Spectrum to Parent for use in connection with the Merger, is true and accurate in all material respects.

5. **Representations of Parent, Merger Sub.** Parent and Merger Sub hereby jointly and severally represent and warrant subject to the Disclosure Schedules of Parent as follows, each of which representations and warranties shall also be true as of the Closing:

(a) As of the Closing, the shares of Parent Common Stock to be issued and delivered to Spectrum shareholders hereunder and in connection herewith will, when so issued and delivered, constitute duly authorized, validly and legally issued, fully-paid, nonassessable shares of Parent Common Stock, will not be issued in violation of any preemptive or similar rights and will be issued free and clear of all liens and encumbrances.

(b) Parent and Merger Sub each have the corporate power to enter into this Agreement and to perform its obligations hereunder. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby (i) have been duly authorized by the respective Boards of Directors of Parent and Merger Sub and by Parent as the sole stockholder of Merger Sub, and (ii) do not need to be approved or authorized by the stockholders of Parent. This Agreement has been duly executed and delivered by each of Parent and Merger Sub and constitutes a legal, valid and binding obligation of Parent and Merger Sub, enforceable against Parent and Merger Sub in accordance with its terms except as enforcement may be limited by applicable bankruptcy, insolvency or other laws affecting creditor's rights generally or by legal principles of general applicability governing the availability of equitable remedies. The execution and performance of this Agreement will not constitute a material breach of any agreement, indenture, mortgage, license or other instrument or document to which Parent, Merger Sub is a party or to which it is otherwise subject and will not violate any judgment, decree, order, writ, law, rule, statute, or regulation applicable to Parent, Merger Sub, or their respective properties. The execution and performance of this Agreement will not violate or conflict with any provision of the respective Articles of Incorporation or Certificate of Incorporation or by-laws of either Parent or Merger Sub.

(c) Parent has delivered to Spectrum a true and complete copy of its audited financial statements for the fiscal years ended December 31, 2009 and 2008 and the unaudited

financial statements for the three months ended March 31, 2010 (the "Parent Financial Statements"). The Parent Financial Statements are complete, accurate and fairly present the financial condition of Parent as of the dates thereof and the results of its operations for the periods then ended. Except as may be set forth in the Disclosure Schedules of Parent, there are no material liabilities or obligations either fixed or contingent not reflected therein. The Parent Financial Statements have been prepared in accordance with generally accepted accounting principles applied on a consistent basis (except as may be indicated therein or in the notes thereto) and fairly present the financial position of Parent as of the dates thereof and the results of its operations and changes in financial position for the periods then ended. Merger Sub has no financial statements because it was recently formed solely for the purpose of effectuating the Merger and it has been, is and will remain inactive except for purposes of the Merger, and it has no assets, liabilities, contracts or obligations of any kind other than as incurred in the ordinary course of business in connection with its incorporation in Delaware. Parent has one subsidiary (other than Merger Sub) and does not have any direct or indirect equity participation or similar interest in any corporation, partnership, limited liability company, joint venture, trust or other business. Merger Sub has no subsidiaries or affiliates (other than Parent) and does not have any direct or indirect equity participation or similar interest in any corporation, partnership, limited liability company, joint venture, trust or other business.

(d) Since March 31, 2010, there have not been any material adverse changes in the financial condition of Parent. At the Closing, neither Parent nor Merger Sub shall have any material assets other than those reflected in the Parent Financial Statements. At Closing, Parent shall have entered into agreements effective as of the Effective Time to assume the assets and liabilities of Spectrum which at March 31, 2010 totaled \$232,778 and \$386,032 respectively.

(e) Neither Parent nor Merger Sub is a party to, or the subject of, any pending litigation, claims, or governmental investigation or proceeding not reflected in the Parent Financial Statements, and to the Knowledge of the Parent Chief Executive Officer, Parent and Merger Sub, there are no lawsuits, claims, assessments, investigations, or similar matters, threatened or contemplated against or affecting Merger Sub, Parent, or the management or properties of Parent or Merger Sub.

(f) Parent and Merger Sub are each duly organized, validly existing and in good standing under the laws of the jurisdiction of their incorporation; each has the corporate power to own, lease and operate its property and to carry on its business as now being conducted and is duly qualified to do business and in good standing to do business in any jurisdiction where so required except where the failure to so qualify would have no material negative impact. Neither corporation is required to be qualified to do business in any state other than the State of Delaware as to Merger Sub and Utah as to Parent.

(g) Parent and Merger Sub have each filed all federal, state, county and local income, excise, property and other tax, governmental and/or other returns, forms, filings, or reports, which are due or required to be filed by it prior to the date hereof or have obtained valid extensions therefor and have paid or made adequate provision in the Parent Financial Statements for the payment of all taxes, fees, or assessments which have or may become due pursuant to such returns, filings or reports or pursuant to any assessments received. Neither Parent nor Merger Sub is delinquent or obligated for any tax, penalty, interest, delinquency or charge and there are no tax liens or encumbrances applicable to either corporation.

(h) At the Effective Date (without giving effect to the issuance of Parent Common Stock pursuant to the Merger), Parent's authorized capital stock will consist of 50,000,000 shares of Parent Common Stock, of which 15,790,209 shares of Parent Common Stock will be issued and outstanding. Merger Sub's capitalization consists solely of 1,000 authorized shares of common stock, par value \$0.001 per share, of which 1,000 shares are outstanding, all of which are owned by Parent, free and clear of all liens, claims and encumbrances. All outstanding shares of capital stock of Parent and Merger Sub are, and shall be at Closing, validly issued, fully paid and nonassessable. Except as may be set forth in the Disclosure Schedule of Parent, there are no existing options, convertible or exchangeable securities, calls, claims, warrants, preemptive rights, registration rights or commitments of any character relating to the issued or unissued capital stock or other securities of either Parent or Merger Sub. There are no voting trusts, proxies or other agreements, commitments or understandings of any character to which Parent or Merger Sub is a party or by which Parent or Merger Sub is bound with respect to the voting of any capital stock of Parent or Merger Sub. There are no outstanding stock appreciation, phantom stock or similar rights with respect to any capital stock of Parent or Merger Sub. There are no outstanding obligations to repurchase, redeem or otherwise acquire any shares of capital stock of Parent or Merger Sub.

(i) Parent and Merger Sub have (and at the Closing they will have) disclosed in writing to the Company all events, conditions and facts materially affecting the business, financial conditions (including any liabilities, contingent or otherwise) or results of operations of either Parent or Merger Sub.

(j) The financial records, minute books, and other documents and records of Parent and Merger Sub have been made available to the Company prior to the Closing.

(k) Neither Parent nor Merger Sub has breached, nor is there any pending, or to the Knowledge of the Parent Chief Executive Officer, any existing or threatened claim that Parent or Merger Sub has breached, any of the terms or conditions of any agreements, contracts, commitments or other documents to which it is a party or by which it is, or its properties are bound. The execution and performance of this Agreement will not violate any provisions of applicable law or any agreement to which Parent or Merger Sub is subject. Each of Parent and Merger Sub hereby represent and warrant that it is not a party to any material contract or commitment that has not been disclosed to the Company in writing, and unless otherwise indicated herein, or indicated within the Parent Financial Statements and footnotes provided to Spectrum herein (which are incorporated by reference), each of Parent and Merger Sub hereby represents and warrants that there are no currently existing agreements with any affiliates, related or controlling persons or entities of Parent, Merger Sub or the Parent Chief Executive Officer.

(l) Parent has to its Knowledge complied with all material provisions relating to the issuance of securities, and for the registration thereof, under the Securities Act of 1933, as amended (the "Securities Act"), other applicable securities laws, and all applicable blue sky laws in connection with any and all of its stock issuances. There are no outstanding, pending or threatened stop orders or other actions or investigations relating thereto involving federal and



state securities laws. All issued and outstanding shares of Parent's capital stock were to the Knowledge of Parent offered and sold in compliance with federal and state securities laws and were not offered, sold or issued in violation of any preemptive right, right of first refusal or right of first offer and are not subject to any right of rescission.

(m) All information regarding Parent which has been provided to the Company by Parent or set forth in any document or other communication, disseminated to any former, existing or potential shareholders of Parent or to the public or filed with the Financial Industry Regulatory Authority ("FINRA") or the Securities and Exchange Commission (the "Commission") or any state securities regulators or authorities is to the Knowledge of Parent true, complete, accurate in all material respects, not misleading, and was and is in full compliance with all securities laws and regulations.

(n) Parent is and has been in compliance with, and Parent has conducted any business previously owned or operated by it in compliance with, all applicable laws, orders, rules and regulations of all governmental bodies and agencies, including applicable securities laws and regulations and environmental laws and regulations, except where such noncompliance has and will have, in the aggregate, no material adverse effect. Parent has not received notice of any noncompliance with the foregoing, nor does it or Parent Chief Executive Officer have Knowledge of any claims or threatened claims in connection therewith. Parent to its Knowledge has never conducted any operations or engaged in any business transactions whatsoever other than as set forth in the reports Parent has previously filed with the Commission.

(o) Without limiting the foregoing, (i) Parent and any other person or entity for whose conduct Parent is legally held responsible are and have been in material compliance with all applicable federal, state, regional, and local laws, statutes, ordinances, judgments, rulings and regulations relating to any matters of pollution, protection of the environment, health or safety, or environmental regulation or control, and (ii) neither Parent nor any other person for whose conduct Parent is legally held responsible has manufactured, generated, treated, stored, handled, processed, released, transported or disposed of any hazardous substance on, under, from or at any of Parent's properties or in connection with Parent's operations since the period that current management and directors of Parent have commenced their tenure.

(p) Parent to its Knowledge has timely filed all required documents, reports and schedules with the Commission, FINRA and any applicable state or regional securities regulators or authorities (collectively, the "Parent SEC Documents") except where the failure to so timely file is not or has not been material to the operations of parent taken as a whole. As of their respective dates, the Parent SEC Documents complied in all material respects with the requirements of the Securities Act, the Exchange Act, FINRA rules and regulations and state and regional securities laws and regulations, as the case may be, and, at the respective times they were filed, none of the Parent SEC Documents contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. The financial statements (including, in each case, any notes thereto) of Parent included in the Parent SEC Documents complied as to form and substance in all material respects with applicable accounting requirements and the rules and regulations of the Commission with respect thereto, were prepared in accordance with generally accepted accounting principles (except as

may be indicated therein or in the notes thereto) applied on a consistent basis during the periods involved (except as may be indicated therein or in the notes thereto) and fairly presented in all material respects the financial position of Parent as of the respective dates thereof and the results of its operations and its cash flows for the periods then ended (subject, in the case of unaudited statements, to normal year-end audit adjustments and to any other adjustments described therein).

(q) Except as and to the extent specifically disclosed in this Agreement and as may be specifically disclosed or reserved against as to amount in the latest balance sheet contained in the Parent Financial Statements, there is no basis for any assertion against Parent of any material liabilities or obligations of any nature, whether absolute, accrued, contingent or otherwise and whether due or to become due, known or unknown, including, without limitation, any liability for taxes (including e-commerce sales or other taxes), interest, penalties and other charges payable with respect thereto. Neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated hereby will (a) result in any payment (whether severance pay, unemployment compensation or otherwise) becoming due from Parent to any person or entity, including without limitation any employee, director, officer or affiliate or former employee, director, officer or affiliate of Parent, (b) increase any benefits otherwise payable to any person or entity, including without limitation any employee, director, officer or affiliate or former employee, director, officer or affiliate of Parent, or (c) result in the acceleration of the time of payment or vesting of any such benefits.

(r) No aspect of Parent's past or present business, operations or assets is of such a character as would restrict or otherwise hinder or impair Parent from carrying on the business of Parent as it is presently being conducted by Parent.

(s) Other than as outlined in the Parent SEC Documents, Parent has no material contracts, commitments, arrangements, or understandings relating to its business, operations, financial condition, and prospects or otherwise. For purposes of this Section 5, "material" means payment or performance of a contract, commitment, arrangement or understanding which is expected to involve payments in excess of \$10,000.

(t) Other than this Agreement and the transactions contemplated hereby, and as outlined in the Parent SEC Documents, there are no outstanding contracts, commitments or bids, or services, development, sales or other proposals of either Parent or Merger Sub.

(u) Other than as outlined in the Parent SEC Documents, there are no outstanding lease commitments that cannot be terminated without penalty upon 30-days notice, or any purchase commitments, in each case of either Parent or Merger Sub.

(v) No representation or warranty by Parent or Merger Sub contained in this Agreement and no statement contained in any certificate, schedule or other communication furnished pursuant to or in connection with the provisions hereof contains or shall contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein not misleading. Other than as outlined in the Parent SEC Documents, there is no current or prior event or condition of any kind or character pertaining to Parent that may reasonably be expected to have a material adverse effect on Parent or its subsidiaries. Except as specifically indicated elsewhere in this Agreement, all documents delivered by Parent in connection herewith have been and will be complete originals, or exact copies thereof.

(w) Assuming all corporate consents and approvals have been obtained and assuming the appropriate filings and mailings are made by Parent under the Securities Act, the Exchange Act, with the FINRA, and with the Secretary of State of Delaware, the execution and delivery by Parent of this Agreement and the closing documents and the consummation by Parent of the transactions contemplated hereby do not and will not (i) require the consent, approval or action of, or any filing or notice to, any corporation, firm, person or other entity or any public, governmental or judicial authority (except for such consents, approvals, actions, filing or notices the failure of which to make or obtain will not in the aggregate have a material adverse effect); or (ii) violate any order, writ, injunction, decree, judgment, ruling, law, rule or regulation of any federal, state, county, municipal, or foreign court or governmental authority applicable to Parent, or its business or assets. Other than as outlined in the Parent SEC Documents, Parent is not subject to, or a party to, any mortgage, lien, lease, agreement, contract, instrument, order, judgment or decree or any other material restriction of any kind or character which would prevent, hinder, restrict or impair the continued operation of the business of Parent (or to the Knowledge of Parent, the continued operation of the business of Spectrum) after the Closing.

(x) The directors of the Parent are Robert Cambridge, Charles Richardson, Andrew Golden, and Kimberly Sarubbi. The sole officer and director of the Merger Sub is Robert Cambridge. The Parent currently has four employees and the Merger Sub has no employees. Except for these employees, neither Parent nor Merger Sub currently has any other employees, consultants or independent contractors other than its attorneys and accountants, and there are no labor disputes, grievances or requests for arbitration. Parent has no pension, retirement, savings, profit sharing, stock-based, incentive compensation or other similar employee benefit plan.

(y) Except as filed as exhibits to the Parent SEC Documents, Parent has no “material contracts” (as defined in Item 601(b)(10) of Regulation S-K of the Commission) to which it is a party. Parent is not a party to or bound by any contract which would prohibit or materially delay the consummation of the transactions contemplated by this Agreement. All of the Parent’s “material contracts” are in good standing, valid and effective in accordance with their respective terms, and neither Parent nor any other party to a “material contract” of Parent has violated any provision of, or committed or failed to perform any act which, with or without notice, lapse of time or both, would constitute a default under the provisions of, any such material contract.

(z) Except as set forth in (i) the Parent’s SEC Documents, there are no liabilities (including, but not limited to, tax liabilities) or claims against Parent (whether such liabilities or claims are contingent or absolute, direct or indirect, and matured or unmatured), and there is no existing condition, situation or set of circumstances which could reasonably be expected to result in such a liability or claim.

(aa) Parent is in compliance with the requirements of the Sarbanes-Oxley Act of 2002 applicable to it as of the date of this Agreement. Parent maintains a system of internal

accounting controls sufficient to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorizations, (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP and to maintain asset accountability, (iii) access to assets is permitted only in accordance with management's general or specific authorization, and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences. Parent has established disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for Parent and designed such disclosures controls and procedures so that material information relating to Parent is made known to the certifying officers by others within Parent, particularly during the period in which Parent's Form 10-K or 10-Q, as the case may be, is being prepared. Parent's certifying officers have evaluated the effectiveness of Parent's controls and procedures as of the date of its most recently filed periodic report (such date, the "Evaluation Date"). Since the Evaluation Date, there have been no significant changes in Parent's internal control over financial reporting (as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) or in other factors that could significantly affect Parent's internal control over financial reporting. Parent's auditors, at all relevant times, have been duly registered in good standing with the Public Accounting Oversight Board.

(bb) There are no legal, administrative, arbitral or other proceedings, claims, suits, actions or governmental investigations of any nature pending, or to Parent's knowledge threatened, directly or indirectly involving Parent or its officers, directors or affiliates, including, but not limited to any stockholder claims or derivative actions, or challenging the validity or propriety of the transactions contemplated by this Agreement. Parent is not subject to any order, judgment, injunction, rule or decree of any Governmental Authority or arbitrator.

(cc) Parent has all Permits required to own, lease and operate its properties and to carry on its business as currently conducted. Parent: (i) is not in default under or in violation of (and no event has occurred that has not been waived that, with notice or lapse of time or both, would result in a default by Parent under), nor has Parent received notice of a claim that it is in default under or that it is in violation of, any indenture, mortgage, deed of trust or other agreement, instrument or contract to which Parent is a party or by which it or any of its assets or properties are bound (whether or not such default or violation has been waived), (ii) is not in violation of any order of any court, arbitrator or governmental body, (iii) is not and has not been in violation of any law, order, rule, regulation, writ, injunction, judgment or decree of any Governmental Authority having jurisdiction over Parent or any of its business or properties, including federal and state securities laws and regulations and (iv) is not in violation of any of its Permits.

(dd) No sale of Parent's securities or Parent's use of the proceeds from such sale has violated the Trading with the Enemy Act, as amended, or any of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended) or any enabling legislation or executive order relating thereto. Without limiting the foregoing, Parent (i) is not a person whose property or interests in property are blocked pursuant to Section 1 of Executive Order 13224 of September 23, 2001 Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism (66 Fed. Reg. 49079 (2001)) and (ii) does not engage in any dealings or transactions, or be otherwise associated, with any such person. Parent is in compliance with the USA Patriot Act of 2001.

(ee) There are no disagreements of any kind presently existing, or reasonably anticipated by Parent to arise, between the accountants and lawyers formerly or presently employed by Parent and Parent is current with respect to any fees owed to its accountants and lawyers.

(ff) Parent has complied with all applicable environmental laws. There is no pending or threatened civil or criminal litigation, written notice of violation, formal administrative proceeding or investigation, inquiry or information request by any Governmental Authority or other entity relating to any environmental law involving Parent.

(gg) The Parent Common Stock is listed on the Over-The-Counter Bulletin Board (the "OTCBB") and Parent has and continues to satisfy all of the requirements of the OTCBB for such listing and for the trading of Parent Common Stock thereunder.

(hh) Parent confirms that neither it nor any other Person acting on its behalf has provided Spectrum or its agents or counsel with any information that constitutes or might constitute material, nonpublic information concerning Parent. Parent understands and confirms that Spectrum will rely on the foregoing representations in effecting transactions in securities of Parent. All disclosure provided to Spectrum regarding Parent, its business and the transactions contemplated hereby furnished by or on behalf of Parent with respect to the representations and warranties made herein are true and correct with respect to such representations and warranties and do not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein not misleading. Parent acknowledges and agrees that Spectrum has not made, nor is Spectrum making, any representations or warranties with respect to the transactions contemplated hereby other than those specifically set forth herein.

6. **Closing.** The transactions contemplated by this Agreement shall be consummated (the "Closing") at the offices of Parent, 100 North First Street, Suite 104, Burbank, California 91502 (or remotely via the exchange of documents and signatures) as promptly as practicable, but in no event more than five (5) business days, following the satisfaction or waiver of all conditions to Closing set forth in Sections 8, 9 and 10. The "Effective Date" of the Merger shall be that date and time specified in the Certificate of Merger as the date on which the Merger shall become effective.

#### 7. **Actions Prior to Closing.**

(a) Prior to the Closing, Spectrum on the one hand, and Parent and Merger Sub on the other hand, shall be entitled to make such investigations of the assets, properties, business and operations of the other party, and to examine the books, records, tax returns, financial statements and other materials of the other party as such investigating party deems necessary in connection with this Agreement and the transactions contemplated hereby. Any such investigation and examination shall be conducted at reasonable times and under reasonable circumstances, and the parties hereto shall cooperate fully therein. Until the Closing, and if the Closing shall not occur, thereafter, each party shall keep confidential and shall not use in any manner inconsistent with the transactions contemplated by this Agreement, and shall not disclose, nor use for their own benefit, any information or documents obtained from the other

party concerning the assets, properties, business and operations of such party, unless such information (i) is readily ascertainable from public or published information, (ii) is received from a third party not under any obligation to keep such information confidential, or (iii) is required to be disclosed by any law or order (in which case the disclosing party shall promptly provide notice thereof to the other party in order to enable the other party to seek a protective order or to otherwise prevent such disclosure). If this transaction is not consummated for any reason, each party shall return to the other all such confidential information, including notes and compilations thereof, promptly after the date of such termination. The representations and warranties contained in this Agreement shall not be affected or deemed waived by reason of the fact that either party hereto discovered or should have discovered any representation or warranty is or might be inaccurate in any respect.

(b) Prior to the Closing, Spectrum, Parent, Merger Sub, and their respective officers, directors, agents agree not to issue any statement or communications to the public or the press regarding the transactions contemplated by this Agreement without the prior written consent of the other parties. In the event that Parent is required under federal securities law to either (i) file any document with the Commission that discloses this Agreement or the transactions contemplated hereby, or (ii) to make a public announcement regarding this Agreement or the transactions contemplated hereby, Parent shall provide Spectrum with a copy of the proposed disclosure no less than 48 hours before such disclosure is made and, unless otherwise advised by counsel, shall endeavor to incorporate into such disclosure the substance of any reasonable comments or changes that Spectrum may request.

(c) Prior to the Closing, except as contemplated by this Agreement, there shall be no stock dividend, stock split, recapitalization, or exchange of shares with respect to or rights, options or warrants issued in respect of Parent Common Stock after the date hereof and there shall be no dividends or other distributions paid on Parent Common Stock after the date hereof, in each case through and including the Closing. Parent and Merger Sub shall conduct no business, prior to the Closing, other than in the ordinary course of business or as may be necessary in order to consummate the transactions contemplated hereby. Prior to the Closing, Parent and Merger Sub shall not take any action or enter into any agreement to issue or sell any shares of capital stock of Parent or Merger Sub or any securities convertible into or exchangeable for any shares of capital stock of Parent or Merger Sub or to repurchase, redeem or otherwise acquire any of the issued and outstanding capital stock of Parent or Merger Sub without the prior written consent of Spectrum.

(d) Prior to the Closing, Parent and Merger Sub shall conduct their business only in the usual and ordinary course and the character of such business shall not be changed nor shall any different business be undertaken. Prior to the Closing, except as contemplated hereby, Parent and Merger Sub shall not incur any liabilities or obligations without the prior written consent of the Company.

(e) Prior to the Closing, Parent will timely file all required Parent SEC Documents and comply in all material respects with the requirements of the Securities Act, the Exchange Act, FINRA rules and regulations and state and regional securities laws and regulations.

**8. Conditions Precedent to the Obligations of Spectrum.** All obligations of Spectrum under this Agreement are subject to the fulfillment, prior to or as of the Closing, of each of the following conditions:

(a) The representations and warranties by or on behalf of Parent, Merger Sub and each Officer contained in this Agreement or in any certificate or document delivered pursuant to the provisions hereof or in connection herewith shall be true and correct in all material respects at and as of the Closing as though such representations and warranties were made at and as of such time.

(b) Parent and Merger Sub shall have performed and complied with all covenants, agreements, and conditions set forth or otherwise contemplated in, and shall have executed and delivered all documents required by, this Agreement to be performed or complied with or executed and delivered by them prior to or at the Closing.

(c) The directors of Parent and the directors and sole stockholder of Merger Sub shall have approved in accordance with applicable state corporation law the execution and delivery of this Agreement and the consummation of the transactions contemplated herein.

(d) On or before the Closing Date, Parent and Merger Sub shall have delivered to the Company certified copies of resolutions of the stockholders and the directors of Merger Sub and Parent approving and authorizing the execution, delivery and performance of this Agreement and authorizing all of the necessary and proper action to enable Parent and Merger Sub to comply with the terms of this Agreement and all matters outlined or contemplated herein.

(e) The Merger shall be permitted by applicable state law and otherwise and Parent shall have sufficient shares of its capital stock authorized to complete the Merger and the transactions contemplated hereby.

(f) At the Closing, all instruments and documents delivered by Parent or Merger Sub, including to the Company Shareholders pursuant to the provisions hereof shall be reasonably satisfactory to legal counsel for Spectrum.

(g) The shares of Parent Common Stock to be issued to Spectrum Shareholders at Closing will be validly issued, nonassessable and fully paid under Utah corporation law.

(h) Spectrum shall have received all necessary and required approvals and consents from required parties and from its stockholders.

(i) Spectrum shall have completed a due diligence review of Parent to Spectrum's reasonable satisfaction.

(j) All outstanding rights to acquire the capital stock of the Parent shall have been exercised in full, and there shall be no outstanding rights to acquire any shares of the capital stock of the Parent, including, without limitation, through payment of the exercise price, conversion of any convertible securities or repayment of indebtedness.

(k) At the Closing, Parent and Merger Sub shall have delivered to Spectrum an affidavit of its Chief Executive Officer dated as of the Closing to the effect that:

(i) Each of Parent and Merger Sub is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation;

(ii) This Agreement has been duly authorized, executed and delivered by Parent and Merger Sub and is a valid and binding obligation of Parent and Merger Sub enforceable in accordance with its terms;

(iii) Parent and Merger Sub each through its Board of Directors and stockholders have taken all corporate action necessary for performance under this Agreement;

(iv) and Parent and Merger Sub each has the corporate power to execute, deliver and perform under this Agreement.

(l) Compliance with applicable securities laws in connection with the proposed issuance of Parent Common Stock in the Merger, including compliance activities related to a Form 8-K filing in conjunction with the Merger.

(m) Receipt of all necessary governmental and third party consents.

**9. Conditions Precedent to the Obligations of Parent and Merger Sub.** All obligations of Parent and Merger Sub under this Agreement are subject to the fulfillment, prior to or at the Closing, of each of the following conditions:

(a) The representations and warranties by Spectrum contained in this Agreement or in any certificate or document delivered pursuant to the provisions hereof shall be true and correct in all material respects at and as of the Closing as though such representations and warranties were made at and as of such times.

(b) Spectrum shall have performed and complied with, in all material respects, all covenants, agreements, and conditions required by this Agreement to be performed or complied with by it prior to or at the Closing;

(c) The directors and the Sole Shareholder of Spectrum shall have approved in accordance with applicable state corporation law the execution and delivery of this Agreement and the consummation of the transactions contemplated herein.

(d) Spectrum shall have delivered an affidavit of its Chief Executive Officer to the effect that:

(i) Spectrum is a corporation duly incorporated, validly existing and in good standing under the laws of the state of its incorporation;



(ii) This Agreement has been duly authorized, executed and delivered by Spectrum and its Sole Shareholder and is a valid and binding obligation of Spectrum and its Sole Shareholder enforceable in accordance with its terms;

(iii) The Board of Directors and Sole Shareholder of Spectrum have taken all corporate action necessary for performance under this Agreement; and

(iv) Spectrum has the corporate power to execute, deliver and perform under this Agreement.

(v) All of the shares of Spectrum capital stock that are currently issued and outstanding are validly issued, fully paid and nonassessable.

(e) Spectrum shall have delivered verified assurances in form and substance acceptable to Parent and Merger Sub that at Closing Spectrum has at least 126 live office locations and confirmation or commitments for at least an additional 24 locations for carriage of Spectrum content.

10. **Survival and Indemnification.** All representations, warranties, covenants and agreements contained in this Agreement, or in any schedule, certificate, document or statement delivered pursuant hereto, shall survive (and not be affected in any respect by) the Closing, any investigation conducted by any party hereto and any information which any party may receive. Notwithstanding the foregoing, the representations and warranties contained in or made pursuant to this Agreement shall terminate on, and no claim or action with respect thereto may be brought, after the first anniversary of the Effective Date. The representations and warranties which terminate on the first anniversary of the Effective Date, and the liability of any party with respect thereto pursuant to this Section 10, shall not terminate with respect to any claim, whether or not fixed as to liability or liquidated as to amount, with respect to which the appropriate party has been given written notice setting forth the facts upon which the claim for indemnification is based prior to the first anniversary of the Effective Date, as the case may be. Notwithstanding the foregoing, claims as to fraud and intentional misrepresentations shall survive until the expiration of the applicable statute of limitations.

(a) The parties shall indemnify each other as set forth below:

(b) Subject to the provisions of this Section 10, each of the Chief Executive Officer, Parent and Merger Sub (individually and collectively, the "Parent Group") shall jointly and severally indemnify and hold harmless Spectrum and Spectrum's past, present and future officers, directors, stockholders, employees, attorneys, and agents (and after the Closing, the Chief Executive Officer shall also indemnify Parent) (collectively, "Spectrum Indemnified Parties") from and against any Losses (as defined below) including, without limitation, any reasonable legal expenses to the extent arising from, relating to or otherwise in respect of (i) any inaccuracy or breach of any representation or warranty of the Parent Group contained in Sections 5 or 13 of this Agreement (as of the date hereof, or as of the Closing) or of any representation, warranty or statement made in any schedule, certificate, document or instrument delivered by the Parent Group or any officer or any of them at or in connection with the Closing, in each case without giving effect to any materiality qualification (including qualifications indicating

accuracy in all material respects), or (ii) the breach by the Parent Group, of or failure by the Parent Group to perform any of its covenants or agreements contained in this Agreement; provided, however, that (A) no member of the Parent Group shall be responsible for any Losses with respect to the matters referred to in clauses (i) or (ii) of this Section 10(a), until the cumulative aggregate amount of all such Losses exceeds \$10,000, in which event the Parent Group shall then be liable for all such cumulative aggregate Losses, including the first \$10,000. Each member of the Parent Group specifically acknowledges and agrees that any member of Spectrum Indemnified Party may proceed against any member of the Parent Group under this Section 10 without contemporaneously, or at any time, proceeding against any other member of the Parent Group. As used herein, "Losses" shall mean any and all demands, claims, complaints, actions or causes of action, suits, proceedings, investigations, arbitrations, assessments, losses, damages, payments, liabilities or obligations (including those arising out of any action, such as any settlement or compromise thereof or judgment or award therein) and any fees, costs and expenses related thereto, and the term "legal expenses" shall mean the fees, costs and expenses of any kind incurred by any party indemnified herein and its counsel in investigating, preparing for, defending against or providing evidence, producing documents or taking other action with respect to any threatened or asserted claim.

(c) Subject to the provisions of this Section 10, Spectrum and the Sole Shareholder, jointly and severally, shall indemnify and hold harmless each member of the Parent Group (collectively, the "Parent Group Indemnified Parties") from and against any Losses (including, without limitation, any reasonable legal expenses) to the extent arising from, relating to or otherwise in respect of (i) the inaccuracy or breach of any representation or warranty of Spectrum contained in Sections 4 or 13 of this Agreement (as of the date hereof, or as of the Closing) or of any representation, warranty or statement made in any schedule, certificate document or instrument delivered by the Company or an officer of Spectrum at or in connection with the Closing, in each case without giving effect to any materiality qualification (including qualifications indicating accuracy in all material respects), or (ii) the breach by Spectrum of or failure by Spectrum to perform any of its covenants or agreements contained in this Agreement; provided, however, that Spectrum shall not be responsible for any Losses with respect to the matters until the cumulative aggregate amount of such Losses exceeds \$10,000, in which event Spectrum shall then be liable for all such cumulative aggregate Losses, including the first \$10,000.

(d) (i) If the claim involves a third party claim (a "Third Party Claim"), then the Indemnifying Party shall have the right, at its sole cost, expense and ultimate liability regardless of the outcome, and through counsel of its choice (which counsel shall be reasonably satisfactory to the Indemnified Party), to litigate, defend, settle or otherwise attempt to resolve such Third Party Claim; provided, however, that if in the Indemnified Party's reasonable judgment a conflict of interest may exist between the Indemnified Party and the Indemnifying Party with respect to such Third Party Claim, then the Indemnified Party shall be entitled to select counsel of its own choosing, reasonably satisfactory to the Indemnifying Party, in which event the Indemnifying Party shall be obligated to pay the fees and expenses of such counsel.

(ii) Notwithstanding the preceding paragraph, if in the Indemnified Party's reasonable judgment no such conflict exists, the Indemnified Party may, but will not be obligated to, participate at its own expense in a defense of such

Third Party Claim by counsel of its own choosing, but the Indemnifying Party shall be entitled to control the defense unless (A) in the case where only money damages are sought, the Indemnified Party has relieved the Indemnifying Party from liability with respect to the particular matter or (B) in the case where equitable relief is sought, the Indemnified Party elects to participate in and jointly control the defense thereof.

(iii) Whenever the Indemnifying Party controls the defense of a Third Party Claim, the Indemnifying Party may only settle or compromise the matter subject to indemnification without the consent of the Indemnified Party if such settlement includes a complete release of all Indemnified Parties as to the matters in dispute and relates solely to money damages. The Indemnified Party will not unreasonably withhold consent to any settlement or compromise that requires its consent.

(iv) In the event the Indemnifying Party fails to timely defend, contest, or otherwise protect the Indemnified Party against any such claim or suit, the Indemnified Party may, but will not be obligated to, defend, contest, or otherwise protect against the same, and make any compromise or settlement thereof, and in such event, or in the case where the Indemnified Party jointly controls such claim or suit, the Indemnified Party shall be entitled to recover its costs thereof from the Indemnifying Party, including attorneys' fees, disbursements and all amounts paid as a result of such claim or suit or the compromise or settlement thereof.

(v) The Indemnified Party shall cooperate and provide such assistance as the Indemnifying Party may reasonably request in connection with the defense of the matter subject to indemnification and in connection with recovering from any third parties amounts that the Indemnifying Party may pay or be required to pay by way of indemnification hereunder.

(e) The amount of Losses for which indemnification is provided hereunder shall be computed without regard to any insurance recovery related to such losses.

11. **Nature of Representations.** All of the parties hereto are executing and carrying out the provisions of this Agreement in reliance solely on the representations, warranties and covenants and agreements contained in this Agreement and the other documents delivered at the Closing and not upon any representation warranty, agreement, promise or information, written or oral, made by the other party or any other person other than as specifically set forth herein.

12. **Documents at Closing.** At the Closing, the following documents shall be delivered:

(a) Spectrum will deliver, or will cause to be delivered, to Parent the following:

(i) a certificate executed by the President of Spectrum to the effect that all representations and warranties made by Spectrum under this Agreement are true and correct as of the Closing, the same as though originally given to Parent or Merger Sub on said date;

(ii) a certificate from the State of Delaware dated within five business days of the Closing to the effect that Spectrum is in good standing under the laws of Delaware;

(iii) such other instruments, documents and certificates, if any, as are required to be delivered pursuant to the provisions of this Agreement;

(iv) executed copy of the Certificate of Merger for filing in Delaware;

(v) copies of resolutions adopted by the directors and Major Shareholder of Spectrum authorizing the Merger;

(vi) all other items, the delivery of which is a condition precedent to the obligations of Parent and Merger Sub, as set forth herein; and

(b) Parent and Merger Sub will deliver or cause to be delivered to Spectrum:

(i) stock certificates representing those securities of Parent to be issued as a part of the Merger as described in Section 2 hereof;

(ii) a certificate of the President of Parent and Merger Sub, respectively, to the effect that all representations and warranties of Parent and Merger Sub made under this Agreement are true and correct as of the Closing, the same as though originally given to the Company on said date;

(iii) copies of resolutions adopted by the stockholders and the Board of Directors of Merger Sub and the Board of Directors of Parent authorizing the Merger and all related matters;

(iv) certificates from the jurisdiction of incorporation of Parent and Merger Sub dated within five business days of the Closing Date that each of said corporations is in good standing under the laws of said state;

(v) executed copy of the Certificate of Merger for filing in Delaware;

(vi) such other instruments and documents as are required to be delivered pursuant to the provisions of this Agreement;

(vii) all other items, the delivery of which is a condition precedent to the obligations of Spectrum, as set forth in Section 9 hereof.

13. **Finder's Fees.** Parent and Merger Sub, jointly and severally, represent and warrant to Spectrum, and Spectrum and its Sole Shareholder, jointly and severally, represents and warrants to each of the Parent and Merger Sub, that none of them, or any party acting on their behalf, has incurred any liabilities, either express or implied, to any "broker" or "finder" or similar person in connection with this Agreement or any of the transactions contemplated hereby.

#### 14. Post-Closing Covenants.

(a) **Financial Statements.** After the Closing, Parent shall timely file a current report on Form 8-K to report the Merger. In addition, for a period of 12 months following the Closing, Parent shall use its commercially reasonable efforts to timely file all reports and other documents required to be filed by Parent under the Securities Exchange Act of 1934.

(b) **Standard and Poor's.** Parent shall use its commercially reasonable efforts to maintain its listing with Standard and Poor's Information Service.

(c) **Confidentiality.** Each Chief Executive Officer hereby agrees that, after the Closing, he shall not publicly disclose any confidential information of either Parent, Merger Sub or Spectrum, and that he or she shall not make any public statement or announcement regarding the Merger or the business, financial condition, prospects or operations of Parent or Spectrum, without the prior written consent of Spectrum (or, after the Effective Date, Parent).

#### 15. Miscellaneous.

(a) **Further Assurances.** At any time, and from time to time, after the Effective Date, each party will execute such additional instruments and take such action as may be reasonably requested by the other party to confirm or perfect title to any property transferred hereunder or otherwise to carry out the intent and purposes of this Agreement.

(b) **Waiver.** Any failure on the part of any party hereto to comply with any of its obligations, agreements or conditions hereunder may be waived in writing by the party (in its sole discretion) to whom such compliance is owed.

(c) **Termination.** This Agreement and all obligations hereunder (other than those under Section 15(l)) may be terminated (i) after June 30, 2010 at the discretion of either party if the Closing has not occurred by June 15, 2010 (unless the Closing date is extended with the consent of both Spectrum and Parent) for any reason other than the default hereunder by the terminating party, (ii) at any time by the non-breaching party if any of the representations and warranties or other agreements made herein by the other party have been materially breached, or (iii) by mutual written consent of Parent and Spectrum.

(d) **Amendment.** This Agreement may be amended only in writing as agreed to by all parties hereto.

(e) **Notices.** All notices and other communications hereunder shall be in writing and shall be deemed to have been given if delivered in person or sent by prepaid first class registered or certified mail, return receipt requested to the last known address of the noticed party.

(f) **Headings.** The section and subsection headings in this Agreement are inserted for convenience only and shall not affect in any way the meaning or interpretation of this Agreement.

(g) **Counterparts.** This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

(h) **Binding Effect.** This Agreement shall be binding upon the parties hereto and inure to the benefit of the parties, their respective heirs, administrators, executors, successors and assigns.

(i) **Entire Agreement.** This Agreement and the attached Exhibits, including the Certificate of Merger, which is attached hereto as Exhibit A, is the entire agreement of the parties covering everything agreed upon or understood in the transaction. There are no oral promises, conditions, representations, understandings, interpretations or terms of any kind as conditions or inducements to the execution hereof.

(j) **Time.** Time is of the essence.

(k) **Severability.** If any part of this Agreement is deemed to be unenforceable, the balance of the Agreement shall remain in full force and effect.

(l) **Responsibility and Costs.** Whether the Merger is consummated or not, all fees, expenses and out-of-pocket costs, including, without limitation, fees and disbursements of counsel, financial advisors and accountants, incurred by the parties hereto shall be borne solely and entirely by the party that has incurred such costs and expenses, unless the failure to consummate the Merger constitutes a breach of the terms hereof, in which event the breaching party shall be responsible for all costs of all parties hereto. The indemnification provisions of Section 10 shall not apply in the event of the termination of this Agreement prior to the Closing as a result of a breach hereof by either party.

(m) **Inapplicability of Indemnification Provisions.** The provisions contained in Parent's Articles of Incorporation and/or Bylaws for indemnifying its officers and directors shall not apply to the representations and warranties made herein by each Chief Executive Officer or the officers of Parent.

(n) **Applicable Law.** This Agreement shall be construed and governed by the internal laws of the State of Delaware.

(o) **Jurisdiction and Venue.** Each party hereto irrevocably consents to the jurisdiction and venue of the state or federal courts located in Los Angeles County, State of California, in connection with any action, suit, proceeding or claim to enforce the provisions of this Agreement, to recover damages for breach of or default under this Agreement, or otherwise arising under or by reason of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement the day and year first above written.

**AMHN, INC.**

By: /s/ Robert Cambridge  
Robert Cambridge  
Chief Executive Officer

**SHN ACQUISITION CORP.**

By: /s/ Robert Cambridge  
Robert Cambridge  
Chief Executive Officer

**SPECTRUM HEALTH NETWORK, INC.**

By: /s/ Larry Newman  
Larry Newman  
President

**SOLE SHAREHOLDER OF SPECTRUM HEALTH NETWORK, INC.:**

**GORDON COMMUNICATIONS, INC.**

By: /s/ Barbra Waldare  
Barbra Waldare  
President

**SPECTRUM HEALTH NETWORK, INC.**  
**INDEX TO FINANCIAL STATEMENTS**

Financial Statements:

Report of Independent Registered Public Accounting Firm

Balance Sheet as of December 31, 2009

Statements of Operations for the Period October 21, 2009 (Inception) through December 31, 2009

Statements of Changes in Stockholders' Equity for the Period October 21, 2009 (Inception) through December 31, 2009

Statements of Cash Flows for the Period October 21, 2009 (Inception) through December 31, 2009

Notes to Financial Statements



**Report of Independent Registered Public Accounting Firm**

To the Directors of  
Spectrum Health Network, Inc.

We have audited the accompanying balance sheet of Spectrum Health Network, Inc. (the "Company") as of December 31, 2009, and the related statements of operations, changes in stockholders' equity and cash flows for the period October 21, 2009 through December 31, 2009. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with 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. We were not engaged to perform an audit of the Company's 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides 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 Spectrum Health Network, Inc. as of December 31, 2009, and the results of its statements of operations, changes in stockholders' equity, and cash flows for the period October 21, 2009 (Inception) through December 31, 2009 in conformity with U.S. generally accepted accounting principles.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company is in process of executing its business plan and expansion. The Company has not generated significant revenue to this point. The lack of profitable operations and the need to continue to raise funds raise significant doubt about the Company's ability to continue as a going concern. Management's plans in this regard are described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ KBL, LLP

New York, NY  
June 10, 2010

**SPECTRUM HEALTH NETWORK, INC.**  
**BALANCE SHEET**  
**DECEMBER 31, 2009**

**ASSETS**

**CURRENT ASSETS**

Cash and cash equivalents	\$ 200
Accounts receivable	5,160
<b>Total current assets</b>	<u>5,360</u>

**FIXED ASSETS**

Site equipment, net of accumulated depreciation	47,178
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**INTANGIBLE ASSETS**

Segment library, net of accumulated amortization	12,370
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**TOTAL ASSETS**

\$ 64,908

**LIABILITIES AND STOCKHOLDERS' EQUITY**

**CURRENT LIABILITIES**

Accounts payable Accounts payable	\$105,855
<b>Total current liabilities</b>	<u>105,855</u>

**TOTAL LIABILITIES**

105,855

**STOCKHOLDERS' EQUITY**

Common stock, \$.001 par value; 1,000 shares authorized; 1,000 issued and outstanding	1
Accumulated deficit	(40,948)
<b>Total stockholders' equity</b>	<u>(40,947)</u>

**TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY**

\$ 64,908

The accompanying notes are an integral part of these financial statements

**SPECTRUM HEALTH NETWORK, INC.**  
**STATEMENT OF OPERATIONS**  
**FOR THE PERIOD OCTOBER 21, 2009 (INCEPTION)**  
**THROUGH DECEMBER 31, 2009**

<b>OPERATING REVENUE</b>	<b>\$ 3,235</b>
<b>COST OF REVENUE</b>	<u>—</u>
<b>GROSS PROFIT</b>	<u>3,235</u>
<b>OPERATING EXPENSES</b>	
Compensation and consulting fees	28,700
General and administrative	8,014
Depreciation and amortization	<u>7,469</u>
<b>Total operating expenses</b>	<u>44,183</u>
<b>LOSS BEFORE PROVISION FOR INCOME TAXES</b>	<u>(40,948)</u>
Provision for income taxes	<u>—</u>
<b>LOSS APPLICABLE TO COMMON SHAREHOLDERS</b>	<u><u>\$(40,948)</u></u>
<b>BASIC LOSS PER SHARE</b>	<u><u>\$ (40.95)</u></u>
<b>WEIGHTED AVERAGE SHARES OUTSTANDING</b>	<u><u>1,000</u></u>

The accompanying notes are an integral part of these financial statements

**SPECTRUM HEALTH NETWORK, INC.**  
**STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY**  
**FOR THE PERIOD OCTOBER 21, 2009 (INCEPTION) THROUGH DECEMBER 31, 2009**

	<u>Common Stock</u>		<u>Accumulated Deficits</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>		
Balance, October 21, 2009	—	\$ —	\$ —	\$ —
Issuance of shares for cash	1,000	1	—	1
Net loss	—	—	(40,948)	(40,948)
Balance, December 31, 2009	<u>1,000</u>	<u>\$ 1</u>	<u>\$ (40,948)</u>	<u>\$ (40,947)</u>

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

**SPECTRUM HEALTH NETWORK, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD OCTOBER 21, 2009 (INCEPTION)**  
**THROUGH DECEMBER 31, 2009**

<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	
Net (loss)	\$(40,948)
<b>Adjustments to reconcile net loss to net cash provided by operating activities:</b>	
Depreciation and amortization	7,469
Cash received in acquisition by Gordon Communications, Inc.	200
<b>Changes in assets and liabilities</b>	
(Increase) in accounts receivable	(3,235)
Increase in accounts payable	36,713
Total adjustments	<u>41,147</u>
<b>Net cash provided by operating activities</b>	<u>199</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Issuance of common shares for cash	1
<b>Net cash provided by financing activities</b>	<u>1</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	200
<b>CASH AND CASH EQUIVALENTS BEGINNING OF PERIOD</b>	<u>—</u>
<b>CASH AND CASH EQUIVALENTS - END OF PERIOD</b>	<u>\$ 200</u>
<b>SUPPLEMENTAL INFORMATION OF CASH FLOW ACTIVITY:</b>	
Cash paid during the period for:	
Interest	<u>\$ —</u>
Gordon Communications Inc., acquisition of Medsource Media LLC assets and liabilities for shares of Gordon Communications Inc., common stock	
Site equipment	\$ 53,522
Segment library	13,495
Accounts receivable	1,925
Accounts payable	(68,742)
Net cash received in acquisition	<u>\$ 200</u>

The accompanying notes are an integral part of these financial statements

**SPECTRUM HEALTH NETWORK, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009**

**NOTE 1- ORGANIZATION AND BASIS OF PRESENTATION**

On October 21, 2009, Spectrum Health Network, Inc. (the “Company” or “Spectrum”), was incorporated in the State of Delaware. The Company is a wholly owned operating subsidiary of Gordon Communications, Inc. On November 1, 2009, Gordon Communications, Inc. acquired network assets from Medsource Media, LLC. who had developed a digital out-of-home medical information content network known and operating as Spectrum Health Network.

Spectrum Health Network is a digital signage waiting room network built for the multispecialty group practice and Independent Physician Association. Spectrum was developed to be an extension of the medical practice, enabling the group practice to relay custom produced, health-specific educational based content to patients during the very important “dwell time” while waiting for their physicians. Spectrum provides its clients with a powerful tool for practice enhancement, patient communication and viable method to deliver educational initiatives.

At the time Gordon Communications, Inc. acquired the assets from Medsource Media, LLC, there were 61 live sites installed over 7 group practices. Currently Spectrum maintains 126 live sites installed across seventy-two independent buildings servicing eight different IPAs in the California and NY markets with one location operating as a test in Atlanta, GA. Of these building locations, 58 are located in Northern California, 10 in Southern California, and 2 in NY. Gordon Communications, Inc. acquired these assets for Spectrum and placed the assets and the assumed liabilities in Spectrum.

**Accounting Standard Codification**

Effective October 21, 2009, the Company adopted the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 105-10, Generally Accepted Accounting Principles – Overall (“ASC 105-10”). ASC 105-10 establishes the FASB Accounting Standards Codification (the “Codification”) as the source of authoritative accounting principles recognized by the FASB to be applied by nongovernmental entities in the preparation of financial statements in conformity with U.S. GAAP. Rules and interpretive releases of the SEC under authority of federal securities laws are also sources of authoritative U.S. GAAP for SEC registrants. All guidance contained in the Codification carries an equal level of authority. The Codification superseded all existing non-SEC accounting and reporting standards. All other non-grandfathered, non-SEC accounting literature not included in the Codification is non-authoritative. The FASB will not issue new standards in the form of Statements, FASB Positions or Emerging Issue Task Force Abstracts. Instead, it will issue Accounting Standards Updates (“ASUs”).

The FASB will not consider ASUs as authoritative in their own right. ASUs will serve only to update the Codification, provide background information about the guidance and provide the bases for conclusions on the change(s) in the Codification. References made to FASB guidance throughout this document have been updated for the Codification.

**SPECTRUM HEALTH NETWORK, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009**

**NOTE 1- ORGANIZATION AND BASIS OF PRESENTATION (continued)**

**Going Concern**

These financial statements have been prepared on a going concern basis, which implies the Company will continue to realize its assets and discharge its liabilities in the normal course of business. The Company has generated minimal revenues since inception and has generated losses totaling \$40,948 in their initial period, and needs to raise additional funds to carry out their business plan. The continuation of the Company as a going concern is dependent upon the continued financial support from its major vendor, and the ability of the Company to obtain necessary financing to continue operations.

The Company has had very little operating history to date, however is not currently in the development stage. These financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. These factors raise substantial doubt regarding the ability of the Company to continue as a going concern.

Besides generating revenues from proposed operations, the Company may need to raise additional capital to expand operations to the point at which the Company can achieve profitability. The terms of financing that may be raised may not be on terms acceptable by the Company. If adequate funds cannot be raised outside of the Company, the Company's current shareholders may need to contribute funds to sustain operations.

**NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Use of Estimates**

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

**Cash and Cash Equivalents**

The Company considers all highly liquid debt instruments and other short-term investments with maturity of three months or less, when purchased, to be cash equivalents.

The Company maintains cash and cash equivalent balances at one financial institution that is insured by the Federal Deposit Insurance Corporation.

**SPECTRUM HEALTH NETWORK, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009**

**NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Fixed Assets**

The Company prepays for equipment and installation of sites, and as the sites are installed and commissioned the cost of the sites is moved from the prepaid asset into fixed assets at a useful life of 3 years, and stated at cost, less accumulated depreciation. Depreciation commences on the first day of the month following the installation of the sites and is calculated using the straight-line method over the estimated useful lives of the related assets. Costs of maintenance and repairs will be charged to expense as incurred. The Company had 61 sites live in December 2009; and depreciation of \$6,345 was recorded for the period October 21, 2009 (Inception) through December 31, 2009.

**Recoverability of Long-Lived Assets**

Although the Company does not have any long-lived assets at this point, for any long-lived assets acquired in the future the Company will review their recoverability on a periodic basis whenever events and changes in circumstances have occurred which may indicate a possible impairment. The assessment for potential impairment will be based primarily on the Company's ability to recover the carrying value of its long-lived assets from expected future cash flows from its operations on an undiscounted basis. If such assets are determined to be impaired, the impairment recognized is the amount by which the carrying value of the assets exceeds the fair value of the assets. Fixed assets to be disposed of by sale will be carried at the lower of the then current carrying value or fair value less estimated costs to sell.

**Fair Value of Financial Instruments**

The carrying amount reported in the balance sheet for cash and cash equivalents, accounts payable, and accrued expenses approximate fair value because of the immediate or short-term maturity of these financial instruments. The Company does not utilize derivative instruments.

**Segment Library**

The segment library is reflected as intangible assets on the accompanying Balance Sheet. These costs represent the production costs relating to producing the segments that are presented in the professional offices. The Company amortizes the segments commencing on the first day of the month following the segments placed into service. These segments were acquired from Medsource Media, LLC, and a life of 12 months has been assigned to them. Amortization of \$1,125 has been recorded for the period October 21, 2009 (Inception) through December 31, 2009.



**SPECTRUM HEALTH NETWORK, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009**

**NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Income Taxes**

The Company accounts for income taxes utilizing the liability method of accounting. Under the liability method, deferred taxes are determined based on differences between financial statement and tax bases of assets and liabilities at enacted tax rates in effect in years in which differences are expected to reverse. Valuation allowances are established, when necessary, to reduce deferred tax assets to amounts that are expected to be realized.

**Revenue Recognition**

The Company will generate revenue from the sale of advertising spots on its network. The revenue will be recognized in the month in which the spots run.

**Loss Per Share of Common Stock**

Basic net loss per common share is computed using the weighted average number of common shares outstanding. Diluted earnings per share (EPS) include additional dilution from common stock equivalents, such as stock issuable pursuant to the exercise of stock options and warrants. Common stock equivalents are not included in the computation of diluted earnings per share when the Company reports a loss because to do so would be anti-dilutive. The following is a reconciliation of the computation for basic and diluted EPS.

	<b>December 31, 2009</b>
Net loss	<b>\$ (40,948)</b>
Weighted-average common shares outstanding (Basic)	1,000
Weighted-average common stock Equivalents	
Stock options	—
Warrants	—
Weighted-average common shares outstanding (Diluted)	<b>1,000</b>

**SPECTRUM HEALTH NETWORK, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009**

**NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Uncertainty in Income Taxes**

Under ASC 740-10-25, the Company is required to recognize and measure uncertain income tax positions using a “more-likely-than-not” approach. Management has adopted ASC 740-10-25, and they will evaluate their tax positions on an annual basis and has determined that as of December 31, 2009, no additional accruals are necessary.

**Recently Issued Accounting Standards**

In September 2006, ASC issued 820, *Fair Value Measurements*. ASC 820 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosure about fair value measurements. This statement is effective for financial statements issued for fiscal years beginning after November 15, 2007. Early adoption is encouraged. The adoption of ASC 820 is not expected to have a material impact on the financial statements.

In February 2007, ASC issued 825-10, *The Fair Value Option for Financial Assets and Financial Liabilities – Including an amendment of ASC 320-10*, (“ASC 825-10”) which permits entities to choose to measure many financial instruments and certain other items at fair value at specified election dates. A business entity is required to report unrealized gains and losses on items for which the fair value option has been elected in earnings at each subsequent reporting date. This statement is expected to expand the use of fair value measurement. ASC 825-10 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years.

In December 2007, the ASC issued ASC 810-10-65, *Noncontrolling Interests in Consolidated Financial Statements*. ASC 810-10-65 establishes accounting and reporting standards for ownership interests in subsidiaries held by parties other than the parent, changes in a parent’s ownership of a noncontrolling interest, calculation and disclosure of the consolidated net income attributable to the parent and the noncontrolling interest, changes in a parent’s ownership interest while the parent retains its controlling financial interest and fair value measurement of any retained noncontrolling equity investment.

ASC 810-10-65 is effective for financial statements issued for fiscal years beginning after December 15, 2008, and interim periods within those fiscal years. Early adoption is prohibited. Management is determining the impact that the adoption of ASC 810-10-65 will have on the Company’s financial position, results of operations or cash flows.

**SPECTRUM HEALTH NETWORK, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009**

**NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Recently Issued Accounting Standards (continued)**

In December 2007, the Company adopted ASC 805, *Business Combinations* ("ASC 805"). ASC 805 retains the fundamental requirements that the acquisition method of accounting be used for all business combinations and for an acquirer to be identified for each business combination. ASC 805 defines the acquirer as the entity that obtains control of one or more businesses in the business combination and establishes the acquisition date as the date that the acquirer achieves control. ASC 805 will require an entity to record separately from the business combination the direct costs, where previously these costs were included in the total allocated cost of the acquisition. ASC 805 will require an entity to recognize the assets acquired, liabilities assumed, and any non-controlling interest in the acquired at the acquisition date, at their fair values as of that date.

ASC 805 will require an entity to recognize as an asset or liability at fair value for certain contingencies, either contractual or non-contractual, if certain criteria are met. Finally, ASC 805 will require an entity to recognize contingent consideration at the date of acquisition, based on the fair value at that date. This will be effective for business combinations completed on or after the first annual reporting period beginning on or after December 15, 2008. Early adoption is not permitted and the ASC is to be applied prospectively only. Upon adoption of this ASC, there would be no impact to the Company's results of operations and financial condition for acquisitions previously completed. The adoption of ASC 805 is not expected to have a material effect on the Company's financial position, results of operations or cash flows.

In March 2008, ASC issued ASC 815, *Disclosures about Derivative Instruments and Hedging Activities*, ("ASC 815"). ASC 815 requires enhanced disclosures about an entity's derivative and hedging activities. These enhanced disclosures will discuss: how and why an entity uses derivative instruments; how derivative instruments and related hedged items are accounted for and its related interpretations; and how derivative instruments and related hedged items affect an entity's financial position, financial performance, and cash flows. ASC 815 is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008. The Company does not believe that ASC 815 will have an impact on their results of operations or financial position.

In April 2008, ASC issued ASC 350, "Determination of the Useful Life of Intangible Assets". This amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under ASC 350. The guidance is used for determining the useful life of a recognized intangible asset shall be applied prospectively to intangible assets acquired after adoption, and the disclosure requirements shall be applied prospectively to all intangible assets recognized as of, and subsequent to, adoption. The Company does not believe ASC 350 will materially impact their financial position, results of operations or cash flows.

**SPECTRUM HEALTH NETWORK, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2010**

**NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Recently Issued Accounting Standards (continued)**

Effective April 1, 2009, the Company adopted ASC 855, *Subsequent Events* ("ASC 855"). ASC 855 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. It requires disclosure of the date through which an entity has evaluated subsequent events and the basis for that date – that is, whether that date represents the date the financial statements were issued or were available to be issued. This disclosure should alert all users of financial statements that an entity has not evaluated subsequent events after that date in the set of financial statements being presented. Adoption of ASC 855 did not have a material impact on the Company's results of operations or financial condition. The Company has evaluated subsequent events through June 10, 2010, the date the financial statements were issued.

Effective July 1, 2009, the Company adopted FASB ASU No. 2009-05, *Fair Value Measurement and Disclosures (Topic 820)* ("ASU 2009-05"). ASU 2009-05 provided amendments to ASC 820-10, *Fair Value Measurements and Disclosures – Overall*, for the fair value measurement of liabilities. ASU 2009-05 provides clarification that in circumstances in which a quoted market price in an active market for the identical liability is not available, a reporting entity is required to measure fair value using certain techniques. ASU 2009-05 also clarifies that when estimating the fair value of a liability, a reporting entity is not required to include a separate input or adjustment to other inputs relating to the existence of a restriction that prevents the transfer of a liability. ASU 2009-05 also clarifies that both a quoted price in an active market for the identical liability at the measurement date and the quoted price for the identical liability when traded as an asset in an active market when no adjustments to the quoted price of the asset are required for Level 1 fair value measurements. Adoption of ASU 2009-05 did not have a material impact on the Company's results of operations or financial condition.

In January 2010, the Company adopted FASB ASU No. 2010-06, *Fair Value Measurement and Disclosures (Topic 820) - Improving Disclosures about Fair Value Measurements* ("ASU 2010-06"). These standards require new disclosures on the amount and reason for transfers in and out of Level 1 and 2 fair value measurements. The standards also require new disclosures of activities, including purchases, sales, issuances, and settlements within the Level 3 fair value measurements. The standard also clarifies existing disclosure requirements on levels of disaggregation and disclosures about inputs and valuation techniques. These new disclosures are effective beginning with the first interim filing in 2010. The disclosures about the roll-forward of information in Level 3 are required for the Company with its first interim filing in 2011. The Company does not believe this standard will impact their financial statements.

Other ASU's that have been issued or proposed by the FASB ASC that do not require adoption until a future date and are not expected to have a material impact on the financial statements upon adoption.

**SPECTRUM HEALTH NETWORK, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2010**

**NOTE 3- STOCKHOLDERS' EQUITY**

The Company was established with one class of stock, common stock – 1,000 shares authorized at a par value of \$.001.

During the period from October 21, 2009 (inception) through December 31, 2009, the Company issued 1,000 shares of common stock to Gordon Communications, Inc.

All common stock is issued and outstanding.

The Company has not issued any options or warrants to date.

**NOTE 4- COMMITMENTS AND LICENSE AGREEMENT**

On November 1, 2009, the Company entered into an Installation and Remote Transfer Testing Project Management and Service Agreement (“Service Agreement”), and a License Agreement (“License Agreement”) with Seatac Digital Resources, Inc., for an initial term of five years. The Service Agreement provides for, directly and through sub-contractors to produce, license and supply certain goods and services as described within the Service Agreement, the Company to engage Seatac to provide certain goods and services to facilitate the installation and operation of a media information display network within professional offices located in the United States and Canada, and for Seatac to supply the goods and services that the Company agrees to purchase and accept the licenses on the terms and conditions set forth in the Service Agreement.

The License Agreement grants Seatac the right to license the software, as defined with the License Agreement. Seatac will provide the licensee with use of its software components, including the server software, and the software media player that will drive one or more displays and connect back to the server. The fees for the license are as follows: a \$500 initial one-time fee for the remote transfer set up; hardware and installation fees of \$3,500 per site; and a standard remote transfer license fee of \$87 per unit per month.

**SPECTRUM HEALTH NETWORK, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2010**

**NOTE 5- PROVISION FOR INCOME TAXES**

Deferred income taxes are determined using the liability method for the temporary differences between the financial reporting basis and income tax basis of the Company's assets and liabilities. Deferred income taxes are measured based on the tax rates expected to be in effect when the temporary differences are included in the Company's tax return. Deferred tax assets and liabilities are recognized based on anticipated future tax consequences attributable to differences between financial statement carrying amounts of assets and liabilities and their respective tax bases.

At December 31, 2009, deferred tax assets consist of the following:

Net operating losses	\$ 13,922
Valuation allowance	(13,922)
	<u>\$ —</u>

At December 31, 2009, the Company had net operating loss carry-forwards in the amount of \$40,948 available to offset future taxable income through 2029. The Company established valuation allowances equal to the full amount of the deferred tax assets due to the uncertainty of the utilization of the operating losses in future periods. A reconciliation of the Company's effective tax rate as a percentage of income before taxes and federal statutory rate for the period ended December 31, 2009 is summarized as follows:

	<u>2009</u>
Federal statutory rate	(34.0)%
State income taxes, net of federal benefits	3.3
Valuation allowance	30.7
	<u>0%</u>

**NOTE 6- SUBSEQUENT EVENTS**

**Letter of Intent**

On June 1, 2010, AMHN, Inc. (the "AMHN") entered into a Letter of Intent ("LOI") with the Company.

The terms of the LOI include the acquisition of 100% of the outstanding common stock of Company (the "Company Shares") in exchange for shares of the AMHN's Common Stock (the "AMHN Shares"). The number of AMHN Shares to be issued in exchange for the Company Shares shall be determined upon the completion of due diligence and prior to the preparation of a definitive agreement between the parties. AMHN will acquire the assets of the Company and will assume all of the liabilities of the Company.

**SPECTRUM HEALTH NETWORK, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2010**

**NOTE 6- SUBSEQUENT EVENTS (CONTINUED)**

**Letter of Intent (Continued)**

Upon completion of satisfactory due diligence, the parties must enter into a definitive agreement, which shall be executed and consummated, prior to forty-five (45) days from the date of the LOI (July 15, 2010), unless mutually extended by the parties in writing. In no event shall the extension date be longer than seventy-five days from the date of the LOI (August 14, 2010).

Should due diligence conducted by AMHN be deemed unsatisfactory, or should the Company breach any of the terms of the LOI, then the LOI and the proposed acquisition by AMHN, will terminate upon the written notification by AMHN to the Company.

**SPECTRUM HEALTH NETWORK, INC.**  
**INDEX TO FINANCIAL STATEMENTS**

Financial Statements:

Report of Independent Registered Public Accounting Firm

Balance Sheets as of March 31, 2010 (unaudited) and December 31, 2009

Statements of Operations for the Three Months Ended March 31, 2010 and 2009 (unaudited)

Statements of Changes in Stockholders' Equity for the Period October 21, 2009 (Inception) through March 31, 2010 (unaudited)

Statements of Cash Flows for the Three Months Ended March 31, 2010 and 2009 (unaudited)

Notes to Financial Statements



**Report of Independent Registered Public Accounting Firm**

To the Directors of  
Spectrum Health Network, Inc.

We have reviewed the accompanying balance sheet of Spectrum Health Network, Inc. (the "Company") as of March 31, 2010, and the related statements of operations and changes in stockholders' equity and cash flows for the three months ended March 31, 2010. These interim financial statements are the responsibility of the Company's management.

We conducted the reviews in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying interim financial statements for them to be in conformity with U.S. generally accepted accounting principles.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company has sustained operating losses and capital deficits that raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ KBL, LLP

New York, NY  
June 10, 2010

**SPECTRUM HEALTH NETWORK, INC.**  
**BALANCE SHEET**  
**MARCH 31, 2010 (UNAUDITED) AND DECEMBER 31, 2009**

	<u>MARCH 31,</u> <u>2010</u> <u>(unaudited)</u>	<u>DECEMBER 31,</u> <u>2009</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 2,125	\$ 200
Accounts receivable	11,512	5,160
<b>Total current assets</b>	<u>13,637</u>	<u>5,360</u>
<b>FIXED ASSETS</b>		
Site equipment, net of accumulated depreciation	210,144	47,178
<b>INTANGIBLE ASSETS</b>		
Segment library, net of accumulated amortization	8,997	12,370
<b>TOTAL ASSETS</b>	<u>\$ 232,778</u>	<u>\$ 64,908</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 386,032	\$ 105,855
<b>Total current liabilities</b>	<u>386,032</u>	<u>105,855</u>
<b>TOTAL LIABILITIES</b>	<u>386,032</u>	<u>105,855</u>
<b>STOCKHOLDERS' EQUITY</b>		
Common stock, \$.001 par value; 1,000 shares authorized; 1,000 issued and outstanding	1	1
Accumulated deficit	(153,255)	(40,948)
<b>Total stockholders' equity</b>	<u>(153,254)</u>	<u>(40,947)</u>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<u>\$ 232,778</u>	<u>\$ 64,908</u>

The accompanying notes are an integral part of these financial statements

**SPECTRUM HEALTH NETWORK, INC.**  
**STATEMENT OF OPERATIONS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2010 AND 2009**  
**(UNAUDITED)**

	<u>2010</u>	<u>2009</u>
<b>OPERATING REVENUE</b>	\$ 8,277	\$—
<b>COST OF REVENUE</b>	<u>—</u>	<u>—</u>
<b>GROSS PROFIT</b>	<u>8,277</u>	<u>—</u>
<b>OPERATING EXPENSES</b>		
Compensation and consulting fees	47,822	—
General and administrative	50,355	—
Depreciation and amortization	<u>22,407</u>	<u>—</u>
<b>Total operating expenses</b>	<u>120,584</u>	<u>—</u>
<b>LOSS BEFORE PROVISION FOR INCOME TAXES</b>	(112,307)	—
Provision for income taxes	<u>—</u>	<u>—</u>
<b>LOSS APPLICABLE TO COMMON SHAREHOLDERS</b>	<u><u>\$ (112,307)</u></u>	<u><u>\$—</u></u>
<b>BASIC LOSS PER SHARE</b>	<u><u>\$ (112.31)</u></u>	<u><u>\$—</u></u>
<b>WEIGHTED AVERAGE SHARES OUTSTANDING</b>	<u><u>1,000</u></u>	<u><u>—</u></u>

The accompanying notes are an integral part of these financial statements

**SPECTRUM HEALTH NETWORK, INC.**  
**STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY**  
**FOR THE PERIOD OCTOBER 21, 2009 (INCEPTION) THROUGH MARCH 31, 2010**  
**(UNAUDITED)**

	<u>Common Stock</u>		<u>Accumulated</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>	<u>Deficits</u>	
Balance, October 21, 2009	—	\$ —	\$ —	\$ —
Issuance of shares for cash	1,000	1	—	1
Net loss	—	—	(40,948)	(40,948)
Balance, December 31, 2009	1,000	1	(40,948)	(40,947)
Net loss	—	—	(112,307)	(112,307)
Balance, March 31, 2010	<u>1,000</u>	<u>\$ 1</u>	<u>\$ (153,255)</u>	<u>\$ (153,254)</u>

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

**SPECTRUM HEALTH NETWORK, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2010 AND 2009**  
**(UNAUDITED)**

	<u>2010</u>	<u>2009</u>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net (loss)	\$(112,307)	\$—
<b>Adjustments to reconcile net loss to net cash provided by operating activities:</b>		
Depreciation and amortization	22,407	—
<b>Changes in assets and liabilities</b>		
(Increase) in accounts receivable	(6,352)	—
Increase in accounts payable	280,177	—
Total adjustments	<u>296,232</u>	<u>—</u>
<b>Net cash provided by operating activities</b>	<u>183,925</u>	<u>—</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of site equipment	(182,000)	—
<b>Net cash (used in) investing activities</b>	<u>(182,000)</u>	<u>—</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	1,925	—
<b>CASH AND CASH EQUIVALENTS BEGINNING OF PERIOD</b>	<u>200</u>	<u>—</u>
<b>CASH AND CASH EQUIVALENTS - END OF PERIOD</b>	<u>\$ 2,125</u>	<u>\$—</u>
<b>SUPPLEMENTAL INFORMATION OF CASH FLOW ACTIVITY:</b>		
Cash paid during the period for:		
Interest	<u>\$ —</u>	<u>\$—</u>
Gordon Communications Inc., acquisition of Medsource Media LLC assets and liabilities for shares of Gordon Communications Inc., common stock		
Site equipment	\$ —	\$—
Segment library	—	—
Accounts receivable	—	—
Accounts payable	—	—
Net cash received in acquisition	<u>\$ —</u>	<u>\$—</u>

The accompanying notes are an integral part of these financial statements

**SPECTRUM HEALTH NETWORK, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2010 (UNAUDITED)**

**NOTE 1- ORGANIZATION AND BASIS OF PRESENTATION**

On October 21, 2009, Spectrum Health Network, Inc. (the “Company” or “Spectrum”), was incorporated in the State of Delaware. The Company is a wholly owned operating subsidiary of Gordon Communications, Inc. On November 1, 2009, Gordon Communications, Inc. acquired network assets from Medsource Media, LLC. who had developed a digital out-of-home medical information content network known and operating as Spectrum Health Network.

Spectrum Health Network is a digital signage waiting room network built for the multispecialty group practice and Independent Physician Association. Spectrum was developed to be an extension of the medical practice, enabling the group practice to relay custom produced, health-specific educational based content to patients during the very important “dwell time” while waiting for their physicians. Spectrum provides its clients with a powerful tool for practice enhancement, patient communication and viable method to deliver educational initiatives.

At the time Gordon Communications, Inc. acquired the assets from Medsource Media, LLC, there were 61 live sites installed over 7 group practices. Currently Spectrum maintains 126 live sites installed across seventy-two independent buildings servicing eight different IPAs in the California and NY markets with one location operating as a test in Atlanta, GA. Of these building locations, 58 are located in Northern California, 10 in Southern California, and 2 in NY. Gordon Communications, Inc. acquired these assets for Spectrum and placed the assets and the assumed liabilities in Spectrum.

**Accounting Standard Codification**

Effective October 21, 2009, the Company adopted the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 105-10, Generally Accepted Accounting Principles – Overall (“ASC 105-10”). ASC 105-10 establishes the FASB Accounting Standards Codification (the “Codification”) as the source of authoritative accounting principles recognized by the FASB to be applied by nongovernmental entities in the preparation of financial statements in conformity with U.S. GAAP. Rules and interpretive releases of the SEC under authority of federal securities laws are also sources of authoritative U.S. GAAP for SEC registrants. All guidance contained in the Codification carries an equal level of authority. The Codification superseded all existing non-SEC accounting and reporting standards. All other non-grandfathered, non-SEC accounting literature not included in the Codification is non-authoritative. The FASB will not issue new standards in the form of Statements, FASB Positions or Emerging Issue Task Force Abstracts. Instead, it will issue Accounting Standards Updates (“ASUs”).

The FASB will not consider ASUs as authoritative in their own right. ASUs will serve only to update the Codification, provide background information about the guidance and provide the bases for conclusions on the change(s) in the Codification. References made to FASB guidance throughout this document have been updated for the Codification.

**SPECTRUM HEALTH NETWORK, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2010 (UNAUDITED)**

**NOTE 1- ORGANIZATION AND BASIS OF PRESENTATION (continued)**

**Going Concern**

These financial statements have been prepared on a going concern basis, which implies the Company will continue to realize its assets and discharge its liabilities in the normal course of business. The Company has generated minimal revenues since inception and has generated losses totaling \$153,255 since inception, and needs to raise additional funds to carry out their business plan. The continuation of the Company as a going concern is dependent upon the continued financial support from its major vendor, and the ability of the Company to obtain necessary financing to continue operations.

The Company has had very little operating history to date, however is not currently in the development stage. These financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. These factors raise substantial doubt regarding the ability of the Company to continue as a going concern.

Besides generating revenues from proposed operations, the Company may need to raise additional capital to expand operations to the point at which the Company can achieve profitability. The terms of financing that may be raised may not be on terms acceptable by the Company. If adequate funds cannot be raised outside of the Company, the Company's current shareholders may need to contribute funds to sustain operations.

**NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Use of Estimates**

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

**Cash and Cash Equivalents**

The Company considers all highly liquid debt instruments and other short-term investments with maturity of three months or less, when purchased, to be cash equivalents.

The Company maintains cash and cash equivalent balances at one financial institution that is insured by the Federal Deposit Insurance Corporation.

**SPECTRUM HEALTH NETWORK, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2010 (UNAUDITED)**

**NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Fixed Assets**

The Company prepays for equipment and installation of sites, and as the sites are installed and commissioned the cost of the sites is moved from the prepaid asset into fixed assets at a useful life of 3 years, and stated at cost, less accumulated depreciation. Depreciation commences on the first day of the month following the installation of the sites and is calculated using the straight-line method over the estimated useful lives of the related assets. Costs of maintenance and repairs will be charged to expense as incurred. The Company had 61 sites live in December 2009 and added another 65 sites that went live as of March 31, 2010; and depreciation of \$19,034 was recorded for the three months ended March 31, 2010.

**Recoverability of Long-Lived Assets**

Although the Company does not have any long-lived assets at this point, for any long-lived assets acquired in the future the Company will review their recoverability on a periodic basis whenever events and changes in circumstances have occurred which may indicate a possible impairment. The assessment for potential impairment will be based primarily on the Company's ability to recover the carrying value of its long-lived assets from expected future cash flows from its operations on an undiscounted basis. If such assets are determined to be impaired, the impairment recognized is the amount by which the carrying value of the assets exceeds the fair value of the assets. Fixed assets to be disposed of by sale will be carried at the lower of the then current carrying value or fair value less estimated costs to sell.

**Fair Value of Financial Instruments**

The carrying amount reported in the balance sheet for cash and cash equivalents, accounts payable, and accrued expenses approximate fair value because of the immediate or short-term maturity of these financial instruments. The Company does not utilize derivative instruments.

**Segment Library**

The segment library is reflected as intangible assets on the accompanying Balance Sheet. These costs represent the production costs relating to producing the segments that are presented in the professional offices. The Company amortizes the segments commencing on the first day of the month following the segments placed into service. These segments were acquired from Medsource Media, LLC, and a life of 12 months has been assigned to them. Amortization of \$3,374 has been recorded for the three months ended March 31, 2010.



**SPECTRUM HEALTH NETWORK, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2010 (UNAUDITED)**

**NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Income Taxes**

The Company accounts for income taxes utilizing the liability method of accounting. Under the liability method, deferred taxes are determined based on differences between financial statement and tax bases of assets and liabilities at enacted tax rates in effect in years in which differences are expected to reverse. Valuation allowances are established, when necessary, to reduce deferred tax assets to amounts that are expected to be realized.

**Revenue Recognition**

The Company will generate revenue from the sale of advertising spots on its network. The revenue will be recognized in the month in which the spots run.

**Loss Per Share of Common Stock**

Basic net loss per common share is computed using the weighted average number of common shares outstanding. Diluted earnings per share (EPS) include additional dilution from common stock equivalents, such as stock issuable pursuant to the exercise of stock options and warrants. Common stock equivalents are not included in the computation of diluted earnings per share when the Company reports a loss because to do so would be anti-dilutive. The following is a reconciliation of the computation for basic and diluted EPS.

	<u>March 31,</u> <u>2010</u>
Net loss	<u><u>\$(112,307)</u></u>
Weighted-average common shares outstanding (Basic)	1,000
Weighted-average common stock Equivalents	
Stock options	—
Warrants	—
Weighted-average common shares outstanding (Diluted)	<u><u>1,000</u></u>

**SPECTRUM HEALTH NETWORK, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2010 (UNAUDITED)**

**NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Uncertainty in Income Taxes**

Under ASC 740-10-25, the Company is required to recognize and measure uncertain income tax positions using a “more-likely-than-not” approach. Management has adopted ASC 740-10-25, and they will evaluate their tax positions on an annual basis and has determined that as of March 31, 2010, no additional accruals are necessary.

**Recently Issued Accounting Standards**

In September 2006, ASC issued 820, *Fair Value Measurements*. ASC 820 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosure about fair value measurements. This statement is effective for financial statements issued for fiscal years beginning after November 15, 2007. Early adoption is encouraged. The adoption of ASC 820 is not expected to have a material impact on the financial statements.

In February 2007, ASC issued 825-10, *The Fair Value Option for Financial Assets and Financial Liabilities – Including an amendment of ASC 320-10*, (“ASC 825-10”) which permits entities to choose to measure many financial instruments and certain other items at fair value at specified election dates. A business entity is required to report unrealized gains and losses on items for which the fair value option has been elected in earnings at each subsequent reporting date. This statement is expected to expand the use of fair value measurement. ASC 825-10 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years.

In December 2007, the ASC issued ASC 810-10-65, *Noncontrolling Interests in Consolidated Financial Statements*. ASC 810-10-65 establishes accounting and reporting standards for ownership interests in subsidiaries held by parties other than the parent, changes in a parent’s ownership of a noncontrolling interest, calculation and disclosure of the consolidated net income attributable to the parent and the noncontrolling interest, changes in a parent’s ownership interest while the parent retains its controlling financial interest and fair value measurement of any retained noncontrolling equity investment.

ASC 810-10-65 is effective for financial statements issued for fiscal years beginning after December 15, 2008, and interim periods within those fiscal years. Early adoption is prohibited. Management is determining the impact that the adoption of ASC 810-10-65 will have on the Company’s financial position, results of operations or cash flows.

**SPECTRUM HEALTH NETWORK, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2010 (UNAUDITED)**

**NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Recently Issued Accounting Standards (continued)**

In December 2007, the Company adopted ASC 805, *Business Combinations* ("ASC 805"). ASC 805 retains the fundamental requirements that the acquisition method of accounting be used for all business combinations and for an acquirer to be identified for each business combination. ASC 805 defines the acquirer as the entity that obtains control of one or more businesses in the business combination and establishes the acquisition date as the date that the acquirer achieves control. ASC 805 will require an entity to record separately from the business combination the direct costs, where previously these costs were included in the total allocated cost of the acquisition. ASC 805 will require an entity to recognize the assets acquired, liabilities assumed, and any non-controlling interest in the acquired at the acquisition date, at their fair values as of that date.

ASC 805 will require an entity to recognize as an asset or liability at fair value for certain contingencies, either contractual or non-contractual, if certain criteria are met. Finally, ASC 805 will require an entity to recognize contingent consideration at the date of acquisition, based on the fair value at that date. This will be effective for business combinations completed on or after the first annual reporting period beginning on or after December 15, 2008. Early adoption is not permitted and the ASC is to be applied prospectively only. Upon adoption of this ASC, there would be no impact to the Company's results of operations and financial condition for acquisitions previously completed. The adoption of ASC 805 is not expected to have a material effect on the Company's financial position, results of operations or cash flows.

In March 2008, ASC issued ASC 815, *Disclosures about Derivative Instruments and Hedging Activities*, ("ASC 815"). ASC 815 requires enhanced disclosures about an entity's derivative and hedging activities. These enhanced disclosures will discuss: how and why an entity uses derivative instruments; how derivative instruments and related hedged items are accounted for and its related interpretations; and how derivative instruments and related hedged items affect an entity's financial position, financial performance, and cash flows. ASC 815 is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008. The Company does not believe that ASC 815 will have an impact on their results of operations or financial position.

In April 2008, ASC issued ASC 350, "Determination of the Useful Life of Intangible Assets". This amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under ASC 350. The guidance is used for determining the useful life of a recognized intangible asset shall be applied prospectively to intangible assets acquired after adoption, and the disclosure requirements shall be applied prospectively to all intangible assets recognized as of, and subsequent to, adoption. The Company does not believe ASC 350 will materially impact their financial position, results of operations or cash flows.

**SPECTRUM HEALTH NETWORK, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2010 (UNAUDITED)**

**NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Recently Issued Accounting Standards (continued)**

Effective April 1, 2009, the Company adopted ASC 855, *Subsequent Events* ("ASC 855"). ASC 855 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. It requires disclosure of the date through which an entity has evaluated subsequent events and the basis for that date – that is, whether that date represents the date the financial statements were issued or were available to be issued. This disclosure should alert all users of financial statements that an entity has not evaluated subsequent events after that date in the set of financial statements being presented. Adoption of ASC 855 did not have a material impact on the Company's results of operations or financial condition. The Company has evaluated subsequent events through June 10, 2010, the date the financial statements were issued.

Effective July 1, 2009, the Company adopted FASB ASU No. 2009-05, *Fair Value Measurement and Disclosures (Topic 820)* ("ASU 2009-05"). ASU 2009-05 provided amendments to ASC 820-10, *Fair Value Measurements and Disclosures – Overall*, for the fair value measurement of liabilities. ASU 2009-05 provides clarification that in circumstances in which a quoted market price in an active market for the identical liability is not available, a reporting entity is required to measure fair value using certain techniques. ASU 2009-05 also clarifies that when estimating the fair value of a liability, a reporting entity is not required to include a separate input or adjustment to other inputs relating to the existence of a restriction that prevents the transfer of a liability. ASU 2009-05 also clarifies that both a quoted price in an active market for the identical liability at the measurement date and the quoted price for the identical liability when traded as an asset in an active market when no adjustments to the quoted price of the asset are required for Level 1 fair value measurements. Adoption of ASU 2009-05 did not have a material impact on the Company's results of operations or financial condition.

In January 2010, the Company adopted FASB ASU No. 2010-06, *Fair Value Measurement and Disclosures (Topic 820)—Improving Disclosures about Fair Value Measurements* ("ASU 2010-06"). These standards require new disclosures on the amount and reason for transfers in and out of Level 1 and 2 fair value measurements. The standards also require new disclosures of activities, including purchases, sales, issuances, and settlements within the Level 3 fair value measurements. The standard also clarifies existing disclosure requirements on levels of disaggregation and disclosures about inputs and valuation techniques. These new disclosures are effective beginning with the first interim filing in 2010. The disclosures about the roll-forward of information in Level 3 are required for the Company with its first interim filing in 2011. The Company does not believe this standard will impact their financial statements.

Other ASU's that have been issued or proposed by the FASB ASC that do not require adoption until a future date and are not expected to have a material impact on the financial statements upon adoption.

**SPECTRUM HEALTH NETWORK, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2010 (UNAUDITED)**

**NOTE 3- STOCKHOLDERS' EQUITY**

The Company was established with one class of stock, common stock – 1,000 shares authorized at a par value of \$.001.

During the period from October 21, 2009 (inception) through December 31, 2009, the Company issued 1,000 shares of common stock to Gordon Communications, Inc. There were no shares issued since.

All common stock is issued and outstanding.

The Company has not issued any options or warrants to date.

**NOTE 4- COMMITMENTS AND LICENSE AGREEMENT**

On November 1, 2009, the Company entered into an Installation and Remote Transfer Testing Project Management and Service Agreement (“Service Agreement”), and a License Agreement (“License Agreement”) with Seatac Digital Resources, Inc., for an initial term of five years. The Service Agreement provides for, directly and through sub-contractors to produce, license and supply certain goods and services as described within the Service Agreement, the Company to engage Seatac to provide certain goods and services to facilitate the installation and operation of a media information display network within professional offices located in the United States and Canada, and for Seatac to supply the goods and services that the Company agrees to purchase and accept the licenses on the terms and conditions set forth in the Service Agreement.

The License Agreement grants Seatac the right to license the software, as defined with the License Agreement. Seatac will provide the licensee with use of its software components, including the server software, and the software media player that will drive one or more displays and connect back to the server. The fees for the license are as follows: a \$500 initial one-time fee for the remote transfer set up; hardware and installation fees of \$3,500 per site; and a standard remote transfer license fee of \$87 per unit per month.

**SPECTRUM HEALTH NETWORK, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2010 (UNAUDITED)**

**NOTE 5- PROVISION FOR INCOME TAXES**

Deferred income taxes are determined using the liability method for the temporary differences between the financial reporting basis and income tax basis of the Company's assets and liabilities. Deferred income taxes are measured based on the tax rates expected to be in effect when the temporary differences are included in the Company's tax return. Deferred tax assets and liabilities are recognized based on anticipated future tax consequences attributable to differences between financial statement carrying amounts of assets and liabilities and their respective tax bases.

At March 31, 2010, deferred tax assets consist of the following:

Net operating losses	\$ 52,107
Valuation allowance	(52,107)
	<u>\$ —</u>

At March 31, 2010, the Company had net operating loss carry-forwards in the amount of \$153,255 available to offset future taxable income through 2030. The Company established valuation allowances equal to the full amount of the deferred tax assets due to the uncertainty of the utilization of the operating losses in future periods. A reconciliation of the Company's effective tax rate as a percentage of income before taxes and federal statutory rate for the period ended March 31, 2010 is summarized as follows:

	<u>2010</u>
Federal statutory rate	(34.0%)
State income taxes, net of federal benefits	3.3
Valuation allowance	<u>30.7</u>
	<u>0%</u>

**NOTE 6- SUBSEQUENT EVENTS**

**Letter of Intent**

On June 1, 2010, AMHN, Inc. (the "AMHN") entered into a Letter of Intent ("LOI") with the Company.

The terms of the LOI include the acquisition of 100% of the outstanding common stock of Company (the "Company Shares") in exchange for shares of the AMHN's Common Stock (the "AMHN Shares"). The number of AMHN Shares to be issued in exchange for the Company Shares shall be determined upon the completion of due diligence and prior to the preparation of a definitive agreement between the parties. AMHN will acquire the assets of the Company and will assume all of the liabilities of the Company.

**SPECTRUM HEALTH NETWORK, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2010 (UNAUDITED)**

**NOTE 6- SUBSEQUENT EVENTS (CONTINUED)**

**Letter of Intent (Continued)**

Upon completion of satisfactory due diligence, the parties must enter into a definitive agreement, which shall be executed and consummated, prior to forty-five (45) days from the date of the LOI (July 15, 2010), unless mutually extended by the parties in writing. In no event shall the extension date be longer than seventy-five days from the date of the LOI (August 14, 2010).

Should due diligence conducted by AMHN be deemed unsatisfactory, or should the Company breach any of the terms of the LOI, then the LOI and the proposed acquisition by AMHN, will terminate upon the written notification by AMHN to the Company.

AMHN, INC. AND SUBSIDIARIES  
 UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET  
 DECEMBER 31, 2009

	Historical		Adjustments	Consolidated
	AMHN	SPECTRUM		
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash	\$ 42,066	\$ 200	\$ —	\$ 42,266
Accounts receivable <sup>00</sup>	10,568	5,160	—	15,728
Prepaid expenses	17,238	—	—	17,238
Total current assets	<u>69,872</u>	<u>5,360</u>	<u>—</u>	<u>75,232</u>
<b>Fixed Assets</b>				
Site equipment	431,296	53,522	—	484,818
Accumulated depreciation	(48,536)	(6,344)	—	(54,880)
Net fixed assets	<u>382,760</u>	<u>47,178</u>	<u>—</u>	<u>429,938</u>
<b>Other Assets</b>				
Segment library	410,000	13,495	—	423,495
Accumulated amortization	(27,667)	(1,125)	—	(28,792)
Net segment library	<u>382,333</u>	<u>12,370</u>	<u>—</u>	<u>394,703</u>
Security deposit	14,800	—	—	14,800
Goodwill	—	—	50,000 A	90,947
			40,947 B	
Total other assets	<u>397,133</u>	<u>12,370</u>	<u>90,947</u>	<u>500,450</u>
<b>TOTAL ASSETS</b>	<u>\$ 849,765</u>	<u>\$ 64,908</u>	<u>\$ 90,947</u>	<u>\$ 1,005,620</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>				
<b>Current Liabilities</b>				
Accounts payable	\$ 229,044	\$ 105,855	\$ —	\$ 334,899
Accrued expenses	331,073	—	—	331,073
Promissory note payable-related party	600,000	—	—	600,000
Due to related parties	700	—	—	700
<b>TOTAL LIABILITIES</b>	<u>1,160,817</u>	<u>105,855</u>	<u>—</u>	<u>1,266,672</u>
Common stock	1,579,021	1	50,000 A	1,669,969
		—	40,947 B	
Accumulated deficit	(1,890,073)	(40,948)	—	(1,931,021)
<b>TOTAL STOCKHOLDERS' DEFICIT</b>	<u>(311,052)</u>	<u>(40,947)</u>	<u>90,947</u>	<u>(261,052)</u>
<b>TOTAL LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>	<u>\$ 849,765</u>	<u>\$ 64,908</u>	<u>\$ 90,947</u>	<u>\$ 1,005,620</u>



AMHN, INC. AND SUBSIDIARIES  
 UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS  
 FOR YEAR ENDED DECEMBER 31, 2009

	<u>Historical</u>		<u>Adjustment</u>	<u>Consolidated</u>
	<u>AMHN</u>	<u>SPECTRUM</u>		
Revenues, net	\$ 10,569	\$ 3,235	\$ —	\$ 13,804
Expenses				
Operating costs	43,152	—	—	43,152
Selling, general and administration	1,536,899	36,714	—	1,573,613
Depreciation and amortization expense	76,203	7,469	—	83,672
Interest expense	8,856	—	—	8,856
Total expenses	<u>1,665,110</u>	<u>44,183</u>	<u>—</u>	<u>1,709,293</u>
Net loss before provision for income taxes	<u>\$(1,654,541)</u>	<u>\$ (40,948)</u>	<u>\$ —</u>	<u>\$ (1,695,489)</u>
Loss per share, basic and diluted	<u>\$ (0.23)</u>	<u>\$ (40.95)</u>	<u>\$ —</u>	<u>\$ (0.10)</u>
Weighted average number of shares outstanding	<u>7,264,707</u>	<u>1,000</u>	<u>—</u>	<u>16,290,209</u>

AMHN, INC. AND SUBSIDIARIES  
 UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET  
 MARCH 31, 2010

	Historical		Adjustments		Consolidated
	AMHN	SPECTRUM			
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash	\$ 48,049	\$ 2,125	\$ —		\$ 50,174
Accounts receivable00	15,329	11,512	—		26,841
Prepaid expenses	1,981	—	—		1,981
Total current assets	<u>65,359</u>	<u>13,637</u>	<u>—</u>		<u>78,996</u>
<b>Fixed Assets</b>					
Site equipment	483,796	235,522	—		719,318
Accumulated depreciation	(85,936)	(25,378)	—		(111,314)
Net fixed assets	<u>397,860</u>	<u>210,144</u>	<u>—</u>		<u>608,004</u>
<b>Other Assets</b>					
Segment library	410,000	13,495	—		423,495
Accumulated amortization	(48,167)	(4,498)	—		(52,665)
Net segment library	361,833	8,997	—		370,830
Security deposit	14,800	—	—		14,800
Goodwill	—	—	50,000	A	203,254
			153,254	B	
Total other assets	<u>376,633</u>	<u>8,997</u>	<u>203,254</u>		<u>588,884</u>
<b>TOTAL ASSETS</b>	<u>\$ 839,852</u>	<u>\$ 232,778</u>	<u>\$ 203,254</u>		<u>\$ 1,275,884</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>					
<b>Current Liabilities</b>					
Accounts payable	\$ 359,413	\$ 386,032	\$ —		\$ 745,445
Accrued expenses	338,883	—	—		338,883
Promissory note payable-related party	800,000	—	—		800,000
<b>TOTAL LIABILITIES</b>	<u>1,498,296</u>	<u>386,032</u>	<u>—</u>		<u>1,884,328</u>
Common stock	1,579,021	1	50,000	A	1,782,276
		—	153,254	B	
Accumulated deficit	(2,237,465)	(153,255)	—		(2,390,720)
<b>TOTAL STOCKHOLDERS' DEFICIT</b>	<u>(658,444)</u>	<u>(153,254)</u>	<u>203,254</u>		<u>(608,444)</u>
<b>TOTAL LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>	<u>\$ 839,852</u>	<u>\$ 232,778</u>	<u>\$ 203,254</u>		<u>\$ 1,275,884</u>

AMHN, INC. AND SUBSIDIARIES  
 UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS  
 FOR THREE MONTHS ENDED MARCH 31, 2010

	<u>Historical</u>		<u>Adjustment</u>	<u>Consolidated</u>
	<u>AMHN</u>	<u>SPECTRUM</u>		
Revenues, net	\$ 15,329	\$ 8,277	\$ —	\$ 23,606
Expenses				
Operating costs	32,625	—	—	32,625
Selling, general and administration	263,665	98,177	—	361,842
Depreciation and amortization expense	57,900	22,407	—	80,307
Interest expense	8,531	—	—	8,531
Total expenses	<u>362,721</u>	<u>120,584</u>	<u>—</u>	<u>483,305</u>
Net loss before provision for income taxes	<u>\$ (347,392)</u>	<u>\$ (112,307)</u>	<u>\$ —</u>	<u>\$ (459,699)</u>
Loss per share, basic and diluted	<u>\$ (0.02)</u>	<u>\$ (112.31)</u>	<u>\$ —</u>	<u>\$ (0.03)</u>
Weighted average number of shares outstanding	<u>15,790,209</u>	<u>1,000</u>	<u>—</u>	<u>16,290,209</u>

**AMHN, INC. AND SUBSIDIARIES**  
**PRO-FORMA UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**

The following unaudited pro-forma consolidated financial statements give effect to the acquisition of Spectrum Health Network, Inc. ("Spectrum") by AMHN, Inc. ("AMHN" and the "Company") and are based on estimates and assumptions set forth herein and in the notes to such pro-forma statements.

On June 11, 2010, Spectrum entered into an Agreement and Plan of Reorganization with AMHN, SHN Acquisition Corp., and Gordon Communication, Inc. ("Gordon"), and upon closing of the transaction, Spectrum became a wholly-owned subsidiary of AMHN (the "Agreement").

The following unaudited consolidated pro-forma financial information for the year ended December 31, 2009 and for the three months ended March 31, 2010 gives effect to the above as if the transactions had occurred at the beginning of the periods. The unaudited pro-forma consolidated balance sheet at December 31, 2009 and March 31, 2010 assumes the effects of the above as if these transactions had occurred as of December 31, 2009 and March 31, 2010.

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**AMHN, INC. AND SUBSIDIARIES**  
**PRO-FORMA UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**

The unaudited pro- forma consolidated financial statements are based upon, and should be read in conjunctions with AMHN's audited financial statements as of and for the year ended December 31, 2009 and its unaudited financial statements as of and for the three months ended March 31, 2010 and the historical financial statements of Spectrum from its inception (October 21, 2009) through March 31, 2010.

The unaudited pro forma consolidated financial statements and notes thereto contained forward-looking statements that involve risks and uncertainties. Therefore, our actual results may vary materially from those discussed herein. The unaudited pro forma consolidated financial statements do not purport to be indicative of the results that would have been reported had such events actually occurred on the dates specified, nor is it indicative our future results.

**AMHN, INC. AND SUBSIDIARIES**  
**NOTES TO**  
**PRO-FORMA UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE A – ADJUSTMENT**

- (a) To record the issuance of 500,000 shares of Common Stock to Gordon pursuant to the Closing on June 11, 2010. As a result of this transaction, the Company acquired all of the assets and assumed all of the liabilities of Spectrum.
- (b) To reflect the results of the Agreement whereby Gordon exchanged 100% of the issued and outstanding shares of Common Stock of Spectrum for 500,000 shares of Common Stock of AMHN.

**NOTE B – PRO-FORMA WEIGHTED AVERAGE SHARES OUTSTANDING**

Pro-forma shares of Common Stock outstanding assuming the transaction occurred as of October 21, 2009.

AMHN shares outstanding	15,790,209
Shares issued in acquisition transaction	500,000
	<u>16,290,209</u>