Zolon Corp
Form 10-K
April 13, 2010

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2009

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from __________________ to __________________ .

Commission File Number 33-42498

ZOLON CORPORATION
(Exact name of registrant as specified in its charter)

Florida	65-0254624
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

2650 Biscayne Boulevard, Miami, Florida 33137
(Address of principal executive offices)

(305) 937-2000
(Registrant's telephone number, including area code)

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

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

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

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

Indicate by checkmark whether the registrant is a shell company (as defined in Rule 126.2 of the Exchange Act).
Yes o No x

The aggregate market value of common stock held by non-affiliates of the Registrant on April 9, 2010 based on the closing price on that date of $0.50 on the Over the Counter Bulletin Board was $830,713. For the purposes of calculating this amount only, all directors, executive officers and shareholders owning in excess of ten percent (10%) of the Registrant's outstanding common stock have been treated as affiliates.

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

Large accelerated filer ¨	Accelerated filer ¨	Non-accelerated filer ¨ (Do not check if a smaller reporting company)	Smaller reporting company x

The number of shares of common stock outstanding as of April 9, 2010 was 3,150,211.

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ZOLON CORPORATION

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PART I

ITEM 1. BUSINESS

Zolon Corporation (ZLON) was incorporated by the Florida Department of State on May 9, 1990 as Sun Express Group, Inc. for the purpose of obtaining air carrier certification. The Company's Board of Directors elected in July, 1993 to suspend certification efforts, dispose of or abandon existing assets and seek settlement of existing indebtedness. In July 1994, the Company completed a sale of its assets to Conquest Sun Airlines Corp. and Air Tran, Inc. (a spin-off subsidiary of Conquest Sun Airlines Corp.) The Company remained dormant until August, 2001 when the Company became involved in the motion picture industry and changed its name to Sun Network Group, Inc. In June, 2005 current management completed a reverse acquisition with the Company, changed our business focus to emerging technologies, replaced prior management and changed the Company's name to Aventura VoIP Networks, Inc. In October, 2005 the Company merged with Aventura Holdings, Inc. and adopted its name. On December 24, 2009 the Company changed its name to Zolon Corporation.

Zolon Corporation plans to expand in the Information Technology (IT) and Software enabled service areas through a series of strategic business combinations. The Registrant intends to target company's in the Financial Services, Health Care and Telecom sectors to create a diversified portfolio. The Registrant is actively discussing and negotiating business acquisitions and / or combination opportunities with several targets and intends to consummate transactions in the near future to further execute our business strategy.

Principal Business

The Company is engaged in the information technology sector.

Competition

We operate in industries which are highly competitive and dependent upon our ability to purchase intellectual property and attract qualified personnel to develop cutting-edge technology and graphical user interfaces for our products. The market includes a large number of well-capitalized competitors that have extensive experience, established distribution channels and facilities. Additionally, most of our competitors have greater resources than us.

Seasonality

We do not expect our operations to be impacted significantly from quarter to quarter by actual or threatened severe weather events and other factors unrelated to weather conditions, such as changing economic conditions.

Recent Developments

None.

Employees

As of April 9, 2010, the Company has one full-time employee under a five year employment agreement dated May 16, 2006. The employment agreement calls for annual remuneration of $60,000 certain fringe benefits and expense reimbursements. The employee is not represented by a union and the Company believes the relationship with the employee is good.

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Controls and Procedures

As required by SEC rules, we have evaluated the effectiveness of the design and operation of our disclosure controls and procedures at the end of the period covered by this report. This evaluation was carried out under the supervision and with the participation of our management. Based on this evaluation, management has concluded that the design and operation of our disclosure controls and procedures are effective. There were no changes in our internal control over financial reporting or in other factors that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Our disclosure controls and procedures are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports that we file under the Exchange Act is accumulated and communicated to our management, including our principal executive officer as appropriate, to allow timely decisions regarding required disclosure.

Name Changes

The Company filed a Certificate of Amendment to its Articles of Incorporation with the Secretary of State of the State of Florida to change its name to “Zolon Corporation” and to amend its articles to reflect a reverse stock split. In connection with this name change and reverse split, the Company was assigned a new CUSIP number and has submitted this information to the Financial Industry Regulatory Authority (FINRA) requesting a new trading symbol. Authority for this action was pursuant to Board authorization as described in the Information Statement filed under Form Def-14C on November 4, 2009 and mailed to shareholders but the date for effective action was left to the Board’s discretion.

Reports to Security Holders

The Company is subject to SEC proxy rules and regulations that require the Company to send proxy statements and annual reports to its security holders in connection with meetings of its shareholders. The Company currently anticipates that it will take shareholder action by majority shareholder consent resolution in lieu of a meeting. As a result, the Company will timely send a notice of action taken to its shareholders. Except for periodic filings with the SEC, such as those on Forms 8-K, 10-Q and 10-K, which will also be available on the Company's website, the Company does not intend to provide reports of any other nature to security holders in the foreseeable future.

ITEM 1A. RISK FACTORS

An investment in our common stock is highly speculative, involves a high degree of risk, and should be considered only by those persons who are able to bear the economic risk of their investment for an indefinite period. In addition to other information in this Annual Report on Form 10-K, you should carefully consider the risks described below before investing in our publicly-traded securities. The risks described below are not the only ones facing us. Our business is also subject to the risks that affect many other companies, such as competition, technological obsolescence, labor relations, general economic conditions and geopolitical changes. Additional risks not currently known to us or that we currently believe are immaterial also may impair our business operations and our liquidity.

This is a highly speculative investment.

Ownership of our common stock is extremely speculative and involves a high degree of economic risk, which may result in a complete loss of your investment. Only persons who have no need for liquidity and who are able to withstand a loss of all or substantially all of their investment should purchase our common stock.

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For the year ended December 31, 2009 our net income was $63,671. Although we believe that we are adequately capitalized to carry out our business plan (subject to the risks inherent in such plan), there can be no assurance that we have sufficient economic resources or that such resources will be available to us on terms and at times that are necessary or acceptable, if at all. There is no assurance that future revenues of the Company will ever be significant or that the Company's operations will ever be profitable.

You will be diluted if we issue additional common stock, options to purchase common stock and/or debt or equity securities convertible into common stock.

Future offerings of debt securities, which would be senior to our common stock upon liquidation, or equity securities, which could dilute our existing stockholders and be senior to our common stock for the purposes of distributions, may have an adverse effect on the value of our common stock.

In the future, we may attempt to increase our capital resources by making additional offerings of equity or debt securities, including medium-term notes, senior or subordinated notes and classes of preferred stock or common stock. Upon our liquidation, holders of our debt securities, if any, and shares of preferred stock, if any, and lenders with respect to other borrowings, if any, will receive a distribution of our available assets prior to the holders of our common stock. Additional equity offerings by us reduce the value of our common stock. Any preferred stock we may issue would have a preference on distributions that could limit our ability to make distributions to the holders of our common stock. Because our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future offerings. Thus, our stockholders bear the risk of our future offerings reducing the market price of our common stock and diluting their stock holdings in the Company.

We may be subject to various industry-specific risks associated with our anticipated business operations.

Management has discretionary use of Company assets.

We continue to look for and investigate business opportunities that are consistent with our business plan, including further acquisitions of interests in technology companies. Management has broad discretion with respect to the acquisition of interests in companies that are consistent with our anticipated operations. Although management intends to apply any proceeds it may receive through the future issuance of stock or debt to acquire or operate suitable businesses, it will have broad discretion in allocating these funds. There can be no assurance that the management's use or allocation of such proceeds will allow it to achieve its business objectives.

We operate in a competitive market for acquisition and investment opportunities.

We compete for acquisitions with a large number of companies and investment funds. Many of our competitors may have greater resources than we do. Increased competition makes it more difficult for us to make acquisitions or investments at attractive prices. As a result of this competition, sometimes we may be precluded from making otherwise attractive acquisitions or investments. There can be no assurance that we will be able to identify, negotiate and consummate acquisitions of attractive companies in light of this competition.

Results may fluctuate and may not be indicative of future performance.

Our operating results may fluctuate and, therefore, you should not rely on current or historical period results to be indicative of our performance in future reporting periods. Factors that could cause operating results to fluctuate include, but are not limited to, variations in the costs of identifying, negotiating and consummating acquisitions of businesses consistent with our business plan; variations in and the timing of the recognition of net realized gains or losses and changes in unrealized appreciation or depreciation; the degree to which we encounter competition in our markets; and other general economic and operational circumstances.

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Our common stock price may be volatile.

The trading price of our common stock may fluctuate substantially. The price of the common stock may be higher or lower than the price you pay for your shares, depending on many factors, some of which are beyond our control and may not be directly related to our operating performance. These factors include, but are not limited to, the following:

- price and volume fluctuations in the overall stock market from time to time;
- significant volatility in the market price and trading volume of securities of financial services companies;
- volatility resulting from trading in derivative securities related to our common stock including puts, calls, long-term equity anticipation securities ("LEAPs"), or short trading positions;
- actual or anticipated changes in our earnings or fluctuations in our operating results or changes in the expectations of securities analysts;
- general economic conditions and trends;
- loss of a major funding source; or
- departures of key personnel.

OTC Bulletin Board.

Our common stock is quoted on the OTC Bulletin Board ("OTCBB"). The OTCBB is an inter-dealer, over-the-counter market that provides significantly less liquidity than the NASDAQ Stock Market or national or regional exchanges. Securities traded on the OTCBB are typically thinly traded, highly volatile, have fewer markets and are not followed by analysts. The SEC's order handling rules, which apply to NASDAQ-listed securities, do not apply to securities quoted on the OTCBB. Quotes for stocks included on the OTCBB are not listed in newspapers. Therefore, prices for securities traded solely on the OTCBB may be difficult to obtain and holders of our common stock may be unable to sell their shares at acceptable prices.

Penny Stock Rules.

Trading in our securities will be subject to the "penny stock" rules for the foreseeable future. The SEC has adopted regulations that generally define a penny stock to be any equity security that has a market price of less than $5.00 per share, subject to certain exceptions. These rules require that any broker-dealer who recommends our securities to persons other than prior customers and accredited investors must, prior to the sale, make a special written suitability determination for the purchaser and receive the purchaser's written agreement to execute the transaction. Unless an exception is available, the regulations require the delivery, prior to any transaction involving a penny stock, of a disclosure schedule explaining the penny stock market and the risks associated with trading in the penny stock market. In addition, broker-dealers must disclose commissions payable to both the broker-dealer and the registered representative and current quotations for the securities they offer. The additional burdens imposed upon broker-dealers by such requirements may discourage broker-dealers from recommending transactions in our securities, which could severely limit the liquidity of our common stock and consequently adversely affect the market price of our common stock.

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Changes in the law or regulations that govern us could have a material impact on us or our operations.

Our business operations are subject to various laws and regulations concerning consumer financing. We are also regulated by the SEC and impacted by regulations of certain state regulatory agencies and self-regulatory organizations. Any change in the law or regulations that govern our business could have a material impact on us or our operations. Laws and regulations may be changed from time to time, and the interpretations of the relevant laws and regulations also are subject to change, which may have a material effect on our operations.

No dividends.

Holders of our securities will only be entitled to dividends when, as and if declared by our Board of Directors. We do not expect to generate a sufficient cash surplus which would be available for dividends in the foreseeable future.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

We do not own any real estate or other physical properties material to our operations.

ITEM 3. LEGAL PROCEEDINGS

None.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The holders of a majority of the outstanding shares of our issued and outstanding common stock, par value $0.001 per share (“Common Stock”), representing a majority of our voting power, have consented to and given our board of directors the authority to take “Approved Actions” pursuant to a written consent in lieu of a meeting, to wit: (i) the appointment of the Board of Directors for the coming year; (ii) the appointment of the independent registered accounting firm to audit and certify and report on the finances of the Company for the coming year; and (iii) the reverse split of our shares of common stock.

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PART II

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

Market Information

Price Range of Common Stock

Our common stock is quoted by Over the Counter Bulletin Board under the symbol "AVNT". The following table sets forth the high and low bid prices for our common stock for the periods indicated, as reported by Over the Counter Bulletin Board. Such quotations reflect inter-dealer prices, without retail mark-up, mark-down, or commissions, and may not necessarily represent actual transactions.

	Bid	
	High	Low
Year Ended December 31, 2009:		
First Quarter	$0.5000	$0.2000
Second Quarter	$0.5000	$0.2000
Third Quarter	$1.0000	$0.3000
Fourth Quarter	$0.7000	$0.3000
Year Ended December 31, 2008:		
First Quarter	$1.3000	$0.5000
Second Quarter	$0.7000	$0.3000
Third Quarter	$0.9000	$0.2000
Fourth Quarter	$0.6000	$0.2000
Year Ended December 31, 2007:		
First Quarter	$5.8000	$0.3000
Second Quarter	$1.0000	$0.4000
Third Quarter	$4.0000	$0.3000
Fourth Quarter	$1.5000	$0.2000

While shares of our common stock currently trade in excess of our net asset book value, there can be no assurance, however, that our shares will continue to trade at such a premium. On April 9, 2010, the last sales price of our common stock was $0.50. As of April 9, 2010, there were approximately 1,600 holders of record of our common stock.

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Dividends

We have not declared or paid any cash dividends on our common stock during our two most recent fiscal years. We do not anticipate paying cash dividends in the foreseeable future.

Recent Sale of Unregistered Securities

As discussed in Item 1 above, under the heading "Recent Developments," during 2007 the Company issued five hundred (500) shares of its convertible common stock in a privately negotiated transaction. The Company believes this issuance was exempt from registration under Section 4(2) of the Securities Act of 1933 and/or Regulation D promulgated thereunder.

ITEM 6. SELECTED FINANCIAL DATA

The Statement of Operations, Per Share, and Balance Sheet data for the periods ended December 31, 2009 and 2007 is derived from our consolidated financial statements that have been audited by Jewett, Schwartz and Wolfe, PA, our independent registered public accounting firm. The information set forth below is not necessarily indicative of results of future operations, and should be read in conjunction with Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements and notes thereto included in Item 8, “Financial Statements and Supplementary Data” of this Form 10-K, which are incorporated herein by reference, in order to further understand the factors that may affect the comparability of the financial data presented below.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the risks set forth in Item 1A hereof and our financial statements and notes thereto appearing elsewhere in this report.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION
This Form 10-K for the year ended December 31, 2009 contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements may be identified by the use of forward-looking terminology, such as "may", "shall", "could", "expect", "estimate", "anticipate", "predict", "probable", "possible", "should", "continue", or similar terms, variations of those terms or the negative of those terms. The forward-looking statements specified in the following information have been compiled by our management on the basis of assumptions made by management and are considered by management to be reasonable. Our future operating results, however, are impossible to predict and no representation, guaranty, or warranty is to be inferred from those forward-looking statements.

The assumptions used for purposes of the forward-looking statements specified in the following information represent estimates of future events and are subject to uncertainty as to possible changes in economic, legislative, industry, and other circumstances. As a result, the identification and interpretation of data and other information and their use in developing and selecting assumptions from and among reasonable alternatives require the exercise of judgment. To the extent that the assumed events do not occur, the outcome may vary substantially from anticipated or projected results, and, accordingly, no opinion is expressed on the achievability of those forward-looking statements. No assurance can be given that any of the assumptions relating to the forward-looking statements specified in the following information are accurate, and we assume no obligation to update any such forward-looking statements.

Overview

Zolon Corporation ("Zolon", "we", "us", "our", or the "Company") is a publicly held Miami, Florida based Company engaged in the information technology sector.

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Going Concern

Our ability to continue as a going concern is dependent on the ability to further implement our business plan, raise capital, and generate revenues. We presently do not have sufficient revenues to cover our incurred expenses. Our management recognizes that we must generate additional resources to enable us to pay our obligations as they come due, and that we must ultimately successfully implement our business plan and achieve profitable operations. We cannot assure you that we will be successful in any of these activities. Should any of these events not occur, our financial condition will be materially adversely affected.

The time required for us to become profitable from operations is highly uncertain, and we cannot assure you that we will achieve or sustain operating profitability or generate sufficient cash flow to meet our planned capital expenditures, working capital and debt service requirements. If required, our ability to obtain additional financing from other sources also depends on many factors beyond our control, including the state of the capital markets and the prospects for our business. The necessary additional financing may not be available to us or may be available only on terms that would result in further dilution to the current owners of our common stock.

We cannot assure you that we will generate sufficient cash flow from operations or obtain additional financing to meet scheduled debt payments and financial covenants. If we fail to make any required payment under the agreements and related documents governing our indebtedness or fail to comply with the financial and operating covenants contained in them, we would be in default. The financial statements do not include any adjustments to reflect the possible effects on recoverability and classification of assets or the amounts and classification of liabilities, which may result from the inability of the Company to continue as a going concern.

Critical Accounting Estimates and Policies

General

The Consolidated Financial Statements of the Company are prepared in accordance with U.S. generally accepted accounting principles, which require management to make estimates, judgments and assumptions that affect the reported amounts of assets, liabilities, net revenue and expenses, and the disclosure of contingent assets and liabilities. Management bases its estimates on historical experience and on various other assumptions that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Senior management has discussed the development, selection and disclosure of these estimates with the Audit Committee of Zolon's Board of Directors. Management believes that the accounting estimates employed and the resulting balances are reasonable; however, actual results may differ from these estimates under different assumptions or conditions.

An accounting policy is deemed to be critical if it requires an accounting estimate to be made based on assumptions about matters that are highly uncertain at the time the estimate is made, if different estimates reasonably could have been used, or if changes in the estimate that are reasonably likely to occur could materially impact the financial statements. Management believes the following critical accounting policies reflect the significant estimates and assumptions used in the preparation of the Consolidated Financial Statements.

A summary of significant accounting policies is included in Note 3 to the consolidated financial statements included elsewhere in this Report. We believe that the application of these policies on a consistent basis enables us to provide useful and reliable financial information about our operating results and financial condition.

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Results Of Operations

For a discussion of factors that could impact operating results, see the section entitled "Risk Factors" in Item 1A, which is incorporated herein by reference.

	For the Year Ended December 31 2009	For the Year Ended December 31 2008
REVENUES		
Sales	$95,465	$136,595
Less: cost of sales	58,604	116,730
Gross Profit	36,861	19,865
Fee Income	73,398	167,469
Total Revenues	110,259	187,334
EXPENSES		
General and administrative expense	140,456	126,166
Net operating income (loss) from continuing operations	(30,197)	61,168
OTHER EXPENSE		
Finance Costs	-	-
Warrant expense	-	-
Total Other Expense	-	-
Loss from continuing operations before minority interest	(30,197)	61,168
Minority Interest - Ohio Funding	-	-
Income (loss) from continuing operations	(30,197)	61,168
Discontinued operations	-	-
Net gain on disposal of subsidiary	-	-
Income (loss) from discontinued operations	-	-
Net Income (Loss)	$(30,197)	$61,168

LOSS PER SHARE:		
Net Income (Loss) Per Common Share -		
Basic and Diluted	$(0.01)	$0.02
Weighted Common Shares Outstanding -		
Basic and Diluted	2,921,874	2,790,444

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REVENUES

Revenues for the year ended December 31, 2009 were $110,260 compared to revenues for the year ended December 31, 2008 of $187,334.

OPERATING AND OTHER EXPENSES

Operating expenses for the year ended December 31, 2009 were $140,456 compared to operating expenses for the year ended December 31, 2008 of $126,166.

Financing expenses were $0 for the year ended December 31, 2009 compared to $0 for the year ended December 31, 2008.

As a result of these factors, we reported a net loss of $30,197 or $(0.01) per share for the year ended December 31, 2009 as compared to net income of $61,168or $0.02 per share for the year ended December 31, 2008.

LIQUIDITY AND CAPITAL RESOURCES

At December 31, 2009, we had an accumulated deficit of $1,131,219 and a working capital deficit of $24,501.

We have no material commitments for capital expenditures.

Net cash used by operations during the year ended December 31, 2009 was $83,345 primarily relating to our pay-down of debt. In the comparable period of 2008, we had net cash provided in operations of $2,198 primarily relating to $61,168 in net income and $47,883 decrease in due to others.

$80,000 was provided by investing activities for the year ended December 31, 2009 pursuant to issuance of common stock. No cash was provided or used by investing activities for the year ended December 31, 2008.

No cash was provided or used by financing activities for the years ended December 31, 2009 and 2008.

The Company is reliant upon outside entities to finance its operations and provide capital for lending activities. A tightening of capital markets can reduce or eliminate funding sources resulting in a decrease in our liquidity and an inability to generate revenues from new lending activities.

Off Balance Sheet Arrangements

There are no off balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors.

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ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company does not currently engage in transactions in derivative financial instruments or derivative commodity instruments. As of December 31, 2009, the Company's financial instruments were not exposed to significant market risk due to interest rate risk, foreign currency exchange risk, commodity price risk or other relevant market risks, such as equity price risk.

The Company operates through its two wholly owned subsidiaries Video Stream, Inc. and Amex Security, Inc. and is engaged in the information technology and surveillance sectors developing solutions to fulfill high-quality enterprise video surveillance needs. Specifically, the Company develops open standard and proprietary Internet Protocol (IP) video surveillance systems with the ability to scale to enterprise environments. In view of our current operations and future business plans, we may also be subject to the following market risk:

Interest Rate Risk

Our anticipated operations are expected to be leveraged and sensitive to the difference between the interest rates we pay for borrowed funds and the interest rates we charge in our lending operations. Our potential exposure to interest rate risk arises primarily from changes in prime lending rates of commercial banks, which are in turn impacted by the policies and practices of the United States Federal Reserve Board, among other things.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLENTARY DATA

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
Zolon Corporation

We have audited the accompanying balance sheets of Zolon Corporation as of December 31, 2009 and 2008 and the related statements of operations, changes in shareholders' deficit, and cash flows for the years ended December 31, 2009 and 2008. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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 Zolon Corporation as of December 31, 2009 and 2008 and the results of its operations and its cash flows for the years then ended December 31, 2009 and 2008 in conformity with accounting principles generally accepted in the United States of America.

These accompanying financial statements referred to above have been prepared assuming that the Company will continue as a going concern. As more fully described in Note 2, the Company’s need to seek new sources or methods of financing or revenue to pursue its business strategy, raise substantial doubt about the Company’s ability to continue as a going concern. Management’s plans as to these matters are also described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ JEWETT, SCHWARTZ, WOLFE & ASSOCIATES

Hollywood, Florida
April 2, 2010

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Zolon Corporation
Consolidated Balance Sheets
December 31,

	2009	2008
ASSETS:		
Current Assets		
Cash	$6	$3,351
Total Current Assets	6	3,351
Fixed Assets		
Furniture and equipment	32,500	32,500
Less: accumulated depreciation	(5,800)	(1,160)
Total Fixed Assets	26,700	31,340
Other Assets		
Security deposit		4,420
Total Other Assets	-	4,420
TOTAL ASSETS	$26,706	$39,111
LIABILITIES & SHAREHOLDERS' DEFICIT:		
Current Liabilities:		
Accounts payable	$10,000	$27,383
Accrued compensation	14,507	59,332
Total Current Liabilities	24,507	86,715
Total Liabilities	24,507	86,715
Shareholders' Equity (Deficit):		
Common Stock; $0.001 par value; 5,000,000,000 shares authorized; 3,150,211 and 2,790,325 shares issued and outstanding December 31, 2009 and December 31, 2008	3,150,211	2,790,325
Additional Paid in Capital	(2,216,793)	(1,936,907)
Treasury Stock	200,000	200,000
Accumulated Deficit	(1,131,219)	(1,101,022)
Total Shareholders' Equity (Deficit)	2,199	(47,604)
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY (DEFICIT)	$26,706	$39,111

The accompanying notes are an integral part of these Consolidated Financial Statements.

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Zolon Corporation
Consolidated Statements of Operations

	For the Year Ended December 31 2009	For the Year Ended December 31 2008
REVENUES		
Sales	$95,465	$136,595
Less: cost of sales	58,604	116,730
Gross Profit	36,861	19,865
Fee Income	73,398	167,469
Total Revenues	110,259	187,334
EXPENSES		
General and administrative expense	140,456	126,166
Net operating income (loss) from continuing operations	(30,197)	61,168
OTHER EXPENSE		
Finance Costs	-	-
Warrant expense	-	-
Total Other Expense	-	-
Loss from continuing operations before minority interest	(30,197)	61,168
Minority Interest - Ohio Funding	-	-
Income (loss) from continuing operations	(30,197)	61,168
Discontinued operations	-	-
Net gain on disposal of subsidiary	-	-
Income (loss) from discontinued operations	-	-
Net Income (Loss)	$(30,197)	$61,168
LOSS PER SHARE:		

Net Income (Loss) Per Common Share -		
Basic and Diluted	$(0.01)	$0.02
Weighted Common Shares Outstanding -		
Basic and Diluted	2,921,874	2,790,444

The accompanying notes are an integral part of these Consolidated Financial Statements.

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Zolon Corporation
Consolidated Statements of Cash Flows

	For the Twelve Months Ended December 31, 2009	2008
Cash flows from operating activities:		
Net income (loss)	$(30,197)	$61,168
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	4,640	1,160
(Increase) decrease in:		
Prepaid expense	-	1,066
Security deposits	4,420	-
Accounts payable	(17,383)	(5,833)
Accrued expenses	(44,825)	(7,480)
Due to others	-	(47,883)
Net cash (used) in operating activities	(83,345)	2,198
Cash flows from investing activities:		-
Common stock issued pursuant to registration statement	80,000	-
Cash flows from financing activities	-	-
Net increase (decrease) in cash	(3,345)	2,198
Cash at beginning of period	3,351	1,153
Cash at end of period	$6	$3,351
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the period for:		
Interest	$-	$-
Income Taxes	$-	$-
Noncash investing and financing activities are as follows:		
Preferred stock exchange for IPTV technology	$-	$(199,999)

The accompanying notes are an integral part of these Consolidated Financial Statements.

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Zolon Corporation
Consolidated Statements of Changes in Shareholders' Equity (Deficit)

	Common Stock		Preferred Stock		Additional Paid In	Retained Earnings (Accumulated	Treasury	
	Shares	Amount	Shares	Amount	Capital	Deficit)	Stock	Total
Balance at December 31, 2007	2,790,325	$2,790,325	500	$1	$(1,736,908)	$ (1,162,190)	$200,000	$91,228
Preferred Stock Exchange for IPTV Technology	-	-	(500)	(1)	(199,999)			(200,000)
Net income	-	-	-	-	-	61,168	-	61,168
Balance at December 31, 2008	2,790,325	2,790,325	-	-	(1,936,907)	(1,101,022)	200,000	(47,604)
Common share issuance pursuant to registration statement	359,886	359,886	-	-	(279,886)			80,000
Net loss						(30,197)		(30,197)
Balance at December 31, 2009	3,150,211	$3,150,211	-	$-	$(2,216,793)	$ (1,131,219)	$200,000	$2,199

The accompanying notes are an integral part of these Consolidated Financial Statements.

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ZOLON CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - NATURE OF ORGANIZATION

Zolon Corporation (the "Company") was incorporated by the Florida Department of State on May 9, 1990 as Sun Express Group, Inc. for the purpose of obtaining air carrier certification. The Company's Board of Directors elected in July, 1993 to suspend certification efforts, dispose of or abandon existing assets and seek settlement of existing indebtedness. In July 1994, the Company completed a sale of its assets to Conquest Sun Airlines Corp. and Air Tran, Inc. (a spin-off subsidiary of Conquest Sun Airlines Corp.) The Company remained dormant until August, 2001 when the Company became involved in the motion picture industry and changed its name to Sun Network Group, Inc. In June, 2005 current management completed a reverse acquisition with the Company, changed our business focus to emerging technologies, replaced prior management and changed the Company's name to Aventura VoIP Networks, Inc. In October,2005, the Company merged with Aventura Holdings, Inc. and adopted its name. On December 24, 2009 the Company changed its name to Zolon Corporation.

The Company is engaged in the information technology sector.

NOTE 2 - GOING CONCERN

As reflected in the accompanying financial statements, the Company's recurring losses from operations, net loss of $30,197 for the year ended December 31, 2009 and net cash used by operations of $83,345 for the year ended December 31, 2009; a working capital deficit of $24,501, stockholders' equity of $2,199 and an accumulated deficit of $1,131,219 at December 31, 2009, raise substantial doubt about our ability to continue as a going concern. Our financial statements do not include any adjustments to reflect the possible effects on recoverability and classification of assets or the amounts and classification of liabilities that may result from our inability to continue as a going concern.

Our ability to continue as a going concern is dependent on the ability to further implement our business plan, raise capital, and generate revenues. We presently do not have sufficient revenues to cover our incurred expenses. Our management recognizes that we must generate additional resources to enable us to pay our obligations as they come due and that we must ultimately successfully implement our business plan and achieve profitable operations. We cannot assure you that we will be successful in any of these activities. Should any of these events not occur, our financial condition will be materially adversely affected.

The time required for us to become profitable from operations is highly uncertain, and we cannot assure you that we will achieve or sustain operating profitability or generate sufficient cash flow to meet our planned capital expenditures, working capital and debt service requirements. If required, our ability to obtain additional financing from other sources also depends on many factors beyond our control, including the state of the capital markets and the prospects for our business. The necessary additional financing may not be available to us or may be available only on terms that would result in further dilution to the current owners of our common stock.

We cannot assure you that we will generate sufficient cash flow from operations or obtain additional financing to meet our obligations. The financial statements do not include any adjustments to reflect the possible effects on recoverability and classification of assets or the amounts and classification of liabilities, which may result from the inability of the Company to continue as a going concern.

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Management's Plans

Zolon Corporation plans to expand in the Information Technology (IT) and Software enabled service zones through a series of strategic business combinations. The Registrant aims to target company's in the Financial Services, Health Care and Telecom sectors to create a diversified portfolio. When the Company's plans take shape, the Company will like to offer a full continuum of products and services that span the life cycle of technology and software applications. The company intends to utilize both onshore and offshore delivery models to minimize costs and maximize profit. The Registrant is actively discussing and negotiating business acquisitions and / or combination opportunities with several targets and intends to consummate transactions in the near future to further execute our business strategy.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include the accounts of Zolon Corporation and its wholly owned subsidiaries Amex Security, Inc. and Video Stream, Inc. (collectively "Zolon").

Use of Estimates

In preparing financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the reported period. Actual results may differ from these estimates.

Cash and Cash Equivalents

For the purpose of the consolidated cash flow statement, the Company considers all highly liquid investments with original maturities of three months or less at the time of purchase to be cash equivalents.

Notes and Other Receivables

The Company assesses the probability of collections on loans, notes and other receivables and records an allowance for loan loss accordingly.

The Company recognizes interest income on notes and loans receivable in default, and records an appropriate allowance for loan loss on the resulting interest receivable.   The Company had no such notes or other receivables as of December 31, 2009 or 2008.

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Property and Equipment

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

Asset Category	Depreciation/ Amortization Period
Furniture and Fixture	5 Years
Computer equipment	3 Years

Finance Charges

The Company recognizes finance charges as income in a manner consistent with the provisions of the American Institute of Certified Public Accountants' Statement of Position ("SOP") 03-3 "Accounting for Certain Loans or Debt Securities Acquired in a Transfer." SOP 03-3 requires the Company to recognize finance charges under the interest method such that revenue is recognized on a level yield basis based upon forecasted cash flows. As the forecasted cash flows change, the Company would prospectively adjust the yield upwards for positive changes but would recognize impairment for negative changes in the current period.

The Company derived its revenues from finance charges and administration fees earned as a result of funding consumer loans.   The Company had no such revenue as of December 31, 2009 and 2008.

Fair Value of Financial Instruments

We define the fair value of a financial instrument as the amount at which the instrument could be exchanged in a current transaction between willing parties. The carrying value of accounts payable and other debt approximates fair value because of the short maturity of those instruments. The estimated fair value of our other obligations is estimated based on the current rates offered to us for similar maturities. Based on prevailing interest rates and the short-term maturity of all of our indebtedness, management believes that the fair value of our obligations approximates book value at December 31, 2009 and 2008.

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The hierarchy below lists three levels of fair value based on the extent to which inputs used in measuring fair value are observable in the market. We categorize each of our fair value measurements in one of these three levels based on the lowest level input that is significant to the fair value measurement in its entirety. These levels are:

- Level 1—inputs are based upon unadjusted quoted prices for identical instruments traded in active markets. As of December 31, 2009, we did not have any level 1 instrument.

- Level 2—inputs are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques (e.g. the Black-Scholes model) for which all significant inputs are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Where applicable, these models project future cash flows and discount the future amounts to a present value using market-based observable inputs including interest rate curves, foreign exchange rates, and forward and spot prices for currencies and commodities. As of December 31, 2009, we did not have any level 2 instruments.

- Level 3—inputs are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques, including option pricing models and discounted cash flow models. As of December 31, 2009, we did not have any level 3 instruments.

Long-Lived Assets

The Company accounts for the impairment of long-lived assets in accordance with Statement of Financial Accounting Standards No. 144, "Accounting for Impairment or Disposal of Long-Lived Assets". Impairment is the condition that exists when the carrying amount of a long-lived asset (asset group) exceeds its fair value. An impairment loss is recognized only if the carrying amount of a long-lived asset (asset group) is not recoverable and exceeds its fair value. The carrying amount of a long-lived asset (asset group) is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset (asset group). That assessment is based on the carrying amount of the asset (asset group) at the date it is tested for recoverability, whether in use or under development. An impairment loss shall be measured as the amount by which the carrying amount of a long-lived asset (asset group) exceeds its fair value.   The Company had no such assets as of December 31, 2009 and 2008.

Stock-Based Compensation

The Company accounts for stock options issued to employees in accordance with the provisions of Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations. As such, compensation cost is measured on the date of grant as the excess of the current market price of the underlying stock over the exercise price. Such compensation amounts are amortized over the respective vesting periods of the option grant. The Company adopted the disclosure provisions of SFAS No. 123, "Accounting for Stock-Based Compensation" and SFAS No. 148, "Accounting for Stock Based Compensation - Transition and Disclosure," which permits entities to provide pro forma net income (loss) and pro forma earnings (loss) per share disclosures for employee stock option grants as if the fair-valued based method defined in SFAS No. 123 had been applied.

The Company accounts for stock options issued to non-employees for goods or services in accordance with SFAS 123.

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Investments

Investments in securities of unaffiliated issuers represent holdings of less than 5% of the issuer's voting common stock. Investments in and advances to affiliates are presented as (i) majority-owned, if holdings, directly or indirectly, represent over 50% of the issuer's voting common stock, (ii) minority-owned other controlled affiliates if the holdings, directly or indirectly, represent over 25% and up to 50% of the issuer's voting common stock and (iii) minority-owned other non-controlled affiliates if the holdings, directly or indirectly, represent 5% to 25% of the issuer's voting common stock. Investments - other than securities represent all investments other than in securities of the issuer.

Investments in securities or other than securities of privately held entities are initially recorded at their original cost as of the date the Company obtained an enforceable right to demand the securities or other investment purchased and incurred an enforceable obligation to pay the investment price.

For financial statement purposes, investments are recorded at their fair value. Currently, readily determinable fair values do not exist for our investments and the fair value of these investments is determined in good faith by the Company's Board of Directors who engaged independent valuation experts and ratified by the Company's Board of Directors pursuant to a valuation policy and consistent valuation process. Due to the inherent uncertainty of these valuations, the estimates may differ significantly from the values that would have been used had a ready market for the investments existed and the differences may be material.

Realized gains (losses) from the sale of investments and unrealized gains (losses) from the valuation of investments are reflected in operations during the period incurred.

Revenue Recognition

The Company recognizes revenues in accordance with the guidance in the Securities and Exchange Commission Staff Accounting Bulletin 104. Revenue is recognized when persuasive evidence of an arrangement exists, as services are provided and when collection of the fixed or determinable selling price is reasonable assured.   The Company had no revenues as of December 31, 2009 and 2008.

Income Taxes

Income taxes are accounted for under the asset and liability method of Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes ("SFAS109")." Under SFAS 109, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under SFAS 109, the effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Net Income (Loss) Per Common Share

Basic net income (loss) per common share (Basic EPS) excludes dilution and is computed by dividing net income (loss) available to common stockholder by the weighted average number of common shares outstanding for the period. Diluted net income per share (Diluted EPS) reflects the potential dilution that could occur if stock options or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock that then shared in the earnings of the Company. For 2009, 2008 and 2007, diluted net income (loss) per share is the same as basic net income (loss) per share since the effect of all common stock equivalents was anti-dilutive. At December 31, 2009 there were no shares issued that were considered to be dilutive securities that will dilute future earnings per share.

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Concentrations

The Company maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. At December 31, 2009, the Company had $6 in United States bank deposits. The Company has not experienced any losses in such accounts through December 31, 2009.

Recent Accounting Pronouncements

In June 2009, the Financial Accounting Standards Board (FASB) issued its final Statement of Financial Accounting Standards (SFAS) No. 168, “The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles a Replacement of FASB Statement No. 162”. SFAS No. 168 made the FASB Accounting Standards Codification (the Codification) the single source of U.S. GAAP used by nongovernmental entities in the preparation of financial statements, except for rules and interpretive releases of the Securities and Exchange Commission (SEC) under authority of federal securities laws, which are sources of authoritative accounting guidance for SEC registrants. The Codification is meant to simplify user access to all authoritative accounting guidance by reorganizing U.S. GAAP pronouncements into roughly 90 accounting topics within a consistent structure; its purpose is not to create new accounting and reporting guidance. The Codification supersedes all existing non-SEC accounting and reporting standards and was effective for the Company beginning July 1, 2009. Following SFAS No. 168, the Board will not issue new standards in the form of Statements, FASB Staff Positions, or Emerging Issues Task Force Abstracts; instead, it will issue Accounting Standards Updates (ASU). The FASB will not consider ASUs as authoritative in their own right; these updates 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.

In August 2009, the FASB issued ASU 2009-05 which includes amendments to Subtopic 820-10, “Fair Value Measurements and Disclosures—Overall”. The update provides clarification that in circumstances, in which a quoted price in an active market for the identical liability is not available, a reporting entity is required to measure fair value using one or more of the techniques provided for in this update. The amendments in this ASU clarify that 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 the liability and 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 are Level 1 fair value measurements. The guidance provided in this ASU is effective for the first reporting period, including interim periods, beginning after issuance. The adoption of this standard did not have a material impact on the Company’s consolidated financial position and results of operations.

In September 2009, the FASB has published ASU No. 2009-12, “Fair Value Measurements and Disclosures (Topic 820) - Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)”. This ASU amends Subtopic 820-10, “Fair Value Measurements and Disclosures – Overall”, to permit a reporting entity to measure the fair value of certain investments on the basis of the net asset value per share of the investment (or its equivalent). This ASU also requires new disclosures, by major category of investments including the attributes of investments within the scope of this amendment to the Codification. The guidance in this Update is effective for interim and annual periods ending after December 15, 2009. Early application is permitted. The adoption of this standard is not expected to have any impact on the Company’s consolidated financial position and results of operations.

Other ASUs not effective until after December 31, 2009, are not expected to have a significant effect on the Company’s (consolidated) financial position or results of operations.

NOTE 4 - INVESTMENTS

On December 27, 2007, the Company acquired certain intellectual property from IPWebTV, Inc. (an unrelated Delaware corporation) to be integrated into products being developed for the Company's subsidiary IPWebTV, Inc. (a Florida corporation). The purchase price was 500 shares of the Company's previously unissued nonassessable convertible preferred stock. Each share of the convertible preferred stock can be exchanged for one million shares of the Company's common stock.

On September 30, 2008, the Company's subsidiary and IPWebTV agreed that the Company's direction was not consistent with the IPWebTV business model and released its rights to certain intellectual property in exchange for the return of the Company's 500 convertible preferred shares. The Company retired and cancelled all 500 convertible preferred shares and has no preferred shares or other convertible securities outstanding as of this date.

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NOTE 5 — PROPERTY, PLANT AND EQUIPMENT

The Company has fixed assets as of December 31, 2009 and 2008 as follows:

	December 31, 2009	December 31, 2008
Furniture and equipment	$ 32,500	$ 32,500
Accumulated depreciation	(5,800)	(1,160)
Total	$ 26,700	$ 31,340

Depreciation Expense is $4,640 and $1,160 for December 31, 2009 and 2008, respectively.

NOTE 6 COMMITMENTS AND CONTINGENCIES

Employment Agreement

As of December 31, 2009, the Company has one full-time employee under a five year employment agreement dated May 16, 2006. The employment agreement calls for annual remuneration of $60,000, certain fringe benefits and expense reimbursement. The employee is not represented by a union and the Company believes the relationship with the employee is good.

Legal Matters:

From time to time, the Company may become subject to proceedings, lawsuits and other claims in the ordinary course of business including proceedings related to environmental and other matters. Such matters are subject to many uncertainties, and outcomes, which are not readily predictable with assurance.

NOTE 7 – STOCKHOLDERS EQUITY

Preferred Stock Transactions

On June 5, 2003, the Company's Board of Directors authorized 10,000,000 shares of preferred stock, par value $0.001. Such preferred stock, or any series thereof, shall have such designations, preferences, participating, optional or other annual rights and qualifications, limitations or restrictions adopted by the Company's Board of Directors. On December 27, 2007 the Company acquired intellectual property from IPWebTV, Inc. (an unrelated Delaware company) in exchange for 500 shares of the Company’s previously unissued preferred convertible stock. The conversion feature attached to the Company’s preferred stock allows the holder to exchange one million shares of the Company’s common stock for each share of the Company’s preferred stock.

On September 30, 2008, the Company’s subsidiary and IPWebTV agreed that the Company’s direction was not consistent with the IPWebTV business model and released its rights to certain intellectual property in exchange for the return of the Company’s 500 convertible preferred shares. The Company retired and cancelled all 500 convertible preferred shares and has no preferred shares or other convertible securities outstanding as of this date.

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Common Stock Transactions

The Company filed a registration statement under Form S-1 which was declared effective December 18, 2008. Pursuant to this registration statement, the Company sold a total of 10,000,000 shares to an individual for $5,000 and a total of 349,885,938 shares to four entities for $75,000 during 2009.

NOTE 8 - INCOME TAXES

There was no income tax expense or benefit for federal and state income taxes in the consolidated statement of operations for years 2009 or 2008 due to the Company's past losses and valuation allowance on the resulting deferred tax asset.

The actual tax expense differs from the "expected" tax expense for the years ended December 31, 2009 and 2008 (computed by applying the U.S. Federal Corporate tax rate of 34% to income before taxes) as follows:

	2009	2008	2007
Computed "expected" tax benefit	$ 8,455	$ 21,648	$ (44,568)
State income taxes	1,510	3,184	(8,914)
Change in deferred tax asset valuation	(7,392)	(24,832)	53,482
	$ 2,573	$ -	$ -
Deferred tax assets:			
Net operating loss carryforward	$ 2,858,906	$ 2,828,709	
Loan loss allowance	75,146	75,146	
Total deferred tax assets	2,934,052	2,903,855	
Less: valuation allowance	(2,934,052)	(2,903,855)	
Net deferred tax asset	$ -	$ -	

At December 31, 2009, the Company had useable net operating loss carry forwards of approximately $2,926,256 for income tax purposes, available to offset future taxable income expiring in 2023.

The valuation allowance at December 31, 2009 was $2,926,256. The net change in the valuation allowance during the year ended December 31, 2009 was a increase of $22,401.

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NOTE 9 – EARNINGS PER SHARE

Basic earnings per share is computed by dividing net income available to common shareholders by the weighted average number of common shares outstanding during the period. Diluted earnings per share reflects the potential dilution that could occur if stock options and other commitments to issue common stock were exercised or equity awards vest resulting in the issuance of common stock or conversion of notes into shares of the Company's common stock that could increase the number of shares outstanding and lower the earnings per share of the Company's common stock. This calculation is not done for periods in a loss position as this would be antidilutive. As of December 31, 2009, there were no stock options or stock awards that would have been included in the computation of diluted earnings per share that could potentially dilute basic earnings per share in the future. The information related to basic and diluted earnings per share is as follows:

	December 31, 2009	2008
Numerator:		
Continuing operations:		
Income from continuing operations	$ (30,197)	$ 61,168
Effect of dilutive convertible debt	--	--
Total	$ (30,197)	$ 61,168
Discontinued operations		
Loss from discontinued operations	--	--