

True Nature Holding, Inc.  
Form 10-Q  
August 09, 2016

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, DC 20549**

**FORM 10-Q**

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

**For the Quarter Ended June 30, 2016**

**OR**

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

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

**Commission File Number 000-53601**

**TRUE NATURE HOLDING, INC.**

**(Exact Name of Registrant as Specified in its Charter)**

**Delaware**

**87-0496850**

**(State or other jurisdiction of incorporation) (I.R.S. Employer Identification Number)**

**1355 Peachtree Street, Suite 1150**

**Atlanta, Georgia 30309**

**(Address, including zip code, of principal executive offices)**

**Trunity Holdings, Inc.**

**12555 Orange Drive, Suite 202**

**Davie, Florida 33330**

(Former name or former address if changed since last report.)

**(404) 254-6980**

(Registrant's telephone number, including area code)

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

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

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

LARGE ACCELERATED FILER ACCELERATED FILER

NON-ACCELERATED FILER SMALLER REPORTING COMPANY

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY

PROCEEDINGS DURING THE PRECEDING FIVE YEARS

Indicate by check mark whether the registrant filed all documents and reports required to be filed by Section 12, 13, or 15(d) of the Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes No

Edgar Filing: True Nature Holding, Inc. - Form 10-Q

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

As of August 8, 2016, 13,308,333 shares of the registrant's common stock, \$0.01 par value, were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE: None

**TRUE NATURE HOLDING, INC.**

**TABLE OF CONTENTS**

|  | <b>PAGE</b> |
|--|-------------|
| <b>PART I <u>FINANCIAL INFORMATION</u></b>   | 3           |
| Item 1. <u>Consolidated Financial Statements (Unaudited)</u>   | 3           |
| Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u> | 19          |
| Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>                            | 24          |
| Item 4. <u>Controls and Procedures</u>   | 24          |
| <b>PART II <u>OTHER INFORMATION</u></b>  | 24          |
| Item 1. <u>Legal Proceedings</u>   | 24          |
| Item 1A. <u>Risk Factors</u>   | 24          |
| Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>                           | 25          |
| Item 3. <u>Defaults Upon Senior Securities</u>   | 26          |
| Item 4. <u>Mine Safety Disclosures</u>   | 26          |
| Item 5. <u>Other Information</u>   | 26          |
| Item 6. Exhibits   |             |
| <u>Signatures</u>  | 30          |

**PART I**

**FINANCIAL INFORMATION**

**Item 1. Financial Statements**

**TRUE NATURE HOLDING, INC.**

**Consolidated Balance Sheets**

|   | June 30,<br>2016<br>(unaudited) | December<br>31,<br>2015 |
|---|---------------------------------|-------------------------|
| <b>ASSETS</b>                             |                                 |                         |
| <b>CURRENT ASSETS</b>                     |                                 |                         |
| Cash and cash equivalents                 | \$20,571                        | \$28,185                |
| Accounts receivable                       | 26,000                          | —                       |
| Inventory                                 | 111,668                         | —                       |
| Prepaid expenses and other current assets | 30,179                          | —                       |
| Prepaid expenses - related party          | —                               | 17,000                  |
| Total current assets                      | 188,418                         | 45,185                  |
| Property and equipment, net               | 5,294                           | —                       |
| Customer relationships                    | 151,273                         | —                       |
| Goodwill                                  | 561,430                         | —                       |
| <b>TOTAL ASSETS</b>                       | <b>\$906,415</b>                | <b>\$45,185</b>         |
| <b>LIABILITIES</b>                        |                                 |                         |
| <b>Current liabilities</b>                |                                 |                         |
| Accounts payable                          | \$600,647                       | \$414,463               |
| Short-term loan                           | 44,350                          | —                       |
| Accrued interest                          | 24,600                          | 14,918                  |
| Accrued liabilities                       | 46,569                          | 13,325                  |
| Debentures payable                        | 122,167                         | 122,167                 |
| Convertible note payable, net of discount | 224,962                         | —                       |
| Total current liabilities                 | 1,063,295                       | 564,873                 |
| <b>TOTAL LIABILITIES</b>                  | <b>1,063,295</b>                | <b>564,873</b>          |

Commitments and Contingencies (Note 12)

STOCKHOLDERS' DEFICIT

|  |               |              |
|--|---------------|--------------|
| Preferred stock, \$0.01 par value - 10,000,000 shares authorized, none issued and outstanding as of June 30, 2016 and December 31, 2015  | —             | —            |
| Common stock, \$0.01 par value – 500,000,000 shares authorized, 13,175,000 shares issued and outstanding at June 30, 2016; \$0.01 par value – 500,000,000 shares authorized, 11,765,000 shares issued and outstanding at December 31, 2015 | 131,750       | 117,650      |
| Additional paid-in capital   | 3,119,918     | 3,917        |
| Accumulated deficit  | (3,408,548)   | (641,255)    |
| Total Stockholders' Deficit  | (156,880 )    | (519,688)    |
| <br>TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT  | <br>\$906,415 | <br>\$45,185 |

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

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

|   | For the Three Months |                  | For the Six Months |                  |
|---|----------------------|------------------|--------------------|------------------|
|   | June 30,<br>2016     | June 30,<br>2015 | June 30,<br>2016   | June 30,<br>2015 |
| Net Sales   | \$—                  | \$—              | \$—                | \$—              |
| Cost of sales   | —                    | —                | —                  | —                |
| Gross Profit  | —                    | —                | —                  | —                |
| Operating Expenses:   |                      |                  |                    |                  |
| Research and development  | —                    | —                | —                  | —                |
| Selling, general and administrative   | 1,679,986            | —                | 2,512,355          | —                |
| Total operating expenses  | 1,679,986            | —                | 2,512,355          | —                |
| Operating Loss from Continuing Operations   | (1,679,986 )         | —                | (2,512,355 )       | —                |
| Interest expense, net   | (58,720 )            | —                | (64,938 )          | —                |
| Loss on debt extinguishment   | (190,000 )           | —                | (190,000 )         | —                |
| Loss From Continuing Operations before Income Taxes                                 | (1,928,706 )         | —                | (2,767,293 )       | —                |
| Provision for income taxes  | —                    | —                | —                  | —                |
| Net Loss From Continuing Operations   | \$(1,928,706 )       | \$—              | (2,767,293 )       | —                |
| Discontinued Operations (Note 5):   |                      |                  |                    |                  |
| Net Loss from discontinued operations, net of tax                                   | —                    | (699,729 )       | —                  | (1,322,199 )     |
| Other comprehensive gain, net of tax  | —                    | 14,082           | —                  | 12,807           |
| Comprehensive Loss from Discontinued Operations                                     | \$—                  | \$(685,647 )     | —                  | (1,309,392 )     |
| Net Loss  | \$(1,928,706 )       | \$(699,729 )     | (2,767,293 )       | (1,322,199 )     |
| Comprehensive Net Loss  | \$(1,928,706 )       | \$(685,647 )     | (2,767,293 )       | (1,309,392 )     |
| Net Loss from Continuing Operations Per Share – Basic and Diluted                   | \$(0.15 )            | \$—              | (0.22 )            | —                |
| Net Loss from Discontinued Operations Per Share – Basic and Diluted                 | \$—                  | \$(1.28 )        | —                  | (2.43 )          |
| Net Loss Per Share – Basic and Diluted  | \$(0.15 )            | \$(1.28 )        | (0.22 )            | (2.43 )          |
| Weighted Average Number of Shares Outstanding During the Period - Basic and Diluted | 12,687,478           | 545,386          | 12,368,961         | 543,996          |

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





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

|   | Common<br>Shares | Common<br>Stock | Additional<br>Paid-in<br>Capital | Accumulated<br>Deficit | Total<br>Stockholders'<br>Deficit |
|---|------------------|-----------------|----------------------------------|------------------------|-----------------------------------|
| Balance at January 1, 2016  | 11,765,000       | \$ 117,650      | \$ 3,917                         | \$(641,255 )           | \$(519,688 )                      |
| Sale of common stock, net of issuance cost  | 120,000          | 1,200           | 49,800                           | —                      | 51,000                            |
| Shares issued to board members  | 400,000          | 4,000           | 723,000                          | —                      | 727,000                           |
| Shares issued to consulting members   | 410,000          | 4,100           | 402,400                          | —                      | 406,500                           |
| Shares issued for P3 Compounding of Georgia acquisition   | 340,000          | 3,400           | 258,400                          | —                      | 261,800                           |
| Shares issued to employee   | 125,000          | 1,250           | 433,750                          | —                      | 435,000                           |
| Common stock issued for convertible note payable  | 15,000           | 150             | 16,213                           | —                      | 16,363                            |
| Discount related to issuance of notes payable and allocated fair value to beneficial conversion feature | —                | —               | 533,804                          | —                      | 533,804                           |
| Loss on debt extinguishment   | —                | —               | 190,000                          | —                      | 190,000                           |
| Stock compensation expense  | —                | —               | 508,634                          | —                      | 508,634                           |
| Net loss  | —                | —               | —                                | (2,767,293 )           | (2,767,293 )                      |
| Balance at June 30, 2016  | 13,175,000       | \$ 131,750      | \$ 3,119,918                     | \$(3,408,548 )         | \$(156,880 )                      |

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

**TRUE NATURE HOLDING, INC.****Unaudited Consolidated Statements of Cash Flows**

|   | For the Six Months Ended |                  |
|---|--------------------------|------------------|
|   | June 30,<br>2016         | June 30,<br>2015 |
| Cash Flows from Operating Activities:                                       |                          |                  |
| Net Loss  | \$(2,767,293)            | \$(1,322,199)    |
| Adjustments to reconcile net loss to net cash used in operating activities: |                          |                  |
| Loss from discontinued operations   | —                        | 1,322,199        |
| Accretion for debt discounts, warrants and issuance costs                   | 40,129                   | —                |
| Stock-based option compensation   | 508,634                  | —                |
| Shares issued for board of director compensation                            | 727,000                  | —                |
| Shares issued for consulting services                                       | 406,500                  | —                |
| Shares issued to employee   | 435,000                  | —                |
| Loss on debt extinguishment   | 190,000                  | —                |
| Changes in operating assets and liabilities:                                |                          |                  |
| Prepaid expenses and other assets   | 7,527                    | —                |
| Accounts payable  | 150,762                  | —                |
| Accrued interest and other liabilities                                      | 42,926                   | —                |
| Net Cash Used in Operating Activities                                       | \$(258,815)              | \$—              |
| Cash Flows from Investing Activities:                                       |                          |                  |
| Cash received from acquisition of P3 Compounding of Georgia                 | 10,201                   | —                |
| Net Cash Provided by Investing Activities                                   | \$10,201                 | \$—              |
| Cash Flows from Financing Activities:                                       |                          |                  |
| Proceeds from issuance of convertible note payable                          | 160,000                  | —                |
| Sale of common stock, net of issuance costs                                 | 51,000                   | —                |
| Proceeds from short-term loan   | 30,000                   | —                |
| Net Cash Provided by Financing Activities                                   | \$241,000                | \$—              |
| Discontinued Operations:  |                          |                  |
| Operating activities  | —                        | (239,974 )       |
| Investing activities  | —                        | (72,983 )        |
| Financing activities  | —                        | 314,838          |
| Net Increase in Cash and Cash Equivalents for Discontinued Operations       | —                        | 1,881            |
| Net Decrease in Cash and Cash Equivalents for Continuing Operations         | (7,614 )                 | —                |
| Cash, Beginning of Period   | 28,185                   | 14,119           |
| Cash, End of Period   | \$20,571                 | \$16,000         |
| Non-cash Investing and Financing Transactions:                              |                          |                  |
| Conversion of debt to common stock shares                                   | \$—                      | \$45,953         |
| Discount cost related to issuance of convertible notes payable              | \$575,167                | \$274,122        |
| Acquisition of P3 Compounding of Georgia, net of cash acquired:             |                          |                  |

Edgar Filing: True Nature Holding, Inc. - Form 10-Q

|   |           |     |
|---|-----------|-----|
| Fair value of assets acquired                       | \$314,941 | \$— |
| Fair value of liabilities assumed                   | \$35,422  | \$— |
| Issuance of common stock for acquisition of P3      | \$261,800 | \$— |
| Debt obligation recorded as a result of acquisition | \$589,350 | \$— |
| Goodwill  | \$561,430 | \$— |

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

**TRUE NATURE HOLDING, INC.**

**Notes To Consolidated Financial Statements**

**(Unaudited)**

**Note 1 – Description of Business**

True Nature Holding, Inc. is executing on a business plan to acquire a series of businesses which specialize in compounding pharmacy activities, largely direct to consumers, doctors and veterinary professionals. The Company completed its first acquisition of P3 Compounding in June 2016 and is pursuing a series of compounding pharmacy acquisitions.

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

**Note 2 – Summary of Significant Accounting Policies**

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

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

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

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

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

**TRUE NATURE HOLDING, INC.**

**Notes To Consolidated Financial Statements**

**(Unaudited)**

**Note 2 – Summary of Significant Accounting Policies- Continued**

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

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

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

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

consolidated financial position, statements of operations or cash flows in the period of the change in the estimate.

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

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

**TRUE NATURE HOLDING, INC.**

**Notes To Consolidated Financial Statements**

**(Unaudited)**

**Note 2 – Summary of Significant Accounting Policies-Continued**

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

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

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

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



**Note 3 – Recent Developments**

On April 4, 2016 the Company entered into a non-binding letter of intent to acquire Cherokee Compounding Pharmacy in Holly Springs, Georgia, a suburb of Atlanta. The agreement calls for purchase consideration of approximately \$450,000. Payment will be split between cash and the issuance of common stock. The final allocation of each of these will be determined prior to closing, which is expected to occur in third quarter 2016. The letter of intent is not a definitive agreement, and the Company expects to execute a definitive agreement at closing.

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

**TRUE NATURE HOLDING, INC.**

**Notes To Consolidated Financial Statements**

**(Unaudited)**

**Note 4 – Financial Condition and Going Concern**

As of June 30, 2016, the Company had cash on hand of \$20,571 and current liabilities of \$1,063,295 and has incurred a loss from operations. True Nature Holding's principal operations is the acquisition of compounding pharmacy companies. The Company's activities are subject to significant risks and uncertainties, including failing to secure additional funding to execute its business plan.

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

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

**Note 5 – Spin-Out and Discontinued Operations**

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

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

|   | Three<br>Months<br>Ended<br>June 30,<br>2015 | Six Months<br>Ended<br>June 30,<br>2015 |
|---|--|---|
| Net Sales                                       | \$66,458                                     | \$185,137                               |
| Cost of sales                                   | 27,894                                       | 90,023                                  |
| Gross Profit                                    | 38,564                                       | 95,114                                  |
| Operating Expenses:                             |  |   |
| Research and development                        | 186,950                                      | 381,649                                 |
| Selling, general and administrative             | 232,596                                      | 484,862                                 |
| Total operating expenses                        | 419,546                                      | 866,511                                 |
| Operating Loss from Discontinued Operations     | (380,982)                                    | (771,397 )                              |
| Other Expense:                                  |  |   |
| Interest expense, net                           | (318,747)                                    | (550,802 )                              |
| Net Loss from Discontinued Operations           | \$(699,729)                                  | (1,322,199)                             |
| Other Comprehensive Loss Net of Tax:            |  |   |
| Foreign currency translation adjustments        | 14,082                                       | 12,807                                  |
| Comprehensive Loss from Discontinued Operations | \$(685,647)                                  | \$(1,309,392)                           |

**TRUE NATURE HOLDING, INC.**

**Notes To Consolidated Financial Statements**

**(Unaudited)**

**Note 5 – Spin-Out and Discontinued Operations (continued)**

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

**Note 6 - Acquisition**

On April 29, 2016, subject to approval by the Georgia Board of Pharmacy, the Company entered into definitive documents to acquire P3 Compounding of Georgia, LLC, (“P3”). P3 received Georgia Board of Pharmacy approval for the transaction at the end of June 2016 and the transaction closed effective June 30, 2016. P3 is a full service compounding pharmacy with both sterile and non-sterile expertise headquarter in Atlanta, Georgia. The medicines that P3 compounds include bio-identical hormone replacement therapy, transdermal pain creams, wellness compounding, individualized and prescriptions. The transaction included the acquisition of identifiable assets, customer listings and intellectual properties included in the P3’s library of specialized formulations.

As a result of the acquisition, P3 is now a wholly owned subsidiary of the Company. The acquisition of P3 permits the Company to make and distribute its patent-pending proprietary drug formulations and other novel pharmaceutical solutions through P3 and introduces the Company to new geographic and compounded formulation markets.

The transaction has been accounted for as a business combination and recorded as of June 30, 2016, therefore no revenues or net income have been included in the Company’s consolidated financial statements for second quarter 2016.

The fair value of the consideration paid pertaining to the acquisition of P3 was \$851,150. Consideration for the transaction was structured as follows:

Edgar Filing: True Nature Holding, Inc. - Form 10-Q

An interest-free note for \$150,000 with no interest to be paid in full via wire transfer on the maturity date of August 16, 2016;

\$425,000 convertible note with a term of 12 months and a 6% interest rate, with the first installment due June 1, 2016, and convertible into common stock of True Nature at a rate of \$1.25 per share (which is 340,000 shares of common stock), less a short-term financing for \$14,350 that the Company provided to Integrity for working capital purposes;

A \$425,000 convertible note with no interest, which automatically converted 340,000 shares of common stock with a fair value of \$261,800 based on the closing price of the True Nature's common stock on June 30, 2016.

The notes issued in conjunction with the purchase and the intellectual properties may be converted into restricted common stock at a rate of \$1.25 per share. The purchase includes all payables, receivables, cash on hand, inventory and all assets used in the operation of the business.

In addition, Mr. Casey Gaetano, a former owner of P3, received an employment contract with True Nature for 3 years as VP of Corporate Development, at an annual salary of \$125,000, plus normal benefits commensurate with other executives in the Company of equal stature. He also receive in second quarter 2016, 125,000 shares of restricted at a value of \$3.48 per share in exchange for becoming the Company's VP of Corporate Development.

**TRUE NATURE HOLDING, INC.**

**Notes To Consolidated Financial Statements**

**(Unaudited)**

**Note 6 - Acquisition-Continued**

*Allocation of Consideration Transferred*

The identifiable assets acquired and liabilities assumed were recognized and measured as of the acquisition date based on their estimated fair values as of June 30, 2016. The excess of the acquisition date fair value of consideration transferred over the estimated fair value of the net tangible assets and intangible assets acquired was recorded as goodwill.

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the acquisition date based on a fair value acquisition price of \$851,150 pertaining to the consideration provided.

|  |           |
|--|-----------|
| Cash and cash equivalents                          | \$10,201  |
| Accounts receivable                                | 26,000    |
| Inventories  | 111,668   |
| Other current assets                               | 20,706    |
| Furniture and equipment                            | 5,294     |
| Customer list                                      | 151,273   |
| Total identifiable assets acquired                 | 325,142   |
| Accounts payable and accrued expenses              | 35,422    |
| Total liabilities assumed                          | 35,422    |
| Total identifiable assets less liabilities assumed | 289,720   |
| Goodwill   | 561,430   |
| Net assets acquired                                | \$851,150 |

The fair value of the transaction and related purchase price allocation was based on a third-party valuation obtained by the Company.

*Intangible Assets-Customer Relationships*

In determining the fair value of the intangible assets, the Company considered, among other factors, the best use of the acquired assets, analyses of historical financial performance of P3 and estimates of future performance of P3. The fair values of the identified intangible assets related to P3's customer relationships. Customer relationships were calculated using the income approach. The following table sets forth the components of identified intangible assets associated with the P3 Acquisition and their estimated useful lives.

|                        | Fair Value | Useful<br>Life |
|------------------------|------------|----------------|
| Customer relationships | \$ 151,273 | 7 years        |
|                        | \$ 151,273 |                |

The Company determined the useful lives of intangible assets based on the expected future cash flows and contractual life associated with the respective assets. Customer relationships represent the expected future benefit from contracts and relationships which, at the date of acquisition, were reasonably anticipated to continue given the history and operating practices of P3.

**TRUE NATURE HOLDING, INC.**

**Notes To Consolidated Financial Statements**

**(Unaudited)**

**Note 6. Acquisition-Continued**

*Goodwill*

Of the total estimated purchase price for the P3 Acquisition, \$561,430 was allocated to goodwill. Goodwill represents the excess of the purchase price of the acquired business over the fair value of the underlying net tangible and intangible assets acquired. The goodwill recorded resulting from the acquisition is expected to be deductible for income tax purposes.

**Note 7 – Related Party Transactions**

The Company's Chairman of the Board and CFO, Stephen Keaveney has a consulting agreement in the amount of \$10,000 per month for professional fees and was paid \$10,000 and \$26,000, respectively during the three and six months ending June 30, 2016. The Company's newly appointed CEO, James Driscoll has an employment agreement effective June 7, 2016 that will pay him a monthly salary in the amount of \$12,500 per month for remainder of 2016, \$17,500 per month for the calendar year of 2017, \$22,500 per month for the calendar year of 2018 and \$25,000 per month for the calendar year of 2019. No payments have been made to James Driscoll during the three and six months ending June 30, 2016.

On January 25, 2016 board member William L. Ross and Jeffrey Cosman were each awarded 100,000 of shares of the Company in exchange for their services as board members. On April 25, 2016 board member James Driscoll was awarded 100,000 of shares of the Company in exchange for his services on the board and 1,000,000 non-qualified stock options for his position as CEO. On May 25, 2016, board member Phillip Crone was awarded 100,000 of shares of the Company in exchange for his services on the board.

In addition, a shareholder of the Company has a consulting agreement in the amount of \$10,000 per month for professional fees and was paid \$1,395 and \$18,645 during the three and six months ended June 30, 2016, respectively.



As of December 31, 2015, \$17,000 was classified as a prepaid asset in the consolidated balance sheets related to the prepayment of consulting fees. No amounts were prepaid as of June 30, 2016.

Any amount owed for services performed through June 30, 2016 and remain unpaid are recorded as accrued liabilities on the consolidated balance sheets.

## **Note 8 – Debt**

### *Convertible Promissory Notes*

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

Pursuant to the terms of the Convertible Note A, the Company is obligated to pay monthly installments of not less than \$1,000 the first of each month commencing the month following the execution of this note until its full maturity on September 16, 2016 at which time the Company is obligated to repay the full principal amount of the Convertible Note A. The Convertible Note A is convertible by the holder at any time into shares of the Company’s common stock at an effective conversion price of \$1.00 and throughout the duration of this Convertible Note the holder has the right to participate in any and other financing the Company may engage in with the same terms and option as all other investors. The Company allocated the face value of the Convertible Note A to the shares and the note based on relative fair values, and the amount allocated to the shares of \$16,364 was recorded as a discount against the note, with an offsetting entry to additional paid-in capital.

**TRUE NATURE HOLDING, INC.**

**Notes To Consolidated Financial Statements**

**(Unaudited)**

**Note 8 – Debt-Continued**

The beneficial conversion feature of \$16,364 was recorded as a debt discount with an offsetting entry to additional paid-in capital decreasing the note payable and increasing debt discount. The debt discount is being amortized to interest expense over the term of the debt. As of June 30, 2016, the carrying value of this Convertible Note A was \$45,872 and accrued interest expense of \$1,080. For the three and six months ended June 30, 2016, debt discount amortization related to the Convertible Note A was \$16,274 and \$18,599, respectively and its related interest expense was \$1,820 and \$2,080, respectively.

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

Pursuant to the terms of the Convertible Note B, the Company is obligated to repay the full principal amount of the Convertible Note B with any unpaid interest upon the date of maturity, June 19, 2017. The Convertible Note B is convertible by the holder at any time into shares of the Company’s common stock at an effective conversion price of \$1.50 and throughout the duration of this Convertible Note the holder has the right to participate in any and other financing the Company may engage in with the same terms and option as all other investors. The Company allocated the face value of the Convertible Note B to the shares and the note based on relative fair values, and the amount allocated to the shares of \$39,887 was recorded as a discount against the note, with an offsetting entry to additional paid-in capital. The beneficial conversion feature of \$52,553 was recorded as a debt discount with an offsetting entry to additional paid-in capital decreasing the note payable and increasing debt discount. The debt discount is being amortized to interest expense over the term of the debt. As of June 30, 2016, the carrying value of this Convertible Note B was \$29,090 and accrued interest expense of \$1,167. For the three and six months ended June 30, 2016, debt discount amortization related to the Convertible Note B was \$21,530 and its related interest expense was \$1,167.

*Short-term Loan*

As a result of the acquisition of P3 Compounding of Georgia, LLC the Company had a short-term loan with a loan agency for a principal amount of \$52,000 for the purchase of future sales and credit card receivables of P3. Under the terms of the receivable purchase agreement, the Company purchased an advance of \$50,000 plus \$2,000 for origination costs with a 10.5% daily interest rate to be repaid over 160 days at a repayment amount of \$451.75 per day. Upon maturity of the loan the total repayment amount will be \$72,280. As of June 30, 2016, the carrying value of this short term loan was \$44,350. For the three and six months ended June 30, 2016, no interest expense related to this loan was recorded in the Company's consolidated financial statements as the effective date of acquisition was the last day of the quarter.

*August 2014 Convertible Debentures (Series C)*

In fiscal 2015, all debentures issued by Trunity Holdings, Inc. to fund the former educational business were eligible to participate in a debt conversion; however, one debenture holder that was issued a Series C Convertible Debenture (the "Series C Debenture") in August 2014 with an aggregate face value of \$100,000 in exchange for the cancellation of Series B Convertible Debentures with a carrying value of \$110,833 did not convert. The Series C Debenture accrues interest at an annual rate of 10%, matured on October 31, 2015, and is convertible into the Company's common stock at a conversion rate of \$20.20 per share. The holders of the Series C Debenture also received warrants to acquire 4,950 shares post-split of common stock for an exercise price of \$20.20 per share, exercisable over five years. The former educational business in fiscal 2014 allocated the face value of the Series C Debenture to the warrants and the debentures based on its relative fair values, and allocated to the warrants, which was recorded as a discount against the Series C Debenture, with an offsetting entry to additional paid-in capital. The discount was fully expensed in fiscal 2014 upon execution of the new debentures. As of June 30, 2016, the carrying value of this Series C Debenture was \$110,833 and accrued interest expense of \$19,950. For the three and six months ended June 30, 2016, interest expense related to the Debenture was \$3,325 and \$6,613, respectively.

**TRUE NATURE HOLDING, INC.**

**Notes To Consolidated Financial Statements**

**(Unaudited)**

**Note 8 – Debt-Continued**

*November 2014 Convertible Debentures (Series D)*

In fiscal 2015, all debentures issued by Trunity Holdings, Inc. to fund the former educational business were eligible to participate in a debt conversion however one debenture holder that was issued a Series D Convertible Debenture (the “Series D Debenture”) in November 2014 with an aggregate face value of \$10,000 in exchange for the cancellation of Series B Convertible Debenture with a carrying value of \$11,334 that did not participate in the debt conversion restructuring. The Series D Debenture accrues interest at an annual rate of 12%, matured on October 31, 2015, and is convertible into the Company’s common stock at a conversion rate of \$16.67 per share. The holders of the Series D Debenture also received warrants to acquire 495 shares post-split of common stock for an exercise price of \$20.20 per share, exercisable over five years. The former educational business in fiscal 2014 allocated the face value of the Series D Debenture to the warrants and the debentures based on their relative fair values, and allocated to the warrants, which was recorded as a discount against the Series D Debenture, with an offsetting entry to additional paid-in capital. The discount was fully expensed in fiscal 2014 upon execution of the new debentures. As of June 30, 2016, the carrying value of the Series D Debenture was \$11,334 and accrued interest expense of \$2,267. For the three and six months ended June 30, 2016, interest expense related to the Debenture was \$340 and \$686, respectively.

**Note 9 – Stockholders’ Deficit**

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

*Shares for Consulting Services and Board Members* – During the six months ended June 30, 2016, in connection with services rendered, the Company issued 410,000 restricted shares of the Company’s common stock at values of \$2.90, \$1.45 and \$0.90 per share in exchange for financial consulting and legal services conducted on behalf of the Company. In addition, in connection with services rendered for board members, the Company issued 400,000

restricted shares of the Company's common stock at values of \$1.45, \$2.02 and \$2.35 per share in exchange for their services conducted on behalf of the Company. The issuance of these shares were recorded at the fair value of the shares at the date of issuance.

*Shares for Employee* – During the six months ended June 30, 2016, in connection with employment contract, the Company issued 125,000 restricted shares of the Company's common stock at a value of \$3.48 per share in exchange for Casey Gaetano becoming the Company's VP of Corporate Development.

*Shares issued for convertible note payable* – As discussed in Note 8, during the six months ended June 30, 2016, in connection with conversion of a six-month convertible promissory note, the Company issued 15,000 shares of the Company's common stock with a fair value of \$16,363 that was allocated based on the relative fair value of the note and associated shares.

*Debt beneficial conversion feature for convertible note payable* – During the six months ended June 30, 2016, the Company raised gross proceeds of \$160,000 pursuant to two Convertible Notes Payable ("Notes") that allocated the face value of the Note to the shares and debt based on their relative fair values and, resulted in the recording of beneficial conversion features totaling \$108,804 as a discount against the Notes, with an offsetting entry to additional paid-in capital. The discount is being amortized into interest expense over the term of the Notes.

**TRUE NATURE HOLDING, INC.**

**Notes To Consolidated Financial Statements**

**(Unaudited)**

**Note 9 – Stockholders’ Deficit- Continued**

*Shares issued for convertible note payable of acquisition of P3 Compounding of Georgia, LLC-* As part of the consideration for the acquisition of P3 a convertible note in the amount of \$425,000 was converted into common stock of the Company at price per share of \$1.25 resulting in the issuance of 340,000 shares of common stock.

**Note 10 – Stock-Based Compensation**

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

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

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

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

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

During the three and six months ended June 30, 2016, the Company recorded stock compensation expense related to the options granted to Mr. Driscoll of \$496,668 and has unrecognized stock expense of \$1,040,793 to be recorded over the vesting period. The grant-date fair value of options was estimated using the Black-Scholes option pricing model. The per share weighted average fair value of stock options granted for Mr. Driscoll was a range of \$1.35-\$1.76 and was determined using the following assumptions: expected price volatility is 80.39%, risk-free interest rate of 1.39%, zero expected dividend yield, and 4.0 years expected life of options. The expected term of options granted is based on the simplified method in accordance with Securities and Exchange Commission Staff Accounting Bulletin 107, and represents the period of time that options granted are expected to be outstanding. The Company makes assumptions with respect to expected stock price volatility based on the average historical volatility of peers with similar attributes. In addition, the Company determines the risk free rate by selecting the U.S. Treasury with maturities similar to the expected terms of grants, quoted on an investment basis in effect at the time of grant for that business day.

As of June 30, 2016, unrecognized stock compensation expense related to unvested stock options under all Plans was \$1,041, 377. This expense is expected to be recognized over the remaining weighted average vesting periods of the outstanding options of 1.92 years. Total stock compensation expense recorded to selling, general and administrative expenses on the consolidated statements of operations and comprehensive for the six month period ending June 30, 2016 related to the all Plans and options that vested during the period was \$508,634.

**TRUE NATURE HOLDING, INC.****Notes To Consolidated Financial Statements****(Unaudited)****Note 10 – Stock-Based Compensation-Continued**

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

|                                  | Shares    | Weighted-Average Exercise Price (\$) | Weighted-Average Remaining Contractual Term | Aggregate Intrinsic Value (\$) |
|----------------------------------|-----------|--------------------------------------|---|--------------------------------|
| Outstanding at December 31, 2015 | 67,879    | \$ 21.40                             | 7.17  | —                              |
| Granted                          | 1,000,000 | 1.75                                 | 5.00  | —                              |
| Cancelled                        | —         | —                                    | —   | —                              |
| Outstanding at June 30, 2016     | 1,067,879 | \$ 3.00                              | 5.22  | —                              |
| Exercisable at June 30, 2016     | 354,911   | \$ 4.99                              | 4.95  | —                              |

**Note 11 – Warrants to Purchase Common Stock**

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

| Shares | Weighted-Average Exercise Price (\$) | Weighted-Average Remaining Contractual Term |
|--------|--------------------------------------|---|
|--------|--------------------------------------|---|



Edgar Filing: True Nature Holding, Inc. - Form 10-Q

|                                  |          |          |      |
|----------------------------------|----------|----------|------|
| Outstanding at December 31, 2015 | 78,462   | \$ 29.55 | 3.43 |
| Granted                          | 66,666   | 2.50     | 2.00 |
| Expired                          | (2,475 ) | 50.50    | —    |

|                              |         |          |      |
|------------------------------|---------|----------|------|
| Outstanding at June 30, 2016 | 142,653 | \$ 17.42 | 2.50 |
|------------------------------|---------|----------|------|

|                              |         |          |      |
|------------------------------|---------|----------|------|
| Exercisable at June 30, 2016 | 142,653 | \$ 17.42 | 2.50 |
|------------------------------|---------|----------|------|

**TRUE NATURE HOLDING, INC.**

**Notes To Consolidated Financial Statements**

**(Unaudited)**

**Note 12 – Commitments and Contingencies**

*Legal*

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

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

On February 19, 2016, NCSE filed a motion to dismiss the counterclaim, and the Company has filed its brief in the opposition to that motion. A hearing is scheduled in 2016 on the motion. No discovery has been conducted by the parties yet, and no trial date has been set by the court. We have recorded a liability as of June 30, 2016 based on our best estimate of the probable exposure pertaining to the claim.

**Note 13 – Subsequent Events**

On July 6, 2016, the Company appointed Gary Meyer to the newly created position of Director of Compliance, providing oversight to its compounding pharmacy operations in the area of licensing, operational compliance and to interface with the appropriate regulatory bodies at the state and federal level. He worked as a Pharmacist in Charge for CRC Pharmacy from Aug 2015 to July 2016, Physicians Rx Pharmacy from April 2015 to July 2015, Dunwoody Pharmacy from 1995 to Feb 2015, Concord Pharmacy from 1992 to 1995 and Kroger Pharmacy in 1992.

Mr. Meyer has a bachelor's of Science in Pharmacy from The University of Georgia. Mr. Meyer holds a Georgia Board of Pharmacy license 1989- current, is a Past Board Member of the Pharmacy Franchise & Owners Association, a member of National Community Pharmacists Association, a member of Georgia Pharmacy Association, Member of the International Academy of Compounding Pharmacists, Member since 1995 of the Professional Compounding Centers of America, . He will report to the Company's CEO, James Driscoll. As part of his employment agreement he will receive 50,000 shares.

On August 2, 2016, the Board of Directors approved the consulting agreement with Acorn Management for market awareness, which calls for monthly payments starting at \$7,500 per month and restricted common shares to be valued at \$50,000 per month to be converted at fair value at month-end.

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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

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

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

## Overview

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

### *Description of Pharmaceutical Compounding*

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

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

We expect economies of scale from the consolidation of:

Materials procurement;

Compounding activities combined into larger, more efficient and higher quality facilities;

Expanded marketing nationwide with an emphasis on densely populated urban areas where an expanded product line may increase the profitability of each individual branch, when compared to pre-acquisition sales, and;

Consolidated administration and personnel functions.

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

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

### **Critical Accounting Policies**

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

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

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

### **Results of Operations**

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

*For the Three and Six Months ended June 30, 2016 and 2015*

There are no continuing operating sales and related cost of sales for the three and six months ended June 30, 2016 as we acquired our first pharmacy and recorded the transaction on June 30, 2016. Therefore, we plan to report revenue and pharmacy related operating costs during the third quarter of 2016. As a result of pharmacy acquisitions or other such transactions we may pursue, we may experience large expenditures specific to these transactions.

Our total operating expenses for the three months ended June 30, 2016 pertaining to continuing operations were \$1,679,986, respectively that were comprised primarily of expenses of \$546,000 pertaining to shares issued for board and consulting services (noncash), \$931,668 for shares and options issued to employees (noncash), \$130,905 of management, financial advisory fees and accounting services and \$114,276 of professional fees related to SEC and audit filings services and legal expense.

Our total operating expenses for the six months ended June 30, 2016 pertaining to continuing operations were \$2,512,355, respectively that were comprised primarily of expenses of \$1,133,500 pertaining to shares issued for board and consulting services (noncash), \$943,634 for shares and options issued to employees (noncash), \$229,235 of management, financial advisory fees and accounting services and \$301,378 of professional fees related to SEC and audit filings services and legal expense.

There is \$58,720 and \$64,938, of interest expense for the three and six months ended June 30, 2016, respectively, pertaining to interest incurred for outstanding debentures that were not converted resulting from the spin-out, and the convertible promissory notes.

There was a loss on the conversion of payables into common shares for continuing operations that resulted in debt extinguishment expense of \$190,000 for the three and six months ended June 30, 2016 resulting from legal expenses that were converted into shares.

There was a net loss for continuing operations of \$1,928,706 for the three ended June 30, 2016 and \$2,767,293 for the six months ended, resulting from the aforementioned operating expenses.

A comparison has not been provided for three and six months ended June 30, 2015 as the financial results for three and six months ended June 30, 2015 are reported as discontinued operations as disclosed in Note 5 to the consolidated financial statements.

### *Liquidity and Capital Resources*

We have financed our operations through the sale of equity securities. As of June 30, 2016, we had a working capital deficit of \$874,877. Our working capital deficit is attributable to the fact that we began implementing the Company's business plan of acquiring pharmaceutical compounding businesses. We have completed our first acquisition and will begin to report revenue and related expenses the third quarter of 2016.



Net cash used in operating activities from continuing operations was \$258,815 for the six months ended June 30, 2016 which primarily reflects our business development efforts that pertaining to acquiring a series of businesses which specialize in compounding pharmacy activities, largely direct to consumers, doctors and veterinary professionals and the formation of our management team and board of directors.

Net cash provided by investing activities for the three and six months ended June 30, 2016 was approximately \$10,201 which represents the cash that was received from acquisition of P3 Compounding of Georgia, LLC.

Net cash provided by financing activities for the six months ended June 30, 2016 was approximately \$241,000 which represents the cash that was received from sale of common stock, issuance of a convertible note payable and proceeds from a short-term loan.

A comparison has not been provided for the six months ended June 30, 2015 as the financial results for six months ended June 30, 2015 are reported as discontinued operations as disclosed in Note 5 to the consolidated financial statements.

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

#### *2016 Private Placements*

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

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

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

#### *Short-term Loan*

As a result of the acquisition of P3 Compounding of Georgia, LLC we had a short-term loan with a loan agency for a principal amount of \$52,000 for the purchase of future sales and credit card receivables of P3. Under the terms of the receivable purchase agreement, we purchased an advance of \$50,000 plus \$2,000 for origination costs with a 10.5% daily interest rate to be repaid over 160 days at a repayment amount of \$451.75 per day. Upon maturity of the loan the total repayment amount will be \$72,280. As of June 30, 2016, the carrying value of this short term loan was \$44,350. For the three and six months ended June 30, 2016, no interest expense related to this loan was recorded in our consolidated financial statements as the effective date of acquisition was the last day of the quarter.

#### *Financial Advisors*

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

## **Plan of Operations**

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

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

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

Some sell basic OTC medications and provide “delivery only”, and most users rely on insurance reimbursement for payment;  
Some are “value added resellers”, using OTC recognized medications, then repackaging, or using combinations, to personalize the product for the client. While vet based is a cash business, the human side is largely insurance reliant;  
Some are like “OEM manufacturers”, like a generic drug maker, starting with basic, non-productized materials, and creating both standard and fully customized “novel” formulations for specific maladies and needs. These are more often cash clients, and this approach is well accepted in the pet area, and becoming more accepted for people as alternatives to OTC, and for cash buyers seeking lower cost;  
We believe a mix of these can serve the need to drive costs down, and allow innovative approaches to improve patient results.

## **Recent Developments**

On April 4, 2016 we entered into a non-binding letter of intent to acquire Cherokee Compounding Pharmacy in Holly Springs, Georgia, a suburb of Atlanta. The agreement calls for purchase consideration of approximately \$450,000. Payment will be split between cash and the issuance of common stock. The final allocation of each of these will be determined prior to closing, which is expected to occur in third quarter 2016. The letter of intent is not a definitive agreement, and we expect to execute a definitive agreement at closing.

On April 11, 2016 the Board of Directors elected Mr. James Driscoll, age 54, to the Board of Directors. Mr. Driscoll received 100,000 shares of restricted common stock as compensation for his service on the Board, consistent with prior appointments by us.

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

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

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

On June 7, 2016, we announced that it has appointed Mr. James Driscoll as CEO. The former CEO Steve Keaveney has assumed the role of CFO.

On July 6, 2016, the Company appointed Gary Meyer to the newly created position of Chief Compliance Officer, providing oversight to its compounding pharmacy operations in the area of licensing, operational compliance and to interface with the appropriate regulatory bodies at the state and federal level. Mr. Meyer is 51 years old, and has over 25 years' experience in the pharmacy area. He worked as a Pharmacist in Charge for CRC Pharmacy from August 2015 to July 2016, Physicians Rx Pharmacy from April 2015 to July 2015, Dunwoody Pharmacy from 1995 to February 2015, Concord Pharmacy from 1992 to 1995 and Kroger Pharmacy in 1992.

Mr. Meyer has a bachelor's of Science in Pharmacy from The University of Georgia. Mr. Meyer holds a Georgia Board of Pharmacy license, is a Past Board Member of the Pharmacy Franchise & Owners Association, a member of National Community Pharmacists Association, Georgia Pharmacy Association, the International Academy of Compounding Pharmacists and the Professional Compounding Centers of America. He will report to James Driscoll.

### **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

This Item is not required for a Smaller Reporting Company.

### **ITEM 4. CONTROLS AND PROCEDURES.**

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

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

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

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

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

## **PART II — OTHER INFORMATION**

### **ITEM 1. Legal Proceedings**

In December 2015 we were named as Defendant in a suit from National Council for Science in the Environment (NCSE) seeking to collect \$170,000 related to a services and consulting relationship dating back to 2009, a part of the legacy educational business, and not related to our ongoing pharmacy activities. We have filed a response and counterclaims including fraud claim. We believe our counterclaim for damages will far exceed the amounts they sought to recover. We intend to vigorously defend their claims. We have recorded a liability as of June 30, 2016 based on our best estimate of the probable exposure pertaining to the claim.

### **ITEM 1A. Risk Factors**

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

## **ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds**

### *2016 Private Placements*

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

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

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

### *2015 Private Placements*

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



*August 2014 Convertible Debentures (Series C)*

As part of the restructuring all debentures issued by Trunity Holdings, Inc., to fund the former educational business were eligible to participate in a debt conversion however one debenture holder that was issued a Series C Convertible Debenture (the "Series C Debenture") in August 2014 with an aggregate face value of \$100,000 in exchange for the cancellation of Series B Convertible Debentures with a carrying value of \$110,833 did not convert. The Series C Debenture accrues interest at an annual rate of 10%, matured November 2015, and is convertible into the Company's common stock at a conversion rate of \$20.20 per share. The holders of the Series C Debenture also received warrants to acquire 4,950 shares post-split of common stock for an exercise price of \$20.20 per share, exercisable over five years. The former educational business allocated the face value of the Series C Debenture to the warrants and the debentures based on its relative fair values, and allocated to the warrants, which was recorded as a discount against the Series C Debenture, with an offsetting entry to additional paid-in capital. The discount was fully expensed upon execution of the new debentures. As of June 30, 2016, the carrying value of this Series C Debenture was \$110,833 and accrued interest expense of \$19,950. For the three and six months ended June 30, 2016, interest expense related to the Debenture was \$3,325 and \$6,613, respectively.

*November 2014 Convertible Debentures (Series D)*

As part of the restructuring all debentures issued by Trunity Holdings, Inc., to fund the former educational business were eligible to participate in a debt conversion however one debenture holder that was issued a Series D Convertible Debenture (the “Series D Debenture”) in November 2014 with an aggregate face value of \$10,000 in exchange for the cancellation of Series B Convertible Debenture with a carrying value of \$11,333 that did not participate in the debt conversion restructuring. The Series D Debenture accrues interest at an annual rate of 12%, matured November 2015, and is convertible into the Company’s common stock at a conversion rate of \$16.67 per share. The holders of the Series D Debenture also received warrants to acquire 495 shares post-split of common stock for an exercise price of \$20.20 per share, exercisable over five years. The former educational business allocated the face value of the Series D Debenture to the warrants and the debentures based on their relative fair values, and allocated to the warrants, which was recorded as a discount against the Series D Debenture, with an offsetting entry to additional paid-in capital. The discount was fully expensed upon execution of the new debentures. As of June 30, 2016, the carrying value of the Series D Debenture was \$11,334 and accrued interest expense of \$2,267. For the three and six months ended June 30, 2016, interest expense related to the Debenture was \$340 and \$686, respectively.

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

**ITEM 3. Defaults upon Senior Securities**

None.

**ITEM 4. Mine Safety Disclosures.**

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

**ITEM 5. Other Information**

None.



**PART IV**

| <b>Exhibit Number</b> | <b>Description</b>  |
|-----------------------|---|
| 3.1                   | Certificate of Incorporation of Trunity Holdings, Inc. dated as of January 18, 2012 (incorporated herein by reference to Exhibit 10.1 filed as part of the Company's Form 8-K dated January 24, 2012 (Commission File No. 000-53601)).  |
| 3.2                   | Certificate of Ownership and Merger dated as of January 24, 2012, between Trunity Holdings, Inc. and Brain Tree International, Inc. (incorporated herein by reference to Exhibit 3.3 filed as part of the Company's Form 10-K for the year ended December 31, 2012 (Commission File No. 000-53601)).                          |
| 3.3                   | Certificate of Designation of Series X Preferred Stock of Trunity Holdings, Inc., dated as of December 9, 2015 (incorporated by reference to Exhibit 3.1 as part of the Company's Form 8-K dated December 15, 2015 (Commission File No. 000-53601))   |
| 3.4                   | Certificate of Amendment to the Certificate of Incorporation of Trunity Holdings, Inc., dated as of December 24, 2015 (incorporated by reference to Exhibit 3.1(I) as part of the Company's Form 8-K dated January 6, 2016 (Commission File No. 000-53601))   |
| 3.5                   | Bylaws of Trunity Holdings, Inc. (incorporated herein by reference to Exhibit 10.2 filed as part of the Company's Form 8-K dated January 24, 2012 (Commission File No. 000-53601)).   |
| 10.1                  | Spin-off and Asset Transfer Agreement dated as of December 31, 2015, by and among Trunity Holdings, Inc., Trunity, Inc., a Delaware corporation, and Trunity, Inc., a Florida corporation.(incorporated by reference to Exhibit 10.1 as part of the Company's Form 8-K dated January 6, 2016 (Commission File No. 000-53601)) |
| 10.2                  | Securities Exchange Agreement dated as of December 9, 2015 by and among Trunity Holdings, Inc. and the Members of Newco4Pharmacy, LLC (incorporated by reference to Exhibit 10.1 as part of the Company's Form 8-K dated December 15, 2015 (Commission File No. 000-53601))   |
| 10.3                  | Consulting Agreement dated as of December 1, 2015 by and between Trunity Holdings, Inc. and Stephen Keaveney (incorporated by reference to Exhibit 10.2 as part of the Company's Form 8-K dated December 15, 2015 (Commission File No. 000-53601))  |
| 10.4                  | Securities Purchase Agreement dated as of November 5, 2014 by and between Trunity Holdings, Inc. and Peak One Opportunity Fund, L.P. (incorporated by reference to Exhibit 10.15 as part of the Company's Form 10-Q for the quarter ending September 30, 2014 (Commission File No. 000-53601))                                |
| 10.5                  | Trunity Holdings, Inc. Non-Qualified Stock Option Agreement dated as of December 13, 2013 by and between Arol Buntzman and Trunity Holdings, Inc. (incorporated by reference to Exhibit 10.14 as part of the Company's Form 10-K for the year ending December 31, 2013 (Commission File No. 000-53601))                       |
| 10.6                  |   |

Edgar Filing: True Nature Holding, Inc. - Form 10-Q

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

10.7 Indemnification Agreement dated May 30, 2013 between the Company and Pan African Investment Company (incorporated herein by reference to Exhibit 10.12 filed as part of the Company's Form 10-K for the year ended December 31, 2013 (Commission File No. 000-53601)).

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

Edgar Filing: True Nature Holding, Inc. - Form 10-Q

10.3 filed as part of the Company's Form 8-K dated January 24, 2012 (Commission File No. 000-53601)).

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

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

\* Filed herewith.



## SIGNATURE

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

TRUE NATURE  
HOLDING, INC.

Dated: August 9, 2016 By: */s/ Stephen Keaveney*  
Stephen Keaveney  
Chief Financial Officer

TRUE NATURE  
HOLDING, INC.

Dated: August 9, 2016 By: */s/ James Driscoll*  
James Driscoll  
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

### **Signature and Title**

### **Date**

*/s/ Stephen Keaveney*  
Stephen Keaveney  
Chief Financial Officer, and Chairman of the Board

August 9, 2016

*/s/ Phillip Crone*  
Phillip Crone  
Director

August 9, 2016

*/s/ James Driscoll*  
James Driscoll  
Director

August 9, 2016

