10-K 1 jala10k_dec312014.htm FORM 10-K

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

FORM 10-K
(Mark One)

[X] ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2014

[ ] TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT

For the transition period from _______________ to ______________

333-174435
(Commission file number)

Be Active Holdings, Inc.
(Exact name of registrant as specified in its charter)

Delaware	**68-0678429**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

1010 Northern Blvd.
Great Neck, NY 11021
212-736-2310
(Address and telephone number of principal executive offices)

N/A
(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act: None

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

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

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

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in the definitive proxy or information statement incorporated by reference in Part III of this Form 10-K or amendment to Form 10-K. Yes [X] 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 definitions of "large accelerated filer,""accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	[ ]	Accelerated filer	[ ]
Non-accelerated filer (Do not check if a smaller reporting company)	[ ]	Smaller reporting company	[X]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes [ ] No [X]

The aggregate market value of the voting and non-voting common equity held by non-affiliates as of June 30, 2014, was $6,544,118.

As of March 30, 2015, there were 426,475,671 shares of common stock outstanding.

Be Active Holdings, Inc.

Index

Table of Contents

FORWARD LOOKING STATEMENTS

This Annual Report on Form 10-K (including the section regarding Management's Discussion and Analysis or Plan of Operation) contains forward-looking statements regarding our business, financial condition, results of operations and prospects. Words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates" and similar expressions or variations of such words are intended to identify forward-looking statements, but are not deemed to represent an all-inclusive means of identifying forward-looking statements as denoted in this Annual Report on Form 10-K. Additionally, statements concerning future matters are forward-looking statements.

Although forward-looking statements in this Annual Report on Form 10-K reflect the good faith judgment of our Management, such statements can only be based on facts and factors currently known by us. Consequently, forward-looking statements are inherently subject to risks and uncertainties and actual results and outcomes may differ materially from the results and outcomes discussed in or anticipated by the forward-looking statements. Factors that could cause or contribute to such differences in results and outcomes include, without limitation, those specifically addressed under the heading "Risks Factors" below, as well as those discussed elsewhere in this Annual Report on Form 10-K. Readers are urged not to place undue reliance on these forward-looking statements, which speak only as of the date of this Annual Report on Form 10-K. We file reports with the Securities and Exchange Commission ("SEC"). Our electronic filings with the United States Securities and Exchange Commission (including our Annual Reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K, and any amendments to these reports) are available free of charge on the Securities and Exchange Commission’s website at http://www.sec.gov. You can also read and copy any materials we file with the SEC at the SEC's Public Reference Room at 100 F Street, NE, Washington, DC 20549. You can obtain additional information about the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains an Internet site (www.sec.gov) that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC, including us.

We undertake no obligation to revise or update any forward-looking statements in order to reflect any event or circumstance that may arise after the date of this Annual Report on Form 10-K, except as required by law. Readers are urged to carefully review and consider the various disclosures made throughout the entirety of this Annual Report, which are designed to advise interested parties of the risks and factors that may affect our business, financial condition, results of operations and prospects.

Table of Contents

PART I.

Item 1. Description of Business

Overview

Corporate History

Be Active Holdings, Inc. f/k/a Superlight, Inc. ("we" or the "Company") was incorporated as a Delaware corporation on December 27, 2007. On January 9, 2013, the Company entered into an Agreement of Merger and Plan of Reorganization (the "Merger Agreement") with Be Active Brands, Inc., a privately held Delaware corporation ("Be Active"), and Be Active Acquisition Corp., the Company's newly formed, wholly-owned Delaware subsidiary ("Acquisition Sub"). Upon closing of the transaction contemplated under the Merger Agreement (the "Merger"), Acquisition Sub merged with and into Be Active, and Be Active, as the surviving corporation, became a wholly-owned subsidiary of the Company.

Be Active was organized under the laws of the State of Delaware on March 10, 2009. Following its inception, Be Active commenced the manufacturing and sale of its frozen yogurt and ice cream products in the New York metropolitan area during 2009. Distribution of Be Active's products has grown from a limited number of outlets in the New York metro area to over 10 supermarket chains and other retail outlets located in 10 states but has been limited as a result of a lack of capital.

Our Business

We manufacture and sell low fat, low calorie, all natural probiotic enriched frozen yogurt and ice cream under the trade name "Jala" and have trademarked our Jala cow logo. Our frozen yogurt is packaged as low fat sandwiches, bars and pints, which are designed to appeal to the health conscious or weight conscious consumer.

Following inception, we commenced the manufacturing and sale of our frozen yogurt and ice cream products in the New York metropolitan area during 2009. Distribution of our products has grown from a limited number of outlets in the New York metro area to over 10 supermarket chains and other retail outlets located in 10 states but has been limited as a result of a lack of capital. Our products are distributed principally through warehouse distribution and a local distribution company. We manufacture our product under a co-packing agreement with an ice cream manufacturer located in Lakewood, New Jersey.

We had net sales of ($128,995) in 2014 and $117,333 in 2013. We do not currently have sufficient capital to operate our business, and, we will require additional funding in the future to sustain our operations. There is no assurance that we will have revenue in the future or that we will be able to secure the necessary funding to develop our business.

Corporate Overview and Financings

On January 9, 2013, we entered into the Merger Agreement with Be Active and Acquisition Sub. Upon closing of the transaction contemplated under the Merger Agreement, Be Active Acquisition Corp. merged with and into Be Active, and Be Active, as the surviving corporation, became our wholly-owned subsidiary.

Pursuant to the terms and conditions of the Merger Agreement:

All issued and outstanding shares of Be Active's Class A and Class B common stock were converted into the right to receive an aggregate of 29,502,750 shares of our common stock. Under the terms of the Merger Agreement, holders of Be Active's Class A and Class B common stock were treated equally as it relates to consideration paid in connection with the Merger.

Table of Contents

Following the closing of the Merger, we sold an aggregate of 1,826,087 units in a private placement (the "January Private Placement"). $419,999.88 of the units were sold at a per Unit price of $0.23. Additionally, an aggregate of $394,612 of the then outstanding 10% convertible promissory notes and accrued interest converted into the Private Placement at a per Unit price of $0.19. Each unit consisted of (i) one share of the Company's common stock, (or, at the election of any investor who would, as a result of the purchase of Units, become a beneficial owner of 5% or greater of the outstanding share of common stock of the Company's Series A Convertible Preferred Stock) and (ii) a three year warrant to purchase shares of common stock equal to 100%of the number of shares of common stock sold in the Private Placement at an exercise price of $0.30 per share.

Immediately following the closing of the Merger and the January Private Placement, under the terms of an Agreement of Conveyance, Transfer and Assignment of Assets and Assumption of Obligations, we transferred all of our pre-Merger assets and liabilities to our wholly owned subsidiary, Superlight Holdings, Inc., a Delaware corporation. Thereafter, pursuant to a Stock Purchase Agreement, we transferred all of the outstanding capital stock of Superlight Holdings, Inc. to a former officer and director of the Company in exchange for cancellation of an aggregate of 90,304,397 shares of our common stock held by such person.

On April 25, 2013, we entered into subscription agreements with certain accredited investors whereby we sold an aggregate of 28,333,334 units with gross proceeds to us of $850,000 (the "April Private Placement"). Each unit was sold for a purchase price of $0.03 per unit and consisted of: (i) one share of our common stock (or at the election of the investor who would, as a result of the purchase of the units, hold in excess of 5% of our issued and outstanding common stock, one share of Series A Convertible Preferred Stock, which is convertible into shares of our common stock on a one for one basis) and (ii) a three-year warrant to purchase one share of common stock at an initial exercise price of $0.05 per share. The sale of units includes the conversion of certain outstanding amounts for unpaid fees and expenses into units at a per unit offering price totaling $62,500.

In connection with the April Private Placement, the Company was required to issue to the investors in the January Private Placement additional shares of common stock (or, at the election of such investor in the January Private Placement who would, as a result of such issuance, become the holder of in excess of 5% of the Company's issued and outstanding common stock, shares of Series A Convertible Preferred Stock), in connection with certain anti-dilution protection provided to such investors under the terms of the January Private Placement. As a result of the foregoing, the Company issued an aggregate of an additional (a) 3,789,473 shares of common stock (b) 19,191,458 shares of Series A Convertible Preferred Stock and (c) warrants to purchase an additional 22,980,931 shares of common stock at an exercise price of $0.03 per share. Furthermore, the exercise price of the warrants issued in the January Private Placement was reduced to a per share exercise price of $0.03.

In connection with the April Private Placement, management determined that it was in the best interest of its shareholders to issue additional shares of common stock to certain of the original investors of Be Active, who, as a result of the Merger, became shareholders of the Company. As a result, the Company issued an aggregate of 23,054,778 shares of common stock to certain of the former shareholders of Be Active as a result of the significant dilution such shareholders experienced as a result of the April Private Placement. In consideration for such issuance, the shareholders released the Company from actions relating to the Company's reverse merger and various financings as well as from any rights under that certain Agreement of Shareholders of Be Active Brands, Inc. dated as of January 26, 2011.

Table of Contents

Additionally, on April 26, 2013, the Company designated four (4) shares of preferred stock, par value $0.0001 per share as Series B Convertible Preferred Stock and issued one share of Series B Convertible Preferred Stock to each of the Company's three members of management, to wit: Saverio Pugliese, David Wolfson and Joseph Rienzi. Each share of Series B Convertible Preferred Stock is entitled to such number of votes on all matters submitted to shareholders that is equal to (i) the product of (a) the number of shares of Series B Convertible Preferred Stock held by such holder, (b) the number of issued and outstanding shares of the Company's common stock (taking into account the effective outstanding voting rights of the Series B Convertible Preferred Stock), as of the record date for the vote and (c) 0.13334 less (ii) the number of shares of common stock beneficially held by such holder on such date. Additionally, on the six month anniversary date of the date of issuance of the Series B Convertible Preferred Stock, each outstanding share of Series B Convertible Preferred Stock was to automatically, and without further action on the part of the holder, convert into such number of fully paid and non-assessable shares of common stock as shall cause the holder to own, along with any other securities of the Company beneficially owned on the conversation date by them, 13.334% of the issued and outstanding common stock of the Company, calculated on the conversion date.

On October 25, 2013, we amended our previously filed Certificate of Designation of Preferences, Rights and Limitation of Series B Convertible Preferred Stock to extend the date on which the Series B Convertible Preferred Stock would automatically convert into such number of fully paid and non-assessable shares of common stock as shall cause the holder to own, along with any other securities of the Company beneficially owned on the conversation date by them, 13.334% of the issued and outstanding common stock of the Company, from the date six months from the date of issuance of such Series B Convertible Preferred Stock to such date twelve months from the date of issuance of such shares of Series B Convertible Preferred Stock, which on April 22, 2014, was further extended to an indefinite date as determined by our board of directors.

Recent Developments

On February 4, 2014, the shareholders representing a majority of our then outstanding shares of capital stock permitted to vote thereon approved and permitted us to increase the number of authorized shares of our common stock, par value $0.0001, from 400,000,000 to 525,000,000. On March 12, 2015, the holders representing a majority of the then outstanding shares of capital stock of the Company voted and approved and permitted the Company to increase the number of authorized shares of the Company's common stock from 525,000,000 to 750,000,000, effective upon filing an amended Certificate of Incorporation with the State of Delaware representing the amendment.

On, March 2, 2015, the Board of Directors of the Company designated and authorized 3,000,000 shares of the Company's authorized Preferred Stock, par value $0.0001 per share, as Series D Convertible Preferred Stock. Each holder of the Series D Preferred Stock ("Series D") shall have the number of votes on all matters submitted to the stockholders that is equal to the greater of one hundred votes for each one share of Series D and such number of votes per share of Series D that when added to the votes per shares of all other shares of Series D shall equal 50.1% of the outstanding voting record. The Series D are convertible into common stock in an amount equal to one share of the Company's common stock for each one share of Series D. On March 9, 2015, the Company granted as compensation 1,000,000 shares of the Series D to each of three officers of the Company to be recorded at the fair value at the date of issuance.

Table of Contents

On February 18, 2014, we filed a Certificate of Designations of Preferences, Rights and Limitations of Series C Convertible Preferred Stock authorizing the issuance of up to 26,666,667 shares of Series C Convertible Preferred Stock.

Concurrently, on February 18, 2014 we sold an aggregate of 33,333,332 shares of common stock, 26,666,667 shares of Series C Convertible Preferred Stock, (the "Shares") and five year warrants to purchase up to an aggregate of 59,999,999 shares of common stock at an exercise price of $0.03 per share (the "February Warrants") with gross proceeds to the Company of $1,799,999.99 (the "February Private Placement5") to the February Investors pursuant to a subscription agreement (the "February Subscription Agreement"). Each Share was sold for a purchase price of $0.03 per Share. February Investors, who would, as a result of the purchase of shares of common stock, hold in excess of 5% of the Company's issued and outstanding common stock, were afforded the opportunity to elect to receive shares of Series C Convertible Preferred Stock. Until the earlier of (i) three years from the closing of the February Private Placement or (ii) such time as no February Investor holds any Shares, Warrants, or shares of common stock underlying Warrants or underlying the Series C Convertible Preferred Stock, in the event we issue or sell common stock or common stock equivalents at a per share price equal to less than $0.03 per share, as adjusted, we agreed to issue additional Shares such that the aggregate purchase price paid by such February Investor shall equal such lower price issuance, subject to certain customary exceptions.

Each share of Series C Convertible Preferred Stock is convertible, at the option of the holder at any time, into one share of common stock and has a stated value of $0.0001 per share. The conversion ratio of the Series C Convertible Preferred Stock is subject to adjustment in the case of stock splits, stock dividends, combination of shares and similar recapitalization transactions.

The Warrants are exercisable for a period of five years from the date of issuance and have an exercise price of $0.03 per share, subject to adjustment upon the occurrence of certain events such as lower priced issuances, stock splits and dividends.

In connection with the February Private Placement, we granted the February Investors "piggy-back" registration rights. Additionally, February Investors are entitled to a right of participation in future financings conducted by the Company for a period of 24 months.

On December 31, 2014, the Company entered into a Securities Purchase Agreement ("Agreement") with certain accredited investors to sell to the Purchasers an aggregate of up to $500,000 of principal amount of notes due December 31, 2015 representing the Purchasers' subscription amount. The Agreement defines certain covenants and provides for a purchase price reset for a period of three years, unless the securities have been assigned, whereby should the Company issue or sell any shares of common stock or any common stock equivalents at a price less than the Purchasers' conversion price per share, the Company will be required to issue additional shares of common stock to the Purchasers for no additional consideration resulting in a share dilution adjustment, as defined. The Agreement also provides a Most Favored Nations Provision whereby if the Company issues or sells any common stock at terms more favorable within three years, then the Company will be required to amend the Agreement to provide such favorable terms to the Purchasers. The Company paid $33,000 in legal and escrow agent fees, a placement agency fee of $20,000 in the form of a note payable, substantially similar to the Purchasers' notes and issued 64,000,000 shares of its common stock valued at $640,000 and $20,000 as due diligence fees, all of which have been recorded as debt issue costs on the accompanying consolidated financial statements and will be charged to operations as additional interest expense over the twelve months ended December 31, 2015 or the date of conversion, if earlier

Under the Agreement, the Company sold an aggregate of $425,000 in Secured Convertible Notes ("Notes") and issued an additional $20,000 Note for placement fees. Once the Company has fulfilled its obligations as defined by certain equity requirements, the Notes will be convertible into shares of the Company's common stock at the option of the Company. Until the equity obligations are met, the Notes bear interest at 10%, per annum. Interest will be earned at a rate of 10% for the twelve months ending December 31, 2015 or to the date of conversion, whichever is earlier. The conversion price for the Note and interest is equal to $0.006 per share, subject to adjustments as stock dividends and stock splits, as defined.

Each Holder of the Notes has been granted a security interest in assets of the Company in accordance with a Security Agreement. The Security Agreement provides the Collateral Agent a security interest in all goods, machinery, equipment, contract rights and intangibles in the event of a default under the Agreement.

In connection with the transaction, and under its anti-dilution provisions of the February 2014 private placement the Company issued an aggregate of 160,093,335,shares of common stock and 13,333,334 warrants to purchase common shares at $.006 per share to existing shareholders holding securities purchased in that offering.

Table of Contents

Jala Products.

We produce high quality, low fat, low calorie, all natural novelty frozen yogurt and ice cream products. Our proprietary frozen yogurt and ice cream are all fat-free and are a result of its proprietary recipe and the quality of the ingredients in the mix. The low fat, frozen yogurt bars, our original product, remains our flagship product comprising approximately 60% of total gross sales during the year ended December 31, 2014, or $74,856 and 68% of total sales during the year ended December 31, 2013, or $111,132. Jala bars provide consumers with beneficial antioxidants and bacteria flora. Each bar contains approximately 10% of the recommended daily allowance for calcium and about one third of the recommended daily allowances of vitamins A, C and E with only 110 calories. Jala products are made with naturally fermented yogurt using Streptococcus thermophilus and Lactobacillus bulgaricus yogurt cultures with the addition of Lactobacillus acidophilus and Lactobacillus debrueckii bulgaricus bacteria which are clinically shown to promote a healthy digestive system. The frozen yogurt sandwich, introduced in March 2011, consists of two low fat chocolate cookies that complement the frozen yogurt. In 2012, we added a Greek formula to the line and introduced Jala Low Fat Greek Frozen Yogurt in pints. The pints come in seven flavors, Blueberry, Strawberry, Vanilla, Peanut Butter, Pomegranate, Chocolate and Honey Vanilla. The pints are 120 calories per serving and contain 8 grams of protein. The frozen yogurt sandwich contains 2.5 grams of fat per serving. The fat content of the sandwiches is contained in the cookies. Our products are sold under the Jala trade name. Our products had been available in more than 2,000 stores principally throughout the New England, Mid-Atlantic and Southeastern regions.

We promote brand recognition by packaging our products in a unique and distinctive manner. Each package prominently displays the Jala trade name. The Greek frozen yogurt sandwiches are packaged in clear plastic sealed trays in packages of four. The trays are shrink-wrapped in a clear polywrap for freshness and product protection. Flavor combinations are: vanilla/chocolate and vanilla. In 2015, we plan on introducing a new flavor to the line of the Greek frozen yogurt sandwiches. The bars contain four individually wrapped bars per box. Bar flavor combinations are vanilla blueberry, vanilla pomegranate and a fudge bar.

Markets.

We participate in the ice cream market which is part of a broader frozen dessert market. Our Greek frozen yogurt sandwich and bars are considered novelty ice cream products. Novelty items are separately packaged single servings of a frozen dessert that may or may not contain dairy ingredients. The Food and Drug Administration, which regulates the standards for many foods, has set labeling requirements concerning fat content in ice cream and frozen yogurt. Based upon these requirements, our frozen yogurt sandwich falls within the "low fat" ice cream category, while the bar is a "reduced fat" product. Low fat ice cream contains a maximum of three grams of fat per serving. Reduced fat ice cream contains at least 25% less total fat than the original full fat product (either an average of leading brands, or the company's own brand).

According to an on-line report (www.idfa.org/news--views/media-kits/ice-cream/ice-cream-sales-and-trends/) from the USDA, National Agriculture Statistics Service, over 1.5 billion gallons of ice cream and related frozen desserts were produced in 2011 in the United States. Of that amount, reduced fat, light and low-fat products accounted for 20% of the market.

Sales and Distribution.

We sell our products principally to supermarkets, and to a lesser extent to convenience and other foods stores. Distribution is made through warehouse facilities and commissioned food brokers. Through a 2010 agreement, we have a preferred vendor status with C&S Wholesale Grocers, pursuant to which we pay a monthly fee (based on gross sales) in exchange for allowing us to leverage off of its warehouses, inventory control and billing systems and promotional and advertising campaigns over most of the Northeast Region. We market our products principally through in-store advertising and promotions. During 2012, we expanded our distribution to approximately 2,100 new supermarket locations throughout the Eastern region of the United States and in Texas. Due to a lack of capital, we reduced our distribution to only the New York Metropolitan area. For the years ended December 31, 2014 and 2013 sales to one customer accounted for approximately 50% and 62% of our sales, respectively.

We believe our business generally experiences highest volumes during the winter and spring months and lowest volumes during the late summer and fall months.

We generally enter a new market with three flavors of our bars and two flavors of our frozen yogurt sandwich. Thereafter, dependent upon the level of sales from the introduced product and available cash for slotting fees, additional products may be introduced to the existing market. We have experienced strong product demand and loyalty in each geographical market that we have entered. We believe that product demand is generated principally by our unique product packaging and in store promotions. We also believe that our proprietary mix, which delivers a rich and creamy taste with little fat content, creates strong customer loyalty.

Advertising and marketing generally has been in the form of coupons or advertisements in supermarket flyers.

Table of Contents

We attract new markets through the independent efforts of our principal officers. In each new market, we generally will be required to pay slotting fees to the supermarket for shelf space. These fees are common in most segments of the food industry and vary from chain to chain. Supermarket chains generally are reluctant to give up shelf space to new products when existing products are performing. During the year ended December 31, 2013, we paid no slotting fees and during the year ended December 31, 2014, we paid $173,000 in slotting fees, which when netted against gross sales, gave us a negative net sales. Consequently, our expansion into new markets, if any, may be constrained by cash available to pay for slotting fees.

Manufacturing Process.

Our frozen yogurt sandwiches and bars are manufactured through a co-packing arrangement with Mr. Cookie Face, Inc., of Lakewood, New Jersey. For quality assurance purposes, our products are tested by the manufacturer at each production run. We believe that the manufacturer's capacity will meet our projected production requirements for the foreseeable future. Our low fat Greek frozen yogurt pints are manufactured through a co-packing arrangement with Ronny Brook Farms. Our arrangements with both manufacturers are not exclusive, and we believe that we could use other manufacturers if necessary or advantageous. Under our contract, we pay the manufacturer a fixed fee per case for manufacturing and packing the product. We may cancel the agreement on 30 days' notice at any time. We purchase some of our raw materials and packaging supplies from single sources; however, we believe that alternate supply sources are available throughout the country at competitive prices. We have not experienced shortages in the procurement of raw materials or packaging.

During years ending December 31, 2014 and 2013, we did not expend any amounts on research and development costs.

Regulation.

We are subject to regulation by various governmental agencies, including the U.S. Food and Drug Administration and the U.S. Department of Agriculture. Our manufacturer must comply with federal and local environmental laws and regulations relating to air quality, waste management and other related land use matters. The FDA also regulates finished products by requiring disclosure of ingredients and nutritional information. The FDA can audit us or our manufacturer to determine the accuracy of our disclosure. State laws may also impose additional health and cleanliness regulations on our manufacturers.

We believe that we and our manufacturer are currently in compliance with these laws and regulations and have passed all regulatory inspections necessary for us to sell our product in our current markets. We believe that the cost of compliance with applicable governmental laws and regulations is not materially adverse to our business.

Competition.

Our business is highly competitive. Our products compete on the basis of brand image, quality, and breadth of flavor selection, price, and amount of fat content. Most frozen yogurt and ice cream manufacturers, including full line dairies, the major grocery chains and the other independent ice cream processors, are capable of manufacturing and marketing high quality, low fat or reduced fat frozen yogurt and ice creams. Furthermore, there are relatively few barriers to new entrants in the frozen yogurt and ice cream business. Existing competition includes low fat or reduced fat novelty products offered by Ben and Jerry's, Ciao Bella, Yasso, Stonyfield, as well as "private label" brands produced by or for the major supermarket chains. In addition, we also compete with frozen desserts such as frozen yogurt and sorbet manufactured by Dannon, Healthy Choice and others. Many of these competitive products are manufactured by large national or international food companies, with significantly greater resources than us. We expect strong competition to continue in the form of price, competition for adequate distribution and limited shelf space. However, despite these factors, we believe that the taste and quality of our products and our unique product packaging will enable us to effectively compete in this market.

Table of Contents

Product Liability.

We are engaged in a business that could expose us to possible claims for personal injury resulting from contamination of our frozen yogurt and ice cream. While we believe that through regular product testing the quality of our products are carefully monitored, we may be subject to liability due to customer or distributor misuse or storage. We maintain product liability insurance against certain types of claims in amounts which we believe to be adequate. We also maintain an umbrella insurance policy that we believe to be adequate to cover claims made above the limits of our product liability insurance. Although no claims have been made against us or our distributors to date and we believe our current level of insurance to be adequate for our present business operations, there can be no assurances that such claims will not arise in the future or that our policies will be sufficient to pay for such claims.

Proprietary Rights.

We own the registered trade name Jala and the trademark Jala cow. In addition, we rely on trade secrets to protect our proprietary mix formulation.

Employees.

As of March 26, 2015, we have 3 full-time employees, who are our Executive Officers. The Company has no collective bargaining agreements with its employees and believes its relations with its employees are good.

Item 1A. Risk Factors.

RISK FACTORS

Investing in our common stock involves a high degree of risk. You should carefully consider the risks described below with all of the other information included in this report before making an investment decision. If any of the possible adverse events described below actually occurs, our business, results of operations or financial condition would likely suffer. In such an event, the market price of our common stock could decline and you could lose all or part of your investment.

Risks Relating to Operations

We are a new company with a short operating history and have only lost money.

Be Active was formed in March 2009. Our operating history consists of starting our brands, marketing and distribution of our products. We have only shown a loss of money from operations because of the expenses we have incurred in manufacturing, selling and maintaining the administration of Be Active. There is a strong possibility that we will not be able to sell enough of our products to cover or exceed our expenses.

Since we have a limited operating history, it is difficult for potential investors to evaluate our business.

Our limited operating history makes it difficult for potential investors to evaluate our business or prospective operations. Since our formation, we have not generated enough revenues to exceed our expenses. As an early stage company, we are subject to all the risks inherent in the initial organization, financing, expenditures, complications and delays inherent in a new business. Investors should evaluate an investment in us in light of the uncertainties encountered by developing companies in a competitive environment. Our business is dependent upon the implementation of our business plan. We may not be successful in implementing such plan and cannot guarantee that, if implement, we will ultimately be able to attain profitability.

Table of Contents

We will need to obtain additional financing to fund our operations.

We do not currently have enough cash flow to operate our business. We will therefore need additional capital (i) to pay slotting fees for supermarket shelf space, (ii) to purchase ingredients and packaging supplies for our co-packers, (iii) to pay co-packers for their services, (iv) to cover general and administrative overhead and (v) to repay outstanding debt and pay interest charges on outstanding debt. Therefore we will be dependent upon additional capital in the form of either debt or equity to continue our operations and expand our products to new markets. At the present time, we do not have arrangements to raise all of the needed additional capital, and we will need to identify potential investors and negotiate appropriate arrangements with them. We may not be able to arrange enough investment within the time the investment is required or that if it is arranged, that it will be on favorable terms. If we cannot get the needed capital, we may not be able to become profitable and may have to curtail or cease our operations.

We depend heavily on key personnel.

We believe our success depends heavily on the continued active participation of our current executive officers. If we were to lose the services of our executive officers, the loss could have a material adverse effect upon our business, financial condition or results of operations. In addition, to achieve our plans for future growth we will need to recruit, hire, train and retain other highly qualified technical and managerial personnel. Competition for qualified employees is intense, and if we cannot attract, retain and motivate these additional employees their absence could have a materially adverse effect on our business, financial condition or results of operations.

We face strong competition from larger and better-capitalized companies.

Our business is very competitive. Large national or international food companies, with significantly greater resources than we have, manufacture competing products. We expect to continue experiencing strong competition from these larger companies in the form of price, competition for adequate distribution and limited shelf space.

In addition, these larger competitors may be able to develop and commercialize new products to compete directly against our products, which may render our products obsolete. If we cannot successfully compete, our marketing and sales will suffer and we may not ever be profitable.

Our products are new and unproven.

We sell our products only in a limited number of stores and the products are therefore relatively unknown. Initial sales have been strong in stores where we currently have our products, but our products may not be accepted in other markets we will try to reach.

We do not have any patent protection for our intellectual property.

Our intellectual property consists of a proprietary recipe and manufacturing process. Together, these two elements give us the ability to manufacture foods traditionally high in fat and added sugar without fat or added sugar. We decided not to seek a patent for this recipe and process, and the time for us to be able to seek patent protection for our process and recipe has passed. We believe that by treating the recipe and manufacturing process as a trade secret, we will have greater protection than a patent would give us, because a patent would become public knowledge. As a result, the only legal protection for our intellectual property is protection as a trade secret and our trademarks for our “Jala” brand. If our competitors were to learn our trade secrets, or develop their own methods of manufacturing competitive products, we might not be able to become profitable.

Table of Contents

We may become subject to potential claims for product liability.

Our business could expose us to claims for personal injury from contamination of our products. We believe that the quality of our products is carefully monitored through regular product testing, but we may be subject to liability as a result of customer or distributor misuse or storage. The Company maintains product liability insurance against certain types of claims in amounts which it believes to be adequate. The Company also maintains an umbrella insurance policy that it believes to be adequate to cover claims made above the limits of its product liability insurance. Although no claims have been made against the Company or its distributors to date and the Company believes its current level of insurance to be adequate for its present business operations, it is possible that such claims will arise in the future and it is possible that the Company's policies will not be sufficient to pay for such claims.

The costs of complying with government regulations may in the future reduce our profit potential.

Our industry is highly regulated by the Federal government, as well as by State and local governments. We are subject to regulation at the federal level by the U.S. Food and Drug Administration and the U. S. Department of Agriculture. Manufacturers of our products must also comply with all federal and local environmental laws and regulations relating to air quality, waste management and other related land use matters. The FDA also regulates finished products by requiring disclosure of ingredients and nutritional information.

State and local laws may impose additional health and cleanliness regulations on our manufacturers. We believe that presently the cost of complying with all of the applicable Federal, State and local governmental laws and regulations are not material to our business. However, to the extent that complying with all of the applicable laws and regulations becomes more burdensome, compliance requirements may adversely affect our profitability by increasing our cost of doing business.

We must rely on a number of smaller ice cream distributors, rather than large distributors to distribute our products.

We do not presently have any independent capability to distribute our own product, and we do not believe it is feasible to develop our own distribution business. Consolidation within the ice cream industry has made it more difficult to distribute ice cream products not affiliated with large ice cream distributors. In addition, in some markets the largest ice cream companies control substantially all of the ice cream distribution to supermarkets. Therefore, we must work with a number of independent ice cream distributors, rather than a few large distributors, to distribute our products, both regionally and nationally. Our need to rely upon smaller distributors limits our ability to distribute our products and/or makes that distribution more costly.

One customer has accounted for a substantial portion of our sales, increasing both our dependence on a few revenue sources and the risk that our operations will suffer materially if a significant customer stops ordering from us or substantially reduces its business with us.

Sales to one customer of the Company accounted for approximately 50% for the year ended December 31, 2014 and represented 41% of accounts receivable for the year ended December 31, 2014. Sales to one customer of the Company accounted for approximately 62% of sales for the year ended December 31, 2013 and represented 100% of accounts receivable for the year ended December 31, 2013. While our financial performance benefited from substantial sales to one customer, because of the magnitude of sales to this customer, our results would suffer if we were to lose its business. Additionally, if this customer, or other significant customers, made substantial reductions in orders or stopped paying their invoices when due, our results of operations would suffer unless we were able to replace the orders or collect on the payments due.

Table of Contents

Increases in prices of commodities needed to manufacture our product could adversely affect profitability.

The ingredients and materials needed to manufacture and package our products are subject to the normal price fluctuations of the commodities markets. Any increase in the price of those ingredients and materials that cannot be passed along to the consumer will adversely affect our profitability. Any prolonged or permanent increase in the cost of the raw ingredients to manufacture our products may in the long term make it more difficult for us to earn a profit.

Our business may be affected by factors outside of our control.

Our ability to increase sales, and to profitably distribute and sell our products, is subject to a number of risks, including changes in our business relationships with our principal distributors, competitive risks such as the entrance of additional competitors into our markets, pricing and technological competition, risks associated with the development and marketing of new products in order to remain competitive and risks associated with changing economic conditions and government regulation.

Difficulties we may encounter managing our growth could adversely affect our results of operations.

We expect that we may experience a period of rapid and substantial growth that may place a strain on our administrative infrastructure. As our business needs expand, we intend to hire additional employees. This expansion may place a significant strain on our managerial and financial resources. To manage the expected growth of our operations and personnel, we will be required to:

- improve existing, and implement new, operational, financial and management controls, reporting systems and procedures;
- install enhanced management information systems; and
- train, motivate and manage our employees.

We may not be able to install adequate management information and control systems in an efficient and timely manner, and our current or planned personnel, systems, procedures and controls may not be adequate to support our future operations. If we are unable to manage growth effectively, our business would be seriously harmed.

Risks Relating to our Organization and our common stock

Exercise of options and warrants and/or conversion of preferred stock will dilute your percentage of ownership.

We have reserved for issuance options to purchase up to an aggregate of 8,550,000 shares of common stock under our 2013 Equity Incentive Plan. As of March 6, 2015, we also have warrants to purchase 43,550,590 shares of our common stock issued and outstanding. In addition we also have issued and outstanding shares of Series A Convertible Preferred Stock, which are convertible into an aggregate of 11,666,921 shares of common stock, shares of Series B Convertible Preferred Stock, which, using the number of shares issued and outstanding as of December 31, 2014, will be convertible into approximately 216,670,744 shares of common stock, subject to adjustment based on future issuances of common stock prior to that date and shares of Series C Convertible Preferred Stock, which are convertible into an aggregate of 20,000,000 shares of common stock. In addition, we have Secured Convertible Notes in the amount of $445,000 which is convertible into 74,166,666 shares of common stock. In the future, we may grant additional stock options or issue additional warrants or other convertible securities. The exercise or conversion of stock options, warrants or convertible securities will dilute the percentage ownership of our other stockholders. The dilutive effect of the exercise or conversion of these securities may adversely affect our ability to obtain additional capital. The holders of these securities may be expected to exercise or convert them when we would be able to obtain additional equity capital on terms more favorable than these securities.

Table of Contents

As a result of the Merger, Be Active became a subsidiary of ours and since we are subject to the reporting requirements of federal securities laws, this can be expensive and may divert resources from other projects, thus impairing its ability to grow.

As a result of the Merger, Be Active became a subsidiary of ours and, accordingly, is subject to the information and reporting requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and other federal securities laws, including compliance with the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act"). The costs of preparing and filing annual and quarterly reports, proxy statements and other information with the Securities and Exchange Commission and furnishing audited reports to stockholders will cause our expenses to be higher than they would have been if Be Active had remained privately held and did not consummate the Merger.

The Sarbanes-Oxley Act and new rules subsequently implemented by the Securities and Exchange Commission have required changes in corporate governance practices of public companies. As a public company, we expect these new rules and regulations to increase our compliance costs in 2014 and beyond and to make certain activities more time consuming and costly. As a public company, we also expect that these new rules and regulations may make it more difficult and expensive for us to obtain director and officer liability insurance in the future and we may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. As a result, it may be more difficult for us to attract and retain qualified persons to serve on our board of directors or as executive officers.

If we fail to establish and maintain an effective system of internal control, we may not be able to report our financial results accurately and timely or to prevent fraud. Any inability to report and file our financial results accurately and timely could harm our reputation and adversely impact the trading price of our common stock.

Effective internal control is necessary for us to provide reliable financial reports and prevent fraud. If we cannot provide reliable financial reports or prevent fraud, we may not be able to manage our business as effectively as we would if an effective control environment existed, and our business and reputation with investors may be harmed. As a result, our small size and any future internal control deficiencies may adversely affect our financial condition, results of operation and access to capital. We have not performed an in-depth analysis to determine if historical un-discovered failures of internal controls exist, and may in the future discover areas of our internal control that need improvement. Our chief executive officer and chief financial officer concluded that our internal control over financial reporting were not effective in providing 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 year ended December 31, 2014. See Item 9A.

We have a going concern opinion from our auditors, indicating the possibility that we may not be able to continue to operate. If we cannot continue as a viable entity, our stockholders may lose some or all of their investment in us.

We have incurred net losses of $12,618,567, for the year ended December 31, 2014. We anticipate generating losses for the next 12 months. We have generated only $74,856 in gross sales for the year ended December 31, 2014. Accordingly, we may be unable to continue operations in the future as a going concern. No adjustment has been made in the accompanying financial statements to the amounts and classification of assets and liabilities which could result should we be unable to continue as a going concern. If we cannot continue as a viable entity, our stockholders may lose some or all of their investment in us.

Table of Contents

In addition, our independent auditors included an explanatory paragraph in their report on the accompanying financial statements regarding concerns about our ability to continue as a going concern. As a result, we may not be able to obtain additional necessary funding. We may not ever achieve any revenues or profitability. The revenue and income potential of our business and operations are unproven, and the lack of operating history makes it difficult to evaluate the future prospects of our business.

Our stock price may be volatile.

The stock market in general has experienced volatility that often has been unrelated to the operating performance of any specific public company. The market price of our common stock is likely to be highly volatile and could fluctuate widely in price in response to various factors, many of which are beyond our control, including the following:

- changes in our industry;
- competitive pricing pressures;
- our ability to obtain working capital financing;
- additions or departures of key personnel;
- limited "public float" in the hands of a small number of persons who sales or lack of sales could result in positive or negative pricing pressure on the market prices of our common stock;
- sales of our common stock;
- our ability to execute our business plan;
- operating results that fall below expectations;
- loss of any strategic relationship;
- regulatory developments;
- economic and other external factors; and
- period-to-period fluctuations in our financial results.

In addition, the securities markets have from time to time experienced significant price and volume fluctuations that are unrelated to the operating performance of particular companies. These market fluctuations may also materially and adversely affect the market price of our common stock.

We are subject to the reporting requirements of federal securities laws, this can be expensive and may divert resources from other projects, thus impairing its ability to grow.

We are subject to the information and reporting requirements of the Exchange Act, as amended, and other federal securities laws, including compliance with the Sarbanes-Oxley Act. The costs of preparing and filing annual and quarterly reports, proxy statements and other information with the SEC and furnishing audited reports to stockholders will cause our expenses to be higher than they would have been if we had remained privately held.

We have not paid cash dividends in the past and do not expect to pay dividends in the future. Any return on investment may be limited to the value of our common stock.

We have never paid cash dividends on our common stock and do not anticipate doing so in the foreseeable future. The payment of dividends on our common stock will depend on earnings, financial condition and other business and economic factors affecting us at such time as our board of directors may consider relevant. If we do not pay dividends, our common stock may be less valuable because a return on your investment will only occur if our stock price appreciates.

There is currently a limited liquid trading market for our common stock that arose only recently and we cannot ensure that one will ever be sustained.

A limited liquid trading market for our common stock developed only recently. We cannot predict how liquid the market for our common stock might become. We received approval from FINRA for our stock to be listed on the Over-the-Counter Bulletin Board (the "OTCBB") on January 9, 2013 and our common stock is currently traded on the OTCBB. Our ticker symbol is "JALA". There is currently a limited trading market in our securities. If, for any reason, however, our securities become ineligible for continued quotation on the OTCBB or a public trading market does not continue to develop, purchasers of the common stock may have difficulty selling their securities should they desire to do so and purchasers of our common stock may lose their entire investment if they are unable to sell our securities. Should we fail to satisfy the standards of the OTCBB and our common stock is suspended from quotation on the OTCBB, the trading price of our common stock could suffer and the trading market for our common stock may be less liquid and our common stock price may be subject to increased volatility. Furthermore, for companies whose securities are traded in the OTC Bulletin Board, it is more difficult (1) to obtain accurate quotations, (2) to obtain coverage for significant news events because major wire services generally do not publish press releases about such companies, and (3) to obtain needed capital.

Our common stock is currently deemed a "penny stock," which makes it more difficult for our investors to sell their shares.

Our common stock is subject to the "penny stock" rules adopted under Section 15(g) of the Exchange Act. The penny stock rules generally apply to companies whose common stock is not listed on The Nasdaq Stock Market or other national securities exchange and trades at less than $5.00 per share, other than companies that have had average revenue of at least $6,000,000 for the last three years or that have tangible net worth of at least $5,000,000 ($2,000,000 if the company has been operating for three or more years). These rules require, among other things, that brokers who trade penny stock to persons other than "established customers" complete certain documentation, make suitability inquiries of investors and provide investors with certain information concerning trading in the security, including a risk disclosure document and quote information under certain circumstances. Many brokers have decided not to trade penny stocks because of the requirements of the penny stock rules and, as a result, the number of broker-dealers willing to act as market makers in such securities is limited. If we remain subject to the penny stock rules for any significant period, it could have an adverse effect on the market, if any, for our securities. If our securities are subject to the penny stock rules, investors will find it more difficult to dispose of our securities.

Offers or availability for sale of a substantial number of shares of our common stock may cause the price of our common stock to decline.

If our stockholders sell substantial amounts of our common stock in the public market upon the expiration of any statutory holding period, under Rule 144, or issued upon the exercise of outstanding warrants or conversion of outstanding shares of Series A Convertible Preferred Stock or Series C Convertible Preferred Stock, it could create a circumstance commonly referred to as an "overhang" and in anticipation of which the market price of our common stock could fall. The existence of an overhang, whether or not sales have occurred or are occurring, also could make more difficult our ability to raise additional financing through the sale of equity or equity-related securities in the future at a time and price that we deem reasonable or appropriate.

Table of Contents

Investor relations activities may affect the price of our common stock.

We expect to utilize various techniques such as non-deal road shows and investor relations campaigns in order to create investor awareness for our company. These campaigns may include personal, video and telephone conferences with investors and prospective investors in which our business practices are described. We may provide compensation to investor relations firms and pay for newsletters, websites, mailings and email campaigns that are produced by third-parties based upon publicly-available information concerning us. We will not be responsible for the content of analyst reports and other writings and communications by investor relations firms not authored by us or from publicly available information. We do not intend to review or approve the content of such analysts' reports or other materials based upon analysts' own research or methods. Investor relations firms should generally disclose when they are compensated for their efforts, but whether such disclosure is made or complete is not under our control. Our investors may be willing, from time to time, to encourage investor awareness through similar activities. Investor awareness activities may also be suspended or discontinued which may impact the trading market of our common stock.

As a result of their existing ownership as well as the issuance of shares of Series B Convertible Preferred Stock, our executive officers and directors own a substantial interest in our voting capital and investors may have limited voice in our management.

As a result of the issuance of shares of our Series B Convertible Preferred Stock to our executive officers and directors, in addition to their existing holdings, our management in the aggregate beneficially owns approximately 40% of our voting capital, including shares of common stock issuable upon exercise or conversion within 60 days of the date of this Annual Report. Additionally, the holdings of our officers and directors may increase in the future upon vesting or other maturation of exercise rights under any of the convertible securities they may hold or in the future be granted or if they otherwise acquire additional shares of our common stock.

As a result of their ownership and positions, our executive officers and directors collectively may be able to influence all matters requiring shareholder approval, including the following matters:

- election of our directors;
- amendment of our certificate of incorporation or bylaws; and
- effecting or preventing a merger, sale of assets or other corporate transaction.

In addition, their stock ownership may discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of the Company, which in turn could reduce our stock price or prevent our shareholders from realizing a premium over our stock price.

Item 2. Properties.

The Company's executive offices are located at 1010 Northern Blvd, Great Neck, NY 11021. The Company entered into a five year and one month lease effective February 17, 2013 at an annual rent of approximately $40,740.

Item 3. Legal Proceedings.

On May 2, 2014, an action was commenced against the Company and two of its officers in the Supreme Court of the State of New York, County of Nassau. The action relates to restricted shares of the Company acquired by the plaintiff which the plaintiff allegedly sought to sell. The complaint asserts claims under various theories, including conversion, breach of contract, breach of fiduciary duty, fraudulent misrepresentation and unjust enrichment, and seeks damages in excess of five million dollars.

The Company filed its Motion to Dismiss on or about June 30, 2014, plaintiff filed its opposition to the Company's motion on or about July 29, 2014. On September 2, 2014 the Motion to Dismiss was denied. On October 6, 2014, the Company submitted a verified Answer to the Complaint. On February 25, 2015, the Company attended a mediation session, the outcome of which has not been decided. Management believes that any settlement from the above action will be covered by the Company's director's and officer's insurance policy.

Item 4. Mine Safety Disclosures.

Not applicable.

Table of Contents

PART II

Item 5. Market for Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Market Information

Effective January 9, 2013, our common stock was approved for quotation on the OTC Bulletin Board. Since February 4, 2013 our ticket symbol has been "JALA" and currently trades on the OTCBB. There is no established public trading market for our securities with only periodic sporadic activity since February 4, 2013. There can be no assurance that a regular trading market will develop or if developed, may not be sustained. The following table sets forth, for the calendar periods indicated the range of the high and low last reported of the Company's common stock, as reported by the OTC Bulletin Board. The quotations represent inter-dealer prices without retail mark-ups, mark-downs or commissions, and may not necessarily represent actual transactions. The quotations may be rounded for presentation.

Period		High		Low
October 1 to December 31, 2014	$	0.0162	$	0.0095
July 1 to September 30, 2014	$	0.0315	$	0.013
April 1, 2014 to June 30, 2014	$	0.137	$	0.0275
January 1, 2014 to March 31, 2014	$	0.188	$	0.0398

Holders

As of March 30, 2015, we had approximately 62 shareholders of record of our common stock.

Dividend Policy

We have not previously paid any cash dividends on our common stock and do not anticipate or contemplate paying dividends on our common stock in the foreseeable future. We currently intend to use all our available funds to develop our business. We can give no assurances that we will ever have excess funds available to pay dividends.

Transfer Agent

The registrar and transfer agent for our common stock is Equity Stock Transfer located at 110 Green Street, Suite 403, New York, New York 10012. Their telephone number is 917-746-4597.

Securities Authorized for Issuance under Equity Compensation Plans

On January 9, 2013, we adopted the 2013 Equity Incentive Plan and reserved 8,550,000 shares for issuance thereunder. As of December 31, 2014, no awards were made under the 2013 Equity Incentive Plan.

Recent Sales of Unregistered Securities

All sales of unregistered securities of the Company during the year ended December 31, 2014 have been previously reported in its current report on Form 8-K or quarterly report on Form 10-Q.

Item 6. Selected Financial Data.

Not required for small reporting companies.

Table of Contents

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

This report contains forward-looking statements. These forward-looking statements include, without limitation, statements containing the words "believes," "anticipates," "expects," "intends," "projects," "will," and other words of similar import or the negative of those terms or expressions. Forward-looking statements in this report include, but are not limited to, expectations of future levels of research and development spending, general and administrative spending, levels of capital expenditures and operating results, sufficiency of our capital resources, our intention to pursue and consummate strategic opportunities available to us, including sales of certain of our assets. Forward-looking statements subject to certain known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These risks and uncertainties include, but are not limited to those described in "Risk Factors" of the reports filed with the Securities and Exchange Commission.

The following discussion should be read in conjunction with our consolidated financial statements and notes thereto included elsewhere herein.

Overview

Be Active was incorporated on March 10, 2009 under the laws of the State of Delaware. We manufacture and sell low fat, low calorie, all natural probiotic enriched frozen yogurt and ice cream under the trade name "Jala" and we trademarked our Jala cow logo. Our frozen yogurt is packaged as low fat sandwiches, bars and pints, which are designed to appeal to the health conscious or weight conscious consumer.

Following inception, we commenced the manufacturing and sale of our frozen yogurt and ice cream products in the New York metropolitan area during 2009. Distribution of our products had grown from a limited number of outlets in the New York metro area to over 10 supermarket chains and other retail outlets located in 10 states but has been limited as a result of a lack of capital. Our products are distributed principally through warehouse distribution and a local distribution company. We manufacture our product under a co-packing arrangement with an ice cream manufacturer located in Lakewood, New Jersey.

Table of Contents

Results of Operations

The Year ended December 31, 2014 compared to the Year ended December 31, 2013

The following table presents the results of operations of the Company for the year ended December 31, 2014 compared to the year ended December 31, 2013.

	December 31, 2014	December 31, 2013
Net Sales	$ (128,995)	$ 117,333
Cost of Goods Sold	28,820	278,122
Gross Loss	(157,815)	(160,789)
Operating Expenses:		
Selling Expenses	193,848	111,779
General and administrative	1,437,225	1,081,928
Stock-based compensation	2,166,707	1,921,761
Increase in fair value of derivative liability	8,755,391	657,701
Loss on extinguishment of debt	--	462,495
Depreciation and amortization	4,317	960
Total Operating Expenses	12,557,518	4,236,624
Loss from operations before other (income) expenses	(12,715,333)	(4,397,413)
Other Income (Expenses):		
Forgiveness of debt income	247,021	--
Loss on issuance of convertible debt	(149,963)	--
Interest expense, net	(292)	(933)
Total Other Income (Expense)	96,766	(933)
Net loss	$ (12,618,567)	$ (4,398,346)
Net loss per common share (Basic and fully diluted)	**$ (0.06)**	**$ (0.06)**
Number of shares used to compute net loss per share	**211,630,013**	**77,483,225**

Sales

Gross Sales were $74,856 and $164,552 for the years ended December 31, 2014 and December 31, 2013, respectively. Reconciling items that included sales discounts, returns and allowances, trade spending, and slotting fees totaled $203,851 and $47,219 for the years ended December 31, 2014 and December 31, 2013, respectively. Gross sales as of December 31, 2014 decreased $89,696 or 55% as compared to 2013. This decrease is primarily attributable to the lack of capital necessary for marketing and production.

Cost of Goods Sold

Cost of goods sold for the year ended December 31, 2014 decreased to $28,820 from $278,122 for the year ended December 31, 2013, a decrease of $249,302 or 90%. The decrease is primarily attributable to the reduced sales and purchases related to the deficiency in working capital.

Table of Contents

Gross Profit (Loss)

Gross loss for the year ended December 31, 2014 was a loss of $157,815, as compared to a loss of $160,789 for the year ended December 31, 2013, a decrease of $2,974. The negative gross loss was related to the decrease in sales and the $151,023 write-off of product which passed its sale-by date in 2013 and to the slotting fees of $173,000 in 2014.

Operating Expenses

Operating expenses, consisting of selling, general and administrative expenses, and depreciation and amortization expense, for the year ended December 31, 2014 increased to $12,557,518 from $4,236,624 for the year ended December 31, 2013, an increase of $8,320,894 or 200%. The increase is primarily attributable to the increase of $244,946 in stock-based compensation related to the Convertible Series B Preferred Stock and an increase in the fair value of the derivative liability resulting from the reset feature of the Company's convertible warrants and the conversion feature of the convertible debt of $8,097,690, in addition to increases in selling expenses of $82,069 and general and administrative expenses of $355,327.

Selling expenses consist primarily of advertising, promotion and marketing fees. Selling expenses for the year ended December 31, 2014 increased to $193,848 from $111,779 for the year ended December 31, 2013, an increase of $82,069 or 73%. The increase is primarily due to increases in advertising of $25,717 and marketing of $70,207.

General and administrative expenses consist primarily of office, utilities, computer, internet, travel, insurance expenses. General and administrative expenses for the year ended December 31, 2014 increased to $1,437,255 from $1,081,928 for the year ended December 31, 2013, an increase of $355,327 or 33%. The increase is primarily attributable to increases in professional services of $77,055 and officers' salaries of $250,235.

Other Income (Expense)

Other income was $96,766 for the year ended December 31, 2014, as compared to expense of $933 for the year ended December 31, 2013, an increase in other income of $95,833 as a result of the forgiveness of debt in 2014 and loss on issuance of convertible debt.

Net Loss

Net loss for the year ended December 31, 2014 increased to $12,618,567 from $4,398,346 for year ended December 31, 2013, an increase in loss of $8,220,221 or 187%. This increase is due primarily resulting an increase in the fair value of the derivative liability resulting from the reset feature of the Company's convertible warrants and the conversion feature of the convertible debt of $8,097,690 and the increase in stock based compensation resulting from the Series B Preferred Stock of $244,946.

Loss Per Common Share

Basic loss per share for the years ended December 31, 2014 and 2013 is calculated using the weighted-average number of common shares outstanding during each period. Diluted loss per share includes potentially dilutive securities such as outstanding options and warrants, using various methods such as the treasury stock or modified treasury stock method in the determination of dilutive shares outstanding during each period. Fully diluted EPS is not provided when the effect is anti-dilutive. When the effect of dilution on loss per share is anti-dilutive, diluted loss per share equals the loss per share.

Liquidity and Capital Resources

Total current assets at December 31, 2014 were $1,392,728 current liabilities were $1,170,289 and we had positive working capital of $222,439. Significant losses from operations have been incurred since inception and there is an accumulated deficit of $19,522,885 as of December 31, 2014. Continuation as a going concern is dependent upon attaining capital to achieve profitable operations while maintaining current fixed expense levels. If we are unable to raise additional funds through equity or debt financings when needed, we may be required to delay, limit, reduce or terminate our business plans.

Table of Contents

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements, including unrecorded derivative instruments that have or are reasonably likely to have a current or future material effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources. We have certain warrants and options outstanding but we do not expect to receive sufficient proceeds from the exercise of these instruments unless and until the trading price of our common stock is significantly greater than the applicable exercise prices of the options and warrants and mainly following any necessary registering of underlying securities.

Item 7A. Quantitative and Qualitative Disclosure About Market Risk.

Not applicable.

Item 8. Financial Statements and Supplementary Data.

The financial statements are included herein commencing on page F-1.

Item 9. Change in and Disagreement with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

At the end of the period covered by this report, we conducted an evaluation, under the supervision and with the participation of our principal executive officer and principal financial officer of our disclosure controls and procedures (as defined in Rule 13a-15(e) and Rule 15d-15(e) of the Exchange Act). Based upon this evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act are: (i) recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and forms, and (ii) accumulated and communicated to our management, including our President and Chief Financial Officer, or officers performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Management has employed a framework consistent with Exchange Act Rule 13a-15(c), to evaluate internal control over financial reporting described below. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation and fair presentation of financial statements for external purposes in accordance with generally accepted accounting principles.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Table of Contents

Management, including our principal executive officer Mr. Pugliese, who is also our principal financial officer, and Mr. Wolfson, who is our Chief Financial Officer, conducted an evaluation of the design and operation of our internal control over financial reporting as of and for the year ended December 31, 2014. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control-Integrated Framework. As a result of this assessment, Mr. Pugliese and Mr. Wolfson concluded that, as of and for the year ended December 31, 2014, our internal control over financial reporting was not effective in providing 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 year ended December 31, 2014.

There is a lack of proper segregation of functions, duties and responsibilities with respect to our cash and control over the related disbursements due to our limited staff and accounting personnel. Management is aware that there is a lack of segregation of duties due to the small number of employees dealing with administrative and financial matters. Since an officer of the Company is a partner with an accounting firm which provides support services to the Company, in the future, management intends to continue to utilize additional staff of the accounting firm to handle certain administrative financial duties.

There is a lack of effective controls over financial statement disclosure. Specifically, controls were not designed and in place to ensure that all disclosures required were originally addressed in the financial statements. Management is working to ensure that all permanent file documents are maintained in a working file which becomes an essential component of the financial closing process.

There is a lack of controls over the control environment in that the Board of Directors is comprised of three members who are officers of the Company. As of yet, there are no independent members, no formal audit committee and no compensation committee. As the Company matures, management will expand the Board of Directors accordingly.

The conclusion that our internal control over financial reporting was not effective was due to the presence of the weaknesses identified above with respect to our disclosure controls and procedures. We anticipate effective internal control over financial reporting once we rectify our deficiencies in our disclosure controls and procedures.

This annual report does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the company's registered public accounting firm pursuant to rules of the Securities and Exchange Commission that permit the company to provide only management's report in this annual report.

Changes in Internal Control over Financial Reporting

There were no changes in the Company’s internal control over financial reporting during the last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

Item 9B. Other Information

None.

Table of Contents

PART III.

Item 10. Directors, Executive Officers and Corporate Governance

Executive Officers and Directors

The following persons are our executive officers and directors as of March 30, 2015 and hold the positions set forth opposite their respective names.

Name	Age	Position
Saverio Pugliese	49	President and Director
David Wolfson	53	Chief Financial Officer and Director
Joseph Rienzi	44	Secretary and Director

Saverio Pugliese

Mr. Pugliese, age 49, our President and Director since January 9, 2013, was the co-founder of and served as President of Be Active Brands, Inc. since its inception on March 10, 2009. From July 2004 to March 2009, Mr. Pugliese was a consultant to various companies in the ice cream industry and invested in an ice cream distribution company. From January 27, 1994 to July 2004, Mr. Pugliese was co-founder of and served as President of Silhouette Brands, Inc., a company specializing in manufacturing and selling fat free, novelty ice cream under the trade name "Silhouette" with the Skinny Cow logo. As a result of his experiences, Mr. Pugliese brings to the Company extensive experiences in the frozen ice cream business, along with strong sales and marketing skills. While earning an Associate's Degree in business from Nassau Community College in 1986, he founded SD Brands, Inc., and began manufacturing and marketing "Slender Delight Non Fat Ice Cream", a soft serve ice cream mix.

David Wolfson

Mr. Wolfson, age 53, our Chief Financial Officer and Director since January 9, 2013, served as Chief Financial Officer of Be Active Brands, Inc. since its inception on March 10, 2009. From July 2004 through the October 2014, Mr. Wolfson, while partnering with Mr. Wexler and Mr. Pugliese, was the co-administrative partner the New York offices of his CPA firm, Schulman Lobel Wolfson Zand Abruzzo Katzen & Blackman LLP . Mr. Wolfson served as the in-house accountant of Silhouette Brands Inc. from 1996 to July 2004. After earning a Bachelor of Science degree in accounting at S.U.N.Y Binghamton in 1983, Mr. Wolfson was employed by a local CPA firm. He attained his CPA license in 1990. Mr. Wolfson was chosen to be a director of the Company based on his knowledge and familiarity with Be Active Brands since its inception.

Joseph Rienzi

Mr. Rienzi, age 44, our Secretary and Director since January 9, 2013, served as Vice President and Secretary of Be Active Brands, Inc. since its inception on March 10, 2009. Prior to Be Active, through the present time, Mr. Rienzi has served as Executive Vice President of Rienzi & Sons, Inc., a company specializing in importing, farming, production and distribution of Italian foods worldwide. As a result of his experiences, Mr. Rienzi brings to the Company extensive experiences in the supermarket business, along with strong sales, marketing and promotional skills. Mr. Rienzi's received his higher education at St. John's University, graduating with an M.B.A. in Executive Management as well as Executive Programs from Harvard, M.I.T. and Universita di L'Aquila in Italy.

Our directors hold office until the earlier of their death, resignation or removal or until their successors have been qualified.

There are no family relationships between any of our directors and our executive officers.

Table of Contents

Involvement in Certain Legal Proceedings

Except as set forth in the director and officer biographies above, to the Company's knowledge, during the past ten (10) years, none of the Company's directors, executive officers, promoters, control persons, or nominees has been:

- the subject of any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;
- convicted in a criminal proceeding or is subject to a pending criminal proceeding (excluding traffic violations and other minor offenses);
- subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities or banking activities; or
- found by a court of competent jurisdiction (in a civil action), the Commission or the Commodity Futures Trading Commission to have violated a federal or state securities or commodities law.

Corporate Governance

Compensation Committee Interlocks and Insider Participation

During the fiscal year ended December 31, 2014, all executive officer compensation was determined by our board of directors.

Meetings and Committees of the Board of Directors

Our Board of Directors held 16 telephonic meetings during the year ended December 31, 2014

We currently do not maintain any committees of the Board of Directors. Given our size and the development of our business to date, we believe that the board through its meetings can perform all of the duties and responsibilities which might be contemplated by a committee. Except as may be provided in our bylaws, we do not currently have specified procedures in place pursuant to which whereby security holders may recommend nominees to the Board of Directors.

Board Leadership Structure and Role in Risk Oversight

The Board of Directors does not have a policy on whether or not the roles of the Chief Executive Officer and Chairman should be separate. Instead, the Company's By-Laws provide that the same person may hold two or more offices. Accordingly, the Board reserves the right to vest the responsibilities of the Chief Executive Officer and Chairman in the same person or in two different individuals depending on what it believes is in the best interest of the Company. The Board has determined that the consolidation of these roles is appropriate because it allows Chairman to bring a wider perspective to the deliberations of the Board of Directors on matters of corporate strategy and policy. The Board believes that there is no single Board of Directors leadership structure that would be most effective in all circumstances and therefore retains the authority to modify this structure to best address the Company's and the Board of Directors' then current circumstances as and when appropriate.

Our Board of Directors is primarily responsible for overseeing our risk management processes. The Board of Directors receives and reviews periodic reports from management, auditors, legal counsel, and others, as considered appropriate regarding our company's assessment of risks. The Board of Directors focuses on the most significant risks facing our company and our company's general risk management strategy, and also ensures that risks undertaken by our company are consistent with the Board's appetite for risk. While the Board oversees the Company, the Company's management is responsible for day-to-day risk management processes. Although all members of the Board of Directors also hold management positions, the recognition by each member of their dual roles addresses the risks facing our company and our Board believed the leadership structure is effective.

Table of Contents

Board Diversity

While we do not have a formal policy on diversity, our Board considers diversity to include the skill set, background, reputation, type and length of business experience of our Board members as well as a particular nominee's contributions to that mix. Although there are many other factors, the Board seeks individuals with experience on public company boards as well as experience with advertising, marketing, legal and accounting skills.

Board Assessment of Risk

Our risk management function is overseen by our Board. Our management keeps our Board apprised of material risks and provides our directors access to all information necessary for them to understand and evaluate how these risks interrelate, how they affect the Company, and how management addresses those risks. Our President works closely with the Board once material risks are identified on how to best address such risk. If the identified risk poses an actual or potential conflict with management, our independent directors may conduct the assessment. The Board focuses on these key risks and interfaces with management on seeking solutions.

Board Independence

We currently have three directors serving on our board of directors. We are not a listed issuer and, as such, are not subject to any director independence standards. Using the definition of independence set forth in the rules of the NYSE MKT, none of our directors would be considered independent.

Changes in Nominating Process

There are no material changes to the procedures by which security holders may recommend nominees to our Board of Directors.

Code of Ethics

We have not yet adopted a Code of Ethics although we expect to as we develop our infrastructure and business.

Table of Contents

Item 11. Executive Compensation

Summary Compensation Table

The table below sets forth, for the last two fiscal years, the compensation earned by our chief executive officer and chief financial officer. No other executive officer had annual compensation in excess of $100,000 during the last two fiscal years:

Summary Compensation Table

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards ($)	Option Awards ($)	Non-Equity Incentive Plan Compensation	Nonqualified Deferred Compensation Earnings	All Other Compensation ($)	Total ($)
Marc Wexler, Former Chief Executive Officer and	2014	34,600							34,600
Chairman (1)	2013	150,000			--	--	--	--	150,000
Sam Pugliese, President and	2014	151,731	-	49,500	--	--	--	--	201,231
Director (2)	2013	150,000							150,000
David Wolfson, Chief Financial Officer and Director	2014	33,577	-	63,216	--	--	--	--	96,793
(3)	2013	-							-
Joseph Rienzi Secretary and	2014	137,134	65,000	49,500	-	-	-	-	251,634
Director (4)	2013	135,000	-	-					135,000

(1) Resigned from his positions as of March 22, 2013.

(2) President and Director of Be Active since March 10, 2009. Appointed President and Director of the Company on January 9, 2013.

(3) Chief Financial Officer and Director of Be Active since March 10, 2009. Appointed Chief Financial Officer and Director of the Company on January 9, 2013. Compensation does not include payments by Be Active to Schulman Lobel Wolfson Zand Abruzzo Katzen & Blackman LLP , a public accounting firm that provided consulting (non-auditing) services to Be Active. Mr. Wolfson was a partner of Schulman Lobel Wolfson Zand Abruzzo Katzen & Blackman LLP through October 2014.

(4) Secretary and Director. Vice President and Secretary of Be Active Brands, Inc. since its inception on March 10, 2009.

Table of Contents

Employment Agreements with Executive Officers

Effective January 9, 2013, the Company entered into an employment agreement with its then chief executive officer for a term of two years, to be automatically renewed for successive one year periods thereafter unless either party provides written notice of intention not to renew the agreement. The agreement provided for a base annual salary of $150,000, paid in periodic installments in accordance with the Company's regular payroll practices and an annual bonus, subject to clawback provisions, based on reaching certain financial targets as defined. The agreement included other benefits and grants under the Company's 2013 Equity Incentive Plan. On March 22, 2013, the Company's chief executive officer, resigned from all positions he held with the Company and was serving as a consultant to the Company for $150,000 a year, plus the other provisions as provided in the original employment contract. In May 2013, the prior executive officer agreed to reduce the annual fee to $90,000 until the Company has sufficient capital to increase the compensation to $150,000 per year. Through December 31, 2013, the Company paid to the former officer approximately $37,000 on a consulting basis. On February 27, 2014, the former officer agreed to end his agreement with the Company for a flat fee of $34,600 which was accrued as of December 31, 2013 and paid in cash in February 2014.

Effective January 9, 2013, extended and revised October 1, 2014, the Company entered into an employment agreement with its chief financial officer for a term of three years, to be automatically renewed for successive one year periods thereafter unless either party provides written notice of intention not to renew the agreement. The agreement provides for a base annual salary of $135,000, paid in periodic installments in accordance with the Company's regular payroll practices and includes other Company benefits. The Agreement entitles the officer to future grants under the Company's 2013 Equity Incentive Plan. In addition, the Company has awarded the Officer a bonus of 6,385,528 shares of the Company's common stock at December 31, 2014 which will vest immediately and will be purchased by the Officer at par value. These shares were issued January 9,2015. Total compensation for these shares is $63,216 based on the traded price of the Company's common stock on that date. Costs incurred pursuant to the Officer's employment agreements consist of $66,666 paid to the public accounting firm where the Officer was a partner through October 2014 and $33,577 in compensation paid directly to the Officer for the period October 1,2014 through December 31, 2014 and $80,140 paid to the public accounting firm where the Officer was a partner through December 31, 2013.

Effective January 9, 2013, extended and revised October 1, 2014, the Company entered into an employment agreement with its President for a term of three years, to be automatically renewed for successive one year periods thereafter unless either party provides written notice of intention not to renew the agreement. The agreement provides for a base annual salary of $150,000, paid in periodic installments in accordance with the Company's regular payroll practices and an annual bonus, subject to clawback provisions, based on reaching certain financial targets as defined and includes other Company benefits. The Agreement entitles the officer to future grants under the Company's 2013 Equity Incentive Plan. In addition, the Company has awarded the Officer a bonus of 5,000,000 shares of the Company's common stock at December 31, 2014 which will vest immediately and will be purchased by the Officer at par value. These shares were issued on January 9, 2015. Total compensation for these shares is $49,500 based on the traded price of the Company's common stock on that date. Costs incurred pursuant to the Officer's employment agreements for the years ended December 31, 2014 and 2013 was $151,731and $150,000, respectively.

Effective January 9, 2013, extended and revised October 1, 2014, the Company entered into an employment agreement with its secretary for a term of three years, to be automatically renewed for successive one year periods thereafter unless either party provides written notice of intention not to renew the agreement. The agreement provides for a base annual salary of $135,000, paid in periodic installments in accordance with the Company's regular payroll practices and an annual bonus, subject to clawback provisions, based on reaching certain financial targets as defined and includes other Company benefits. The Agreement entitles the officer to future grants under the Company's 2013 Equity Incentive Plan. These shares were issued on January 9, 2015 In addition, the Company has awarded the Officer a bonus of 5,000,000 shares of the Company's common stock at December 31, 2014 which will vest immediately and will be purchased by the Officer at par value. Total compensation for these shares is $49,500 based on the traded price of the Company's common stock on that date. Costs incurred pursuant to the Officer's employment agreements for the years ended December 31, 2014 and 2013 was $137,134 and $135,000, respectively. In addition, the Officer of the Company was instrumental in securing a marketing and a sales representative agreement and received a bonus of $65,000 for these services in June 2014.

Since the Company currently does not have a Compensation Committee, the current Board of Directors, exclusive of the executive for which the criteria was adopted, unanimously set forth certain financial and strategic milestone that, if achieved, would give rise to the executive's bonus eligibility.

Table of Contents

Outstanding Equity Awards at Fiscal Year End

There were no outstanding equity awards issued to our named executive officers as of December 31, 2014.

Director Compensation

We have not adopted compensation arrangements for members of our board of directors.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The following tables set forth certain information as of March 30, 2015 regarding the beneficial ownership of our common stock by (i) each person or entity who, to our knowledge, owns more than 5% of our common stock; (ii) our executive officers named in the Summary Compensation Table below; (iii) each director; and (iv) all of our executive officers and directors as a group. Unless otherwise indicated in the footnotes to the following table, each person named in the table has sole voting and investment power and that person's address is c/o Be Active Holdings, Inc., 1010 Northern Blvd., Great Neck, NY 11021. Shares of common stock subject to options, warrants, conversion rights or other rights currently exercisable or exercisable within 60 days of March 30, 2015, are deemed to be beneficially owned and outstanding for computing the share ownership and percentage of the stockholder holding such options, warrants or other rights, but are not deemed outstanding for computing the percentage of any other stockholder.

Name of Beneficial Owner	Number Of Common Shares Beneficially Owned	Percentage Owned (1)	Number Of Series D Preferred Shares Beneficially Owned	Percentage Owned (5)	Percentage of Total Voting Power (6)
Saverio Pugliese (2)	16,006,221	3.8%	1,000,000	33.33%	27.20%
David Wolfson (3)	6,839,556	1.6%	1,000,000	33.33%	25.05%
Joseph Rienzi (4)	16,006,223	3.8%	1,000,000	33.33%	27.20%
All directors and officers as a group (3 persons)	38,852,000	9.1%	3,000,000	100%	79.45%
Sandor Capital	65,212,892 (10)	13.8%			
Alpha Capital Anstalt (7)	34,557,773 (11)	7.7%		-	-
Brio Capital Master Fund LTD (8)	38,918,919 (12)	9.1%		-	-
HS Contrarian Investment LLC(9)	23,843,189 (13)	5.6%		-	-

*Less than one percent

(1) Based on 426,475,671 shares of our common stock issued and outstanding as of March 30, 2015.
(2) President and Director of the Company.
(3) Chief Financial Officer and Director of the Company.
(4) Secretary and Director of the Company.
(5) Based on 3,000,000 shares of Series D Preferred Stock outstanding as of March 30, 2015.
(6) Holders of our common stock are entitled to one vote per share. Holders of our Series D Preferred stock are entitled to the greater of one hundred votes for each share of Series D and such number of votes per share of Series D that when added to the votes per shares of all other shares of Series D shall equal 50.1% of the outstanding voting record.
(7) Konrad Ackerman, as Director of Alpha Capital Anstalt has the voting and dispositive power over the securities held for the account of this beneficial owner.
(8) Shaye Hirsch, as Director of Brio Capital Master Fund Ltd. has the voting and dispositive power over the securities held for the account of this beneficial owner.
(9) John Stetson, as Manager of HS Contrarian Investments, LLC has the voting and dispositive power over the securities held for the account of this beneficial owner.
(10) Consists of 19,285,050 shares of common stock, 30,930,588 warrants to purchase shares common stock and 11,663,921 shares of Convertible Preferred Series A Stock and 3,333,333 shares of Convertible Preferred Series C Stock
(11) Consists of 10,046,822 shares of common stock 3,922,142 warrants to purchase shares of common stock and 3,922,142 shares of Convertible Preferred Series A Stock and 16,666,667 shares of Convertible Preferred Series C Stock.
(12) Consists of 38,918,919 shares of common stock.
(13) Consists of 23,843,189 shares of common stock.

Table of Contents

Item 13. Certain Relationships and Related Transaction, and Director Independence

Except as set forth below, during our last completed fiscal year, there have been no transactions, whether directly or indirectly, between the Company and any of its officers, directors or their family members.

Be Active

On January 9, 2008, we issued 3,000,000 shares of its common stock to Mr. Zeev Joseph Kiper, our then President, Treasurer and Director, for cash payment of $300.

On July 20, 2009, we issued 1,000,000 shares of its common stock to Ms. Hana Abu, our then Secretary and Director, for cash payment of $100.

On April 12, 2010, we issued 450,000 shares of its common stock to Ms. Hana Abu, our then Secretary and Director, for cash payment of $9.000.

Three notes payable, dated 12/31/10, 12/31/10 and 12/31/09, in the amounts of $161,021, $161,021 and $25,555 were issued to two officers, Mr. Wexler and Mr. Pugliese and one former officer, Mr. Haramis of Be Active. In November 2012, Messrs. Wexler and Pugliese advanced $200,000 to Be Active.

An officer and Director of the Company was a partner of a public accounting firm providing non-audit accounting services to the Company through October 30, 2014. Subsequent to October 2014, all non-audit accounting services were performed by the officer/director of the Company in conjunction with an independent consultant. For the years ended December 31, 2014 and 2013,the Company incurred fees of $66,666 and $80,140 respectively, to the accounting firm for accounting and tax services.

The Company subleases a portion of its office space to an entity owned by a Company officer. Rents received totaled approximately $15,000 and were recorded as an offset to rent expense for the year ended December 31, 2014.

Item 14. Principal Accounting Fees and Services

The following table sets forth fees billed to us by our independent auditors for the years ended 2014 and 2013 for (i) services rendered for the audit of our annual financial statements and the review of our quarterly financial statements, (ii) services rendered that are reasonably related to the performance of the audit or review of our financial statements that are not reported as Audit Fees, and (iii) services rendered in connection with compliance, advice and assistance.

SERVICES	**2014**	**2013**
Audit fees	$ 35,000	$ 35,000
Audit-related fees	-	-
Quarterly reviews	22,500	22,500
All other fees	7,500	7,500
Total fees	$ 65,000	$ 65,000

Table of Contents

PART IV.

Item 15. Exhibits, Financial Statement Schedules

Exhibit No.	Description
2.1(7)	Agreement and Plan of Merger, dated as of January 9, 2013, by and among Be Active Holdings, Inc., Be Active Brands, Inc. and Be Active Acquisition Corp.
2.2(1)	Certificate of Merger, dated January 9, 2013 merging Be Active Acquisition Corp. with and into Be Active Brands, Inc.
3.1(2)	Amended and Restate Certificate of Incorporation
3.2(3)	Certificate of Amendment of Amended and Restate Certificate of Incorporation
3.3(4)	Bylaws
3.4(5)	Series A Convertible Preferred Stock Certificate of Designation
3.5(5)	Series B Convertible Preferred Stock Certificate of Designation
3.6(8)	Amendment to Series B Convertible Preferred Stock Certificate of Designation
3.7(11)	Series C Convertible Preferred Stock Certificate of Designation
3.8 (12)	Certificate of Amendment of Amended and Restate Certificate of Incorporation
10.1(1)	Form of Subscription Agreement
10.2(1)	Form of Registration Rights Agreement
10.3(1)	Form of Warrant
10.4(1)	Agreement of Conveyance, Transfer and Assignment of Assets and Assumption of Obligations (Split-off)
10.5(1)	Stock Purchase Agreement (Split-off)
10.6(1)	Form of Directors and Officers Indemnification Agreement
10.7(1)	2013 Equity Incentive Plan
10.8(1)	Form of 2013 Incentive Stock Option Agreement
10.9(1)	Form of 2013 Non-Qualified Stock Option Agreement
10.10(1)	Employment Agreement between the Company and Saverio Pugliese dated January 9, 2013
10.11(1)	Employment Agreement between the Company and Joseph Rienzi dated January 9, 2013
10.12(1)	Employment Agreement between the Company and David J. Wolfson dated January 9, 2013
10.13(5)	Form of Subscription Agreement
10.14(5)	Form of Warrant
10.15(5)	Form of Release
10.16(6)	Agreement of Shareholders of Be Active Brands, Inc., dated January 26, 2011
10.17(6)	Revolving Credit Facility Agreement with Signature Bank
10.18(6)	Preferred Vendor Agreement with C&S Wholesale Grocers dated July 22, 2010
10.19 (9)	Reserve Equity Financing Agreement between Be Active Holdings, Inc. and AGS Capital Group, LLC, dated November 19, 2013
10.20 (9)	Registration Rights Agreement between Be Active Holdings, Inc. and AGS Capital Group, LLC, dated November 19, 2013
10.21(11)	Form of Subscription Agreement
10.22(11)	Form of Warrant
10.23(11)	Form of Investment Agreement
21.1 (10)	List of Subsidiaries
101.SCH	XBRL Instance Document
101.CAL	XBRL Taxonomy Extention Schema
101.DEF	XBRL Taxonomy Extention Calculation Linkbase
101.LAB	XBRL Taxonomy Extention Definition Linkbase
101.PRE	XBRL Taxonomy Extention Label Linkbase
101.SCH	XBRL Taxonomy Extention Presentation Linkbase

(1) Incorporated by reference to the Company's current report on Form 8-K filed with the Securities and Exchange Commission on January 15, 2013

(2) Incorporated by reference to the Company's current report on form 8-K filed with the Securities and Exchange Commission on July 24, 2012

(3) Incorporated by reference to the Company's current report on form 8-K filed with the Securities and Exchange Commission on December 31, 2012

(4) Incorporated by reference to the Company's Registration Statement on Form S-1 filed with the Securities and Exchange Commission on May 23, 2011

(5) Incorporated by reference to the Company's current report on Form 8-K filed with the Securities and Exchange Commission on May 1, 2013

(6) Incorporated by reference to the Company's current report on Form 8-K/A filed with the Securities and Exchange Commission on May 21, 2013

(7) Incorporated by reference to the Company's current report on Form 8-K/A filed with the Securities and Exchange Commission on June 18, 2013

(8) Incorporated by reference to the Company's current report on Form 8-K filed with the Securities and Exchange Commission on October 31, 2013

(9) Incorporated by reference to the Company's current report on Form 8-K filed with the Securities and Exchange Commission on January 31, 2014

(10)Incorporated by reference to the Company's Registration Statement on Form S-1 filed with the Securities and Exchange Commission on September 25, 2013.

(11)Incorporated by reference to the Company's current report on Form 8-K filed with the Securities and Exchange Commission on February 20, 2014.

(12) Incorporated by reference to the Company's current report on Form 8-K filed with the Securities and Exchange Commission on March __, 2015.

*Filed herewith

Table of Contents

SIGNATURES

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

	Be Active Holdings, Inc.	
March 30, 2015	By:	/s/ Saverio Pugliese President and Director (Principal Executive Officer)
March 30, 2015	By:	/s/ David Wolfson David Wolfson Chief Financial Officer and Director (Principal Financial and Accounting Officer)

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

/s/ Saverio Pugliese Saverio Pugliese President and Director (Principal Executive Officer)	March 30, 2015
/s/ David Wolfson David Wolfson Chief Financial Officer and Director (Principal Financial and Accounting Officer	March 30, 2015
/s/ Joseph Rienzi Joseph Rienzi Secretary and Director	March 30, 2015

Table of Contents

INDEX TO FINANCIAL STATEMENTS

Table of Contents

Cornick Garber Sandler
Certified Public Accountants & Advisors

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and
Board of Directors
Be Active Holdings, Inc.

We have audited the consolidated balance sheets of Be Active Holdings, Inc. and Subsidiary as of December 31, 2014 and December 31, 2013 and the related consolidated statements of operations, changes in stockholders' deficit and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, based on our audits the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Be Active Holdings, Inc. and Subsidiary as of December 31, 2014 and December 31, 2013 and the consolidated results of their operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 2 to the consolidated financial statements, the Company's recurring losses from operations, stockholders' deficit, and inability to generate sufficient cash flow to meet its obligations and sustain its operations raise substantial doubt about the Company's ability to continue as a going concern. Management's plans regarding those matters are discussed in Note 2 to the consolidated financial statements. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Cornick, Garber & Sandler, LLP
CORNICK, GARBER & SANDLER, LLP

New York, New York
March 30, 2015

Cornick, Garber & Sandler, LLP
825 Third Avenue, New York, NY 10022-9524 T 212.557.3900 F 212.557.3936
50 Charles Lindbergh Blvd., Uniondale, NY 11553-3600 T 516.542.9030 F 516.542.9035
cgscpa.com

Table of Contents

Table of Contents

BE ACTIVE HOLDINGS, INC.

CONSOLIDATED BALANCE SHEETS

	December 31, 2014	December 31, 2013
ASSETS		
Current assets		
Cash and cash equivalents	$ 504,358	$ 5,670
Cash in Escrow	12,500	-
Accounts receivable	47,907	3,181
Inventory	105,733	-
Debt issuance costs	713,000	-
Prepaid expenses and other current assets	9,230	101,029
Total current assets	1,392,728	109,880
Property and equipment, net	20,895	3,579
Loan receivable	7,262	-
Security deposit	6,560	6,560
Total assets	$ 1,427,445	$ 120,019
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities		
Accounts payable	$ 225,655	$ 75,371
Accrued expenses and taxes	101,782	195,177
Due diligence fee payable	640,000	-
Secured Convertible notes payable (less $445,000 discount)	-	-
Due to officers/stockholders	202,852	523,066
Total current liabilities	1,170,289	793,614
Deferred rent	7,373	6,576
Derivative liability	828,830	2,058,243
Total liabilities	2,006,492	2,858,433
Stockholders' deficit		
Preferred stock, par value $0.0001 per share, 150,000,000 shares authorized. Issued and outstanding as of December 31, 2014 and 2013 as follows:		
Series A Convertible Preferred stock, 40,000,000 shares designated; 11,663,921 and 39,441,458 shares issued and outstanding at December 31, 2014 and 2013	1,166	3,944
Series B Convertible Preferred stock; 4 shares designated; 3 shares issued and outstanding at December 31, 2014 and 2013	-	-
Series C Convertible Preferred stock, 26,666,667 shares designated; 20,000,000 shares issued and outstanding at December 31, 2014	2,000	-
Common stock, par value $0.0001, per share, 525,000,000 shares authorized; 426,475,671 and 97,325,231 shares issued and issuable at December 31, 2014 and 2013, respectively	42,649	9,734
Additional paid-in capital	18,898,457	4,152,660
Accumulated deficit	(19,522,885)	(6,904,318)
Treasury stock at cost; 4,339,555 shares	(434)	(434)
Total stockholders' deficit	(579,047)	(2,738,414)
Total liabilities and stockholders' deficit	$ 1,427,445	$ 120,019

Table of Contents

BE ACTIVE HOLDINGS, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended December 31,	
	2014	2013
Net Sales	$ (128,995) *	$ 117,333
Cost of Goods	28,820	278,122**
Gross Loss	(157,815)	(160,789)
Operating Expenses		
Selling expenses	193,848	111,779
General and administrative	1,437,255	1,081,928
Stock-based compensation	2,166,707	1,921,761
Increase in fair value of derivative liability	8,755,391	657,701
Loss on extinguishment of debt	-	462,495
Depreciation and amortization expense	4,317	960
Total operating expenses	12,557,518	4,236,624
Loss from operations before other expenses	(12,715,333)	(4,397,413)
Other Income (Expenses)		
Forgiveness of debt income	247,021	-
Loss on extinguishment of debt	(149,963)	-
Interest expense, net	(292)	(933)
Total other Income (expenses)	96,766	(933)
Net Loss	$ (12,618,567)	$ (4,398,346)
Net loss per common share (Basic and fully diluted)	$ (0.06)	$ (0.06)
Number of common shares used to compute net loss per share	$ 211,630,013	77,483,225

* Inclusive of $173,000 charge for slotting fees (Note 12)

** Includes $151,023 write down of obsolete and unusable inventory

Table of Contents

BE ACTIVE HOLDINGS, INC.

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIT
FOR THE YEARS ENDED DECEMBER 31, 2014 and 2013

	Common Stock		Preferred Series A Stock		Preferred Series B Stock		Preferred Series C Stock		Additional Paid-In Capital	Accum-ulated Deficit	Treasury Stock		Total
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount			Shares	Amount	
Balance, December 31, 2012	29,502,750	$ 2,950	-	-	-	-	-	-	$ 1,496,050	$ (2,505,972)	-	-	$ (1,006,972)
Shares of previous holding company retained after merger	20,851,336	2,086	-	-	-	-	-	-	(2,086)	-	-	-	-
Conversion of bridge notes and interest, net of deferred financing costs	2,076,906	208	-	-	-	-	-	-	477,480	-	-	-	477,688
Sale of common stock in offering, net of related fees	1,826,087	184	-	-	-	-	-	-	67,705	-	-	-	67,889
Sale of common and preferred stock in offering, net of related fees	8,083,334	808	20,250,000	2,025	-	-	-	-	(2,833)	-	-	-	-
Shares issued for anti-dilution protection	3,789,473	379	19,191,458	1,919	-	-	-	-	(2,298)	-	-	-	-
Additional shares issued to certain Be Active Brands stockholders	23,054,778	2,305	-	-	-	-	-	-	(2,305)	-	-	-	-
Issuance of Preferred Convertible Series B Stock	-	-	-	-	3	-	-	-	1,921,761	-	-	-	1,921,761
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	(4,339,555)	(434)	(434)
Shares issuable for financing	3,584,229	358	-	-	-	-	-	-	99,642	-	-	-	100,000

Shares issued for consulting services	3,500,000	350	-	-	-	-	-	-	69,650	-	-	-	70,000
Shares issued for financing	1,056,338	106	-	-	-	-	-	-	29,894	-	-	-	30,000
Net Loss	-	-	-	-	-	-	-	-	-	(4,398,346)	-	-	(4,398,346)
Balance, December 31, 2013	97,325,231	$ 9,734	39,441,458	$ 3,944	3	$ -	-	$ -	$ 4,152,660	$ (6,904,318)	(4,339,555)	$ (434)	$ (2,738,414)
Sale of common and preferred stock	33,333,332	3,333	-	-	-	-	26,666,667	2,667	(6,000)	-	-	-	-
Shares issued for fees and commissions for financing	599,999	60	-						(60)	-	-	-	-
Deferred costs related to February 14, 2014 offering	-	-	-	-	-	-	-	-	(260,696)	-	-	-	(260,696)
Exercise of Series A Preferred Stock	27,777,537	2,778	(27,777,537)	(2,778)	-	-	-	-	-	-	-	-	-
Donation of common stock	500,000	50	-	-	-	-	-	-	64,950	-	-	-	65,000
Cashless exercise of warrants for 91,333,335 shares issued or issuable	74,130,709	7,412	-	-	-	-	-	-	12,372,355	-	-	-	12,379,767
Conversion of Series C Preferred Stock	6,666,667	667	-	-	-	-	(6,666,667)	(667)	-	-	-	-	-
Purchase of common stock by officers	8,333,333	834	-	-	-	-	-	-	249,166	-	-	-	250,000
Shares issuable for anti-dilution protection	160,093,335	16,009	-	-	-	-	-	-	(16,009)	-	-	-	-
Shares issuable to officers as compensation	16,385,528	1,639	-	-	-	-	-	-	162,217	-	-	-	163,856
Shares issuable for consulting services	1,330,000	133	-	-	-	-	-	-	13,167	-	-	-	13,300

Additional compensation recorded for Preferred Convertible Series B Stock	-	-	-	-	-	-	-	-	2,166,707	-	-	-	2,166,707
Net loss	-	-	-	-	-	-	-	-	-	(12,618,567)	-	-	(12,618,567)
Balance, December 31, 2014	426,475,671	$42,649	11,663,921	$ 1,166	3	$ -	20,000,000	$ 2,000	$18,898,457	$(19,522,885)	(4,339,555)	$ (434)	$ (579,047)

Table of Contents

BE ACTIVE HOLDINGS, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31, 2014	Year Ended December 31, 2013
Cash flows from operating activities		
Net loss	$ (12,618,567)	$ (4,398,346)
Adjustments to reconcile net loss to net cash (used in) operating activities:		
Depreciation and amortization	4,317	960
Stock issued as charitable contribution	65,000	-
Loss on extinguishment of debt	-	462,495
Loss on issuance of convertible debt	149,963	-
Forgiveness of debt income	(247,021)	-
Write-off of website costs	(10,900)	-
Fair value of derivative liability charged to operations	8,755,391	657,701
Stock-based compensation - Series B	2,166,707	1,921,761
Stock bonus - officers, net of cash paid	162,217	-
Stock granted for consulting services	13,300	70,000
Common stock issued as interest on bridge note	-	949
Changes in assets and liabilities:		
Increase in escrow account	(12,500)	-
(Increase)/decrease in accounts receivable	(44,726)	32,976
Increase in loan receivable	(7,262)	-
(Increase)/decrease in inventory	(105,733)	276,644
Increase in security deposit	-	(6,560)
Decrease (Increase) in prepaid expenses	91,800	(93,732)
Increase in deferred rent	797	6,576
Website development costs	(10,733)	-
(Increase)/decrease in accounts payable and accrued expenses	56,888	(35,198)
Net cash used in operating activities	(1,591,062)	(1,103,774)
Cash flows from investing activities		
Purchases of property and equipment	-	(3,862)
Cash flows from financing activities		
Debt issuance costs paid	(53,000)	-
Repayments of note payable	-	(50,000)
Proceeds from private placements	1,800,000	1,120,000
Costs of private placements	(260,696)	99,011
Proceeds from secured convertible notes payable	425,000	-
Purchase of treasury stock	-	(434)
Purchase of common stock by officers	251,639	-
Decrease in due to officers/stockholders	(73,193)	(61,723)
Net cash provided by financing activities	2,089,750	1,106,854
Net increase in cash and cash equivalents	498,688	(782)
Cash and cash equivalents, beginning of year	5,670	6,452
Cash and cash equivalents, end of year	$ 504,358	$ 5,670
Supplemental cash flow disclosures:		
Interest paid	$ 367	$ -
State minimum taxes and franchise fees paid	$ 2,350	$ 3,944

Table of Contents

BE ACTIVE HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION AND OPERATIONS

Merger

On January 9, 2013, the Company, Be Active Acquisition Corp., the Company's newly formed, wholly-owned Delaware subsidiary ("Acquisition Sub") and Be Active Brands, Inc. ("Brands"), an entity incorporated in Delaware on March 10, 2009 and based in New York, entered into an Agreement of Merger and Plan of Reorganization (the "Merger Agreement"). Upon closing of the transaction under the Merger Agreement (the "Merger"), Acquisition Sub merged with and into Brands, with Brands as the surviving corporation, and became a wholly-owned subsidiary of the Company.

The Merger was accounted for as a reverse-merger and recapitalization with Brands as the acquirer for financial reporting purposes and the Company as the acquired company. Consequently, the assets and liabilities and the operations reflected in the historical financial statements prior to the Merger are those of Brands and are recorded at the historical cost basis of Brands and the consolidated financial statements after completion of the Merger include the assets and liabilities of the Company and Brands, and the historical operations of the Company and Brands from the closing date of the Merger.

The Company sells frozen yogurt and fudge bars and offers ice creams in various flavors to retailers with stores in New York, New Jersey, Connecticut, Massachusetts, Rhode Island, Maine, Pennsylvania, Ohio and Florida, The Company intends to expand its regional growth to a national level and global presence in sales of premium quality low-fat, low calorie, low-carbohydrate, vitamin and probiotic enriched frozen yogurt and products under the brand name "Jala".

2. GOING CONCERN

The Company's financial statements are prepared using generally accepted accounting principles in the United States of America applicable to a going concern which contemplates the realization of assets and liquidation of liabilities in the normal course of business. The Company has not yet established revenues sufficient to cover its operating costs and allow it to continue as a going concern. The Company has incurred significant net losses since inception and at December 31, 2014, has an accumulated deficit of $19,522,885 and stockholders' deficit of $579,047. The ability of the Company to continue as a going concern is dependent on the Company obtaining adequate capital to fund operating expenses until it becomes profitable. If the Company is unable to obtain adequate capital, it could be forced to cease operations.

In order to continue as a going concern, the Company will need, among other things, additional capital resources. Management's plan is to obtain such resources for the Company through sales of its products in combination with equity and/or debt financing. While as indicated in the Note 8, the Company obtained approximately $425,000 of gross proceeds from the debt offering on December 31, 2014 and currently has working capital necessary for sales and production, there can be no assurance that this will be sufficient for the Company to continue as a going concern.

The accompanying financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

Table of Contents

BE ACTIVE HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Basis of Presentation and Principles of Consolidation

The consolidated financial statements include the accounts of the Company and our wholly-owned subsidiary and have been prepared in accordance with accounting principles generally accepted in the United States of America. All significant intercompany transactions and balances have been eliminated.

All references to common stock, share and per share amounts prior to the Merger have been retroactively restated to reflect the exchange ratio of 22,701:1 of common stock for each share of Brands stock outstanding immediately prior to the merger as if the exchange had taken place as of those dates.

Use of Estimates

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

Financial Instruments

The Company considers the carrying amounts of financial instruments, including cash, accounts receivable, accounts payable and accrued expenses and notes payable to approximate their fair values because of their relatively short maturities.

Accounts Receivable

Accounts receivable consist of amounts due from customers. The Company records an allowance for doubtful receivables, if necessary, to allow for any amounts which may be unrecoverable. The allowance is based upon an analysis of the Company's prior collection experience, customer creditworthiness and current economic trends. Account balances are written off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. As of December 31, 2014 and 2013, no allowance for doubtful accounts was required.

Inventory

Inventory consists primarily of packaging, raw materials and finished goods held for distribution. Inventory is stated at the lower of cost (first-in, first-out) or market. In evaluating whether inventory is stated at the lower of cost or market, management considers such factors as the amount of inventory on hand and the distribution channel, the estimated time to sell such inventory, remaining shelf life and the current expected market conditions. Adjustments to reduce inventory to its net realizable value are charged to cost of goods sold.

Shipping and Handling Costs

The Company classifies shipping and handling costs as part of selling expense. Shipping and handling costs were $3,267 and $0 for the years ended December 31, 2014 and 2013, respectively.

Table of Contents

BE ACTIVE HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents. The Company maintains cash balances at several financial institutions. The Company has not experienced any losses in such accounts. Federal legislation provides for FDIC insurance of up to $250,000. The uninsured balance at December 31, 2014 was $254,358.

Property and Equipment

Property and equipment are recorded at cost and depreciated over their estimated useful lives using the straight-line method.

Maintenance and repairs are charged to operating expenses as they are incurred. Improvements and betterments, which extend the lives of the assets, are capitalized. The cost and accumulated depreciation of assets retired or otherwise disposed of are removed from the appropriate accounts and any profit or loss on the sale or disposition of such assets is credited or charged to income.

Derivative Liabilities

The Company's derivative liabilities are related to the ratchet reset provision of the Company's warrants to purchase common stock which prohibit the Company from concluding that the warrants are indexed to its own stock and from the provisions of its' convertible notes payable. For derivative instruments that are accounted for as liabilities, the derivative instrument is initially recorded at its fair market value and is then re-valued at each reporting date, with changes in fair value recognized in operations for each reporting period. The Company uses the Black-Scholes Option-Pricing Model to value the derivative instruments of its' outstanding stock warrants at inception and subsequent valuation dates and the value is re-assessed at the end of each reporting period in accordance with Accounting Standards Codification ("ASC") 815 and a binomial valuation model in connection with its' convertible debt.

Revenue Recognition

Revenue is recognized, net of discounts, rebates, promotional adjustments, price adjustments and estimated returns, upon transfer of title and risk to the customer which occurs at shipping (F.O.B. terms). Upon shipment, the Company has no further performance obligations.

Share-Based Compensation

The Company recognizes compensation expense for all share-based payment awards made to employees, directors and others based on the estimated fair values on the date of the grant, as subsequently adjusted for certain contingently issuable shares (see Note 8). Common stock equivalents are valued using the Black-Scholes Option-Pricing Model using the known or equivalent market value of common stock on the date of valuation, an expected dividend yield of zero, the remaining period or maturity date of the common stock equivalent and the expected volatility of common stock. Shares contingently issuable based on the future value of the Company's stock and the common shares outstanding at a stated future date are periodically revalued at each balance sheet date based on the common shares currently outstanding and the current traded price per share.

Table of Contents

BE ACTIVE HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Income Taxes

The Company provides for income taxes under FASB ASC 740 – *Income Taxes*, which requires the use of an assets and liabilities approach in accounting for income taxes. Deferred tax assets and liabilities are recorded based on the differences between the financial statement and tax bases of assets and liabilities and the tax rates in effect when these differences are expected to reverse. A valuation allowance is provided when realization of deferred tax assets is not considered more likely than not.

The Company's policy is to classify income tax assessments, if any, for interest in interest expense and for penalties in general and administrative expenses.

The Company's income tax returns for the years 2012, 2013 and 2014 are subject to examination by the tax authorities.

Advertising Costs

Advertising costs are expensed as incurred. Total advertising was $31,560 and $5,843 for the years ended December 31, 2014 and 2013, respectively.

4. INVENTORY

Inventory consists of the following:

	December 31,	
	2014	2013
Materials	$ 21,629	$ -
Finished product	84,104	-
Total	$ 105,733	$ -

5. PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	December 31,	
	2014	2013
Furniture and Fixtures	$ 6,138	$ 6,138
Website	18,000	-
Less: Accumulated depreciation	(3,243)	(2,559)
Balance	$ 20,895	$ 3,579

Management evaluated and determined that as of December 31, 2014, the Company's previous website had no continuing value and was written off to expense. The remaining net book value that was written off to expense was $ 7,267. In November 2014, the Company contracted with a consultant to create a new website which was completed at the end of December 2014 for a cost of $18,000.

Depreciation and amortization expense for December 31, 2014 and 2013 were $4,317 and $960, respectively.

Table of Contents

BE ACTIVE HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6. INCOME (LOSS) PER COMMON SHARE

Basic income (loss) per share is computed by dividing the net income or loss attributable to the common stockholders by the weighted average number of shares of common stock outstanding during the period. Fully diluted income (loss) per share is computed similar to basic income (loss) per share except that the denominator for fully diluted income per share is increased to include the number of additional common shares that would have been outstanding if the potential common shares had been issued in order to present their dilutive effect unless the effect of such potential shares would be antidilutive. Potential common shares consist of incremental common shares issuable upon the exercise of warrants, convertible preferred shares and convertible notes payable.

As at December 31, 2014, the number of potential dilutive common shares is comprised of the following:

Common share equivalents of Series A Convertible Preferred Stock	11,663,921
Common share equivalents of Series B Convertible Preferred Stock*	216,670,744
Common share equivalents of Series C Convertible Preferred Stock	20,000,000
Convertible Promissory Note Payable	74,166,666
Due diligence payable	64,000,000
Warrants exercisable at $0.03, per share	15,217,315
Warrants subject to cashless exercise	1,866,668
Total	403,585,314

*See note 16 for the subsequent cancellation of the Series B convertible preferred stock

The Company recorded a net loss for the years ended December 31, 2014 and 2013, and therefore the dilutive common shares are considered anti-dilutive and not included in the calculation of fully diluted per share amounts.

7. DUE TO OFFICERS/STOCKHOLDERS

As of December 31, 2013, amounts payable to an officer/stockholder and two stockholders who had previously been officers comprised Due to officers/stockholders. These loans are payable on demand without interest.

On February 27, 2014, one stockholder who had resigned in March 2013 agreed to release the Company from its $247,021 loan obligation to him which was recorded as forgiveness of debt income in the accompanying condensed consolidated statement of operations for the year ended December 31, 2014.

8. SECURED CONVERTIBLE NOTES PAYABLE

On December 31, 2014, the Company entered into a Securities Purchase Agreement ("Agreement") with certain accredited investors to sell to the Purchasers an aggregate of up to $500,000 of principal amount of notes due December 31, 2015 representing the Purchasers' subscription amount. The Agreement defines certain covenants and provides for a purchase price reset for a period of three years, unless the securities have been assigned, whereby should the Company issue or sell any shares of common stock or any common stock equivalents at a price less than the Purchasers' conversion price per share, the Company will be required to issue additional shares of common stock to the Purchasers for no additional consideration resulting in a share dilution adjustment, as defined. The Agreement also provides a Most Favored Nations Provision whereby if the Company issues or sells any common stock at terms more favorable within three years, then the Company will be required to amend the Agreement to provide such favorable terms to the Purchasers. The Company paid $33,000 in legal and escrow agent fees, a placement agency fee of $20,000 in the form of a note payable, substantially similar to the Purchasers' notes and issued 64,000,000 shares of its common stock valued at $640,000 and $20,000 as due diligence fees, all of which have been recorded as debt issue costs on the accompanying consolidated financial statements and will be charged to operations as additional interest expense over the twelve months ended December 31, 2015 or to the date of conversion, if earlier.

Table of Contents

BE ACTIVE HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Under the Agreement, the Company sold an aggregate of $425,000 in Secured Convertible Notes ("Notes") and an issued an additional $20,000 Note for placement fees. Once the Company has fulfilled its obligations as defined by certain equity requirements, the Notes will be convertible into shares of the Company's common stock at the option of the Company. Until the equity obligations are met, the Notes bear interest at 10%, per annum. Interest will be earned at a rate of 10% for the twelve months ending December 31, 2015 or to the date of conversion, whichever is earlier. The conversion price for the Note and interest is equal to $0.006 per share, subject to adjustments as stock dividends and stock splits, as defined.

Each Holder of the Notes has been granted a security interest in assets of the Company in accordance with a Security Agreement. The Security Agreement provides the Collateral Agent a security interest in all goods, machinery, equipment, contract rights and intangibles in the event of a default under the Agreement.

In connection with the transaction, and under its anti-dilution provisions of the February 2014 private placement the Company issued an aggregate of 160,093,335 shares of common stock and 13,333,334 warrants to purchase common shares at $.006 per share to existing stockholders holding securities purchased in that offering.

The fair value of the additional warrants issued in connection with the Securities Purchase Agreement was determined using the Black-Scholes Pricing Model as $122,807. The Company recorded this as an increase in the derivative liability and charge to operations. The significant assumptions utilized by the Company in the valuation of these warrants were as follows:

Market Price: $0.01;
Exercise Price: $0.006;
Volatility: 144%;
Dividend Yield: zero;
Term: Five Years; and
Risk Free Rate of Return: 0.165%

In addition, the pricing of this Agreement triggered the pricing reset provision in the warrants issued on February 14, 2014. Such triggering resulted in the exercise price of the previously issued warrants resetting to $0.006 from $0.03. The Company re-valued these warrants at December 31, 2014, using the Black-Scholes Pricing Model at $29,799, a decrease in fair value of $541,201 over the date of grant.

The significant assumptions utilized by the Company in the valuation of these warrants were as follows:

Market Price: $0.01;
Exercise Price: $0.006;
Volatility: 144%;
Dividend Yield: zero;
Term: 4.1 Years; and
Risk Free Rate of Return: 0.165%

Table of Contents

BE ACTIVE HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The outstanding warrants for 26,883,924 common shares at December 31, 2014, held by the January and April 2013 private placement investors (see note 9) do not have a cashless exercise and were not affected by the reset provision. The Company re-valued these warrants at December 31, 2014 using the Black-Scholes Pricing Model at $94,115, a decrease in fair value of $874,228 from $968,343 at December 31, 2013.

The significant assumptions utilized by the Company in the valuation of these warrants were as follows:

Market Price: $0.01;
Exercise Price: $0.03;
Volatility: 144%;
Dividend Yield: zero;
Term: 1.3 and 1.02 Years; and Risk Free Rate of Return: 0.25%

Derivative Liabilities

The Company has determined that since the convertible notes issued on December 31, 2014 contain provisions that protect holders from future issuances of the Company's common stock at prices below such convertible notes' respective conversion price and these provisions could result in modification of the conversion price to issue additional common shares based on a variable that is not an input to the fair value of a "fixed-for-fixed" option as defined under FASB ASC Topic No. 815 – 40 the conversion feature represents an embedded derivative that requires bifurcation.

The embedded derivative was valued at $594,963 using a binomial valuation model. The assumptions considered in the valuation model at December 31, 2014 were:

Trading price of common stock on measurement date	$	0.0104
Conversion price	$	0.006
Risk free interest rate (1)		0.25%
Conversion notes lives in years		1 year
Expected volatility (2)		177%
Expected dividend yield (3)		-
Offering price range (4)	$	> 0.006

(1) The risk-free interest rate was determined by management using the 1 year Treasury Bill as of the respective measurement date.
(2) The volatility factor was estimated by using the historical volatilities of the Company's trading history.
(3) Management determined the dividend yield to be 0% based upon its expectation that it will not pay dividends for the foreseeable future.
(4) Represents the estimated offering price range in future offerings as determined by management.

BE ACTIVE HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Accounting for Convertible Debt

Under the initial accounting, the Company allocated the proceeds to the embedded conversion derivative liability, which exceeded the $445,000 face amount of the convertible debt at the issuance date. The proceeds allocated to the embedded conversion derivative liability were recognized as a discount to the convertible debt. As of December 31, 2014, the Company recorded aggregate debt discounts of $445,000 related to the conversion rights and recorded $149,963 of expense related to the excess value of the derivative over the face amount of the convertible debt.

The debt discount is accreted to interest expense over the life of the convertible debentures using an effective interest method.

9. CAPITAL STOCK

Following the closing of the Merger in 2013, the Company sold an aggregate of 1,826,087 units ("Units") in a private placement ("Private Placement"). $419,999.88 of the Units were sold at a per Unit price of $0.23. Additionally, an aggregate of $394,612 of the then outstanding 10% convertible promissory notes and accrued interest converted into the Private Placement at a per Unit price of $0.19. Each Unit consisted of (i) one share of the Company's common stock (or, at the election of any investor who would, as a result of the purchase of Units, become a beneficial owner of 5% or greater of the outstanding shares of common stock of the Company's Series A Convertible Preferred Stock) and (ii) a three year warrant to purchase shares of common stock equal to 100% of the number of shares of common stock sold in the Private Placement at an exercise price of $0.30 per share. In connection with the Private Placement, the Company and the investor entered into a Registration Rights Agreement (the "Registration Rights Agreement") whereby the Company agreed to register the shares underlying the Units and issuable upon exercise of warrants for resale on a Registration Statement to be filed with the SEC within 60 days of the final closing of the Private Placement and to cause such Registration Statement to be declared effective within 120 days of the filing date. On May 15, 2013, the Registrations Rights Agreement was amended to extend the filing date from 120 days to 180 days after the closing date. On July 2, 2013, the Registrations Rights Agreement was further amended to extend the filing date from 180 days to 240 days after the closing date. The Company filed a Registration Statement on Form S-1 on September 25, 2013 to register an aggregate of 158,652,485 shares of the Company's stock; however, the Registration Statement was subsequently withdrawn by the Company and has not been re-filed.

On March 8, 2013, the Board of Directors approved the authorization of 150,000,000 shares of preferred stock, par value $0.0001, per share, of which 40,000,000 shares have been designated as Series A Preferred Stock. Each holder of Series A Preferred Stock is entitled to vote on all matters and the shares are convertible to the Company's common stock in an amount equal to one share of common stock for each one share of Series A Preferred Stock upon notice to the Company, as defined.

On March 15, 2013, the Company commenced a second private placement, offering a minimum of 1,000,000 units at $0.03 per unit, each comprised of one share of common stock and a warrant to purchase one share of common stock at an exercise price of $0.05, per share, for three years. The warrants are subject to registration rights, as defined and cashless exercise is permitted. On April 25, 2013, the Company consummated the private placement which began on March 15, 2013 and sold to certain accredited investors an aggregate of 28,333,334 units with proceeds to the Company of $850,000 less $150,000 of offering costs. The offering costs include 2,083,334 units valued at $62,500 for legal fees and a warrant to purchase up to 933,333 shares of the Company's common stock.

Table of Contents

BE ACTIVE HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

In connection with the offering, the Company granted the investors demand registration rights, commencing 30 days after the closing of the Offering and ending one year after the closing of the Offering, pursuant to which investors holding at least 50% of the outstanding securities sold in the Offering may request on 60 days' notice, the filing of a registration statement with the Securities and Exchange Commission, covering the resale of securities underlying the units. Additionally, the Company granted the investors "piggy-back" registration rights for a period of 180 days beginning on the closing date of the Offering. The Company added a Supplement to the Security Purchase Agreement, offering any investor of units who as a result of the purchase becomes a beneficial owner of 5% or more of the outstanding number of common shares, the option to purchase units consisting of one share of the Company's Series A Preferred Convertible Stock and a warrant.

In connection with the sale of the Units, the Company was required to issue to investors in the January 9, 2013 private placement (the "Prior Investors, and such offering, the "Prior Offering") additional shares of common stock (or, at the election of such Prior Investor who would, as a result of such issuance, become the holder of in excess of 5% of the Company's issued and outstanding common stock, shares of Series A Preferred Stock), in connection with certain anti-dilution protection provided to such Prior Investors under the terms of the Prior Offering. As a result of the foregoing, in April 2013, the Company issued an aggregate of an additional (a) 3,789,473 shares of common stock (b) 19,191,458 shares of Series A Preferred Stock and (c) warrants to purchase an additional 22,980,931 shares of common stock at an exercise price of $0.03 per share (collectively, the "Ratchet Securities"). Furthermore, the exercise price of the warrants issued in the Prior Offering was reduced to a per share exercise price of $0.03.

In connection with the Offering and in consideration for such issuance, the stockholders released the Company from actions relating to the Company's reverse-merger and various financings as well as from any rights under that certain Agreement of Shareholders of Be Active Brands, Inc. dated as of January 26, 2011, management determined that it was in the best interest of its stockholders to issue additional shares of common stock to certain of the original stockholders of Brands who, as a result of the reverse-merger consummated on January 9, 2013, became stockholders of the Company. Accordingly, the Company issued an aggregate of 23,054,778 shares of common stock to these original Brands stockholders, exclusive of current management, as a result of the significant dilution they experienced as a result of the Offering.

As a result of both the January 9, 2013 and April 26, 2013 private placements and conversion of debt, the Company recorded a derivative liability related to the reset feature on the exercise price of the warrants to purchase common stock issued by the Company. Such ratchet reset provision prohibits the Company from concluding that the warrants are indexed to our own stock, and thus derivative accounting is appropriate. For derivative instruments that are accounted for as liabilities, the derivative instrument is initially recorded at its fair market value and is then re-valued at each reporting date to its then fair value, with changes in such fair value measurement recognized in operations in the respective reporting period. The Company utilizes the Black-Scholes model to value the derivative instruments at inception and subsequent valuation dates.

BE ACTIVE HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Additionally, on April 26, 2013, the Company's Board of Directors authorized four (4) shares of preferred stock, par value $0.0001 per share as Series B Convertible Preferred Stock (the "Series B Preferred Stock") and issued one share of Series B Preferred Stock to each of the Company's three senior members of management. Each share of Series B Preferred Stock is entitled such number of votes on all matters submitted to stockholders that is equal to (i) the product of (a) the number of shares of Series B Preferred Stock held by such holder, (b) the number of issued and outstanding shares of the Company's Common Stock (taking into account the effective outstanding voting rights of the Series B Preferred Stock), as of the record date for the vote and (c) 0.13334 less (ii) the number of shares of Common Stock beneficially held by such holder on such date. Additionally, on the six month anniversary date of issuance of the Series B Preferred Stock, each outstanding share of Series B Preferred Stock was to automatically, and without further action on the part of the holder, convert into such number of fully paid and non-assessable shares of Common Stock as would cause the holder to own, along with any other securities of the Company's beneficially owned on the conversion date by them 13.334% of the issued and outstanding Common Stock, calculated on the conversion date. On October 25, 2013, the Company amended and restated the Certificate of Designation for Series B Convertible Preferred Stock to extend the date on which the Series B Shares would automatically convert into such number of fully paid and non-assessable shares of common stock, from the date six months from the date of issuance (October 26, 2013) to the twelfth month anniversary of the date of issuance of the shares of Series B Preferred Stock (April 26, 2014) which on April 22, 2014, was further extended to an indefinite date. The Company previously recorded the three shares of Series B Convertible Preferred Stock as stock-based compensation using the then current estimate of the number of shares that would convert to shares of common stock of the Company based on the shares outstanding and current price per share at each balance sheet date. As of December 31, 2014, the Company recalculated the estimated shares issuable to be 216,670,744 and recorded stock-based compensation of $2,166,707 for the year then ended. The estimate is based on the current common shares outstanding at December 31, 2014, a stock price of $0.01 per share, and is subject to adjustment based on any additional common shares issued.

On February 4, 2014, the holders representing a majority of the then outstanding shares of capital stock of the Company voted and approved and permitted the Company to increase the number of authorized shares of the Company's common stock from 400,000,000 to 525,000,000. On March 12, 2015, the holders representing a majority of the then outstanding shares of capital stock of the Company voted and approved and permitted the Company to increase the number of authorized shares of the Company's common stock from 525,000,000 to 750,000,000, effective upon filing an amended Certificate of Incorporation with the State of Delaware representing the amendment.

On April 10, 2014, the Company issued 500,000 shares of its common stock as a charitable donation to a not-for-profit organization valued at $65,000, ($0.13, per share), the price of the Company's common stock on the day of grant.

In August 2014, 6,666,667 shares of the Company's Series C Convertible Preferred Stock were converted to 6,666,667 shares of common stock of the Company.

Through December 31, 2014, an aggregate of 270,000 shares of common stock were granted for consulting services rendered valued at $2,700.

Through December 31, 2014, an aggregate of 91,333,335 warrants to purchase common stock were exercised in a cashless conversions to an aggregate of 74,130,709 shares of the Company's common stock.

Through December 31, 2014, an aggregate of 27,777,537 shares of the Company's Series A Convertible Preferred Stock was converted to 27,777,537 shares of common stock of the Company.

As discussed in note 8, the warrants issued related to these capital raises were deemed to be derivative liabilities and required additional measurement at fair value. Accordingly, the proceeds from these equity financings were first allocated to such fair value instruments (the warrants), with the residual proceeds, if any, being allocated to the instruments not subsequently marked to fair value.

Series C Convertible Preferred Stock

On February 12, 2014, the Company designated and authorized to issue 26,666,667 shares of Series C Convertible Preferred Stock ("Series C Preferred Stock"), par value $0.0001, per share. Each holder of Series C Preferred Stock shall be entitled to vote all matters submitted to shareholder vote and shall be entitled to the number of votes for each shares of Series C owned at the designated record date. Each holder of Series C Preferred Stock may convert any or all of such shares into fully paid and non-assessable shares of the Company's common stock in an amount equal to one share of the Company's common stock for each one shares of Series C Preferred Stock.

Table of Contents

BE ACTIVE HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Securities Subscription Agreement

On February 14, 2014, the Company sold to certain accredited investors pursuant to a Subscription Agreement, an aggregate of 33,333,332 shares of its common stock, 26,666,667 shares of the Series C Preferred Stock and five year warrants to purchase up to an aggregate of 59,999,999 shares of the Company's common stock at an exercise price of $0.03, per share, for gross proceeds of $1,800,000. Until the earlier of (i) three years from the closing of the Offering or (ii) such time as no investor holds any shares of common stock underlying warrants or underlying the Series C Preferred Stock, in the event the Company issues or sells common stock at a per share price equal to less than $0.03, per share, as adjusted, the Company has agreed to issue additional securities such that the aggregate purchase price paid by the investor shall equal the lower price issuance, subject to certain exceptions, as defined. The Company recorded a derivative liability related to the reset feature on the exercise price of the warrants to purchase common stock issued by the Company.

In connection with the Offering, the Company granted the investors "piggy-back" registration rights and the investors are entitled to a right of participation in future financings conducted by the Company for a period of twenty-four months.

The Company paid placement agent fees of $144,000 in cash, issued an aggregate of 599,999 shares of the Company's common stock and issued a five year warrant to purchase up to 5,399,998 shares of the Company's common stock at a price of $0.03 per share, as commission in connection with the sale of the shares and warrants. In addition, the Company permitted the conversion of an aggregate of $13,500 of unpaid fees owed to a consultant into 450,000 shares and warrants at the Offering price. In conjunction with the Offering, $100,000 was placed in an escrow account to be used for auditing and legal fees. As of December 31, 2014, the balance in the escrow account is $12, 500.

On February 14, 2014, as a component of the Subscription Agreement, the Company issued an aggregate of 66,333,330 warrants with a fair value determined using the Black-Scholes Pricing Model as $11,361,278 The pricing of this Subscription Agreement triggered the reset provision in the warrants issued on April 26, 2013. Such triggering resulted in the exercise price of the previously issued warrants resetting to $0.03. The significant assumptions utilized by the Company in the valuation of these warrants were as follows:

Market Price: $0.18;
Exercise Price: $0.03;
Volatility: 134%;
Dividend Yield: zero;
Term: Five Years; and
Risk Free Rate of Return: 0.15%

Pursuant to the subscription agreement, certain members of the Company's management agreed to invest an aggregate of $250,000 in exchange for 8,333,333 shares of the Company's common stock within 30 days of the closing, on the same terms of the agreement. The investment required by management was made on June 24, 2014.

Treasury Stock

In March 2013, concurrent with the resignation of the Company's then chief executive officer, the Company agreed to purchase from the former executive 4,339,555 shares of the Company's common stock for $0.0001, per share. These shares are reported at cost as treasury shares.

Table of Contents

BE ACTIVE HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Warrants

As of December 31, 2014, the Company had warrants to purchase common shares outstanding as follows:

Date of Grant	Number of Warrants	Expiration Date	Exercise Price
January 9, 2013	3,902,993	January 9, 2016	$ 0.03
April 26, 2013	22,980,931	April 26,2016	$ 0.03
February 14, 2014	3,333,332	February 14, 2019	$ 0.006*
December 31, 2014	13,333,334	December 31, 2019	$ 0.006*
Total	43,550,590		

*Cashless exercise permitted.

As of December 31, 2013, the Company had warrants to purchase common shares outstanding as follows:

Date of Grant	Number of Warrants	Expiration Date	Exercise Price
January 9, 2013	3,902,993	January 9, 2016	$ 0.03
April 26, 2013	28,333,334	April 26, 2016	$ 0.05*
April 26, 2013	22,980,931	April 26, 2016	$ 0.05*
Total	55,217,258		

*Cashless exercise permitted.

10. INCOME TAXES

As of December 31, 2014, management has evaluated and concluded that there are no significant uncertain tax positions requiring recognition in the Company's financial statements.

As of December 31, 2014 and 2013, the Company has net operating loss carryforwards of approximately $5,600,000 and $4,000,000, respectively, to reduce future Federal and state taxable income through 2033 and $4,100,000 and $1,922,000, respectively of temporary differences in the timing of the deduction for certain stock-based compensation. However, as a result of the recent and potential changes in the share ownership of the Company, future utilization of the net operating losses may be limited pursuant to Section 382 of the Internal Revenue Service. The maximum net operating loss carryforward which could be utilized as of December 31, 2014 pursuant to Section 382 for Be Active Brands is $185,000 a year, based on the approximately $2,500,000 losses incurred prior to the Merger.

Since at present realization of the Company’s related deferred tax assets of $3,688,000 at December 31, 2014 is not considered more likely than not, a valuation allowance of $3,688,000 at December 30, 2014 has been provided. The valuation allowance increased by $1,439,000 from December 31, 2013. Certain charges for operations for the years ended December 31, 2014 and 2013 related to derivative liabilities resulting from equity and debt issuances have no income tax effect and are not considered above.

11. CONCENTRATIONS

Credit is granted to most customers. The Company performs periodic credit evaluations of customers’ financial condition and generally does not require collateral.

Sales to one customer of the Company accounted for 50% of sales for the year ended December 31, 2014 and represented 41% of accounts receivable for the year ended December 31, 2014. Sales to one customer of the Company accounted for approximately 62% of sales for the year ended December 31, 2013 and represented 100% of accounts receivable for the year ended December 31, 2013.

Table of Contents

12. RECONCILIATION OF NET SALES

In accordance with FASB ASC 605-50, the Company classifies the following allowances as reductions of sales for the years ended December 31:

	2014	2013
Gross sales	$ 74,856	$ 164,552
Less:		
Sales discounts	188	2,383
Credits	30,663	507
Trade spending	-	44,329
Slotting fees	173,000	-
Net sales	$ (128,995)	$ 117,333

In 2014, $173,000 of slotting fees were paid to customers in anticipation of future sales which did not materialize as a result of the Company's lack of working capital.

13. RELATED PARTY TRANSACTIONS

An officer and Director of the Company was a partner of a public accounting firm providing non-audit accounting services to the Company through October 30, 2014. Subsequent to October 2014, all non-audit accounting services were performed by the officer/director of the Company in conjunction with an independent consultant. For the years ended December 31, 2014 and 2013, the Company incurred fees of $66,666 and $80,140, respectively, to the accounting firm for accounting and tax services.

The Company subleases a portion of its office space to an entity owned by a Company officer. Rents received totaled approximately $15,000 and were recorded as an offset to rent expense for the year ended December 31, 2014.

14. 2013 EQUITY INCENTIVE PLAN

Effective January 9, 2013, the Company adopted a Stock Option Plan ("Plan") to provide an incentive to attract, retain and reward persons performing services, including employees, consultants, directors and other persons determined by the Board, through equity awards. The Plan shall continue in effect until its termination by the Board provided that all awards are granted within ten years, as defined.

As of December 31, 2014, no awards have been granted under the Plan.

Table of Contents

BE ACTIVE HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

15. COMMITMENTS

Employment Agreements

Effective January 9, 2013, the Company entered into an employment agreement with its then chief executive officer for a term of two years, to be automatically renewed for successive one year periods thereafter unless either party provides written notice of intention not to renew the agreement. The agreement provided for a base annual salary of $150,000, paid in periodic installments in accordance with the Company's regular payroll practices and an annual bonus, subject to clawback provisions, based on reaching certain financial targets as defined. The agreement included other benefits and future grants under the Company's 2013 Equity Incentive Plan. On March 22, 2013, the Company's chief executive officer, resigned from all positions he held with the Company and was serving as a consultant to the Company for $150,000 a year, plus the other provisions as provided in the original employment contract. In May 2013, the prior executive officer agreed to reduce the annual fee to $90,000 until the Company has sufficient capital to increase the compensation to $150,000 per year. Through December 31, 2013, the Company paid to the former officer approximately $37,000 on a consulting basis. On February 27, 2014, the former officer agreed to end his agreement with the Company for a flat fee of $34,600 which was accrued as of December 31, 2013 and paid in cash in February 2014.

Effective January 9, 2013, extended and revised October 1, 2014, the Company entered into an employment agreement with its chief financial officer for a term of three years, to be automatically renewed for successive one year periods thereafter unless either party provides written notice of intention not to renew the agreement. The agreement provides for a base annual salary of $135,000, paid in periodic installments in accordance with the Company's regular payroll practices and includes other Company benefits. The Agreement entitles the officer to future grants under the Company's 2013 Equity Incentive Plan. In addition, the Company has awarded the Officer a bonus of 6,385,528 shares of the Company's common stock at December 31, 2014 which will vest immediately and will be purchased by the Officer at par value. These shares were issued on January 9, 2015. Total compensation for these shares recorded at December 31, 2014 was $63,216 based on the traded price of the Company's common stock on that date. Costs incurred pursuant to the Officer's employment agreements consist of $66,666 paid to the public accounting firm where the Officer was a partner through October 2014 (Note 13); $33,577 in compensation paid directly to the Officer for the period October 1, 2014 through December 31, 2014, and $80,140 paid to the public accounting firm where the Officer was a partner through December 31, 2013.

Effective January 9, 2013, extended and revised October 1, 2014, the Company entered into an employment agreement with its President for a term of three years, to be automatically renewed for successive one year periods thereafter unless either party provides written notice of intention not to renew the agreement. The agreement provides for a base annual salary of $150,000, paid in periodic installments in accordance with the Company's regular payroll practices and an annual bonus, subject to clawback provisions, based on reaching certain financial targets as defined and includes other Company benefits. The Agreement entitles the officer to future grants under the Company's 2013 Equity Incentive Plan. In addition, the Company has awarded the Officer a bonus of 5,000,000 shares of the Company's common stock at December 31, 2014 which will vest immediately and will be purchased by the Officer at par value. These shares were issued on January 9, 2015. Total compensation for these shares recorded at December 31, 2014 was $49,500 based on the traded price of the Company's common stock on that date. Costs incurred pursuant to the Officer's employment agreements for years ended December 31, 2014 and 2013 was $151,731 and $150,000, respectively.

Table of Contents

BE ACTIVE HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Effective January 9, 2013, extended and revised October 1, 2014, the Company entered into an employment agreement with its secretary for a term of three years, to be automatically renewed for successive one year periods thereafter unless either party provides written notice of intention not to renew the agreement. The agreement provides for a base annual salary of $135,000, paid in periodic installments in accordance with the Company's regular payroll practices and an annual bonus, subject to clawback provisions, based on reaching certain financial targets as defined and include other Company benefits. The Agreement entitles the officer to future grants under the Company's 2013 Equity Incentive Plan. In addition, the Company has awarded the Officer a bonus of 5,000,000 shares of the Company's common stock at December 31, 2014 which will vest immediately and will be purchased by the Officer at par value. These shares were issued on January 9, 2015. Total compensation for these shares recorded at December 31, 2014 was $49,500 based on the traded price of the Company's common stock on that date. Costs incurred pursuant to the Officer's employment agreements for years ended December 31, 2014 and 2013 was $137,134 and $135,000, respectively. In addition, the Officer of the Company was instrumental in securing a marketing and a sales representative agreement and received a bonus of $65,000 for these services in June 2014.

Lease

On January 1, 2013, the Company entered into a five year and one month lease for space in Great Neck, New York, effective February 17, 2013, with base rent at $39,260, per year, subject to certain increases as defined. The lease agreement requires two months annual rent as a security deposit and the personal guaranty of the President of the Company. The rent is due in monthly installments commencing April 1, 2013; rent expense is being recorded on a straight line basis over the term of the lease. The difference between the rent payments made and straight line basis has been recorded as deferred rent. Rent expense for the years ended December 31, 2014 and 2013 was $26,518 and $31,175, respectively.

Future minimum payments under the lease are as follows:

Years ending December 31:		
2015	$	41,811
2016		43,275
2017		44,787
2018		11,292
Total	$	141,165

Investor Relations Consulting Agreement

In August 2013, the Company entered into an Investor Relations Consulting Agreement (Agreement) with an investor relations firm to provide consulting services regarding financial markets and exchanges, competitors, business acquisitions and other aspects of or concerning the Company's business. The Agreement is for a term of twelve months commencing August 16, 2013, with a one month cancellation option for either party. The Agreement called for a monthly consulting and services fee of $2,000. In addition, the Company agreed to grant to the consultant an aggregate of 3,500,000 shares of the Company's restricted stock, valued at $70,000, ($0.02, per share), the price of the stock at the time of the Agreement. $52,500 of the consulting fee was recognized as of December 31, 2013, with the remaining $17,500 recognized in the first quarter of 2014.

On September 1, 2014, the Agreement was renewed and amended for a term of twelve months with the monthly service fee reduced to $1,500.

BE ACTIVE HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Reserve Financing Agreement

On October 25, 2013, the Company entered into a Term Sheet with a capital investor whereby the Company has the right to issue up to $5,000,000 of the Company's common stock to the investor over a term of three years in exchange for cash advances to the Company. Upon execution of the Term Sheet on October 31, 2013, the Company paid the investor $30,000 of the Company's restricted common stock (1,056,338 shares at $0.0284 per share), priced off of the closing bid price the day before the Term Sheet was signed.

On November 19, 2013, the investor delivered to the Company a Reserve Financing Agreement ("Agreement"), which was executed by the Company on January 6, 2014. Pursuant to the terms of the Agreement, the Company may require the investor to purchase advance shares, as defined, at a purchase price of 90% of the market price of the average of the three lowest best closing prices of the stock during the fifteen consecutive weekday trading days immediately after the date on which the Company provides an advance notice, as defined. The dollar amount of common stock sold to the investor in each advance may be up to $250,000; however, each advance is not to exceed more than 350% of the average daily trading volume for a previous 15 day period. The Company was required to reserve fifty million shares of its common stock for the issuance of the securities to the investor and had provided certain representations and warranties under the Agreement. Unless terminated earlier, as defined, the Agreement was to terminate automatically on the earlier of the first day of the month following the 6-month anniversary of the effective date or the date on which the investor shall have made payment of advances pursuant to the Agreement in the aggregate of the commitment amount of $5,000,000.

As consideration for the Agreement, the Company issued to the investor, 3,584,229 shares of the Company's common stock, equal to two percent of the commitment amount which is $100,000. This amount was expensed as of December 31, 2013.

On March 18, 2014, the Company and the investor mutually agreed to terminate the agreement.

Merchandising Agreement

On May 5, 2014, the Company entered into an agreement to participate in a merchandising relationship which can be terminated by either party with forty-five days written notification to the other party. In consideration of its participation, the Company agreed to pay a monthly fee to the merchandiser of 4.0% of gross sales of the Company's product. In accordance with the agreement, all slotting fees are waived on all new items and the merchandiser will review all new items brought into the warehouse six months from the initial distribution date to determine whether the item is selling at an appropriate rate. The Company will provide the merchandising group with competitive promotional allowances as defined. As of December 31, 2014, $1,500 in fees was incurred under this agreement.

Sales Representative Contract

Effective June 30, 2014, the Company entered into a contract with a sales representative to increase the demand for and promote the products of the Company and to provide marketing services as defined. In exchange for these services, the sales representative is entitled to a commission of 3.0% of net sales, as defined. There is no minimum monthly commission for the initial twelve months and the representative will also be entitled to an additional performance bonus, as defined. The contract is on a month to month basis and may be terminated by either party with thirty days written notice to the other party. As of December 31, 2014, no fees were incurred under this agreement.

Table of Contents

BE ACTIVE HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Director Compensation

In connection with the increase in the number of directors on the Board to four and the appointment of a new director to fill the vacancy on June 25, 2014, the Company agreed to grant 2,100,000 shares of the Company's common stock to the new director which would vest in three equal installments, as defined. On December 4, 2014, the director resigned from his position on the Board and agreed to accept 1,000,000 shares of the Company's common stock as full compensation for his service to the Board valued at $10,000.

Social Media Agreement

In August 2014, the Company entered into an agreement with a contractor to provide social media management services. The agreement continues through completion of the project and is subject to early cancellation with fifteen days' notice prior to the date of cancellation. Fees for the services are $3,179, per month. As of December 31, 2014, the Company incurred expense of $8,019 under the agreement.

Food Broker Agreement

In September 2014, the Company entered into an agreement appointing a food broker as its sole and exclusive representative for one year terms to provide services related to negotiating the sale of the Company's products within a defined territory. The food broker will receive a guaranteed monthly income of $3,500 for the first seven months of the agreement and a commission of 5% on each sale to be computed on the net invoice price as defined. Until such time as the commissions reach $3,500 per month, the Company will continue to pay the $3,500 monthly income. The agreement will be in effect from year to year and may be terminated by either party with ninety days written notice. All commissions earned will be paid during the ninety day transition period and will continue for an additional ninety days after the termination date. As of December 31, 2014, the Company incurred expense of $10,500 under the agreement.

Public Relations Agreement

Effective September 1, 2014, the Company entered into an agreement with a consultant to provide public relations services for a monthly retainer of $4,000 and 240,000 shares of the Company's common stock to be issued equally in installments that vest over a twelve month period. The agreement may be terminated in writing with two months' notice. As of December 31, 2014, the Company incurred expense of $16,000 and issued 20,000 shares, with an additional 60,000 shares owed, of the Company's common stock under the agreement recorded at a price of $.01 per share.

Litigation

On May 2, 2014, an action was commenced against the Company and two of its officers in the Supreme Court of the State of New York, County of Nassau. The action relates to restricted shares of the Company acquired by the plaintiff which the plaintiff allegedly sought to sell. The complaint asserts claims under various theories, including conversion, breach of contract, breach of fiduciary duty, fraudulent misrepresentation and unjust enrichment, and seeks damages in excess of five million dollars.

The Company filed its Motion to Dismiss on or about June 30, 2014, plaintiff filed its opposition to the Company's motion on or about July 29, 2014. On September 2, 2014 the Motion to Dismiss was denied. On October 6, 2014, the Company submitted a verified Answer to the Complaint. On February 25, 2015, the Company attended a mediation session, the outcome of which has not been decided. Management believes that any settlement from the above action will be covered by the Company's director's and officer's insurance policy.

Table of Contents

BE ACTIVE HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

16. SUBSEQUENT EVENTS

On, March 2, 2015, the Board of Directors of the Company designated and authorized 3,000,000 shares of the Company's authorized Preferred Stock, par value $0.0001 per share, as Series D Convertible Preferred Stock. Each holder of the Series D Preferred Stock ("Series D") shall have the number of votes on all matters submitted to the stockholders that is equal to the greater of one hundred votes for each one share of Series D and such number of votes per share of Series D that when added to the votes per shares of all other shares of Series D shall equal 50.1% of the outstanding voting record. The Series D are convertible into common stock in an amount equal to one share of the Company's common stock for each one share of Series D. On March 9, 2015, the Company granted as compensation 1,000,000 shares of the Series D to each of three officers of the Company to be recorded at the fair value at the date of issuance.

On March 2, 2015, the Series B Convertible Preferred Stock which was then outstanding was cancelled and as a result, the Company's obligation to issue any common shares in connection therewith ended.

In connection with the December 31, 2014 Securities Agreement and sale of convertible promissory notes, the Company in error issued to one of the investors from the February 14, 2014 financing an aggregate of 66,666,666 shares of the Company's common stock as anti-dilution protection. Instead, the Company was required to reserve and not issue 66,666,666 shares of the Company's Series C Preferred stock.

As of March 10, 2015, the 66,666,666 shares of common stock have been cancelled by the Company and the 66,666,666 shares of Series C Preferred shares have been reserved on behalf and at the request of the investor.