

Veracity Management Global, Inc.
Form 10-Q
June 03, 2016

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

FORM 10-Q

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

For the quarterly period ended March 31, 2016

or

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

For the transition period from _____ to

Commission file number 0-52493

VERACITY MANAGEMENT GLOBAL, INC.

(Exact Name Of Registrant As Specified In Its Charter)

Delaware

43-1889792

(State of Incorporation)

(I.R.S. Employer Identification No.)

12720 Hillcrest Road, Suite 750 Dallas, TX 75230

(Address of Principal Executive Offices) (ZIP Code)

Registrant's Telephone Number, Including Area Code: (214) 365-3099

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

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

.Large Accelerated
Filer

Accelerated
Filer

Non-Accelerated Filer
reporting company)

(Do not check if a smaller

Smaller Reporting
Company

On June 2, 2016, the Registrant had 16,643,057 shares of common stock issued and outstanding.

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PART I - FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS
VERACITY MANAGEMENT GLOBAL, INC.
CONDENSED BALANCE SHEETS
(Unaudited)

	March 31, 2016	June 30, 2015
<u>ASSETS</u>		
Current Assets		
Cash	\$20,000	\$-
Total Current Assets	20,000	-
Total Assets	\$20,000	\$-
<u>LIABILITIES AND STOCKHOLDERS' DEFICIT</u>		
Current Liabilities		
Accounts Payable	\$2,230	\$5,790
Accounts Payable - Related party	-	113,877
Note Payable - Related party	135,000	-
Total Current Liabilities	137,230	119,667
Long-term liabilities		
Convertible notes payable, net of discount	355	-
Total Long-term liabilities	355	-
Total Liabilities	137,585	119,667
Stockholders' Deficit		
Preferred Stock, \$.001 par value, 5,000,000 shares authorized, 0 shares issued and outstanding	-	-
Common Stock, \$.001 par value, 3,500,000,000 shares authorized, 16,643,057 and 16,643,057 shares issued and outstanding at March 31, 2016 and June 30, 2015 respectively	16,635	16,635
Additional paid-in capital	4,077,863	4,052,836
Accumulated deficit	(4,212,056)	(4,189,138)
Total Stockholders' Deficit	(117,585)	(119,667)
Total Liabilities and Stockholders' Defecit	\$20,000	\$-

The accompanying notes to the financial statements are integral part of these financial statements

VERACITY MANAGEMENT GLOBAL, INC.
 CONDENSED STATEMENTS OF OPERATIONS
 For the Three Months and Nine Months Ended March 31, 2016 and 2015
 (Unaudited)

	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015	Nine Months Ended March 31, 2016	Nine Months Ended March 31, 2015
Revenues	\$-	\$-	\$-	\$-
Cost of Sales	-	-	-	-
Gross Profit	-	-	-	-
Expenses				
Administrative Expenses	3,500	1,000	9,500	5,000
General Expenses	4,008	1,430	8,063	3,574
Selling Expenses	5,000	-	5,000	-
Loss from operations	12,508	2,430	22,563	8,574
Other Expense				
Amortization of debt discount	355	-	355	-
Total Expenses	12,863	2,430	22,918	8,574
Net Loss	\$(12,863)	\$(2,430)	\$(22,918)	\$(8,574)
Basic and Diluted Net Loss per Share	*	*	*	*
Weighted Average Shares	16,643,057	16,643,057	16,643,057	16,643,057

* less than (\$0.01)

The accompanying notes to the financial statements are integral part of these financial statements

VERACITY MANAGEMENT GLOBAL, INC.
 STATEMENT OF STOCKHOLDERS' DEFICIT
 (Unaudited)

	Common Stock Shares	Amount	Additional Paid-in Capital	Accumulated Deficit	Total
Balance at June 30, 2015	16,643,057	\$ 16,635	\$ 1,052,836	\$(4,189,138)	\$(119,667)
Beneficial conversion feature on convertible note	-	-	25,000	-	25,000
Net loss	-	-	-	(22,918)	(22,918)
Balance at March 31, 2016	16,643,057	\$ 16,635	\$ 4,077,836	\$(4,212,056)	\$(117,585)

The accompanying notes to the financial statements are integral part of these financial statements

VERACITY MANAGEMENT GLOBAL, INC.
 CONDENSED STATEMENTS OF CASH FLOW
 (Unaudited)

	Nine Months Ended, March 31, 2016	Nine Months Ended, March 31, 2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (22,918)	\$ (8,574)
Adjustments to reconcile net loss to net cash used in operating activities:		
Amortization of debt discount	355	-
Changes in net assets and liabilities Increase (decrease) in:		
Accounts Payable	(3,560)	3,360
Net cash used by operating activities	(26,123)	(5,214)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds on Convertible notes	25,000	-
Related Parties - note payable	21,123	-
Related Parties - accounts payable	-	5,130
Net cash provided by financing activities	46,123	5,130
NET INCREASE (DECREASE) IN CASH	20,000	(84)
CASH - BEGINNING OF PERIOD	-	84
CASH - END OF PERIOD	\$ 20,000	\$ -
Supplement cash flow information:		
Non-Cash Transactions:		
Transfer of related party accounts payable to related party note payable	\$ 113,877	\$ -
Beneficial conversion feature	\$ 25,000	\$ -

The accompanying notes to the financial statements are integral part of these financial statements

VERACITY MANAGEMENT GLOBAL, INC.
NOTES TO CONDENSED FINANCIAL STATEMENTS
NINE MONTHS ENDED MARCH 31, 2016
(Unaudited)

NOTE 1 – BASIS OF PRESENTATION

The accompanying financial statements of Veracity Management Global, Inc (the "Company", "VCMG") at March 31, 2016 have been prepared without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in conformity with generally accepted accounting principles have been omitted or condensed pursuant to such rules and regulations. These statements should be read in conjunction with VCMG's audited financial statements and notes thereto included in VCMG's Form 10-K. In management's opinion, these unaudited interim financial statements reflect all adjustments (consisting of normal and recurring adjustments) necessary for a fair presentation of the financial position and results of operations for each of the periods presented. The accompanying unaudited interim financial statements for the nine months ended March 31, 2016 are not necessarily indicative of the results which can be expected for the entire year.

Basis of Presentation

The Company follows accounting principles generally accepted in the United States of America

In the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of financial position and the results of operations for the interim periods presented have been reflected herein. The financial statements include the accounts of Veracity Management Global, Inc and the operations of Secured Financial Data, Inc and Veracity Management Group, Inc. are being reported as loss from discontinued operations. Any inter-company transactions have been eliminated as part of the transaction.

As a development stage company, the Company continues to rely on infusions of debt and equity capital to fund operations. The Company relies principally on cash infusions from its directors and affiliates, and paid a significant amount of personal services and salaries in the form of common stock.

Recently Issued Accounting Standards

In August 2014, the FASB issued ASU No. 2014-15, Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern ("ASU 2014-15"). ASU 2014-15 will explicitly require management to assess an entity's ability to continue as a going concern, and to provide related footnote disclosure in certain circumstances. The new standard will be effective for all entities in the first annual period ending after December 15, 2016. Earlier adoption is permitted. We are currently evaluating the impact of the adoption of ASU 2014-15.

Management does not anticipate that the adoption of these standards will have a material impact on the financial statements.

NOTE 2- GOING CONCERN

Veracity Management Global, Inc.'s financial statements have been prepared on a going concern basis, which contemplates the realization of assets and settlement of liabilities and commitments in the normal course of business for the foreseeable future. Since inception, the Company has accumulated losses aggregating to \$4,212,056 and has insufficient working capital to meet operating needs for the next twelve months as of March 31, 2016, all of which raise substantial doubt about VCMG's ability to continue as a going concern.

VERACITY MANAGEMENT GLOBAL, INC.
 NOTES TO CONDENSED FINANCIAL STATEMENTS
 NINE MONTHS ENDED MARCH 31, 2016
 (Unaudited)

NOTE 3 – ADVANCES – RELATED PARTY

The officers and directors of the Company have advanced funds to pay for the filing and other necessary costs of the Company. The following are the advances from the officers and directors:

	<u>March</u>	
	<u>31,</u>	<u>June 30,</u>
	<u>2016</u>	<u>2015</u>
Donald W Prosser (Director)	\$ -	\$ 107,877
Gregory Paige (CEO & Director)	-	6,000
Total	\$ -	\$ 113,877

On January 22, 2016 Donald W Prosser converted his advances to a promissory note for the amount \$135,000. The note includes additional advances from Mr. Prosser during the first quarter and the purchase of the Gregory Paige advance by Mr. Prosser. The Note was due March 31, 2016 and extended to June 30, 2016.

NOTE 4 – DEBT

Note Payable - Related Party

The note payable of \$135,000 to related parties (Donald W. Prosser) was due March 31, 2016 and has been extended to June 30, 2016. The note provides for no interest.

Convertible Note

On March 24, 2016 the Company agreed to provide unsecured promissory notes with an related party for \$25,000. The note is noninterest bearing and is due on July 30, 2017. The note has a conversion right that allows the holder to convert the principal balance into the Company's common stock at the lender's sole discretion at \$0.05 per share.

In accordance with ASC 470, the Company has analyzed the beneficial nature of the conversion terms and determined that a beneficial conversion feature (BCF) exists because the effective conversion price was less than the quoted market price at the time of the issuance. The Company calculated the value of the BCF using the intrinsic method as stipulated in ASC 470. The BCF of \$25,000 has been recorded as a discount to the notes payable and to Additional Paid in Capital.

For the nine months ended March 31, 2016 the Company has amortized \$355 of the beneficial conversion feature which has also been recorded as interest expense. The carrying value of convertible note is as follows:

Face amount of the note	\$25,000
Unamortized discount	(24,645)
Carrying value at March 31, 2016	\$355

NOTE 5 – RELATED PARTY TRANSACTIONS

The related party transactions during the nine months ended March 31, 2016 and 2015 are the amounts contributed for operating expenses for the related periods. For the nine months ended March 31, 2016 was \$21,123 and for the nine months ended March 31, 2015 was \$5,130. All funds were provided by Donald W. Prosser.

NOTE 6 – SUBSEQUENT EVENTS

The Company has received a letter of intent dated August 31, 2015 and an Exchange Agreement dated November 20, 2015 to merge an operating business before June 30, 2016.

The Company Board of Directors have approved a name change to Santa Fe Resource Development, Inc. effective upon the completion of the above referenced merger.

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ITEM 2: MANAGEMENT'S DISCUSSION AND ANALYSIS AND RESULTS OF OPERATION

Forward-Looking Statement

Some of the statements contained in this quarterly report of Veracity Management Global, Inc., a Delaware corporation (hereinafter referred to as "we", "us", "our", "Company" and the "Registrant") discuss future expectations, contain projections of our plan of operation or financial condition or state other forward-looking information. Forward-looking statements give our current expectations or forecasts of future events. You can identify these statements by the fact that they do not relate strictly to historical or current facts. They use of words such as "anticipate," "estimate," "expect," "project," "intend," "plan," "believe," and other words and terms of similar meaning in connection with any discussion of future operating or financial performance. From time to time, we also may provide forward-looking statements in other materials we release to the public.

General

The Registrant acquired its operating subsidiaries Veracity Management Group, a Florida corporation ("VMG") and Secured Financial Data Inc., a Florida corporation ("SFD") effective on July 1, 2006. Prior to the acquisition of its operating subsidiaries, during the period from May 2002 until the acquisition of its operating subsidiaries on July 1, 2006, the Registrant had only limited business operations. The Registrant operated the above named subsidiaries until July 1, 2008 until the when the Registrant rescinded the merger and the Registrant has no business operations and is in the business of acquiring a target company or business seeking the perceived advantages of being a publicly held corporation. Our principal business objective for the next 12 months and beyond such time will be to achieve long-term growth potential through a combination with a business rather than immediate, short-term earnings. The Registrant will not restrict our potential candidate target companies to any specific business, industry or geographical location and, thus, may acquire any type of business.

The results of operations comparative information has no meaning as the operations were removed as part of the rescinding of the mergers of the operating businesses.

Results of Operations For the Three Months and the Nine Months Ended March 31, 2016 Compared to Three Months and the Nine Months Ended March 31, 2015

The results of the recession agreement made the Company a shell company as defined in Rule 12b-2 of the Exchange Act.

Revenue: The Company recorded revenue of \$0 and \$0 for the nine months ended March 31, 2016 and 2015, respectively. The Company recorded revenue of \$0 and \$0 for the three months ended March 31, 2016 and 2015, respectively.

Cost of Service: The Company recorded cost of services of \$0 and \$0 for the nine months ended March 31, 2016 and 2015, respectively. The Company recorded cost of services of \$0 and \$0 for the three months ended March 31, 2016 and 2015, respectively.

Administrative Expenses: Our administrative expenses totaled \$9,500 for the nine-months ended March 31, 2016 as compared to \$5,000 administrative expenses for the same period ended March 31, 2015. Our administrative expenses totaled \$3,500 for the three-months ended March 31, 2016 as compared to \$1,000 administrative expenses for the same period ended March 31, 2015.

General Expenses General expenses were \$8,063 during the nine-months ended March 31, 2016. There were \$3,574 general expenses for the nine-months period ended March 31, 2015. There were general expenses of \$4,008 during the three-months ended March 31, 2016. There were general expenses of \$1,430 for the three-months period ended March 31, 2015.

Selling expenses: There was \$5,000 selling expenses during the nine months ended March 31, 2016 and no selling expenses for the nine months ended March 31, 2015. There was \$5,000 selling expenses during the three-months ended March 31, 2016 and no selling expenses for the three-months period ended March 31, 2015.

Other Expenses: There was \$355 of other expenses, related to amortization of debt discount, during the nine months ended March 31, 2016, and no other expenses during the nine months ended March 31, 2015. There was \$355 of other expenses during the three months ended March 31, 2016 and no other expenses during the three months ended March 31, 2015.

Net Loss: We incurred a net loss of \$22,918 during the nine-month period ended March 31, 2016, compared to a net loss of \$8,574 during the nine-month period ended March 31, 2015. We incurred a net loss of \$12,863 during the three-month period ended March 31, 2016, compared to a net loss of \$2,430 during the three-month period ended March 31, 2015.

Liquidity and Capital Resources

At March 31, 2016, we had \$20,000 current assets compared to no current assets at June 30, 2015. We had total current liabilities of \$137,230 at March 31, 2016 compared to \$119,667 at June 30, 2015. We had long-term liabilities of \$355 as of March 31, 2016 compared to \$0 at June 30, 2015.

We had deficit working capital of \$117,230 at March 31, 2016.

Net cash used by operations during the nine-month period ended March 31, 2016 was \$(26,123). For the nine-month period ended March 31, 2015 the net cash used by operations was (\$5,214).

During the nine-month period ended March 31, 2016, financing activities provided \$46,123 compared to \$5,130 during the same nine-month period in the prior year.

There are no limitations in the Company's articles of incorporation on the Company's ability to borrow funds or raise funds through the issuance of restricted common stock.

Plan of Current and Future for the fiscal year 2016

The Company has no business operations and is in the business of acquiring a target company or business seeking the perceived advantages of being a publicly held corporation. Our principal business objective for the next 12 months and beyond such time will be to achieve long-term growth potential through a combination with a business rather than immediate, short-term earnings. The Company will not restrict our potential candidate target companies to any specific business, industry or geographical location and, thus, may acquire any type of business.

ITEM 3. QUANTITATIVE and QUALITATIVE DISCUSSION ABOUT MARKET RISK

The Company is defined by Rule 229.10 (f)(1) as a "Smaller Reporting Company" and is not required to provide or disclose the information required by this item.

ITEM 4. CONTROLS AND PROCEDURES

As of March 31, 2016 our Chief Executive Officer and Chief Financial Officer (the "Certifying Officers") conducted evaluations of our disclosure controls and procedures. As defined under Sections 13a-15(e) and 15d-15(e) of the Exchange Act, the term "disclosure controls and procedures" means controls and other procedures of an issuer that are designed to ensure that information required to be disclosed by the issuer in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Exchange Act is accumulated and communicated to the issuer's management, including the Certifying Officers, to allow timely decisions regarding required disclosure. Based on this evaluation, the Certifying Officers have concluded that our disclosure controls and procedures were not effective to ensure that material information is recorded, processed, summarized and reported by our management on a timely basis in order to comply with our disclosure obligations under the Exchange Act and the rules and regulations promulgated thereunder.

As of March 31, 2016, there were no other changes in our internal control over financial reporting during the subject fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None.

Item 1A - RISK FACTORS

There have been no material changes to the risk factors set forth in our Annual Report on Form 10-K for the year ended June 30, 2015, as filed with the SEC on December 17, 2014. The risk factors in our Annual Report on Form 10-K for the year ended June 30, 2015, in addition to the other information set forth in this quarterly report, could materially affect our business, financial condition or results of operations. Additional risks and uncertainties not currently known to us or that we deem to be immaterial could also materially adversely affect our business, financial condition or results of operations.

ITEM 2. RECENT SALES OF UNREGISTERED EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

(a) The following documents are filed as exhibits to this report on Form 10-Q or incorporated by reference herein.

Exhibit Number	Exhibit Description
31.1	Certification of the Chief Executive Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of the Chief Financial Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of the Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of the Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document*
101.INS	XBRL Instance Document
101SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document

Veracity Management Global, Inc.

SIGNATURES

Pursuant to the requirements 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 date indicated.

/s/Robert Shuey

Robert Shuey

CEO

Dated: June 3, 2016

/s/ Peter Dauterman

Peter Dauterman

CFO

Dated: June 3, 2016