

Veracity Management Global, Inc.
Form 10-K
January 13, 2009
[Table of Contents](#)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

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

For the fiscal year ended June 30, 2008

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

Commission file number 0-52493

VERACITY MANAGEMENT GLOBAL, INC.

(Exact Name Of Registrant As Specified In Its Charter)

Edgar Filing: Veracity Management Global, Inc. - Form 10-K

Delaware
(State of Incorporation)

43-1889792
(I.R.S. Employer Identification No.)

7682 N Federal Highway #1
Boca Raton, FL 33487
(Address of Principal Executive Offices)

33134
(ZIP Code)

Registrant's Telephone Number, Including Area Code: (561)998-8425

Securities Registered Pursuant to Section 12(g) of The Act: Common Stock, \$0.001

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

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 statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

On January 2, 2009, the aggregate market value of the 8,075,966 common stock held by non-affiliates of the Registrant was approximately \$2,423. On January 2, 2009, the Registrant had 13,636,908 shares of common stock outstanding.

Large Accelerated Filer

Accelerated Filer

Non-Accelerated Filer (Do not check if a smaller reporting company)

Smaller Reporting Company

Table of Contents**TABLE OF CONTENTS**

Item	Description	Page
<u>PART I</u>		
ITEM 1.	<u>DESCRIPTION OF BUSINESS</u>	3
ITEM 2.	<u>DESCRIPTION OF PROPERTY</u>	10
ITEM 3.	<u>LEGAL PROCEEDINGS</u>	10
ITEM 4.	<u>SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS</u>	10
<u>PART II</u>		
ITEM 5.	<u>MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS</u>	10
ITEM 6.	<u>MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATION</u>	11
ITEM 7.	<u>QUALITATIVE AND QUANTITATIVE DISCLOSURE ABOUT MARKET RISK</u>	13
ITEM 8.	<u>FINANCIAL STATEMENTS</u>	13
ITEM 9.	<u>CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE</u>	13
ITEM 9A.	<u>CONTROLS AND PROCEDURES</u>	13
ITEM 10.	<u>OTHER INFORMATION</u>	14
<u>PART III</u>		
ITEM 11.	<u>DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT. COMPLIANCE WITH SECTION 16(A)</u>	15
ITEM 12.	<u>EXECUTIVE COMPENSATION</u>	15
ITEM 13.	<u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT</u>	15
ITEM 14.	<u>CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS</u>	16
ITEM 15.	<u>EXHIBITS AND REPORTS ON FORM 8-K</u>	16
ITEM 16.	<u>PRINCIPAL ACCOUNTING FEES AND SERVICES</u>	16

Table of Contents

Forward-Looking Statements and Associated Risks

The Private Securities Litigation Reform Act of 1995 provides a safe harbor for certain forward-looking statements. Some of the statements contained in this annual report of Veracity Management Global, Inc. (hereinafter the Company, We or the Registrant) discuss future expectations, contain projections of our operations or financial condition or state other forward-looking information. Some statements contained in this annual report on Form 10-K that are not historical facts (including without limitation statements to the effect that we believe, expect, anticipate, plan, intend, foresee, or other similar expressions) and are forward-looking statements. These forward-looking statements are based on our current expectations and beliefs concerning future developments and their potential effects on us. There can be no assurance that future developments affecting us will be those anticipated by us. All comments concerning our expectations for future revenue and operating results are based on our forecasts of our plan of operation and do not include the potential impact of any future acquisitions or operations. These forward-looking statements involve significant risks and uncertainties (some of which are beyond our control) and assumptions. Should one or more of these risks or uncertainties materialize, or should any of our assumptions prove incorrect, actual results may vary in material respects from those projected in the forward-looking statements. For a more detailed discussion of the foregoing risks and uncertainties, see Risk Factors .

PART I

ITEM 1. DESCRIPTION OF BUSINESS

Background of the Registrant

The Registrant was incorporated in the State of Delaware on April 7, 2000 under the name Intertech Corporation and is publicly traded on the NASDAQ OTCBB under the symbol VCMG. On July 28, 2001, the Registrant acquired Wholesale Merchandisers, Inc. through a share exchange agreement and Wholesale Merchandisers, Inc. became a wholly-owned subsidiary of the Registrant. Wholesale Merchandisers' primary asset was a technology called Load Toter Technology, which is a vehicle balancing bar that automatically balances as weight is applied to a vehicle. The Registrant's wholly-owned subsidiary ceased operations in May 2002. In connection with discontinuing its former business operations the Registrant changed its name from Intertech Corporation to Kirshner International Inc. During the period from May 2002 until the Registrant's acquisition of its operating subsidiaries, Veracity Management Group, a Florida corporation (VMG) and Secured Financial Data Inc., a Florida corporation (SFD) effective on July 1, 2006, the Registrant had only limited business operations. In January 2005 the Registrant announced its intention to develop an Internet-based broadcast channel and in June 2005 the Registrant entered into a licensing and advertising agreement with Yadio, Inc., an Internet technology and marketing firm, to operate the Registrant's Internet broadcast website. The Registrant's objective was to generate revenues from its broadcast channel. However, the Registrant was not successful in raising funding necessary for this project and failed to generate any revenues. It ceased its Internet broadcast business activities in the third quarter of 2005. As a result, the financial statements of the Registrant for the years ended June 30, 2007 and 2006 are not comparable. The financial statements of the Registrant for the years ended June 30, 2008 and 2007 are comparable.

Subsequent to June 30, 2008

Effective July 1, 2008 the former control persons on the parent company exercised its rights under the exchange agreement to affect the rescission on the mergers of VMG and SFD based on the non performance of the financial governance of the agreement within the two year period outlined by the agreement. There were 20,105,538 shares cancelled as part of the agreement and the operating companies, (VMG and SFD) were returned to the control persons, whom shares were cancelled, before the merger. As of July 1, 2008 the Registrant has no operating business. The business going forward is to acquire 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.

Acquisition of Veracity Management Global, Inc and Secured Financial Data Inc.

On July 1, 2006, the Registrant entered into share exchange agreements with Secured Financial Data Inc. (SFD), a Florida corporation and Veracity Management Group (VMG), a Florida corporation, which resulted in SFD and VMG becoming wholly-owned subsidiaries of the Registrant. The Registrant issued 19,047,685 restricted shares of common stock to the shareholders of SFD and 3,535,353 restricted shares of common stock to the shareholder of VMG in exchange of 100% of the issued and outstanding shares of SFD and VMG. In connection with these acquisitions in September 2006, the Registrant changed its name to Veracity Management Global, Inc and issued 11,985,413 shares for management and consulting services valued at their fair value of \$1,345,904. On July 7, 2008 effective July 1, 2008 the former control persons on the parent company exercised its rights under the exchange agreement to affect the rescission on the merger based on the non performance of

Edgar Filing: Veracity Management Global, Inc. - Form 10-K

the financial governance of the agreement within the two year period outlined in the agreement. There were 20,105,538 shares cancelled as part of the agreement and the operating companies, (VMG and SFD) were returned to the original shareholders before the merger. As of July 1, 2008 the Registrant has no operating business.

Our Business Consulting Operations

The Registrant for the period until July 1, 2008 operated a consulting and professional services company specialized in technology transformation, business continuity and disaster recovery planning processes and procedures. The Registrant assists corporations and organizations with the design, development and implementation of business solutions. These solutions vary from requirements based legislative regulation, such as; The Sarbanes Oxley (SOX) Act, Gramm-Leach Bliley Act (GLBA), and Health Insurance Portability and Accountability Act (HIPAA). Additionally our consulting services encompass solutions that meet our client's strategic business needs, including organizational transformation, change management, outsourcing, software development, integration, product identification, gap analysis, configuration and installation of its related supporting infrastructure.

Regulatory and Compliance Consulting Services

We provide consulting services to private and publicly traded companies. We work with our clients in the United States to help them meet their regulatory and governance requirements.

Our firm specializes in the transformation and alignment of business process automation and its supporting service business units. We assist our clients in standardizing their general computer based control processes through the implementation of appropriate monitoring mechanisms into everyday IT activities. We use industry recognized best practices like COBIT, COSO, ITIL, PMI and Balance Scorecard. The use of these best practices not only insures an organization's compliance and best in class operations, but provides the framework for subsequent outsourcing of non-strategic services. In addition, we help our client establish an effective sustained compliance program through the automation of controls and their documentation repository. Using our expertise, we have successfully completed numerous Sarbanes-Oxley projects for customers in diverse industries. Having worked with many accounting firms responsible for SOX audits, we can provide tailored methodologies that meet business in specific verticals such as Financial Services Institutions, Healthcare, and Manufacturing and Distribution.

Table of Contents

Our regulatory compliance services focus on primary areas, including project management, infrastructure implementation and documentation and testing support. We customize the scope of our services based on our client's needs.

To help with companies or organizations initiative to meet regulatory requirements, we perform a gap analysis by performing a trial audit of the client's existing controls and document the findings. We coordinate with internal and external auditors to ensure all open or hidden issues are properly identified and accounted for. Using our approved findings, we leverage industry best practice operational models and methods to fill any gaps and revise all existing business documentation. We then use the newly developed operational model and execution plan to remediate the clients existing environment identifying each relevant key controls as a testing point. Finally, we liaison with internal and external auditors as needed.

Our SOX Compliance Process

At the beginning of each compliance project, we meet with our client to define primary goals and objectives as well as additional opportunities that may present additional business benefits. Based on our findings, we will create a phased plan for implementing a compliance and process improvement program in collaboration with all key members in our client's organization.

We meet with our clients independent auditors at several points throughout the process to ensure their acceptance of the evaluation criteria and documentation necessary for certification of management's assertions of internal controls. We guide our clients through the entire implementation process, including remediation of deficient IT controls.

Beyond the primary goal of compliance, there are many opportunities for enhancing an IT environment. We provide suggestions on how to design a control structure to achieve the optimal segregation of duties within your IT organization. We review their internal workflow and help identify improvement opportunities providing increased efficiency and cost savings.

Our SOX Three-Phased Approach

Executing a project in phases allows us to define clear milestones and checkpoints for consistent and effective progress. Following is a general outline for achieving compliance and process improvement:

Phase 1 Planning and scoping

Confirm objectives, scope, success criteria and team members

Execute pilot full documentation and testing for one business stream

Phase 2 Confirm pilot results with auditor and finalize plans to move forward
Process documentation, evaluation and improvement

Document all current processes, procedures and control points

Identify potential process improvements and implement where appropriate

Phase 3 Identify control test plans and metrics and establish monitoring procedure
Control testing and remediation

Edgar Filing: Veracity Management Global, Inc. - Form 10-K

Execute tests of control points, document test results and identify inconsistencies with expected results

Refine process or control to achieve compliance and update process documentation accordingly

Many of our clients have achieved initial compliance with SOX requirements and are now faced with ongoing regulatory demands. These demands can rise from new legislation, changes to existing legislation and annual review of new business practices implemented to meet business demands. We provide this ongoing support, including process changes, system upgrades and/or replacements.

Quarterly testing: We can define the scope of testing with your external auditors and execute quarterly tests, including any required process remediation.

Process improvement: We can work with our clients to make process and procedure improvements aimed at improving efficiency and effectiveness.

Business Continuity Planning and Disaster Recovery Process

As part of our SOX Compliance Services we provide regulatory solutions such as business continuity planning, disaster recovery processes. Current regulations have multi-faceted requirements. Our comprehensive approach starts with an initial risk and impact assessment, to the deployment of remotely monitored and secured redundant support environments. These services include collocation services and/or outsourcing services for client's computer server and network equipment. We have relationships and partnerships with Collocation Data Centers located across the US and overseas.

Our comprehensive assessment process covers all aspects of insuring the survivability of our client's businesses. The following describes an overview of our comprehensive solutions;

Which business units, operations and processes are absolutely essential to the survival of the organization?

How quickly essential business units or processes have to be back in operation before the impacts are catastrophic

Which recovery alternatives are the most plausible for meeting the recovery windows

Which resources are needed to resume operations at a survival level for the essential parts of the business?

Which elements have to be pre-positioned to meet recovery time windows

As organizations change their business as a result of mergers and growth, their requirements also change. We offer collocation services for our client's computer and network infrastructure. The process side of our solution is a critical part of our business continuity and disaster recovery service products and packages. The data center space is rented or sub-leased by our clients from us for the purpose of housing clients' computer servers and network equipment.

Recovery Testing: After the implementation of a client's equipment into the data center for collocation, we offer our client recovery testing in support of client audit processes. In this capacity we provide consulting services as follows:

Validate that the awareness and communication plans are in place, understood and workable

Validate that the infrastructure is in place to recover by performing mock events

Validate that key processes required.

Validate logistics are in place to relocate/provide systems access to employees

We provide SOX Compliance Services that are true alternatives and compliments to in-house resources, offering a very high level of practical and hands-on experience, combined with quality of service and confidence.

Table of Contents

Gramm-Leach-Bliley Act Compliance Consulting Services

The Financial Modernization Act of 1999, also known as the Gramm-Leach-Bliley Act or GLB Act, includes provisions to protect consumers personal financial information held by financial institutions. There are three principal parts to the privacy requirements: the Financial Privacy Rule, Safeguards Rule and pretexting provisions.

The GLB Act gives authority to eight federal agencies and the states to administer and enforce the Financial Privacy Rule and the Safeguards Rule. These two regulations apply to financial institutions, which include not only banks, securities firms, and insurance companies, but also companies providing many other types of financial products and services to consumers. Among these services are lending, brokering or servicing any type of consumer loan, transferring or safeguarding money, preparing individual tax returns, providing financial advice or credit counseling, providing residential real estate settlement services, collecting consumer debts and an array of other activities. Such non-traditional financial institutions are regulated by the Federal Trade Commission (FTC). The FTC is one of eight federal agencies that, along with the states, are responsible for developing a consistent regulatory framework to administer and enforce the Financial Privacy Rule.

The Financial Privacy Rule governs the collection and disclosure of customers personal financial information by financial institutions. It also applies to companies, whether or not they are financial institutions, who receive such information. The Financial Privacy Rule requires financial institutions to give their customers privacy notices that explain the financial institution's information collection and sharing practices. In turn, customers have the right to limit some sharing of their information. Also, financial institutions and other companies that receive personal financial information from a financial institution may be limited in their ability to use that information.

The Safeguards Rule requires all financial institutions to design, implement and maintain safeguards to protect customer information and to develop a written information security plan that describes how the financial institution is prepared for, and plans to continue to protect clients nonpublic personal information. The Safeguards Rule also applies to information of those no longer consumers of the financial institution. This plan must include:

Denoting at least one employee to manage the safeguards,

Constructing a thorough [risk management] on each department handling the nonpublic information,

Develop, monitor, and test a program to secure the information, and

Change the safeguards as needed with the changes in how information is collected, stored, and used.

The Pretexting provisions of the GLB Act protect consumers from individuals and companies that obtain their personal financial information under false pretenses, a practice known as pretexting. Pretexting occurs when someone tries to gain access to personal nonpublic information without proper authority to do so. This may entail requesting private information while impersonating the account holder, by phone, by mail, by email, or even by phishing (i.e., using a phony website or email to collect data). The GLB Act has provisions that require the financial institution to take all precautions necessary to protect and defend the consumer and associated nonpublic information.

Financial Institutions

The GLB Act applies to financial institutions which is defined as entities that offer financial products or services to individuals, such as loans, financial or investment advice, or insurance, among others. The FTC has authority to enforce the law with respect to financial institutions that are not covered by the federal banking agencies, the Securities and Exchange Commission, the Commodity Futures Trading Commission, and state insurance authorities. Among the institutions that fall under FTC jurisdiction for purposes of the GLB Act are non-bank mortgage lenders, loan brokers, some financial or investment advisers, tax preparers, providers of real estate settlement services, and debt collectors. At the same time, the FTC's regulation applies only to companies that are significantly engaged in such financial activities.

The law requires that financial institutions protect information collected about individuals; it does not apply to information collected in business or commercial activities.

GLB Act Compliance Services

Identifying and assessing threats to customer information and evaluating the effectiveness of a financial institution's safeguards is a complex task that requires in-depth knowledge of security technology and practices, as well as continual identification of ever-changing security threats and requirements. Our management utilizes its expertise to conduct comprehensive assessment of its financial institution customer's controls and procedures to safeguard the institution's customer's privacy information. We work with our financial institution customer's GLB Act compliance personnel in connection with the design, development, installation and implementation of a customized security program that cost-effectively addresses key gaps in security.

Edgar Filing: Veracity Management Global, Inc. - Form 10-K

Our services include thorough assessment of any vulnerability in our customer's existing network security plans, policies, operations, usage, performance, and physical security. We assess immediate security concerns to identify any gaps between the current infrastructure and identified requirements for GLB Act compliance as well as overall system security and ability of the financial institution to maintain security compliance based upon projected growth. Such services may include preparing a comprehensive security policy plan for our customers; optimizing our customer's network performance and reliability and recommending products and services; providing for protection and monitoring of network solutions; and creating disaster-recovery and business-continuity plans to ensure continued security of privacy information to satisfy GLB Act requirements.

We recognize that our financial institution customers confront both internal and external risks. These risks include, but are not limited to:

Unauthorized access of their customer's privacy information by someone other than the owner of the covered data and information;

Compromised system security as a result of system access by an unauthorized person;

Interception of data during transmission;

Loss of data integrity;

Physical loss of data in a disaster;

Errors introduced into the system;

Corruption of data or systems;

Unauthorized access of covered data and information by employees;

Unauthorized requests for covered data and information;

Unauthorized access through hardcopy files or reports; and

Unauthorized transfer of covered data and information through third parties.

To comply with the GLB Act, we advise our financial institution customers on their plans and procedures to detect, prevent, and respond to network attacks, intrusions, and other system failures. As part of our disaster recovery and business continuity services under the GLB Act, we provide our customers with collocation facilities and capacity to house our customer's backup computer servers and network equipment on a fully-secure basis. This enables our financial institution customers to maintain their customer's privacy information during periods of disaster recovery ensuring business continuity with immediate access at all times to the privacy information of their customers, which privacy information is safeguarded in compliance with the GLB Act.

Technology Project Management and Strategic Planning Services

Our firm segregates work into tracks to provide customers with greater visibility into the work and effort being provided. We commonly partner with our customers by assembling a small team consisting of both Veracity and client personnel. We find this cross company team approach particularly successful because:

Actively involves key stakeholders early in the process

5

Table of Contents

Lowers overall cost of strategic initiatives

Promotes knowledge transfer between organizations

Facilitates the development of consensual recommendations (if and where appropriate)

Expedites the adoption and deployment process for recommendations

Our greatest asset is providing our customers with a formal proven approach to accomplish their strategic goals and objectives. This process aligns the operational model of the Information Technology department to the enterprise business strategy. Use industry recognized methods, and processes VMG specializes in the running, retooling and transforming of Information Technology departments.

VMG works from a results oriented solutions provider. Our solutions are developed from detailed root cause business and operational analysis. Our process is to develop measurable value based, **Operational** and **Revenue Based Strategic (ORBS)** solutions. Our ORBS wholly encapsulate all solution dependencies, thereby reducing assumptions, failures and rework. The ORBS methodology leverages best practices such as the Project Management Institute's PMIBOK framework and The Balance Scorecard.

Our process identifies the business strategic and tactical objectives for each initiative and ties these to each business unit across the organization. To identify individual business unit impact, we interview managers, subject matter experts and users. This process also builds consensus among key stakeholders. We then perform current state analysis and gap to best practices. Using this information we develop the appropriate solution and document the required catalog of services to support the business needs. We develop the initial project plan for the solutions implementation inclusive of methods to insure continuous improvement activities and metrics. Throughout this process we manage to the client's expectations, by repeatedly facilitating sessions to revalidate consensus on the objectives, timeframes, budget and success measures to insure the strategic alignment to business climate is maintained.

Transformation Services

Our firm specializes in assisting companies change. These changes many come about as part of a business climate change, where the methods and practices previously used are no longer valid. Many times our clients are not sure what is not working, they just know they are either losing opportunities or have over built their operations through years of patch work resulting in non-scalable and costly infrastructure. Other times opportunities come in forms of acquisitions, merger, etc. Other times brand new business lines are developed, but all in all change is occurring at all levels of the organization and the organization is built to conduct the daily business at hand not retools and reshape themselves. This is where a firm like Veracity Management Group can provide enormous value. Veracity Management Group has developed a three step process that involves identification, change modeling and remediation.

Stage 1: Current State Assessment

Strategic measures, service and resource inventory

Our process begins by identifying and distilling a high-level business driven strategic plan and quantitative success measures. We then assist in identifying the operational supporting services required to make such a plan successful. We start a parallel process to interview individuals, review business process maps, and inventory all assets, organizational hierarchies and their related resources. The final product is a comprehensive current state assessment of the client's current operational model.

Stage 2: Future State Definition and Design

Best practices models, services catalog definition and resources

Using the current state models, VMG will facilitate gap sessions that explore and test against industry best practices. Our consultants will provide lessons learned and previous industry experience in similar projects to simulate discussions challenging traditional organizational and process silos, gaining client buy-in and identifying client sponsorship roles. We will develop a future state operational model continually challenging and testing the client tolerance for change, maturity and formality by developing and instituting regulatory compliant policies and procedures each tying to individual job descriptions and to a detailed service catalog that defines the operational model and departmental

organizational chart.

Stage 3: Transformation and implementation Roadmap

3T s, Tools, Talent and Tactics, planning and budgeting

Our process starts with the implementation of Program Office, whose charter is to manage the organizational aspect of, leveraging our findings and developing or enhancing existing change management processes required by the project. Using the future state design our consultants will develop a milestone based transformation roadmap to updating the organization. VMG fosters a buy versus build model, limiting custom development to integration or client unique functionality not available in the marketplace. Subsequently on the approval and acquisition of these tools we design the new operational model developing talent refresh programs for the internal staff and updating all job functions descriptions accordingly. VMG will finally present a scalable operational model that integrates seamlessly to the enterprise.

Our Business Strategy

We bring predictability to your business

Veracity Management Group is a Full Service Management Consulting company focused on developing and nurturing a value based annuity relationship business with our clients.

We help organizations manage and make sense of obstacles and challenges they face in every day business. Our firm specializes in developing, transforming, establishing and delivering predictable operational models to information technology organizations. Through the use of industry best practices, strategic partnerships, and tools we deploy auditable and quantitative metric for business driven continuous improvement across the enterprise.

Our business objective is to become a leading provider in the market of providing technology transformation services, business continuity and disaster recovery planning processes and procedures. To pursue our objective, we are focusing on the following initiatives:

Build our business by:

obtaining sufficient financing to grow our business;

developing a strong brand and reputation for business consulting services; and

attracting and retaining clients that are leaders in their respective fields.

through the sale of products that automate client processes or resolve client objectives
Generate and subsequently diversify our revenue by:

establishing our services as the leading solution for business continuity and disaster recovery planning processes and procedures;

Table of Contents

increase the size and effectiveness of our marketing and sales methods; and expand our customer base

identifying industry leading products that we can be a vendor and representative for at a regional and or national level. The model is similar to that of any dealer including product representation, sales, and continual support and upgrade throughout the client's ownership of product.

Leverage our client relationships by:

developing new client relationships through referrals ;

developing additional services for existing and potential clients; and

entering into joint ventures for particular markets that may develop for our services.

Dependence on Major Customers

The Registrant has one client that accounted for 57% of its revenues during its fiscal year ended June 30, 2008 and accounted for 45% of its revenues during the fiscal year ended June 30, 2007. At present, the Company has no customers.

The Company is dependent on one major customer, Bank United FSB, which accounted for approximately 45% of our revenues for the year ended June 30, 2007 and during the fiscal year ended the revenue from Bank United accounted for 39% of its revenue. Bank United is a regional retail bank in Florida. The Company's business and financial condition would be materially adversely affected if Bank United ceased to be a client of the Company or materially reduced the level of services provided by the Company.

Materials and Suppliers

To fulfill our contractual obligation, we often rely on third party equipment manufacturers and subcontractors to complete our projects. We are not substantially dependent on any individual third party to support our projects; however, we are subject to possible cost escalations based on inflation and other market price fluctuations.

We purchase equipment directly from manufacturers or third party resellers. If a manufacturer is unable to deliver the materials according to the negotiated terms, we may be required to purchase the materials from another source at a higher price. We may keep certain items in stock at our facilities. We obtain more specialized equipment from suppliers when required for a contract or project, which could adversely affect our business.

The Company uses computer equipment in connection with its client consulting services.

Patents, Trademarks and Licenses and Other Intellectual Property

At present, we have no patents, trademarks, licenses and other intellectual properties.

Competition

The markets in which we operate and provide our compliance services are highly competitive and, for the most part, require highly skilled and experienced personnel. A large number of regional, national and international consulting companies are competing in the markets we serve, and certain of these competitors have greater financial and other resources. Further, we are a recent entrant into the market for compliance services, and certain competitors possess substantially greater experience, market knowledge and customer relationships.

In pursuing contracts and projects, we experience significant competition in the markets we operate in. We believe that we have earned an excellent reputation. We compete based on our reputation and business relationships developed over the years.

Edgar Filing: Veracity Management Global, Inc. - Form 10-K

Corporate America and the general public are aware of their vulnerability to natural and man-made disasters. This is an emerging market and we have entered this market early. We are in the compliance market where there are many competitors. We expect to gain a strong hold in this market.

Employees

At June 30, 2008, we had 7 full time employees; all of them remained with VGM upon the transfer under the rescission agreement. At June 30, 2007, we had 21 full-time employees and none of these employees were represented by labor unions. We also employ part-time personnel from time to time on a contract or project-specific basis. We believe current relationships with our employees are satisfactory. We are not aware of any circumstances that are likely to result in a work stoppage at any of our projects.

Environmental Laws and Regulations

We are subject to environmental laws and regulations, including those concerning emissions into the air, discharges into waterways, generation, storage, handling, treatment and disposal of hazardous materials and wastes and health and safety.

The environmental, health and safety laws and regulations to which we are subject are frequently changing, and it is impossible to predict the effect of such laws and regulations on us in the future. We believe we are in substantial compliance with all applicable environmental, health and safety laws and regulations. To date, our costs with respect to environmental compliance have not been material, and we have not incurred any material environmental liability. However, we cannot assure you that we will not incur material environmental costs or liabilities in the future. For more information on the impact of environment regulation upon our businesses, see **Risk Factors** below.

RISK FACTORS

You should carefully consider the risks described below before making an investment in our common stock. All of these risks may impair our business operations. If any of the following risks actually occurs our business, financial condition or results of operations could be materially adversely affected. In such case, the trading price of our common stock could decline, and you may lose all or part of your investment

Risk Factors Related to Our Business

Current status as operating company has been changed as of July 1, 2008.

Effective July 1, 2008 the former control persons on the parent company exercised its rights under the exchange agreement to affect the rescission on the mergers of VMG and SFD based on the non performance of the financial governance of the agreement within the two year period outlined by the agreement. As of July 1, 2008 the Registrant has no operating business. The business going forward is to acquire a target company or business seeking the perceived advantages of being a publicly held corporation.

Table of Contents

We have a history of operating losses, and we may not achieve or maintain profitability in the future

We have experienced a net loss of \$1,505, 435 for the fiscal year ended June 30, 2008. We do not expect these losses to continue but it is uncertain when, if ever, we will become profitable. These losses have resulted primarily from non-cash, stock-based compensation costs incurred as stock issued for compensation, and general and administrative costs associated with operations. Stock issued for compensation and for consulting fees has been valued at market price on the effective date of the agreement, per SEC requirement. Our Independent Auditor has included a paragraph as to their substantial doubt of our ability to continue as a going concern for the years ended June 30, 2008 and 2007, respectively.

We may experience adverse impacts on our results of operations as a result of adopting new accounting standards or interpretations

Our implementation of and compliance with changes in accounting rules, including new accounting rules and interpretations, could adversely affect our operating results or cause unanticipated fluctuations in our operating results in future periods. For example, we are required by the Sarbanes-Oxley Act of 2002 to file annual reports and quarterly reports disclosing the effectiveness of our internal controls and procedures starting with the Company's annual report for the fiscal year ending June 30, 2007. Management's internal control report under SOX is applicable for fiscal years beginning after December 15, 2009. Under SOX we will have our first internal control report in our annual report ending June 30, 2010. Although we believe our internal controls are operating effectively, and we have committed internal resources to ensure compliance, we cannot guarantee that we will not have any material weaknesses as reported by our auditors and such determination could materially adversely affect our business or significantly increase our costs in order to establish effective controls and procedures.

Competition

While we believe that we are competitive and have an established presence in the market we operate in, we may face significant competition in our efforts to market and sell our compliance services. Further, we could face competition from our customers, if they determine to perform and implement their own compliance infrastructure. Many of our customers are well-established and possess far greater financial, technical, human and other resources than does the Company.

We will compete against many companies in fragmented, highly competitive markets and we have fewer resources than some of those companies.

Our business competes principally on the basis of the following factors: service quality, service fees and specifications; customized design and technical qualifications of compliance procedure and infrastructure; and reputation, technical expertise and reliable service. Competitive pressures, including those described above, and other factors could cause us additional difficulties in acquiring and maintaining customers or could result in decreases in the fees we are able to charge, either of which could have a material adverse effect on our financial position and results of operations. From time to time, the intensity of competition results in fee reductions in a particular areas or region. Such price discounting puts pressure on margins and can negatively impact our ability to generate an operating profit.

We rely on equipment manufactured by third parties and price fluctuations can have a material and adverse affect on the cost structure of our business

We are exposed to fluctuations in market prices for various equipment in providing our compliance services, such as computer equipment products. The rising price of components can have an impact on the cost of our services. At this time, we are unable to predict the potential impact of future increases in such costs on the fees of our services, or our ability, if any, to increase our fees for our services to cover such costs. We have not established arrangements to protect us against such price increases, where possible, to limit near-term exposure to fluctuations in those prices.

Our business is subject to regulations: failure to comply could result in substantial penalties

We are regulated by various national and local laws. Compliance with these laws could have a material impact on our capital expenditures, earnings, or competitive position. Our failure or inability to comply with the applicable laws and regulations could result in monetary or other penalties, resulting in unanticipated expenditures or restrictions on our ability to operate.

A disruption or termination of our collocation relationships could have a material adverse effect on our operations

Edgar Filing: Veracity Management Global, Inc. - Form 10-K

Disruption or termination of our collocation relationships could have a material adverse effect on our operations. We believe that alternative sources could be obtained, if necessary, but the inability in a timely manner to obtain alternative relationships, if and as required in the future, could result in reductions of revenues which in turn could have an adverse effect on our operating results and customer relationships.

Edgar Filing: Veracity Management Global, Inc. - Form 10-K

Actual results could differ from the estimates and assumptions that we use to prepare our financial statements

To prepare financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions, as of the date of the financial statements, which affect the reported values of assets, liabilities, revenues and expenses and disclosures of contingent assets and liabilities. Areas requiring significant estimates by our management include:

contract costs and profits and revenue recognition;

provisions for uncollectible receivables and recoveries of costs from subcontractors, vendors and others;

provisions for income taxes and related valuation allowances;

accruals for estimated liabilities;

timing of the introduction of new products and services and market acceptance of the same

We may become subject to the risks associated with being a government contractor

We intend to become a provider of compliance services to governmental agencies, including municipal agencies. At present, we have no contract with governmental agencies or municipal agencies. We may therefore become exposed to risks associated with government contracting, including reductions in government spending, canceled or delayed appropriations specific to our contracts or projects, heightened competition and modified or terminated contracts. Legislatures typically appropriate funds for a given program on a year-by-year basis, even though contract performance may take more than one year and are not always guaranteed. As a result, at the beginning of a contract or project, the related contract or project may be only partially funded, and additional funding is normally committed only as appropriations are made in each subsequent year. These appropriations, and the timing of payment of appropriated amounts, may be influenced by, among other things, the state of the economy, competing priorities, curtailments in the use of government contracting firms, budget constraints, the timing and amount of tax receipts and the overall level of government expenditures.

Our failure to attract and retain qualified personnel, including our key officers, could have an adverse effect on us

Our ability to attract and retain qualified engineers, and other professional personnel in accordance with our needs is an important factor in determining our future success. The market for these professionals is competitive, and there can be no assurance that we will be successful in our efforts to attract and retain needed professionals. In addition, our ability to be successful depends in part on our ability to attract and retain skilled laborers. Demand for these workers can be high at times and the supply can be extremely limited at times. Our success is also highly dependent upon the continued services of our management and the loss of any member of our management team could materially adversely affect us.

Potential risks associated with rapid regulatory changes

Rapid regulatory changes could adversely affect our business. The market for our compliance services in particular is characterized by rapid changes in regulatory environments. Evolving regulatory standards and changing compliance needs gives rise to a very competitive marketplace for compliance services. If we are unable to meet or stay ahead of new regulatory requirements and to changes in regulatory standards, our business could be adversely affected.

Changes in regulatory requirements influence the demand for our services.

To grow and remain competitive, we need to anticipate changes in regulatory standards. We need to continue to introduce new and enhanced compliance products on a timely basis. We may not achieve these goals and some of our service products may become obsolete. Stricter governmental regulations also may affect acceptance of new compliance products. We may not be able to enforce our rights under trademarks or patents against third parties.

Table of Contents

Dependent upon our ability to manage our growth.

We anticipate continued growth in the future, based upon sales growth achieved in 2006 and new contracts to be completed throughout 2007, especially if our marketing efforts for compliance services is successful. We had expected the growth for fiscal to be three time the rate that we achieved. We scaled up the operates to achieve revenues in excess of three and half million dollars which would have allowed us to continue and meet the financial requirements of the exchange agreement. As a result of not making these financial requirements the recession agreement was in acted. Also we incurred larger losses due to the overhead being added without the necessary revenue to support the added overhead. This failure to effectively manage growth has a materially adverse effect on our business and results of operations.

Dependence upon one major customer

We are dependent on one major customer, a financial institution that has accounted for 57% of our revenues during the fiscal year ended June 30, 2007 and for 64.6% of our revenues during the fiscal ended June 30, 2007. While we believe that the percentage of revenues from our one major customer will continue to decline if our revenues continue to increase, there can be no assurance that our revenues will continue to increase, nor can there be any assurance that we will not continue to be dependent upon our major customer. In the event that our major customer should cease or significantly reduce its use of our services, our business and financial condition could be materially adversely effected.

Risk Factors Related to Our Common Stock

Current status as operating company has been changed as of July 1, 2008.

Effective July 1, 2008 the former control persons on the parent company exercised its rights under the exchange agreement to affect the rescission on the mergers of VMG and SFD based on the non performance of the financial governance of the agreement within the two year period outlined by the agreement. As of July 1, 2008 the Registrant has no operating business. The business going forward is to acquire a target company or business seeking the perceived advantages of being a publicly held corporation.

Market prices of our equity securities can fluctuate significantly

The market price of our shares of Common Stock may change significantly in response to various factors and events beyond our control, including the following:

the risk factors described in this annual report;

changing demand for our products and services;

our results from operations;

general conditions in markets we operate in;

general conditions in the securities markets;

issuance of a significant number of shares, whether pursuant to this offering on behalf of the selling shareholder, for compensation under employee stock options, conversion of debt, acquisitions, additional financing or otherwise.

There is only a limited trading market for our common stock

Edgar Filing: Veracity Management Global, Inc. - Form 10-K

Our Common Stock is subject to quotation on the NASDAQ OTCBB. There has only been limited trading activity in our Common Stock. There can be no assurance that a more active trading market will commence in our securities as a result of increasing operations. Further, in the event that an active trading market commences, there can be no assurance as to the level of any market price of our shares of Common Stock, whether any trading market will provide liquidity to investors, or whether any trading market will be sustained.

State blue sky registration: potential limitations on resale of our securities

The class of Common Stock registered under the Exchange Act, other than the shares of Common Stock registered for the benefit of the selling shareholder, have not been registered for resale under the Act or the blue sky laws of any state. Other than the selling shareholder, the holders of such shares and persons who desire to purchase them in any trading market that may exist in the future, should be aware that there may be significant state blue-sky law restrictions upon the ability of investors to resell our securities. Accordingly, investors should consider the possibility that the secondary market for the Company's securities may be a limited one.

Edgar Filing: Veracity Management Global, Inc. - Form 10-K

It is the intention of the management to seek coverage and publication of information regarding the Company in an accepted publication which permits a manual exemption. This manual exemption permits a security to be distributed in a particular state without being registered if the Company issuing the security has a listing for that security in a securities manual recognized by the state. However, it is not enough for the security to be listed in a recognized manual. The listing entry must contain (i) the names of issuers, officers, and directors, (ii) an issuer's balance sheet, and (iii) a profit and loss statement for either the fiscal year preceding the balance sheet or for the most recent fiscal year of operations. Furthermore, the manual exemption is a nonissues exemption restricted to secondary trading transactions, making it unavailable for issuers selling newly issued securities.

Most of the accepted manuals are those published in Standard and Poor's, Moody's Investor Service, Fitch's Investment Service, and Best's Insurance Reports, and many states expressly recognize these manuals. A smaller number of states declare that they recognize securities manuals but do not specify the recognized manuals. The following states do not have any provisions and therefore do not expressly recognize the manual exemption: Alabama, Georgia, Illinois, Kentucky, Louisiana, Montana, South Dakota, Tennessee, Vermont and Wisconsin.

Dividends unlikely on our common stock

We do not expect to pay cash dividends on our common stock for the foreseeable future. The payment of dividends, if any, will be contingent upon our future revenues and earnings, capital requirements and general financial condition. The payment of any cash dividends will be within the discretion of our board of directors. It is our intention to retain all earnings for use in the business operations and, accordingly, we do not anticipate that we will declare any dividends on our common stock in the foreseeable future.

Possible issuance of additional securities

Our Articles of Incorporation authorize the issuance of 3,500,000,000 shares of common stock, par value \$0.001 and 5,000,000 shares of preferred stock, par value \$0.001. At June 30, 2008, we had 33,742,446 shares of common stock issued and none of our preferred stock issued.

In addition, we may issue additional shares of common stock in connection with any future acquisitions of operating businesses or assets, to raise additional funding or under employee incentive or option plans. To the extent that additional shares of common stock are issued, our shareholders would experience dilution of their respective ownership interests in the Company. The issuance of additional shares of common stock may adversely affect the market price of our common stock and could impair our ability to raise capital through the sale of our equity securities.

Compliance with penny stock rules

Our securities will initially be considered a penny stock as defined in the Exchange Act and the rules there under, since the price of our shares of Common Stock is less than \$5. Unless our Common Stock is otherwise excluded from the definition of penny stock, the penny stock rules apply with respect to that particular security. The penny stock rules require a broker-dealer prior to a transaction in penny stock not otherwise exempt from the rules, to deliver a standardized risk disclosure document prepared by the SEC that provides information about penny stocks and the nature and level of risks in the penny stock market. The broker-dealer also must provide the customer with current bid and offer quotations for the penny stock, the compensation of the broker-dealer and its sales person in the transaction, and monthly account statements showing the market value of each penny stock held in the customer's account. In addition, the penny stock rules require that the broker-dealer, not otherwise exempt from such rules, must make a special written determination that the penny stock is suitable for the purchaser and receive the purchaser's written agreement to the transaction. These disclosure rules have the effect of reducing the level of trading activity in the secondary market for a stock that becomes subject to the penny stock rules. So long as the Common Stock is subject to the penny stock rules, it may become more difficult to sell such securities. Such requirements, if applicable, could additionally limit the level of trading activity for our Common Stock and could make it more difficult for investors to sell our Common Stock.

Table of Contents

Shares eligible for future sale

As of June 30, 2008, we had 33,742,446 shares of Common Stock issued and outstanding, of which 32,890,636 shares are restricted as that term is defined under the Securities Act, and in the future may be sold in compliance with Rule 144 under the Securities Act. Rule 144 generally provides that a person holding restricted securities for a period of one year may sell every three months in brokerage transactions and/or market-maker transactions an amount equal to the greater of one (1%) percent of (a) the Company's issued and outstanding Common Stock or (b) the average weekly trading volume of the Common Stock during the four calendar weeks prior to such sale. Rule 144 also permits, under certain circumstances, the sale of shares without any quantity limitation by a person who has not been an affiliate of the Company during the three months preceding the sale and who has satisfied a two-year holding period. However, all of the current shareholders of the Company owning 5% or more of the issued and outstanding Common Stock are subject to Rule 144 limitations on selling.

Any investment in our shares of Common Stock involves a high degree of risk. You should carefully consider the following information about these risks, together with the other information contained in this prospectus before you decide to invest in our Common Stock. Each of the following risks may materially and adversely affect our business objective, plan of operation and financial condition. These risks may cause the market price of our Common Stock to decline, which may cause you to lose all or a part of the money you invested in our Common Stock. We provide the following cautionary discussion of risks, uncertainties and possible inaccurate assumptions relevant to our business plan.

In addition to other information included in this registration statement, the following factors should be considered in evaluating the Company's business and future prospects.

ITEM 2. DESCRIPTION OF PROPERTIES

The Registrant's corporate office is located at 7682 North Federal Highway, Suite 1, Boca Raton, FL 33487, which space is rented for \$1,104 per month. The office facilities consist of approximately 1,300 square feet of executive office space and are leased by the Registrant from an unaffiliated third party. The Registrant believes that the office facilities are sufficient for the foreseeable future.

ITEM 3. LEGAL PROCEEDING

The Registrant's officers and directors are not aware of any threatened or pending litigation to which the Registrant is a party or which any of its property is the subject and which would have any material, adverse effect on the Registrant.

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

During the year ended June 30, 2008, no matters were submitted to a vote of our security holders

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON STOCK AND RELATED STOCKHOLDER MATTER

(a) Market Price Information

Our common stock is subject to quotation on the NASDAQ OTCBB under the symbol VCMG. There has been no significant trading activity for approximately the past two years. The following table shows the high and low bid prices for the Company's common stock during the last three fiscal years as reported by the National Quotation Bureau Incorporated adjusted for a 1 for 73 reverse split effective September 5, 2007. These prices reflect inter-dealer quotations without adjustments for retail markup, markdown or commission, and do not necessarily represent actual transactions.

Fiscal 2008	Fiscal 2007	Fiscal 2006
-------------	-------------	-------------

Edgar Filing: Veracity Management Global, Inc. - Form 10-K

	High	Low	High	Low	High	Low
First Quarter ended September 30,	\$ 3.00	\$ 0.25	\$ 0.73	\$ 0.00	\$ 0.73	\$ 0.00
Second Quarter ended December 31,	\$ 0.55	\$ 0.20	\$ 3.65	\$ 0.73	\$ 1.46	\$ 0.73
Third Quarter ended March 31,	\$ 0.31	\$ 0.04	\$ 1.50	\$ 0.50	\$ 0.73	\$ 0.73
Fourth Quarter ended June 30,	\$ 0.05	\$ 0.01	\$ 0.50	\$ 0.50	\$ 1.46	\$ 0.73

(b) Approximate Number of Holders of Common Stock

On June 30, 2008, there were approximately 137 shareholders of record of our common stock. The transfer agent of our Common Stock is Interwest Transfer Co., Inc., Salt Lake City, UT.

(c) Dividends

We currently do not pay cash dividends on our common stock and have no plans to reinstate a dividend on our common stock.

(d) Penny Stock Rules

The SEC has adopted rules that regulate broker-dealer practices in connection with transactions in penny stocks. Penny stocks are generally equity securities with a market price of less than \$5.00, other than securities registered on certain national securities exchanges or quoted on the NASDAQ system, provided that current price and volume information with respect to transactions in such securities is provided by the exchange or system. The penny stock rules require a broker-dealer, prior to a transaction in a penny stock, to deliver a standardized risk disclosure document prepared by the SEC, that: (a) contains a description of the nature and level of risk in the market for penny stocks in both public offerings and secondary trading; (b) contains a description of the broker's or dealer's duties to the customer and of the rights and remedies available to the customer with respect to a violation of such duties or other requirements of the securities laws; (c) contains a brief, clear, narrative description of a dealer market, including bid and ask prices for penny stocks and the significance of the spread between the bid and ask price; (d) contains a toll-free telephone number for inquiries on disciplinary actions; (e) defines significant terms in the disclosure document or in the conduct of trading in penny stocks; and (f) contains such other information and is in such form, including language, type size and format, as the SEC shall require by rule or regulation.

The broker-dealer also must provide, prior to effecting any transaction in a penny stock, the customer with (a) bid and offer quotations for the penny stock; (b) the compensation of the broker-dealer and its salesperson in the transaction; (c) the number of shares to which such bid and ask prices apply, or other comparable information relating to the depth and liquidity of the market for such stock; and (d) a monthly account statement showing the market value of each penny stock held in the customer's account. In addition, the penny stock rules require that prior to a transaction in a penny stock not otherwise exempt from those rules, the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written acknowledgment of the receipt of a risk disclosure statement, a written agreement as to transactions involving penny stocks, and a signed and dated copy of a written suitability statement.

These disclosure requirements may have the effect of reducing the trading activity for our Common Stock. Therefore, stockholders may have difficulty selling our securities.

Table of Contents

(e) Equity Compensation Plans

We have no equity compensation plans.

Recent Sales of Unregistered Securities

During the period ending June 30, 2008 there was \$456,000 of capital raised by the sale of 932,000 shares of common stock.

Repurchases of Equity Securities of the Issuer

None.

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS AND RESULTS OF OPERATIONS AND FINANCIAL CONDITIONS

The following discussion contains forward-looking statements. 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.

The following discussion should be read in conjunction with our financial statements and the related notes appearing elsewhere in this report. The following discussion contains forward-looking statements reflecting our plans, estimates and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to those discussed below and elsewhere in this report, particularly in the section entitled *Risk Factors*.

The Registrant acquired its operating subsidiaries VMG and SFD on July 1, 2006. Prior to the acquisition of its operating subsidiaries, the Registrant was a non-operating company. As a result, the financial statement of the Registrant for 2008 and 2007 are comparable.

The Company generates revenues based on hourly rates and fixed rates. Our fixed-rate contracts involve an engagement retainer and typically provide for monthly fees. Our hourly-rate contracts are billed monthly.

Results of Operations For the Year Ended June 30, 2008 Compared to the Year Ended June 30, 2007.

The following results of operations are not expected to be the trend in the future due to the recession of VMG and SFD as of July 8, 2008.

The following is derived from, and should be read in conjunction with, our audited consolidated financial statements, and related notes, as of and for the years ended June 30, 2008 and 2007.

Revenues. We generated revenues to \$1,973,739 during the year ended June 30, 2008 as compared to \$1,676,283 during 2007. The increase in revenues was mainly attributable due to the acquisition of VMG and SFD, which became wholly-owned subsidiaries and the continued growth of those respective subsidiaries. Revenues during the year ended June 30, 2008 increased by approximately 17.75% as compared to revenues for the year ended June 30, 2007. We anticipate continued growth in our current service offerings to new and existing clients, as well as the development of new complementary service offerings arising from our considerable project portfolio.

Cost of Services. Cost of services for the year ended June 30, 2008 were \$1,505,522 as compared to \$1,050,504 during 2007. Our cost of services consists mainly of labor costs for project consultants and information technology professionals.

Administrative Expenses: Our administrative expenses increased from \$239,451 in 2007 to \$535,442 in 2008. The increase is primarily attributed to an expansion of administrative personnel to facilitate future growth.

General Expenses. General expenses were \$831,202 and \$2,019,621 for the year 2008 and 2007 respectively. The significant decrease in our general expenses was due to non-cash compensation expenses in the prior year. We had non-cash compensation expenses related to

Edgar Filing: Veracity Management Global, Inc. - Form 10-K

administrative services, sales, marketing, contract analysis, technical and sales services and IT consulting services of \$1,642,905 during the year ended June 30, 2007 compared to \$97,450 in the same period in the current year. In addition the current fiscal 2008 includes a charge to impairment cost of \$150,000 which represents the impairment of the goodwill incurred in the VMG acquisition and compares to no impairment write-off in the fiscal 2007. Furthermore, additional professional expenses were incurred as a result of our initial registration as a public company. The Company expects to issue shares of common stock from time to time in lieu of cash for services provided to the Company until the Company generates sufficient positive cash flow from operations.

Edgar Filing: Veracity Management Global, Inc. - Form 10-K

Selling expenses: Our selling expenses during the year ended June 30, 2008 increase to \$580,271 from \$306,872 in 2007. We expect continued increases in selling expenses related to increasing revenues from current service offerings. We believe that additional selling expenses will be incurred if we develop new synergistic business opportunities and expand into new markets.

Net Loss. We incurred a net loss of \$1,505, 435 and \$1,997,139 for the year ended June 30, 2008 and 2007 respectively.

Liquidity and Capital Resources

At June 30, 2008, we had current assets of \$169,255 consisting of mainly of cash and accounts receivable compared to current assets of \$411,489 at June 30, 2007. At June 30, 2008 and 2007, we had total assets of \$196,066 and \$418,728, respectively. We had total current liabilities of \$1, 142,276 at June 30, 2008 compared to \$399,864 at June 30, 2007. As of June 30, 2008, our current liabilities were principally composed of \$292,046 in accounts payable and accrued expenses, \$11,513 in accrued interest, \$452,919 under a line of credit, \$100,000 of notes payable unrelated, and notes payable to stockholders of \$285,798. We had long-term liabilities of \$0 as of June 30, 2008 compared to \$14,965 at June 30, 2007.

Working Capital

At June 30, 2008 and June 30, 2007, the Company had cash and cash equivalents of \$7,379 and \$19, 761 respectively. Our current liabilities exceeded our current assets by \$973,021 and \$11, 625 at June 30, 2008 and June 30, 2007 respectively.

Our independent auditors have raised substantial doubt about our ability to continue as a going concern due to our recurring losses and working capital and stockholders' deficits. As of June 30, 2008, we had stockholders' deficit of \$(946,210) and increase from the stockholders' equity of \$3,899 on June 30, 2007. Our working capital surplus of \$12,000 as of June 30, 2007 has grown to a working capital deficit of \$973,021 as of June 30, 2008. Our ability to continue in operation is subject to increasing revenue and obtaining capital from outside sources. There is no assurance that we will be successful in either endeavor. 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. The Company believes that it has the ability to borrow funds and/or raise capital through the sale of restricted stock. To the extent that additional debt financing is utilized, any borrowing will subject us to various risks traditionally associated with indebtedness, including the risks of interest rate fluctuations and insufficiency of cash flow to pay principal and interest.

Table of Contents

Subsequent to June 30, 2008

Effective July 1, 2008 the former control persons on the parent company exercised its rights under the exchange agreement to affect the rescission on the mergers of VMG and SFD based on the non performance of the financial governance of the agreement within the two year period outlined by the agreement. There were 20,105,538 shares cancelled as part of the agreement and the operating companies, (VMG and SFD) were returned to the control persons, whom shares were cancelled, before the merger. As of July 1, 2008 the Registrant has no operating business. The business going forward is to acquire 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.

The Company principally funded its negative cash flow from operations of \$978,572 during the fiscal year 2008 through the sale of restricted stock which generated proceeds of \$456,000 and through the issuance of notes to shareholders totaling \$500,000 and a line of credit of \$1,968,153. The Company principally funded its negative cash flow from operations of \$689,362 during the year fiscal 2007 through the sale of restricted stock which generated proceeds of \$474,000 and through the issuance of notes to shareholders totaling \$60,000 and a line of credit of \$131,350.

Cash used by operating activities is net loss adjusted for certain non-cash items and changes in assets and liabilities. Our operating activities used approximately \$979,000 of cash during fiscal 2008 compared with cash used in operating activities of \$689,000 during fiscal 2007. The reduction in cash used in 2008 is due in large part to approximately \$236,000 of decrease in accounts receivable and an increase in accounts payable and accrued liabilities of \$217,000 versus a reduction in operating cash flow of approximately \$(386,000) by the increase in account receivable and reduced by the \$1,642,000 stock for services for the fiscal 2007.

Net cash provided by investing activities was \$0 for fiscal 2008. In fiscal 2007, we received acquisition cash of \$84,581.

Cash flows from financing activities consist primarily of proceeds from loans and the sale of common stock. . During fiscal 2008, cash provided by financing activities was \$966,190 which included proceeds from: (i) \$500,000 of notes from shareholders; (ii) \$456,000 sale of unregistered common stock; and (iii) 1,968,156 from a line of credit; offset by uses of financing activities of \$35,623 of loan costs, \$311,376 repayments of notes from stockholders, and \$1,646,587 payments on lines of credit. During fiscal 2007, cash provided by financing activities was \$576,792 which included proceeds from: (i) \$131,350 of Line of Credit; (ii) \$60,000 of notes from stockholders; and (iii) \$474,000 of common stock net of \$88,558 of payment on notes from stockholders.

Critical Accounting Policies

Revenue Recognition

Revenue is recognized when it is realized or realizable and earned. VCMG considers revenue realized or realizable and earned when persuasive evidence of an arrangement exists, services have been provided, and collectability is reasonably assured. Revenue that is billed in advance such as recurring weekly or monthly services are initially deferred and recognized as revenue over the period the services are provided.

Credit Risk and Concentrations

VCMG does not require collateral from its customers with respect to accounts receivable but performs periodic credit evaluations of such customer's financial conditions. VCMG determines any required allowance by considering a number of factors including lengths of time accounts receivable are past due and VCMG's previous loss history. VCMG provides reserves for accounts receivable when they become uncollectible, and payments subsequently received on such receivables are credited to the allowance for doubtful accounts. As of June 30, 2008 and June 30, 2007, VCMG has determined that no allowance for doubtful accounts is required. VCMG had four clients that accounted for 65% of its revenue for the year ended June 30, 2008; the same clients had represented 57% of its total revenue for the year ended June 30, 2007.

Stock-based Compensation

The Company accounts for stock-based employee compensation arrangements using the fair value method in accordance with the provisions of Statement of Financial Accounting Standards no.123(R) or SFAS No. 123(R), *Share-Based Payments*, and *Staff Accounting Bulletin No. 107*, or SAB 107, *Share-Based Payments*. The company accounts for the stock options issued to non-employees in accordance with the provisions of Statement of Financial Accounting Standards no. 123, or SFAS No. 123, *Accounting for Stock-Based Compensation*, and Emerging Issues Task Force No. 96-18, *Accounting for Equity Instruments with Variable Terms That Are Issued for Consideration other Than Employee Services*

Edgar Filing: Veracity Management Global, Inc. - Form 10-K

Under FASB Statement no. 123. The fair value of stock options and warrants granted to employees and non-employees is determined using the Black-Scholes option pricing model. The Company has adopted SFAS 123(R) and applied it in the period presented.

Property and Equipment

Property and Equipment is stated at cost less accumulated depreciation and amortization. Depreciation of equipment and furniture and fixtures is computed using the straight-line method over the related estimated useful lives of the assets, ranging from two to five years. Amortization of leasehold improvements is computed using the straight-line method over the lesser of the estimated useful lives of the improvements or the terms of the related leases.

Impairment of Long-Lived Assets.

VCMG reviews the carrying value of its long-lived assets annually or whenever events or changes in circumstances indicate that the historical cost-carrying value of an asset may no longer be appropriate. VCMG assesses recoverability of the carrying value of the asset by estimating the future net cash flows expected to result from the asset, including eventual disposition. If the future net cash flows are less than the carrying value of the asset, an impairment loss is recorded equal to the difference between the asset's carrying value and fair value. VCMG determined that they should have a \$150,000 impairment cost during the year ended June 30, 2008.

Table of Contents

Contractual Obligations and Commercial Commitments

Contractual Obligations	Total	Payments Due by Period			Thereafter
		2008	2009-2010	2011-2012	
Long-term Debt	\$ 838,717	\$ 838,717	\$	\$	\$
Capital Leases	\$	\$	\$	\$	\$
Operating Leases	\$	\$	\$	\$	\$
Off-Balance Sheet Arrangements					

We do not currently have any off balance sheet arrangements falling within the definition of Item 303 of Regulation S-B.

Inflation

To date, inflation has not had a material impact on our operations.

New Accounting Pronouncements

In September 2006, the FASB issued SFAS No. 157 *Fair Value Measurements*. The objective of SFAS 157 is to increase consistency and comparability in fair value measurements and to expand disclosures about fair value measurements. SFAS 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. SFAS 157 applies under other accounting pronouncements that require or permit fair value measurements and does not require any new fair value measurements. The provisions of SFAS No. 157 are effective for fair value measurements made in fiscal years beginning after November 15, 2007. The adoption of this statement is not expected to have a material effect on the Company's financial statements.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities - Including an Amendment of SFAS No. 115* (SFAS No. 159), which becomes effective for fiscal periods beginning after November 15, 2007. Under SFAS No. 159, companies may elect to measure specified financial instruments and warranty and insurance contracts at fair value on a contract-by-contract basis, with changes in fair value recognized in earnings each reporting period. This election, called the *fair value option*, will enable some companies to reduce volatility in reported earnings caused by measuring related assets and liabilities differently. We do not expect the impact of adoption to have a material impact on our financial statements.

In December 2007, the FASB issued SFAS 141 (revised 2007), *Business Combinations*, (SFAS 141 R). SFAS 141 R establishes principles and requirements for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, including goodwill, the liabilities assumed and any non-controlling interest in the acquired. The Statement also establishes disclosure requirements to enable users of the financial statements to evaluate the nature and financial effects of the business combination. SFAS 141R is effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. The impact of adopting SFAS 141R will be dependent on the future business combinations that the Company may pursue after its effective date.

In December 2007, the SEC issued SAB 110 *Share-Based Payment*. SAB 110 amends and replaces Question 6 of Section D.2 of Topic 14, *Share-Based Payment*, of the Staff Accounting Bulletin series. Question 6 of Section D.2 of Topic 14 expressed the views of the staff regarding the use of the *simplified* method in developing an estimate of the expected term of *plain vanilla* share options and allows usage of the *simplified* method for share option grants prior to December 31, 2007. SAB 110 allows public companies which do not have historically sufficient experience to provide a reasonable estimate to continue use for the *simplified* method for estimating the expected term of *plain vanilla* share option grants after December 31, 2007. SAB 110 is effective January 1, 2008. We currently use the *simplified* method to estimate the expected term for share option grants as we do not have enough historical experience to provide a reasonable estimate. We will continue to use the *simplified* method until we have enough historical experience to provide a reasonable estimate of expected term in accordance with SAB 110. The Company does not expect SAB 110 will have a material impact on its balance sheets, statements of operations and cash flows.

In December 2007, the FASB issued SFAS No. 160, *Noncontrolling Interests in Consolidated Financial Statements-and Amendment of ARB No. 51*. SFAS 160 establishes accounting and reporting standards pertaining to ownership interests in subsidiaries held by parties other than the parent, the amount of net income attributable to the parent and to the noncontrolling interest, changes in a parent's ownership interest, and the valuation of any retained noncontrolling equity investment when a subsidiary is deconsolidated. This statement also establishes disclosure requirements that clearly identify and distinguish between the interests of the parent and the interests of the noncontrolling owners. SFAS 160 is effective for fiscal years beginning on or after December 15, 2008. The adoption of SFAS 160 is not currently expected to have a material effect

on the Company's financial position, results of operations, or cash flows.

Edgar Filing: Veracity Management Global, Inc. - Form 10-K

In March 2008, the Financial Accounting Standards Board (FASB) issued FASB Statement No. 161, Disclosures about Derivative Instruments and Hedging Activities. The new standard is intended to improve financial reporting about derivative instruments and hedging activities by requiring enhanced disclosures to enable investors to better understand their effects on an entity's financial position, financial performance, and cash flows. It is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008, with early application encouraged. The company is currently evaluating the impact of adopting SFAS. No. 161 on its financial statements.

ITEM 7. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

Not Applicable

The Registrant's audited financial statements for the fiscal years ended June 30, 2008 and 2007 are attached to this annual report.

ITEM 8. FINANCIAL STATEMENTS

The financial statements required by this Item 8 begin with the Index to the Financial Statements which is located prior to the signature page.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management has evaluated, under the supervision and with the participation of our chief executive officer and chief financial officer, the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report pursuant to Rule 13a-15(b) under the Securities Exchange Act of 1934 (the Exchange Act). Based on that evaluation, our chief executive officer and chief financial officer have concluded that, as of the end of the period covered by this report, our disclosure controls and procedures are effective in ensuring that information required to be disclosed in our Exchange Act reports is (1) recorded, processed, and summarized and reported with the time periods specified in the Securities and Exchange Commission's rules and forms and (2) accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate to allow timely decisions regarding required disclosure.

Table of Contents

Report of Management on Internal Control over Financial Reporting

This annual report does not include a report of management's assessment regarding internal control over financial reporting, or an attestation report of our registered public accounting firm due to a transition period established by the rules of the Securities and Exchange Commission for newly public companies.

Changes in Internal Control over Financial Reporting

There were no changes in the Company's internal control over financial reporting that occurred during the year ended June 30, 2008, that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Inherent Limitations of Internal Controls

Our Principal Executive Officer and Principle Financial Officer do not expect that our disclosure controls or internal controls will prevent all error and all fraud. Although our disclosure controls and procedures were designed to provide reasonable assurance of achieving their objectives and our principal executive and financial officer have determined that our disclosure controls and procedures are effective at doing so, a control system, no matter how well conceived and operated, can provide only reasonable, not absolute assurance that the objectives of the system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented if there exists in an individual a desire to do so. There can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

Furthermore, smaller reporting companies face additional limitations. Smaller reporting companies employ fewer individuals and find it difficult to properly segregate duties. Often, one or two individuals control every aspect of the Company's operation and are in a position to override any system of internal control. Additionally, smaller reporting companies tend to utilize general accounting software packages that lack a rigorous set of software controls.

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 temporary rules of the Securities and Exchange Commission that permit the Company to provide only management's report in this Form 10-K.

ITEM 10. OTHER INFORMATION

Rescission of Prior Exchange Agreement

On July 7, 2008 effective July 1, 2008 the former control persons on the parent company exercised its rights under the exchange agreement to affect the rescission on the mergers of VMG and SFD based on the non performance of the financial governance of the agreement within the two year period outlined by the agreement. There were 20,105,538 shares cancelled as part of the agreement and the operating companies, (VMG and SFD) were returned to the control persons, whom shares were cancelled, before the merger. As of July 1, 2008 the Registrant has no operating business. The business going forward is to acquire 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.

Table of Contents**PART III****ITEM 11. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT, COMPLIANCE WITH SECTION 16(A)**

At present, we have two officer and three directors. We may elect one or more additional directors and appoint additional officers in connection with our intent to pursue new business opportunities or entering into a business combination. Our directors are elected to serve until the next annual meeting of shareholders and until their respective successors will have been elected and will have qualified. The following table sets forth the name, age and position held with respect to our present directors and executive officers:

Name	Age	Positions
Gregory L. Paige	58	President, CEO, and Chairman
Marc L. Baker	53	Acting CFO, Secretary Treasurer and Director
Donald W. Prosser	58	Director

Gregory L. Paige, Chairman and CEO, age 58 has been the Chairman, CEO, and President, since July 1, 2008. Mr. Paige is currently President of Broad Street Marketing Inc. Mr. Paige has over 25 years experience in the financial services industry. He has been associated with E. F. Hutton, Merrill Lynch, Lehman Brothers, Kuhn Loeb and Drexel Burnham Lambert. Mr. Paige owned and managed three broker dealers including H.D. Vest a NASDAQ listed company. Mr. Paige has an AB degree from Diablo Valley College in 1971. Attended California State University at Hayward 1973 & 1974.

Marc L. Baker, Acting CFO, Secretary, Treasurer and director, age 53, has been with the Company since July 1, 2008. Mr. Baker is a CPA (inactive) in the state of Florida.

Donald W. Prosser, Director, age 58 has been a director since January 1 2008. He is currently the Chief Financial Officer of IPTimize, Inc. He served a directors and chief financial officer from 2001 until June 2007 of VCG Holding Corp. Mr. Prosser currently sits on the board of directors of Arete Industries, Inc. Mr. Prosser also has served as chief financial officer and director of three other publicly traded companies: from 1997 to 1999, Chartwell International, Inc., a publisher of high school athletic information and recruiting services; from 1999 to 2000, Anything Internet Corporation, a computer equipment and internet services provider; and from 2001 to 2002, NetCommerce, Inc., an Internet services provider. Mr. Prosser has a M.A. in taxation (1975) and a B.A. in accounting and history from Western State College of Colorado (1973). He is a certified public accountant licensed in Colorado (active).

ITEM 12. EXECUTIVE COMPENSATION

The following table contains the executive compensation to the Registrant's executive officer for the periods set forth below.

Summary Compensation Table

Name and Principal Position	Year	Annual Compensation			Long Term Compensation Awards		All Other Compensation (\$)
		Salary (\$)	Bonus (\$)	Other Annual Compensation (\$)	Restricted Stock Award(s) (\$)	Securities Underlying Options (\$)	
Michael Rideman, CEO and Co-Chairman(1)	2007						
	2006						
Dr. Ronald L. Rideman, Vice President and Co-Chairman (2)	2008	150,000					
	2007	150,000					
	2006						
	2007	200,000					

Edgar Filing: Veracity Management Global, Inc. - Form 10-K

Alex Trujillo, COO(3)	2006	200,000
N. Richard Grassano, CFO(4)	2007	46,000
	2006	46,000

- (1) Mr. Michael Rideman became the Registrant's CEO and Co-Chairman on July 1, 2006 and terminated March 1, 2008,
- (2) Mr. Ronald L. Rideman became the Registrant's Vice President and Co-Chairman on July 1, 2006 and terminated July 1, 2008,
- (3) Mr. Alex Trujillo became the Registrant's COO in September 2006, and terminated July 1, 2008,
- (4) Mr. N. Richard Grassano became the Registrant's CFO on October 1, 2006. And resigned May 1, 2008

ITEM 13. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The table below discloses any person (including any group) who is known to the Registrant to be the beneficial owner of more than five (5%) percent of the Registrant's voting securities. As of January 2, 2009, the Registrant had 13,636,908 shares of common stock issued and outstanding. Beneficial ownership has been determined in accordance with the rules and regulations of the SEC and includes voting or investment power with respect to the shares. Unless otherwise indicated, the persons named in the table below have sole voting and investment power with respect to the number of shares indicated as beneficially owned by them.

Title of Class	Name and Address of Beneficial Owner	Amount and Nature of Beneficial Owner	Percent of Class
Common Stock	Michael Rideman, Former President, CEO and Co-Chairman 2655 LeJeune Road, Suite 311 Coral Gables, FL 33134	0 shares	0.00%
Common Stock	Dr. Ronald L. Rideman, Former Vice President, Treasurer and Co-Chairman 2655 LeJeune Road, Suite 311 Coral Gables, FL 33134	750,000 shares	4.51%
Common Stock	Alex Trujillo, Former Chief Operating Officer 2655 LeJeune Road, Suite 311 Coral Gables, FL 33134	0 shares	0.00%
Common Stock	N. Richard Grassano, Former Chief Financial Officer 2655 LeJeune Road, Suite 311 Coral Gables, FL 33134	111,368 shares	*
Common Stock	Marc L. Baker 12230 SW 2nd Street Plantation, FL 33325	3,000,000 shares	18.03%
Common Stock	Greg Paige 1450 South Dixie Highway Boca Raton, FL 33432	3,643,966 shares	21.89%
Common Stock	Donald W Prosser 7260 Osceola Street Westminster, CO 80030	2,090,000 shares	12.56%
Common Stock	All officers and directors as a group (4 persons)	9,595,334 shares	57.65%

* Represents less than 1%

Table of Contents**ITEM 14. CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS**

On various dates in fiscal 2007 and 2008, two stockholders lent the Company approximately \$500,000, evidenced by promissory notes bearing an interest rate of Prime plus 2.00% (7.00% at June 30, 2008) and due on May 31, 2009. In addition, the notes are convertible to common stock at any time at a conversion rate of \$0.50 cents per share and 200,000 warrants have been granted at an exercise price of \$1.00 per share exercisable for 60 months from the date of the notes.

On June 1, 2007 the existing stockholder notes payable were refinanced; new notes of approximately \$182,000 (representing unpaid principal and accrued interest as of the refinance date) were issued; the interest rate and maturity dates remain the same. The new notes do not provide a conversion feature; there is no remaining discount at June 30, 2007 as the remaining discount has been expensed as a component of interest expense. All of the notes are considered long term as principal payments are not due during the next 12 months.

ITEM 15. EXHIBITS

(a) The following documents are filed as exhibits to this report on Form 10-KSB or incorporated by reference herein. Any document incorporated by reference is identified by a parenthetical reference to the SEC filing that included such document.

Exhibit No.	Description
3(i)	Articles of Incorporation, attached to the Company's Form 10-SB/12g filed with the SEC on March 8, 2007
3(ii)	Bylaws, attached to the Company's Form 10-SB/12g filed with the SEC on March 8, 2007
10(i)	Share Exchange Agreement between the Registrant and Veracity Management Group, Inc., attached to the Company's Form 10-SB/12g filed with the SEC on March 8, 2007
10(ii)	Share Exchange Agreement between the Registrant and Secure Financial Data, Inc., attached to the Company's Form 10-SB/12g filed with the SEC on March 8, 2007.
31.1	Certifications Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certifications Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certifications Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.1	Certifications Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

ITEM 16. PRINCIPAL ACCOUNTING FEES AND SERVICES

Independent Public Accountants

The Registrant's Board of Directors has appointed M&K CPAS, PLLC as independent public accountant for the fiscal year ending June 30, 2008 and the fiscal year ended June 30, 2007.

Principal Accounting Fees

The following table presents the fees for professional audit services rendered by M&K, CPAS, PLLC, for the audit of the Registrant's annual financial statements for the years ended June 30, 2008 and the year ended June 30, 2007.

	Year Ended	
	June 30, 2008	June 30, 2007
Audit fees (1)	\$ 30,000	\$ 30,000
Audit-related fees (2)		
Tax fees (3)		
All other fees		

- (1) Audit fees consist of audit and review services, consents and review of documents filed with the SEC.
- (2) Audit-related fees consist of assistance and discussion concerning financial accounting and reporting standards and other accounting issues.
- (3) Tax fees consist of preparation of federal and state tax returns, review of quarterly estimated tax payments, and consultation concerning tax compliance issues.

Edgar Filing: Veracity Management Global, Inc. - Form 10-K

Code of Ethics

The Corporation has adopted a Code of Ethics that are designed to deter wrongdoing and to promote honest and ethical conduct, full, fair, accurate, timely and understandable disclosure in the Registrant's SEC reports and other public communications. The Code of Ethics promotes compliance with applicable governmental laws, rules and regulations.

Compliance with Section 16(a) of the Exchange Act

Section 16(a) of the Exchange Act requires our Officers and Directors, and persons who own more than ten percent of a registered class of our equity securities, to file reports of ownership and changes in ownership of equity securities of Veracity Management Global, Inc. with the SEC. Officers, Directors, and greater than ten percent shareholders are required by the SEC regulation to furnish us with copies of all Section 16(a) forms that they file.

Table of Contents

Based solely upon a review of Forms 3 and Forms 4 furnished to us pursuant to Rule 16a-3 under the Exchange Act during our most recent fiscal year, and Forms 5 with respect to our most recent fiscal year, we believe that all such forms were timely filed as necessary, by the Executive Officers, Directors and security holders required to file same during the fiscal year ended June 30, 2008 with the following exceptions: All filings required after July 1, 2008 were late or not filed. The former CEO and Michael Rideman did not file a Form 4 for the cancelation of his common stock on recession. The former CEO and Chairman Ronald Rideman did not file a Form 4 for the cancelation of his common stock on recession. The former COO Alex Trujillo did not file a Form 4 for the cancelation of his common stock on recession. The CEO Gregory L. Paige filed his Form 3 late as it was due July 7, 2008 and file November 21, 2008. The Acting CFO Marc L. Baker has not filed his Form 3. The director Donald W. Prosser a Form 4 late it was due September 21, 2008 and filed November 21, 2008

There has been not Form 13 D filings for the Company by any of the 10% or more shareholders present or former.

Table of Contents

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.

Date: January 13, 2009

Veracity Management Global, Inc.

By: /s/ Gregory L. Paige
Gregory L. Paige, CEO and Chairman

Veracity Management Global, Inc.

By: /s/ Marc L. Baker
Marc L. Baker, Acting CFO and Director

Table of Contents

Consolidated Financial Statements for the years ended June 30, 2008 and 2007.

Consolidated Financial Statements:

Report of Independent Registered Public Accountant Firm

F - 1

Consolidated Balance Sheets - June 30, 2008 and June 30, 2007 (audited)

F - 2

Consolidated Statements of Operations - Years Ended June 30, 2008 and 2007

F - 3

Consolidated Statements of Cash Flows - Years Ended June 30, 2008 and 2007

F - 5

Notes to Consolidated Financial Statements

F - 6

Table of Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors

Veracity Management Global, Inc.

Coral Gables, Florida

We have audited the accompanying consolidated balance sheets of Veracity Management Global, Inc. as of June 30, 2008 and 2007 and the related consolidated statements of operations, stockholders' equity (deficit) and cash flows for the year then ended. These financial statements are the responsibility of Veracity's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with 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 internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Veracity as of June 30, 2008 and 2007 and the results of its operations and cash flows for the periods described above in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that Veracity will continue as a going concern. As discussed in Note 2 to the financial statements, Veracity has suffered recurring losses from operations which raises substantial doubt about its ability to continue as a going concern. Management's plans regarding those matters also are described in Note 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ M & K CPAS, PLLC

www.mkacpas.com

Houston, Texas

January 5, 2009

F - 1

Table of Contents**VERACITY MANAGEMENT GLOBAL, INC.**

Consolidated Balance Sheets

As of June 30, 2008 and 2007

	June 30, 2008	June 30, 2007
<u>Assets</u>		
Current assets:		
Cash	\$ 7,379	\$ 19,761
Accounts receivable, net	155,360	391,728
Other current assets	6,516	
Total current assets	169,255	411,489
Property and equipment, net of depreciation of \$5,176 and \$2,979	5,042	7,239
Other assets, net of amortization of \$13,853 and \$0	21,769	
Total assets	\$ 196,066	\$ 418,728
<u>Liabilities and Stockholders' Equity (Deficit)</u>		
Current liabilities		
Accounts payable and accrued expenses	\$ 292,046	\$ 85,166
Accrued interest	11,513	1,139
Line of credit payable, net of discount of \$21,769	452,919	131,350
Notes Payable - Short Term	100,000	
Note payable stockholder	285,798	182,209
Total current liabilities	1,142,276	399,864
Long-term liabilities		
Loan payable - Shareholders		14,965
Total long-term liabilities		14,965
Total liabilities	1,142,276	414,829
Stockholders' equity (deficit):		
Preferred stock, \$0.001 par value, 5,000,000 shares authorized: none issued and outstanding		
Common stock, \$0.001 par value, 3,500,000,000 shares authorized: 33,742,446 and 36,805,895 shares issued and outstanding at June 30, 2008 and 2007, respectively		
	33,741	36,806
Additional paid-in capital	3,060,519	2,502,128
Accumulated deficit	(4,040,470)	(2,535,035)
Total stockholders' equity (deficit)	(946,210)	3,899
Total liabilities and stockholders' equity (deficit)	\$ 196,066	\$ 418,728

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

Table of Contents**VERACITY MANAGEMENT GLOBAL, INC.**

Consolidated Statements of Operations

For the Years Ended June 30, 2008 and 2007

	For the Year Ended June 30, 2008	For the Year Ended June 30, 2007
Revenues	\$ 1,973,739	\$ 1,676,283
Cost of services	1,505,522	1,050,504
Gross profit	468,217	625,779
Expenses		
Administrative expenses	535,442	239,451
General expenses	831,202	2,019,621
Selling expenses	580,271	306,872
Depreciation and amortization	16,050	2,196
Total Expenses	1,962,965	2,568,140
Net loss from operations	(1,494,748)	(1,942,361)
Other income	57,232	2,794
Total other income	57,232	2,794
Other expense	5,496	
Interest expense	62,423	57,572
Total other expenses	67,919	57,572
Net loss	\$ (1,505,435)	\$ (1,997,139)
Basic and diluted net loss per share	\$ (0.04)	\$ (0.06)
Weighted average shares	34,001,406	36,155,424

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

Table of Contents**VERACITY MANAGEMENT GLOBAL, INC.**

For the Period From Inception (December 2, 2005) Through June 30, 2008

For the Period From Inception (December 2, 2005) Through June 30, 2008

	Common Stock, \$ 0.001 par value		Additional Paid-in Capital	Accumulated Deficit	Total
	Share s	Amount			
Shares Issued at Inception	18,642,685	\$ 18,643	\$ 48,346	\$	\$ 66,989
Shares issued for cash	200,000	200	99,800		100,000
Effect of beneficial conversion feature			48,812		48,812
Shares issued for services	205,000	205	79,745		79,950
Net loss				(437,435)	(437,435)
Balance at June 30, 2006	19,047,685	19,048	276,703	(437,435)	(141,684)
Recap shares old Kirshner	899,860	900	(893)		7
New shares issued at merger	3,535,353	3,535	122,736	(100,461)	25,810
Shares issued for cash	930,735	930	473,070		474,000
Shares issued for services	12,392,262	12,393	1,630,512		1,642,905
Net loss				(1,997,139)	(1,997,139)
Balance, June 30, 2007	36,805,895	36,806	2,502,128	(2,535,035)	3,899
Shares issued for cash	932,000	932	455,068		456,000
Options exercised for expenses	1,000,000	1,000	34,000		35,000
Shares issued for services	191,667	192	97,258		97,450
Imputed Interest			1,877		1,877
Cancellation of shares	(5,187,116)	(5,189)	(29,812)		(35,001)
Net loss				(1,505,435)	(1,505,435)
Balance, June 30, 2008	33,742,446	\$ 33,741	\$ 3,060,519	\$ (4,040,470)	\$ (946,210)

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

Table of Contents**VERACITY MANAGEMENT GLOBAL, INC.**

Consolidated Statements of Cash Flows

For the Years Ended June 30, 2008 and 2007

	Year Ended June 30, 2008	Year Ended June 30, 2007
Cash flows from operating activities:		
Net loss	\$ (1,505,435)	\$ (1,997,139)
Adjustments to reconcile net loss to net cash used in operating activities:		
Beneficial conversion feature and loss on debt restructuring		40,250
Shares issued for services	97,450	1,642,905
Depreciation and amortization	16,050	2,197
Imputed Interest	1,879	
(Increase) decrease in:		
Accounts receivables	236,369	(386,495)
Other Current Assets	(6,516)	0
Accounts payable and accrued expenses	206,880	8,920
Other Assets	(35,623)	
Accrued Interest	10,374	
Net cash used in operating activities	(978,572)	(689,362)
Cash flow from investing activities:		
(Increase) decrease in:		
Cash acquired in purchase business combination		84,581
Net cash used in investing activities		84,581
Cash flows from financing activities:		
Proceeds from loans from stockholders	500,000	60,000
Repayments of loans from stockholders	(311,376)	(88,558)
Proceeds from line of credit	1,968,153	131,350
Repayments of line of credit	(1,646,587)	
Proceeds from sale of common stock	456,000	474,000
Net cash provided by financing activities	966,190	576,792
Net increase (decrease) in cash	(12,382)	(27,989)
Cash - beginning of period	19,761	47,750
Cash - end of period	\$ 7,379	\$ 19,761
Supplemental cash flow information		
Cash paid for:		
Interest paid	\$ 62,423	\$
Income taxes paid	\$	\$
Non-cash investing and financing activities		
Exercise of options for expenses	\$ 35,000	\$

Shares Cancelled

(35,001)

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

F - 5

Table of Contents

VERACITY MANAGEMENT GLOBAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Business Operations

Veracity Management Global, Inc. (the Company, VCMG) was incorporated in the state of Delaware on April 7, 2000 under the name of Intertech Corporation. In 2000-2001, the Company issued shares of its common stock pursuant to a public offering. The Company was a blank check company seeking to raise capital to make acquisitions. It ceased operations in 2002. Later in 2002, it changed its name to Kirshner International, Inc., and in 2006 to Veracity Management Global, Inc. The Company was inactive from 2002 through 2005. A merger effective July 1, 2006 consolidated VCMG, Veracity Management Group, Inc and Secured Financial Data, Inc.

We are a high-technology consulting and professional service company as well a BellSouth Authorized Agent. Specializing in Business Continuity and Disaster Recovery Planning Processes and procedures created by Sarbanes-Oxley and other recent government regulations; the company serves local and national businesses needing these technology solutions. The company also provides collocation of customers networks and telecom equipment.

Through Best Practices and customized innovative solutions, Veracity Management Group, Inc. (VMG), specializes in assisting companies, (public and private), government, and universities worldwide to transition, restructure and grow. VMG helps train management and staff to become and remain efficient, within budget and operate profitably. We help businesses and organizations to maintain survivorability for their physical and manual infrastructure under all circumstances. VMG provides operational and strategic solutions through its multiple service and product lines whether we project manage for the client or staff the client. We provide transformation, staffing subcontracting services (i.e. recruiting), business continuity and resumption services, strategic planning services, regulatory compliance services, software development services, data management services, business intelligence development services, integration services, ERP (Enterprise Resource Planning Systems) implementation, and infrastructure services, (fiber Optic Cabling design, installation, design and development of primary and redundant IT server systems).VMG has an ISO division (Independent Sales Organization), for national and international Merchant Processing Services.

Consolidation and Basis of Presentation

The Company follows accounting principles generally accepted in the United States of America. Certain prior period amounts have been reclassified to conform to the June 30, 2008 presentation. On August 2, 2007, the Company's Board of Directors approved a 1 for 73 reverse split of the Company's common stock by Action of the Board and a majority of shareholders. All information related to common stock, warrants to purchase common stock and earnings per share have been retroactively adjusted to give effect to the stock split. 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 consolidated financial statements include the accounts of Veracity Management Global, Inc, Secured Financial Data, Inc and Veracity Management Group, Inc. Any inter-company transactions are eliminated in consolidation.

Revenue Recognition

Revenue is recognized when it is realized or realizable and earned. VCMG considers revenue realized or realizable and earned when persuasive evidence of an arrangement exists, services have been provided, and collectability is reasonably assured. Revenue that is billed in advance such as recurring weekly or monthly services are initially deferred and recognized as revenue over the period the services are provided.

Use of Estimates

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

We believe our critical estimates are depreciation rates, calculation of impairments, reserves established for receivables, income taxes and contingencies.

Property and Equipment

Property and Equipment is stated at cost less accumulated depreciation and amortization. Depreciation of equipment and furniture and fixtures is computed using the straight-line method over the related estimated useful lives of the assets, ranging from two to five years. Amortization of leasehold improvements is computed using the straight-line method over the lesser of the estimated useful lives of the improvements or the terms of the related leases.

Fair Value of Financial Instruments

Financial instruments, including cash, receivables, accounts payable, and notes payable are carried at amounts which reasonably approximate their fair value due to the short-term nature of these amounts or due to variable rates of interest which are consistent with market rates. No adjustments have been made in the current period.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. There were no cash equivalents as of June 30, 2008 and 2007.

Income Taxes

The Company accounts for income taxes under the Financial Accounting Standards Board of Financial Accounting Standard No. 109, Accounting for Income Taxes (Statement 109). Under Statement 109, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under Statement 109, the effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. There was no current or deferred income tax expense or benefits for the periods ending June 30, 2008 and 2007.

Table of Contents

Stock-based Compensation

The Company accounts for stock-based employee compensation arrangements using the fair value method in accordance with the provisions of Statement of Financial Accounting Standards no.123(R) or SFAS No. 123(R) , *Share-Based Payments, and Staff Accounting Bulletin No. 107*, or SAB 107, *Share-Based Payments* . The company accounts for the stock options issued to non-employees in accordance with the provisions of Statement of Financial Accounting Standards no. 123, or SFAS No. 123, *Accounting for Stock-Based Compensation* , and Emerging Issues Task Force No. 96-18, *Accounting for Equity Instruments with Variable Terms That Are Issued for Consideration other Than Employee Services Under FASB Statement no. 123*. The fair value of stock options and warrants granted to employees and non-employees is determined using the Black-Scholes option pricing model. The Company has adopted SFAS 123(R) and applied it in the period presented.

Credit Risk and Concentrations

VCMG does not require collateral from its customers with respect to accounts receivable but performs periodic credit evaluations of such customer s financial conditions. VMG determines any required allowance by considering a number of factors including lengths of time accounts receivable are past due and VCMG s previous loss history. VCMG provides reserves for accounts receivable when they become uncollectible, and payments subsequently received on such receivables are credited to the allowance for doubtful accounts. As of June 30, 2008 and June 30, 2007, VCMG has determined that no allowance for doubtful accounts is required.

VCMG had four clients that accounted for 65% of its revenue for the year ended June 30, 2008; the same clients had represented 57% of its total revenue for the year ended June 30, 2007.

Loss per Common Share

Basic and diluted net loss per share calculations are calculated on the basis of the weighted average number of common shares outstanding during the year. The per share amounts include the dilutive effect of common stock equivalents in years with net income. Basic and diluted loss per share is the same due to the anti dilutive nature of potential common stock equivalents.

Recent Accounting Pronouncements

VCMG does not expect the adoption of recently issued accounting pronouncements to have a significant impact on its results of operations, financial position or cash flow.

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 \$4,040,470 and has insufficient working capital to meet operating needs for the next twelve months as of June 30, 2008, all of which raise substantial doubt about VCMG s ability to continue as a going concern.

NOTE 3 COMMON STOCK TRANSACTIONS

During the year ended June 30, 2008, VCMG sold 932,000 shares for \$456,000. During the year ended June 30, 2007, VCMG sold 930,735 shares and 319,000 warrants under private placement memorandums for \$474,000. The warrants have an exercise price of \$1.00 per share and expire in five years from the date of issuance. Using the Black-Scholes pricing model VCMG estimated the relative fair value of the warrants to be \$314,215.

Prior to July 1, 2006, Secured Financial Data (See Note 8) sold certain units which contained 100,000 warrants to purchase common stock at an exercise price of \$1.0 per share exercisable for five years from the date of issue. A total of 200,000 shares were issued for \$100,000.

There were no registration rights penalties that would be consider un-economic in either private placement.

During the year ending June 30, 2008 and 2007 stock issued for services representing 191,667 and 12,392,262 shares were authorized and granted. VCMG has recorded \$97,450 and \$1,642,905, respectively of additional general and administrative expense representing the fair market value of the stock issued on the measurement date based upon the closing quoted market price of VCMG s common stock.

Edgar Filing: Veracity Management Global, Inc. - Form 10-K

During the year ending June 30, 2008, the Company's Board of Directors authorized the cancellation of 5,187,116 shares of common stock for lack of consideration. These shares were previously accounted for as shares issued for services. No adjustment to the current period financial statements has been made as a result of this transaction.

Edgar Filing: Veracity Management Global, Inc. - Form 10-K

On August 2, 2007, the Company's Board of Directors approved a 1 for 73 reverse split of the Company's common stock by Action of the Board and a majority of shareholders. All information related to common stock, warrants to purchase common stock and earnings per share have been retroactively adjusted to give effect to the stock split.

At inception 18,642,685 common shares were issued to the founders of SFD and were cancelled as part of the recession of the exchange agreement. (Notes 8 &9)

NOTE 4 NOTES PAYABLE-STOCKHOLDERS

On various dates in fiscal 2007 and 2008, two stockholders lent the Company approximately \$500,000, evidenced by promissory notes bearing an interest rate of Prime plus 2.00% (7.00% at June 30, 2008) and due on May 31, 2009. In addition, the notes are convertible to common stock at any time at a conversion rate of \$0.50 cents per share and 200,000 warrants have been granted at an exercise price of \$1.00 per share exercisable for 60 months from the date of the notes.

As a result we have determined that the conversion feature of the notes and warrants issued are not derivative instruments pursuant to SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities, as amended. Under the provisions of ETIF Issue 98-5 the Company estimated the intrinsic value of the beneficial conversion feature at the issuance of the notes at \$48,812. Those amounts are amortized over the life of the notes using the effective interest method. The amount amortized in the periods ended June 30, 2006, 2007, and 2008 was \$7,888.

On June 1, 2007 the existing stockholder notes payable were refinanced; new notes of approximately \$182,000 (representing unpaid principal and accrued interest as of the refinance date) were issued; the interest rate and maturity dates remain the same. The new notes do not provide a conversion feature; there is no remaining discount at June 30, 2007 as the remaining discount has been expensed as a component of interest expense. All of the notes are considered short term as principal payments are due during the next 12 months.

NOTE 5 CREDIT FACILITY

In December 2006, the Company entered into a secured \$100,000 credit facility with a bank to finance working capital. In May 2007 the secured facility was increased to \$200,000. The loans under this facility bear interest at a rate of 9.25 % and are secured by certificates of deposit owned by an entity controlled by the CEO and his wife. Interest payments are made on a monthly basis; principal is due at maturity May 8, 2008. In July 2007 the facility was increased again to \$400,000; \$200,000 is secured and \$200,000 is unsecured. The maturity date was extended to July 23, 2008; all other terms remain the same.

Table of Contents

In September 2007, the Company entered into a second secured \$100,000 credit facility with a bank to finance working capital. This facility bears interest at a rate of 10.25 % and is secured by a certificate of deposit owned by the company.

The balance of these existing credit facilities at June 30, 2008 was \$395,260 and \$2,210 respectively. In addition the Company owed credit cards \$53,488. The balance at June 30, 2007 was \$131,350 and 0, respectively.

On December 4, 2007, the Veracity Management Group, Inc. our wholly owned subsidiary entered into an agreement with Greenfield Commercial Credit, LLC to borrow up to \$ 1,000,000 at a variable rate of interest 1% above the Prime Rate, with an unlimited and unconditional guarantee by Veracity Management Global, Inc. and a Validity Guarantee by two of the members of the Board of Directors. This line allows immediate funding of 85% of eligible accounts receivable up to the total line of credit and is for duration of 18 months. The balance due at June 30, 2008 to Greenfield Commercial Credit, LLC was \$18,448, net of deferred financing costs of \$21,769; the balance at June 30, 2007 was \$0. The deferred financing costs are being amortized using the effective interest method over the life of the credit facility which is 18 months. Amortization of these deferred costs were \$13,853 and \$0 for the years ended June 30, 2008 & 2007, respectively

On May 29, 2008, the Veracity Management Group, Inc. our wholly owned subsidiary entered into an agreement with Creative Equity Investments, LLC to borrow up to \$124,000, with an unlimited and unconditional guarantee by Veracity Management Global, Inc. and a Validity Guarantee by a member of the Board of Directors. Weekly principal payments of \$3,000 commence on June 5, 2008. This facility shall bear no interest unless defaulted; interest shall accrue at a rate if 1.5% per month in the event of late payment or default. This line allows immediate funding up to the total line of credit and is for a duration of 2 months. The balance due at June 30, 2008 to Creative Equity Investments, LLC was \$37,000; the balance at June 30, 2007 was \$0.

NOTE 6 INCOME TAXES

Deferred taxes relating to the tax benefit the Company s net operating loss was offset by a valuation allowance due to the uncertainty of profitable operations in the future. Also, as a result of the Company s change of control in early fiscal 2007, the net operating losses which can be utilized each year will be limited under the provisions of Sections 382 and 383 of the Internal Revenue Code of 1986, as amended. The Company generated an NOL of approximately \$314,000 during the year ended June 30, 2007 and \$493,000 during the year ended June 30, 2008. The deferred tax assets are set to set to expire beginning in the year ended June 30, 2027 and June 30, 2028, respectively. Due to the continued operating loss of the Company, the deferred tax asset is not expected to be realized.

2007 NOL	314,000
2008 NOL	492,795
Total NOL	\$ 806,795

NOTE 7 STOCK BASED COMPENSATION

VCMG had granted warrants to purchase the common stock of Secured Financial Data, Inc, a subsidiary as part of the private placement memorandum discussed in Note 3 above. In addition it granted warrants as part of the convertible notes payable to stockholders as described in Note 4 above. VCMG also granted 1,000,000 options to a consultant during the year ended June 30, 2006 at an exercise price of 70% of the average 5 days closing price of VCMG s common stock as quoted on the OTCBB.

	Warrants Issued *	Weighted Average Exercise Price
Balance as of June 30, 2007	1,300,000	\$ 1.00
Granted	2,619,000	\$ 1.00
Forfeited		
Exercised	1,000,000	
Balance as of June 30, 2008	2,919,000	\$ 1.00

Edgar Filing: Veracity Management Global, Inc. - Form 10-K

* Adjusted to reflect the reverse stock split discussed in note 3. Does not include the effect of the 1,000,000 options whose exercise price is a discount to VCMG's stock as discussed above.

NOTE 8 BUSINESS COMBINATION

The information below includes the reflection of the reverse merger discussed in note 9 below:

On July 1, 2006, Veracity Management Global, Inc. (VCMG) merged with Veracity Management Group, Inc. (VMG) and Secured Financial Data, Inc. (SFD). Pursuant to a Share Exchange Agreement, VCMG issued 22,583,038 shares of common stock in exchange for all the outstanding common stock of VMG (3,535,353 shares) and SFD (19,047,685 shares).

For accounting purposes, the merger was treated as a recapitalization of VCMG by SFD and a purchase of VMG by VCMG. Accordingly, the financial results presented for all periods prior to the merger date are those of SFD. This evaluation was conducted pursuant to the guidance in FASB statement number 141 as the former SFD shareholders have majority control of VCMG subsequent to the merger through majority voting interest, control the majority of the board of directors, and control the majority of all management decisions. VMG is a wholly owned subsidiary. SFD's equity structure was restated to adopt the equity structure of VCMG. (73 shares of VCMG for each share of VMG and SFD). As of the merger date, the financial statements include the combined operating results, assets and liabilities of VCMG, VMG and SFD. Since VCMG was inactive prior to the merger, it is not expected to constitute a significant part of the ongoing business of the combined company.

VCMG issued a total of 22,583,038 shares of common stock as a result of the above transactions. 3,535,353 shares were issued to the shareholders of VMG resulting in total assets and liabilities of \$130,804 and \$49,159, respectively, at July 1, 2006. 19,047,685 shares were issued to the shareholders of SFD resulting in total assets and liabilities of \$62,418 and \$204,102, respectively, at July 1, 2006. As a result of the recapitalization, SFD's assets and liabilities are stated at historical cost. As a result of the business combination between VCMG and VMG, VMG's assets and liabilities are stated at fair market value which approximates historical cost.

The purchase price paid for VMG was \$25,810. This represented a discount to the book value of VMG of \$55,827. Pursuant to the terms of the agreement the majority shareholders of VCMG immediately prior to the merger have the option to receive an additional 20% equity ownership in VCMG or rescind the merger if certain financial benchmarks are not achieved by December 31, 2008. Consistent with the guidance in FASB statement number 141 we have recorded a liability of \$55,837 for the discounted price paid for VMG due to this possible contingency.

Since the above transactions took place on July 1, 2006 the first day of fiscal 2007, the financial results presented for the 12 month period ended June 30, 2007 would not differ had the transaction occurred at an earlier date. The illustration below presents a pro-forma of the combined entities as and for the 12 month period ended June 30, 2006 as if the transaction had occurred on July 1, 2005.

Table of Contents

NOTE 9 SUBSEQUENT EVENTS

On July 25, 2008, the Company's Board of Directors authorized the cancellation of 20,105,538 shares of common stock as part of the recession of the exchange agreement for the acquisitions of SFD and VMG. The recession was filed on July 7, 2008 and effective for July 1, 2008. No adjustment to the current period financial statements have been made as a result of this transaction. The stock of the subsidiary companies SFD and VMG was returned to the founders of SFD and the owner of VMG. The Company from July 1, 2008 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.

F - 9