



<http://www.sacklunchproductions.com>

Sack Lunch Productions, Inc. and Subsidiaries
Quarterly Financial Report
(Unaudited)

For the Three Months ended March 31, 2016

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Item I: Exact name of the issuer and the address of its principal executive office

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Item II: Shares outstanding

Common Stock	March 31, 2016	December 31, 2015
(i) Number of shares authorized	990,000,000	990,000,000
(ii) Number of shares outstanding	144,601,556	135,990,890
(iii) Freely tradable shares (public float)	54,336,025	56,441,651
(iv) Total number of beneficial shareholders (1)	4,500	3,100
(v) Total number of shareholders of record	47	51
(1) Estimate of all holders in brokerage accounts.		
Class A Preferred Stock	March 31, 2016	December 31, 2015
(i) Number of shares authorized	10,000,000	10,000,000
(ii) Number of shares outstanding	559,750	559,750
(iii) Freely tradable shares (public float)	----	----
(iv) Total number of beneficial shareholders	6	6
(v) Total number of shareholders of record	6	6
Class B Preferred Stock	March 31, 2016	December 31, 2015
(i) Number of shares authorized	20,000,000	20,000,000
(ii) Number of shares outstanding	1,000,000	15,000,000
(iii) Freely tradable shares (public float)	----	----
(iv) Total number of beneficial shareholders	4	4
(v) Total number of shareholders of record	4	4
Class C Preferred Stock	March 31, 2016	December 31, 2015
(i) Number of shares authorized	20,000,000	5,000,000
(ii) Number of shares outstanding	881,470	1,228,761
(iii) Freely tradable shares (public float)	----	----
(iv) Total number of beneficial shareholders	27	32
(v) Total number of shareholders of record	27	32

Item III: Interim Financial Statements

**Sack Lunch Productions, Inc. and Subsidiaries
Consolidated Balance Sheets
(Unaudited)**

	March 31, 2016	December 31, 2015
ASSETS		
Current assets		
Cash, includes restricted escrow amounts of \$424,416 and \$424,416, respectively	\$ 796,921	\$ 1,024,016
Accounts receivable, net of allowance for doubtful accounts of \$268,714 and \$264,598, respectively	209,537	216,254
Inventory	2,092,303	1,753,574
Prepaid expenses	586,193	156,276
Current portion of notes receivable	22,389	15,624
Total current assets	3,707,343	3,165,744
Property and equipment, net of accumulated depreciation of \$1,498,962 and \$1,409,713, respectively	2,123,186	2,111,255
Notes receivable	180,340	224,751
Film costs, net amortization	345,761	345,761
Other assets	339,765	325,210
Trademarks, tradenames & customers	1,440,000	1,440,000
Total assets	\$ 8,136,395	\$ 7,612,721
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities		
Accounts payable and accrued expenses	\$ 2,814,228	\$ 2,917,200
Deferred revenue	2,322,094	239,198
Deferred rent	84,659	86,818
Due to related parties	222,042	272,793
Derivative liability	137,346	215,802
Current portion of notes payable	2,248,896	2,274,962
Current portion of notes payable, related party	100,433	101,022
Current portion of capital lease obligations	7,307	13,854
Current portion of convertible notes payable, net of debt discount of \$26,088 and \$129,049, respectively	35,000	32,844
Total current liabilities	7,972,005	6,154,493
Long-term liabilities		
Notes payable	782,442	782,931
Notes payable, related party	12,184	14,389
Convertible notes payable, net of debt discount of \$0 and \$30,390 respectively	-	8,110
Capital lease obligations	24,169	21,294
Contingent liability	92,000	92,000
Total long-term liabilities	910,795	918,724
Total liabilities		
	8,882,800	7,073,217
Stockholders' deficit		
Series A preferred stock, par value \$0.001; 10,000,000 shares authorized; 559,750 shares issued and outstanding	560	560
Series B preferred stock, par value \$0.001; 20,000,000 shares authorized; 15,000,000 shares issued and outstanding	15,000	15,000
Series C preferred stock, par value \$0.001; 5,000,000 shares authorized; 881,470 and 1,228,761 shares issued and outstanding, respectively	881	1,229
Common stock, par value \$0.0001; 25,000,000,000 shares authorized; 144,601,556 and 135,999,890 shares issued and outstanding, respectively	14,459	13,599
Additional paid-in capital	38,214,399	37,918,769
Subscription receivable for subsidiary stock	(43,420)	(76,800)
Accumulated deficit	(37,408,482)	(35,846,285)
Accumulated other comprehensive income	(15,885)	(15,885)
Total Sack Lunch Productions, Inc. and subsidiaries stockholders' deficit	777,512	2,010,187
Non-controlling interest	(1,523,917)	(1,470,683)
Total stockholders' deficit	(746,405)	539,504
Total liabilities and stockholders' deficit	\$ 8,136,395	\$ 7,612,721

The accompanying notes are an integral part of these consolidated financial statements.

Sack Lunch Productions, Inc. and Subsidiaries
Consolidated Statements of Operations
(Unaudited)

	Three Months ended March 31,	
	<u>2016</u>	<u>2015</u>
Revenue		
Services, net of discounts	\$ 608,206	\$ 504,517
Product, net of discounts	191,254	239,619
Rent	13,628	13,568
Events	485,073	142,704
Consulting	-	5,500
Total revenue	<u>1,298,161</u>	<u>905,908</u>
Costs and Expenses		
Cost of services	357,903	365,383
Cost of product	122,321	162,328
Event costs	313,889	-
Depreciation and amortization	89,401	51,528
General and administrative	1,796,610	778,356
Total operating expenses	<u>2,680,124</u>	<u>1,357,595</u>
Loss from operations	(1,381,963)	(451,687)
Other income (expense)		
Interest income	1,562	2,198
Interest expense	(182,309)	(61,308)
Interest expense, related parties	(9,726)	(2,074)
Gain (loss) on derivative fair value adjustment	28,457	(30,380)
Loss on stock subscription receivable	(33,380)	-
Gain on forgiveness of debt	-	39,195
Other income (expense)	15,162	(906)
Total other income (expenses), net	<u>(180,234)</u>	<u>(53,275)</u>
Net Loss	<u>(1,562,197)</u>	<u>(504,962)</u>
Less net loss attributable to non-controlling interest	53,234	201,013
Net loss attributable to stockholders	<u>\$ (1,508,963)</u>	<u>\$ (303,949)</u>
Net loss per common share		
Basic and diluted loss per common share	<u>\$ (0.01)</u>	<u>\$ (0.00)</u>
Weighted average common shares outstanding	<u>142,604,303</u>	<u>67,968,030</u>

The accompanying notes are an integral part of these unaudited consolidated financial statements.

Sack Lunch Productions, Inc. and Subsidiaries
Condensed Consolidated Statements of Cash Flows
(Unaudited)

	Three Months ended March 31,	
	2016	2015
Cash flows from operating activities		
Net income (loss)	\$ (1,562,197)	\$ (504,962)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation and amortization	89,249	51,528
(Gain) loss on derivative liability fair value adjustment	(63,011)	30,380
(Gain) loss on forgiveness of non-related party convertible debt	(30,050)	(39,195)
Amortization of debt discount	(131,269)	14,532
Write-off of subscription receivable	33,380	-
Stock issued by a subsidiary for services	79,110	74,073
Initial derivative expense	-	6,018
Certificate of deposit	-	28,660
Accounts receivable	6,717	193,344
Notes receivable - short term	44,411	28,966
Due from affiliates	-	1,637
Inventories	(338,729)	42,270
Prepaid expenses	(429,917)	(279,794)
Other assets	(21,320)	(9,420)
Accounts payable and accrued liabilities	124,490	220,624
Deferred revenue	2,082,896	695,325
Deferred rent expense	(2,159)	(4,733)
Net cash provided by operating activities	(118,399)	549,253
Cash flows from investing activities		
Purchases of property, plant, & equipment	(101,180)	(153,345)
Net cash (paid) acquired in business combinations	-	(5,000)
Net cash used in investing activities	(101,180)	(158,345)
Cash flows from financing activities		
Payments made on capital leases	(3,672)	(5,092)
Payments made on notes payable	(500,150)	(51,610)
Payments made on notes payable, related parties	(2,794)	(1,703)
Proceeds from issuance of convertible notes payable	-	98,000
Proceeds from stock subscription	33,380	-
Proceeds from issuance of notes payable	465,720	82,880
Proceeds from issuance of notes payable to related parties	-	25,082
Net cash provided by financing activities	(7,516)	147,557
Net increase (decrease) in cash	(227,095)	538,465
Cash at beginning of period	1,024,016	730,208
Cash at end of period	\$ 796,921	\$ 1,268,673
Supplemental disclosure of cash flow information:		
Cash paid during the period for interest	\$ 82,997	\$ 7,842
Non-cash investing and financing activities:		
Conversions of convertible notes and accrued interest to subsidiary stock	\$ (28,020)	\$ 25,000

The accompanying notes are an integral part of these consolidated financial statements.

NOTE 1 – ORGANIZATION AND BASIS OF FINANCIAL STATEMENT PRESENTATION

Organization and Nature of Operations

Sack Lunch Productions, Inc. (“SAKL”) was incorporated under the laws of the State of Colorado on April 20, 1987 as Metropolitan Acquisition Corporation. On October 5, 2000, SAKL merged with a Nevada corporation with the same name, effectively changing its state of domicile from Colorado to Nevada. SAKL later changed its state of incorporation to Utah. SAKL is a holding company of a number of subsidiary companies.

SAKL’s operating subsidiaries during the three months ending March 31, 2016 include the following:

- Color Me Rad Productions Inc. (“CMR”)
- The Dirty Dash Productions Inc. (“Dash”)
- Diversified Management Solutions, Inc. (“DMS”)
- Downtown Development Corporation (“DDC”)
- Green Endeavors, Inc. (“Green”)
 - Landis Salons, Inc. (“Landis”)
 - Landis Salons II, Inc. (“Landis II”)
 - Landis Experience Center, LLC. (“LEC”)
- Lantern Fest Productions Inc. (“Lantern”)
- Redline Entertainment, Inc. (“Redline”)
- Slide the City Productions Inc. (“Slide”)
- Trike Riot Productions Inc. (“Trike”)
- Wasatch Capital Corporation (“WCC”)
- WG Productions Company. (“WG”)

During the first quarter of 2016 the Company has reorganized its operations to simplify the corporate structure and tax reporting of the Company’s subsidiaries. For Color Me Rad and Dirty Dash this resulted in the purchase of 100% of the assets of the LLC’s by new corporations formed to operate these events. Lantern Fest and Slide the City events operational LLC’s have been merged into new corporations that will continue the operations of these events. These actions have resulted in the elimination and consolidation of numerous LLC’s into four wholly-owned corporations. The resulting simplification of the organization operation of these events and the reduction of tax and accounting reporting generated by the prior organization.

Color Me Rad Productions Inc. (“CMR”) a Utah corporation was organized on January, 29, 2016. CMR is a wholly-owned subsidiary of SAKL and operates Color Me Rad events.

The Dirty Dash Productions Inc. (Dirty Dash”) a Utah corporation was organized on January 28, 2016. Dirty Dash is a wholly-owned subsidiary of SAKL and was organized to operate Dirty Dash, a fun mud-run type event.

Downtown Development Corporation (“DDC”), a Utah corporation, was incorporated on November 30, 1999. DCC is a wholly-owned subsidiary of SAKL. DDC owns a 6,000 square foot commercial property in Salt Lake City, Utah.

Green Endeavors, Inc. (“Green”), a Utah corporation, was originally organized under the laws of the State of Delaware on April 25, 2002 as Jasper Holdings.com, Inc. SAKL holds 50.59% of Green’ shares of common stock and has voting control of 87.96% of the total outstanding votes. Green is a publicly traded corporation under the stock symbol GRNE.

- Landis Salons, Inc. (“Landis”), a Utah corporation, was organized on May 4, 2005 for the purpose of operating an Aveda™ Lifestyle Salon. Landis is a wholly-owned subsidiary of Green Endeavors, Inc.

Sack Lunch Productions Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
(Unaudited)

- Landis Salons II, Inc. (“Landis II”), a Utah corporation, was organized on March 17, 2010 for the purpose of opening a second Aveda™ Lifestyle Salon in the Marmalade area of Salt Lake City. Landis II is a wholly-owned subsidiary of Green Endeavors, Inc.
- Landis Experience Center, LLC (“LEC”), a Utah limited liability company, was organized in August, 2012 primarily for the purpose of selling Aveda™ retail products in the City Creek mall in downtown Salt Lake City. LEC is a wholly-owned subsidiary of Green Endeavors, Inc.

Lantern Fest Productions Inc. (“Lantern”), a Utah corporation, was organized on December 5, 2013, for the purpose of operating Lantern Fest™ events around the United States. The website for Lantern is <http://www.thelanternfest.com>.

Redline Entertainment, Inc. (“Redline”), a Utah corporation, was organized on April 15, 2010. Redline is a wholly-owned subsidiary of SAKL and was incorporated to license the foreign distribution rights of films produced by WG and third-party production companies.

Slide the City Productions Inc. (“Slide”), a Utah corporation, was organized on June 24, 2013 for the purpose of operating Slide the City™ events worldwide. Slide is a wholly-owned subsidiary of WG. The website for Slide is <http://www.slidethecity.com>.

Trike Riot Productions Inc. a Utah corporation was formed on February 10, 2016 and will operate Trike riot Events for the Company.

Wasatch Capital Corporation (“WCC”), a Utah corporation, was incorporated on June 10, 1991. WCC is a wholly-owned subsidiary of SAKL. WCC owns two residential rental properties in Salt Lake City.

WG Productions Company (“WG”), a Utah corporation, was organized on August 6, 2009, as Revel Entertainment, Inc. In May 2013, its name was changed to WG Productions Company. WG is a wholly-owned subsidiary of SAKL. WG was formed to produce films for its own account and for third parties and has added event ownership and management to its business activities. WG owns 100% interest in the following two subsidiaries:

Basis of Presentation

The consolidated financial statements include the accounts of Sack Lunch Productions, Inc. and its subsidiaries after elimination of intercompany accounts and transactions. In addition, SAKL consolidates various entities for which it is deemed to be the primary beneficiary. SAKL’s controlling share of earnings or losses of subsidiaries is included in the consolidated operating results using the equity method of accounting.

SAKL consolidates entities under control and records a non-controlling interest for the portions not owned by SAKL. Control is determined, where applicable, by the sufficiency of equity invested and the rights of the equity holders, and by the ownership of a majority of the voting interests, with consideration given to the existence of approval or veto rights granted to the minority shareholder. If the minority shareholder holds substantive participating rights, it overcomes the presumption of control by the majority voting interest holder. In contrast, if the minority shareholder simply holds protective rights (such as consent rights over certain actions), it does not overcome the presumption of control by the majority voting interest holder.

The consolidated balance sheets as of March 31, 2016 and December 31, 2015 and the consolidated statements of operations and cash flows for the periods presented have been prepared by SAKL and are unaudited. In the opinion of management, all adjustments (consisting solely of normal recurring adjustments) necessary to present fairly the financial position, results of operations, and cash flows for all periods presented have been made. The results of operations presented in the accompanying consolidated financial statements for the three months ended March 31, 2016, are not necessarily indicative of the results that may be expected for the 12 months ending December 31, 2016.

Use of Estimates in the Preparation of the Financial Statements

The consolidated financial statements are prepared in conformity with U.S. GAAP, which requires the use of estimates, judgments and assumptions that affect the amounts of assets and liabilities at the reporting date and the amounts of revenue and expenses in the periods presented. We believe that the accounting estimates employed are appropriate and the resulting balances are reasonable; however, due to the inherent uncertainties in making estimates actual results could differ from the original estimates, requiring adjustments to these balances in future periods.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

Investments with original maturities of six months or less at the time of purchase are considered cash equivalents. As of March 31, 2016, and December 31, 2015, SAKL had no cash equivalents.

Inventory

Inventory consists of items held for resale and is carried at the lower of cost or market. SAKL’s inventory consists of hair care products in its salon operations and goods used in the event operations and for resale at our events. Cost is determined using the average cost method. Market is determined based on the estimated net realizable value, which generally is the merchandise selling price. Inventory levels are reviewed in order to identify slow-moving merchandise and damaged items and markdowns are used to clear merchandise.

Property and Equipment

Property and equipment are stated at cost. Expenditures that materially increase the life of the assets are capitalized. Ordinary maintenance and repairs are charged to expense as incurred. When assets are sold, or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized at that time. All capital leases are added to the property and equipment and depreciated over the life of the assets. Depreciation is computed on the straight-line method over the following useful lives:

Buildings.....	27.5-39 years
Computer equipment and related software	3 years
Leasehold improvements	Shorter of the lease term or the estimated useful life
Furniture, equipment and fixtures.....	3-10 years
Vehicles	5 years

When commercial buildings are sold, the net depreciated basis is deducted from the net cash and other consideration received and the difference is reported as a net gain or loss.

Sack Lunch Productions Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
(Unaudited)

The following is a summary of SAKL's Property and equipment by major category as of March 31, 2016:

	Cost	Accumulated Depreciation	Net
Computer equipment and related software	\$ 103,608	\$ 89,835	\$ 13,773
Construction in process	78,732	-	78,732
Leasehold improvements	665,660	489,045	176,615
Furniture and fixtures	170,529	85,285	85,244
Leased equipment	76,298	57,876	18,422
Equipment	1,122,939	402,089	720,850
Vehicle	175,534	65,230	110,304
Building and Improvements	736,474	295,197	441,277
Land	467,220	-	467,220
Signage	25,154	14,405	10,749
Total	<u>\$ 3,622,148</u>	<u>\$ 1,498,962</u>	<u>\$ 2,123,186</u>

The following is a summary of SAKL's Property and equipment by major category as of December 31, 2015:

	Cost	Accumulated Depreciation	Net
Computer equipment and related software	\$ 101,044	\$ 87,898	\$ 13,146
Construction in process	22,147	-	22,147
Leasehold improvements	639,253	476,654	162,599
Furniture and fixtures	163,798	75,864	87,934
Leased equipment	76,298	54,061	22,237
Equipment	1,114,046	356,757	757,289
Vehicle	175,534	58,537	116,997
Building and Improvements	736,474	286,140	450,334
Land	467,220	-	467,220
Signage	25,154	13,802	11,352
Total	<u>\$ 3,520,968</u>	<u>\$ 1,409,713</u>	<u>\$ 2,111,255</u>

Fair Value Measurements

The fair value of a financial instrument is the amount that could be received upon the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Financial assets are marked to bid prices and financial liabilities are marked to offer prices. Fair value measurements do not include transaction costs. A fair value hierarchy is used to prioritize the quality and reliability of the information used to determine fair values. Categorization within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The fair value hierarchy is defined into the following three categories:

- Level 1 – Quoted prices for identical instruments in active markets;
- Level 2 – Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets; and
- Level 3 – Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

Investments in Equity Securities

Marketable Securities

SAKL considers all of its investments in marketable securities as available-for-sale. Available-for-sale securities are stated at fair value, with the unrealized gains and losses presented net of tax and reported as a separate component of Stockholders' equity. Realized gains and losses are determined using the specific identification method. Gains are recognized when realized and are recorded in the Consolidated Statements of Operations as Other income. Losses are recognized as realized or when SAKL has determined that an other-than-temporary decline in fair value has occurred.

Long-Lived Assets

SAKL's long-lived assets consist of property, plant, and equipment and other intangible assets, excluding goodwill. SAKL recognizes impairment losses as the difference between historical cost and fair value of the asset, less costs to sell, when management determines that events and circumstances indicate a need to assess impairment, and when that assessment indicates that historical cost materially exceeds fair value, less costs to sell. There was no impairment expense of long-lived assets during the three months ended March 31, 2016 and for the year ended December 31, 2015.

Basic and Diluted Income (Loss) Per Common Share

SAKL computes net income (loss) per common share by dividing the net income (loss) available to common stockholders for the period by the weighted average number of common and potentially dilutive shares during the specified period. The calculation of diluted net income (loss) per share gives effect to common stock equivalents; however, potential common shares are excluded if their effect is anti-dilutive. Such potentially dilutive shares are excluded when the effect would be to reduce net loss per share. For the three months ended March 31, 2016, and March 31, 2015 these shares were not included in the diluted net loss per share calculation as their effect would be anti-dilutive.

Deferred Revenue

Deferred revenue arises when customers pay for products and/or services in advance of revenue recognition. SAKL's deferred revenue consists of unearned revenue associated with the purchase of gift certificates, event ticket sales, or franchise ownership sales for which revenue is recognized only when the service is performed, the product is delivered, the event takes place, or all training obligations have been satisfied.

As of March 31, 2016 and December 31, 2015 the classes of deferred revenue consisted of the following:

	Deferred Revenue by type as of	
	March 31, 2016	December 31, 2015
Gift Cards	\$ 58,168	\$ 66,048
Advanced Ticket Sales	2,263,926	173,150
Total Deferred Revenue	\$ 2,322,094	\$ 239,198

Revenue Recognition

SAKL recognizes revenue from its two main sources of revenue as follows:

Entertainment Revenue

Ticket sales are recorded in the period in which the event took place less an allowance for refunds. Franchise revenues are recorded according to agreements and recognized once all obligations to the franchisee has been provided.

Sales – Salon

Revenue from sale of services and products is recognized at the date the services are provided, or when the products are delivered to the customer.

Advertising and Promotional Expense

SAKL expenses advertising costs the first time the advertising occurs. Advertising expense was \$232,195 for the three months ended March 31, 2016.

Income Taxes

Deferred income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. 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. 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. Also, SAKL's practice is to recognize interest and/or penalties related to income tax matters in income tax expense.

As of March 31, 2016, SAKL's deferred tax assets, which are solely related to net operating losses, have been fully offset by a valuation allowance.

Recent Accounting Pronouncements

Management believes the impact of other recently issued standards and updates, which are not yet effective, will not have a material impact on SAKL's consolidated financial position, results of operations or cash flows upon adoption.

NOTE 3 – GOING CONCERN

SAKL's consolidated financial statements are prepared using accounting principles generally accepted in the United States of America applicable to a going concern which contemplates the realization of assets and liquidation of liabilities in the normal course of business. As of March 31, 2016, SAKL had negative working capital of \$4,264,662 and an accumulated deficit through March 31, 2016 of \$37,408,482.

Primarily, revenues have not been sufficient to cover SAKL's operating costs. Management's plans to enable SAKL to continue as a going concern include the following:

- Creating or Acquiring new types of events for the events line of business;
- Increasing the number of event locations for existing events;
- Increase retail sales of Landis Salons, Inc.;
- Open new salon locations;
- Reduce expenses through consolidating or disposing of certain subsidiary companies; and,
- Raising capital through planned public and private offerings.

There can be no assurance that SAKL can or will be successful in implementing any of its plans or that it will be successful in enabling SAKL to continue as a going concern. SAKL's consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

NOTE 4 – FAIR VALUE MEASUREMENTS

Our financial assets and liabilities carried at fair value are measured on a recurring basis. As of March 31, 2016 and December 31, 2015, they consisted of the following:

Description	Total fair value at March 31, 2016	Quoted prices in active markets (Level)	Significant other observable Inputs (Level 2)	Significant unobservable inputs (Level)
Derivative liability (1)	\$ 137,346	\$ -	\$ 137,346	\$ -

Description	Total fair value at December 31, 2015	Quoted prices in active markets (Level)	Significant other Observable Inputs (Level 2)	Significant unobservable inputs (Level)
Derivative liability (1)	\$ 215,802	\$ -	\$ 215,802	\$ -

(1) Derivative liability amounts are due to the embedded derivatives of certain convertible notes payable issued by the Company and are calculated using the Black Scholes pricing model.

As of March 31, 2016, the Company, has a \$137,346 derivative liability balance on the balance sheet, and for the three months ended March 31, 2016, the Company recorded a \$28,457 gain from derivative liability fair value adjustments. The derivative liability activity comes from convertible notes payable.

NOTE 5 – INVENTORY

SAKL’s inventory consists of finished goods products that are held for resale at all salon locations or that are used for the services provided by the salons. The event companies maintain inventories for event participants and retail sales. Inventory is carried at the lower of cost or market. As of March 31, 2016 and December 31, 2015, inventory amounted to \$2,092,303 and \$1,753,574, respectively.

NOTE 6 – NOTES RECEIVABLE

A summary of notes receivable as of March 31, 2016 and December 31, 2015 is as follows:

	Interest Rate	Maturity Date	March 31, 2016	December 31, 2015
Receivable from an LLC	-	5/1/2021	\$ 180,340	\$ 179,031
Receivable from a Related Party	10%		19,523	13,524
Receivable from an Individual			-	45,720
Receivable from an Individual			2,866	2,100
Total			202,729	240,375
Less: current portion of notes receivable			22,389	15,624
Total long-term portion of notes receivable			\$ 180,340	\$ 224,751

Sack Lunch Productions Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
(Unaudited)

NOTE 7 – DEBT

A summary of notes payable as of March 31, 2016 and December 31, 2015 is as follows:

	Interest Rate	Maturity Date	March 31, 2016	December 31, 2015
<u>Notes Payable:</u>				
Note payable due to a partnership	8.00%	7/21/2012	\$ 20,373	\$ 22,873
Note payable due to an individual	11.00%	2/27/2016	10,045	14,844
Note payable due to an individual	12.00%	3/31/2016	192,138	300,000
Note payable due to a corporation	13.00%	6/22/2016	394,561	-
Note payable due to an individual	8.00%	10/1/2016	-	40,000
Note payable due to a corporation	12.00%	12/13/2016	1,514,581	1,800,000
Note payable due to a bank	6.00%	3/1/2017	64,143	-
Note payable due to a corporation	5.00%	9/1/2017	16,330	18,935
Note payable due to a bank	12.00%	11/19/2017	225,358	261,806
Note payable due to a bank		2/9/2019	15,708	17,055
Note payable due to a partnership	8.00%	3/3/2019	7,968	8,532
Note payable due to a corporation	10.07%	8/19/2020	8,676	9,058
Note payable due to a bank	6.50%	5/23/2021	561,457	564,790
Total Notes Payable			3,031,338	3,057,893
Less: Current Portion			2,248,896	2,274,962
Long-Term Notes Payable			\$ 782,442	\$ 782,931

	Interest Rate	Maturity Date	March 31, 2016	December 31, 2015
<u>Convertible Notes Payable:</u>				
Note payable due to a corporation	8.00%	8/17/2014	\$ 35,000	\$ 35,000
Note payable due to a corporation	8.00%	3/25/2016	-	5,954
Total Convertible Notes Payable			35,000	40,954
Less: Current Portion			35,000	32,844
Long-Term Convertible Notes Payable			\$ -	\$ 8,110

	Interest Rate	Maturity Date	March 31, 2016	December 31, 2015
<u>Related Party Notes</u>				
Note payable due to Richard Surber, President and CEO of SAKL	24.00%	11/20/2011	\$ 59,394	\$ 60,282
Note payable due to Richard Surber, President and CEO of SAKL	20.00%	11/20/2011	25,000	25,000
Note payable due to a corporation	18.00%	5/6/2016	9,309	9,309
Note payable due to Richard Surber, President and CEO of SAKL	18.00%	3/12/2018	18,915	20,820
Total related Party Notes Payable			112,617	115,411
Less: Current Portion			100,433	101,022
Long-Term Related Party Notes Payable			\$ 12,184	\$ 14,389

NOTE 8 – REAL PROPERTY LEASES

SAKL owns one commercial building and two residential homes which it leases out. Lease agreements are generally five years for the commercial building and one year for the residential homes. Annual lease amounts generally increase each year. Commercial tenant leases include reimbursement to SAKL for allocated property taxes, insurance on the building and common area expenses.

NOTE 9 – EQUITY

Preferred Stock

SAKL is authorized to issue 50,000,000 shares of preferred stock with a par value of \$0.001 per share. The Preferred Stock can be issued in various series with varying dividend rates and preferences.

As of March 31, 2016 and December 31, 2015, the number of shares of Series A Convertible Preferred Stock issued and outstanding was 559,750. The Series A Preferred shares have voting rights equal to 100 shares of common stock for every 1 Series A Preferred share, and it may be converted into \$10 worth of common stock. A total of 10,000,000 shares have been designated and authorized as Series A Preferred Stock.

As of March 31, 2016 and December 31, 2015, the number of shares of Series B Convertible Preferred Stock issued and outstanding was 15,000,000. The Series B preferred stock holds voting rights equal to 2,000 shares of common stock for each share of the Series B Preferred Stock issued. The shares do not have any conversion rights into common stock or any other class of stock of SAKL. A total of 20,000,000 shares have been designated and authorized as Series B Preferred Stock pursuant to a filing on November 3, 2009.

As of March 31, 2016 and December 31, 2015, the number of shares of Series C Preferred Stock issued and outstanding was 881,470 and 1,228,761 shares, respectively. The Series C Preferred shares may be converted into \$5.00 worth of common stock and are subject to redemption by SAKL upon a \$5.00 cash payment. The Series C Preferred shares hold voting rights equal to 1 share of common stock for every 1 Series C Preferred share. A total of 5,000,000 shares have been designated and authorized as Series C Preferred Stock.

Common Stock

As of March 31, 2016, SAKL was authorized to issue 990 Million shares of common stock with a par value of \$0.0001 per share. As of March 31, 2016 and December 31, 2015, the number of common shares issued and outstanding was 144,601,556 and 135,999,890, respectively. The common stock holds voting rights of one vote per share. It has no dividend or preemptive rights.

NOTE 10 – SUBSEQUENT EVENTS

SAKL has evaluated subsequent events through June 2, 2016, which is the date the financial statements were issued.

On April 22, 2016 the Board of Directors approved the issuance of 1,595,474 shares of restricted common stock from the conversion of 25,133 shares of Series C Preferred Stock. The shares were converted at \$0.07694 based on the conversion provisions for the Convertible Series C Preferred Stock designation.

On May 19, 2016 the Board of Directors approved the conversion of 169,600 shares of Series C Preferred shares into 6,523,074 shares of Common Stock. The shares were converted at \$0.13 based on the conversion provisions of the Convertible Series C Preferred Stock designation.

On May 19, 2016 the Board of Directors approved the conversion of 3,000 shares of Series A Preferred shares into 230,796 shares of Common Stock. The shares were converted at \$0.13 based on the conversion provisions of the Convertible Series A Preferred Stock designation.

On May 20, 2016 the Board of Directors approved the issuance of 10,000 shares of Series A Preferred Stock in exchange for a cash payment in the sum of \$50,000.

In the above transactions, the Board of Directors relied upon Rule 506 of the Securities Act of 1933 in originally issuing the convertible notes or preferred stock and in the subsequent issuances resulting from conversions of the notes and preferred securities into common stock were done pursuant to Rule 4(2) of the Securities Act of 1933.

Item IV: Management’s Discussion and Analysis of Plan of Operation

Cautionary Statement Regarding Forward Looking Statements

The information herein contains certain forward looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended, which are intended to be covered by the safe harbors created thereby. Investors are cautioned that all forward looking statements involve risks and uncertainty, including, without limitation, the ability of SAKL to continue its business strategy, changes in the real estate markets, labor and employee benefits, as well as general market conditions, competition, and pricing. Although SAKL believes that the assumptions underlying the forward looking statements contained herein are reasonable, any of the assumptions could be inaccurate, and therefore, there can be no assurance that the forward looking statements included in this disclosure will prove to be accurate. In view of the significant uncertainties inherent in the forward looking statements included herein, the inclusion of such information should not be regarded as a representation by SAKL or any other person that the objectives and plans of SAKL will be achieved.

General

Sack Lunch Productions, Inc. (“SAKL” or the “Company”) is an entertainment holding company whose subsidiaries have operations in event management, film production and distribution. SAKL also holds a majority interest in Green Endeavors, Inc. (GRNE) which operate Aveda licensed salons and an Aveda retail location. SAKL through its subsidiaries now holds the following national or international event brands: Slide the City, Color Me Rad, The Dirty Dash The Lantern Fest and Trike Riot. Both Slide the City and Color Me Rad have been franchised both nationally and internationally in addition to the events that are held and operated corporately. The Dirty Dash operates fun mud runs, Color Me Rad holds fun runs complete with color stations, Slide the City operates giant slide events on city streets, Lantern Fest organizes sky lantern festivals and Trike riot is a three wheeled bike or trike that participants navigate on various obstacle courses.

The following discussion examines SAKL’s financial condition as a result of operations for the three months ended March 31, 2016 and 2015.

Results of Operations

The following discussion examines our results of operations and financial condition based on our consolidated financial statements for the three months ended March 31, 2016 and 2015.

Revenue

Gross Revenue	Three Months ended March 31,			
	2016	2015	Variance	%
Services	\$ 608,206	\$ 504,517	\$ 103,689	21
Product	191,254	239,619	(48,365)	(20)
Rent	13,628	13,568	60	0
Events	485,073	142,704	342,369	240
Consulting	-	5,500	(5,500)	(100)
Total Revenue	\$ 1,298,161	\$ 905,908	\$ 392,253	43

The increase in revenues is due primarily to an increase in the number of events that were held during the period in 2016 as compared to 2015 and franchise fees.

Costs and Expenses

Costs and Expenses	Three Months ended March 31,			
	2016	2015	Variance	%
Cost of services	\$ 357,903	\$ 365,383	\$ (7,480)	(2)
Cost of Product	122,321	162,328	(40,007)	(25)
Event costs	313,889	-	313,889	-
Depreciation and amortization	89,401	51,528	37,873	73
General and administrative	1,796,610	778,356	1,018,254	131
Total Cost and Expenses	<u>\$ 2,682,140</u>	<u>\$ 1,359,610</u>	<u>\$ 1,322,529</u>	<u>97</u>

The increase over the comparable quarterly period is primarily attributable to an increase in staffing needs to accommodate the number of events being held, advertising expense increased as a result of increased number of events that will be held this fiscal year compared with the prior period.

Other Income, net

Other Income, (Expense)	Three Months ended March 31,			
	2016	2015	Variance	%
Interest expense (net)	\$ (190,473)	\$ (61,184)	\$ (129,289)	211
Gain (loss) on derivative fair value adjustment	28,457	(30,380)	58,837	(194)
Loss on stock subscription receivable	(33,380)	-	(33,380)	-
Gain on forgiveness of debt	-	39,195	(39,195)	(100)
Other income (expense)	15,162	(906)	16,068	(1,774)
Total	<u>\$ (180,234)</u>	<u>\$ (53,275)</u>	<u>\$ (126,959)</u>	<u>238</u>

The increase is primarily due to an increase in interest expense related to increased borrowings necessary to acquire and operate Color Me Rad and The Dirty Dash events.

Net Income (loss)

Net Loss	Three Months ended March 31,			
	2016	2015	Variance	%
	<u>\$ 1,562,197</u>	<u>\$ 504,962</u>	<u>\$ 1,057,235</u>	<u>209</u>

The increase in net loss is primarily due to event related salaries, advertising and other professional services necessary to generate pre-sales of tickets that are held as deferred revenues on the balance sheet.

Liquidity and Capital Resources

For the Period ended

Working Capital	March 31, 2016	December 31, 2015	Variance	%
Current Assets				
Cash	\$ 796,921	\$ 1,024,016	\$ (227,095)	(22)
Accounts receivable	209,537	216,254	(6,717)	(3)
Inventory	2,092,303	1,753,574	338,729	19
Prepaid expenses	586,193	156,276	429,917	275
Current portion of notes receivable	22,389	15,624	6,765	43
Total Current Assets	3,707,343	3,165,744	541,599	17
Current Liabilities				
Accounts payable and accrued expenses	2,814,228	2,917,200	(102,972)	(4)
Deferred revenue	2,322,094	239,198	2,082,896	871
Deferred rent	84,659	86,818	(2,159)	(2)
Due to related parties	222,042	272,793	(50,751)	(19)
Derivative liability	137,346	215,802	(78,456)	(36)
Current portion of notes payable	2,248,896	2,274,962	(26,066)	(1)
Current portion of notes payable, related party	100,433	101,022	(589)	(1)
Current portion of capital lease obligations	7,307	13,854	(6,547)	(47)
Current portion of convertible notes payable	35,000	32,844	2,156	7
Total Current Liabilities	7,972,005	6,154,493	1,817,512	30
Working Capital Deficit	\$ 4,264,662	\$ 2,988,749	\$ 1,275,913	43

The increase in deferred revenues resulting from advanced ticket sales for events was the largest change to our working capital deficit. We expect to fully realize all deferred revenue by the end of the fiscal year.

Cash Flows from Operating Activities

Cash flows from operating activities include net loss, adjusted for certain non-cash charges, as well as changes in the balances of certain assets and liabilities.

	Three Months ended March 31,			
	2016	2015	Variance	%
Cash Flows from Operating Activities	\$ (118,399)	\$ 549,253	\$ (667,652)	(122)

We expect to increase cash provided by operating activities over the next twelve months by executing the individual business strategies of our subsidiaries, which are outlined in note 3.

Cash Flows from Investing Activities

	Three Months ended March 31,			
	2016	2015	Variance	%
Cash Flows from Investing Activities	\$ (101,180)	\$ (158,345)	\$ 57,165	(36)

The decrease in cash flows used in investing activities is primarily due to a decrease in the purchases of property, plant, and equipment.

We expect to continue our investing activities, including purchasing both property and equipment for an additional salon location and making both short and long-term equity investments.

Cash Flows from Financing Activities

	Three Months ended March 31,			
	2016	2015	Variance	%
Cash Flows from Financing Activities	\$ (7,516)	\$ 147,557	\$ (155,073)	(105)

The transition from cash flows used in financing activities over the comparable period is due to an increase in payments to notes payable and convertible notes payable.

Other Factors Affecting Liquidity and Capital Resources

We have insufficient current assets to meet our current liabilities due to negative working capital of \$4,262,743 as of March 31, 2016. By December 31, 2016, we expect to fully realize all deferred revenues. Recognition of these revenues will improve our working capital by the same amount. Historically, we have funded our cash needs from a combination of revenues, carried payables, sales of equity, and debt transactions. Since we are not currently realizing net cash flows from our business, we may need to seek financing to continue our operations. Prospective sources of funding could include shareholder loans, equity sales or loans from other sources though no assurance can be given that such sources would be available or that any commitment of support is forthcoming to date.

We do not intend to pay cash dividends in the foreseeable future.

We expect to purchase property or equipment for an additional salon location. We are currently seeking and analyzing equipment loans and capital leasing options to fund a significant portion of the equipment needed. We expect to purchase fixed assets as needed for our event companies.

We expect to hire approximately 20 stylists over the course of the next 12 months to fully staff our existing salons and in the range of 30 to 40 stylists in the next 24 months to staff an additional salon location. The operating funds needed to carry out this plan will be generated through equity or debt financing.

We expect to continue to expand the event operations of Slide the City, The Lantern Fest, Color Me Rad, and The Dirty Dash. We also expect to launch new event concepts like Trike Riot in 2016. We also expect to improve our cash flows from the sale of additional international franchise or licenses for Slide the City and Lantern Fest. Cash flows from operations are expected to improve liquidity due to such activities. The seasonality of our businesses impact our working capital disproportionately in the first and third quarters of our fiscal year ending December 31.

Impact of Inflation

We compensate some of our salon employees with percentage commissions based on sales they generate. Accordingly, this provides us certain protection against inflationary increases, as payroll expense is a variable cost of sales. In addition, we may increase pricing in our salons to offset any significant increases in wages and cost of services provided. Therefore, we do not believe inflation has had a significant impact on the results of our operations.

Off Balance Sheet Arrangements

We do not have any off balance sheet financing arrangements.

Item V: Defaults upon senior securities

None.

Item VI: Other information

During the first quarter of 2016 the Company has reorganized its operations to simplify the corporate structure and tax reporting of the Company's subsidiaries. For Color Me Rad and Dirty Dash this resulted in the purchase of 100% of the assets of the LLC's by new corporations formed to operate these events. Lantern Fest and Slide the City events operational LLC's have been merged into new corporations that will continue the operations of these events. These actions have resulted in the elimination and consolidation of numerous LLC's into four wholly owned corporations and the resulting simplification of the organization and operation of these events and the reduction of tax and accounting reporting generated by the prior organization.

Slide the City Productions, Inc., a Utah corporation formed on February 2, 2016 has merged with Slide the City Franchising LLC, Slide the City Canada LLC and Slide the City LLC and will operate the Slide the City events of the Company going forward.

The Lantern Fest Productions, Inc. a Utah corporation, formed on February 3, 2016 has merged with Lantern Fest LLC and will operate the Lantern Fest events of the Company.

Color Me Rad Productions, Inc. a Utah corporation, was formed on January 28, 2016 and has purchased 100% of the assets of Color Me Rad, LLC and will operate Color Me Rad events and the Color Me Rad franchises for the Company.

Trike Riot Productions Inc. a Utah corporation was formed on February 10, 2016 and will operate Trike Riot events for the Company.

The Dirty Dash Productions, Inc. a Utah corporation was formed on January 28, 2016 and has purchased 100% of the assets of Dirty Dash LLC and Springbok Franchising, LLC and will operate Dirty Dash events for the Company.

On March 29, 2016 the Company transferred the LLC Memberships it held in Springbok Holdings LLC, this LLC is the sole member of Springbok Management LLC, Springbok Franchising LLC and Springbok Slide the City LLC, these membership interests were transferred to Diversified Holdings X, Inc. for \$100 in cash and other good and valuable consideration. The Company agreed to indemnify DHX against any liability arising at time the Company held the membership interests, including providing legal counsel and defense against any litigation brought against DHX. DHX is 100% owned by Richard Surber, the CEO of Sack Lunch Productions, Inc. The transaction was affected to streamline the operations of SAKL. All the transferred LLC's are expected to be dissolved within the next 12 months.

Item VII: Exhibits

- A. Series A Preferred Stock Designation
- B. Series C Preferred Stock Designation

Material Contracts

None.

Subsequent Events

On April 22, 2016 the Board of Directors approved the issuance of 1,595,474 shares of restricted common stock from the conversion of 25,133 shares of Series C Preferred Stock. The shares were converted at \$0.07694 based on the conversion provisions for the Convertible Series C Preferred Stock designation.

On April 26, 2016 the company has signed an agreement with TCA to redeem 85,000 shares of its Series C Preferred stock with a face value of \$425,000. The Agreement calls for monthly payments of \$25,000 until January 2017 when the balance owing will be due. At the conclusion of the agreement, the shares will be returned to the treasury as unissued and authorized.

On May 19, 2016 the Board of Directors approved the conversion of 169,600 shares of Series C Preferred shares

into 6,523,074 shares of Common Stock. The shares were converted at \$0.13 based on the conversion provisions of the Convertible Series C Preferred Stock designation.

On May 19, 2016 the Board of Directors approved the conversion of 3,000 shares of Series A Preferred shares into 230,796 shares of Common Stock. The shares were converted at \$0.13 based on the conversion provisions of the Convertible Series A Preferred Stock designation.

On May 20, 2016 the Board of Directors approved the issuance of 10,000 shares of Series A Preferred Stock in exchange for a cash payment in the sum of \$50,000.

In the above transactions, the Board of Directors relied upon Rule 506 of the Securities Act of 1933 in originally issuing the convertible notes or preferred stock and in the subsequent issuances resulting from conversions of the notes and preferred securities into common stock were done pursuant to Rule 4(2) of the Securities Act of 1933.

Articles of Incorporation

The following items are incorporated by reference from the Annual Report of Sack Lunch Productions, Inc. filed with Pink Sheets on July 14, 2009:

- Restated Articles of Incorporation of the Company
- Articles of Incorporation of Nexia Holdings, Inc. in Utah
- Plan of Merger and Share Exchange Agreement
- Bylaws of Nexia Holdings, Inc.

Item VIII: Certifications.

I, Richard D. Surber, certify that:

1. I have reviewed this disclosure statement for the quarter ended March 31, 2016 of Sack Lunch Productions, Inc.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Date: June 2, 2016

/s/ Richard D Surber

Richard D. Surber

President, CEO, CFO and Director