

# MERGENT® INDUSTRIAL

NEW LISTING

October 17, 2017



This Supplemental News Report is published as required, is part of the annual MERGENT INDUSTRIAL, OTC and OTCUNLISTED Manuals and will be included in the bound October 2017 Monthly News Reports and is published on our Website.

## GIGGLES N' HUGS INC

Company Website: [www.gigglesnhugs.com](http://www.gigglesnhugs.com)

**History:** Incorporated in Nevada on Sept. 17, 2004 as Teacher's Pet, Inc. Present name adopted on Aug. 20, 2010. On Dec. 30, 2011, Co.'s subsidiary, Giggles N Hugs Sub Co., merged with GNH, Inc. (GNH), whereby GNH became Co.'s wholly owned subsidiary. Co. issued 18,289,716 shares of Co.'s common stock in exchange for 100% of GNH's outstanding common stock and obtained cancellation of a total of 47,607,250 shares of common stock.

**Business Summary:** Giggles N' Hugs owns and operates restaurants named Giggles N Hugs in California. Co.'s restaurants provide a play area for children ages 10 and younger. The restaurants have nightly entertainment such as magic shows, concerts, puppet shows, face painting and arts and crafts. In addition, Co.'s restaurants provide kid-size castles, giant climbers, a pirate ship, and a walk-on dragon, as well as tricycles, swings, bouncers, and a selection of toys in each location. In its restaurants, Co. provides macaroni and cheese, turkey dogs, and turkey burgers for children.

Co. also provides salads, grilled salmon, Chicken Milanese, panini, non-dairy milk, gluten free pasta, and whole grain breads.

**Property:** Co. leases its principal executive offices in Glendale, CA. As of Dec. 31, 2016, Co. maintains and leases two restaurant locations: Westfield Topanga Shopping Center, and Glendale Galleria in California.

### Subsidiaries

GNH Topanga, Inc.  
GNH, Inc.  
GNH CC, Inc.  
Glendale Giggles N Hugs, Inc.

### Officers

Joey Parsi, Chief Executive Officer; Treasurer  
Sean Richards, Chief Operating Officer; Secretary

### Directors

Joey Parsi, Director

**Auditors:** Weinberg & Company, P.A.

**Legal Counsel:** Libertas Law Group, Inc

**Shareholder Relations:** Joey Parsi, Chief Executive Officer Tel: 310-780-0770

**No. of Stockholders:** Oct. 8, 2017, 88

**No. of Employees:** Oct. 8, 2017, 46

**Address:** 3222 Galleria Way, Glendale, CA 91210

**Tel:** 310 780-0770

**Web:** [www.gigglesnhugs.com](http://www.gigglesnhugs.com)

**Email:** [joey@gigglesnhugs.com](mailto:joey@gigglesnhugs.com)

### Consolidated Income Statement, Years Ended (\$):

	01/01/17	12/27/15 (revised)	12/28/14 (revised)
Net sales	3,023,494	3,451,772	3,340,941
Cost of operations	2,538,968	3,082,428	2,978,869
General & administrative expenses	878,847	1,380,390	1,389,569
Other operating expenses	230,108	276,745	259,525

Depreciation & amortization expenses	306,019	387,330	350,115
Loss on impairment	...	353,414	...
Total cost & operating expenses	3,953,942	5,480,307	4,978,078
Income (loss) from operations	(930,448)	(2,028,535)	(1,637,137)
Finance & interest expense	497,714	113,439	558,636
Gain (loss) on debt	...	74,669	(159,137)
Gain (loss) on sale of asset	5,971	...	...
Gain (loss) on legal settlement	(214,111)	...	...
Change in fair value of derivatives	(369,861)	...	...
Gain on extinguishment of derivatives	190,370	...	...
Income (loss) before provision for income taxes	(1,387,571)	(2,067,305)	(2,354,910)
Provision (benefit) for income taxes	(616)	1,382	2,400
<b>Net income (loss)</b>	<b>(1,386,955)</b>	<b>(2,068,687)</b>	<b>(2,357,310)</b>
Weighted average shares outstanding - basic	43,786,858	35,745,779	28,676,829
Weighted average shares outstanding - diluted	43,786,858	35,745,779	28,676,829
Year end shares outstanding	67,934,205	41,821,033	33,563,830
Net earnings (loss) per share - basic	\$(0.03)	\$(0.06)	\$(0.08)
Net earnings (loss) per share - diluted	\$(0.03)	\$(0.06)	\$(0.08)
Total number of employees	46	78	78
Number of common stockholders	88	91	76

Total current assets	178,657	398,770
Leasehold improvements	1,889,027	2,847,565
Fixtures & equipment	60,310	85,267
Computer software & equipment	264,890	283,001
Property & equipment, cost	2,214,227	3,215,833
Less: accumulated depreciation	1,220,099	1,485,997
Total fixed assets, net	994,128	1,729,836
Other assets	2,620	32,620
Total assets	1,175,405	2,161,226
Liabilities:		
Accounts payable	610,925	554,229
Incentive from lessor - current portion	87,420	134,645
Note payable from lessor	21,544	648,222
Accrued expenses	328,952	396,568
Deferred revenue	24,159	52,335
Promissory note payable	193,340	204,694
Convertible note payable & accrued liabilities	151,383	71,779
Derivative liability	357,411	...
Total current liabilities	1,775,134	2,062,472
Incentive from lessor - long term	653,008	1,063,453
Note payable - lessor	411,173	...
Deferred gain	429,115	...
Total long term liabilities	1,493,296	1,063,453
Total liabilities	3,268,430	3,125,925
Common stock	67,933	41,820
Common stock payable	218,535	245,498
Additional paid-in capital	8,229,747	7,970,268
Retained earnings (accumulated deficit)	(10,609,240)	(9,222,285)
Total stockholders' equity (deficit)	(2,093,025)	(964,699)

Reclassified to conform with 2015 presentation; Shares increased due to the effect of additional issuance of shares for professional services, settlement of accounts payable, stock payable and convertible notes; Shares increased due to issuance of common shares for compensation, services, and conversion of notes payable; As of October 8, 2017; Approximately; As of April 14, 2017; As of April 12, 2016; As of April 6, 2015

### Consolidated Balance Sheet, Years Ended (\$):

	01/01/17	12/27/15 (revised)
Assets:		
Cash & equivalents	144,520	334,191
Inventory	20,331	37,660
Prepaid expenses & other	13,806	26,919

Reclassified to conform with 2016 presentation; Discount - Note payable from lessor: \$14,528; Discount - Note payable from lessor: \$35,094; Net of discount - Promissory note payable: \$60,306; Net of discount - Convertible note payable and accrued interest: \$139,471; Discount - Note payable from lessor: \$276,025; As reported by Company

### Auditor's Report:

The following is an excerpt from the Report of the Independent Auditors, Weinberg & Company, P.A., as it appeared in Co.'s 2016 10-K:

"In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Giggles N' Hugs, Inc. and subsidiaries as of January 1, 2017 and December 27, 2015, and the results of their operations and their cash flows for the fiscal periods then ended, in conformity with generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, the Company has experienced recurring operating losses and negative operating cash flows, and has a stockholders' deficit as of January 1, 2017. These conditions raise substantial doubt about the Company's ability to continue as a going concern.

Management's plans in regard to these matters are also described in Note 1 to the consolidated financial statements. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty."

**Capital Stock: 1. Giggles N' Hugs Inc common; par \$ 0.001.**  
 AUTHORIZED—1,125,000,000 shs.  
 OUTSTANDING—Jan. 1, 2017, 67,934,205 shs; par \$ 0.001.

WARRANTS—166,500 shs.  
 STOCK SPLITS—\$0.001 par shares forward split 15-for-1 on July 30, 2010.  
 OPTIONS—Jan. 1, 2017, outstanding, 115,000; authorized for issuance, 5,000,000.  
 PRIMARY EXCHANGE—National Bulletin Board (NBB); GIGL.

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