Trunity Holdings, Inc.
Form 8-K/A
May 09, 2012

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 8-K/A

(Amendment No. 2 to Form 8-K Filed January 31, 2012)

CURRENT REPORT

Pursuant to Section 13 or 15 (d) of the

Securities Exchange Act of 1934

Date of Report (Date of earliest event reported):

January 24, 2012

TRUNITY HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Delaware	**000-53601**	**87-0496850**
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification Number)

15 Green Street, Newburyport, Massachusetts	**01950**
(Address of principal executive offices)	(Zip Code)

(978) 255-1988

(Registrant's telephone number including area code)

Brain Tree International, Inc., 1390 South 1100 East # 204, Salt Lake City, Utah 84105-2463

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the Registrant under any of the following provisions:

£Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

£Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

£Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

£Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Explanatory Note

The purpose of this Amendment on Form 8-K/A is to respond to comments received from the U.S. Securities and Exchange Commission's Division of Corporation Finance in its letters dated February 23, 2012, and March 21, 2012, regarding our previously filed Current Report on Form 8-K reporting our reverse merger transaction dated January 24, 2012, and providing other basic information about the post-merger Company, filed with the Commission on January 31, 2012, as amended on March 13, 2012 (the "Amended Form 8-K"). This amendment amends the following within the items indicated:

Item 1.01- Entry Into a Material Definitive Agreement – Form 10 Disclosure:

- Throughout the document, we have updated share ownership information to reflect 36,103,933 shares outstanding as of May 8, 2012.
- Forward-looking statements. We have deleted the former reference to Section 21E of the Securities Exchange Act of 1934.
- Management's Discussion and Analysis of Financial Conditions and Results of Operations. The 2011 figures have been revised based on the Trunity Inc. audited financial statements for 2011.
- Security Ownership of Certain Beneficial Owners and Management. We have combined under Debra Anderton the shares directly owned by her and the shares beneficially owned by her through Aureus Investments L.C.
- Certain Relationships and Related Transaction and Director Independence. We have added language explaining the definition we used in determining the independence of three of our directors.
- Legal Proceedings. We have updated to reflect the status of the pending action.
- Recent Sales of Unregistered Securities. We have updated the status of the December 2011 settlement transaction.

Item 3.02 – Recent Sales of Unregistered Securities. We have reflected completion of our post-Merger private placement of 2,000,000 shares of common stock at $.35 per share.

Item 9.01 – Financial Statements and Exhibits. We have included the audited financial statements of Trunity, Inc. as of and for the year ended December 31, 2011 and deleted the 2011 unaudited financial statements.

There are no material changes to the Amended Form 8-K other than those outlined above.

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ITEM 1.01 - ENTRY INTO A MATERIAL DEFINITIVE AGREEMENT.

On January 24, 2012, Trunity Holdings, Inc. ("THI" or the "Company"), Trunity, Inc. ("Trunity") and Trunity Acquisition Corporation ("TAC"), a wholly-owned subsidiary of THI, all Delaware corporations, entered into an Agreement and Plan of Merger (the "Merger Agreement"). Pursuant to the terms of the Merger Agreement, on January 24, 2012, TAC merged with and into Trunity, with Trunity remaining as the surviving corporation and a wholly-owned subsidiary of THI (the "Merger"). As consideration for the Merger, as of the closing of the Merger, (i) each of the 961,974 shares of common stock of THI owned by Trunity was cancelled, (ii) each issued and outstanding share of common stock of Trunity was converted into the right to receive one share of the common stock of THI; and (iii) each share of TAC was converted into one share of Trunity common stock. As a result of the Merger, the former shareholders of Trunity hold 99% of the common stock of THI. A copy of the Merger Agreement is attached hereto as Exhibit 10.01 and is incorporated into this Item by reference.

In order to facilitate the reverse merger transaction, immediately prior to execution of the Merger Agreement, Trunity acquired a 90.1% interest in Brain Tree International, Inc., a Utah corporation ("BTI"), pursuant to a Stock Purchase Agreement with the three principal shareholders of THI, as a result of which Trunity acquired 961,974 BTI shares for the price of $325,000 plus 325,000 shares of Trunity common stock. As part of the transaction, on January 24, 2012, immediately prior to the Merger, BTI reincorporated in Delaware and changed its name from Brain Tree International, Inc. to Trunity Holdings, Inc. Pursuant to the reincorporation, 105,064 minority shares of BTI automatically converted into the same number of shares of THI.

In connection with the Merger, the following individuals were appointed to their respective positions with THI set forth beside their names below:

Name	Title
Terry B. Anderton	Chief Executive Officer, President, Chief Financial Officer, Treasurer, Director
Dr. Joakim Lindblom	Executive Vice President, Chief Technology Officer, Secretary, Director
David Breukelman	Director
Jude Blake	Director
Chris Outwater	Director

Biographical and other information on Messrs. Anderton, Lindblom, Breukelman and Outwater and Ms. Blake is set forth in the section entitled "Directors and Executive Officers" of the Form 10 disclosure.

FORM 10 DISCLOSURE

Item 2.01(f) of Form 8-K provides that if a registrant reporting a transaction under Item 2.01 was a “shell company” (as such term is defined in Rule 12b-2 under the Exchange Act), in connection with such transaction the registrant must disclose the information that would be required if it were filing a general form for securities registration on Form 10. Please note that the information provided below relates to the combined company after the Merger. Since our operations after the Merger will consist solely of Trunity operations, except where the context otherwise requires, the following discussion of our business and operations, “Trunity,” “we,” “us,” “our” and the “Company” will mean or refer to Trunity’s business and operations. Any discussions of our or the Company’s post-Merger capital stock means or refers to THI and its common or preferred stock.

BUSINESS

General

Trunity is a Delaware corporation headquartered in Newburyport, Massachusetts. Trunity has developed a collaborative knowledge management, publishing and education platform that focuses on the rapidly growing e-learning, virtual textbook, customer experience/training and education marketplaces. As a result of the platform's innovative multitenant cloud-based architecture, Trunity enables unique real-time/end-to-end integration of knowledge and learning ecosystems, including (but not limited to) peer-reviewed crowdsourcing of high-value content from communities of expert contributors (today over 2,500 of the world's top scientists use the Trunity platform) that gets assembled into virtual textbooks (Trunity Knowledge) and delivered through Trunity's virtual classroom solution (Trunity Learn) to customers. Trunity has been the recipient of funding from several National Science Foundation (NSF) grants to develop this disruptive solution through its partners and customers National Council for Science and the Environment (NCSE), Encyclopedia of the Earth and CAMEL (Climate Adaptation and Mitigation E-Learning), all of whom also serve as core content contributors into the Trunity ecosystem. In addition, The National Academy of Sciences has contracted with Trunity to develop and deploy an online collaboration workspace for scientists to exchange and publish scientific findings from the investigation of declassified CIA spy satellite earth imagery, which also connects into the Trunity content and author ecosystem. We believe that Trunity's latest generation platform that tightly integrates expert validated learning content with learning management (as described in greater detail below), is poised to make major inroads into the education marketplace.

Description of Products

Trunity offers a Learning Content Management System (LCMS) that has been built from the ground up atop a robust knowledge gathering and management platform. This platform currently comprises three tightly integrated components:

1. **Knowledge** : functionality for collaboratively gathering, organizing and publishing knowledge content, such as for encyclopedias, knowledge bases and virtual textbooks.
2. **Learn** : functionality for teaching and learning management, such as assignments, quizzes, exams, grading, reporting, etc.
3. **Connect** : functionality for collaboration and online social interaction, such as messaging, forums, commenting, rating, tagging and sharing.

Connecting these components is an integrated core that includes identity/profile management, single-sign-on, productivity dashboards, knowledge taxonomy management, content exchange, ecommerce and search functionality.

Depending on the application, any subset, combination or all of the functional components may be deployed for a specific customer solution. Also, the Trunity platform can be used as a stand-alone solution or may be integrated with existing data systems.

All components of content within the system are treated as assets – from textbooks and lectures to assignments to exams – and may be shared, modified and re-used effortlessly on a per-permission/policy/fee basis via Trunity's integrated publishing and ecommerce infrastructure. Authors/Publishers control rights for their content, and when a user within the system wishes to use the content (either through Trunity's integrated Live Cross Publishing toolbar or via the Trunity Store) , the system automatically mediates the transaction and charges/distributes payments (authors/publishers set sharing policies in the interface when they publish content, which includes weather for free, by permission only, or for a fee; authors/publishers keep 50-70% of the fee, while Trunity charges a 30-50% transaction fee depending on agreement/relationship with the author/publisher) . Users can pull content in this manner from multiple sources, mixing and matching content to create virtual textbooks and courseware, which in turn may be deployed and resold to other users, with the original authors automatically compensated through the system wherever their content is being used. This patent pending technology is the basis for the soon-to-be-launched Trunity Learning Exchange Store, and also allows easy exchange of content (by permission or for a fee) between any two customers using the Trunity platform. Trunity's patent pending Live Cross Publishing technology ensures that whenever the author updates the original content, the content gets automatically updated wherever it is being used, no matter how far removed. This functionality assures that the content never goes out of date no matter where and how it is used, and saves schools and organizations the often massive cost of keeping content up to date and in compliance. To our knowledge, none of the above-described functionality is currently provided by any of our competitors.

The flexible multitenant nature of the Trunity platform allows every customer instance to be customized, organized and branded according to the customer's needs, while allowing content to be dynamically shared within and between organizations, as described above. The Trunity platform allows many types of inter- and intra-organization topologies to be created and dynamically updated, serving and keeping current with the evolving needs of customers. This functionality enables the creation of new and innovative solutions for customers such as schools, districts, textbooks publishers, government agencies, NGOs and businesses, and is the basis for Trunity's integrated ecosystem-centric solution, as described below. To our knowledge, none of the above-described functionality is currently provided by any of our competitors.

Trunity Solutions and Applications

We believe that the unique architecture and capabilities of the Trunity platform enable new and innovation solutions and applications to be created to address longstanding problems and unmet needs within the education marketplace, some of which are described here. All items below, except for those specifically noted as “soon to be launched”, are currently available in use.

The textbook market in higher education and K-12 is facing a significant transformation. As technology allows information to be created, updated and distributed more rapidly, we believe that the seemingly glacial pace of creating and delivering printed textbooks will soon become antiquated. What is needed is an approach that takes advantage of the ubiquity of low cost computers and tablets along with increasing availability of high bandwidth that enables more information to live in ‘the cloud.’ At the same time, there is a strong desire from schools to tightly integrate learning content with learning management functionality, which heretofore is delivered as a separate standalone solution.

Trunity leverages these conditions by offering a collaborative knowledge management and publishing platform that dynamically brings together educational content from multiple sources with learning management functionality to deliver a fully integrated solution into the classroom. Course material or virtual textbooks can be created from a wide array of content types. These content types include:

– Imported digital content from traditional textbook publishers (soon to be available)
– Virtual textbooks created by authors using the Trunity platform
– Custom content entered by professors and instructors
– Crowd-sourced content (e.g. from repositories such as the Encyclopedia of Earth – www.eoearth.org)

In addition to traditional print content, the Trunity platform supports multimedia files, teaching resources and social collaboration items such as discussion forums, blogs and comments specifically tagged to the content.

Content may be readily integrated into various types of applications, including virtual textbooks, courseware and learning management (the Trunity platform also enables third party learning management tools to be integrated into its solution as well).

A key differentiator of the Trunity solution is its patented Live Cross Publishing technology, which allows content to be updated dynamically wherever it is used. For instance, if an author modifies a chapter, the updates are available immediately in all virtual textbooks and classrooms in which the content is being used.

Analytics, comments, and other metrics are available to authors and publishers in order to track, in real-time, how their content is being used in classrooms. This allows issues to be quickly identified and corrected on the fly. New editions are automatically made available without requiring any effort on the part of publishers or school systems to manage editions through the channel.

Textbook Authoring

Trunity provides next-generation online collaborative textbook authoring tools for authors (as well as publishers who wish to use this capability). Authoring can be done on a more traditional workflow basis, or it can be done on a collaborative crowd-sourced basis, complete with integrated peer review and editorial quality control. Schools, professors and course curators can use complete textbooks as the basis for courses or they can mix-and-match a la carte content from multiple textbooks to provide highly customized learning experiences. All delivery platforms, including Windows, MacOS, iOS, Android, Kindle are currently or will be supported in the near future on the Trunity platform.

Content Collections

Trunity supports the creation of knowledge collections via crowd-sourcing of educational knowledge from subject matter experts. Content is reviewed, approved and organized via online peer and editorial review processes, combining the efficiency of crowd-sourcing with the quality assurance of traditional publishing methods. This content is searchable and accessible publically and can easily be integrated into virtual textbooks and courseware (as well as other content collections). Trunity's Live-Cross Publishing technology assures that whenever source content is updated, all textbooks and courseware using the content receive updates automatically.

Course Creation & Collaboration

With Trunity, courses can be created by leveraging content from textbook publishers, which can then be organized and customized by departments or instructors. Built-in navigation enables content to be organized into multi-layered modules or chapters, creating unified courseware that is fully integrated with the core online textbook content. Trunity offers collaboration through built-in forums, blogs and commenting support. Students can share questions, answers, comments, etc., on message boards that are only available to students within the class.

E-Commerce

Our soon-to-be-launched e-commerce functionality is designed to track all sales in real-time, and reimburses authors, publishers and distributors accordingly. We believe that the white-label e-commerce functionality will soon allow universities and learning solution providers to integrate Trunity-powered content purchases into their offerings.

Solutions for Business

The same platform that enables a new style of learning environment for classrooms also serves businesses. Trunity enables companies to educate and engage their customers, business partners and employees. Companies and their customers converse through forums, with customers sharing experiences and establishing best practices. The company can solicit feedback with surveys and forums. Business partners can take exams to become certified to sell the company's products, and employees can share project information, HR policies, training materials and more leveraging Trunity's content management capabilities. As with the education market, all of this is provided in a Software as a Service ("SaaS") environment, freeing the corporate IT groups to focus on mission critical applications.

Description of Services

The core Trunity platform is offered to customers on a SaaS licensing basis. Trunity also offers the soon-to-be-launched Learning Exchange store (both Trunity branded and white-labeled) and ecommerce functionality for purchase and sale of content (virtual textbooks, learning objects, etc.). In addition, Trunity provides professional services for customization, branding and deployment of customer solutions. Trunity also works with partners that provide professional services and/or provides the Trunity solution to customers on an OEM basis.

Description of Revenues Sources

Trunity derives the majority of its revenue from four sources: license revenue; professional services; transaction revenue from the sale of virtual textbooks and related content; and advertising within the Trunity domain.

Licensing Revenue – Trunity charges a subscription based license fee for the use of our Trunity Connect and Trunity Learn cloud-based software. Trunity charges on a per user basis between $5/user in the K-12 marketplace to $20/user in the higher education marketplace. We charge a flat fee on a monthly basis in the commercial enterprise sector ranging from $1000 - $5000/month depending on the number of users and other factors including bandwidth and storage requirements. We typically enter into a minimum of a one-year contract with both our educational and commercial enterprise customers.

Transaction Revenue – Trunity sells virtual textbooks, lesson plans and other related content through our on-line learning exchange content store. We do not own the content; however, we make a margin of 30 – 50% on all content sold through the Trunity learning exchange store. Trunity expects this source of revenue to be a significant source of future growth for the company going forward.

Professional Services – Trunity provides specialized services and consulting to its customers. These services including data migration, creative and engineering services required to utilize our software products effectively. We charge between $85 to $200/hour based on the skill set and time commitment required by the customer.

Advertising Revenue – We have over 2,000,000 page views per month on websites hosted within the Trunity domain. Some of these sites are publicly available and host advertising provided currently by Google Adwords. This generates approximately $1000/month in revenue.

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Current and Potential Customers

Our customers include McAfee (a division of Intel Corp.), Westfield Bank of Massachusetts, The National Academies of Science, Washington DC, Fact Right Inc, and Southern New Hampshire University, among several others. We currently have approximately 12 paying customers and are aggressively pursuing new opportunities as we will need to substantially increase revenues in order to achieve profitability. We have hired BrandAid, a sales and marketing firm, to help us market ourselves and secure business in the pharmaceutical industry. Additionally, we have hired EDG, a marketing and sales organization specializing in the EDU space, to assist in the pursuit of new opportunities in the educational marketplace. We are also pursuing a reseller relationship with several significant systems integrators and resellers in the markets that we have targeted. We intend to work with large resellers to leverage their market presence and install bases.

Patents

We have filed for two provisional patents:

System and Method for Virtual Textbook Creation and Remuneration : United States Provisional Patent Application #61524285; filed 16 August 2011; inventors are Kevin H. Eaton, Halldor F. Utne, Joakim F. Lindblom; assigned to Trunity Inc.

System and Method for Dynamic Cross Publishing of Content Across Multiple Sites : United States Provisional Patent Application # 61561700; filed 18 November 2011; inventor is Joakim F. Lindblom; assigned to Trunity Inc.

We are working on four additional patent applications which we expect to file in 2012. There can be no assurance that any of these patents will ultimately be issued.

Competition

We face substantial competition from numerous other companies, most of whom have financial and other resources substantially greater than those of the Company. The Company’s principal competitors consist of educational publishing companies and open source platforms such as Houghton Mifflin Harcourt, Pearson, Blackboard, Inc., and Moodle. These and other competitors may prove more successful in offering similar products and/or may offer alternative products that prove superior in performance and/or more popular with potential customers than the Company’s products. The Company’s ability to commercialize its products and grow and achieve profitability in accordance with its business plan will depend on its ability to satisfy its customers and withstand increasing competition by providing high-quality products at reasonable prices. There can be no assurance that the Company will be able to achieve or maintain a successful competitive position.

Management

Trunity's management consists of experienced sales, marketing and engineering professionals from the networking, technology and software industry. Biographical and other information on our executive officers and directors is set forth in the sections entitled "Directors and Executive Officers" of the Form 10 disclosure.

RISK FACTORS

Investing in our common stock is speculative and involves a high degree of risk. Prospective investors should carefully consider the following risks and uncertainties and all other information contained or referred to in this Current Report on Form 8-K before investing in our common stock. We believe that the risks and uncertainties described below are all of the material risks we face; however, additional risks and uncertainties that we are unaware of, or that we currently deem immaterial, also may become important factors that affect us. Our business, financial condition or results of operations could be materially and adversely affected by some or all of the matters described below or other currently unknown factors. In that case, the value of our Common Stock could decline, and investors could lose all of their investment.

Risks related to our business

General; We have limited operating history.

The Company was formed in 2009 and has a limited operating history with substantial operating losses. The Company has yet to generate any significant revenues, and the commercial value of its products and services is uncertain. There can be no assurance that the Company will ever be profitable. Further, the Company is subject to all the risks inherent in a new business including, but not limited to: intense competition; lack of sufficient capital; loss of protection of proprietary technology and trade secrets; difficulties in commercializing its products, managing growth and hiring and retaining key employees; adverse changes in costs and general business and economic conditions; and the need to achieve product acceptance, to enter and develop new markets and to develop and maintain successful relationships with customers.

Intellectual Property .

The Company relies primarily on a combination of trade secrets, patents, copyright and trademark laws, and confidentiality procedures to protect its proprietary technology, which is its principal asset.

The Company’s ability to compete effectively will depend to a large extent on its success in protecting its proprietary technology, both in the United States and abroad. There can be no assurance that (i) any patent that the Company applies for will be issued, (ii) any patents issued will not be challenged, invalidated, or circumvented, (iii) that the Company will have the financial resources to enforce its patents or (iv) the patent rights granted will provide any competitive advantage. The Company could incur substantial costs in defending any patent infringement suits or in asserting its patent rights, including those granted by third parties, and the Company might not be able to afford such expenditures.

Although the Company has entered into confidentiality and invention agreements with its key personnel, there can be no assurance that these agreements will be honored or that the Company will be able to protect its rights to its non-patented trade secrets and know-how effectively. There can be no assurance that competitors will not independently develop substantially equivalent or superior proprietary information and techniques or otherwise gain access to the Company's trade secrets and know-how. In addition, the Company may be required to obtain licenses to patents or other proprietary rights from third parties. If the Company does not obtain required licenses, it could encounter delays in product development or find that the development, manufacture or sale of products requiring these licenses could be foreclosed.

Need for Additional Funds.

We currently have enough cash on hand or commitments from investors to fund operations for approximately the next four months. Consequently, we will need to raise substantial additional funds very soon. Without such additional funds, we may have to cease operations. The Company will require substantial additional funding for its contemplated research and development activities, commercialization of its products and services and ordinary operating expenses. Adequate funds for these purposes may not be available when needed or on terms acceptable to the Company. Insufficient funds may require the Company to delay or scale back its activities or to cease operations.

Going Concern.

The financial statements have been prepared assuming the Company will continue as a going concern. The Company has incurred net losses and negative operating cash flow since its inception. To the extent the Company may have negative cash flows in the future, it will continue to require additional capital to fund operations. The Company obtained additional capital investments under various debt and common stock issues. Although management continues to pursue its financing plans, there is no assurance that the Company will be successful in obtaining sufficient revenues to generate positive cash flow. The financial statements do not include any adjustments that might result from the outcome of these uncertainties.

Competition.

The Company faces substantial competition from numerous other companies, most of whom have financial and other resources substantially greater than those of the Company. The Company's principal competitors consist of educational publishing companies and open source platforms such as Houghton Mifflin Harcourt, Pearson, Blackboard, Inc., and Moodle. These and other competitors may prove more successful in offering similar products and/or may offer alternative products that prove superior in performance and/or more popular with potential customers than the Company's products. The Company's ability to commercialize its products and grow and achieve profitability in accordance with its business plan will depend on its ability to satisfy its customers and withstand increasing competition by providing high-quality products at reasonable prices. There can be no assurance that the Company will be able to achieve or maintain a successful competitive position.

Operational failures in our network infrastructure could disrupt our remote hosting and application services, could cause us to lose clients and sales to potential clients and could result in increased expenses and reduced revenues.

Unanticipated problems affecting our network systems could cause interruptions or delays in the delivery of the hosting services and other application services we provide to some of our clients. We provide remote hosting and other application services through computer hardware that is currently located in third-party co-location facilities in various locations in the United States. We do not control the operation of these co-location facilities. Lengthy interruptions in our hosting service or other application services could be caused by the occurrence of a natural disaster, power loss, vandalism or other telecommunications problems at the co-location facilities or if these co-location facilities were to close without adequate notice. Although we have developed redundancies in some of our systems, we are exposed to the risk of network failures in the future. We currently do not have adequate computer hardware and systems to provide alternative service for most of our hosting or application service clients in the event of an extended loss of service at the co-location facilities. Though some of our co-location facilities are served by data backup redundancy at other facilities, they are not equipped to provide full disaster recovery to all of our hosting and application services clients. If there are operational failures in our network infrastructure that cause interruptions, slower response times, loss of data or extended loss of service for our hosting and application services clients, we may be required to issue credits or pay penalties, current clients may terminate their contracts or elect not to renew them, and we may lose sales to potential clients. If we determine that we need additional hardware and systems, we may be required to make further investments in our network infrastructure, reducing our operating margins and diverting capital from other efforts.

Because we generally recognize revenues ratably over the term of our contract with a client, downturns or upturns in sales will not be fully reflected in our operating results until future periods.

When our products are fully launched we will recognize most of our revenues from clients monthly over the terms of their agreements, which are expected to be 12 months. As a result, much of the revenue we will report in each quarter is attributable to agreements entered into during previous quarters. Consequently, a decline in sales, client renewals, or market acceptance of our products in any one quarter would not necessarily be fully reflected in the revenues in that quarter, and would negatively affect our revenues and profitability in future quarters. This ratable revenue recognition also makes it difficult for us to rapidly increase our revenues through additional sales in any period, as revenues from new clients generally are recognized over the applicable agreement term.

Governmental Incentives.

The Company's business plan relies to some extent on the availability of federal and state incentives for K12 schools to implement online course offerings. There can be no assurance that some or all of these incentives will not be substantially reduced or eliminated, nor can there be any assurance that any currently proposed incentives will actually take effect.

Government regulation of the Internet and eCommerce is evolving and unfavorable changes could substantially harm our business and results of operations.

As Internet commerce continues to evolve, increasing regulation by federal, state or foreign agencies becomes more likely. Existing and future laws and regulations may impede the growth and use of the Internet or other online services. These regulation and laws may address pricing, content, copyrights, distribution, electronic contracts and other communications, consumer protection, the provision of online payment services, broadband residential Internet access and the characteristics and quality of products and services. It is not clear how existing laws governing issues such as property ownership, sales, and other taxes, libel and personal privacy apply to the Internet and eCommerce. Unfavorable resolution of these issues could have a material adverse effect on the Company's business, results of the operations and financial condition.

Management; Dependence on Key Personnel.

The success of the Company will depend in large part upon the skill and efforts of its founders and executive officers, Terry B. Anderton and Joakim Lindblom and other key personnel, including those who may be hired. Loss of any such personnel, whether due to resignation, death, and disability or otherwise, could have a material adverse effect on the Company. In addition, as we seek to expand our organization, the hiring of qualified sales, technical and support personnel could be difficult due to the limited number of qualified professionals. Failure to attract, integrate and retain key personnel would result in disruptions to our operations, including adversely affecting the timeliness of product releases, the successful implementation and completion of company initiatives and the results of our operations.

Our current principal shareholders and management own a significant percentage of our stock and will be able to exercise significant influence over our affairs.

Our founders, including our executive officers and directors, as of May 8, 2012, beneficially own approximately 37.3% of the issued and outstanding Common Stock. Consequently, these shareholders may be able to determine the composition of the Board of Directors, retain the voting power to approve matters requiring shareholder approval and continue to have control over the Company's operations. The interests of these shareholders may be different from the interests of other shareholders on these matters. The concentration of ownership could also have the effect of delaying or preventing a change in control or otherwise discourage a potential acquirer from attempting to obtain control of the Company.

Calamities

Although the Company maintains insurance which it considers prudent, there can be no assurance that such insurance will prove adequate in the event of actual casualty losses or broader calamities such as terrorist attacks, earthquakes, financial crises, economic depressions or other catastrophic events, which are either uninsurable or not economically insurable. Any such losses could have a material adverse effect on the Company.

If our products contain errors, new product releases are delayed or our services are disrupted, we could lose new sales and be subject to significant liability claims.

Because our software products are complex, they may contain undetected errors or defects, known as bugs. Bugs can be detected at any point in a product's life cycle, but are more common when a new product is introduced or when new versions are released. We have frequent new product and functionality releases, and those releases may be delayed from their scheduled date due to a wide range of factors. Finally, our service offerings may be disrupted causing delays or interruptions in the services provided to our clients. In the past, we have encountered defects in our product releases, product development delays and interruptions in our service offerings. Despite our product testing, planning and other quality control efforts, we anticipate that our products and services may encounter undetected defects, release delays and service interruptions in the future. Significant errors in our products, delays in product releases or disruptions in the provision of our services could lead to:

- delays in or loss of market acceptance of our products;
- diversion of our resources;
- a lower rate of license renewals or upgrades;
- injury to our reputation; and
- increased service expenses or payment of damages.

Because our clients use our products to store, retrieve and utilize critical information, we may be subject to significant liability claims if our products do not work properly or if the provision of our services is disrupted. Such claims could result in significant expenses, disrupt sales and affect our reputation and that of our products. We cannot be certain that the limitations of liability set forth in our licenses and agreements would be enforceable or would otherwise protect us from liability, and our insurance may not cover all or any of the claims. A material liability claim against us, regardless of its merit or its outcome, could result in substantial costs, significantly harm our business reputation and divert management's attention from our operations.

We depend heavily on our relationship with National Council for Sciences and the Environment.

The National Council for Sciences and the Environment (NCSE) represents, and is the fiscal agent for, the Environmental Information Coalition (EIC), which maintains numerous websites that provide expert content from scientists, professors, scholars, corporations and many other entities. These websites, also known as the Encyclopedia of Earth (EOE), represent a large amount of content that is made available on the Internet. The EOE is governed by an editorial board that is part of the EIC. The EOE was created, and is owned, by the EIC within the framework of a Creative Commons license, through the work of scientists, environmental professionals, and science-attentive individuals with quality control provided by experts in the many topic areas. The Encyclopedia includes articles, books, reports, biographies, collections, curricula and other educational resources, and other materials.

NCSE contracts with the Company to provide a unified platform for EOE and its related websites to operate on a single platform, the Trunity platform. The amount of content in the EOE is an important part of the Company's business plan, and if Trunity were to lose this content it would have a material adverse effect on the financial performance of the Company.

If we fail to keep pace with rapid technological changes, our competitive position will suffer.

The eLearning industry is characterized by rapid technological change. Failure to respond to technological advances could make our business less efficient, or cause our products to be of a lesser quality than those of our competitors. These advances could also allow competitors to provide higher quality services at lower costs than we can provide. Thus, if we are unable to adopt or incorporate technological advances, our services will become uncompetitive.

We could lose revenues if there are changes in the spending policies or budget priorities for government funding of research institutions, foundations, universities and other education providers.

Most of our customers and potential customers are research institutions, foundations, universities and other education providers who depend substantially on government funding. Accordingly, any general decrease, delay or change in federal, state or local funding for colleges, universities, schools and other education providers could cause our current and potential customers to reduce their purchases of our products and services, or to decide not to renew service contracts, either of which could cause us to lose revenues. In addition, a specific reduction in governmental funding support for products such as ours would also cause us to lose revenues. The severe economic downturn experienced in the U.S. and globally has caused many of our clients to experience severe budgetary pressures, which has and will likely continue to have a negative impact on sales of our products. Continuing unfavorable economic conditions may result in further budget cuts and lead to lower overall spending, including information technology spending, by our current and potential clients, which may cause our revenues to decrease.

Security breaches could damage our business.

Concerns over the security of transactions conducted on the Internet and the privacy of users may inhibit the growth of the Internet, social networking sites, online services and online commerce. Failure to successfully prevent security breaches could significantly harm the Company’s business and expose the Company to litigation. Anyone who is able to circumvent the Company’s security measures could misappropriate proprietary information, including personal data, cause interruptions in the Company’s operations or damage its brand and reputation. The Company cannot assure the investors that its financial systems and other technological resources are completely secure from security breaches or sabotage. The Company may have to incur significant costs to protect against security breaches or to alleviate problems caused by breaches. Further, any well-publicized compromise of the Company’s security or the security of any other Internet provider could deter people from using the Company’s services or the Internet to conduct transactions that involve transmitting confidential information or downloading sensitive materials. The occurrence of one or more of these events could have a material adverse effect on the Company’s business, results of operations and financial condition.

Risks Related to Our Common Stock; Liquidity Risks

Volatility of Stock Price.

The market prices for securities of emerging and development stage companies such as the Company have historically been highly volatile. Difficulty in raising capital as well as future announcements concerning the Company or its competitors, including the results of testing, technological innovations or new commercial products, government regulations, developments concerning proprietary rights, litigation or public concern as to safety of potential products developed by the Company or others, may have a significant adverse impact on the market price of the Company’s stock.

We have no intention to pay dividends on our Common Stock.

For the near-term, we intend to retain any remaining future earnings, if any, to finance our operations and do not anticipate paying any cash dividends with respect to our Common Stock.

Our common stock is quoted on the OTC Bulletin Board (“OTCBB”) and there is minimal liquidity in the trading market for our common stock.

Our common stock is quoted on the OTCBB under the symbol “TNTY” (which was changed from ”BNTE” in February 2012 as a result of the Merger). There has been only minimal trading of our common stock since the Merger, and no assurance can be given as to when, if ever, an active trading market will develop or, if developed, that it will be sustained. As a result, investors may be unable to sell their shares of our common stock.

Possible Depressive Effect on Price of Securities of Future Sales of Common Stock.

As a result of the Merger, the Company has issued to the former Trunity shareholders 33,231,037 shares of the Company’s Common Stock. These shares are restricted securities subject to Rule 144. The sale or availability for sale of substantial amounts of Common Stock in the public market under Rule 144 or otherwise could materially adversely affect the prevailing market prices of the Company’s Common Stock and could impair the Company’s ability to raise additional capital through the sale of its equity securities.

Possible Adverse Effects of Authorization and Issuance of Preferred Stock.

The Company’s Board of Directors is authorized to issue up to 50,000,000 shares of preferred stock. The Board of Directors has the power to establish the dividend rates, liquidation preferences, voting rights, redemption and conversion terms and privileges with respect to any series of preferred stock. The issuance of any series of preferred stock having rights superior to those of the common stock may result in a decrease in the value or market price of the common stock and could further be used by the Board as a device to prevent a change in control favorable to the Company. Holders of preferred stock to be issued in the future may have the right to receive dividends and certain preferences in liquidation and conversion rights. The issuance of such preferred stock could make the possible takeover of the Company or the removal of management of the Company more difficult, and adversely affect the voting and other rights of the holder of the common stock, or depress the market price of the Common Stock.

Disclosures Relating to Low Priced Stocks; Restrictions on Resale of Low Price Stocks and on Broker-Dealer Sale; Possible Adverse Effect of "Penny Stock" Rules on Liquidity for the Company's Securities.

Since the Company has net tangible assets of less than $1,000,000, transactions in the Company's securities are subject to Rule 15g-9 under the Exchange Act which imposes additional sales practice requirements on broker-dealers who sell such securities to persons other than established customers and "accredited investors" (generally, individuals with a net worth in excess of $1,000,000 or annual incomes exceeding $200,000 or $300,000 together with their spouses). For transactions covered by this Rule, a broker-dealer must make a special suitability determination for the purchaser and have received the purchaser's written consent to the transaction prior to the sale. Consequently, this Rule may affect the ability of broker-dealers to sell the Company's securities, and may affect the ability of shareholders to sell any of the Company's securities in the secondary market.

The Commission has adopted regulations which generally define a "penny stock" to be any non-NASDAQ equity security of a small Company that has a market price (as therein defined) less than $5.00 per share, or with an exercise price of less than $5.00 per share subject to certain exceptions, and which is not traded on any exchange or quoted on NASDAQ. For any transaction by broker-dealers involving a penny stock (unless exempt), the rules require delivery, prior to a transaction in a penny stock, of a risk disclosure document relating to the penny stock market. Disclosure is also required to be made about compensation payable to both the broker-dealer and the registered representative and current quotations for the securities. Finally, monthly statements are required to be sent disclosing recent price information for the penny stock held in an account and information on the limited market in penny stocks.

Forward-Looking Statements

Prospective investors are cautioned that the statements in this Report that are not descriptions of historical facts may be forward-looking statements that are subject to risks and uncertainties. This Report contains certain forward-looking statements. Such forward-looking statements are based on the beliefs of our management as well as on assumptions made by and information currently available to us as of the date of this Report. When used in this Report, the words "plan," "will," "may," "anticipate," "believe," "estimate," "expect," "intend," "project" and similar expressions, as they relate t are intended to identify such forward-looking statements. Although Trunity believes these statements are reasonable, actual actions, operations and results could differ materially from those indicated by such forward-looking statements as a result of the risk factors included in this Report or other factors. We must caution, however, that this list of factors may not be exhaustive and that these or other factors, many of which are outside of our control, could have a material adverse effect on Trunity and our ability to achieve our objectives. All forward-looking statements attributable to Trunity or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements set forth above.

FINANCIAL INFORMATION

Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis should be read in conjunction with the financial statements and notes thereto appearing elsewhere herein.

Overview

Trunity is a Delaware corporation with its principal office in Newburyport, Massachusetts. It was formed on July 28, 2009 to develop a cloud-based knowledge-sharing platform that focuses on e-learning, virtual textbooks, customer experience and the education marketplace. The Company formed though the acquisition of certain intellectual property by its three founders. The Company is in the development stage and it is presently undertaking research and development of its platform. Our core products, Knowledge, Learn and Connect, are in full production and fully operational, and are currently in use by paying customers; however, our revenues are well below the level needed for profitability. We believe that our focused marketing efforts described in "Business" above as well as the impact of positive "word of mouth" from satisfied users will enable us to substantially increase revenues; however, there can be no assurance that we will ever achieve profitability.

Except as specifically noted to the contrary, the following discussion relates only to Trunity since, as a result of the Merger, the only historical financial statements presented for the Company in periods following the merger with BTI will be those of the operating entity, Trunity, Inc.

Critical Accounting Policies

Basis of Accounting

The financial statements of the Company are prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"). The preparation of these financial statements requires our management to make estimates and assumptions about future events that affect the amounts reported in the financial statements and related notes. Future events and their effects cannot be determined with absolute certainty. Therefore, the determination of estimates requires the exercise of judgment. We believe the following critical accounting policies affect its more significant judgments and estimates used in the preparation of financial statements.

Development Stage Operations

The Company has operated as a development stage enterprise since its inception by devoting substantially all of its efforts to business development.

Going Concern

The financial statements have been prepared assuming the Company will continue as a going concern. The Company has incurred net losses and negative operating cash flow since its inception. To the extent the Company may have negative cash flows in the future, it will continue to require additional capital to fund operations. The Company obtained additional capital investments under various debt and common stock issues. Although management continues to pursue its financing plans, there is no assurance that the Company will be successful in obtaining sufficient revenues to generate positive cash flow. The financial statements do not include any adjustments that might result from the outcome of these uncertainties. We may not be able to obtain financing or capital on commercially acceptable terms or at all.

Revenue Recognition