

FRONTERA INVESTMENT, INC.

(OTC: FRNV)

(an Arizona Corporation)

7094 Miratech Drive
Suite 100, San Diego, CA 92121
Telephone: (858) 549-7061
Facsimile: (858) 549-7195
Website: www.fronterainvestment.com

Issuer's Information Statement

For Broker-Dealer Due Diligence

Pursuant to Rule 15c2-11 (a)(5)(1) – (a)(5)(xiii) and (a)(5)(xvi)

December 31, 2008

ISSUER'S EQUITY SECURITIES

COMMON STOCK

(No Par Value)

100,000,000 Shares Authorized
63,913,054 Issued and Outstanding

SERIES A PREFERRED STOCK

(\$1.00 Par Value)

4,000,000 Shares authorized
No Shares issued or Outstanding

SERIES B PREFERRED STOCK

(\$1.00 Par Value)

6,000,000 Shares Authorized
No Shares Issued or Outstanding

TRANSFER AGENT

Computershare, Limited
350 Indiana Street, Suite 800
Golden Colorado 80401

Telephone: (800) 962-4284

Facsimile: (303) 262-0805

Computershare is registered under the Exchange Act and is an SEC
Approved Transfer Agent.

Frontera Investment, Inc. is responsible for the content of this Information and Disclosure Statement. The information contained in this report has not been filed with or approved by the Securities and Exchange Commission, and state securities commission, the National Association of Securities Dealers, or any other regulatory body.

Table of Contents

| | |
|---|----|
| PART A. General Company Information | 3 |
| Item I. The Exact name of the Issuer and its Predecessor. | 3 |
| Item II. Address and telephone number of its principal executive offices. | 3 |
| Item III. The jurisdiction(s) and date of the Issuer’s incorporation or organization. | 3 |
| PART B. Share Structure. | 3 |
| Item IV. The exact title and class of securities outstanding. | 3 |
| Item V. Par or stated value and description of the security. | 3 |
| Item VI. The number of shares or total amount of the securities outstanding for each class of securities authorized..... | 4 |
| PART C. Business Information. | 4 |
| Item VII. The name and address of the transfer agent. | 4 |
| Item VIII. The nature of the Issuer’s business. | 5 |
| Item IX. The nature of products or services offered. | 7 |
| Item X. The nature and extent of Issuer’s facilities | 8 |
| PART D. Management Structure and Financial Information. | 8 |
| Item XI. The name of the chief executive officer, members of the board of directors, as well as control persons..... | 8 |
| Item XII. Financial Information for Issuer’s most recent fiscal period. | 11 |
| Item XIII. Similar financial information for such part of the two preceding fiscal years as the Issuer of its predecessor has been in existence. | 11 |
| Item XIV. Beneficial Owners. | 11 |
| Item XV. The name, address, telephone number, and email address of each of the following outside providers that advise the Issuer on matters relating to the operations, business development and disclosure: | 11 |
| Item XVI. Management’s Discussion and Analysis or Plan of Operation. | 12 |
| PART E. Issuance History. | 15 |
| Item XVII. List of securities offerings and shares issued for services in the past two years: 15 | |
| PART F. Exhibits | 16 |
| Item XVIII. Material Contracts. | 16 |
| Item XIX. Articles of Incorporation and Bylaws. | 16 |
| Item XX. Purchases of Equity Securities by the Issuer and Affiliated Purchasers. | 16 |
| Item XXI. Issuer’s Certifications..... | 16 |

FRONTERA INVESTMENT, INC.

An Arizona Corporation

INFORMATION AND DISCLOSURE STATEMENT

December 31, 2008

All information contained in this Information and Disclosure Statement has been compiled to fulfill the disclosure requirements of Rule 15c2-11 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended. The enumerated items and captions contained herein correspond to the format as set forth in the Rule.

PART A. General Company Information

Item I. The Exact name of the Issuer and its Predecessor.

The name of the Issuer is: Frontera Investment, Inc.
The name of its predecessor: Bidnow.com, Inc.

Item II. Address and telephone number of its principal executive offices.

7094 Miratech Drive
Suite 100
San Diego, CA 92121
Website: www.fronterainvestment.com
Investor Relations: ir@fronterainvestment.com
Telephone: (858) 549-7061
Facsimile: (858) 549-7095

Item III. The jurisdiction(s) and date of the Issuer's incorporation or organization.

The Issuer was incorporated in the State of Arizona on May 31, 1994 as SD Acquisition Corp. and Issuer changed its name on February 10, 1999 to Bidnow.com, Inc.
The Issuer changed its name on April 10, 2008 to Frontera Investment, Inc.

PART B. Share Structure.

Item IV. The exact title and class of securities outstanding.

The Issuer has one class of securities outstanding, which is common stock.
The CUSIP Number is 35904X 100
The trading symbol is FRNV

Item V. Par or stated value and description of the security.

As of December 31, 2008 there were 63,913,054 shares of common stock (no par value) outstanding.

All of the Shares as issued have been duly authorized, validly issued, fully paid, and are nonassessable and not subject to any preemptive rights or rights of first refusal, and were issued in compliance with all applicable Laws. There are no outstanding rights, options, warrants, conversion rights, contracts or agreements for the purchase or acquisition from the Issuer of any shares of common stock or any other security of the Issuer, or for the purchase or acquisition by the Issuer of any shares of common stock which are issued and outstanding. There are no voting trusts, proxies, or other Contracts, agreements or understandings with respect to the Shares. There are no bonds, debentures, notes or other indebtedness having the right to vote on any matters on which the Issuer's shareholders may vote.

Our Board of Directors is authorized to issue additional shares of common stock not to exceed the amount authorized by our articles of incorporation, on such terms and conditions and for such consideration as our Board may deem appropriate without further stockholder action.

Voting Rights

Each holder of common stock is entitled to one vote per share on all matters on which such shareholders are entitled to vote. Since the shares of common stock do not have cumulative voting rights, the holders of more than 50% of the shares voting for the election of directors can elect all the directors if they choose to do so and, in such event, the holders of the remaining shares will not be able to elect any person to our Board of Directors.

Dividend Policy

Holders of our common stock are entitled to dividends if declared by the Board of Directors out of funds legally available. We do not anticipate the declaration or payment of any dividends in the foreseeable future. We intend to retain earnings, if any, to finance the development and expansion of our business. Future dividend policy will be subject to the discretion of our Board of Directors and will be contingent upon future earnings, if any, our financial condition, capital requirements, general business conditions and other factors. Therefore, there can be no assurance that any dividends of any kind will ever be paid.

Item VI. The number of shares or total amount of the securities outstanding for each class of securities authorized.

Common stock information as of the end of the Issuer's most recent fiscal quarter and as of the last two fiscal years.

| As of | <u>Dec 31, 2008</u> | <u>Dec 31, 2007</u> | <u>Dec 31, 2006</u> |
|----------------------------------|---------------------|---------------------|---------------------|
| Number of shares authorized | 100,000,000 | 100,000,000 | 100,000,000 |
| Number of shares outstanding | 63,913,054 | 2,450,681 (1) | 2,450,681 (1) |
| Freely tradable shares | 8,044,674 | 1,409,838 (1) | 1,409,838 (1) |
| Number of beneficial owners | 12 | 4 | 4 |
| Number of shareholders of record | 2,455 | 2,400 | 2,400 |

(1) Adjusted for one for fifteen reverse stock split.

Preferred shares as of the end of the Issuer's most recent fiscal quarter and as of the last two year fiscal years.

Series A Preferred Shares – 4,000,0000 authorized (\$1.00 Par Value) no shares issued or outstanding at any time.

Series B Preferred Shares – 6,000,000 authorized (\$1.00 Par Value) all 6,000,000 shares issued and outstanding as of December 31, 2007 and 2006 had been converted to common stock during March 2008.

| As of | <u>Dec 31, 2008</u> | <u>Dec 31, 2007</u> | <u>Dec 31, 2006</u> |
|-------------------------------|---------------------|---------------------|---------------------|
| Number of shares authorized – | 6,000,000 | 6,000,000 | 6,000,000 |
| Number of shares outstanding | 0 | 6,000,000 (2) | 6,000,000 (2) |

(2) During March 2008, all Series B Preferred Shares outstanding were converted to common stock on a one to one conversion.

PART C. Business Information.

Item VII. The name and address of the transfer agent.

The Transfer Agent for the shares of common stock of the Issuer is:

Computershare, Limited
350 Indiana Street, Suite 800
Golden Colorado 80401
Telephone: (800) 962-4284
Facsimile: (303) 262-0805

Computershare is registered under the Exchange Act and is an SEC Approved Transfer Agent.

Item VIII. The nature of the Issuer's business.

The Issuer's business is as a provider of check cashing, pawn, money transfer, payday advances and related products and services.

The current principals of the Issuer merged their existing business operations and assets into the Issuer, an Arizona corporation, on March 16, 2008 (the "Merger Transaction"). The name was changed from Bidnow.com, Inc. to Frontera Investment, Inc. on April 10, 2008.

Sequence of events leading up to the merger of the assets and operations of the existing business into Bidnow.com, Inc.:

December 15, 2007 – Bidnow.com, Inc. and Frontera Investment, Inc. enter into letter of intent to exchange shares, such that Frontera Investment, Inc. shareholders would own approximately 85% of the outstanding common stock, post merger.

March 9, 2008 – Bidnow.com, Inc. Preferred shareholders approve the conversion of all 6,000,000 shares of Series B Preferred stock to common stock on a one for one basis.

March 14, 2008 – The Board of Directors of Bidnow.com, Inc. approve a resolution to exchange shares of Bidnow.com, Inc. with Frontera Investment, Inc., change the name of the Issuer to Frontera Investment, Inc., and the Board directed management to take all the necessary actions to complete the Merger Transaction.

March 16, 2008 – An agreement is reached by both parties and signed for the exchange of shares. Board of Directors and Officers of Bidnow.com, Inc. resign concurrent with the election of new officers and board of directors including: Gil Partida, Chairman and CEO, Allan Youngberg, CFO and Director, Alan Lustigson as Secretary and Director and the following additional directors: Mel Katz, Michael Herman, Larry Cohen, Thomas Wagner and Richard Ledford.

March 19, 2008 – Shareholders of Frontera Investment, Inc. approve the Merger Transaction.

April 10, 2008 – State of Arizona approves the name change of the Issuer to Frontera Investment, Inc. and one for fifteen reverse stock split (amendments posted to Pink Sheets).

A. Business Development.

1. Issuer is a corporation
2. Issuer was initially formed May 31, 1994
3. Fiscal year end is December 31.
4. Issuer, or predecessor, has never been in bankruptcy or receivership.
5. No material reclassification, merger, consolidation, or purchase or sale of a significant amount of assets has occurred other than the Merger Transaction
6. The Issuer is not in default on any note, loan, lease or other indebtedness of financing arrangement.
7. There has been no change of control except the Merger Transaction.
8. There has been no increase in the authorized shares of any class of outstanding equity securities.
9. There has been no past, pending or anticipated stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization except the Merger Transaction and a one for fifteen reverse stock split approved by the shareholders of Bidnow.com, Inc. on May 27, 2003 and approved by the Secretary of State of Arizona on April 10, 2008.
10. In the past three years, the Issuer's shares have not been delisted by any securities exchange or OTC bulletin board.
11. There are no current, past, pending or threatened legal proceedings or administrative actions by or against the Issuer that could have a material effect on the Issuer's business, financial condition, or operations. There have been no suspensions by a securities regulator.

B. Business of Issuer.

1. The primary SIC Code for Frontera is 7380.
2. Prior to the Merger Transaction, Bidnow.com, Inc. had been seeking a merger candidate since 2001. The predecessor business, Frontera Investment, Inc. (a Nevada Corporation) was formed in June 2003 and opened its first store on December 15, 2003.
3. The Issuer currently does not believe that it would be classified as a shell company pursuant to the Rule 405 of the Securities Act.
4. The Issuer and its subsidiaries are organized as follows:
 - (a) The Issuer is Frontera Investment, Inc. (Arizona Corporation) formerly Bidnow.com, Inc.
 - (b) The Issuer's 100% wholly owned subsidiaries:
 - Frontera Investment, Inc. (a Nevada Corporation) formed June 14, 2003 (the "Nevada" corporation).
 - Frontera Financial Services, Inc (a subsidiary of the Nevada Corporation) formed December 8, 2006.
 - Frontera International Financial Services, Inc. (a subsidiary of the Nevada Corporation), formed June 14, 2003.
5. The Issuer is required to comply with certain existing government regulations specific to its industry (See Government Regulations below).
6. The Issuer has spent no monies during the past two years on research and development activities.
7. The Issuer has spent no monies during the past two years for compliance with environmental laws.
8. The Issuer currently has 31 full time employees.

Description of Issuer's Business

Frontera currently operates six full service stores ("Branches") and one manned kiosk ("Kiosk"). All are located in Southern California. Five of the Branches are in strip centers; one is at the San Ysidro border crossing in its own building and one is embedded in an ARCO ampm supercenter. Three were opened as new stores and four stores were acquired (January 2007, July 2007, March 2008 and September 2008). The Issuer currently has a store in escrow in Oxnard, California.

Prior to merging its operations and assets into Bidnow.com, Inc. the Nevada Corporation, formed in 2003, invested nearly four years and \$3 million dollars to build a unique technology platform for the check cashing, money services, and the alternative lending business. The Issuer believes that there is an opportunity to build its business through a scalable application of information technology which may reduce direct store management and minimize loan losses while offering a full suite of products. To address this opportunity, management has created a business model for providing check cashing, money transfer, payday loans and gold pawn lending (and gold buying) and related financial services to the un-banked and under-banked financial services customer. To take advantage of its highly scalable business/technology model and the current market environment, the Issuer is acquiring "mom and pop" stores.

The Branch

Our model retail location footprint is 1,200 square feet, but can operate in as little as 200 square feet, depending on the location. Frontera employs state-of-the-art technology including an automated check cashing system, cash dispenser and cash depositor and 24/7 security monitoring and alarm system. Through our corporate office, we view and validate armored cash deliveries and can approve disbursement of funds when in excess of pre-established limits. Cash from the money transfers and money orders are "recycled" back into the safe "dispenser" limiting cash in the drawers. Proceeds from checks cashed are dispensed automatically from our integrated ATM type dispenser operated by our cashier.

The Issuer also uses a membership program which allows Frontera to evaluate the customer's overall risk profile. Frontera's check cashing software and membership card include the member's photo and contact information. This reduces the risk of fraud and enhances customer service. The

membership card also includes a magnetic stripe with the customer's account number which can be read by Frontera's check cashing software increasing efficiency of the cashier.

Kiosk

The Issuer has developed technology and an operating platform that allows the Issuer to operate kiosks within the stores of “big box” mass merchants, fast food franchises, and other larger store front operations. The in-store kiosk will perform all of the key services and conduct identical sales operations of the Issuer branch locations in an area as little as 100 square feet. The kiosk mimics the form, fit and functionality of a small bank. We believe that the kiosk implementation will allow a rapid deployment in high traffic locations and assist the Issuer's efforts in the “Branding” and name recognition of Frontera as an established service provider to the Issuer's target customer.

Government Regulations.

Under the Bank Secrecy Act regulations of the U. S. Department of the Treasury (the “Treasury Department”), transactions involving currency in an amount greater than \$10,000 or the purchase of monetary instruments for cash in amounts from \$3,000 to \$10,000 must be reported. In general, every financial institution, including the Issuer, must report each deposit, withdrawal, exchange of currency or other payment or transfer, whether by, through or to the financial institution, that involves currency in an amount greater than \$10,000. In addition, multiple currency transactions must be treated as single transactions if the financial institution has knowledge that the transactions are by, or on behalf of, any person and result in either cash in or cash out totaling more than \$10,000 during any one business day.

The Money Laundering Suppression Act of 1994 added a section to the Bank Secrecy Act requiring the registration of “money services businesses,” like the Issuer, that engage in check-cashing, currency exchange, money transmission, or the issuance of redemption of money orders, traveler's checks, and similar instruments. The purpose of the registration is to enable governmental authorities to better enforce laws prohibiting money laundering and other illegal activities. The regulations require money services businesses to register with the Treasury Department, by filing form 107 with the Financial Crimes Enforcement Network of the Treasury Department (“FinCEN”), and to re-register at least every two years thereafter. The regulations also require that a money services business maintain a list of names and addresses of, and other information about, its agents and that the list be made available to any requesting law enforcement agency (through FinCEN). The agent list must be updated at least annually.

In March 2000, FinCEN adopted additional regulations, implementing the Bank Secrecy Act that is also addressed to money services businesses. In pertinent part, those regulations will require money services businesses like the Issuer to report suspicious transactions involving at least \$2,000 to FinCEN. The regulations generally describe three classes of reportable suspicious transactions – one or more related transactions that the money services business knows, suspects, or has reason to suspect (1) involve funds derived from illegal activity or are intended to hide or disguise such funds, (2) are designed to evade the requirements of the Bank Secrecy Act, or (3) appear to serve no business or lawful purpose.

Under the US PATRIOT Act passed by Congress in 2001, the Issuer is required to maintain an anti-money laundering compliance program. The program must include (1) the development of internal policies, procedures and controls; (2) the designation of a compliance officer; (3) an ongoing employee training program; and (4) an independent audit function to test the program. In July 2008, the Issuer engaged an independent company to review its compliance procedures.

Item IX. The nature of products or services offered.

Check cashing - check cashing is often a staple of the underserved customer, particularly among the un-banked. According to the Federal Reserve statistics, 22% of low-income US families (10 million households) are un-banked. Furthermore, among those who are banked, check cashing establishments offer a convenient way to obtain needed funds more quickly than simply depositing a check. Furthermore, most check cashing customers do not simply cash their check, but often they also purchase money orders and engage in various forms of remittance transactions, such as international money transfer and bill pay services.

International money transfer - international money transfer not only provides a source of cash flow for check cashing and lending, it is also extremely profitable. This is also a growing market with money transfers to Mexico alone accounting for nearly \$20 billion (estimate) in 2005 with growth expected to continue. Mexico and Central America account for nearly all money transfers for the Issuer.

Gold Pawn Lending - the gold pawn (gold jewelry) lending and gold jewelry buying industries are relatively young and have grown steadily since the early 1990's in response to a shortage of available short-term consumer credit alternatives from traditional banking institutions and increased price of gold.

Payday advance - The consumer market served by this industry is "middle America", people with jobs who typically live paycheck to paycheck. Industry growth has been dramatic, growing from virtually nothing to \$25+ billion in the last ten years. We believe this segment of the business, while necessary, will continue to be regulated and our growth is and opportunity comes in part from this increased regulatory pressure forcing payday store locations to sell, often great locations, at discounted prices where we can add our other products.

Other products and services - include bill pay, prepaid phone cards and prepaid cell phone minutes; merchandise sales, etc. In addition, one store, in San Ysidro on the US Mexico border, sells daily and month passes for the San Diego Trolley system and generates sales of approximately \$6 million annually. We lease the facility dedicated for the sale of these tickets and passes and combine our other services permitted for this location.

Item X. The nature and extent of Issuer's facilities

The Issuer's corporate office is located at 7094 Miratech Drive, Suite 100, San Diego, CA. The Issuer leases this space on a month to month rental arrangement from a member of the Issuer's board of directors. The space is sufficient at this time.

All of the Issuer's store locations are leased under lease terms that expire at various times over the next five years and all have options to renew except one store that is currently in negotiation for a new lease. The Issuer has good relationships with all its landlords and fully expects to renew leases on all its existing locations when necessary.

PART D. Management Structure and Financial Information.

Item XI. The name of the chief executive officer, members of the board of directors, as well as control persons.

A. Officers and Directors

| <u>Name</u> | <u>Position Held</u> | <u>Annual Compensation</u> |
|-----------------|----------------------------------|----------------------------|
| Gilbert Partida | Director, CEO/President | \$144,000 |
| Allan Youngberg | Chief Financial Officer/Director | \$120,000 |
| Alan Lustigson | Secretary, Director | \$78,000 |
| Michael Herman | Chairman of the Board | None |
| Mel Katz | Director | None |
| Richard Ledford | Director | None |
| Larry Cohen | Vice Chairman of the Board | None |
| Thomas Wagner | Director | None |
| Dale Krueger | Director | None |

Executive Officers (business address is the same as the corporate office) and directors business experience during at least the last five years is as follows.

Gil Partida co-founder and CEO. Mr. Partida has over 20 years experience including working with the Hispanic communities in the U.S. and international markets in the areas of retail, trade, law and consumer finance. Mr. Partida was CEO of PriceSmart, Inc. (PSMT) from 1998 to March 2003

developing an international business in emerging markets in Asia, Latin America and the Caribbean and most recently as CEO of Frontera since June 2003. Mr. Partida graduated with a B.A. as an honors graduate and a member of Phi Beta Kappa from the University of Arizona. He was an honors graduate and a member of Law Review receiving his Juris Doctorate degree in 1987 from Pepperdine University School of Law.

Allan Youngberg co-founder, CFO and Director. Mr. Youngberg is a Certified Public Accountant (member of the AICPA since 1977) and has over 30 years of finance and accounting experience. Mr. Youngberg was CFO for PriceSmart, Inc. (PSMT) from 1999 to September 2003 and most recently as CFO for Frontera since January 2004. At PriceSmart, Inc., Mr. Youngberg managed the financing and accounting resulting from opening 30 stores in twelve countries where revenues increased from \$80 million to \$650 million during his employment. Mr. Youngberg holds a B.S. degree in business administration from the University of Washington.

Alan Lustigson, Secretary and Director. Mr. Lustigson has over 25 years of financial services experience with fortune 500 companies including Bank of America, The Equitable Group, GE Capital and Comdisco. Alan has held various executive management positions of which his responsibilities have included strategic planning, risk assessment, corporate finance, enterprise architectural design, business process flow and implementation, retail marketing, and financial audit aimed at improving corporate operations, reporting and fiscal performance. Mr. Lustigson holds a B.S. Degree in Finance from the University of Illinois.

Directors.

Michael Herman, Chairman of the Board. Mr. Herman has over 30 years of experience in leading high technology companies in both financial and asset management services. His functional areas of management responsibilities have included Executive management roles on a worldwide basis from division President to leading business operations and sales & marketing for specialized vertical business units. From 2002 to the present, Mr. Herman was the founder and has served as President of Babcock & Brown's Technology group specifically focused on the Semiconductor industry. Prior to 2002, Mr. Herman was responsible for worldwide technology financial and equipment product & services for Comdisco as both a corporate Executive and Division President. Overall at Comdisco, Mr. Herman was responsible for building and managing over \$6 billion of corporate assets for Comdisco. Herman holds a BS in finance and economics with a minor in business law from Arizona State University in Tempe, where he graduated in 1978.

Mel Katz, Director. Mr. Katz is Executive Officer of Manpower, San Diego for over 30 years. Manpower San Diego, Southwest Riverside and New Mexico is the largest Manpower franchise in the U.S. Mr. Katz has also served on numerous San Diego civic organizations. Mr. Katz has a BS in Marketing and Business Administration from the University Nevada Las Vegas, 1971.

Richard Ledford, Director. Mr. Ledford began his career in public service in 1974. In 1999, Mr. Ledford established Ledford Enterprises Inc., a service firm providing advocacy service to business clients. His current and past clients include foreign states, high tech companies, international business ventures, major resort companies, multi-state developers, professional sports teams, and various regional non-profits. In 2002, Mr. Ledford, along with 3 other colleagues, formed the Pacific San Diego International Group, a company engaged in international trade and business between the Pacific Coast of the United States and Asian countries. Mr. Ledford holds a BA in Political Science from the University of San Diego and a Masters of Public Administration from San Diego State University.

Larry Cohen, Vice Chairman of the Board. Mr. Cohen from 1998 to 2005 was President of Chicago City Pawnners; from 2006 to 2007, Managing member of AJA Financial LLC and from 2008 to present, President of Abby Jewelry & Loan Inc. 1972 High School Graduate.

Thomas Wagner, Director. Mr. Wagner is the founder and President of Premier Homes Group Inc. Since its inception in 2005, Premier Homes Group has experienced real estate and construction sales revenues over \$22 million. From 2007 to present, Thomas has additionally been the Co-Founder and President of Premier Home Development Group, L.L.C. From 2003 to 2005 Thomas was a member of the Home Depot Inc. Store Leadership Program. Prior to the Home Depot, Thomas was an Aviation Logistics Officer in the United States Marine Corps. Thomas holds a Bachelor of Science Degree in Economics from the United States Naval Academy where he still serves as Class President and served

on the Naval Academy Alumni Association Board of Trustees from 2001-2007. Thomas has been on the Board of Trustees for the United States Naval Academy Foundation since 2006.

Dale Krueger, Director. Mr. Krueger has been a registered representative licensed with FINRA since 1982. From 1982 to 1991 he worked for Merrill Lynch and established himself as a member of the President's Club during his tenure, and was promoted to Vice President for the Consumers Market division. In 1991 Mr. Krueger joined Ashford Financial Group, a Michigan corporation that specializes in financial planning and asset management. Shortly thereafter Mr. Krueger became a partner, and purchased the firm in 1993. Mr. Krueger provided investment banking consultation to small private companies, and participated in capital raises for companies such as WKQZ a local radio station, Warren Resources, an oil and gas company now listed on the NASDAQ, Coltrace Communications, a consortium of low power television stations, as well as Real Estate Investment Trusts and real estate development companies. Mr. Krueger is a member in good standing of the Midland Area Chamber of Commerce.

B. Legal/Disciplinary History

None of the officers or directors has in the last five (5) years been:

Convicted of any criminal proceeding either named or as a defendant or named as a defendant in a pending criminal proceeding.

Has not had an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended, or otherwise limited such person's involvement in any type of business, securities, commodities or banking activities.

Has not had a finding or judgment by a court of competent jurisdiction (in a civil action), the SEC or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated.

Has not had an entry of an order by self-regulatory organization that permanently or temporarily barred, suspended, or otherwise limited such a person's involvement in any type of business or securities activities.

C. Disclosure of Certain Relationships.

No family relationships exist among any of our directors or executive officers with the exception of Thomas Wagner (a Director) is the son-in-law of Allan Youngberg, CFO and Director.

Unless otherwise disclosed herein, there are no relationships and/or affiliations among and between the shareholders and the Issuer, its predecessors, its present officers and directors, and other shareholders.

D. Disclosure of Conflicts of Interest.

During 2008, the Issuer paid fees in connection with the proceeds from sale of common stock to clients of Ashford Financial Group (a Michigan Corporation) owned by Dale Krueger who is member of the Board of Directors of the Issuer. In total, \$28,298 was paid in cash and 200,000 shares were issued at a value of, or \$41,000. The shares were issued to a fund controlled by Dale Krueger and Ashford Financial Group.

At various dates, the Issuer issued unsecured short-term demand notes with interest payable monthly at 12% per annum as needed to provide short term operating capital needs by several members of the Issuer's Board of Directors and officers of the Issuer. As of December 31, 2008, the Issuer increased the amount of borrowings from its directors and officers to \$417,000 from \$41,000 as of December 31, 2007. Interest expense on these notes totaled \$26,231 for the year ended December 31, 2008 and none for the year ended December 31, 2007.

There were no other material related party transactions or conflicts of interest.

Item XII. Financial Information for Issuer's most recent fiscal period.

Copies of Issuer's Unaudited Condensed Consolidated Financial Statements, prepared Allan Youngberg, the Issuer's chief financial officer who is a Certified Public Accountant, including Balance Sheet, Statement of Operations, Statement of Stockholders' Equity and Statement of Cash Flows and footnotes for the periods ended December 31, 2008 and 2007 and are attached and begin on page 17 and end of page 29.

Item XIII. Similar financial information for such part of the two preceding fiscal years as the Issuer of its predecessor has been in existence.

Copies of Issuer's Unaudited Pro Forma Condensed Consolidated Financial Statements, prepared by management of the Issuer (Balance Sheet, Statement of Operations, Statement of Stockholders' Equity and Statement of Cash Flows) for the periods ended December 31, 2007 and 2006 are posted on Pink Sheets and incorporated by reference as Annual Report – Unaudited Pro Forma Financial Statements.

Item XIV. Beneficial Owners.

The following table shows the beneficial ownership of the Issuer's common stock as of December 31, 2008. The table shows the amount of shares beneficially owned by:

- (1) Each person known to us who owns beneficially more than five percent of the outstanding shares of any class of the Issuer's stock, based on the number of shares outstanding as of December 31, 2008;
- (2) Each of the Issuer's Directors and Executive Officers; and
- (3) All of its Directors and Executive Officers as a group.

The percentage of shares owned is based on 63,913,054 shares of the Issuer's common stock being outstanding as of December 31, 2008. Where the beneficially owned shares of any individual or group in the following table includes any options, warrants, or other rights to purchase shares in the Issuer's stock, the percentage of shares owned included such shares as if the right to purchase had been exercised.

| Identify of Person or Group | Actual Amount of Shares Beneficially Owned | Actual Percent of Shares Beneficially Owned | Class |
|--|--|---|--------|
| Gil Partida, CEO and Director | 11,348,735 | 17.8% | Common |
| Allan Youngberg, CFO and Director | 3,683,907 | 5.8% | Common |
| Alan Lustigson, Secretary and Director | 2,239,166 | 3.5% | Common |
| Mike Herman, Director (Chairman) | 7,050,732 | 11.0% | Common |
| Mel Katz, Director | 94,138 | 0.1% | Common |
| Richard Ledford, Director | 471,771 | 0.7% | Common |
| Larry Cohen, Director (Vice-Chairman) | 4,536,562 | 7.1% | Common |
| Thomas Wagner, Director | 646,779 | 1.0% | Common |
| James Bohm, outside counsel | 1,053,109 | 1.6% | Common |
| Ronald de Harte | 6,771,769 | 10.6% | Common |
| Dale Krueger, Director | 200,000 | 0.3% | Common |
| All Officers and Directors as a group | 38,096,669 | 59.6% | Common |
| Total Outstanding 12/31/2008 | 63,913,054 | | |

Item XV. The name, address, telephone number, and email address of each of the following outside providers that advise the Issuer on matters relating to the operations, business development and disclosure:

1. Investment Banker None
2. Promoters None
3. Counsel

Christopher P. Flannery
Astor Weiss Kaplan & Mandel, LLP
200 S. Broad Street
Philadelphia, PA 19102
Work 215-790-0100; Fax 215-790-0509
E-mail: CFlannery@Astorweiss.com

James Bohm
Bohm, Matsen, Kegal, Aguilera
Work 714-384-6500; Fax 714-384-6551
Email: jbohm@aol.com

4. Accountant or Auditor
Gregory Noonan CPA
Walfish & Noonan
524-528 Dekalb Street
Norristown, PA
Work: 610-277-7899; Fax 610-277-7884
Email: Noonlaw@aol.com
5. Public Relations None
6. Investor Relations None
7. Any other Advisor None

Item XVI. Management's Discussion and Analysis or Plan of Operation.

Quarter and Year ended December 31, 2008

The Issuer operated a total of seven stores as of December 31, 2008. During 2008, the Issuer purchased two stores, opened one new store and closed one of its two embedded Kiosks.

As of December 31, 2008, cash in banks and in stores totaled \$419,458 compared to \$605,873 as of December 31, 2007. During the quarter ended December 31, 2008, the Issuer sold \$248,500 in both common stock and 10% Senior Subordinated Convertible Notes which were all converted to common stock at the option of the holder at \$0.15 per share for a total number of new shares issued totaling 1,583,335 during the quarter.

Total revenues for the quarter ended December 31, 2008 totaled \$2,159,050. Proceeds from the sale of merchandise totaled \$1,737,648 and included \$1,453,357 from the sale of trolley tickets (monthly passes and daily tickets) at the Issuer's store in San Ysidro, CA (at the US-Mexico border crossing), \$249,088 from the sale of gold on defaulted pawn loans and \$35,203 from sale of general merchandise at the stores. Fees for services (check cashing, money transfer, pawn and payday fees, etc.) totaled \$421,402.

Total revenues for the year ended December 31, 2008 totaled \$7,204,466 compared to \$4,236,050 for 2007. Proceeds from the sale of merchandise totaled \$5,920,385 and included \$5,588,947 from the sale of trolley tickets (monthly passes and daily tickets) at the Issuer's store in San Ysidro, CA (at the US-Mexico border crossing); \$249,088 from the sale of gold on defaulted pawn loans and \$82,350 from sale of general merchandise at the stores. Proceed from the sale of merchandise for 2007 totaled \$3,406,214 and included 3,374,826 from the sale of trolley tickets and \$31,388 from the sale of general merchandise. Fees for services (check cashing, money transfer, pawn and payday fees, etc.) totaled \$1,284,081 compared to \$829,836 for 2007.

Revenues by quarter are as follows:

| | Quarter | Quarter | Quarter | Quarter | Year |
|--------------------------|---------------------|---------------------|-----------------------|----------------------|----------------------|
| | Ended | Ended | Ended | Ended | Ended |
| | March 31, 2008 | June 30, 2008 | September 30, 2008 | December 31, 2008 | December 31, 2008 |
| Merchandise Sales | \$ 1,310,047 | \$ 1,382,449 | \$ 1,490,241 | \$ 1,737,648 | \$ 5,920,385 |
| Fees for Services | 223,623 | 292,680 | 346,376 | 421,402 | 1,284,081 |
| Total Revenues | \$ 1,533,670 | \$ 1,675,129 | \$ 1,836,617 | \$ 2,159,050 | \$ 7,204,466 |

Earnings before interest, taxes, depreciation and amortization from store operations totaled \$140,857 for the three months ended December 31, 2008. Earnings before interest, taxes, depreciation and amortization from store operations totaled \$436,619 for the year ended December 31, 2008 compared to \$147,541 for the prior year ended December 31, 2007.

To date the Issuer has experienced losses from its operations and anticipates that it will require additional capital resources, including the net proceeds from additional equity and debt financing transactions, to generate revenue and achieve positive cash flows from operations. The Issuer's ability to generate positive cash flows depends upon a variety of factors, including the growth in profitability of new stores, acceptance in the market for the Issuer's products and services and other various factors, some of which may be beyond the Issuer's control. There can be no assurance that such financing transactions will be consummated or that such revenue will be generated necessary to carry out the Issuer's business plans and meet certain debt obligations as they become due.

During fiscal 2008, at various dates, the Issuer issued unsecured short-term demand notes with interest payable monthly at 12% per annum as needed to provide short term operating capital needs by several members of the Issuer's board of directors and officers of the Issuer. Total balance owing as of December 31, 2008 was \$417,000.

On July 14, 2008, the Issuer negotiated a one year extension on the \$150,000 unsecured Promissory Note to October 28, 2009 which resulted in a reclassification of this Note to Long term. As of December 31, 2008 the entire balance owing of \$145,000 was included in the current portion of long term debt.

The Issuer has a long-term loan with a bank that is renewed annually. On October 14, 2008, this Note had a balance of \$156,658 and renewed for one year to October 14, 2009. The interest rate on this Note changed from prime plus 1% to prime plus 3% with a rate floor of 7% and principal payments were increased from \$3,333 per month to \$5,000 per month. The Issuer issued \$160,000 Notes secured by gold held in the Issuer's stores. These Notes are due in 18 months with interest payable quarterly at 15% per annum. The Issuer financed the purchase of certain equipment under long term lease obligations of which there is a balance outstanding as of December 31, 2008 of \$141,757. The Issuer is current on all its obligations.

Income taxes – Management concluded that with the acquisition of the stores in escrow and increasing cash flow and profitability of new stores that it acquired and opened in 2007 and 2008, that the likelihood of utilizing tax carryovers from net operating losses from the operations of Frontera Investment, Inc. (Nevada corporation) and its subsidiaries was more likely than not. As a result, the Issuer continued to record the tax benefits from net operating losses in 2008 in the current period totaling \$266,000, less current tax expense of \$2,400 for minimum state income taxes for a net tax benefit of \$263,600. The Issuer has not recognized any benefit from net operating losses from the operation of Bidnow.com, Inc. the predecessor company.

Quarter and Year ended December 31, 2007

The Issuer operated a total of five stores as of December 31, 2007 and December 31, 2006. During 2007, the Issuer closed three of its embedded Kiosks, purchased two stores and open one new store. For comparative purposes, the financial statements and information presented below presents the consolidated financial position and results of operations of the predecessor company,

Bidnow.com (now Frontera Investment, Inc. Arizona corporation) and wholly owned subsidiary of Frontera Investment, Inc. (Nevada corporation) and its two subsidiaries, Frontera Financial Services, Inc. and Frontera International Financial Services, Inc as if the companies were merged prior to the periods presented.

The predecessor company, Bidnow.com, Inc. (renamed to Frontera Investment, Inc. subsequent to the Merger Transaction executed on March 16, 2008) includes \$275,000 in current liabilities associated with settlement agreements that were finalized prior to the March 16, 2008 for obligations that existed prior to 2006. All other assets and liabilities are those of Frontera Investment, Inc. (the Nevada corporations) and its subsidiaries. The Stockholders' Equity section of the balance sheet represents the combined capital structure of Bidnow.com, Inc. and Frontera Investment, Inc. (Nevada corporation) as if all preferred shares were converted to common which were effectuated on March 14, 2008; settlements with all creditors for common stock were issued totaling 2,830,000 shares; and 39,727,297 shares issued to Frontera Investment, Inc. shareholders in exchange for 100% of the common shares outstanding of the Nevada corporation.

Summary Pro Forma Balance Sheets , December 31, 2007

| | FII | Bidnow | Total |
|------------------------------|---------------|---------------|----------------|
| Total Assets | \$ 2,907,892 | \$ - | \$ 2,907,892 |
| Total Liabilities | \$ 1,290,230 | \$ 275,000 | \$ 1,565,230 |
| Equity: | | | |
| Common Stock | \$ 2,690,860 | \$ 9,250,418 | \$ 11,941,278 |
| Retained Deficit | -\$ 1,073,198 | -\$ 9,525,418 | -\$ 10,598,616 |
| Total Liabilities and Equity | \$ 2,907,892 | \$ - | \$ 2,907,892 |

As of December 31, 2007, cash in banks and in stores totaled \$605,873 compared to December 31, 2006 of \$504,551.

Total revenues for the quarter ended December 31, 2007 totaled \$1,204,435. Proceeds from the sale of merchandise totaled \$970,135 and included \$964,718 from the sale of trolley tickets (monthly passes and daily tickets) at the Issuer's store in San Ysidro, CA (at the US-Mexico border crossing) and \$5,417 from sale of general merchandise at the stores. Fees for services (check cashing, money transfer, pawn and payday fees, etc.) totaled \$234,300.

Total Revenues for the year ended December 31, 2007 increased to \$4,236,050 from \$464,968 for 2006. Proceeds from merchandise sales totaled \$3,406,214 and included \$3,374,826 from the sale of trolley tickets (monthly passes and daily tickets) at the Issuer's store in San Ysidro, CA (at the US-Mexico border crossing) that was acquired on January 17, 2007 and \$31,388 from the sale of general merchandise. Fees for services increased to \$829,836 from \$464,968.

| | Quarter Ended | Quarter Ended | Quarter Ended | Quarter Ended | Year Ended |
|--------------------------|-------------------|------------------|-----------------------|----------------------|----------------------|
| | March 31, 2007 | June 30, 2007 | September 30, 2007 | December 31, 2007 | December 31, 2007 |
| Merchandise Sales | \$ 676,605 | \$ 850,739 | \$ 908,735 | \$ 970,135 | \$ 3,406,214 |
| Fees for Services | 195,318 | 216,968 | 183,250 | 234,300 | 829,836 |
| Total Revenues | \$ 871,923 | \$ 1,067,707 | \$ 1,091,985 | \$ 1,204,435 | \$ 4,236,050 |

Earnings before interest, taxes, depreciation and amortization from store operations totaled \$30,822 for the three months ended December 31, 2007. Earnings before interest, taxes, depreciation and amortization from store operations totaled \$147,541 for the year ended December 31, 2007.

During fiscal 2007, the Issuer converted a short term line of credit with its bank to a long term loan after paying the loan down \$50,000. In connection with the purchase of a store, the Issuer entered into a seven year SBA loan of \$207,500. Total balance due on the two notes aggregated \$392,756 as of December 31, 2007. The Issuer also paid off a \$200,000 Promissory note, assumed a long term promissory note of \$125,000 related to the acquisition of a store and as of

December 31, 2007 owes \$191,000 on short term promissory notes to two individuals (including \$41,000 to Gil Partida, CEO). The Issuer financed the purchase of certain equipment under long term lease obligations of which there is a balance outstanding as of December 31, 2007 of \$93,765. The Issuer is current on its obligations.

Nonrecurring items during fiscal 2007 included a settlement income from McDonalds USA, LLC for termination of pilot agreement for embedded kiosks less the cost associated with closing these locations which netted a gain of \$139,101.

Income taxes – Management concluded that with the acquisition of the stores in escrow and increasing cash flow and profitability of new stores that it opened in 2007, that the likelihood of utilizing tax carryovers from net operating losses from the operations of Frontera Investment, Inc. (Nevada corporation) and its subsidiaries was more likely than not. As a result, the Issuer recorded the tax benefits from net operating losses through December 31, 2006 of \$603,474 as an adjustment to retained deficit and long term deferred tax asset and reflected in the current period an additional \$96,526, less current tax expense of \$3,200 for minimum state income taxes for net tax benefit of \$93,326.

Off Balance Sheet Arrangements.

There are no off balance sheet arrangements.

PART E. Issuance History.

Item XVII. List of securities offerings and shares issued for services in the past two years:

In March 2008, the Issuer issued shares (numbers reflected subsequent to a one for fifteen reverse stock split) as follows:

- (1) 6,000,000 shares of common stock were issue as a result of conversion of all issued and outstanding Series B Preferred shares. The issuance was completed without any public offering in accordance with Section 4(2) and Regulation D promulgated under the Securities Act of 1933, as amended.
- (2) 2,830,000 shares of common stock were issued in full settlement of all outstanding obligations of Bidnow.com, Inc. The issuance was completed without any public offering in accordance with Section 4(2) and Regulation D promulgated under the Securities Act of 1933, as amended.
- (3) 39,727,297 shares of common stock were issued to shareholders of Frontera Investment, Inc. (Nevada Corporation) as a result of a Stock Purchase and Subscription Agreement between Bidnow.com, Inc. and the shareholders of Frontera Investment, Inc. (the Nevada Corporation). The issuance was completed without any public offering in accordance with Section 4(2) and Regulation D promulgated under the Securities Act of 1933, as amended.
- (4) An additional 22,636 shares were issued as a result of rounding existing Bidnow.com, Inc. shareholders in the prior reverse split to no less than 100 shares.

Subsequent to the above, the Issuer sold shares of common stock during fiscal 2008 as follows:

- (5) The Issuer issued 12,068,836 shares of common stock at \$0.15 per share during calendar 2008 in exchange for cash of \$1,810,326 under two Private Placement Memorandums. In addition, 200,000 shares of common stock were issued in exchange for \$41,000 in fees in connection with these proceeds (See XII D) and 550,000 shares were issued as an \$82,500 finder fee for a store acquisition planned for July 2009 (shares are held in escrow until close) and 63,605 shares were issued in exchange for \$9,541 interest on certain notes. In addition to the shares issued in exchange for commissions in connection with shares sold, fees were paid in cash totaling \$28,298 (See XII D). Of the cash raised, a total of \$952,000, or 6,346,668 shares, were sold to officers, directors and friends and family and \$858,326, or 5,722,171 shares were sold to accredited investors. Private Placement Offerings dated March 31, 2008 offered 10% Convertible Notes that converted to common stock at \$0.15 per share and for common stock at \$0.15 per share. A total of \$703,509 of 10% Convertible Notes were sold and all were converted to 4,690,061 shares of common stock during 2008 and \$1,106,817 was received from the sale of 8,192,380 shares of common stock at \$0.15 per share.

During fiscal 2007, prior to the Reverse Merger, the Issuer (operating through the Nevada corporation – See Item VIII (B)) sold \$921,852 of common stock to officers, directors, friends and family.

The above issuances were completed without any public offering in accordance with Section 4(2) and Regulation D promulgated under the Securities Act of 1933, as amended.

There were no other securities issued.

PART F. Exhibits

Item XVIII. Material Contracts.

There are no material contracts. Any material contracts entered into will be posted to Pink Sheets as they arise.

Item XIX. Articles of Incorporation and Bylaws.

Previously posted to Pink Sheets

Item XX. Purchases of Equity Securities by the Issuer and Affiliated Purchasers.

There were no purchases by the Issuer or affiliated purchasers.

Item XXI. Issuer's Certifications.

I, Gil Partida, CEO and Director, certify that:

1. I have reviewed this initial disclosure statement of Frontera Investment, Inc.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of 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.

March 27, 2009

/s/ Gil Partida

Gil Partida, CEO and Director

I, Allan Youngberg, Chief Financial Officer and Director, certify that:

1. I have reviewed this initial disclosure statement of Frontera Investment, Inc.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of 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.

March 27, 2009

/s/ Allan Youngberg

Allan Youngberg, Chief Financial Officer and Director

Frontera Investment, Inc. and Subsidiaries
An Arizona Corporation

Unaudited Condensed Consolidated Financial Statements
For the Years Ended December 31, 2008 and 2007

Frontera Investment, Inc. and Subsidiaries
An Arizona Corporation
Unaudited Condensed Consolidated Balance Sheets

| | December 31, | December 31, |
|---|---------------------|---------------------|
| | 2008 | 2007 |
| | (unaudited) | (pro forma) |
| ASSETS | | |
| Current Assets | | |
| Cash | \$ 419,458 | \$ 605,873 |
| Receivables, Net | 647,875 | 96,120 |
| Inventories | 403,161 | 220,281 |
| Other Current Assets | 97,591 | 54,126 |
| Total Current Assets | 1,568,085 | 976,400 |
| Fixed Assets, Net | 778,031 | 530,871 |
| Other Assets | | |
| Deposits and Other | 169,669 | 145,171 |
| Deferred Tax Assets | 966,000 | 700,000 |
| Goodwill | 1,544,246 | 555,450 |
| Total Other Assets | 2,679,915 | 1,400,621 |
| TOTAL ASSETS | \$ 5,026,031 | \$ 2,907,892 |
| LIABILITIES & STOCKHOLDERS' EQUITY | | |
| Current Liabilities | | |
| Accounts Payable | \$ 615,178 | 667,221 |
| Accrued Expenses | 88,164 | 13,749 |
| ACH Clearing | 178,562 | 81,739 |
| Notes Payable | 417,000 | 191,000 |
| Long-Term Debt - Current Portion | 480,492 | 52,608 |
| Total Current Liabilities | \$ 1,779,396 | \$ 1,006,317 |
| Long-Term Debt - Net of Current Portion | 425,951 | 558,913 |
| Total Liabilities | 2,205,347 | 1,565,230 |
| Stockholders' Equity | | |
| Series A - Preferred Stock, \$1.00 Par Value; 4,000,000 Shares Authorized | - | - |
| Series B - Preferred Stock, \$1.00 Par Value; 6,000,000 Shares Authorized | - | - |
| Common Stock, No Par; 100,000,000 Shares Authorized; 63,913,054 and 51,007,977 Shares Issued and Outstanding as of December 31, 2008 and December 31, 2007, respectively | 13,815,345 | 11,941,278 |
| Retained Deficit | (10,994,661) | (10,598,616) |
| Total Stockholders' Equity | 2,820,684 | 1,342,662 |
| TOTAL LIABILITIES & STOCKHOLDERS' EQUITY | \$ 5,026,031 | \$ 2,907,892 |

See Notes to Unaudited Condensed Consolidated Financial Statements.

Frontera Investment, Inc. and Subsidiaries
An Arizona Corporation
Unaudited Condensed Consolidated Statement of Operations

| | Year Ended | Year Ended |
|--|-----------------------------|-----------------------------|
| | December 31, 2008 | December 31, 2007 |
| | <u> </u> | <u> </u> |
| Revenues: | | |
| Merchandise Sales | \$ 5,920,385 | \$ 3,406,214 |
| Fees for Services | 1,284,081 | 829,836 |
| Total Revenues | <u>7,204,466</u> | <u>4,236,050</u> |
| | | |
| Cost of Sales | 5,676,950 | 3,308,967 |
| Direct Cost of Services | 30,722 | 34,425 |
| Gross Profit | <u>1,496,794</u> | <u>892,658</u> |
| | | |
| Expenses: | | |
| Store Operating Expenses | 825,182 | 647,140 |
| Bad debts | 68,801 | 16,346 |
| Store Rents | 166,192 | 81,631 |
| Store Depreciation | 146,053 | 84,309 |
| Total Store Expenses | <u>1,206,228</u> | <u>829,426</u> |
| Net Store Profit | 290,566 | 63,232 |
| Store preopening costs | 55,688 | 16,180 |
| Non-recurring expenses (income) | 0 | (155,281) |
| Corporate Expenses | 798,743 | 359,209 |
| Ordinary Loss | (563,865) | (156,876) |
| | | |
| Interest Expense | (95,780) | (70,103) |
| Net Loss before Income Taxes | (659,645) | (226,979) |
| Income Tax Benefit | 263,600 | 93,326 |
| Net Loss | <u>\$ (396,045)</u> | <u>\$ (133,653)</u> |
| | | |
| Basic and Diluted Net Loss Per Share | <u>\$ (0.01)</u> | <u>\$ (0.00)</u> |
| Weighted Average Number of Shares Outstanding | 57,460,516 | 51,007,977 |

See Notes to Unaudited Condensed Consolidated Financial Statements.

Frontera Investment, Inc. and Subsidiaries
An Arizona Corporation
Unaudited Condensed Consolidated Statement of Cash Flow

| | <u>Year Ended December 31, 2008</u> | <u>Year Ended December 31, 2007</u> |
|--|---|---|
| Net Loss: | \$ (396,045) | \$ (133,653) |
| Adjustments to reconcile Net Loss to net cash provided by operations: | | |
| Change in Deferred Tax Assets | (266,000) | (96,628) |
| Depreciation and Amortization | 169,508 | 98,023 |
| Change in Other Operating Assets and Liabilities: | | |
| Receivables | (551,755) | (19,371) |
| Inventories | (181,547) | (211,737) |
| Accounts Payable | 222,865 | 335,692 |
| ACH Clearing | 96,822 | 15,539 |
| Other Assets and Liabilities | (225,299) | (66,700) |
| Net cash used in Operating Activities | <u>(1,131,451)</u> | <u>(78,835)</u> |
| Investing Activities: | | |
| Purchase of Fixed Assets | (397,316) | (369,768) |
| Decrease in Deposits | (18,851) | (94,783) |
| Increase in Goodwill and Acquisition Related Costs | (1,013,796) | (570,668) |
| Net cash used in Investing Activities | <u>(1,429,963)</u> | <u>(1,035,219)</u> |
| Financing Activities: | | |
| Net Proceeds (Repayment) of Notes Payable | 226,000 | (284,006) |
| Net Proceeds from Common Stock Issuance | 1,874,067 | 921,852 |
| Increase (decrease) in Stock Subscription Receivable | (20,000) | 50,000 |
| Repayment of Long Term Debt | (93,002) | (82,856) |
| Proceeds from Long Term Debt | 387,934 | 569,386 |
| Net cash provided by Financing Activities | <u>2,374,999</u> | <u>1,174,376</u> |
| Net decrease in cash: | <u>(186,415)</u> | <u>60,322</u> |
| Cash at beginning of period | <u>605,873</u> | <u>545,551</u> |
| Cash at end of period | <u>\$ 419,458</u> | <u>\$ 605,873</u> |
| Supplemental Cash Flow Information: | | |
| Interest Paid | <u>\$ 85,182</u> | <u>\$ 64,354</u> |
| Income Taxes Paid | <u>\$ 2,400</u> | <u>\$ 3,200</u> |

See Notes to Unaudited Condensed Consolidated Financial Statements.

Frontera Investment, Inc. and Subsidiaries
An Arizona Corporation
Unaudited Condensed Consolidated Statements of Stockholders' Equity

| | Common Stock | | Retained Deficit | Stockholders' Equity |
|--|-------------------|----------------------|------------------------|-------------------------|
| | Shares | Amount | | |
| Balance, December 31, 2007 (Proforma) | 51,007,977 | \$ 11,941,278 | \$ (10,598,616) | \$ 1,342,662 |
| Share Rounding from split | 22,636 | - | | - |
| Issuance of Common Stock | 1,400,001 | 210,000 | - | 210,000 |
| Net Loss | - | - | (118,778) | (118,778) |
| Balance, March 31, 2008 | <u>52,430,614</u> | <u>\$ 12,151,278</u> | | <u>\$ 1,433,884</u> |
| Issuance of Common Stock | 7,319,750 | 1,094,565 | - | \$ 1,094,565 |
| Net Loss | - | - | (91,185) | (91,185) |
| Balance, June 30, 2008 | <u>59,750,364</u> | <u>\$ 13,245,843</u> | <u>\$ (10,808,579)</u> | <u>\$ 2,437,264</u> |
| Issuance of Common Stock | 2,579,357 | \$ 375,300 | - | \$ 375,300 |
| Net Loss | - | - | (60,286) | (60,286) |
| Balance, September 30, 2008 | <u>62,329,721</u> | <u>\$ 13,621,143</u> | <u>\$ (10,868,865)</u> | <u>\$ 2,752,278</u> |
| Issuance of Common Stock | 1,583,333 | \$ 248,500 | - | \$ 248,500 |
| Commission paid in connection with Common Stock | - | 54,298 | - | - 54,298 |
| Net Loss | - | - | (125,796) | (125,796) |
| Balance, December 31, 2008 | <u>63,913,054</u> | <u>\$ 13,815,345</u> | <u>\$ (10,994,661)</u> | <u>\$ 2,820,684</u> |

See Notes to Unaudited Condensed Consolidated Financial Statements.

Frontera Investment, Inc. and Subsidiaries
Notes to Unaudited Condensed Consolidated Financial Statements

1. Organization and Nature of Operations

The Company provides check cashing and related financial services through all seven of its locations and non-recourse loans to individuals secured by gold jewelry (“pawn loans”) and unsecured cash advances in locations permitted for such activity. The gold secured loan portfolio generates finance and service charges revenue. A related activity of the gold jewelry secured pawn lending operations is the disposition of gold jewelry, primarily collateral from unredeemed pawn loans, which is sold on a wholesale basis to a gold refiner.

On March 16, 2008 Frontera Investment, Inc., and its subsidiaries (the “Company”) merged its business operations and assets into Bidnow.com, Inc. (the “Reverse Merger”). On April 10, 2008, Bidnow.com, Inc.’s name was changed to Frontera Investment, Inc. On April 15, 2008 the Company announced a new ticker symbol of “FRNV” which is traded over the counter on NASDAQ.

2. Summary of Significant Accounting Policies

Basis of Presentation - The accompanying Unaudited Condensed Consolidated Balance Sheet as of December 31, 2008 and the Unaudited Condensed Consolidated Statement of Operations and Statement of Cash Flows for the year ended December 31, 2008 have been internally prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) and with the instructions to Form 10-QSB and Article 10 of Regulation S-X. Provided the overall material nature and timing of the Reverse Merger, the Unaudited Pro Forma Condensed Consolidated Balance Sheets as of December 31, 2007, and the Condensed Consolidated Statement of Operations, Stockholders’ Equity and Cash Flows for the year ended December 31, 2007 are presented “as if” the Reverse Merger occurred at the beginning of the period presented. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements, but include only those footnotes deemed by management to be material to the reader of the financial statements. All material intercompany balances and transactions have been eliminated.

Use of Estimates - The preparation of financial statements in conformity with GAAP requires the use of estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates. In the opinion of management, the accompanying financial statements include all adjustments, consisting of normal recurring accruals, necessary for a fair presentation of the financial condition, results of operations and cash flows for the periods presented. The accompanying financial statements are not necessarily indicative of what the actual financial position or results of operations of the combined companies would have been as of the date or for the periods indicated, nor do they purport to represent the financial position or results of operations of the combined companies as of or for any future period.

Cash and Cash Equivalents - Cash and cash equivalents represent cash at the Company’s stores and in bank accounts. No amounts are restricted.

Revenue Recognition

Check Cashing Fees and Other - The Company records check cashing fees in the period in which the check cashing service is provided. Revenues derived from other financial services such as money transfer and money order commissions are recognized when the transaction is made.

Pawn Lending - Pawn loans are made on the pledge of gold jewelry. The Company accrues finance and service charge revenue only on those pawn loans that the Company deems collectible through either an excess of collateral and historical loan redemption statistics.

Frontera Investment, Inc. and Subsidiaries
Notes to Unaudited Condensed Consolidated Financial Statements

Merchandise Sales - One location sells mass transit tickets and all stores sell some limited merchandise for the convenience of its customers all of which is carried at the lower of cost or market and revenue recognized when sold. In addition, for pawn loans not repaid, the carrying value of the forfeited gold jewelry is recorded as inventory and revenue on the disposition of the gold jewelry is recognized on the date the gold jewelry is sold to an unrelated gold refiner.

Cash Advances - Cash advances provide customers with cash in exchange for a promissory note supported by that customer's personal check or authorization to debit that customer's account via an Automated Clearing House ("ACH") transaction for the aggregate amount of the payment due. The customer may repay the cash advance either in cash, or, as applicable, by allowing the check to be presented for collection, or by allowing the customer's checking account to be debited through an ACH for the amount due. The Company accrues fees and interest on cash advances when the loan is paid, typically two weeks. In order to manage the portfolio of cash advances effectively, the Company utilizes a variety of underwriting criteria, monitors the performance of the portfolio, and maintains an allowance or accrual for losses equal to 20% of the fees that will be earned on outstanding loans.

Inventories and Cost of Sales - All inventories are stated at the lower of cost or market. Mass transit tickets are for a local governmentally run enterprise fund. The Company purchases and sells the mass transit tickets for one of its locations, which are typically purchased in advance at each month end, and sold through within a 30 day period. Any resulting loss of inventory or "shrink" is not material and expensed as incurred. Revenues for the sales of these tickets are reported at proceeds received from the sale of these tickets and cost of goods sold is recorded at the cost of those tickets sold. Major components of inventories as of December 31, 2008 and 2007 were as follows:

| | 2008 | 2007 |
|-----------------------------------|------------|------------|
| Mass transit tickets | \$ 340,613 | \$ 197,767 |
| Gold jewelry held for disposition | 410 | - |
| General merchandise | 62,138 | 22,514 |
| Total | \$ 403,161 | \$ 220,281 |

Receivables - Pawn loan receivables are secured by gold jewelry. During fiscal 2008, the Company realized a \$7,000 profit on the sale of \$249,000 in gold on defaulted pawn loans (there were no sales in 2007). The Company does not record an allowance for losses on Pawn loans as the gold held as security has historically exceeded the principal and fees outstanding. Payday advance receivables represent payday advances, less reserve for losses of \$2,388 and \$0 as of December 31, 2008 and 2007. The major components of receivables as of December 31, 2008 and 2007 were as follows:

| | 2008 | 2007 |
|-----------------------------------|------------|-----------|
| Pawn loan receivables | \$ 565,293 | \$ 85,057 |
| Payday advance receivables, net | 79,882 | 5,108 |
| Commissions and other receivables | 2,700 | 5,955 |
| Total | \$ 647,875 | \$ 96,120 |

Bad debts totaled \$68,801 and \$16,346 for the years ended December 31, 2008 and 2007. Uncollected check losses totaled \$49,559 and payday advance losses totaled \$19,242 for the year ended December 31, 2008. Uncollected check losses totaled \$16,241 and payday advance losses totaled \$105 for the year ended December 31, 2007.

Frontera Investment, Inc. and Subsidiaries
Notes to Unaudited Condensed Consolidated Financial Statements

Property and Equipment - Property and equipment is recorded at cost. The cost of property retired or sold and the related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in the consolidated statements of income under Other Income. Depreciation expense is generally provided on a straight-line basis using estimated useful lives of five - seven years.

Goodwill and Other Intangible Assets - SFAS No. 142, "Goodwill and Other Intangible Assets," became effective January 1, 2002. In lieu of amortization, the Company is required to perform an impairment review of goodwill at least annually. The Company completed its reviews during 2008 and 2007. Based on the results of these tests, management determined that there was no impairment of values of goodwill recorded related to the Company's stores that were acquired for values excess of the net assets purchased.

The Company amortizes intangible assets with an estimable life on the basis of their expected periods of benefits, generally five years. Amortization expense totaled \$9,684 and \$5,212 for the years ended December 31, 2008 and 2007. Store pre-opening costs are charged to expense as incurred and totaled \$55,688 and \$16,180 for the years ended December 31, 2008 and 2007.

Cumulative Losses - To date the Company has experienced losses from its operations and anticipates that it will require additional capital resources, including the net proceeds from additional equity and debt financing transactions, to generate revenue and achieve positive cash flows from operations. The Company's ability to generate positive cash flows depends upon a variety of factors, including the growth in profitability of new stores, acceptance in the market for the Company's products and services and other various factors, some of which may be beyond the Company's control. There can be no assurance that such financing transactions will be consummated or that such revenue will be generated necessary to carry out the Company's business plans and meet certain debt obligations as they become due.

During the calendar year 2008, management sold common stock totaling \$1.8 million and both long term and short term debt totaling \$577,000 to fund the acquisition and opening of new stores and operating expenses. Management will need to continue to raise equity to support both working capital needs and new stores planned in 2009.

Income Taxes - The provision for income tax benefit is based on losses before the tax benefit as reported for financial statement purposes. Deferred income taxes are provided for in accordance with the assets and liability method of accounting for income taxes in order to recognize the tax effects of temporary differences between financial statement and income tax accounting.

Effective January 1, 2007, the Company began accounting for uncertainty in income taxes recognized in the consolidated financial statements in accordance with Financial Accounting Standards Board ("FASB") Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" ("FIN 48"). FIN 48 requires that a more-likely-than-not threshold be met before the benefit of a tax position may be recognized in the consolidated financial statements and prescribes how such benefit should be measured. It also provides guidance on derecognition, classification, accrual of interest and penalties, accounting in interim periods, disclosure and transition. It requires that the new standard be applied to the balances of assets and liabilities as of the beginning of the period of adoption and that a corresponding adjustment be made to the opening balance of retained earnings.

Stock-Based Compensation - The Company has no stock options or other stock based compensation that would require the application of the Statement of Financial Accounting Standards No. 123(R), "Share-Based Payment" ("SFAS 123(R)"), using the modified prospective method.

Net Income (Loss) Per Share - Basic net income (loss) per share is computed by dividing net income by the weighted average number of common shares outstanding during the year. Diluted net income (loss) per share is calculated by giving effect to the potential dilution that could occur if securities or other contracts to issue common shares were exercised and converted into common shares during the year. When presenting Net Loss per share information, basic shares outstanding are used to compute both diluted and basic shares outstanding for 2007 or 2008.

Frontera Investment, Inc. and Subsidiaries
Notes to Unaudited Condensed Consolidated Financial Statements

Recent Accounting Pronouncements - In September 2006, the Financial Accounting Standards Board (the "FASB") issued "SFAS No. 157, Fair Value Measurements." SFAS No. 157 prescribes a single definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company does not believe the adoption of SFAS No. 157 will have a material impact on its financial condition or results of operations. SFAS No. 157 is effective for the Company's interim reporting period beginning January 1, 2008.

In February 2007, the FASB issued SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities. This statement permits entities to choose to measure many financial instruments and certain other items at fair value. The objective is to improve financial reporting by providing entities with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. The Company does not believe the adoption of SFAS No. 159 will have a material impact on its financial condition or results of operations. SFAS No. 159 is effective for the Company's interim reporting period beginning January 1, 2008.

Reclassifications - Certain amounts in the consolidated financial statements for 2007 have been reclassified to conform to the presentation format adopted in 2008. These reclassifications have no effect on net income previously reported.

3. Acquisitions and New Store Leases

In November 2008, the Company entered into escrow for the purchase of a third store in Ventura County California for \$675,000. The terms of the agreement are for payment in cash and to close on or before July 1, 2009.

In August 2008, the Company entered into two 5-year leases with renewal options for new store facilities in Mecca and Perris California. These stores are inside two ARCO ampm Travel Centers. The Mecca store opened October 24, 2008 and the Perris store is scheduled to open in April 2009.

In June 2008, the Company acquired an existing store in Ventura County, California under a 5-year lease with renewal options and began operations on September 1, 2008. The purchase price was for \$577,153 with transactions costs and allocated \$5,362 to equipment and \$571,791 to Goodwill.

In May 2008, the Company entered into a 5-year lease with renewal options for a new store location in Dinuba California. The date of opening of this store has not been set as of this time.

In March 2008, the Company acquired an existing store in Ventura County, California under a 5-year lease with renewal options and converted the store to its current operating model. The purchase price was for \$403,000. The Company paid \$403,000 in cash and the total purchase price was allocated to Goodwill.

In August 2007, the Company acquired an existing store, entered into a 5-year lease and converted the location to its current operating model. The purchase price was for \$75,000 in cash. The total purchase price was allocated to Goodwill.

In January 2007, the Company acquired an existing store in San Diego County, assumed a long-term lease and converted the store to its current operating model. The purchase price was for \$525,000. The Company paid \$416,450 in cash and related transaction costs and entered into a promissory note with the seller of \$125,000, 8% per annum, payable monthly, and is due July 2009. The total purchase price was allocated \$47,000 to equipment and \$494,450 to Goodwill.

Purchase price of the two stores acquired each during 2008 and 2007 are as follows:

Frontera Investment, Inc. and Subsidiaries
Notes to Unaudited Condensed Consolidated Financial Statements

| | | |
|---|-------------------|-------------------|
| | <u>2008</u> | <u>2007</u> |
| Number of Stores Acquired | 2 | 2 |
| Purchase Price and Transactions Costs Allocated to: | | |
| Goodwill | \$ 569,450 | \$ 974,791 |
| Equipment | 47,000 | 5,362 |
| Total Cash Consideration Paid | <u>\$ 616,452</u> | <u>\$ 980,155</u> |

4. Property and Equipment

Major classifications of property and equipment at December 31, 2008 and 2007 were as follows:

| | <u>2008</u> | | | <u>2007</u> | | |
|-------------------------------------|---------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | Cost | Accum Dep. | Net | Cost | Accum. Dep. | Net |
| Leasehold Improvements | \$ 233,993 | \$ 38,745 | \$ 195,248 | \$ 91,117 | \$ 8,815 | \$ 82,302 |
| Store Equipment | 729,387 | 184,758 | 544,629 | 506,584 | 79,722 | 426,862 |
| Corporate Office Equipment and auto | 100,229 | 62,075 | 38,154 | 70,068 | 48,361 | 21,707 |
| Total | <u>\$ 1,063,609</u> | <u>\$ 285,578</u> | <u>\$ 778,031</u> | <u>\$ 667,769</u> | <u>\$ 136,898</u> | <u>\$ 530,871</u> |

Store and corporate office equipment and autos are depreciated over three to five years. Leasehold improvements are depreciated over the life of the lease term.

5. Notes Payable

The Company's short-term debt instruments and balances outstanding at December 31, 2008 and 2007 were as follows:

| | | |
|--|-------------------|-------------------|
| | <u>2008</u> | <u>2007</u> |
| \$150,000, 8% per annum, Payable \$2,500 plus interest Quarterly, Unsecured Promissory Note with Warrants, Due 10/28/2009 | \$ - | \$ 150,000 |
| \$417,000, 12% per annum, Payable on demand, interest quarterly, Unsecured Promissory Notes from several officers and directors of the Company | 417,000 | 41,000 |
| Total | <u>\$ 417,000</u> | <u>\$ 191,000</u> |

On July 14, 2008, the Company negotiated a one year extension on the \$150,000 unsecured Promissory Note to October 28, 2009 which resulted in a reclassification of this Note to Long term.

At various dates, the Company issued unsecured short-term demand notes with interest payable monthly at 12% per annum as needed to provide short term operating capital needs by several members of the Company's board of directors and officers of the Company. Interest expense on these notes totaled \$26,231 for the year ended December 31, 2008 and none for the year ended December 31, 2007.

6. Long Term Debt

The Company's long-term debt instruments and balances outstanding at December 31, 2008 and 2007 were as follows:

Frontera Investment, Inc. and Subsidiaries
Notes to Unaudited Condensed Consolidated Financial Statements

| | 2008 | 2007 |
|---|------------|------------|
| \$150,000, 8% per annum, Payable Quarterly, Unsecured Promissory Note with Warrants, Due October 28, 2009 | \$ 145,000 | \$ - |
| \$207,500, Prime +2.25%, Payable Monthly, Secured Bank Term Loan Due April 10, 2017 | 184,694 | 199,416 |
| \$250,000, Prime +3%, Payable Monthly, Secured Bank Term Loan Due October 14, 2009 | 149,992 | 193,340 |
| \$125,000, 10% per annum, Payable Monthly, Secured Promissory Note, Due 7/09 | 125,000 | 125,000 |
| \$160,000, 15% per annum payable quarterly, due various dates between May 2010 thru June 2010, secured by gold held as security on pawn loans | 160,000 | - |
| Capitalized Lease Obligations, various | 141,757 | 93,765 |
| Total Debt | 906,443 | 611,521 |
| Less current maturities | (480,492) | (52,608) |
| Long-term debt | \$ 425,951 | \$ 558,913 |

The Company has a long-term loan with a bank that commenced October 14, 2005 and is renewed annually. On October 14, 2008, this Note had a balance of \$156,658 and was renewed for another year. This Note now includes an interest rate floor of 7% and principal payments increased from \$3,333 per month to \$5,000 per month.

The Company issued \$160,000 Notes secured by gold held in the Company's stores. These Notes are due in 18 months with interest payable quarterly at 15% per annum.

As of December 31, 2008, annual maturities of the outstanding long-term debt for each of the five years after December 31, 2008 are as follows:

| | |
|------------|------------|
| 2009 | \$ 390,500 |
| 2010 | 275,424 |
| 2011 | 81,136 |
| 2012 | 37,393 |
| 2013 | 21,266 |
| Thereafter | 100,724 |
| | \$ 906,443 |

The Company is in compliance with all debt covenants.

Frontera Investment, Inc. and Subsidiaries
Notes to Unaudited Condensed Consolidated Financial Statements

7. Income Taxes

The components of the Company's deferred tax assets and liabilities as of December 31, 2008 and 2007 are as follows:

| | <u>2008</u> | <u>2007</u> |
|---|-------------------|-------------------|
| Deferred tax assets: | | |
| Net Operating Losses | \$ 843,015 | \$ 635,938 |
| Deferred state credits | 194,500 | 141,600 |
| Reserve | - 52,000 | - 40,000 |
| Total deferred tax assets | <u>985,515</u> | <u>737,538</u> |
| Deferred tax liabilities: | | |
| Accelerated depreciation for tax purposes | <u>19,515</u> | <u>37,538</u> |
| Total deferred tax liabilities | <u>19,515</u> | <u>37,538</u> |
| Net deferred tax assets | <u>\$ 966,000</u> | <u>\$ 700,000</u> |

The components of the provision for income tax benefit and the income to which it relates for the years ended December 31, 2008 and 2007 are shown below:

| | <u>2008</u> | <u>2007</u> |
|--------------------------------|--------------------|--------------------|
| Loss before income tax benefit | <u>-\$ 661,245</u> | <u>-\$ 226,979</u> |
| Current provision (benefit): | | |
| Federal | \$ - | \$ - |
| State | <u>2,400</u> | <u>3,200</u> |
| Deferred provision (benefit): | | |
| Federal | - 225,623 | - 85,907 |
| State | <u>- 40,377</u> | <u>- 10,619</u> |
| Total provision (benefit) | <u>-\$ 266,000</u> | <u>-\$ 96,526</u> |
| Effective tax rate | <u>40%</u> | <u>41%</u> |

The effective tax rate on income differs from the federal statutory rate of 34% primarily due to state income taxes net of federal tax benefits.

Although the Company has sustained operating losses since inception, the current growth rate in operating income from store operations; the acquisition of profitable stores during 2008 and opening of new stores that are transitioning to profitability creates a greater likelihood than not that the Company will eventually utilize the operating losses before their expiration, which will begin in 2018.

Frontera Investment, Inc. and Subsidiaries
Notes to Unaudited Condensed Consolidated Financial Statements

8. Commitments and Contingencies

Leases – The Company leases all of its store facilities under operating leases with terms ranging from one to five years and certain rights to extend for additional periods. Future minimum rentals due under non-cancelable leases are as follows for each of the years ending December 31:

| | |
|------------|--------------------------|
| 2009 | \$ 224,941 |
| 2010 | \$ 202,351 |
| 2011 | \$ 158,486 |
| 2012 | \$ 124,200 |
| Thereafter | <u>\$ 102,000</u> |
| Total | <u><u>\$ 811,978</u></u> |

There is no litigation or other contingent liabilities outstanding at this time.

9. Stockholders' Equity

The Company issued 12,068,836 shares of common stock during calendar 2008 in exchange for cash of \$1,810,326. In addition, 200,000 shares of common stock were issued in exchange for \$41,000 in fees in connection with these proceeds and 550,000 shares were issued to satisfy an \$82,500 finder fee for a store acquisition planned for July 2009 (shares are held in escrow until close) and 63,605 shares were issued in exchange for interest expense due of \$9,541. In addition to the shares issued in exchange for commissions in connection with shares sold, fees were paid in cash totaling \$28,298. Of the cash raised, a total of \$952,000, or 6,346,668 shares, were sold to officers, directors and friends and family and \$858,326, or 5,722,171 shares was sold to accredited investors through a Private Placement Offering dated March 31, 2008.

10. Subsequent Events

On February 28, 2009, the Company closed its remaining McDonalds' embedded store and moved the operations to a nearby shopping center under a 5 year lease agreement for the space. The costs to move were minimal and the new space is permitted for all of Frontera's products and services.

In February 2009, the Company entered into two separate agreements that will result in two additional stores in San Diego County. The first agreement is with an existing money transfer company that has two locations the Company acquired, one of which was closed and moved to a nearby Frontera location and the second the Company will assume operations on April 1, 2009. The cost for these stores is based upon the number of wire transactions, 90% of which is deferred and will be forgiven so long as the Company retains the seller as the exclusive money transfer company for its wire business in those locations. The third location is a lease on a existing store acquired through the payment of back rent of \$3,500 and is expected to be operational before the end of June 2009.

In November 2008, the Company entered into escrow for the purchase of a third store in Ventura County California for \$675,000. The terms of the agreement are for payment in cash and to close on July 1, 2009.