

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2105

OR

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

For the transition period from _____ to _____

Commission file number 000-55323

Mentor Capital, Inc.

(Exact name of registrant as specified in its charter)

Delaware

77-0395098

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer Identification
No.)

511 Fourteenth Street, Suite A-2, A-4, A-6, Ramona, CA 92065

(Address of principal executive offices) (Zip Code)

(760) 788-4700

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-5 (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

At November 4, 2015, there were 16,023,123 shares of Mentor Capital, Inc.'s common stock outstanding.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This report contains “forward-looking statements,” as defined in the United States Private Securities Litigation Reform Act of 1995. All statements contained in this report other than statements of historical fact, including statements regarding our future results of operations and financial position, our business strategy and plans, and our objectives for future operations, are forward-looking statements. The words “believe,” “may,” “will,” “estimate,” “continue,” “anticipate,” “seek”, “look”, “hope”, “intend,” “expect,” and similar expressions are intended to identify forward-looking statements. We have based these forward-looking statements largely on our current expectations and projections about future events and trends that we believe may affect our financial condition, results of operations, business strategy, short-term and long-term business operations and objectives, and financial needs. These forward-looking statements are subject to a number of risks, uncertainties and assumptions. Moreover, as we begin to increase our investments in the cannabis-related industry we may be subject to heightened scrutiny and our portfolio companies may be subject to additional laws, rules, regulations, and statutes. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties and assumptions, the future events and trends discussed in this Registration Statement may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements.

You should not rely upon forward-looking statements as predictions of future events. The events and circumstances reflected in the forward-looking statements may not be achieved or occur. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance, or achievements.

All references in this Form 10-Q to the “Company”, “Mentor”, “we”, “us,” or “our” are to Mentor Capital, Inc.

MENTOR CAPITAL, INC.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

Mentor Capital, Inc.

Condensed Consolidated Balance Sheets

	September 30, 2015 (Unaudited)	December 31, 2014
ASSETS		
Current assets		
Cash and cash equivalents	\$ 199,818	\$ 326,228
Accounts receivable, net	386,910	300,947
Prepaid expenses and other current assets	25,447	55,655
Investments in securities, at fair value	113,857	5,832
Investment in accounts receivable, net of discount, current portion	68,085	114,750
Note receivable - MicroCannaBiz member, current portion	16,352	-
Employee advances	4,763	2,500
	815,232	805,912
Property and equipment		
Property and equipment	236,033	239,060
Accumulated depreciation and amortization	(178,936)	(157,484)
	57,097	81,576
Other assets		
Investment in account receivable, net of discount and current portion	520,031	-
Receivable - Bhang Corporation and shareholders	1,500,000	1,500,000
Note receivable - MicroCannaBiz member, net of current portion	59,657	-
Deposits	9,575	9,575
Convertible note receivable	107,772	104,942
Long term investments	55,943	66,203
Goodwill	1,892,947	1,426,182
	4,145,925	3,106,902
Total other assets	4,145,925	3,106,902
Total assets	\$ 5,018,254	\$ 3,994,390

See accompanying Notes to Financial Statements

Mentor Capital, Inc.
Condensed Consolidated Balance Sheets (Continued)

	September 30, 2015 <u>(Unaudited)</u>	December 31, 2014 <u></u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 48,994	\$ 65,585
Accrued expenses	150,605	166,423
Deferred revenue	52,829	-
Line of credit	60,000	60,000
Current portion of long term debt	<u>11,518</u>	<u>18,911</u>
Total current liabilities	<u>323,946</u>	<u>310,919</u>
Long-term liabilities		
Accrued salary, retirement and incentive fee - related party	453,093	272,982
Long term debt, net of current portion	22,910	31,249
Convertible security	<u>589,611</u>	<u>-</u>
Total long-term liabilities	<u>1,065,614</u>	<u>304,232</u>
Total liabilities	<u>1,389,560</u>	<u>615,150</u>
Commitments and Contingencies	-	-
Shareholders' equity		
Preferred stock, \$0.0001 par value and no par value, 5,000,000 and 100,000,000 shares authorized; no shares issued and outstanding	-	-
Common stock, \$0.0001 par value, 75,000,000 shares authorized; 16,023,123 shares issued and outstanding at September 30, 2015	1,602	-
Common stock, no par value, 400,000,000 shares authorized; 14,483,215 shares issued and outstanding at December 31, 2014	-	7,001,908
Additional paid in capital	8,004,386	234,731
Accumulated deficit	(4,182,992)	(3,652,101)
Non-controlling interest	<u>(194,302)</u>	<u>(205,298)</u>
Total shareholders' equity	<u>3,628,694</u>	<u>3,379,240</u>
Total liabilities and shareholders' equity	<u>\$ 5,018,254</u>	<u>\$ 3,994,390</u>

See accompanying Notes to Financial Statements

Mentor Capital, Inc.

Condensed Consolidated Income Statements (Unaudited)

For The Three and Nine Months Ended September 30, 2015 and 2014

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2015	2014	2015	2014
Revenue				
Service fees	\$ 636,107	544,615	\$ 1,808,035	\$ 1,543,578
Webcast revenue	8,181	-	19,065	-
Publication revenue	-	1,600	-	2,550
Consulting revenue	24,975	-	44,400	-
Total revenue	<u>669,263</u>	<u>546,215</u>	<u>1,871,500</u>	<u>1,546,128</u>
Cost of sales	<u>422,424</u>	<u>381,776</u>	<u>1,149,023</u>	<u>1,057,355</u>
Gross profit	<u>246,839</u>	<u>164,439</u>	<u>722,477</u>	<u>488,773</u>
Selling, general and administrative expenses	<u>432,232</u>	<u>334,567</u>	<u>1,295,308</u>	<u>1,069,861</u>
Operating income (loss)	<u>(185,393)</u>	<u>(170,128)</u>	<u>(572,831)</u>	<u>(581,088)</u>
Other income and (expense)				
Gain recognized on purchase of majority interest in WCI	-	-	-	1,250,964
Interest income	27,167	12,453	47,854	15,982
Interest expense	(4,146)	(7,043)	(12,205)	(13,550)
Loan costs	-	-	-	(635,851)
Gain (loss) on investments	556	(7,782)	(2,082)	(5,590)
Gain upon conversion of investment in MicroCannaBiz to note receivable	-	-	35,360	-
Gain (loss) on equipment disposals	-	(4,925)	-	(1,886)
Other income (expense)	-	-	-	167
Total other income and (expense)	<u>23,577</u>	<u>(7,297)</u>	<u>68,927</u>	<u>610,236</u>
Income (loss) before provision for income taxes	<u>(161,816)</u>	<u>(177,425)</u>	<u>(503,904)</u>	<u>29,148</u>
Provision for income taxes	<u>800</u>	<u>-</u>	<u>800</u>	<u>2,525</u>
Net income (loss)	<u>(162,616)</u>	<u>(177,425)</u>	<u>(504,704)</u>	<u>26,623</u>
Gain (loss) attributable to non-controlling interest	<u>(669)</u>	<u>8,641</u>	<u>26,187</u>	<u>37,891</u>
Net income (loss) attributable to controlling interest	<u>\$ (161,947)</u>	<u>\$ (186,066)</u>	<u>\$ (530,891)</u>	<u>\$ (11,268)</u>
Basic and diluted net income (loss) per common share:				
Basic	<u>\$ (0.010)</u>	<u>\$ (0.013)</u>	<u>\$ (0.035)</u>	<u>\$ (0.001)</u>
Diluted	<u>\$ N/A*</u>	<u>\$ N/A*</u>	<u>\$ N/A*</u>	<u>\$ N/A*</u>
Weighted average number of shares of common stock outstanding:				
Basic	<u>15,976,238</u>	<u>14,492,602</u>	<u>15,364,193</u>	<u>12,539,342</u>
Diluted	<u>N/A*</u>	<u>N/A*</u>	<u>N/A*</u>	<u>N/A*</u>

*The company recorded operating loss and so the diluted EPS will not be calculated for the diluted EPS effect is anti-dilutive.

See accompanying Notes to Financial Statements

Mentor Capital, Inc.Condensed Consolidated Statements of Cash Flows (Unaudited)
For The Nine Months Ended September 30, 2015 and 2014

	For the Nine Months Ended September 30,	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	\$ (504,704)	\$ (11,268)
Adjustments to reconcile net income (loss) to net cash provided by (used by) operating activities:		
Depreciation and amortization	24,578	19,314
Amortization of discount on investment in account receivable	(43,013)	(11,250)
Loss on disposal of furniture and equipment	-	1,886
Accrued investment interest income	(4,839)	-
Investment loss	2,140	5,590
Gain recognized on purchase of majority interest in WCI	-	(1,250,964)
Gain on conversion of investment in MicroCannaBiz to note receivable	(35,360)	-
Decrease (increase) in operating assets		
Accounts receivable - trade	(78,929)	(35,637)
Receivable - Bhang Chocolate Company shareholders	-	(1,500,000)
Prepaid expenses and other current assets	32,708	(31,976)
Other assets	1,000	(3,725)
Increase (decrease) in operating liabilities		
Accounts payable	(16,591)	(12,274)
Accrued expenses	(123,763)	(25,386)
Deferred revenue	52,829	-
Accrued salary, retirement and benefits - related party	104,404	(5,073)
	<u>(589,540)</u>	<u>(2,860,763)</u>
Net cash provided by (used by) operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(17,601)	(33,826)
Sale of property and equipment	-	7,499
Cost of securities purchased	(1,061)	-
Proceeds from securities sold	1,053	7,482
Receivable - Bhang Chocolate Company shareholders	-	-
Investment in receivable	-	(90,000)
Receipt of investment in receivable	117,000	-
Investment in convertible note receivable	-	(100,000)
Proceeds from long term investment	-	1,150
Purchase of additional interest in WCI	-	(25,000)
Effect of deconsolidating MCB on April 27, 2015 and converting to note receivable	(1,999)	-
Employee advances	(2,263)	254
	<u>95,129</u>	<u>(232,441)</u>
Net cash provided by (used by) investing activities		

Mentor Capital, Inc.Condensed Consolidated Statements of Cash Flows (Unaudited, Continued)
For The Nine Months Ended September 30, 2015 and 2014

	For the Nine Months Ended September 30,	
	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Warrants converted to common stock, net of costs	\$ 313,407	\$ 3,637,505
Common stock repurchased and retired	(15,705)	(19,037)
Borrowing on line of credit	-	60,000
Payments on long-term debt	(15,732)	(46,479)
Sale of convertible security	120,000	-
Non-controlling interest distribution	<u>(33,969)</u>	<u>(72,875)</u>
Net cash provided by (used by) financing activities	<u>368,001</u>	<u>3,559,114</u>
Net change in cash	(126,410)	465,910
Beginning cash	<u>326,228</u>	<u>87,557</u>
Ending cash	\$ <u>199,818</u>	\$ <u>553,467</u>
SUPPLEMENTARY INFORMATION:		
Cash paid for interest	\$ <u>11,924</u>	\$ <u>13,550</u>
Cash paid for income taxes	\$ <u>800</u>	\$ <u>2,525</u>
NON-CASH INVESTING AND FINANCING TRANSACTION:		
Shareholder purchase of shares through decrease in liability to shareholder	\$ -	\$ 944,231
Shareholder assumption of warrant liability resulting in increased liability to shareholder	\$ (75,706)	\$ (19,700)
Investment in account receivable, net of discount, via issuance of shares	\$ 547,353	\$ -

See accompanying Notes to Financial Statements

Note 1 - Nature of operations

Corporate Structure Overview Since 1985

Mentor Capital, Inc. (“Mentor” or “the Company”), now incorporated in Delaware, was founded as an investment partnership in Silicon Valley, California by the current CEO in 1985 and was originally incorporated under the laws of the State of California on July 29, 1994. On September 12, 1996, the Company’s offering statement was qualified pursuant to Regulation A of the Securities Act, and the Company began to trade its shares publicly. On August 21, 1998, the Company filed for voluntary reorganization and, on January 11, 2000, the Company emerged from Chapter 11. The Company relocated to San Diego, California and contracted to provide financial assistance and investment into small businesses. On May 22, 2015, a corporation, named Mentor Capital, Inc. (“Mentor Delaware”) was incorporated in Delaware. On June 30, 2015, a vote of the holders of a majority of outstanding shares entitled to vote approved an Agreement and Plan of Merger providing for the merger of Mentor with Mentor Delaware and in which Mentor Delaware was the surviving entity. The merger was approved by the California and Delaware Secretaries of State, and became effective September 24, 2015, establishing Mentor as a Delaware corporation.

Current Business (2008 - 2015)

Since the August 2008, name change back to Mentor Capital, Inc., the Company’s common stock has traded publicly under the trading symbol OTCQB: MNTR.

In 2009, the Company began focusing its investing activities in leading edge cancer companies. In 2012, in response to government limitations on reimbursement for highly technical and expensive cancer treatments and a resulting business decline in the cancer development sector, the Company decided to exit that space. In the summer of 2013 the Company was asked to consider investing in a cancer related project with a medical marijuana focus. On August 29, 2013, the Company made a decision to divest of its cancer assets and focus all future investments in the cannabis and medical marijuana sector.

Effective January 1, 2014, Mentor purchased an additional 1% interest in Waste Consolidators, Inc. (“WCI”) for \$25,000 which resulted in a 51% ownership in WCI. At December 31, 2013, Mentor’s investment in WCI was recorded under the equity method. In accordance with Accounting Standard Codification 810-10, *Consolidation – Overall*, on January 1, 2014 Mentor remeasured its previously held equity interest at the acquisition-date fair value and recognized the resulting gain of \$1,250,964 on investment in subsidiary, see Note 17. WCI was incorporated in Colorado in 1999 and operates in Arizona and Texas. It is a legacy investment which was acquired prior to the Company’s current focus on the cannabis sector and is included in the consolidated financial statements for the year ended December 31, 2014.

On February 18, 2014, the Company signed an agreement to purchase a 51% interest in MicroCannaBiz, LLC (“MCB”), for \$200,000, see Note 11. MCB is a Limited Liability Company organized in Florida in January 2014 which began operations in June 2014. MCB provides cannabis and marijuana related private companies, investors and microcap issuers with information resources including client company specific publications, directories, and continuing education courses. On April 27, 2015, Mentor converted its equity contribution of \$74,000 to a ten year note receivable from MCB and MCB’s remaining member as provided in the funding agreement, see Note 11. The note bears interest at 6% and is payable in monthly installments. The note receivable is included in the consolidated balance sheet at September 30, 2015. MCB operations are included in the consolidated financial statements for the three and nine months ended September 30, 2014 and December 31, 2014.

On February 28, 2014, the Company acquired a 60% ownership in Bhang Chocolate Company, Inc. (“Bhang”), see Note 4 regarding the purchase and subsequent Mentor lawsuit seeking rescission of the agreement. Amounts invested in Bhang are reported as Receivable from Bhang Chocolate Company shareholders in the consolidated balance sheet at December 31, 2014 and September 30, 2015.

Note 1 - Nature of operations (continued)

On April 20, 2015, the Company acquired 100% of a Georgia sole proprietorship, dba Investor Webcast ("CAST") valued at \$469,611 in exchange for 4,696 to-be-created Series B convertible preferred shares of Mentor. On May 7, 2015, Investor Webcast, LLC, was formed as a Delaware limited liability company subsidiary to hold the assets of CAST. CAST works to provide cannabis related public and private companies, investors and microcap issuers with the best possible investor information through webcasts, conferences, email and an evolving mix of media products, investment publications, industry financial research, and by other means. After one year, the to-be-created Series B convertible preferred shares may be converted, in steps or in whole, into Mentor common shares, See Note 17. At the time CAST was acquired Mentor was awaiting approval to reincorporate in Delaware and the Series B convertible preferred shares had not yet been created. Therefore, a convertible security has been issued to the prior owner of CAST which will be converted to Mentor Series B convertible preferred shares once the preferred shares are created and approved by the Delaware Secretary of State. The convertible security is reflected as a liability on the consolidated balance sheets at September 30, 2015.

On June 25, 2015, the Company formed Canyon Crest Holdings, LLC ("CCH"), a Delaware limited liability company and wholly owned subsidiary of Mentor. CCH was formed to provide management services to the rapidly evolving cannabis sector. Services to be provided will include but are not limited to: 1) Branding, marketing, administrative and consulting services; 2) Compliance and legal services; and 3) accounting and financial services. Operations of CCH are included in the consolidated financial statements from the date of inception (June 25, 2015) through September 30, 2015.

In association with the financing of CCH, on August 21, 2015, Mentor entered into an agreement in which an individual purchased to-be-created Mentor Series C convertible preferred shares for \$120,000. After one year, the to-be-created Series C convertible preferred shares may be converted, in steps or in whole, into Mentor common shares, See Note 19. At the time of the agreement, Mentor was awaiting state approval of its reincorporation under the laws of the State of Delaware and the Series C convertible preferred shares had not yet been created. Therefore, a convertible security has been issued to the purchaser which will be converted to Mentor Series C convertible preferred shares once the preferred shares have been created and approved by the Delaware Secretary of State. The convertible security is reflected as a liability on the consolidated balance sheets at September 30, 2015.

Note 2 - Summary of significant accounting policies

Condensed consolidated financial statements

Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted. The results of operations for the periods ended September 30, 2015 and 2014 are not necessarily indicative of the operating results for the full years.

Basis of presentation

The Company's consolidated financial statements include majority owned subsidiaries of 51% or more. The consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. All material intercompany balances and transactions have been eliminated in consolidation.

As shown in the accompanying financial statements, the Company has a significant accumulated deficit of \$4,182,992 as of September 30, 2015. The Company also continues to experience negative cash flows from operations. The Company will be required to raise additional capital to fund its operations, and will continue to attempt to raise capital resources from both related and unrelated parties until such time as the Company is able to generate revenues sufficient to maintain itself as a viable entity. These factors have raised substantial doubt about the Company's ability to continue as a going concern. There can be no assurances that the Company will be able to raise additional capital or achieve profitability. However, the Company has 13 million warrants outstanding, any fraction of which the Company can reset the exercise price substantially below the current market price, see Note 9. These consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Note 2 - Summary of significant accounting policies (continued)

The Company raised approximately \$313,407 from partial warrant redemptions from February 9, 2015 through September 30, 2015, see Note 9. In addition, in August 2015, the Company received \$120,000 in exchange for to-be created Mentor Series C convertible preferred shares. The Company estimates it has adequate cash reserves to support three to six months of operation. Management's plans include increasing revenues through acquisition, investment, and organic growth. This is to be funded by raising additional capital through the sale of equity securities and debt.

Concentrations of cash

The Company maintains its cash and cash equivalents in bank deposit accounts which at times may exceed federally insured limits. The Company has not experienced any losses in such accounts nor does the Company believe it is exposed to any significant credit risk on cash and cash equivalents.

Cash and cash equivalents

The Company considers all short-term debt securities purchased with a maturity of three months or less to be cash equivalents. The Company had no short-term debt securities as of September 30, 2015 and 2014.

Accounts receivable

Customer accounts receivable are classified as current assets and are carried at original invoice amounts less an estimate for doubtful receivables based on a review of all outstanding amounts on a monthly basis. The estimate of allowance for doubtful accounts is based on the Company's bad debt experience, market conditions, collateral available, and aging of accounts receivable, among other factors. If the financial condition of the Company's customers deteriorates resulting in the customer's inability to pay the Company's receivables as they come due, additional allowances for doubtful accounts will be required. At September 30, 2015 and 2014, the Company has recorded an allowance in the amount of \$13,100 and \$0, respectively.

Investment in unconsolidated entity

Prior to acquiring a controlling interest in WCI on January 1, 2014, Mentor accounted for the investment in WCI using the equity method based on the ownership interest and the Company's limited ability to exercise significant influence at December 31, 2013. Accordingly, the investment was initially recorded at cost with adjustments to the carrying amount of the investment to recognize our share of the earnings or losses of the investee each reporting period. Mentor ceased to recognize losses when our investment basis was zero. At December 31, 2013, the WCI investment was \$0. On January 1, 2014, the Company purchased an additional 1% interest in WCI for a 51% interest, see Note 17.

Convertible note receivable

The 5% convertible note receivable from Electrum Partners, LLC (Electrum) is recorded at the loan amount of \$100,000 plus accrued interest of \$7,772 and \$4,942 at September 30, 2015 and December 31, 2014.

Long term investments

The Company's investments in entities where it is a minority owner and does not have the ability to exercise significant influence are recorded at fair value if readily determinable. If the fair market value is not readily determinable, the investment is recorded under the cost-method. Under this method, the Company's share of the earnings or losses of such investee company is not included in the Company's financial statements. The Company reviews the carrying value of its long term investments for impairment each reporting period.

Note 2 - Summary of significant accounting policies (continued)

Investment in account receivable, net of discount

The Company invested \$90,000 for an account receivable and promissory note in the amount of \$117,000 on July 8, 2014 which was due on or before January 15, 2015. The note was paid and extinguished in March 2015. On April 10, 2015, the Company entered into an exchange agreement whereby the Company received an investment in account receivable with installment payments of \$117,000 per year for 11 years totaling \$1,287,000 in exchange for 757,059 shares of Mentor stock obtained through exercise of series D warrants at \$1.60 per share.

The investments were recorded at face value with an offsetting discount at the time of purchase or exchange. The discount is amortized to interest income over the term of the notes.

Note receivable – MicroCannaBiz and member

Mentor converted all amounts previously invested in MCB to a note receivable on April 27, 2015, as provided in the funding agreement with MCB. The note is reported at the amount invested plus accrued and unpaid interest at September 30, 2015.

Property, equipment and machinery

Property, equipment and machinery are recorded at cost. Depreciation is computed on the straight-line and declining balance methods over the estimated useful lives of various classes of property ranging from 3 to 7 years.

Database and website development costs relate to development of CAST's website and webcast subscriber base. Database and website development costs are amortized over 2 years upon launch of the website.

Expenditures for renewals and betterments are capitalized and maintenance and repairs are charged to expense. Upon retirement or sale, the cost of assets disposed and the accumulated depreciation is removed from the accounts. The resulting gain or loss is credited or charged to income.

Goodwill

Goodwill of \$1,324,142 was derived from consolidating WCI effective January 1, 2014, see Note 17, and \$102,040 of goodwill related to the 1999 acquisition of a 50% interest in WCI. Goodwill of \$466,765 was recorded on the April 20, 2015 acquisition of CAST, see Note 18. The Company accounts for its Goodwill in accordance with FASB Accounting Standards Codification 350, Intangibles – Goodwill and Other, which requires the Company to test goodwill for impairment annually or whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable, rather than amortize. Goodwill impairment tests consist of a comparison of each reporting unit's fair value with its carrying value. Impairment exists when the carrying amount of goodwill exceeds the implied fair value for each reporting unit. To estimate the fair value, management used valuation techniques which included the discounted value of estimated future cash flows. The evaluation of impairment requires the Company to make assumptions about future cash flows over the life of the asset being evaluated. These assumptions require significant judgment and are subject to change as future events and circumstances change. Actual results may differ from assumed and estimated amounts. Management determined that no impairment write-downs were required as of December 31, 2014. There have been no changes in circumstances that would indicate an impairment at September 30, 2015.

Revenue recognition

The Company recognizes revenue in accordance with ASC 605 "Revenue Recognition". The Company records revenue under each contract once persuasive evidence of an agreement exists, delivery has occurred or services have been rendered, the fee is fixed or determinable and collectability is reasonably assured.

Note 2 - Summary of significant accounting policies (continued)

Basic and diluted income (loss) per common share

Basic net income (loss) per common share (EPS) is computed by dividing net income (loss) available to common shareholders (numerator) by the weighted average number of shares outstanding (denominator) during the period. Diluted EPS adjusts basic net income (loss) per common share, computed using the treasury stock method, for the effects of potentially dilutive common shares, if the effect is not antidilutive. In computing diluted EPS, the average stock price for the period is used in determining the number of shares assumed to be purchased from the exercise of stock warrants. Diluted EPS excludes all dilutive potential shares if their effect is antidilutive. Outstanding warrants that had no effect on the computation of dilutive weighted average number of shares outstanding as their effect would be antidilutive were approximately 13,635,213 and 15,198,425 as of September 30, 2015 and 2014, respectively. There were 4,500 potentially dilutive shares outstanding at September 30, 2015 and 2014, respectively. Based on the April 20, 2015 CAST liquidity agreement formula for conversion of the convertible security to common shares, there were 144,085 contingently convertible shares at September 30, 2015.

Income taxes

We utilize the asset and liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are determined based on the difference between the financial statement carrying amounts and tax basis of assets and liabilities using enacted tax rates in effect for years in which the temporary differences are expected to reverse. A valuation is provided when it is more likely than not that some portion or all of a deferred tax asset will not be realized.

Generally accepted accounting principles provide accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management considers the likelihood of changes by taxing authorities in its filed income tax returns and recognizes a liability for or discloses potential changes that management believes are more likely than not to occur upon examination by tax authorities.

Management has not identified any uncertain tax positions in filed income tax returns that require recognition or disclosure in the accompanying financial statements. The Company's income tax returns for the past three years are subject to examination by tax authorities, and may change upon examination. The Company recognizes interest and penalties, if any, related to unrecognized tax benefits in interest expense.

Advertising and promotion

The Company expenses advertising and promotion costs as incurred. Advertising and promotion costs for the three months ended September 30, 2015 and 2014 were \$6,495 and \$41,720, respectively. Advertising and promotion costs for the nine months ended September 30, 2015 and 2014 were \$51,237 and \$47,338, respectively.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying disclosures. Although these estimates are based on management's best knowledge of current events and actions the Company may undertake in the future, actual results ultimately may differ from these estimates.

Fair value measurements

The Fair Value Measurements and Disclosure Topic defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal, or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs.

Note 2 - Summary of significant accounting policies (continued)

The Fair Value Measurements and Disclosure Topic establish a fair value hierarchy, which prioritizes the valuation inputs into three broad levels. These three general valuation techniques that may be used to measure fair value are as follows: Market approach (Level 1) – which uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. Prices may be indicated by pricing guides, sale transactions, market trades, or other sources. Cost approach (Level 2) – which is based on the amount that currently would be required to replace the service capacity of an asset (replacement cost); and the Income approach (Level 3) – which uses valuation techniques to convert future amounts to a single present amount based on current market expectations about the future amounts (including present value techniques, and option-pricing models). Net present value is an income approach where a stream of expected cash flows is discounted at an appropriate market interest rate.

The carrying amounts of cash, accounts receivable, prepaid expenses and other current assets, accounts payable, customer deposits and other accrued liabilities approximate their fair value due to the short-term nature of these instruments.

The fair value of the investment in account receivable is based on the net present value of calculated interest and principle payments. The carrying value approximates fair value as interest rates charged are comparable to market rates for similar investments.

Fair value measurements (continued)

The fair value of the note receivable is based on the net present value of calculated interest and principle payments. The carrying value approximates fair value as interest rates charged are comparable to market rates for similar notes.

The fair value of long-term notes payable is based on the net present value of calculated interest and principle payments. The carrying value of long-term debt approximates fair value due to the fact that the interest rate on the debt is based on market rates.

Recent Accounting Standards

The Company has implemented all new accounting pronouncements that are in effect. These pronouncements did not have any material impact on the financial statements and the Company does not believe that there are any other new accounting pronouncements that have been issued that might have a material impact on its financial position or results of operations.

Note 3 – Prepaid expenses and other assets

Prepaid expenses and other assets consist of the following:

	<u>September 30, 2015</u>	<u>December 31, 2014</u>
Prepaid advertising costs	\$ -	\$ 27,708
Prepaid legal fees	11,845	9,145
Prepaid health insurance	2,873	-
Other prepaid costs	10,729	28,218
	<u>\$ 25,447</u>	<u>\$ 55,655</u>

Note 4 - Acquisition of interest in Bhang Chocolate Company, Inc. and suit seeking rescission

On January 17, 2014, the Company transitioned out of its cancer related trading dormancy by announcing its first cannabis sector letter of intent amidst significantly increased share volume and price. The Company entered into a co-operative funding agreement with Bhang Chocolate Company, Inc. on February 28, 2014, that provided for the purchase from owners of a 60% ownership in Bhang. Mentor anticipated funding the co-operative funding agreement through unrelated debt funding. Bhang owners were to receive \$9,000,000 in consideration in the first 90 days. During the first 90 days, \$1,500,000 was provided to Bhang owners in cash from proceeds of warrant exercises. The lending equity group was unable to fund the loan they had announced and from which Mentor intended to primarily fund the remaining amounts due under the co-operative funding agreement. Mentor tendered the remaining \$7,500,000 to the Bhang owners in freely trading shares of Mentor Common Stock per the terms of the co-operative agreement and also triggered the contract's contingent payoff provision. The Bhang owners refused Mentor's tender of stock and ignored the provision for long-term contingent payoff that could include normally issued common stock.

On June 24, 2014, Bhang owners unilaterally announced that Bhang was no longer doing any business with Mentor. Bhang failed to provide Mentor with Bhang share certificates evidencing the Bhang shares purchased by Mentor or provide other promised consideration to Mentor, effectively repudiating the co-operative agreement by their actions. In addition, Bhang owners have declined to return any of the \$1,500,000 invested by Mentor. On August 11, 2014, Mentor filed suit against Bhang and its owners, in the United States District Court for the Northern District of California for rescission seeking return of the \$1,500,000 investment the Company made in Bhang. The parties have been ordered to undergo arbitration, which was initiated in January 2015. Arbitration is scheduled to occur in early February 2016. The suit in the District Court has been stayed pending the outcome of arbitration, see Note 20.

Note 5 – Investment in account receivable

On July 8, 2014, the Company invested \$90,000 in an account receivable with a face value of \$117,000 which was supported by a promissory note maturing January 15, 2015 and consisted of the following:

	<u>September 30, 2015</u>	<u>December 31, 2014</u>
Face value	\$ -	\$ 117,000
Unamortized discount	-	(2,250)
Net balance	<u>\$ -</u>	<u>\$ 114,750</u>

The note was paid and extinguished in March 2015. For the three months ended September 30, 2015 and 2014, \$0 of discount amortization is included in interest income. For the nine months ended September 30, 2015 and 2014, \$2,250 and \$0 of discount amortization is included in interest income, respectively.

On April 10, 2015, the Company entered into an exchange agreement whereby the Company received an investment in an account receivable with installment payments of \$117,000 per year for 11 years totaling \$1,287,000 in exchange for 757,059 shares of Mentor stock obtained through exercise of series D warrants at \$1.60 per share. The Counterparty to the exchange agreement may elect to partially rescind the exchange at any time after June 1, 2017 and ending on the earlier of (i) December 1, 2017, and (ii) two weeks following the date on which the Counterparty receives notice from Mentor that Mentor's warrant holders have been notified that they have approximately 30 days left to exercise Mentor warrants. The partial rescission election may be exercised for all or part of 313,820 of the Mentor shares exchanged for all or part of the installment payments due in or around January of each of 2018, 2019, 2020 and 2021. At this time management cannot determine the likelihood of a partial rescission. No adjustment has been made to the estimated present value or shares for this contingency.

The Company valued the transaction based on the market value of Company shares exchanged in the transaction, resulting in a 17.87% discount from the face value of the account receivable. The discount is being amortized monthly to interest over the 11 year term of the agreement.

Mentor Capital, Inc.Notes to Condensed Consolidated Financial Statements
September 30, 2015 and 2014**Note 5 – Investment in account receivable (continued)**

The investment in account receivable is supported by an exchange agreement and consisted of the following:

	<u>September 30, 2015</u>	<u>December 31, 2014</u>
Face value	\$ 1,287,000	\$ -
Unamortized discount	(698,884)	-
Net balance	588,116	-
Current portion	(68,085)	-
Long term portion	<u>\$ 520,031</u>	<u>\$ -</u>

For the three months ended September 30, 2015 and 2014, \$24,458 and \$0 of discount amortization is included in interest income, respectively. For the nine months ended September 30, 2015 and 2014, \$43,014 and \$0 of discount amortization is included in interest income, respectively.

Note 6 - Property and equipment

Property and equipment is comprised of the following at September 30, 2015 and December 31, 2014:

	<u>September 30, 2015</u>	<u>December 31, 2014</u>
Computers	\$ 21,813	\$ 15,187
Furniture and fixtures	21,139	19,491
Machinery and vehicles	189,335	179,375
Capitalized website costs	746	-
Capitalized database costs	3,000	-
Capitalized software	-	25,007
	<u>236,033</u>	<u>239,060</u>
Accumulated depreciation and amortization	<u>(178,936)</u>	<u>(157,484)</u>
Net Property and equipment	<u>\$ 57,097</u>	<u>\$ 81,576</u>

Depreciation and amortization expense was \$9,147 and \$5,863 for the three months ended September 30, 2015 and 2014, respectively. Depreciation and amortization expense was \$24,578 and \$19,313 for the nine months ended September 30, 2015 and 2014, respectively.

Note 7 – Convertible note receivable

The Company advanced \$100,000 to Electrum as a convertible note receivable on March 12, 2014. Accrued interest of \$7,772 and \$4,942 is included in the convertible note receivable balance at September 30, 2015 and December 31, 2014, respectively. The note bore interest at 5% per annum, compounded monthly for the period from March 12, 2014 to September 12, 2015, at which point the interest increased to 10% annual interest, compounded monthly until maturity or until it is converted to shares of equity in Electrum. There are no payments required under the note for the period from March 12, 2014 to October 12, 2015; from October 12, 2015 to March 12, 2017 interest only payments are required; and from March 12, 2017 through March 12, 2022 payments of principal and interest in the amount of \$2,289.83 per month are required. Mentor has the option to convert the note plus any accrued interest or fees into shares of equity in Electrum at any time prior to its maturity.

Mentor Capital, Inc.Notes to Condensed Consolidated Financial Statements
September 30, 2015 and 2014**Note 8 – Long term investments and fair value**

The Company's financial assets contained investments that have quoted market prices in active markets, the Company uses the quoted market prices as fair value and includes these prices in the amounts disclosed in Level 1 of the hierarchy. The Company receives the quoted market prices from a third party, nationally recognized pricing service ("pricing service"). When quoted market prices are unavailable, the Company utilizes a pricing service to determine a single estimate of fair value, which is mainly for its fixed maturity investments. The fair value estimates provided from this pricing service are included in the amount disclosed in Level 2 of the hierarchy. The Company bases all of its estimates of fair value for assets on the bid price as it represents what a third party market participant would be willing to pay in an arm's length transaction.

The hierarchy of Level 1, Level 2 and Level 3 Assets are listed as following:

	Fair Value Measurements Using Unadjusted Quoted Market Prices (Level 1)	Fair Value Measurements Using Quoted Prices for Identical or Similar Assets in Active Markets (Level 2)	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)
	Equity Securities	Other investment	Equity Options	Long-Term Equity Funding Agreements
Balance at December 31, 2013	\$ 21,320	\$ 10,000	\$ -	\$ 55,943
Total gains or losses				
Included in earnings (or changes in net assets)	1,303	1,410	-	-
Purchases, issuances, sales, and settlements				
Purchases	18,846	-	-	-
Issuances	-	-	-	-
Sales	(35,637)	(1,150)	-	-
Settlements	-	-	-	-
Balance at December 31, 2014	5,832	10,260	-	55,943
Total gains or losses				
Included in earnings (or changes in net assets)	8,120	(10,260)	-	-
Purchases, issuances, sales, and settlements				
Purchases	1,061	-	-	-
Issuances	50,063	-	49,834	-
Sales	(1,053)	-	-	-
Settlements	-	-	-	-
Balance at September 30, 2015	\$ 64,023	\$ -	\$ 49,834	\$ 55,943

Note 9 - Common stock warrants

The Company's Plan of Reorganization, which was approved by the United States Bankruptcy Court for the Northern District of California on January 11, 2000, provided for the creditors and claimants to receive new warrants in settlement of their claims. The warrants expire May 11, 2038.

Each warrant is callable by the Company if the share price exceeds the exercise price by the lesser of \$1 or 100%. The warrant holders have a minimum of 30 calendar days during which to exercise their warrants once they are called. The Company may lower the exercise price of all or part of a warrant series at any time. Similarly, the Company could, but does not anticipate, reverse splitting the stock to raise the stock price above the warrant exercise price. The warrants are specifically not affected and do not split with the shares in the event of a reverse split. If the called warrants are not exercised, the Company has the right to designate the warrants to a new holder in return for a \$0.10 per share redemption fee payable to the original warrant holders as discussed further in Note 10. All such changes in the exercise price of series A, B, C and D warrants were provided for by the court in the Plan of Reorganization in order to provide a mechanism for all debtors to receive value even if they could not or did not exercise their warrant. Therefore, Management believes that the act of lowering the exercise price is not change from the original warrant grants and the Company has not recorded an accounting impact as the result of such change in exercise prices.

Exercise prices at December 31, 2012 and subsequent lower prices for the A, B, C and D warrants are as follow:

	<u>Series A</u>	<u>Series B</u>	<u>Series C</u>	<u>Series D</u>
December 31, 2012	\$ 1.00	\$ 3.00	\$ 0.65	\$ 7.00
March 21, 2012	\$ 0.09	\$ 3.00	\$ 0.65	\$ 7.00
August 21, 2012	\$ 0.09	\$ 0.11	\$ 0.65	\$ 7.00
April 1, 2013	\$ 0.01	\$ 0.11	\$ 0.09	\$ 7.00
June 18, 2014	\$ -	\$ 0.11	\$ -	\$ 1.60

At November 8, 2009, the Company entered into an Investment Banking agreement with Network One Securities, LLC and a related Strategic Advisory Agreement with Lenox Hill Partners, LP with regard to a potential merger with a cancer development company. In conjunction with those related agreements, the Company issued 81,699 Series E (\$1) Warrants, 369,037 Series F (\$3) Warrants, 85,579 Series G (\$0.65) Warrants and 689,159 Series H (\$7) Warrants, all with a 30 year life. The warrants are subject to cashless exercise based upon the ten day trailing closing bid price preceding the exercise as interpreted by the Company. The fair value of the warrants issued under the agreements was estimated on the date of the issuance using the Black-Scholes option pricing model. The use of a valuation model requires the Company to make certain assumptions with respect to selected model inputs. Expected volatility was calculated based on the historical volatility of the Company's stock price. The average expected life is based on the contractual term of the warrant and expected exercise behavior. The risk-free interest rate is based on U.S. Treasury zero-coupon issues with a remaining term equal to the expected life assumed at the date of grant.

The following table provides the assumptions used to value the options granted and warrants issued using the Black-Scholes option pricing model:

	<u>Series E and G</u>	<u>Series F and H</u>
Stock price volatility	111.60%	111.60%
Risk-free rate of return	4.26%	4.26%
Annual dividend yield	0.00%	0.00%
Expected life (in years)	0.5	3.0

As of September 30, 2015 and December 31, 2014 the weighted average contractual life for all Mentor warrants was 22.7 years and 23.4 years, respectively, and the weighted average outstanding warrant exercise price was \$1.87 and \$1.84 per share, respectively.

Mentor Capital, Inc.Notes to Condensed Consolidated Financial Statements
September 30, 2015 and 2014**Note 9 - Common stock warrants (continued)**

During the nine months ended September 30, 2015 and 2014, a total of 1,563,212 and 8,018,978 warrants were exercised, respectively. There were no warrants issued during the periods ended September 30, 2015 and 2014. The intrinsic value of outstanding warrants at September 30, 2015 and 2014 was \$1,755 and \$5,490, respectively.

The following table summarizes common stock warrants as of each period:

	Series A	Series B	Series C	Series D	A,B,C,D Total Warrants
Outstanding at December 31, 2013	1,188,909	5,332,981	128,180	15,312,627	21,962,697
Issued	-	-	-	-	-
Exercised	<u>(1,188,909)</u>	<u>(5,328,481)</u>	<u>(128,180)</u>	<u>(807,861)</u>	<u>(7,453,431)</u>
Outstanding at December 31, 2014	-	4,500	-	14,504,766	14,509,266
Issued	-	-	-	-	-
Exercised	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,563,212)</u>	<u>(1,563,212)</u>
Outstanding at September 30, 2015	<u>-</u>	<u>4,500</u>	<u>-</u>	<u>12,941,554</u>	<u>12,946,054</u>

Series E, F, G and H warrants were issued for investment banking and advisory services during 2009. The following table summarizes E, F, G and H warrants as of each period:

	Series E \$1.00 exercise price	Series F \$3.00 exercise price	Series G \$0.65 exercise price	Series H \$7.00 exercise price	E,F,G,H Total Warrants
Outstanding at December 31, 2013	107,931	369,037	88,579	689,159	1,254,706
Issued	-	-	-	-	-
Exercised	<u>(107,931)</u>	<u>(369,037)</u>	<u>(88,579)</u>	<u>-</u>	<u>(565,547)</u>
Outstanding at December 31, 2014	-	-	-	689,159	689,159
Issued	-	-	-	-	-
Exercised	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Outstanding at September 30, 2015	<u>-</u>	<u>-</u>	<u>-</u>	<u>689,159</u>	<u>689,159</u>
Shares issued in 2014 as a result of cashless exercise	<u>73,388</u>	<u>210,870</u>	<u>70,152</u>	<u>-</u>	<u>354,410</u>

Note 9 - Common stock warrants (continued)

On February 9, 2015, in accordance with the authorizing section 1145 reorganization court order, the Company announced a minimum 30 day partial redemption of up to 1% (approximately 140,000) of the already outstanding series D warrants to provide for the court specified redemption mechanism for warrants not exercised timely by the original holder or their estates. Company designees that apply during the 30 days must pay 10 cents to redeem the warrant and then exercise the series D warrant to purchase a share at the court specified formula of one-half of the closing bid price on the day preceding the 30 day exercise period, plus the 10 cent fee. In successive months, the 1% partial redemption authorization has been recalculated and repeated according to the court formula at an average exercise price of \$0.389 thru September 30, 2015. The partial redemptions will continue to be recalculated and repeated until such unexercised warrants are exhausted or the partial redemption is otherwise truncated by the Company.

Note 10 - Warrant redemption liability

The Plan of Reorganization provides the right for the Company to call, and the Company or its designee to redeem warrants that are not exercised timely, as specified in the Plan, by transferring a \$0.10 redemption fee to the former holders. Certain individuals desiring to become a Company designee to redeem warrants have deposited redemption fees with the Company that, when warrants are redeemed, will be forwarded to the former warrant holders at their last known address 30 days after the last warrant of a class is exercised, or earlier at the discretion of the Company. The Company has arranged for a service to process the redemption fees in offset to an equal amount of liability. In prior years the Series A and Series C redemption fees have been distributed through DTCC into holder's brokerage accounts or directly to the holders and are no longer outstanding.

Note 11 - Funding agreement

The Company entered into a co-operative funding agreement with MCB that closed on February 18, 2014, to purchase up to a 51% interest in MCB. MCB provides cannabis and marijuana related private companies, investors and microcap issuers with information resources including client company specific publications, directories, and continuing education courses. MCB was to receive up to \$200,000 in funding as Mentor received proceeds from warrant exercise. Allocation of funding to MCB was discretionary and could be reduced to \$100,000 with no change in Mentor's ownership if Mentor was dissatisfied with MCB performance. On April 13, 2015 Mentor notified MCB that the funding would be reduced to \$100,000. The Company had the right, in its sole discretion, to convert the paid portion of the \$100,000 equity investment in MCB to a six percent (6%) ten-year note payable to Mentor by the remaining owner of MCB in 120 equal payments of principal and interest at any time. If triggered, this provision would truncate further funding. On April 27, 2015, Mentor notified MCB that \$74,000 of funding previously paid to MCB would be converted to a ten year note payable and further funding was truncated. This conversion resulted in a gain of \$35,360 reflected in the condensed consolidated income statements for the nine months ended September 30, 2015.

Note 12 - Stockholders' equity

Common Stock

The Company was incorporated in California in 1994 and had a total of 400,000,000 shares of Common Stock, no par value, authorized at December 31, 2014. Effective September 24, 2015, Mentor was redomiciled as a Delaware corporation. Prior to the effective date of the merger between Mentor and Mentor Delaware, Mentor Delaware reduced the number of its authorized shares of Common Stock from 400,000,000 to 75,000,000, \$0.0001 par value. There has been no change to the number of outstanding shares or warrants. The holders of Common Stock are entitled to one vote per share on all matters submitted to a vote of the stockholders. During 2007, the Company effected a 1,000 to 1 reverse stock split on its outstanding common stock, under the authority of the Plan, and subsequent to receiving 84% shareholder approval and Board of Directors approval. During September 2008, the Company announced a stock repurchase plan which allowed for a total of 12.5% of the Company's shares outstanding at that time to be repurchased during future periods. All shares under the 2008 repurchase plan were repurchased as of January 2014.

Note 12 - Stockholders' equity (continued)

At the time Mentor was redomiciled as a Delaware corporation, the common stock was adjusted to \$0.0001 per share par value and \$7,859,275 of the common stock previously reported at no par value was reclassified to additional paid in capital. Additional paid in capital is referred to as surplus under Delaware law.

Common Stock (continued)

On August 8, 2014, the Company announced that it was initiating the repurchase of approximately 2% of the Company's shares outstanding at that time. As of September 30, 2015 and December 31, 2014, 44,748 and 21,848 shares have been repurchased and retired, respectively.

Preferred Stock

The Company had 100,000,000, no par, preferred shares authorized at December 31, 2014. Following redomicile of Mentor as a corporation under the laws of the State of Delaware, Mentor has 5,000,000, \$0.0001 par, preferred shares authorized at September 30, 2015. No preferred shares are issued or outstanding.

Note 13 - Lease commitments

Operating Leases

Mentor currently rents approximately 2,000 square feet of office space on a month-to-month basis in Ramona, California in San Diego County. Rent expense for the three months ended September 30, 2015 and 2014 were \$6,750 and \$5,175, respectively. Rent expense for the nine months ended September 30, 2015 and 2014 were \$19,850 and \$17,370, respectively.

WCI rents approximately 3,000 of office and warehouse space in Tempe, Arizona under an operating lease expiring in January 2017. Rent expense for the three months ended September 30, 2015 and 2014 was \$6,540 and \$6,633, respectively. Rent expense for the nine months ended September 30, 2015 and 2014 was \$19,620 and \$19,900, respectively.

WCI leases vehicles under a master fleet management agreement with initial terms of 4 years expiring through September 2018. Vehicle lease expense is included in cost of sales in the condensed consolidated income statement. Vehicle lease expense for the three months ended September 30, 2015 and 2014 was \$29,555 and \$27,098, respectively. Vehicle lease expense for the nine months ended September 30, 2015 and 2014 was \$82,091 and \$83,755, respectively.

WCI entered into two operating leases for office equipment in 2015 which expire in February and April 2020. Equipment lease expense was \$380 for the three months ended September 30, 2015 and \$758 for the nine months ended September 30, 2015 and \$0 for the three and nine months ended September 30, 2014.

The approximate remaining annual minimum lease payments under the non-cancelable operating leases existing as of December 31, 2014 with original or remaining terms over one year were as follows:

Years ending December 31,	Rental expense
2015	\$ 138,246
2016	120,204
2017	52,996
2018	15,360
	<u>\$ 326,806</u>

Note 14 - Deferred revenue

Deferred revenue represents revenue for which the Company has not yet performed services for which it has received payment. At September 30, 2015, the Company had unearned revenue relating to a twelve month consulting contract in the amount of \$49,947 and other unearned revenue of \$2,882. There was no unearned revenue at June 30, 2014.

Note 15 - Long term debt and revolving line of credit

Long term debt

	September 30, 2015	December 31, 2014
Two auto loans through Compass bank, interest at 7.99% per annum, monthly principle and interest payments of \$538, maturing February 2016	\$ 2,640	\$ 7,168
Auto loan through Ford Credit, interest at 6.64% per annum, monthly principle and interest payments of \$467, maturing October 2015	-	4,087
Auto loan through Hyundai Motor Finance, interest at 2.99% per annum, monthly principle and interest payments of \$878, maturing December 2018.	<u>31,788</u>	<u>38,905</u>
Total notes payable	34,428	50,160
Less: Current maturities	<u>(11,518)</u>	<u>(18,911)</u>
	<u>\$ 22,910</u>	<u>\$ 31,249</u>

Revolving line of credit

The Company has a \$75,000 unsecured revolving line of credit with Bank of America, with interest at the bank's prime rate plus 3% due monthly. The line of credit matures on September 4, 2016. At September 30, 2015 and December 31, 2014, the Company had \$60,000 outstanding on the line of credit. The line is secured by a personal guarantee of WCI's president. Interest on the line of credit for the three and nine months ended September 30, 2015 was \$959 and \$2,844, respectively.

Note 16 - Accrued salary, accrued retirement and incentive fee - related party

As of September 30, 2015 and December 31, 2014, the Company had an outstanding liability to its Chief Executive Officer ("CEO") as follows:

	September 30, 2015	December 31, 2014
Accrued salaries and benefits	\$ 731,947	\$ 716,055
Accrued incentive fee and bonus	190,581	190,581
Accrued retirement and other benefits	446,249	439,751
Offset by shareholder advance	<u>(915,684)</u>	<u>(1,073,405)</u>
	<u>\$ 453,093</u>	<u>\$ 272,982</u>

Mentor Capital, Inc.

Notes to Condensed Consolidated Financial Statements
September 30, 2015 and 2014

Note 16 - Accrued salary, accrued retirement and incentive fee - related party (continued)

The Company agreed to advance the CEO \$944,000 against the accrued liabilities due him, in January 2014, to exercise additional warrants into shares to be used as collateral for a potential loan to the Company. The warrant exercise was a cashless transaction made solely for the benefit of the Company in its efforts to obtain financing.

After the warrants were exercised, the CEO put 100% of his shares owned, 5,000,486 shares, in an escrow which was to guarantee the potential loan. The loan was mutually rescinded on June 12, 2014, and the shares remain in escrow. The CEO must make a public press release and post a notice on the Mentor website before he removes the shares from escrow.

As provided by Board of Director resolution in 1998, the CEO will be paid an incentive fee and a bonus which are payable in cash upon merger, resignation or termination or in installments at the CEO's option. The incentive fee is 1% of the increase in market capitalization based on the bid price of the Company's stock beyond the book value at confirmation of the bankruptcy, which was approximately \$260,000. The bonus is 0.5% of the increase in market capitalization for each \$1.00 increase in stock price up to a maximum of \$8 per share (4%) based on the bid price of the stock beyond the book value at confirmation of the bankruptcy. The Company recorded \$0 of accrued incentive fee and bonus for each of the three and nine months ended September 30, 2015 and 2014.

Note 17 - Purchase of additional equity in WCI

Effective January 1, 2014, Mentor purchased an additional 1% interest in WCI for \$25,000 which resulted in a 51% ownership in WCI. Prior to January 1, 2014 Mentor's investment in WCI was recorded under the equity method. In accordance with Accounting Standard Codification 810-10, *Consolidation - Overall*, Mentor remeasured its previously held equity interest at the acquisition-date fair value and recognized the resulting gain of \$1,250,964 on investment in subsidiary which is included in other income and expense in the consolidated statement of operations.

Cash to acquire additional 1% equity interest in WCI	\$ 25,000
Fair value of 50% interest (a)	1,250,000
Investment under equity method	<u>-</u>
Total purchase price to be allocated	<u>\$ 1,275,000</u>

(a) Estimated fair value of Mentor's previously-held equity interest in WCI is valued at 1.25 times WCI's projected 2014 revenue.

Purchase price allocation at 51% of WCI assets and liabilities:

WCI assets and liabilities:	
Current assets	\$ 327,238
Property and equipment	51,239
Other assets	816,952
Current liabilities	(112,810)
Long-term debt	<u>(1,178,977)</u>
Net deficit	(96,358)
Mentor equity rate	<u>51%</u>
Mentor portion of liabilities in excess of assets	(49,143)
Goodwill	<u>1,324,143</u>
Net assets acquired	<u>\$ 1,275,000</u>

Note 18 – Liquidity Agreement for Purchase of Investor Webcast

On April 20, 2015, the Company entered into a liquidity agreement to acquire 100% of CAST valued at \$469,611 in exchange for 4,696 to-be-created Series B convertible preferred shares of Mentor. The purchase price is based on projected future earnings of CAST and discounted at 17.87% (the discount rate used for the 2015 investment in installment receivable described in Note 5).

After one year, the to-be-created Series B convertible preferred shares may be converted, in steps or in whole, into Mentor common shares. The to-be-created Series B convertible preferred shares will convert to common shares based on the following conversion formula: $((3.3 \text{ times CAST recurring revenue}) + (20 \text{ times CAST after tax profit divided by 2})$ plus cash minus liabilities, for the preceding four calendar quarters, as defined in the agreement. Due to Mentor's recent reincorporation in Delaware, the series B convertible preferred shares have not yet been created. Therefore, a convertible security has been issued to the prior owner of CAST which will be converted to Mentor Series B convertible preferred shares once they are created.

Actual operating results of CAST in future periods and the share price of Mentor common shares at the date of conversion will determine the number of common shares issued upon conversion of the Series B convertible preferred shares, in whole or in part. The conversion formula will be evaluated in subsequent periods to determine if actual CAST operations result in a contingent asset or liability relating to the Series B convertible preferred shares.

Purchase price allocation of CAST assets and liabilities:

CAST assets and liabilities:	
Current assets	\$ 106,305
Property and equipment	4,378
Current liabilities	<u>(107,837)</u>
Net equity	2,846
Goodwill	<u>466,765</u>
Purchase valuation based on projected future earnings using 17.87% discount rate	\$ <u>469,611</u>

Note 19 – Purchase Agreement for Preferred Security associated with Canyon Crest Holdings, LLC

On August 21, 2015, the Company entered into an agreement where it received \$120,000 in exchange for 1,200 to-be-created Series C convertible preferred shares of Mentor. The proceeds are to be used in association with CCH.

After one year, the to-be-created Series C convertible preferred shares may be converted, in steps or in whole, into Mentor common shares. The to-be-created Series C convertible preferred shares will convert to common shares based on a formula related to recurring revenue and after tax profits. Due to Mentor's recent reincorporation in Delaware, the series C convertible preferred shares have not yet been created. Therefore, a convertible security has been issued to the individual which will be converted to Mentor Series C convertible preferred shares once they are created.

Actual operating results of CCH in future periods and the share price of Mentor common shares at the date of conversion will determine the number of common shares issued upon conversion of the Series C convertible preferred shares, in whole or in part. The conversion formula will be evaluated in subsequent periods to determine if actual CCH operations result in a contingent asset or liability relating to the Series C convertible preferred shares.

Note 20 – Commitments and contingencies

During the normal course of business, the Company may be exposed to litigation. When the Company becomes aware of potential litigation, it evaluates the merits of the case in accordance with FASB ASC 450-20-50, Contingencies. The Company evaluates its exposure to the matter, possible legal or settlement strategies and the likelihood of an unfavorable outcome. If the Company determines that an unfavorable outcome is probable and can be reasonably estimated, it establishes the necessary accruals. As of September 30, 2015, the Company is not aware of any contingent liabilities that should be reflected in the accompanying financial statements.

Mentor lawsuit seeking rescission of co-operative funding agreement with Bhang

On August 11, 2014, Mentor filed suit against Bhang and its owners, in the United States District Court for the Northern District of California for rescission of the February 28, 2014 co-operative funding agreement with Bhang, seeking return of the \$1,500,000 investment the Company made in Bhang. This was in response to the June 24, 2014, unilateral announcement by Bhang that they were terminating all details of their relationship with Mentor, leaving Mentor with nothing, but declining to return any of the \$1,500,000 paid to Bhang and its shareholders by Mentor during the preceding, and only, four months of interaction. As directed by the court, arbitration has been initiated with the American Arbitration Association and a panel of arbitrators has been appointed. Arbitration is scheduled to occur in early February 2016. The Company intends to continue to vigorously pursuing return of its \$1,500,000. See Note 4.

In March 2015, Bhang and its owners filed a counterclaim against Mentor in the arbitration action. Bhang contends it has suffered losses and should be able to keep the \$1,500,000 they received from Mentor. The final outcome of the arbitration is not known at this time. The Company believes the counterclaim is without merit and plans to vigorously defend itself against all claims.

In July 2015, Mentor was served with a complaint in a Federal District Court for the District of Utah action initiated by the wife and daughter of Bhang's corporate counsel for reimbursement of the purchase price for shares of Mentor's common stock purchased from the CEO of Bhang. The Company was not a party to this transaction and intends to vigorously defend itself against all claims in this case. On August 6, 2015, Mentor filed a motion to dismiss all causes of action brought by the plaintiffs against Mentor. On September 29, 2015, plaintiffs filed a Second Amended Complaint. On October 13, 2015, Mentor and its co-defendants filed a motion to dismiss all causes of action brought by the plaintiffs against Mentor and its co-defendants.

In March 2014, the Company paid \$621,250, which represented 1.75% of a prospective loan amount, in refundable fees paid for credit default insurance to a third party as required by the lender on an international loan facility. The lender was unable to fund the loan and a cooperative exit from the loan commitment was agreed to by the parties on June 12, 2014. The lender has released the requirement for credit default insurance and the insurance company has agreed to return the fee, however the refund has not yet been received. On September 5, 2014, the Company filed suit in San Mateo County Superior Court against Wm. E. Fielding and Associates, Inc., the name of the account holder to whom the \$621,250 was wired, for conversion and fraud seeking return of the \$621,250 in credit insurance premiums that had been paid, had been promised to be returned, and which were not returned. The defendant defaulted and the Company intends to prove its damages, take a judgment, and pursue collecting its damages from the defendant and other involved parties. The Company plans to continue to vigorously pursue return of its \$621,250. The \$621,250 in fees was expensed as loan costs in June 2014, pending the outcome of the suit.

Mentor Capital, Inc.Notes to Condensed Consolidated Financial Statements
September 30, 2015 and 2014**Note 21 – Segment Information**

The Company is operating an acquisition and investment business. Majority owned subsidiaries of 51% or more are consolidated. The Company has determined that beginning in January 2014 there are two reportable segments, which are 1) the cannabis and medical marijuana segment which includes the receivable from Bhang of \$1,500,000, the convertible note receivable and accrued interest from Electrum, and the operation of subsidiaries in the Cannabis and medical marijuana sector, and 2) the Company's legacy investment in WCI which works with business park owners, governmental centers, and apartment complexes to reduce their trash related operating costs. The Company also has certain small cancer related legacy investments and an investment in note receivable from a non-affiliated party that is included in the Corporate and Eliminations section below.

	Cannabis and Medical Marijuana Segment	Trash Management	Corporate unallocated and Eliminations	Consolidated
<u>Three Months ended September 30, 2015</u>				
Net sales	\$ 33,156	\$ 636,107	\$ -	\$ 669,263
Income from operations	7,355	11,516	(204,264)	(185,393)
Interest income	3,346	-	23,821	27,167
Interest expense	649	4,881	(1,384)	4,146
Depreciation and amortization	386	7,564	1,197	9,147
<u>Three Months ended September 30, 2014</u>				
Net sales	\$ 1,600	\$ 544,615	\$ -	\$ 546,215
Income from operations	(4,070)	41,646	(207,704)	(170,128)
Interest income	-	-	12,453	12,453
Interest expense	-	7,043	-	7,043
Depreciation and amortization	-	4,917	946	5,863
<u>Nine Months ended September 30, 2015</u>				
Net sales	\$ 63,465	\$ 1,808,035	\$ -	\$ 1,871,500
Income from operations	200	92,103	(665,134)	(572,831)
Interest income	5,814	-	42,040	47,854
Interest expense	987	14,660	(3,442)	12,205
Depreciation and amortization	830	21,184	2,564	24,578
<u>Nine Months ended September 30, 2014</u>				
Net sales	\$ 2,550	\$ 1,543,578	\$ -	\$ 1,546,128
Income from operations	(37,770)	154,943	(698,261)	(581,088)
Interest income	-	-	15,982	15,982
Interest expense	-	13,454	96	13,550
Depreciation and amortization	-	17,100	2,214	19,314
<u>Total assets:</u>				
September 30, 2015	\$ 2,335,005	\$ 1,097,137	\$ 1,586,112	\$ 5,018,254
September 30, 2014	1,541,533	2,553,400	1,443,834	5,538,767

Note 21 – Segment Information (continued)

The following table reconciles operating segments and corporate-unallocated operating income (loss) to consolidated income before income taxes, as presented in the unaudited condensed consolidated income statements:

	Three months ended		Nine months ended	
	September 30		September 30	
	2015	2014	2015	2014
Operating income	\$ (185,393)	\$ (170,128)	\$ (572,831)	\$ (581,088)
Gain recognized on purchase of majority interest in WCI	-	-	-	1,250,964
Interest income	27,167	12,453	47,854	15,982
Interest expense	(4,146)	(7,043)	(12,205)	(13,550)
Loan costs	-	-	-	(635,851)
Gain (loss) on investments	556	(7,782)	(2,082)	(5,590)
Gain on conversion of investment in MicroCannaBiz to note receivable	-	-	35,360	-
Gain (loss) on equipment disposals	-	(4,925)	-	(1,886)
Other income	-	-	-	167
Income before income taxes	\$ (161,816)	\$ (177,425)	\$ (503,904)	\$ 29,148

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion will assist in the understanding of our financial position at September 30, 2015 and the results of operations for the three and nine months ended September 30, 2015 and 2014. The information below should be read in conjunction with the information contained in the unaudited Condensed Consolidated Financial Statements and related notes to the financial statements included within this Quarterly Report on Form 10-Q for the three and nine months ended September 30, 2015 and 2014 and our Annual Report on Form 10-K for the year ended December 31, 2014.

Corporate Background

Since the August 2008, name change back to Mentor Capital, Inc., the Company's common stock has traded publicly under the trading symbol OTCQB: MNTR.

In 2009 the Company began focusing its investing activities in leading edge cancer companies. In response to government limitations on reimbursement for highly technical and expensive cancer treatments and a resulting business decline in the cancer development sector, the Company decided to exit that space. In the summer of 2013 the Company was asked to consider investing in a cancer related project with a medical marijuana focus. On August 29, 2013, the Company made a decision to begin to divest of its cancer assets and focus on becoming a pure player in the cannabis and medical marijuana sector.

Waste Consolidators, Inc. (WCI)

WCI is a legacy investment of which the Company owned 50% in 2013 and purchased an additional 1%, effective January 1, 2014, for a 51% interest. WCI is included in the consolidated financial statements for the three and nine months ended September 30, 2015 and 2014.

MicroCannaBiz (MCB)

On February 18, 2014, the Company signed an agreement to purchase 51% of MCB. MCB was formed in January 2014 and began operations in June 2014. From the date of formation through May 2014, MCB's efforts were devoted to organization and development. MCB provides cannabis and marijuana related private companies, investors and microcap issuers with information resources including client company specific publications, directories, and continuing education courses. In April 2015, Mentor notified MCB that it was exercising its option to convert its equity in MCB to a ten year note receivable for \$74,000 from the majority owner of MCB as provided in the funding agreement. The note receivable bears interest at 6% and will be payable in monthly installments. The note receivable and accrued interest is included in the consolidated balance sheet at September 30, 2015. MCB operations are included in the consolidated financial statements for the three and nine months ended September 30, 2014 and December 31, 2014.

Bhang Chocolate Company, Inc. (Bhang)

On February 28, 2014, the Company acquired a 60% ownership in Bhang Corporation, also known as Bhang Chocolate Company, Inc., ("Bhang"), see Item 3 "Legal Proceedings" regarding repudiation of all contract obligations by Bhang and subsequent Mentor lawsuit seeking rescission of the agreement and return of invested funds. Amounts invested in Bhang are reported as Receivable from Bhang Chocolate Company and its owners in the consolidated balance sheet at December 31, 2014.

Investor Webcast, LLC (CAST)

On April 20, 2015, the Company acquired 100% of a Georgia sole proprietorship, dba Investor Webcast ("CAST") valued at \$469,611 in exchange for 4,696 to-be-created Series B convertible preferred shares of Mentor. On May 7, 2015, Mentor formed a Delaware limited liability company subsidiary, Investor Webcast, LLC, to hold the assets of CAST. CAST provides cannabis related private companies, investors and microcap issuers with the best possible investor information through webcasts, conferences, email and an evolving mix of media products, investment publications, industry financial research, and by other means. After one year, the to-be-created Series B convertible preferred shares may be converted, in steps or in whole, into Mentor common shares. The to-be-created Series B convertible preferred shares will convert to shares of Mentor's common stock based on the following conversion formula: $((3.3 \text{ times CAST recurring revenue}) + (20 \text{ times CAST after tax profit}) \text{ divided by } 2) \text{ plus cash minus liabilities}$, for the preceding four calendar quarters, as defined in the agreement.

Electrum Partners, LLC (Electrum)

The Company advanced \$100,000 to Electrum as a convertible note receivable on March 12, 2014. Mentor has the option to convert the note plus any accrued interest or fees into shares of equity in Electrum at any time prior to its maturity.

Canyon Crest Holdings, LLC (CCH)

On June 25, 2015, the Company formed Canyon Crest Holdings, LLC (“CCH), a Delaware limited liability company and a wholly owned subsidiary of Mentor. CCH was formed to provide management services to the rapidly evolving cannabis sector. Services to be provided will include but are not limited to: 1) Branding, marketing, administrative and consulting services; 2) Compliance and legal services; and 3) accounting and financial services. Operations of CCH are included in the consolidated financial statements from the date of inception (June 25, 2015) through September 30, 2015.

In association with the financing of CCH, on August 21, 2015, Mentor entered into an agreement in which an individual purchased to-be-created Mentor Series C convertible preferred shares for \$120,000. After one year, the to-be-created Series C convertible preferred shares may be converted, in steps or in whole, into Mentor common shares. At the time of the agreement, Mentor was awaiting approval to reincorporate in Delaware and the Series C convertible preferred shares had not yet been created. Therefore, a convertible security has been issued to the purchaser which will be converted to Mentor Series C convertible preferred shares once the preferred shares have been created and approved by the Delaware Secretary of State. The convertible security is reflected as a liability on the consolidated balance sheets at September 30, 2015

Overview

Our goal is to focus future investments in the medical marijuana and social use cannabis sector. Mentor seeks to take significant positions in medical marijuana and cannabis companies to provide public market liquidity for founders, protection for investors, funding for cannabis companies, and to incubate private cannabis companies that have the potential to be spun off as stand-alone public companies. When Mentor takes a significant position in its investees it provides financial management when needed, but leaves operating control in the hands of the cannabis company founders. Retaining control, receiving greater liquidity and working with an experienced organization to efficiently develop disclosures and compliance to consider the public markets are three key advantages to cannabis founders working with Mentor Capital, Inc.

Because adult social use and medical marijuana opportunities often overlap, Mentor Capital participates in the legal recreational marijuana market. However, Mentor’s preferred focus is medical and the company seeks to facilitate the application of cannabis to cancer wasting, Parkinson’s disease, calming seizures, reducing ocular pressures from glaucoma and blunting chronic pain.

Business Segments

We manage our operations through two operating segments, a cannabis and medical marijuana segment which is our current focus of business, and a legacy investment acquired prior to the Company’s focus in the cannabis and medical marijuana segment. The legacy investment is in WCI which works with business park owners, governmental centers, and apartment complexes to reduce their trash related operating costs.

Liquidity and Capital Resources

The Company’s future success is dependent upon its ability to make a return on our investments to generate positive cash flow and to obtain sufficient capital from non-portfolio-related sources. Management believes they can raise the appropriate funds needed to support their business plan and develop an operating, cash flow positive company.

Results of Operations

Three Months Ended September 30, 2015 to the Three Months Ended September 30, 2014

Revenues

Revenue for the three months ended September 30, 2015 was \$669,263 compared to \$546,215 for the three months ended September 30, 2014 (“the prior year period”), an increase of \$123,048. This increase is due to an increase in WCI monthly service fees of \$71,649, an increase in other ancillary WCI service fees of \$19,843, and revenue of \$33,156 from CAST which was acquired in April 2015, which is partially offset by a decrease in publication revenue from MCB of \$1,600 recognized in the prior period. MCB is no longer a consolidated entity in 2015.

Gross profit

Gross profit for the three months ended September 30, 2015 was \$246,839 compared to \$164,439 for the three months ended September 30, 2014. Cost of goods sold relate primarily to WCI who experienced gross profit of 34.1% for the three months ended September 30, 2014 compared to 36.0% for the prior year period, a decrease of 1.9%. This was due to an increase in salaries and labor of 1.4% and an increase in disposal and roll-off costs of 2.2% offset by a decrease in fuel costs of 1.6% and decrease in other costs of 0.1%.

Selling, general and administrative expenses

Our selling, general and administrative expenses for the three months ended September 30, 2015 was \$432,424 compared to \$334,567 for the prior year period, an increase of \$97,857. The increase is due to a \$17,000 increase in management fees, an increase of \$39,980 in professional fees, a \$55,974 increase in salaries and related costs, an increase of \$5,000 in board of director fees and an increase in other administrative costs of \$26,673, partially offset by a \$37,113 decrease in advertising costs, a \$9,657 decrease in travel related costs in the current period as compared to the prior year period.

Other income and expense

Other income and expense, net, totaled \$23,577 for the three months ended September 30, 2015 compared to (\$7,297) for the prior year period, an increase of \$30,874. The increase is due to a \$14,714 increase in interest income relating primarily to amortization of the discount on the investment in account receivable, a \$2,897 decrease in interest expense, a \$556 gain on investments in the current year period compared to a loss on investments of \$7,782 in the prior year period, and a gain of \$0 on equipment disposals in the three months ended September 30, 2015 compared to a loss of \$4,925 in the prior year period.

Net results

The net result for the three months ended September 30, 2015 was a loss of (\$161,947) or (\$0.010) per common share compared to net loss of (\$186,066) or (\$0.013) per common share in the prior year period. Management will continue to make an effort to lower operating expenses and increase revenue and gross margin. The Company will continue to look for acquisition opportunities to expand its portfolio in the cannabis industry in companies that are positive for operating revenue or have the potential to become positive for operating revenue.

Nine Months Ended September 30, 2015 to the Nine Months Ended September 30, 2014

Revenues

Revenue for the nine months ended September 30, 2015 was \$1,871,500 compared to \$1,546,128 for the nine months ended September 30, 2014 (“the prior year six month period”), an increase of \$325,372. This increase is due to an increase in WCI monthly service fees of \$194,478, an increase in other ancillary WCI service fees of \$69,979, revenue of \$63,465 from CAST which was acquired in April of 2015, less decrease in revenue of \$2,550 from MCB publications recognized in the prior year nine month period. MCB is no longer a consolidated entity in 2015.

Gross profit

Gross profit for the nine months ended September 30, 2014 was \$722,477 compared to \$488,773 for the prior year nine month period. WCI experienced gross profit of 36.7% for the nine months ended September 30, 2014 compared to 35.7% for the prior nine month period, an increase of 1.0%. This was due to a 2.0% decrease in salary and labor costs as a percent of sales and a decrease of 2.2% in vehicle fuel costs, offset by an increase disposal costs of 2.0% and increase in other costs of sales of 1.2%

Selling, general and administrative expenses

Our selling, general and administrative expenses for the nine months ended September 30, 2015 was \$1,295,308 compared to \$1,069,861 for the prior year nine month period, an increase of \$233,704. The increase is due to a \$26,129 increase in group health insurance, and \$33,001 increase in other insurance costs, a \$38,000 increase in management fees, a \$154,169 increase in professional fees, a \$211,216 increase in salary and related costs, a \$17,750 increase in board of director fees, an increase in depreciation and amortization costs of \$5,264, and an increase in other costs of \$17,040, offset by a decrease in outside services of \$26,048, a decrease of \$45,293 in shareholder services costs, a decrease of \$6,943 in travel related expenses, a \$190,581 decrease in incentive fees to Mentor's CEO which were accrued in the prior year period and remain unpaid.

Other income and expense

Other income and expense, net, totaled \$68,927 for the nine months ended September 30, 2015 compared to \$610,236 for the prior year nine month period, a decrease of (\$541,309). When the Company acquired an additional 1% in WCI on January 1, 2014, the entire investment was adjusted to fair value resulting in a non-cash gain on investment of \$1,250,964 in the prior year nine month period which was partially offset by loan costs in the prior six month period of \$635,851. In addition, interest income increased \$31,872, interest expense decreased \$1,345, loss on equipment disposals decreased \$1,886, and other income decreased by \$167 in the nine months ended September 30, 2015 compared to the prior year nine month period. The Company also recognized a \$35,360 gain in the current year on conversion of the investment in MicroCannaBiz to a note receivable.

Net results

The net result for the nine months ended September 30, 2015 was a loss of (\$530,891) or (\$0.035) per common share compared to net loss (\$11,268) or (\$0.001) per common share in the prior year nine month period. This is due primarily to the \$1,250,964 non-cash gain recorded on the investment in WCI for the prior year period which was partially offset by loan costs in the prior six month period of \$635,851. The Company experienced an operating loss of (\$572,831) for the nine months ended September 30, 2015 and an operating loss of (\$581,088) for the prior nine month period. Management will continue to make an effort to lower operating expenses and increase revenue and gross margin. The Company will continue to look for acquisition opportunities to expand its portfolio in the cannabis industry in companies that are positive for operating revenue or have the potential to become positive for operating revenue.

Changes in cash flows

At September 30, 2015, we had cash and cash equivalents of \$199,818 and a working capital of \$491,286. Operating cash outflows during the nine months ended September 30, 2015 were (\$589,540), inflows from investing activities were \$95,129, and inflows from financing activities were \$368,001. We are evaluating various options to raise additional funds, including loans.

Liquidity and Capital Resources

Since our reorganization, we have raised capital through warrant holder exercise of warrants for common stock. At September 30, 2015 we had cash of \$199,818 and a working capital of \$491,286. Operating cash outflows in the nine months ended September 30, 2015 were (\$589,540), including (\$504,704) of net loss plus \$24,578 of non-cash depreciation and amortization less (\$43,013) of non-cash amortization of discount on investment in account receivable, less (\$4,839) of accrued investment interest income, plus \$2,140 of non-cash investment loss, less (\$35,360) of non-cash gain recognized on the conversion of Mentor's investment in MCB to a note receivable. Cash used to increase operating assets was (\$45,221) and cash provided by increases in operating liabilities was \$16,880. Cash inflows from investing activities in the nine months ended September 30, 2015 were \$95,129 due to receipt on investment in receivable of \$117,000, less purchases of property and equipment of (\$17,601) less other investing activity changes of (\$4,270). Net inflows from financing activities during the nine months ended September 30, 2015 were \$368,001 of which \$313,407 were the net proceeds received from exercise of warrants and \$120,000 was from the sale of to-be-created Series C convertible preferred shares, less common stock repurchased and retired for (\$15,705), less payments on long-term debt of (\$15,732) and non-controlling interest distributions of (\$33,969). We will be required to raise additional funds through financing, additional collaborative relationships or other arrangements until we are able to raise revenues to a point of positive cash flow.

On February 9, 2015, in accordance with the authorizing section 1145 reorganization court order, the Company announced a minimum 30 day partial redemption of up to 1% (approximately 140,000) of the already outstanding series D warrants to provide for the court specified redemption mechanism for warrants not exercised timely by the original holder or their estates. Company designees that apply during the 30 days must pay 10 cents to redeem the warrant and then exercise the series D warrant to purchase a share at \$0.435, which follows the court specified formula of one-half of the closing bid price on the day preceding the 30 day exercise period, plus the 10 cent fee. The Company announcement stated that in successive months, the 1% partial redemption authorization will be recalculated and repeated according to the court formula until such unexercised warrants are exhausted or the partial redemption is otherwise truncated by the Company. During the period from February 9, 2015 to November 4, 2015 the Company raised \$313,406 through partial redemption of outstanding Series D warrants at an average price of \$0.389, plus warrant fees of \$80,615. We believe the partial redemptions will continue for an extended period of time.

Disclosure About Off-Balance Sheet Arrangements

We do not have any transactions, agreements or other contractual arrangements that constitute off-balance sheet arrangements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

As a “smaller reporting company” as defined in Rule 12b-2 of the Exchange Act, we are not required to provide the information called for by this item.

Item 4. Controls and Procedures

Evaluation of disclosure controls and procedures

Management, with the participation of our chief executive officer and chief financial officer, evaluated the effectiveness of our disclosure controls and procedures pursuant to Rule 13a-15 under the Exchange Act. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resources constraints and that management is required to apply its judgment in evaluating the benefits of possible controls and procedures relative to their costs.

Based on management’s evaluation, our chief executive officer and chief financial officer concluded that, as of September 30, 2015, our disclosure controls and procedures are designed at a reasonable assurance level and are effective to provide reasonable assurance that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and that such information is accumulated and communicated to our managers, including our chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in internal control over financial reporting.

We regularly review our system of internal control over financial reporting and make changes to our processes and systems to improve controls and increase efficiency, while ensuring that we maintain an effective internal control environment. Changes may include such activities as implementing new, more efficient systems, consolidating activities, and migrating processes.

There were no changes in our internal control over financial reporting that occurred during the quarter ended September 30, 2015 that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings.

On August 11, 2014, Mentor filed a complaint in Federal District Court for the Northern District of California for rescission against Bhang Chocolate Company, Inc., Bhang Corporation, Scott Van Rixel, and William Waggoner (together “Defendants”). Mentor alleges that Defendants have failed to perform their obligations under that certain Bhang Chocolate – Mentor Capital Cannabis Brands Cooperative Funding Agreement entered into by and between Bhang Chocolate Company, Inc. (“Bhang”) and Mentor (the “Bhang Agreement”), which anticipated Scott Van Rixel, William Waggoner, and other affiliates of Bhang as intended third party beneficiaries. Mentor asked the court to enforce the Company’s rescission of the Agreement and sought return of \$1,500,000 paid to Bhang as consideration under the Agreement. Following several motions by Defendants to the action, the court ordered the parties to arbitration. As directed by the court, arbitration has been initiated with the American Arbitration Association and the first administrative conference took place on March 10, 2015. In March 2015, Bhang and its owners filed a counterclaim against Mentor in the arbitration action. Bhang contends it has suffered losses and should be able to keep the \$1,500,000 they received from Mentor. The final outcome of the arbitration is not known at this time. Arbitration is scheduled to occur in early February 2016. The Company believes the counterclaim is without merit and plans to vigorously defend itself against all claims.

Bhang continues to hold the Company’s \$1,500,000 investment and until the complete investment is returned Mentor will continue to list Bhang and Bhang Financial (Bhang’s financial services off-shoot into which \$200,000 of Mentor’s funds were to be invested) in the Mentor portfolio. Mentor anticipates one of two outcomes with this matter: (i) Bhang returns the entirety of Mentor’s investment, plus interest, at which point Bhang will no longer be listed in the Mentor portfolio, or (ii) Mentor is awarded a security interest in Bhang, in which case Bhang will be listed as a Mentor portfolio company. Until the matter is resolved, Mentor considers the \$1,500,000 invested in Bhang as an event for which it must make periodic disclosures.

On July 16, 2015, Mentor was served with a complaint in a Federal District Court for the District of Utah action initiated by the wife and daughter of Bhang’s corporate counsel for reimbursement of the purchase price of shares of Mentor’s common stock purchased from the CEO of Bhang. The Company was not a party to this transaction and intends to vigorously defend itself against all claims in this case. On August 6, 2015, Mentor filed a motion to dismiss all causes of action brought by the plaintiffs against Mentor. On September 29, 2015, plaintiffs filed a Second Amended Complaint. On October 13, 2015, Mentor and its co-defendants filed a motion to dismiss all causes of action brought by the plaintiffs against Mentor and its co-defendants.

On September 5, 2014, Mentor filed a complaint in California Superior Court, County of San Mateo against WM. E. Fielding and Associates, Inc. and several Doe defendants alleging causes of action for fraud and conversion associated with a wire transfer of \$621,250 ostensibly to cover the purchase price of a refundable loan insurance premium for a loan Mentor was seeking. When the loan was not funded Mentor sought a return of the wired amounts but, as of yet, the funds have not been returned. Mentor is currently in the process of seeking a default judgment against Wm. E. Fielding and Associates, Inc.

Item 1A. Risk Factors.

In addition to other information in this Quarterly Report on Form 10-Q, the following risk factors should be carefully considered in evaluating our business since it operates in a highly changing and complex business environment that involves numerous risks, some of which are beyond our control. The following discussion highlights a few of these risk factors, any one of which may have a significant adverse impact on our business, operating results and financial condition.

As a result of the risk factors set forth below and elsewhere in this Form 10-Q and in our Form 10-K, and the risks discussed in our Rule 15c2-11 and other publicly disclosed submissions, actual results could differ materially from those projected in any forward-looking statements.

We face significant risks, and the risks described below may not be the only risks we face. Additional risks that we do not know of or that we currently consider immaterial may also impair our business operations. If any of the events or circumstances described in the following risks actually occurs, our business, financial condition or results of operations could be harmed and the trading price of our common stock could decline.

We may not be able to continue as a going concern.

The opinion of our independent registered accounting firms included an explanatory paragraph in their reports in connection with our consolidated financial statements included with our December 31, 2014 Form 10-K as of and for the periods ended December 31, 2014 and 2013 stating that there was substantial doubt about our ability to continue as a going concern. We experienced significant operating losses (\$572,831) for the nine months ended September 30, 2015 and (\$581,088) for the nine months ended September 30, 2014, liquidity constraints and negative cash flows from operations. We anticipate that current cash resources will be sufficient for us to execute our business plan through the end of the 2015. If we are unable to make a return on our investments to generate positive cash flow and cannot obtain sufficient capital from non-portfolio-related sources to fund operations and pay liabilities in a timely manner, we may have to cease our operations. Securing additional sources of financing to enable us to continue the investing in the cannabis and medical fields will be difficult and there is no assurance of our ability to secure such financing. A failure to obtain additional financing and generate positive cash flow from operations could prevent us from making expenditures that are needed to pay current obligations, allow us to hire additional personnel and continue to seek out and invest in new technology and service companies. This leaves doubt as to our ability to continue as a going concern.

Management has a lack of experience operating as a fully reporting company and meeting the associated reporting obligations.

Management has operated Mentor Capital, Inc. as a non-reporting public company for 20 years, but only recently has voluntarily transitioned to reporting company status subject to financial and other SEC required disclosures. Prior to such voluntary transition, Management has not been required to prepare and make such required disclosures. As a reporting company we will be subject to the reporting requirements of the Securities Exchange Act of 1934, as amended (“Exchange Act”), the Sarbanes-Oxley Act, the Dodd-Frank Act, the listing requirements of a national securities exchange, and other applicable securities rules and regulations. The Exchange Act requires, among other things, that we file annual, quarterly, and current reports with respect to our business and operating activities. As Management has never before been required to prepare and file these disclosure reports, doing so may impose a significant expense, time and reporting burden upon management. This distraction can divert management from its operation of the business to the detriment of core operations. Also, improper reporting due to inexperience can result in trading restrictions and other sanctions that may impair or even suspend trading in the company common stock.

Investors may suffer risk of dilution following exercise of warrants for cash.

As of September 30, 2015, The Company had 16,023,123 outstanding shares of its Common Stock trading at approximately \$0.50 per share. As of the same date the Company also had 12,941,554 outstanding Series D warrants exercisable for shares of Common Stock at \$1.60 per share. These Series D warrants do not have a cashless exercise feature. The Company anticipates that the warrants will not be exercised until the per share price of the Company’s Common Stock is greater than \$1.60 per share. Exercise of these Series D warrants may result in immediate and potentially substantial dilution to current holders of the Company’s Common Stock. The Company also has 689,159 outstanding Series H warrants with a per share exercise price of \$7.00 held by an investment bank. These \$7.00 Series H warrants include a cashless exercise feature. Current and future shareholders may suffer dilution of their investment and equity ownership if any of the warrant holders elect to exercise their warrants.

Beginning on February 9, 2015, in accordance with the authorizing section 1145 reorganization court order, the Company announced that it will allow for partial redemption of up to 1% per month of the outstanding series D warrants to provide for the court specified redemption mechanism for warrants not exercised timely by the original holder or their estates. Company designees that apply during the 30 day minimum period must pay 10 cents to redeem the warrants and then exercise the series D warrant to purchase a share at a maximum of one-half of the closing bid price on the day preceding the 30 days. The 1% partial redemption will continue to be recalculated and repeated according to the court formula until such unexercised warrants are exhausted or the partial redemption is otherwise truncated by the Company.

We operate in a turbulent market populated by businesses that are highly volatile.

The US market for cannabis products is highly volatile. While we believe that it is an exciting and growing market, many companies involved in cannabis products and services used to be involved in illegal activities, some still are, and many of them operate in unconventional ways. Some of these differences which represent challenges to us include not keeping appropriate financial records, inexperience with business contracts, not having access to customary business banking relationships, not having quality manufacturing relationships, and not having customary distribution arrangements. Any one of these challenges, if not managed well, could materially adversely impact our business.

Many cannabis activities, products, and services still violate law.

The legal patchwork to which cannabis companies are subject is still evolving and frequently uncertain. While we believe that anti-cannabis laws are softening and that the trend is toward legalization of cannabis products, many states and the US government still view all cannabis activity as illegal. Notwithstanding this uncertainty we intend to do our best to engage in activities that are unambiguously legal and to use what influence we have with our affiliates for them to do the same. But we will not always have control over those companies with whom we do business and there is a risk that we could suffer a substantial and material loss due to routine legal prosecution. Similarly many jurisdictions have adopted so-called “zero tolerance” drug laws and laws prohibiting sale of what is considered drug paraphernalia. If our, or our affiliates activities related to cannabis activities, products, and services are deemed to violate one or more federal or state laws, we may be subject to civil and criminal penalties, including fines, impounding of cannabis products, and seizure of our assets.

Our business model is to partner with or acquire other companies.

We do not manufacture or sell cannabis products or services. Rather we try to find cannabis businesses whose products, managers, technology or other factors we like and invest in or acquire those businesses. There is no certainty that we will find suitable partners or that we will be able to engage in transactions on advantageous terms with partners we identify. There is also no certainty that we will be able to consummate a transaction on favorable terms, or any transaction at all, with any potential cannabis related acquisitions or that our partners will be able to navigate the maze of cannabis laws that may affect them. To date one of our acquisitions/investments (in Bhang Chocolate Company) has not turned out well for us, and an effort to secure a \$35 million loan has resulted in a \$621,250 loss.

Our actual results could differ materially from those anticipated in our forward-looking statements.

This Form 10-Q contains forward-looking statements within the meaning of the federal securities laws that relate to future events or future financial performance. When used in this report, you can identify forward-looking statements by terminology such as “believes,” “anticipates,” “seeks”, “looks”, “hopes”, “plans,” “predicts,” “expects,” “estimates,” “intends,” “will,” “continue,” “may,” “potential,” “should” and similar expressions. These statements are only expressions of expectation. Our actual results could, and likely will, differ materially from those anticipated in such forward-looking statements as a result of many factors, including those set forth above and elsewhere in this report and including factors unanticipated by us and not included herein. Although we believe that the expectations reflected in our forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Neither we nor any other person assumes responsibility for the accuracy and completeness of these statements. Accordingly, we caution readers not to place undue reliance on these statements. Where required by applicable law, we will undertake to update any disclosures or forward-looking statements.

A failure to obtain financing could prevent us from executing our business plan or operate as a going concern.

We anticipate that current cash resources will be sufficient for us to execute our business plan for the foreseeable future. However, it is possible that if future financing is not obtained we will not be able to continue to operate as a going concern. We believe that securing substantial additional sources of financing will be difficult and there is no assurance of our ability to secure such financing. A failure to obtain additional financing could prevent us from making necessary expenditures for advancement and growth, to partner with more cannabis businesses, and to hire additional personnel. If we raise additional financing by selling equity or convertible debt securities, the relative equity ownership of our existing investors could be diluted or the new investors could obtain terms more favorable than previous investors. If we raise additional funds through debt financing, we could incur significant borrowing costs and be subject to adverse consequences in the event of a default.

If we are unable to protect our intellectual property, our competitive position would be adversely affected

We, and our partners and subsidiaries, intend to rely on patent protection, trademark and copyright law, trade secret protection and confidentiality agreements with our employees and others to protect our intellectual property. Despite our precautions, unauthorized third parties may copy our products and services or reverse engineer or obtain and use information that we regard as proprietary. In addition, the laws of some foreign countries do not protect proprietary rights to the same extent as do the laws of the United States. Our means of protecting our proprietary rights may not be adequate and third parties may infringe or misappropriate our patents, copyrights, trademarks and similar proprietary rights. If we fail to protect our intellectual property and proprietary rights, our business, financial condition and results of operations would suffer. We believe that we do not infringe upon the proprietary rights of any third party, and no third party has asserted an infringement claim against us. It is possible, however, that such a claim might be asserted successfully against us in the future. We may be forced to suspend our operations to pay significant amounts to defend our rights, and a substantial amount of the attention of our management may be diverted from our ongoing business, all of which would materially adversely affect our business.

We are engaged in litigation.

In the past year we have initiated two lawsuits; one against the owner of a bank account into which we wired \$621,250 as part of an effort to secure a \$35 million loan, and one against Bhang Chocolate Company and its affiliates to recover a \$1,500,000 investment following Bhang's refusal to perform its obligations. Relatives of the one-time corporate counsel of Bhang have initiated a lawsuit against Mentor and others seeking a refund of the approximate \$150,000 purchase price for Mentor shares of common stock they bought from the Bhang CEO in a secondary sale. There is no surety that we will prevail in these lawsuits.

We depend on our key personnel and may have difficulty attracting and retaining the skilled staff we need to execute our growth plans.

Our success will be dependent largely upon the personal efforts of our Chief Executive Officer, Chester Billingsley, and other senior managers. The loss of key staff could have a material adverse effect on our business and prospects. To execute our plans, we will have to retain current employees. Competition for recruiting and retaining highly skilled employees with technical, management, marketing, sales, product development and other specialized training is intense. We may not be successful in retaining such qualified personnel. Specifically, we may experience increased costs in order to retain skilled employees. If we are unable to retain experienced employees as needed, we would be unable to execute our business plan.

Founder and CEO Chet Billingsley, along with other members of the Company Board of Directors, have considerable control over the company through their aggregate ownership of 31.5% of the outstanding shares of the Company's Common Stock on a fully diluted basis.

Mr. Billingsley owns approximately 24.6% of the outstanding shares of the Company's Common Stock on a fully diluted basis. Together with other members of the Company's Board of Directors, Management of the Company owns approximately 31.5% of the outstanding shares of the Company's Common Stock on a fully diluted basis. Mr. Billingsley also holds 2,137,684 Series D warrants and 4,500 Series B warrants which are exercisable at \$1.60 and \$0.11 per share, respectively. Additionally, Robert Meyer, Stan Shaul, Earl Kornbrekke and Lori Stansfield, directors of the Company, hold an aggregate of 1,057,966 Series D warrants exercisable at \$1.60 per share. Due to the large number of shares of Common Stock owned by the Management of the Company, Management has considerable ability to exercise control over the Company and matters submitted for shareholder approval, including the election of directors and approval of any merger, consolidation or sale of substantially all of the assets of the Company. Additionally, due to his position as CEO and director, Mr. Billingsley has the ability to control the management and affairs of the Company. As board members and officers, Mr. Billingsley and the other persons in management positions of the Company owe a fiduciary duty to our shareholders and must act in good faith in a manner each reasonably believes to be in the best interests of our shareholders. As shareholders, Mr. Billingsley and the other officers and directors are entitled to vote their shares in their own interests, which may not always be in the interests of our shareholders generally.

We face rapid change.

The market for our partners' and subsidiaries' products and services is characterized by rapidly changing law and technologies, marketing efforts, and extensive research and the introduction of new products and services. We believe that our future success will depend in part upon our ability to continue to develop and enhance products and services offered in the cannabis market. As a result, we expect to continue to make investments in engineering and research and development. There can be no assurance that we will be able to develop and introduce new products and services or enhance initial products in a timely manner to satisfy customer needs, achieve market acceptance or address technological changes in our target markets. Failure to develop products and services and introduce them successfully and in a timely manner could adversely affect our competitive position, financial condition and results of operations.

If we experience rapid growth, we will need to manage such growth well.

We may experience substantial growth in the size of our staff and the scope of our operations, resulting in increased responsibilities for management. To manage this possible growth effectively, we will need to continue to improve our operational, financial and management information systems, will possibly need to create departments that do not now exist, and hire, train, motivate and manage a growing number of staff. Due to a competitive employment environment for qualified technical, marketing and sales personnel, we expect to experience difficulty in filling our needs for qualified personnel. There can be no assurance that we will be able to effectively achieve or manage any future growth, and our failure to do so could delay product development cycles and market penetration or otherwise have a material adverse effect on our financial condition and results of operations.

We could face product liability risks and may not have adequate insurance.

Our partners' and affiliates' products may be used for medical purposes. We may become the subject of litigation alleging that our products were ineffective or unsafe. Thus, we may become the target of lawsuits from injured or disgruntled customers or other users. We intend to carry product and liability insurance, but in the event that we are required to defend more than a few such actions, or in the event our products are found liable in connection with such an action, our business and operations may be severely and materially adversely affected.

There is a limited market for our common stock.

Our common stock is not listed on any exchange and trades on the OTC Markets OTCQB system. As such, the market for our common stock is limited and is not regulated by the rules and regulations of any exchange. Freely trading shares of even fully reporting cannabis companies receive careful scrutiny by brokers before deposit. Further, the price of our common stock and its volume in the market may be subject to wide fluctuations. Our stock price could decline regardless of our actual operating performance, and stockholders could lose a substantial part of their investment as a result of industry or market-based fluctuations. Our stock trades relatively thinly. If a more active public market for our stock is not sustained, it may be difficult for stockholders to sell shares of our common stock. Because we do not anticipate paying cash dividends on our common stock for the foreseeable future, stockholders will not be able to receive a return on their shares unless they are able to sell them. The market price of our common stock will likely fluctuate in response to a number of factors, including but not limited to, the following:

- sales, sales cycle and market acceptance or rejection of our affiliates' products;
- our ability to engage with partners who are successful in selling products;
- economic conditions within the cannabis industry;
- development of law related to cannabis products and services;
- the timing of announcements by us or our competitors of significant products, contracts or acquisitions or publicity regarding actual or potential results or performance thereof; and
- domestic and international economic, business and political conditions.

We have a long business and corporate existence.

We began in Silicon Valley in 1985 as a limited partnership and operated as Mentor Capital, LP until we incorporated as Main Street Athletic Clubs, Inc. in California in 1994. We were privately owned until September 1996, at which time our common stock began trading on the Over The Counter Pink Sheets. Our merger and acquisition and business development activities have spanned many business sectors and we went through a bankruptcy reorganization in 1998.

Failure to maintain effective internal controls in accordance with Section 404 of the Sarbanes-Oxley Act of 2002 could have a material adverse effect on our stock price.

Section 404 of the Sarbanes-Oxley Act of 2002 and the related rules and regulations of the SEC require annual management assessments of the effectiveness of our internal control over financial reporting and a report by our independent registered public accounting firm on these internal controls. If we fail to adequately maintain compliance with, or maintain the adequacy of, our internal control over financial reporting, as such standards are modified, supplemented or amended from time to time, we may not be able to ensure that we can conclude on an ongoing basis that we have effective internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act of 2002 and the related rules and regulations of the SEC. If we cannot favorably assess, or our independent registered public accounting firm is unable to provide an unqualified attestation report on the effectiveness of our internal controls over financial reporting, investor confidence in the reliability of our financial reports may be adversely affected, which could have a material adverse effect on our stock price.

We have indemnified our officers and directors.

We have indemnified our Officers and Directors against possible monetary liability to the maximum extent permitted under California and Delaware law.

The fragile state of the worldwide economy could impact the company in numerous ways.

The effects of negative worldwide economic events has caused disruptions and extreme volatility in global financial markets, increased rates of default and bankruptcy, has impacted levels of consumer spending, and may impact our business, operating results, or financial condition. The ongoing worldwide economic crisis, weakness in the credit markets and significant liquidity problems for the financial services industry may also impact our financial condition in a number of ways. For example, current or potential customers may delay or decrease spending with us or may not pay us or may delay paying us for previously purchased products and services. Also, we may have difficulties in securing additional financing.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None.

Item 3. Defaults Upon Senior Securities and Use of Proceeds.

None.

Item 4. Mine Safety Disclosures.

None.

Item 5. Other Information.

None.

Item 6. Exhibits.

The following exhibits are filed as part of this report:

Exhibit Number	Description
31.1	Certification of the Chief Executive Officer required by Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of the Chief Financial Officer required by Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101	XBRL Exhibits

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Mentor Capital, Inc.

Date: November 10, 2015

By: /s/ Chet Billingsley
Chet Billingsley, Chief Executive Officer

Date: November 10, 2015

By: /s/ Lori Stansfield
Lori Stansfield, Chief Financial Officer

**CERTIFICATION OF PERIODIC REPORT UNDER SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002**

I, Chet Billingsley, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Mentor Capital, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 10, 2015

/s/ CHET BILLINGSLEY
Chet Billingsley
Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION OF PERIODIC REPORT UNDER SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002**

I, Lori Stansfield, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Mentor Capital, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 10, 2015

/s/ LORI STANSFIELD
Lori Stansfield
Chief Financial Officer
(Principal Financial Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

I, Chet Billingsley, Chief Executive Officer of Mentor Capital, Inc. (Company), do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- the Quarterly Report on Form 10-Q of the Company for the period ended September 30, 2015 (Report) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the periods presented therein.

Date: November 10, 2015

/s/ CHET BILLINGSLEY

Chet Billingsley

Chief Executive Officer

(Principal Executive Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

I, Lori Stansfield, Chief Financial Officer of Mentor Capital, Inc. (Company), do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- the Quarterly Report on Form 10-Q of the Company for the period ended September 30, 2015 (Report) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the periods presented therein.

Date: November 10, 2015

/s/ LORI STANSFIELD

Lori Stansfield

Chief Financial Officer

(Principal Financial Officer)