

# **American Hemp Ventures, Inc.**

Formerly: ASC Biosciences, Inc.

*Incorporated in Nevada - November 28, 2007*

Including Wholly Owned Subsidiaries;

**H.E.M.P. Group LLC**

**LTC Farms LLC**

## **Consolidated Financial Statements**

For the 12 Months Ended

**December 31, 2018**

**Audited**

Statements issued and prepared by Management

# **American Hemp Ventures, Inc.**

Formerly: ASC Biosciences, Inc.

Incorporating: HEMP Group LLC & LTC Farms LLC

## **Financial Statements**

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**Yu Certified Public Accountant, P.C.**

*Professionalism, Expertise, Integrity*

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of  
American Hemp Ventures, Inc. (previously "ASC Biosciences, Inc")

**Opinion on the Financial Statements**

We have audited the accompanying balance sheets of American Hemp Ventures, Inc. (the "Company", previously "ASC Biosciences, Inc") as of December 31, 2018 and 2017, and the related statements of operations, changes in stockholders' deficits and statements of cash flows for the years then ended, and the related notes (collectively referred to as the financial statements). In our opinion, the financial statements referred to above present fairly, in all material respects, the financial positions of American Hemp Ventures, Inc. as of December 31, 2018 and 2017, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

**Certified Public Accountants**

**99 Madison Avenue, Suite 601, New York NY 10016**

**Tel: 347-618-9237**

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**Yu Certified Public Accountant, P.C.**

*Professionalism, Expertise, Integrity*

*Yu Certified Public Accountant P.C.*

We have served as the Company's auditor since 2017.

New York, New York

April 26, 2019

**Certified Public Accountants**

**99 Madison Avenue, Suite 601, New York NY 10016**

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# American Hemp Ventures, Inc.

Formerly: ASC Biosciences, Inc.

Incorporating: HEMP Group LLC & LTC Farms LLC

## Consolidated Balance Sheets

	December 31, 2018	December 31, 2017
<b>ASSETS</b>		
<b>Current assets</b>		
<b>Checking/Savings</b>		
Cash at Bank - Checking Accounts	48,997	239,777
Cash at Bank - Savings Account	(14)	21,998
Cash on hand / In Transit	0	-
<b>Bank &amp; Cash Total</b>	<b>\$ 48,982</b>	<b>\$ 261,775</b>
<b>Other Current Assets</b>		
Accounts Receivable	114,979	-
Product Inventory	27,927	-
Current Assets of Discontinued Operations	2,500	-
<b>Total current assets</b>	<b>\$ 194,389</b>	<b>\$ -</b>
<b>Fixed Assets</b>		
Buildings & Infrastructure	314,165	-
Furniture, Fixtures & Equipment	7,857	-
Accumulated Depreciation	(62,256)	-
<b>Total Fixed Assets</b>	<b>\$ 259,766</b>	<b>\$ -</b>
<b>Other Assets</b>		
Construction Work in Progress	66,500	-
Fixed Assets (Net of Depreciation) of Discontinued Operations	41,948	52,774
<b>Total Assets</b>	<b>\$ 562,604</b>	<b>\$ 314,549</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)</b>		
<b>Current Liabilities</b>		
Accounts Payable & Accrued Expenses	60,783	-
Payroll Liabilities	50,414	-
Wells Fargo Credit Line	0	-
Shareholder Loan	153,600	-
Current Liabilities of Discontinued Operations	0	837,201
<b>Total current liabilities</b>	<b>\$ 264,798</b>	<b>\$ 837,201</b>
<b>Long Term Liabilities</b>		
Notes Payable	189,585	-
Long term Liabilities of Discontinued Operations	0	26,584
Deferred Consulting Revenue	610,000	-
<b>Total Long Term Liabilities</b>	<b>\$ 799,585</b>	<b>\$ 26,584</b>
<b>Total liabilities</b>	<b>\$ 1,064,383</b>	<b>\$ 863,785</b>
<b>Members' equity (deficit)</b>		
<i>Common stock, \$.001 par value; 50,000,000 (Reduced from 981,675,380) shares authorized. 16,061,560 and 8,030,780 shares issued and 16,061,560 and 5,630,780 outstanding as of December 31, 2018 and December 31, 2017. Common Shares Reverse Split 1 for 2000 on May 9, 2017 &amp; Split 2 for 1 on October 15, 2018.</i>		
Common Stock Issued	16,062	8,031
Treasury Shares	0	(2,400)
<b>Common Stock Outstanding</b>	<b>16,062</b>	<b>5,631</b>
Additional Paid in Capital	1,204,789	-
Retained Earnings	(554,867)	(1,371)
Accumulated Surplus / (Deficit) Current Year	(1,167,762)	(553,496)
<b>Total stockholders' deficit</b>	<b>\$ (501,779)</b>	<b>\$ (549,236)</b>
<b>Total liabilities and Stockholders' Deficit</b>	<b>\$ 562,604</b>	<b>\$ 314,549</b>

The accompanying notes are an integral part of these Financial Statements

# American Hemp Ventures, Inc.

Formerly: ASC Biosciences, Inc.

Incorporating: HEMP Group LLC & LTC Farms LLC

## Consolidated Statement of Operations

	For the Twelve Months ended	
	Dec 31, 2018	Dec 31, 2017
<b>Revenue</b>		
<i>Consulting Income</i>	-	-
<i>Greenhouse Sales</i>	734,145	-
<i>Crop / Seed Sales</i>	1,400,000	-
<b>Total Revenue</b>	<b>\$ 2,134,145</b>	<b>\$ -</b>
<b>Cost of Goods Sold</b>	<b>987,437</b>	<b>-</b>
<b>Gross Profit / (Loss) from operations</b>	<b>\$ 1,146,708</b>	<b>\$ -</b>
<b>Overhead Expenses</b>		
<b>Total Advertising Expenses</b>	<b>\$ 213</b>	<b>\$ -</b>
<b>Total Vehicle Expenses</b>	<b>\$ 76,161</b>	<b>\$ -</b>
<b>Total Misc. Overhead Expense</b>	<b>\$ 73,532</b>	<b>\$ -</b>
<b>Total Independent Contractor Fees</b>	<b>\$ 7,200</b>	<b>\$ -</b>
<b>Total Professional Fees</b>	<b>\$ 33,847</b>	<b>\$ -</b>
<b>Total Office Expenses</b>	<b>\$ 47,518</b>	<b>\$ -</b>
<b>Total Utility Expense</b>	<b>\$ 57,573</b>	<b>\$ -</b>
<b>Total Rent Expense</b>	<b>\$ 24,000</b>	<b>\$ -</b>
<b>Total Payroll Expense</b>	<b>\$ 219,590</b>	<b>\$ -</b>
<b>Total Overhead Expenses</b>	<b>\$ 539,634</b>	<b>\$ -</b>
<b>Profit / (Loss) from Operations</b>	<b>\$ 607,074</b>	<b>\$ -</b>
<b>Other Income / (Expenses)</b>		
<i>Share Exchange / Merger Expense</i>	<i>(186,878)</i>	<i>(81,371)</i>
<i>Partner Buyout Expense</i>	<i>(200,000)</i>	
<i>Management Fees- Founders</i>	<i>(751,252)</i>	<i>0</i>
<i>Interest Income</i>	<i>45</i>	<i>-</i>
<i>Interest expense</i>	<i>(1,807)</i>	<i>(274)</i>
<i>Research &amp; Deveopment Expense</i>	<i>(21,495)</i>	<i>0</i>
<b>Discontinued Operations - net of tax benefits</b>		
<i>Net Loss from Discontinued Operations</i>	<i>(612,650)</i>	<i>(471,851)</i>
<b>Taxation &amp; Dividends</b>		
<i>State Income Taxes</i>	<i>(800)</i>	<i>-</i>
<i>Dividends Payable</i>	<i>0</i>	<i>-</i>
<b>Total other income / (expenses)</b>	<b>\$ (1,774,836)</b>	<b>\$ (553,496)</b>
<b>Net Profit / (Loss)</b>	<b>\$ (1,167,762)</b>	<b>\$ (553,496)</b>
<i>Net loss per common share - basic and diluted</i>	<b>(\$0.12)</b>	<b>(\$0.08)</b>
<i>Weighted average shares outstanding</i>	<b>10,038,475</b>	<b>6,692,049</b>

The accompanying notes are an integral part of these financial statements

**American Hemp Ventures, Inc.**  
Formerly: ASC Biosciences, Inc.  
Incorporating: HEMP Group LLC & LTC Farms LLC

**CONSOLIDATED STATEMENT OF CASH FLOWS**

	December 31, 2018	December 31, 2017
<b>Cash Flows from Operating Activities</b>		
Net loss for the period	\$ (1,167,762)	\$ (553,496)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	62,256	1,353
Equity Adjustment per Nevis Capital Acquisition	-	4,260
	<u>(1,105,507)</u>	<u>(547,883)</u>
Changes in operating assets and liabilities		
Accounts Receivable	(114,979)	-
Inventory	(27,927)	-
Prepayments	(2,500)	-
Accounts Payable & Accrued Expenses	60,783	66,331
Payroll Liabilities	50,414	-
Deferred Consulting Revenue	610,000	-
Long term Liabilities of Discontinued Operations	(26,584)	-
Business credit line	(7,121)	7,121
Other Business Loans Payable	(51,560)	26,584
	<u>\$ 490,526</u>	<u>\$ 100,035</u>
<b>Net Cash Used in Operating Activities:</b>	<b>(614,981)</b>	<b>(447,847)</b>
<b>Cash Flows from Investing Activities:</b>		
Acquisition of buildings and infrastructure	(314,165)	-
Acquisition of furniture, fixtures and equipment within discontinued operation	-	(54,127)
Acquisition of furniture, fixtures and equipment	(7,857)	-
Acquisition of construction in progress	(66,500)	-
<b>Net Cash Used in Investing Activities:</b>	<b>\$ (388,522)</b>	<b>\$ (54,127)</b>
<b>Cash Flows from Financing Activities:</b>		
Proceeds of Notes payable	189,585	-
Loans from stockholders	153,600	-
Proceeds from the issuance of common stock	-	-
Proceeds from sale of treasury shares	-	-
Proceeds of additional paid-in-capital	-	-
Proceeds of investors deposit	447,525	763,750
Net cash provided by financing activities	<u>\$ 790,710</u>	<u>\$ 763,750</u>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents:</b>	<b>(212,793)</b>	<b>261,775</b>
CASH BALANCE AT BEGINNING OF PERIOD:	261,775	-
CASH BALANCE AT END OF PERIOD:	<u>\$ 48,982</u>	<u>\$ 261,775</u>
<b>SUPPLEMENTAL SCHEDULE OF NON-CASH INVESTING AND FINANCING ACTIVITIES</b>		
Cash Paid for Interest	\$ 1,807	\$ 274
Cash Paid for Taxes	\$ 800	\$ -

The accompanying notes are an integral part of these financial statements

# American Hemp Ventures, Inc.

Formerly: ASC Biosciences, Inc.

## Statement of Stockholders Equity

	Common Shares	Stock \$ Amt @ Par	Treasury Stock	Additional Paid in Capital	Retained Deficit	Stockholders' Equity
<b>Balances - April 30, 2016</b>	15,059	\$ 30,117	\$ (8,500)	\$ 25,412,150	\$ (84,654)	\$ 25,349,113
<i>Stock Issued to pay Creditor</i>	13	\$ 25		\$ 1,000		\$ 1,025
<i>Stock Issued for Oil Interests</i>	1,000	\$ 2,000		\$ 80,000		\$ 82,000
<i>Stock Issued for Professional Services</i>	313	\$ 625		\$ 25,000		\$ 25,625
<i>Stock Issued for Investor</i>	250	\$ 500		\$ 10,000		\$ 10,500
<i>Stock Issued for JV - Young</i>	841	\$ 1,682		\$ 185,031		\$ 186,713
<i>Stock Issued for Arbit Media</i>	6,250	\$ 12,500		\$ 125,000		\$ 137,500
<i>Stock Issued for Bougainville</i>	500	\$ 1,000		\$ 20,000		\$ 21,000
Loss for 12 Month Period:				\$ (18,332)	\$ (25,406,500)	\$ (25,424,832)
<b>Balances - April 30, 2016</b>	24,225	\$ 48,449	\$ (8,500)	\$ 25,839,849	\$ (25,491,154)	\$ 388,644
<i>Stock Issued for Professional Services</i>	375	\$ 750			\$ (750)	\$ -
<i>Transfer of Assets to Court Receiver</i>					\$ (388,644)	\$ (388,644)
<b>Balances - July 31, 2016</b>	24,600	\$ 49,199	\$ (8,500)	\$ 25,839,849	\$ (25,880,548)	\$ -
<i>Stock Issued for Professional Services</i>						\$ -
Loss for 3 Month Period:						\$ -
<b>Balances - October 31, 2016</b>	24,600	\$ 49,199	\$ (8,500)	\$ 25,839,849	\$ (25,880,548)	\$ -
<i>Stock Issued for Professional Services</i>						\$ -
Loss for 3 Month & 27 day Period:						\$ -
<b>Balances - February 27, 2017</b>	24,600	\$ 49,199	\$ (8,500)	\$ 25,839,849	\$ (25,880,548)	\$ -
Loss for 32 day Period:						\$ -
<b>Balances - March 31, 2017</b>	24,600	\$ 49,199	\$ (8,500)	\$ 25,839,849	\$ (25,880,548)	\$ -
<b>Balances Brought Down:</b>	24,600	49,199	(8,500)	25,839,849	(25,880,548)	0
<i>Reverse Stock Spli - 1 for 2000 **</i>	0	\$ (49,174)	\$ -	\$ 49,154		\$ (20)
<i>issued due to rounding up fractional o'ships</i>	110	\$ -				\$ -
<i>Nevis Treasury Stock unaccounted for - w/off</i>			\$ 8,500			\$ 8,500
<b>New Shares Cancelled by Court - Bougainville</b>	(500)	\$ -		\$ -		\$ -
<b>New Shares Cancelled by Court - Topaiyo</b>	(500)	\$ (1)		\$ -		\$ (1)
<b>New Shares Cancelled by Court - Arbit Media</b>	(6,250)	\$ (6)		\$ -		\$ (6)
<b>New Shares Cancelled by Court - 111d.com</b>	(6,680)	\$ (7)		\$ -		\$ (7)
<b>New Shares Issued by Court Order - Johnson</b>	20,000	\$ 20		\$ -		\$ 20
<b>New Shares Issued by Court Order - Control Group</b>	8,000,000	\$ 8,000	\$ (1,600)	\$ -		\$ 6,400
<i>Original ASC Assets &amp; Liabilities Merged with Nevis</i>		\$ -	\$ -	\$ -	\$ (25,173)	\$ (25,173)
<b>Net Loss for 3 Month Period:</b>				\$ -	\$ (16,409)	\$ (16,409)
<b>Balances - June 30, 2017</b>	8,030,780	\$ 8,031	\$ (1,600)	\$ 25,889,003	\$ (25,922,130)	\$ (26,696)

The accompanying notes are an integral part of these financial statements



# American Hemp Ventures, Inc.

Formerly: ASC Biosciences, Inc.

Incorporating: HEMP Group LLC & LTC Farms LLC

## Statement of Stockholders Equity - (Continued)

(Unaudited)

<b>Balances Brought Down:</b>	8,030,780	8,031	(1,600)	25,889,003	(25,922,130)	(26,696)
<i>Addition/ Nevis Acquisition Adjustments</i>		\$ -	\$ -	\$ (25,889,003)	\$ 25,905,721	\$ 16,718
<i>Additional Treasury Stock held for Investor</i>		\$ -	\$ (800)	\$ -	\$ -	\$ (800)
<i>Retained Earnings 2015/2016 from "old" ASC</i>		\$ -	\$ -	\$ -	\$ (1,371)	\$ (1,371)
<b>Net Loss for 3 Month Period:</b>		\$ -	\$ -	\$ -	\$ (172,381)	\$ (172,381)
<b>Balances - September 30, 2017</b>	8,030,780	\$ 8,031	\$ (2,400)	\$ -	\$ (190,161)	\$ (184,530)
<b>Net Loss for 3 Month Period:</b>		\$ -	\$ -	\$ -	\$ (364,706)	\$ (364,706)
<b>Balances - December 31, 2017</b>	8,030,780	\$ 8,031	\$ (2,400)	\$ -	\$ (554,867)	\$ (549,236)
<b>Net Loss for 3 Month Period:</b>		\$ -	\$ -	\$ -	\$ (171,738)	\$ (171,738)
<b>Balances - March 31, 2018</b>	8,030,780	\$ 8,031	\$ (2,400)	\$ -	\$ (726,605)	\$ (720,974)
<b>Net Loss for 3 Month Period:</b>		\$ -	\$ -	\$ -	\$ (130,721)	\$ (130,721)
<i>Shares Issued to Stem Cell Development Fund, LLC</i>		\$ -	\$ 628	\$ 1,210,647	\$ -	\$ 1,211,275
<b>Balances - June 30, 2018</b>	8,030,780	\$ 8,031	\$ (1,772)	\$ 1,210,647	\$ (857,326)	\$ 359,580
<b>Net Loss for 3 Month Period:</b>		\$ -	\$ -	\$ -	\$ (133,348)	\$ (133,348)
<b>Balances - September 30, 2018</b>	8,030,780	\$ 8,031	\$ (1,772)	\$ 1,210,647	\$ (990,674)	\$ 226,232

	Common Shares	Stock \$ Amnt @ Par	Treasury Stock	Additional Paid in Capital	Retained Deficit	Stockholders' Equity
<i>Forward Stock Split - 2 for 1 - October 15, 2018</i>	8,030,780	\$ 8,031	\$ (1,772)	\$ (6,259)	\$ -	\$ -
<b>Sub-Total:</b>	<b>16,061,560</b>	<b>16,062</b>	<b>(3,544)</b>	<b>1,204,388</b>	<b>(990,674)</b>	<b>226,232</b>
<i>Lucas Shares - Cancellation of Certificate 1001</i>	(1,600,000)	\$ (1,600)	\$ -	\$ -	\$ -	\$ (1,600)
<i>Lucas Shares - Re-issued as Treasury Shares</i>	1,600,000	\$ 1,600	\$ (1,600)	\$ -	\$ -	\$ -
<i>Treasury Shares Cancelled per Agreement 12-27-2018</i>	(5,144,792)	\$ -	\$ 5,144	\$ -	\$ -	\$ 5,144
<i>Shares Cnclled per Agreement - December 27, 2018</i>	(8,800,000)	\$ (13,945)	\$ -	\$ -	\$ -	\$ (13,945)
<i>Shares Issued per Agreement - December 27, 2019</i>	13,944,792	\$ 13,945	\$ -	\$ -	\$ -	\$ 13,945
<b>** Additional Net Profit for 9 Month Period to 9-30-2018:</b>		\$ -	\$ -	\$ 400	\$ 839,818	\$ 840,218
<b>Net Profit for 3 Month Period:</b>					\$ (1,571,774)	\$ (1,571,774)
<b>Balances - December 31, 2018</b>	<b>16,061,560</b>	<b>\$ 16,062</b>	<b>\$ 0</b>	<b>\$ 1,204,788</b>	<b>\$ (1,722,630)</b>	<b>\$ (501,779)</b>

\*\* Resulting From Acquisition/Consolidation of HEMP/LTC.

The accompanying notes are an integral part of these financial statements

# **American Hemp Ventures, Inc.**

Formerly: ASC Biosciences, Inc.

**Incorporating: HEMP Group LLC & LTC Farm LLC**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

As of December 31, 2018

### **NOTE 1 –Operations**

#### **Organization and Description of Business**

From February 27, 2017 until December 27, 2018, ASC Biosciences, Inc. (“ASC” or the “Company”) has been a development stage biotechnology company that had a licensed proprietary adult stem cell platform capable of forming nearly every tissue in the human body. In laboratory animal experiments, these cells, Multipotent Adult Stem Cells (“MASCs”) differentiated into cartilage, bone, tendon, muscle, ligament, fat, blood vessels, nerves, skin, etc.

Since inception, ASC has tried to secure a second round of funding from multiple sources. Management were proposing to open offshore clinics where the science could be proven to work in human patients. A public offering of shares was being planned for the fourth quarter of 2018.

However, as the Company’s cash resources became depleted, it became apparent that a successful public offering would require a significant investment in advertising that the Company did not have. Accordingly, in November 2018 the Company Directors took the decision to change business direction and to seek a way to utilize its current public listing in conjunction with an already operational entity as a way to safeguard the position of its current shareholders.

Subsequently contact was made with a fast-growing new group of companies engaged in the business of hemp consulting to the agricultural community as well as the cultivation of its own hemp crops for seed sales, cannabidiol (“CBD”) oil production and the sale of the biomass for the many other hemp-based products. This rapid growth is being fueled by the recent Federal legalization of hemp as an agricultural commodity with the passing of the Farm Bill on December 9, 2018.

Full details of an Agreement for Share Exchange, dated December 27, 2018, between ASC and American Hemp Ventures, Inc. (“AHV”) was recently filed as a “Current Report” with the OTC Pink Open Markets. In summary the Directors and Officers of ASC resigned their positions and submitted their restricted common shares to the Transfer Agent for cancellation. An equivalent number of shares was re-issued to the nominees of AHV. Full details are reported in the Company’s “Information and Disclosure” report filed on the OTC Pink Open Market web site ([www.otcm Markets.com](http://www.otcm Markets.com)).

As a result of this share exchange the Company is now engaged in the business of American Hemp Ventures, Inc. The Company’s mission is to become a broadly integrated “seed-to-sale” hemp operation that starts on the farm and delivers to the table top.

Through years of hands on experience working with cannabis plants, the Company’s subsidiaries and management have developed deep expertise in hemp-growing techniques and have developed three proprietary hybrid hemp seeds, as well as a proprietary process to feminize hemp seed thereby increasing yields by nearly 100%.

The Company’s operations are focused on sales of hemp seed, hemp biomass and CBD distillate, as well as providing consulting services and generating royalties from consulting clients.

American Hemp Ventures, Inc. (“AHV”) was formed as the holding company for Hemp Consulting Group, Inc. and LTC Farms, Inc. which together encompass the complete spectrum of expertise in the growing and marketing of the various Hemp products, principally CBD oil.

The accompanying notes are an integral part of these financial statements

# **American Hemp Ventures, Inc.**

Formerly: ASC Biosciences, Inc.

**Incorporating: HEMP Group LLC & LTC Farm LLC**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

As of December 31, 2018

AHV currently operates two primary business steams; a) the growing and cultivation of Hemp for its own account using a proprietary seed type, and b) the consulting division which provides a turnkey service to farmers and investors wishing to grow Hemp on their own land. This service generates both consulting fees and a participation revenue stream over the life of a typical 5-year contract with our clients.

Since the passing of the Farm Bill on December 9, 2018 which legalized the growing of hemp as an agricultural commodity, the industry is poised for an explosion as new supply chains develop and researchers discover additional uses for hemp in its many forms, particularly cannabidiol oil, which can be derived from hemp.

Hemp farming was once a required agricultural activity in the U.S. prior to cannabis prohibition. It has thousands of applications from industrial applications to therapeutic properties. As hemp is legalized in more U.S. states, its importance is being highlighted once again.

Hemp is a member of the cannabis sativa L plant family. Although it is part of the cannabis plant family, it is not intoxicating. It is valued for its high CBD content in the medical community. It is often thought that all hemp contains THC, but this is false. A majority of hemp, though, does contain as much as 0.3% THC. This is not enough to produce an intoxicating effect. Some varieties contain 0% THC.

Hemp is most commonly sought for aiding in reducing inflammation and reducing seizures. It is usable in ingestible applications such as a source of plant-based protein, fiber and healthy fatty acids. Hemp is also a nutrient and vitamin rich plant.

When it comes to hemp farming, finding the right industrial hemp seed for growing is ideal. Hemp is rather easy to grow, but the source of the hemp seeds is vital. You need to start with quality hemp seeds for growing that can produce strong plants and maintain its properties throughout the growth cycle. AHV's experienced team have developed a feminized seed type which allows a higher number of harvests per year.

AHV's decision to utilize an already publicly quoted entity will help facilitate its expansion which will include vertical integration of the hemp processing sector in order to stay ahead of the surge in new hemp businesses being formed across the USA.

AHV's dedicated team of professionals can provide advice and guidance of all aspects of hemp cultivation, from seed selection, construction of grow houses, the optimization of nutrition and hydration through to industrial processing and production.

AHV also provides assistance to its consulting clients on navigating the regulatory and licensing processes in all States of the USA.

ASC Biosciences, Inc. was incorporated in Nevada on November 28, 2007 as Ocean Energy, Inc. for the purpose of producing and distributing Ocean Power Converters ("OPC") and supplying sea shore consumers. In November 2012 the company announced plans to change direction and become an investment holding company.

In September 2010, the Company changed its name from "Ocean Energy, Inc." to "Sino Cement, Inc.". This name change came from a merger with a wholly owned subsidiary Sino Cement, Inc. This entity was formed solely for a name change.

Effective July 5, 2013, the Company changed its name from Sino Cement, Inc. to Nevis Capital Corporation.

The accompanying notes are an integral part of these financial statements

# **American Hemp Ventures, Inc.**

Formerly: ASC Biosciences, Inc.

**Incorporating: HEMP Group LLC & LTC Farm LLC**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

As of December 31, 2018

On February 27, 2017 by Order of the Nevada Court resulting from an agreement for satisfaction of the sole creditor, control of the Company was handed over to ASC Biosciences, Inc. free of all assets and liabilities, including the aforementioned default judgment.

On April 13, 2017, The Board of Directors authorized the change of the Company's name from "Nevis Capital Corporation" to "ASC Biosciences, Inc.", thereby merging with our controlling Parent Company ASC Biosciences, Inc. This change was disseminated by FINRA on May 10, 2017.

### **NOTE 2 – Basis of Presentation and Summary of Significant Accounting Policies**

#### **Basis of Presentation**

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States (U.S. GAAP). The basis of these financial statements is comparable for all periods presented herein. The consolidated financial statements include the accounts of all subsidiaries. All intercompany balances and transactions have been eliminated in consolidation. We have reclassified certain amounts in the prior periods' financial statements to conform to the 2018 presentation. The preparation of financial statements requires the use of estimates from which final results may vary.

#### **Use of Estimates**

The preparation of financial statements to be in conformity with general accepted accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. Management is also responsible for disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

#### **Revenue Recognition**

Generally, we recognize revenue from sales of our products to our customers, including shipping fees, when title passes to the customer, which usually occurs upon shipment or delivery, depending upon the terms of the sales order; when persuasive evidence of an arrangement exists; when sales amounts are fixed or determinable; and when collectability is reasonably assured. Estimates of product returns for quality reasons and of price allowances (based on historical experience, product shipment analysis and customer contractual arrangements) are recorded when revenue is recognized. Allowances include volume-based incentives and special pricing arrangements. In addition, we record allowances for accounts receivable that we estimate may not be collected. Revenue from consulting service is recognized upon completion at balance sheet date. Where the outcome of the work cannot be measured reliably, revenue is recognized to the extent of the relevant expenses or costs of the work that are recoverable.

The accompanying notes are an integral part of these financial statements

# American Hemp Ventures, Inc.

Formerly: ASC Biosciences, Inc.

**Incorporating: HEMP Group LLC & LTC Farm LLC**

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2018

In May 2014, FASB issued Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers. ASC 606 dictates that a business can account for a contract when all these criteria are met.

- Both parties should approve the contract (in writing, orally, or via some other agreed-upon practice)
- Both parties can identify what goods or services are to be transferred to the customer
- Payment terms are identified and agreed upon
- The contract has commercial substance
- 
- The business believes it is probable that they will collect on the payment agreed upon in exchange for the goods or services transferred to the customer.

AHV has deferred \$610,000 of consulting revenues received in 2018. This sum represents ten contracts at \$50,000 each plus one at \$70,000 and one at \$40,000, which contained a “money back guarantee” clause should the clients revenue share not exceed the initial consulting fee.

AHV will recognize these deferred consulting fees at such time as the client owned inventory, held by the Company for re-sale, exceeds the upfront consulting fee paid by the client. Current consulting contracts in year of 2019 generally no longer contain this particular refund clause.

Also, AHV helps the consulting clients build up greenhouses (aka Hoop Houses) for their own use. AHV places purchase and build-up orders to different vendors, and bills the clients for the actual costs of building such greenhouses. AHV will bear inventory risk and labor costs until received proceeds from the consulting clients. AHV recognizes the actual amount billed the clients as revenue, and cost from vendors as cost of revenue.

### **Cash and cash equivalents**

AHV maintains a cash balance in a non-interest-bearing account that currently does not exceed federally insured limits. For the purpose of the statements of cash flows, all highly liquid investments with an original maturity of three months or less are considered to be cash equivalents. There were no cash equivalents as of December 31, 2018 and 2017. As of December 31, 2018, AHV held Cash and cash equivalents in the amount of \$48,982. Cash equivalents include all short-term liquid investments that are readily convertible to cash and have original maturities of nine months or less.

### ***Fair value of financial instruments and derivative financial instruments***

AHV's financial instruments include cash and cash equivalent, and notes payable. All instruments are accounted for on a historical cost basis, which, due to the short maturity of these financial instruments, approximates fair value at December 31, 2018 and 2017. AHV did not engage in any transaction involving derivative instruments.

The accompanying notes are an integral part of these financial statements

# **American Hemp Ventures, Inc.**

Formerly: ASC Biosciences, Inc.

**Incorporating: HEMP Group LLC & LTC Farm LLC**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

As of December 31, 2018

### **Inventory**

Inventory is initially recognized on cost basis. The direct costs of plant cultivation and maintenance are capitalized on a continuous basis. These costs would typically include the initial seed cost, the costs of direct labor, the costs of growth additives and pest control products, any direct equipment costs and costs specifically incurred at harvest time. Inventory Management is carried out according to GAAP principles, specifically Topic 330.

Plants in various stages of growth will be valued using a combination of the percentage of completion method in order to arrive at a whole plant count from which an estimated seed production number can be derived based on historical records, this will then be multiplied by the standard seed cost in force to produce an estimated inventory value.

Inventory quantity adjustments are made at each harvest and each sale of product. Inventory is sold on the basis of FIFO (First in First out). Harvested seeds are packaged, dated, and marked with ownership information, and stored in a secure facility. Losses due to shrinkage, spoilage and damage will be monitored and recorded.

Inventory is held at the lower of cost of Net Realizable Value.

### **Accounts Receivable**

AHV utilizes the GAAP principal of accruals accounting in order to match the costs and revenues of transaction in the period in which they were incurred. Orders may be received by the Purchase Order method or received via e-mail or telephone communication. Normal credit terms are net 30-day payment. New customers are required to complete a credit application prior to being supplied with goods or services on credit. Customers who are not considered credit worthy are required to place a cash deposit in advance of their orders being fulfilled.

Management will evaluate its accounts receivable balances with a view to estimating the likelihood of non-payment, and will create a provision for doubtful debts that will be reviewed at the end of each reporting period. As of December 31, 2018, AHV was not carrying any accounts receivable that are considered to be at risk for non-payment.

### **Construction in Progress**

AHV is constructing greenhouses (aka Hoop Houses) for its own account and for consulting clients who do not have their own land available for such purpose.

A completed greenhouse will be transferred from "work in progress" to fixed assets upon readiness of service. Greenhouses in various stages of construction will be valued using the GAAP standard PCM (Percentage of Completion Method) applied to the capitalized costs incurred at the close of the relevant accounting period.

### **Cost of Goods Sold – Products**

On-going direct purchases, operating expenses, utilities, direct labor for harvesting and greenhouse depreciation are first capitalized in work-in-progress in current assets.

The accompanying notes are an integral part of these financial statements

# **American Hemp Ventures, Inc.**

Formerly: ASC Biosciences, Inc.

**Incorporating: HEMP Group LLC & LTC Farm LLC**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

As of December 31, 2018

Subsequently, the Cost of Goods Sold (COGS) is re-calculated at each harvest on the basis of number of seeds produced. The Standard Cost methods are then used to transfer the COGS out of the capitalized inventory costs into the relevant inventory asset account in current assets. When a seed sale is recorded the applicable COGS number (Standard Cost x number of seeds sold) is moved to the cost of goods sold section of the income statement.

Inventory Segment reporting will be used, in accordance with GAAP Topic 280, when products in addition to hemp seeds are being produced.

### **Cost of Goods Sold - Services**

The COGS for services is the relative costs to earn such consulting fees charged. Any specific identifiable costs relative to our consulting services will be charged directly to the appropriate COGS account.

However, as the consulting services are provided in the most part by senior management who may advise several clients within the time frame of one work day, any attempt to allocate time for the purposes of transferring a theoretical COGS allocation would essentially be unproductive and meaningless as a management tool or as a metric for monitoring consulting fees as a profit contributor.

Construction of client owned greenhouses are accounted for as "cost of goods sold" as the client is under contract to pay 100% of the costs incurred in constructing their facilities.

### **Property and Equipment**

Property and equipment are stated at initial cost. Major repairs and betterments are capitalized and normal maintenance and repairs are charged to expense as incurred. Depreciation is computed by the straight-line method over the estimated useful lives of the related assets. Office and general equipment are depreciated over useful lives of 10 years and leasehold improvements are depreciated shorter of term lease and useful life of 20 years. Upon retirement or sale of an asset, the cost and accumulated depreciation are removed from the accounts and any gain or loss is reflected in operations.

As of December 31, 2018, by virtue of the Agreement for Share Exchange, AHV assumed ownership of the Fixed and Current Assets & Liabilities of Hemp Group LLC and LTC Farms LLC.

In addition, as of December 31, 2018, AHV retained ownership of a Nikon Fluorescent Microscope, with a net book value of \$41,948. This item is classified as "Assets of Discontinued Operations" on the Balance Sheet. AHV is expected to dispose such equipment within one year.

### **Federal income taxes**

Potential benefits of income tax losses are not recognized in the accounts until realization is more likely than not. AHV has adopted Accounting Standards Codification 740.10.05 "Accounting for Income Taxes" as of its inception. Pursuant to Accounting Standards Codification 740.10.05, AHV is required to compute tax asset benefits for net operating losses carried forward. Potential benefits of net operating losses have not been recognized in these financial statements because AHV cannot be assured it is more likely than not it will utilize the net operating losses carried forward to future years.

The accompanying notes are an integral part of these financial statements

# **American Hemp Ventures, Inc.**

Formerly: ASC Biosciences, Inc.

**Incorporating: HEMP Group LLC & LTC Farm LLC**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

As of December 31, 2018

The U. S. Tax Act known as Tax Cuts and Jobs Act (the “2017 Act”) signed on December 22, 2017 may have changed the consequences to U. S. shareholders that own, or are considered to own, as a result of the attribution rules, 10% or more of the voting power or value of a non-U. S. corporation ( a “10% U.S. shareholder) under the U.S. Federal income tax law applicable to owners of U.S. controlled foreign corporations (“CFCs”). We did not believe any of our shareholders, or our subsidiaries were CFCs, and there will be no such impact for 2017 Act for the year ended December 31, 2018.

### **Net loss per share of common stock**

Net loss per share is provided in accordance with FASB ASC 260-10, “Earnings per Share”. Basic net loss per common share (“EPS”) is computed by dividing income available to common stockholders by the weighted-average number of common shares outstanding for the period. Diluted earnings per share is computed by dividing net income by the weighted average shares outstanding, assuming all dilutive potential common shares were issued, unless doing so is anti-dilutive.

### **Common Stock Registration Expenses**

AHV considers incremental costs and expenses related to the registration of equity securities with the SEC, whether by contractual arrangement as of a certain date or by demand, to be unrelated to original issuance transactions. As such, subsequent registration costs and expenses are reflected in the accompanying financial statements as general and administrative expenses, and are expensed as incurred.

### **Research and Development**

Costs for research and development, including predevelopment efforts prior to establishing technological feasibility of software expected to be marketed, are expensed as incurred. Development costs are capitalized when technological feasibility has been established and anticipated future revenues support the recoverability of the capitalized amounts. Capitalization stops when the product is available for general release to customers. AHV has not capitalized any software development, and has expensed these costs as incurred. These costs are included in research and development expense.

### **Dividends**

AHV has not adopted any policy regarding payment of dividends. No dividends have been paid during the current reporting periods.

### **Stock Based Compensation**

The primary focus is with transactions in which an entity obtains employee services, in share-based payment transactions. ASC 718-10 is a revision to SFAS No. 123, “Accounting for Stock-Based Compensation,” and supersedes Accounting Principles Board (“APB”) Opinion No.25, “Accounting for Stock Issued to Employees,” and its related implementation guidance. ASC 718-10 requires measurement of the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award (with limited exceptions). Incremental compensation costs arising from subsequent modifications of awards, after the grant date, must be recognized. AHV has not adopted a stock option plan nor has it granted any stock options. AHV will grant stock awards, at its par value (the cost thereof debited to Organization Costs), to its officers, directors and advisors for services rendered in its formation. Accordingly, no further stock-based compensation has been recorded to date.

The accompanying notes are an integral part of these financial statements



# **American Hemp Ventures, Inc.**

Formerly: ASC Biosciences, Inc.

**Incorporating: HEMP Group LLC & LTC Farm LLC**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

As of December 31, 2018

### **Estimated Fair Value of Financial Instruments**

ASC 820, "Fair Value Measurements", requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. It establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. It prioritizes the inputs into three levels that may be used to measure fair value:

#### **Level 1**

Level 1 applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

#### **Level 2**

Level 2 applies to assets or liabilities for which there are inputs other than quoted prices that are observable for the asset or liability such as quoted prices for similar assets or liabilities in markets with insufficient volume or infrequent transactions (fewer active markets); or model-derived valuations in which significant inputs are observable or can be derived principally from, or corroborated by, observable market data.

#### **Level 3**

Level 3 applies to assets or liabilities for which there are unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities.

### **Discontinued Operations**

Reporting discontinued operations separately from continuing operations is intended to provide investors, creditors and others with information to help assess the effects of disposal transactions on the ongoing operations of an entity

In order to qualify as a discontinued operation, the disposal group must meet all of the following criteria:

- The disposal group must qualify as a component of an entity (see Section 2, Component of an entity)
- Both of the following conditions are met or expected to be met by the end of the assessment period (see Section 3.6, Assessment period)
- The operations and cash flows of the component have been or will be eliminated from the ongoing operations of the entity in the disposal transaction (see Sections 3.1, 3.2 and 3.3)
- The entity will not have any significant continuing involvement in the operations of the component after the disposal transaction (see Section 3.4, Step 4: Significant continuing involvement)

Pursuant to ASU 2014-08 and ASC 205-20, the consolidation of the operating activity and assets and liabilities of ASC Biosciences for the 12 months Ended December 31, 2018 have been excluded from the activities and assets and liabilities of the Group and identified specifically as Discontinued Operations.

The accompanying notes are an integral part of these financial statements

# American Hemp Ventures, Inc.

Formerly: ASC Biosciences, Inc.

Incorporating: HEMP Group LLC & LTC Farm LLC

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2018

### Note 3 – Leases

Under US GAAP, An operating lease is a contract that allows for the use of an asset but does not convey ownership rights of the asset. Operating leases are counted as off-balance sheet financing—meaning that a leased asset and associated liabilities of future rent payments are not included on a company's balance sheet, to keep the ratio of debt to equity low. Historically, operating leases have enabled American firms to keep billions of dollars of assets and liabilities from being recorded on their balance sheets.

A capital lease is a contract entitling a renter to the temporary use of an asset, and such a lease has the economic characteristics of asset ownership for accounting purposes. The capital lease requires a renter to book assets and liabilities associated with the lease if the rental contract meets specific requirements. In essence, a capital lease is considered a purchase of an asset, while an operating lease is handled as a true lease under generally accepted accounting principles (GAAP).

For public business entities (PBEs), not-for-profit entities that are conduit bond obligors for securities that are traded, listed, or quoted on an exchange or over-the-counter market; and employee benefit plans that file or furnish statements with or to the SEC, the new guidance in ASC 842 is effective for financial statements issued for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years.

#### A) Related Party Leasing

##### (i) Land Leasing

AHV executed a Land Lease on November 1, 2017, in respect of +/-177 acres of farmland owned by Irving Chang, son of Haw Chang an Officer and Director of American Hemp Ventures, Inc. The initial term of the lease is 5 years, with options to renew. The lease rental rate is \$5,000 per calendar quarter. Such rent was fully paid as of December 31, 2018.

Under current GAAP rules, this long-term lease is being treated as an **Operating Lease**, as the four essential GAAP requirements for treatment as a Capital Lease are not met. These are:

- |  |           |
|--|-----------|
| • There is an ownership transfer to the lessee at the end of the lease;                            | <b>NO</b> |
| • The lease contains a bargain purchase option;  | <b>NO</b> |
| • The lease life exceeds 75% of the asset's economic life; or,                                     | <b>NO</b> |
| • The <u>present value (PV)</u> of the lease payments exceed 90% of the asset's fair market value. | <b>NO</b> |

**AHV recognizes that under FASB 2016-02 that AHV will be required to record a “right-of-use” asset value on the balance sheet in 2019.**

##### (ii) Equipment Leasing

In accordance with GAAP rules for Accounting for Leases, as modified by the issuance of **FASB No.2016-02 Lease (Topic842)**, AHV entered into an **Operating Lease** with a related party for a one-year period. *FASB 2016-02 allows the lessee to make an accounting policy election not to recognize lease assets and lease liabilities.*

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# American Hemp Ventures, Inc.

Formerly: ASC Biosciences, Inc.

**Incorporating: HEMP Group LLC & LTC Farm LLC**

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2018

The rental rate was based on a commercial daily hire rate, and the agreement contained no automatic right to purchase the equipment at the end of the term at a below market rate. Accordingly, the lease expense is recorded in the Income Statement, and the full amount of accrued rental income is recorded in current liabilities in the balance Sheet.

Accordingly, AHV has not recognized any assets or liabilities arising from this operating lease on its Balance Sheet. Subsequent to the end of the reporting period the Company has exercised its option to purchase the leased equipment at current market rates.

Considering the start-up nature of the business and the limited cash flow availability, the Lessor agreed that all payments would accrue until the end of the lease period. As of December 31, 2018, the sum of \$153,000 in accrued rental payments has been recorded on the balance sheet in current liabilities, and designated as Shareholder Loan.

### B) Third Party Leasing

#### Office Lease

AHV currently occupies +/- 1,200 sf of Class "A" office space in an 11-storey high rise office building on Parker Road in Aurora, Colorado. The space is leased from Boxer Properties, LLC and was signed on August 1, 2019. The lease expires on July 31, 2019. The monthly Gross rent is \$1,287.13.

### NOTE 4- Provision for Income Taxes

AHV are subject to state and federal income taxes in the U.S. Significant judgment is required in evaluating our uncertain tax positions and determining our provision for income taxes. In accordance with FASB ASC Topic 740, "Income Taxes," AHV provide for the recognition of deferred tax assets if realization of such assets is more likely than not.

The component of AHV's deferred tax asset as of December 31, 2018 and 2017 is as follows:

	2018	2017
Net operating loss carry forward from 12-31-2017	\$477,671	-
Loss for Year 2018	\$1,167,762	
Valuation allowance	(\$1,645,433)	-
Net operating loss carry forward as of December 31, 2018	<u>\$ 0</u>	<u>\$ -</u>

AHV commenced business, with zero assets and liabilities, under its current name on February 27, 2017, and did not pay any income taxes during the periods ended December 31, 2018 and 2017.

The accompanying notes are an integral part of these financial statements

# American Hemp Ventures, Inc.

Formerly: ASC Biosciences, Inc.

**Incorporating: HEMP Group LLC & LTC Farm LLC**

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2018

It is Management's opinion that the Net Operating Losses ("NOL's") carried forward at December 31, 2018 may not be fully utilized to offset the projected net operating income for 2019. The final amount allowed will depend upon the final base limitation calculation required by Section 382 under the provisions of "ownership change and valuation" It is therefore Management's prudent opinion is that a valuation allowance of 100% of the maximum potential loss allowance should be used and that a deferred tax asset would not be included in the assets as of December 31, 2018.

Under ACS 740 "*Income Taxes*," when it is more likely than not that a tax asset cannot be realized through future income the Company must allow for this future tax benefit. AHV provided a 100% valuation allowance on the net deferred tax asset, consisting of net operating loss carry-forwards, because management has determined that, as an operating company with significant projected revenues for the Year 2019, that despite the complex calculations required under the Section 382 limitation provisions, that a significant amount of AHV's net operating losses will be offset by the estimated 2019 net operating revenues.

The new "Tax Cuts and Jobs Act" of December 2017 changed the rules on NOL carry forward. The 20-year limitation was eliminated, giving the taxpayer the ability to carry forward losses indefinitely. However, NOL carry forward arising after January 1, 2018, will now be limited to 80 percent of taxable income.

It is management's opinion that the consolidation of the net operating profits of Hemp Consulting Group will absorb the whole of the prior and current years losses of ASC Biosciences, Inc. after applying the 80% limitation noted in the prior paragraph.

### Note 5- RELATED PARTY TRANSACTIONS

The following is the Master List of individual Officers, Directors, Employees and Family Members who would be considered as "Related parties" should they be party to any business transaction with the Company:

Jiun Haw Chang :	Officer, Director and Major Shareholder (>10%)
John Lee:	Officer, Director and Major Shareholder (>10%)
S. Mark Spooone	Officer, Director and Major Shareholder (>10%)
Neville Pearson	Interim Officer
Irving Chang	Son of Haw Chang
Michelle Ecsedy	Employee and Mother of Irving Chang

### Leases

AHV is leasing equipment and Land from certain officers and shareholders. The rental rate for the equipment was based on a commercial daily hire rate. The agreement contained no automatic right to purchase the equipment at the end of the term at a below market rate. Accordingly, the lease expense is recorded in the Income Statement, and the full amount of accrued rental income is recorded in current liabilities in the balance Sheet.

Another lease was executed on November 1, 2017, in respect of +/-177 acres of farmland owned by Irving Chang, son of Haw Chang an Officer and Director of American Hemp Ventures, Inc. The initial term of the lease is 5 years, with options to renew. The lease rental rate is \$5,000 per calendar quarter. The rent was fully paid as of December 31, 2018.

The accompanying notes are an integral part of these financial statements

# American Hemp Ventures, Inc.

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2018

Additional details of these leases are disclosed on Note 3.

### Loan from Shareholders

As of December 31, 2018, AHV held two 3-Year Promissory Notes totaling \$189,585 signed by Irving Chang (\$110,000.00) and Michelle Ecsedy (\$79,585). These cash loans were made to help AHV get established in the early months of 2018.

The Notes are for a three year term and carry an interest rate of 5%. Quarterly payments commence on April 1, 2019 as follows:

Irving Chang: \$10,000 per quarter

Michelle Ecsedy: \$7,500 per quarter

### Officers Compensation

During 2018 prior to any consideration of becoming a public corporation the two Founders (Lee and Chang) took cash remuneration as consultants from their LLC's (H.E.M.P. Group and LTC Farms) totaling \$758,452. This sum was reported to the IRS via Forms 1099. On becoming part of the American Hemp Ventures group these individuals become salaried officers and will no longer take any consulting compensation.

### NOTE 6- Stockholders Deficit

As of December 31, 2018, the shareholders net equity has decreased from **\$226,232** to **(\$501,779)**. The **\$728,011** decrease is composed of the following adjustments:

a) Net Loss for the 3 Months Ended December 31, 2018:	\$ (1,581,775)
b) Consolidation of the prior 9 months of Hemp Group Income:	\$ 849,819
c) Consolidation of Hemp Group Initial Capital Contributions:	\$ 400
d) Cancellation of Founder Lucas' shares, par value:	\$ ( 1,600)
e) Cancellation of 5,144,000 Treasury Shares, par value:	\$ 5,145
TOTAL:	<u><b>\$ (728,011)</b></u>

### Note 7 - Discontinued Operations

The following table shows the major components of the **\$612,650** of Discontinued Operations Expenses:

The accompanying notes are an integral part of these financial statements

# American Hemp Ventures, Inc.

Formerly: ASC Biosciences, Inc.

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2018

	YEAR ENDED	
	December 31, 2018	
	<u>2018</u>	<u>2017</u>
Officer Salaries	145,750	45,000
Other Salaries & Wages & Payroll Taxes	166,416	53,149
Independent Contractor Fees	136,000	226,900
Depreciation of Fixed Asset	10,825	1,353
Legal & Professional Fees	15,112	21,308
NYMC – IP License Fees	97,500	65,000
Advertising	8,375	48,851
Office Expenses	<u>32,672</u>	<u>10,290</u>
TOTALS	<u>\$612,650</u>	<u>\$471,851</u>

The following additional table shows the assets and liabilities of the Discontinued Operations as of December 31, 2018 and 2017 which are included in the consolidated balance sheets in the totals of Other Assets and Current and Long-Term Liabilities:

	YEAR ENDED	
	December 31, 2018	
	<u>2018</u>	<u>2017</u>
OTHER ASSETS		
Fixed Assets (Net of Depreciation)		
Of Discontinued Operations (Microscope)	<u>\$41,948</u>	<u>\$52,774</u>
CURRENT LIABILITIES - DISCONTINUED OPERATIONS		
SCDF Investor Deposits for future stock purchase	<u>\$0</u>	\$763,750
Wells Fargo Business Credit Card	<u>\$0</u>	\$7,120
Accrued Expenses	<u>\$0</u>	<u>\$66,331</u>
	Total:	<u>\$837,201</u>
LONG TERM LIABILITIES - DISCONTINUED OPERATIONS		
Morrell Instrument Co. – Microscope Loan	<u>\$0</u>	<u>\$26,584</u>

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# American Hemp Ventures, Inc.

Formerly: ASC Biosciences, Inc.

**Incorporating: HEMP Group LLC & LTC Farm LLC**

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2018

### NOTE 8- The Effect of Recently Issued Accounting Standards

Recent accounting pronouncements that the Company has adopted or that will be required to adopt in the future are summarized below. These are additional to ASB 2014-10 mentioned in note 2 above.

In January 2009, the FASB issued Accounting Standards Update No.2009-13 ("ASU 2009-13") "Revenue Recognition" (ASC 605), Multiple-Deliverable Revenue Arrangements a consensus of the FASB Emerging Issues Task Force ("EITF"). This ASU provides amendments to the criteria in FASB ASC 605-25 for separating consideration in multiple-deliverable arrangements. ASU 2009-13 changes existing rules regarding recognition of revenue in multiple deliverable arrangements and expands ongoing disclosures about the significant judgments used in applying its guidance. It will be effective for revenue arrangements entered into or materially modified in the fiscal year beginning on or after June 15, 2010. Early adoption is permitted on a prospective or retrospective basis. The adoption of FASB ASU 2009-13 did not have a material impact on the Company's financial statements.

In June 2009, the FASB issued FASB ASC 820-10, "Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly." This ASC provides additional guidance for estimating fair value in accordance with FASB ASC 820-10, when the volume and level of activity for the asset or liability have significantly decreased. This ASC also includes guidance on identifying circumstances that indicate a transaction is not orderly. This ASC is effective for interim and annual reporting periods that ended after June 15, 2009. The ASC does not require disclosures for earlier periods presented for comparative purposes at initial adoption. In periods after initial adoption, this ASC requires comparative disclosures only for periods ending after initial adoption. The adoption of FASB ASC 820-10 did not have a material impact on the Company's financial statements.

On July 1, 2009, the Company adopted updates issued by the Financial Accounting Standards Board (FASB) to the authoritative hierarchy of GAAP. These changes establish the FASB Accounting Standards Codification TM (ASC) as the source of authoritative accounting principles recognized by the FASB to be applied by nongovernmental entities in the preparation of financial statements in conformity with GAAP. Rules and interpretive releases (of the Securities and Exchange Commission ("SEC") under authority of federal securities laws are also sources of authoritative GAAP for SEC registrants. The FASB will no longer issue new standards in the form of Statements, FASB Staff Positions, or Emerging Issues Task Force Abstracts; instead the FASB will issue Accounting Standards Updates. Accounting Standards Updates will not be authoritative in their own right as they will only serve to update the Codification.

These changes and the Codification itself do not change GAAP. Other than the manner in which new accounting guidance is referenced, the adoption of these changes had no impact on the Financial Statements.

In January 2010, the Financial Accounting Standards Board ("FASB") issued guidance to amend the disclosure requirements related to recurring, and nonrecurring, fair value measurements. The guidance requires new disclosures on the transfers of assets and liabilities between Level 1 (quoted prices in active market for identical assets or liabilities) and Level 2 (significant other observable inputs) of the fair value measurement hierarchy, including the reasons and the timing of the transfers. Additionally, the guidance requires a roll forward of activities on purchases, sales, issuance, and settlements of assets and liabilities measured using significant unobservable inputs. Other than requiring additional disclosure, adoption of this new guidance did not have any material impact on the financial statements.

The accompanying notes are an integral part of these financial statements

# American Hemp Ventures, Inc.

Formerly: ASC Biosciences, Inc.

**Incorporating: HEMP Group LLC & LTC Farm LLC**

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2018

In January 2010, the FASB issued an amendment to ASC 505, Equity, where entities that declare dividends to shareholders that may be paid in cash or shares at the election of the shareholders are considered to be a share issuance that is reflected prospectively in EPS, and is not accounted for as a stock dividend. This standard is effective for interim and annual periods ending on or after December 15, 2009 and is to be applied on a retrospective basis. The adoption of this standard is not expected to have a significant impact on AHV's financial statements.

On February 24, 2010, the FASB issued guidance in the "Subsequent Events" topic of the FASB to provide updates including: 1) requiring the company to evaluate subsequent events through the date in which the financial statements are issued; (2) amending the glossary of the "Subsequent Events" topic to include the definition of "SEC filer" and exclude the definition of "Public entity"; and (3) eliminating the requirement to disclose the date through which subsequent events have been evaluated. This guidance was prospectively effective upon issuance. The adoption of this guidance did not impact AHV's results of operations or financial condition.

AHV has reviewed and implemented all new accounting pronouncements issued between 2011 and 2017 to date that may have a future impact on its Financial Statements. The Company does not believe that there are any other new accounting pronouncements that have been issued that have a material impact on its financial position or results of operations at this time, and to re-state these pronouncements would serve no purpose.

### The following FASB Pronouncements were issued in the 12 Months ended December 31, 2018

- ☐ Update 2018-20—Leases (Topic 842): Narrow-Scope Improvements for Lessors
- ☐ Update 2018-19—Codification Improvements to Topic 326, Financial Instruments—Credit Losses
- ☐ Update 2018-18—Collaborative Arrangements (Topic 808): Clarifying the Interaction between Topic 808 and Topic 606
- ☐ Update 2018-17—Consolidation (Topic 810): Targeted Improvements to Related Party Guidance for Variable Interest Entities
- ☐ Update 2018-16—Derivatives and Hedging (Topic 815): Inclusion of the Secured Overnight Financing Rate (SOFR) Overnight Index Swap (OIS) Rate as a Benchmark Interest Rate for Hedge Accounting Purposes
- ☐ Update 2018-15—Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract (a consensus of the FASB Emerging Issues Task Force)
- ☐ Update 2018-14—Compensation—Retirement Benefits—Defined Benefit Plans—General (Subtopic 715-20): Disclosure Framework—Changes to the Disclosure Requirements for Defined Benefit Plans
- ☐ Update 2018-13—Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement

The accompanying notes are an integral part of these financial statements



# American Hemp Ventures, Inc.

Formerly: ASC Biosciences, Inc.

Incorporating: HEMP Group LLC & LTC Farm LLC

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2018

- ☐ Update 2018-12—Financial Services—Insurance (Topic 944): Targeted Improvements to the Accounting for Long-Duration Contracts
- ☐ Update 2018-11—Leases (Topic 842): Targeted Improvements
- ☐ Update 2018-10—Codification Improvements to Topic 842, Leases
  - ☐ Update 2018-09—Codification Improvements  
[Revised 07/18/18—Wording corrected in summary to reflect actual Codification wording.]
- ☐ Update 2018-08—Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made
- ☐ Update 2018-07—Compensation—Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting
- ☐ Update 2018-06—Codification Improvements to Topic 942, Financial Services—Depository and Lending.
- ☐ Update 2018-05—Income Taxes (Topic 740): Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 118 (SEC Update)
- ☐ Update 2018-04—Investments—Debt Securities (Topic 320) and Regulated Operations (Topic 980): Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 117 and SEC Release No. 33-9273 (SEC Update)
- ☐ Update 2018-03—Technical Corrections and Improvements to Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities
- ☐ Update 2018-02—Income Statement—Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income
- ☐ Update 2018-01—Leases (Topic 842): Land Easement Practical Expedient for Transition to Topic 842

After reviewing these pronouncements, management is of the opinion that they have no material impact on AHV's financial position at this time.

### NOTE 9- Treasury Shares

As a requirement of the Agreement for Share Exchange, **5,144,792** Treasury Shares were submitted to the Transfer Agent for cancellation.

The accompanying notes are an integral part of these financial statements

# American Hemp Ventures, Inc.

Formerly: ASC Biosciences, Inc.

## Incorporating: HEMP Group LLC & LTC Farm LLC

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2018

History of Treasury Shares Issued/Cancelled in table below:

	Ord. Shares	Treasury
February 2017 - Initial Court Ordered Shares Issue – allocation to ASC Biosciences, Inc. as Treasury Shares –		<b>2,400,000</b> shares
June 2018 – Share sale to <b>Stem Cell Development Fund LLC</b> – taken from Treasury Shares		<b>(627,604)</b> shares
November 2018 – Paul Lucas Ordinary Shares cancelled for non-performance of obligations	(800,000)	<b><u>800,000</u></b>
	Sub-Total of Treasury Shares:	<b>2,572,396</b>
	2 for 1 Forward Stock Split 10-31-18”	<b><u>2,572,396</u></b>
	Sub-Total <b>NEW</b> Treasury Shares:	<b><u>5,144,792</u></b>
	Cancelled prior to Merger	

#### NOTE 10- Common Shares

There were no changes to the issued and outstanding number of common shares during 2018, other than the doubling of the amount of common shares due to a 2 for 1 forward stock split approved on October 31, 2018. A stock split does not involve a monetary transaction, for example, an Investor paying \$500 for 100 shares, i.e \$5 per share, would own 200 shares valued at \$2.50 after the split. The \$500 investment remains the same.

The Agreement for Share Exchanged executed on December 27, 2018 did not result in any new common shares being issued. Issued and Outstanding Common Shares remains at 16,061,560. 13,944,792 shares of common stock owned by the control group of ASC Biosciences were cancelled and re-issued to the owners of H.E.M.P. Group LLC and LTC Farms LLC.

#### NOTE 11- Subsequent Events

AHV has evaluated all events or transactions that occurred after December 31, 2018 through the date of this filing in accordance with FASB ASC 855 “Subsequent Events”. The following Corporate Actions are hereby reported:

- January 9, 2018: The Board of Directors (“BOD”) passed a resolution to change the name of the Company to **American Hemp Ventures, Inc.** this resolution authorized the Officers to file an Issuer Company Related Action Notification to FINRA in respect of the name change and to request a new ticker symbol appropriate to the name change.
- On January 31, 2019, Addendum No.1 to the Agreement for Share Exchange was executed, whereby all intangible and tangible intellectual property rights were transferred to ASC Biosciences, Inc. a Wyoming Corporation with no affiliation to AHV.
- On February 6, 2019, FINRA accepted an Issuers Company Related Action Notification whereby the name of AHV was changed to American Hemp Ventures, Inc. In addition, the Ticker Symbol was changed from ASCW to AMHV with effect from February 7, 2019. A New CUSIP number, 02650 H101, was issued on January 14, 2019.

The accompanying notes are an integral part of these financial statements