



Disclosure Statement Pursuant to the Pink Basic Disclosure Guidelines

ENERKON SOLAR INTERNATIONAL, INC.

13620 Weyburn Dr, Delray Beach, FL 33446

561-431-7762

enerkoninternational.com

info@enerkoninternational.com

SIC Code: 22114 Solar Electric Power Generation

Quarterly Report For the Period Ending: 06/30/2020 (the "Reporting Period")

As of 06/30/2020, the number of shares outstanding of our Common Stock was: **65,610,510**

As of 03/31/2020, the number of shares outstanding of our Common Stock was: **65,610,510**

As of 09/30/2019, the number of shares outstanding of our Common Stock was: **65,610,510**

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933 and Rule 12b-2 of the Exchange Act of 1934):

Yes: ☐ No: ☒

Indicate by check mark whether the company's shell status has changed since the previous reporting period:

Yes: ☐ No: ☒

Indicate by check mark whether a Change in Control¹ of the company has occurred over this reporting period:

Yes: ☐ No: ☒

1) Name of the issuer and its predecessors (if any)

In answering this item, please also provide any names used by predecessor entities and the dates of the name changes.

Date and state (or jurisdiction) of incorporation (also describe any changes to incorporation since inception, if applicable)

06/13/1986 incorporate as San Luis Resources, Inc.

08/15/2001 name changed to Castle Holding Corp.

10/31/2017 name was changed to Enerkon Solar International Inc. on 10/31/2017

Please also include the issuer's current standing in its state of incorporation (e.g. active, default, inactive):

Date of incorporation: June 13, 1986

State of incorporation: Nevada

Standing: Active/Good Standing

Has the issuer or any of its predecessors been in bankruptcy, receivership, or any similar proceeding in the past five years?

Yes: ☐ No: ☒

2) Security Information

Trading symbol:	ENKS
Exact title and class of securities outstanding:	Common Stock
CUSIP:	29278K 109
Par or stated value:	\$ 0.0025
Total shares authorized:	200,000,000 as of date: 06/30/2020
Total shares outstanding:	65,610,510 as of date: 06/30/2020
Number of shares in the Public Float:	15,112,000 as of date: 06/30/2020
Total number of shareholders of record:	280 as of date: 06/30/2020

All additional class(es) of publicly traded securities (if any):

N/A

Transfer Agent

Name: **Standard Registrar and Transfer Agent**
Phone: **801-571-8844**
Email: info@standardregistrar.com

Is the Transfer Agent registered under the Exchange Act? Yes: ☒ No: ☐

Describe any trading suspension orders issued by the SEC concerning the issuer or its predecessors:

N/A

List any stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months:

N/A

3) Issuance History

A. Changes to the Number of Outstanding Shares

Check this box to indicate there were no changes to the number of outstanding shares within the past two completed fiscal years and any subsequent periods: ☐

Number of Shares outstanding as of FY 09/30/2017		Opening Balance: Common: 51,182,510 Preferred A: 522,250 Preferred B: 100,000							
Date of Transaction	Transaction type (e.g. new issuance, cancellation, shares returned to treasury)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per share) at Issuance	Were the shares issued at a discount to market price at the time of issuance? (Yes/No)	Individual/ Entity Shares were issued to (entities must have individual with voting / investment control disclosed).	Reason for share issuance (e.g. for cash or debt conversion) OR Nature of Services Provided (if applicable)	Restricted or Unrestricted as of this filing?	Exemption or Registration Type?
10/01/2018	new issuance	4,750,000	Common	0.0025	Yes	Studebaker Dist. Corp – Cathy Diane Collins	Debt Conversion	Unrestricted	4(a)(2)
10/02/2018	new issuance	4,678,000	Common	0.0025	Yes	Vasthy Avila	Debt Conversion	Unrestricted	4(a)(2)
11/01/2018	new issuance	1,000,000	Common	0.0025	Yes	Excelsior Consulting – Jeff Greene	Professional Services	Restricted	4(a)(2)
11/02/2018	new issuance	4,000,000	Common	0.0025	Yes	Streamworx LLC – Jon Baker	Media Services	Restricted	4(a)(2)
Shares Outstanding on 06/30/2020:	Ending Balance: Common: 65,610,510 Preferred A: 522,250 Preferred B: 100,000								

The Convertible Note from J. Capello was purchased by Studebakers Dist. Corp and Vasthy Avila.

B. Debt Securities, Including Promissory and Convertible Notes

Check this box if there are no outstanding promissory, convertible notes or debt arrangements: ☐

Date of Note Issuance	Outstanding Balance (\$)	Principal Amount at Issuance (\$)	Interest Accrued (\$)	Maturity Date	Conversion Terms (e.g. pricing mechanism for determining conversion of instrument to shares)	Name of Noteholder (entities must have individual with voting / investment control disclosed).	Reason for Issuance (e.g. Loan, Services, etc.)
11/30/2017	\$180,000	\$180,000	0	Nov 30 2018	18 Conv. 0.02 Per Share	William E. Fielding	Loan

Mr. William E. Fielding is not a Shareholder, Officer or Control Person associated with the Issuer and was not initially listed as part of Long Term Liabilities and disclosed according to new disclosure rules during this period specified as above. The note is in default though has not been yet converted

4) Financial Statements

A. The following financial statements were prepared in accordance with:

- ☒ U.S. GAAP
☐ IFRS

B. The financial statements for this reporting period were prepared by (name of individual):

Name: **Benjamin Ballout**
Title: **CFO**
Relationship to Issuer: **officer/director**

Provide the financial statements described below for the most recent fiscal year or quarter. For the initial disclosure statement (qualifying for Pink Current Information for the first time) please provide reports for the two previous fiscal years and any subsequent interim periods.

- A. Balance sheet;
- B. Statement of income;
- C. Statement of cash flows;
- D. Statement of Changes in Shareholders' Equity
- E. Financial notes; and
- F. Audit letter, if audited

You may either (i) attach/append the financial statements to this disclosure statement or (ii) file the financial statements through OTCIQ as a separate report using the appropriate report name for the applicable period end. ("Annual Report," "Quarterly Report" or "Interim Report").

If you choose to publish the financial statements in a separate report as described above, you must state in the accompanying disclosure statement that such financial statements are incorporated by reference. You may reference the document(s) containing the required financial statements by indicating the document name, period end date, and the date that it was posted to OTCIQ in the field below. Financial Statements must be compiled in one document.

Attached to This Filing

Financial statement information is considered current until the due date for the subsequent report (as set forth in the qualifications section above). To remain qualified for Current Information, a company must post its Annual Report within 90 days from its fiscal year-end date and Quarterly Reports within 45 days of each fiscal quarter-end date.

5) Issuer's Business, Products and Services

The purpose of this section is to provide a clear description of the issuer's current operations. In answering this item, please include the following:

- A. Summarize the issuer's business operations (If the issuer does not have current operations, state "no operations")

The Company is engaged in the construction of industrial and commercial Solar Power Utility Scale Plants in a Turkey, Mozambique, Egypt, China, and the United States. The Company's work is performed under a cost plus-fee contracts, as well as participation in long term profit sharing or revenue stream participation.

- B. Describe any subsidiaries, parents, or affiliated companies, if applicable, and a description of their business contact information for the business, officers, directors, managers or control persons. Subsidiary information may be included by reference.

Wholly owned subsidiaries:

Global Star Holdings Limited was incorporated 2006 Hong Kong SAR China. Global Star Holdings is primarily responsible for implementing the engineering, procurement and construction contract for the solar power plant(s) in Maputo Mozambique.

Enerkon Solar International, Inc. was incorporated in Florida on September 28, 2016. On February 8, 2018, the Company entered into a share exchange agreement with Enerkon Solar International, Inc. Enerkon Solar International, Inc. engages in Utility Scale PV Power Plants and renewable systems, with a particular focus on the Middle East, China, USA and Africa.

Enerkon New Technology Holdings, Inc., a Delaware corporation, was incorporated in June 2020. Enerkon New Technology Holdings, Inc. holds the patents for the EV Aluminum Fuel Cell Patent and the TM and Product Covid Shield PI as registered with the USPTO.

Specialized Contracting Corporation, a UK specialized construction company was incorporated on July 21, 2018. Specialized Contracting Corporation has been divested of all assets except the stock of Global Star Holding, its wholly owned subsidiary.

The Company also owns 56% of Wattoz Holdings, Inc., a Delaware corporation, incorporated in May 2020. Wattoz Holdings, Inc. operates only as a holding company for the patents and rights associated with the Albayraklar patents and rights related to the police non-lethal stun gun technology and the joint venture supporting the same.

C. Describe the issuers' principal products or services, and their markets

The Company is engaged in the construction of industrial and commercial Solar Power Utility Scale Plants in a Turkey, Mozambique, Egypt, China, and the United States. The Company's work is performed under a cost plus-fee contracts, as well as participation in long term profit sharing or revenue stream participation.

6) Issuer's Facilities

In responding to this item, please clearly describe the assets, properties or facilities of the issuer, give the location of the principal plants and other property of the issuer and describe the condition of the properties. If the issuer does not have complete ownership or control of the property (for example, if others also own the property or if there is a mortgage on the property), describe the limitations on the ownership.

If the issuer leases any assets, properties or facilities, clearly describe them as above and the terms of their leases.

Delray Beach, Florida—3,000 square feet at a monthly lease rate of \$3,000 which includes the office and administrative support.

New York, New York – virtual office at the monthly lease rate of \$500.

Hong Kong - 3,000 square feet, leased monthly at the monthly lease rate of \$1,000.

Maputo Mozambique - 10,000 square feet, leased at the monthly lease rate of \$30,000. These facilities include the warehouse and work facility.

7) Officers, Directors, and Control Persons

Using the tabular format below, please provide information regarding any person or entity owning 5% or more of the issuer, as well as any officer, and any director of the company, regardless of the number of shares they own. If any listed are corporate shareholders or entities, provide the name and address of the person(s) beneficially owning or controlling such corporate shareholders, or the name and contact information of an individual representing the corporation or entity in the note section.

Name of Officer/Director and Control Person	Affiliation with Company (e.g. Officer/Director/Owner of more than 5%)	Residential Address (City / State Only)	Number of shares owned	Share type/class	Ownership Percentage of Class Outstanding	Note
Benjamin Ballout	Officer/Director	13620 Weyburn Delray Beach, FL 33446	33,000,000 552,250 100,000	Common Preferred A Preferred B	50.3% 100% 100%	

8) Legal/Disciplinary History

A. Please identify whether any of the persons listed above have, in the past 10 years, been the subject of:

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);

None

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

None

3. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated; or

None

4. The entry of an order by a self-regulatory organization that permanently or temporarily barred, suspended, or otherwise limited such person's involvement in any type of business or securities activities.

None

B. Describe briefly any material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which the issuer or any of its subsidiaries is a party or of which any of their property is the subject. Include the name of the court or agency in which the proceedings are pending, the date instituted, the principal parties thereto, a description of the factual basis alleged to underlie the proceeding and the relief sought. Include similar information as to any such proceedings known to be contemplated by governmental authorities.

None

9) Third Party Providers

Please provide the name, address, telephone number and email address of each of the following outside providers:

Securities Counsel

Name: Jody M. Walker
Firm: J.M. Walker & Associates
Address 1: 7841 South Garfield Way
Address 2: Centennial, CO 80122
Phone: 303-850-7637
Email: jmwkr85@gmail.com

Accountant or Auditor

None

Investor Relations Consultant

None

Other Service Providers

Provide the name of any other service provider(s), including, counsel, advisor(s) or consultant(s) that assisted, advised, prepared or provided information with respect to this disclosure statement, or provided assistance or services to the issuer during the reporting period.

None

10) Issuer Certification

Principal Executive Officer/Principal Financial Officer

I, Benjamin Ballout certify that:

1. I have reviewed this Quarterly Disclosure Statement of Enerkon Solar International, Inc.;
2. Based on my knowledge, this disclosure statement 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 disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

/s/ Benjamin Ballout

CEO/CFO

Dated: February 13, 2021

ENERKON SOLAR INTERNATIONAL, INC.
CONSOLIDATED BALANCE SHEET
AS OF JUNE 30, 2020
(Unaudited)

ASSETS

Current Assets:

Cash	\$27,500,000
Accounts Receivable	7,500,000
Inventory	28,070,700
Other Assets	<u>800,000</u>
Total Current Assets	<u>\$63,870,700</u>

Fixed Assets:

Land	3,300,500
Buildings	2,270,380
Furniture & Equipment	240,300
Computers	-
Vehicles	<u>1,250,340</u>
Total Fixed Assets	<u>7,061,520</u>

Other Assets:

Deposits	<u>380,000</u>
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Total Assets	<u><u>\$71,312,220</u></u>
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LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities

Accounts payable	\$ 1,240,000
Accrued Employee Payroll Benefits	460,000
Other Current Liabilities	325,000
Notes Payable	180,000
Deferred Revenue	<u>20,326,151</u>
Total Current Liabilities	\$22,531,151

Long Term Liabilities	<u>6,000,000</u>
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Total Liabilities	\$28,531,151
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Stockholders' Equity

Common stock, \$0.0025 par value, 200,000,000 authorized, and 65,610,510 shares issued and outstanding	164,026
Class A Convertible Preferred Stock, \$.01 Par Value, Authorized 1,000,000 shares, issued and outstanding shares 522,250	5,223
Class B Preferred Stock, \$.01 Par Value, 100,000 authorized, and 100,000 shares issued and outstanding 100,000	1,000
Treasury Common Stock, 588,800 @ Cost	(32,620)
Additional Paid in Capital	1,962,730
Retained Earnings	<u>40,680,710</u>

Total Stockholders' Equity	<u>42,781,069</u>
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Total Liabilities and Stockholders' Equity	<u><u>\$71,312,220</u></u>
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The accompanying notes are an integral part of these consolidated financial statements

ENERKON SOLAR INTERNATIONAL, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Quarter Ended <u>June 30, 2020</u>
Revenues	\$ 28,070,700
Cost of Goods	<u>15,500,850</u>
Gross Profit	<u>\$ 12,569,850</u>
Operating Expenses:	
Administrative expenses	370,950
Salaries & Wages	5,031,447
Rent	50,000
Professional fees	30,950
Interest Expense/Bank Fees	15,904
Repairs & Maintenance	190,000
Utilities	60,500
Depreciation Expense	162,422
Taxes	590,300
Equipment Leases	500,000
Insurance	<u>50,750</u>
Total Operating Expenses	<u>7,053,223</u>
Net Income From Operations	<u>\$ 5,516,627</u>
Net Income per common share (basic and diluted)	<u>\$.0841</u>
Weighted average common shares (basic and diluted)	<u>65,610,510</u>

The accompanying notes are an integral part of these consolidated financial statements

ENERKON SOLAR INTERNATIONAL, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE QUARTER ENDED JUNE 30, 2020
(Unaudited)

	Quarter Ended <u>June 30, 2020</u>
Operating Activities	
Net Income	\$5,516,627
Adjustment to reconcile net income to cash used by operations:	
Amortization/Depreciation/Interest Prepaid Expenses/Deposits	803,948
Accounts Receivable/Inventory/Assets	2,504,887
Accounts Payable/Notes Payable/Other Payables	(13,825,462)
Investing Activities	<u>-</u>
Net Cash Provided by/(Used in) Investing Activities	-
Financing Activities	<u>-</u>
Net Cash Provided by/(Used in) Financing Activities	-
Net increase (decrease) in cash and equivalents	(5,000,000)
Cash and equivalents at beginning of the year	<u>32,500,000</u>
Cash and equivalents at end of the year	<u>\$ 27,500,000</u>

The accompanying notes are an integral part of these consolidated financial statements

ENERKON SOLAR INTERNATIONAL, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
FOR THE QUARTER ENDED JUNE 30, 2020
(Unaudited)

	Class A Preferred Stock		Class B Preferred Stock		Common Stock		Treasury Common Stock				
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Additional Paid-in-Capital	Retained Earnings	Total
Balance at September 30, 2018	522,250	\$5,223	100,000	\$ 1,000	51,182,510	\$127,956	(588,800)	\$(32,620)	\$1,872,730	\$ 3,723,717	\$5,698,006
Conversion into common stock of Convertible Note 10/01/2018					4,750,000	11,875					11,875
Conversion into common stock of Convertible Note 10/01/2018					4,678,000	11,695					11,695
Issuance of common stock for Consulting Services 11/01/2018					1,000,000	2,500			\$20,000		22,500
Issuance of common stock for Media Services 11/02/2018					4,000,000	10,000			\$70,000		80,000
Net Income (Loss)	-	-	-	-	-	-	-	-	-	2,020,940	2,020,940
Balance at December 31, 2018	522,250	5,223	100,000	\$1,000	65,610,510	\$164,026	(588,800)	\$(32,620)	\$1,962,730	\$5,744,657	\$7,845,016
Net Income (Loss)	-	-	-	-	-	-	-	-	-	2,880,952	2,880,952
Balance at March 31, 2019	522,250	5,223	100,000	\$1,000	65,610,510	\$164,026	(588,800)	\$(32,620)	\$1,962,730	\$8,625,609	\$10,725,968
Net Income (Loss)	-	-	-	-	-	-	-	-	-	7,132,231	7,132,231
Balance at June 30, 2019	522,250	5,223	100,000	\$1,000	65,610,510	\$164,026	(588,800)	\$(32,620)	\$1,962,730	\$15,757,840	\$17,858,199
Net Income (Loss)	-	-	-	-	-	-	-	-	-	9,425,490	9,425,490
Balance at September 30, 2019	522,250	5,223	100,000	\$1,000	65,610,510	\$164,026	(588,800)	\$(32,620)	\$1,962,730	\$25,183,330	\$27,283,689
Net Income (Loss)	-	-	-	-	-	-	-	-	-	5,355,850	5,355,850
Balance at December 31, 2019	522,250	5,223	100,000	\$1,000	65,610,510	\$164,026	(588,800)	\$(32,620)	\$1,962,730	\$30,539,180	\$32,639,539
Net Income (Loss)	-	-	-	-	-	-	-	-	-	5,516,627	5,516,627
Balance at March 31, 2020	522,250	5,223	100,000	\$1,000	65,610,510	\$164,026	(588,800)	\$(32,620)	\$1,962,730	\$36,055,807	38,156,166
Net Income (Loss)	-	-	-	-	-	-	-	-	-	4,624,903	4,624,903
Balance at June 30, 2020	522,250	5,223	100,000	\$1,000	65,610,510	\$164,026	(588,800)	\$(32,620)	\$1,962,730	\$40,680,710	\$42,781,069

The accompanying notes are an integral part of these consolidated financial statements

ENERKON SOLAR INTERNATIONAL, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED JUNE 30, 2020

NOTE 1 - ORGANIZATION

Enerkon Solar International, Inc. (ENKS) is a holding company which was incorporated in Nevada on June 13, 1986. The original name was San Luis Resources Inc. on the original filings. The name of the Company was changed from San Luis Resources Inc. to Castle Holding Corp. on 08/15/2001. Castle Holding Corp. changed its name to Enerkon Solar International, Inc. on October 31, 2017. The subsidiaries of the Company are as follows:

Wholly owned subsidiaries:

Global Star Holdings Limited (incorporated 2006 Hong Kong SAR China). Global Star Holdings is primarily responsible for implementing the engineering, procurement and construction contract for the solar power plant(s) in Maputo Mozambique.

Enerkon Solar International, Inc. (incorporated in Florida on September 28, 2016. On February 8, 2018, the Company entered into a share exchange agreement with Enerkon Solar International, Inc. Enerkon Solar International, Inc. engages in Utility Scale PV Power Plants and renewable systems, with a particular focus on the Middle East, China, USA and Africa.

Enerkon New Technology Holdings, Inc., a Delaware corporation, was incorporated in June 2020. Enerkon New Technology Holdings, Inc. holds the patents for the EV Aluminum Fuel Cell Patent and the TM and Product Covid Shield PI as registered with the USPTO.

Specialized Contracting Corporation, a UK specialized construction company was incorporated on July 21, 2018. Specialized Contracting Corporation has been divested of all assets except the stock of Global Star Holding, its wholly owned subsidiary.

The Company also owns 56% of Wattoz Holdings, Inc., a Delaware corporation, incorporated in May 2020. Wattoz Holdings, Inc. operates only as a holding company for the patents and rights associated with the Albayraklar patents and rights related to the police non-lethal stun gun technology and the joint venture supporting the same.

The Company is engaged in the construction of industrial and commercial Solar Power Utility Scale Plants in a Turkey, Mozambique, Egypt, China, and the United States. The Company's work is performed under a cost plus-plus-fee contracts, as well as participation in long term profit sharing or revenue stream participation.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and include the accounts of the Company and its wholly-owned and majority owned subsidiaries, All significant intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

The preparations of the Financial Statements in conformity with United States GAAP. GAAP requires management to make estimates and assumptions that affect the amounts reported in the Consolidated Financial Statements and accompanying Notes. Actual result could differ from those estimates.

Cash and Cash Equivalents

The Company considers highly liquid investments with maturity dates of three months or less at the time of purchase. As of June 30, 2020, the Company had cash and cash equivalents of \$27,500,000.

Basic and Diluted Net Loss per Share

The Company computes loss per share in accordance with “ASC-260”, “Earnings per Share” which requires presentation of both basic and diluted loss per share on the face of the consolidated statements of operations. Basic loss per share is computed by dividing net loss available to common shareholders by the weighted average number of outstanding common shares during the year. Diluted loss per share gives effect to all dilutive potential common shares outstanding during the year, computed using the treasury stock method for outstanding stock options and the if converted method for convertible notes and preferred stock. Dilutive loss per share excludes all potential common shares if their effect is anti-dilutive.

Income Tax Revenue Recognition

Revenues from fixed price construction contracts are recognized on the percentage of completion method, measured on the basis of incurred costs to estimated total costs for each contract. This cost to cost method is used because management considers it to be the best available measure of progress on these contracts. Revenues from cost plus fee contracts are recognized on the basis of costs incurred during the period plus the fee earned, measured by the cost to cost method. Participation in Power Purchase Agreements over long term with Governmental Electricity Ministries or Utilities are calculated on a quarterly and annualized basis according to the agreement on revenue sharing and values are calculated in equivalent values in United States Dollars when paid in local currencies and booked as accounts receivables (long Term) on both its annual value and total value across the life of the contract (usually 25 – 30 Years) and terminated thereafter in the case of BOOT or other revenue sharing models in accordance with GAAP Standard accounting principles.

The financial statements include some amounts that are based on management’s best estimates and judgments. The most significant estimates relate to costs to complete long-term contracts. These estimates may be adjusted as more current information becomes available, and any adjustment could be significant.

Contract costs include all direct material and labor costs and those indirect costs related to contract performance, such as indirect labor, supplies, tools, repairs, and depreciation costs. Selling, general, and administrative costs are charged to expense as incurred. Provisions for estimated losses on uncompleted contracts are made in the period in which such losses are determined.

Changes in job performance, job conditions, and estimated profitability, including those arising from contract penalty provisions, and final contract settlements may result in revisions to costs and income

Income Tax Provision

The Company files a consolidated income tax return with its subsidiaries for federal reporting purposes.

Fixed Assets/Other Assets

The Company currently has fixed assets of \$7,061,520 and deposits of \$380,000 on the Balance Sheet. Property and equipment are stated at cost. Depreciation is computed primarily using the straight-line method over the estimated useful lives of the assets, which range from 3 to 39 years. Leasehold improvements are amortized over the shorter of the useful life of the related assets or the lease term. Expenditures for repairs and maintenance are charged to expense as incurred. For assets sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any related gain or loss is reflected in income for the period.

Fair Value of Financial Instruments

The Company measures financial instruments at fair value in accordance with ASC 820, which specifies a valuation hierarchy based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's own assumptions.

Management believes the carrying amounts of the Company's cash, other receivables, accounts payable and accrued liabilities as of June 30, 2020 and approximate their respective fair values because of the short-term nature of these instruments. The Company measures its notes payable and loans, if any in accordance with the hierarchy of fair value based on whether the inputs to those valuation techniques are observable or unobservable. The hierarchy is:

Level 1 – Quoted prices for identical instruments in active markets;

Level 2 – Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets; and

Level 3 – Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

Stock-Based Compensation

The Company accounts for stock-based compensation under the fair value recognition provisions of GAAP which requires the measurement and recognition of compensation for all stock-based awards made to employees and directors including stock options and restricted stock issuances based on estimated fair values.

In accordance with GAAP, the fair value of stock-based awards is generally recognized as compensation expense over the requisite service period, which is defined as the period during which an employee is required to provide service in exchange for an award. The Company uses a straight-line attribution method for all grants that include only a service condition. Compensation expense related to all awards is included in operations.

NOTE 3 – RECENT ACCOUNTING PRONOUNCEMENTS

In June 2018, the FASB issued ASU No. 2018-07, "Compensation – Stock Compensation (Topic 718) – Improvements to Nonemployee Share-Based Payment Accounting," to include share based payment transactions for acquiring goods and services from nonemployees. An entity should apply the requirements of Topic 718 to nonemployee awards except for specific guidance on inputs to an option pricing model and the attribution of cost (that is, the period of time over which share-based payment awards vest and the pattern of cost recognition over that period). The amendments specify that Topic 718 applies to all share-based payment transactions in which a grantor acquires goods or services to be used or consumed in a grantor's own operations by issuing share-based payment awards. The amendments also clarify that Topic 718 does not apply to share-based payments used to effectively provide (1) financing to the issuer or (2) awards granted in conjunction with selling goods or services to customers as part of a contract accounted for under Topic 606, Revenue from Contracts with Customers. The amendments in this update become effective for annual periods and interim periods within those annual periods beginning after December 15, 2018 but no earlier than an entity's adoption date of Topic 606. The Company evaluated the impact of adopting the new guidance on the consolidated financial statements, but it does not have a material impact.

Management does not believe that any other recently issued, but not yet effective, accounting standards could have a material effect on the accompanying financial statements. As new accounting pronouncements are issued, we will adopt those that are applicable under the circumstances.

NOTE 4 – STOCKHOLDERS' EQUITY

Common Stock

During the year ended September 30, 2019, the Company issued 5,000,000 shares of common stock for services valued at \$102,500. The shares were valued based on the market price on the grant date.

During the year ended September 30, 2019, the Company issued 9,428,000 shares of common stock for conversion of debt of \$23,750.

NOTE 5 – COMMITMENTS AND CONTINGENCIES

The Company does not have any significant or long term commitments. The Company is not currently subject to any litigation.

NOTE 6 - SUBSEQUENT EVENTS

The Company has evaluated subsequent events from the consolidated balance sheet date through February 13, 2021 (the consolidated financial statement issuance date) and noted the following disclosures:

The COVID-19 pandemic is currently impacting countries, communities, supply chains and markets as well as the global financial markets. Governments have imposed laws requiring social distancing, travel bans and quarantine, and these laws may limit access to the Company's facilities, management, support staff and professional advisors. These factors, in turn, may not only impact the Company's operations, financial condition and demand for the Company's goods and services, but the Company's overall ability to react timely to mitigate the impact of this event. Also, it has affected the Company's efforts to comply with filing obligations of the OTC Markets.

Depending on the severity and longevity of the COVID-19 pandemic, the Company's business, and stockholders may experience a significant negative impact. Currently, the COVID-19 pandemic has limited our ability to move forward with our operations and has negatively affected our ability to timely comply with our ongoing filing obligations with the Securities and Exchange Commission.