



Outdoor Specialty Products

Salt Lake City, Utah

Financial Statements

For the years ended September 30, 2019 and 2018

Index to Financial Statements

Report of Independent Registered Public Accounting Firm

Balance Sheets

Statements of Operations.

Statements of Changes in Stockholders' Equity

Statements of Cash Flow

Notes to the Financial Statements.

Pinnacle Accountancy Group of Utah

(a DBA of Heaton & Co., PLLC)

1438 N. Hwy 89, Ste. 120

Farmington, UT 84025

Ph. 801-447-9572

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders

Outdoor Specialty Products, Inc.

Salt Lake City, Utah

Opinion on the Financial Statements

We have audited the accompanying balance sheets of Outdoor Specialty Products, Inc. (the Company) as of September 30, 2019 and 2018, and the related statements of operations, stockholders' equity, and cash flows for the years ended September 30, 2019 and 2018, and the related notes (collectively referred to as the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of September 30, 2019 and 2018, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Consideration of the Company's Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. The Company has suffered recurring losses and has minimal operations which raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are described in Note 6. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

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 its internal control over financial reporting. As part of our audit, 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.

/s/ Pinnacle Accountancy Group of Utah

We have served as the Company's auditor since 2018.

Pinnacle Accountancy Group of Utah

Farmington, Utah

January 7, 2020

OUTDOOR SPECIALTY PRODUCTS, INC.
Balance Sheets

	September 30, 2019	September 30, 2018
Assets:		
Current Assets:		
Cash	\$ 24,033	\$ 36,195
Prepaid expense	2,417	2,417
Inventory	4,750	4,781
Total current assets	<u>31,200</u>	<u>43,393</u>
Property, Plant and Equipment, net	<u>1,388</u>	<u>2,145</u>
Other Assets:		
Patents, net	<u>4,874</u>	<u>5,229</u>
Total Assets	<u>\$ 37,462</u>	<u>\$ 50,767</u>
Liabilities and Stockholders' Equity:		
	-	-
Total Liabilities:	<u>\$ -</u>	<u>\$ -</u>
Stockholders' Equity:		
Preferred stock, \$0.001 par value, 10,000,000 shares authorized, no shares issued and outstanding	-	-
Common stock, \$0.001 par value, 90,000,000 shares authorized, 5,285,747 shares issued and outstanding	5,286	5,286
Additional paid-in capital	99,731	99,731
Accumulated deficit	(67,555)	(54,250)
Total Stockholders' Equity	<u>37,462</u>	<u>50,767</u>
Total Liabilities and Stockholders' Equity	<u>\$ 37,462</u>	<u>\$ 50,767</u>

The accompanying notes are an integral part of these audited financial statements.

OUTDOOR SPECIALTY PRODUCTS, INC.
Statements of Operations

	For the Year Ended September 30,	
	2019	2018
Revenue	\$ 413	\$ 330
Cost of sales	<u>(32)</u>	<u>(123)</u>
Gross Profit	<u>381</u>	<u>207</u>
Expenses:		
General and administrative	<u>13,686</u>	<u>11,575</u>
Total Expense	<u>13,686</u>	<u>11,575</u>
Income (loss) from Operations	<u>(13,305)</u>	<u>(11,368)</u>
Other Expense		
Total other expense	<u>-</u>	<u>-</u>
Net Loss	<u>\$ (13,305)</u>	<u>\$ (11,368)</u>
Net loss per share of common stock - basic and diluted	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>
Weighted average number of common shares outstanding - basic and diluted	<u>5,285,787</u>	<u>5,285,787</u>

The accompanying notes are an integral part of these audited financial statements.

OUTDOOR SPECIALTY PRODUCTS, INC.
Statement of Stockholders' Equity

	Common Stock		Additional Paid-in Capital		Accumulated Deficit		Total Stock- holders' Equity
	<u>Shares</u>	<u>Amount</u>					
Balance, September 30, 2017	5,285,747	\$ 5,286	\$	99,731	\$	(42,882)	\$ 62,135
Net loss for the year ended September 30, 2018	<u>-</u>	<u>-</u>		<u>-</u>		<u>(11,368)</u>	<u>(11,368)</u>
Balance, September 30, 2018	5,285,747	\$ 5,286	\$	99,731	\$	(54,250)	\$ 50,767
Net loss for the year ended September 30, 2019	<u>-</u>	<u>-</u>		<u>-</u>		<u>(13,305)</u>	<u>(13,305)</u>
Balance, September 30, 2019	<u>5,285,747</u>	<u>\$ 5,286</u>	<u>\$</u>	<u>99,731</u>	<u>\$</u>	<u>(67,555)</u>	<u>\$ 37,462</u>

The accompanying notes are an integral part of these audited financial statements.

OUTDOOR SPECIALTY PRODUCTS, INC.
STATEMENTS OF CASH FLOWS

	For the Year Ended September 30,	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Loss	\$ (13,305)	\$ (11,368)
Adjustments to Reconcile Net Loss		
To Net Cash Used by Operations		
Depreciation and Amortization	1,112	1,085
Changes in operating assets and liabilities:		
Increase in prepaid expense	-	(1,917)
Decrease in inventory	31	123
Decrease in accounts payable	-	(439)
Net Cash Used by Operating Activities	(12,162)	(12,516)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of patent	-	(965)
Net Cash Used by Investing Activities		(965)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net Cash Provided by Financing Activities	-	-
Net Decrease in Cash	(12,162)	(13,481)
Cash at Beginning of Period	36,195	49,676
Cash at End of Period	\$ 24,033	\$ 36,195
SUPPLEMENTAL DISCLOSURES:		
Cash Paid During the Period For:		
Interest	\$ -	\$ -
Income taxes	\$ -	\$ -

The accompanying notes are an integral part of these audited financial statements.

OUTDOOR SPECIALTY PRODUCTS, INC.

Notes to Financial Statements

September 30, 2019 and 2018

Note 1 – Organization and Summary of Significant Accounting Policies

Organization – Outdoor Specialty Products, Inc. (the “Company”) was incorporated in the State of Utah on January 31, 2014. The Company is in the business of developing and selling outdoor products with its first product focused on a reel protector for fishing reels. The Company also will be selling third party products through its website. The Company has elected a September 30 fiscal year end.

Accounting Estimates – The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents – For the purpose of the financial statements, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Inventories – Inventories, consisting primarily of injection molded Reel Guards and Adhesive Strips, are stated at the lower of cost or market, with cost determined using primarily the first-in-first-out (FIFO) method. The Company purchased substantially all inventories from one supplier, and has been dependent on this supplier for all inventory purchases since we commenced operations.

Patents – Patents consist of the cost of obtaining a patent for the Company’s reel protector. The patent is currently in the patent pending status. The filing is currently being reviewed and comments from the patent office are not expected for approximately two years. Our patents are amortized over their useful life (typically 17 years) and analyzed periodically for impairment.

Revenue Recognition – When the Company sells a reel protector, it recognizes revenue in accordance with Accounting Standards Update 2014-09 (ASC 606). Under ASC 606, the Company recognizes revenue upon the transfer of promised goods to customers in amounts that reflect the consideration to which the Company expects to be entitled. The Company considers revenue earned when all the following criteria are met: (i) the contract with the customer has been identified, (ii) the performance obligations have been identified, (iii) the transaction price has been determined, (iv) the transaction price has been allocated to the performance obligations, and (v) the performance obligations have been satisfied.

The Company had \$413 and \$330 in revenue during the years ended September 30, 2019 and 2018, respectively.

OUTDOOR SPECIALTY PRODUCTS, INC.

Notes to Financial Statements

September 30, 2019 and 2018

Note 1 – Organization and Summary of Significant Accounting Policies (continued)

Recently Enacted Pronouncements – The Company has reviewed all recently issued, but not yet adopted, accounting standards in order to determine their effects, if any, on its results of operation, financial position or cash flows. Based on that review, the Company believes that none of these pronouncements will have a significant effect on its current or future earnings or operations.

Basic and Diluted Loss Per Share - Basic loss per share is computed by dividing net income attributable to common shares by the weighted average number of common shares outstanding during the period. Diluted loss per share is computed by dividing net income attributable to common shares for the period by the weighted average number of common and potential common shares outstanding during the period. Potential common shares, composed of incremental common shares issuable upon the exercise of stock options and warrants, are included in the calculation of diluted net income per share, when they are present in the financial statements, to the extent such shares are dilutive. During the years ended September 30, 2019 and 2018, the Company did not have any stock options, warrants, or other convertible instruments issued and outstanding.

NOTE 2– Income Tax

The Financial Accounting Standards Board (FASB) has issued FASB ASC 740-10, which clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements. This standard requires a company to determine whether it is more likely than not that a tax position will be sustained upon examination based upon the technical merits of the position. If the more-likely-than- not threshold is met, a company must measure the tax position to determine the amount to recognize in the financial statements. As a result of the implementation of this standard, the Company performed a review of its material tax positions in accordance with recognition and measurement standards established by FASB ASC 740-10.

Deferred taxes are provided on a liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss, and tax credit carry-forwards and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax basis. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. The Company followed the guidance provided by Staff Accounting Bulletin (SAB) No. 118 to calculate the value of the deferred tax calculation and current income tax calculation to show the effect of the Tax Cut and Jobs Act of 2017. Prior to this Act, the corporate tax rates ranged from 15 percent to 39 percent. Effective January 1, 2018 the corporate tax rate is now 21 percent for all income levels. Deferred tax assets and liabilities are adjusted for the effects of changes in the new tax laws and rates on the date of enactment.

OUTDOOR SPECIALTY PRODUCTS, INC.

Notes to Financial Statements

September 30, 2019 and 2018

NOTE 2– Income Tax (continued)

Deferred tax asset and valuation allowance are as follows at September 30:

	<u>2019</u>	<u>2018</u>
Approximate net operating loss carryforward	\$ 17,500	\$ 14,100
Valuation allowance	<u>(17,500)</u>	<u>(14,100)</u>
Deferred tax asset	\$ <u>-</u>	\$ <u>-</u>

The components of income tax expense (benefit) are as follows:

	<u>2019</u>	<u>2018</u>
Current federal tax	\$ (2,800)	\$ (2,200)
Current state tax	(600)	(600)
Nondeductible expenses	-	-
Effect of tax rate change on deferred tax asset	-	(200)
Change in valuation allowance	<u>3,400</u>	<u>3,000</u>
	\$ <u>-</u>	\$ <u>-</u>

Income tax expense (benefit) was calculated following the guidance from SAB 118 using a weighted average calculation of the corporate tax rates in effect for 2018.

At September 30, 2019, the Company had net operating loss carryforwards of approximately \$67,000 that may be offset against future taxable income as long as the "continuity of ownership" test is met. No tax benefit has been reported in the September 30, 2019 financial statements since the potential tax benefit is offset by a valuation allowance of the same amount. The years 2016-2019 are open to examination by the IRS. No reserves for uncertain tax positions have been recorded.

The Company adopted changes issued by FASB which prescribed a recognition threshold and measurement attribute for financial statement recognition and measurement of an uncertain tax position taken or expected to be taken in a tax return. Under the guidance, an uncertain income tax position must be recognized at the largest amount that is more-likely-than-not to be sustained upon audit by the relevant taxing authority.

OUTDOOR SPECIALTY PRODUCTS, INC.

Notes to Financial Statements

September 30, 2019 and 2018

NOTE 3– Long Lived Assets

Property, Plant, and Equipment

The Company's capital asset consists of molding equipment stated at cost. Depreciation is calculated using the straight-line method over the estimated useful life which is determined to be seven years. Expenditures for additions and improvements are capitalized, while repairs and maintenance costs are expensed as incurred. The cost and related accumulated depreciation of any capital assets that are sold or otherwise disposed of are removed from the accounts and any gain or loss is recorded in the year of disposal.

The following is a summary of property, plant, and equipment less accumulated depreciation as of September 30:

	<u>2019</u>	<u>2018</u>
Mold	\$ <u>5,300</u>	\$ <u>5,300</u>
Total property, plant and equipment	5,300	5,300
Less: accumulated depreciation	<u>(3,912)</u>	<u>(3,155)</u>
Property, plant, equipment, net	\$ <u><u>1,388</u></u>	\$ <u><u>2,145</u></u>

Depreciation expense for the year ended September 30, 2019 and 2018 was \$757 and \$757, respectively.

Patent

The following is a summary of patents less accumulated amortization as of September 30:

	<u>2019</u>	<u>2018</u>
Patent	\$ <u>6,027</u>	\$ <u>6,027</u>
Total patent	6,027	6,027
Less: accumulated amortization	<u>(1,153)</u>	<u>(798)</u>
Patent, net	\$ <u><u>4,874</u></u>	\$ <u><u>5,229</u></u>

Amortization expense for the year ended September 30, 2019 and 2018 was \$355 and \$328, respectively.

OUTDOOR SPECIALTY PRODUCTS, INC.
Notes to Financial Statements
September 30, 2019 and 2018

NOTE 3– Long Lived Assets (continued)

Patent (continued)

Future amortization of patent are as follows:

<u>Year Ending September 30,</u>		
2020	\$	355
2021		355
2022		355
2023		355
2024		355
Thereafter		<u>3099</u>
	\$	4,874

The Company has reviewed the patent for impairment and has determined that no impairment loss has been incurred. The cost is being amortized over 17 years, which is the estimated useful life of the patent. An additional \$0 and \$965 was incurred on the patent for the year ended September 30, 2019 and 2018, respectively, to cover the costs of responding to the patent office's recommended changes to the original claims.

NOTE 4 – Stockholders' Equity

The Company has authorized 100,000,000 shares of stock with 90,000,000 shares designated common stock at a par value of \$0.001 per share, and 10,000,000 shares designated as preferred stock at a par value of \$0.001 per share. There were no equity transactions during the years ended September 30, 2019 or 2018.

OUTDOOR SPECIALTY PRODUCTS, INC.
Notes to Financial Statements
September 30, 2019 and 2018

NOTE 5 – Basic and Diluted Loss Per Share

The following table sets forth the computation of basic and diluted loss per share for the years ended September 30:

	<u>2019</u>	<u>2018</u>
Loss (numerator)	\$ (13,305)	\$ (11,368)
Weighted average shares (denominator)	<u>5,285,747</u>	<u>5,285,747</u>
Net loss per share – basic and diluted	\$ <u>-</u>	\$ <u>-</u>

NOTE 6 – Going Concern

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. As shown in the accompanying financial statements, the Company did not generate sufficient revenue to generate net income and has a limited operating history. These factors, among others, indicate that there is substantial doubt that the Company will be able to continue as a going concern for a reasonable period of time.

The financial statements do not include any adjustments relating to the recoverability and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. The Company's continuation as a going concern is dependent upon its ability to generate sufficient cash flow to meet its obligations on a timely basis and ultimately to attain profitability. The Company intends to seek additional funding through equity offerings to fund its business plan. There is no assurance that the Company will be successful in raising additional funds.

NOTE 7 – Subsequent Events

The Company has evaluated subsequent events from the balance sheet date through January 07, 2020, the date of the financial statements were issued, and determined that there are no other events to disclose.