Disclosure Statement Pursuant to the Pink Basic Disclosure Guidelines

Pennexx Foods, Inc.

2824 Hamlin Place
Palm Harbor, FL 34684
866-928-6409
www.pennexx.net
Info@pennexx.net
SIC 5141

Quarterly Report
For the Period Ending: June 30, 2022
(the "Reporting Period")

On June 30, 2022, the number of common shares outstanding was 56,911,625

On March 31, 2022, the number of common shares outstanding was 55,911,625

On December 31, 2021, the number of common shares outstanding was 54,493,825

On December 31, 2020, the number of common shares outstanding was: 40,297,161

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 Control[1] of the company has occurred over this reporting period:

Yes: ☐ No: ☒

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

In answering this item, provide the current name of the issuer any names used by predecessor entities, along with the dates of the name changes.

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[1] "Change in Control" shall mean any events resulting in:

(i) Any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becoming the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company's then outstanding voting securities;
(ii) The consummation of the sale or disposition by the Company of all or substantially all of the Company's assets;
(iii) A change in the composition of the Board occurring within a two (2)-year period, as a result of which fewer than a majority of the directors are directors immediately prior to such change; or
(iv) The consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation.

Pinnacle Foods, Inc., a Pennsylvania corporation incorporated July 20, 1999, changed its name to the current name, Pennexx Foods Inc., in March 2002.

The state of incorporation or registration of the issuer and of each of its predecessors (if any) during the past five years; Please also include the issuer's current standing in its state of incorporation (e.g. active, default, inactive):

The status of the company in Pennsylvania is active.

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

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

The address(es) of the issuer's principal executive office:

2420 Enterprise Road, Suite 107
Clearwater, FL 33763

The address(es) of the issuer's principal place of business:
Check box if principal executive office and principal place of business are the same address: ☒

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

Yes: ☐ No: ☒

If this issuer or any of its predecessors have been the subject of such proceedings, please provide additional details in the space below:

2) Security Information

Trading symbol:	PNNX
Exact title and class of securities outstanding:	Common
CUSIP:	708125109
Par or stated value:	$0.01
Total shares authorized:	70,000,000 as of date: June 30, 2022
Total shares outstanding:	56,911,625 as of date: June 30, 2022
Number of shares in the Public Float[2]:	20,416,812 as of date: June 30, 2022
Total number of shareholders of record:	179 as of date: June 30, 2022

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

Trading symbol: _____

[2] "Public Float" shall mean the total number of unrestricted shares not held directly or indirectly by an officer, director, any person who is the beneficial owner of more than 10 percent of the total shares outstanding (a "control person"), or any affiliates thereof, or any immediate family members of officers, directors and control persons.

Exact title and class of securities outstanding: _____
CUSIP: _____
Par or stated value: _____
Total shares authorized: _____ as of date: _____
Total shares outstanding: _____ as of date: _____

Transfer Agent

Name: Standard Registrar and Transfer Co., Inc.
Phone: 801-571-8844
Email: info@standardtransferco.com
Address: 440 East 400 South, Suite 200
Salt Lake City, UT 84111

Is the Transfer Agent registered under the Exchange Act?[3] Yes: ☒ No: ☐

3) Issuance History

The goal of this section is to provide disclosure with respect to each event that resulted in any direct changes to the total shares outstanding of any class of the issuer's securities **in the past two completed fiscal years and any subsequent interim period**.

Disclosure under this item shall include, in chronological order, all offerings and issuances of securities, including debt convertible into equity securities, whether private or public, and all shares, or any other securities or options to acquire such securities, issued for services. Using the tabular format below, please describe these events.

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: ☐

Shares Outstanding as of Second Most Recent Fiscal Year End: Opening Balance Date 12/31/2019 Common: 46,057,322 Preferred: 0			*Right-click the rows below and select "Insert" to add rows as needed.						
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**	**Restricted or Unrestricted as of this filing.**	**Exemption or Registration Type.**

[3] To be included in the Pink Current Information tier, the transfer agent must be registered under the Exchange Act.

2/18/2020	Issue	900,000	Common	0.01	No	T8Partners Will Tynan	Services	Yes	4(a)(2)
7/28/2020	Issue	269,231	Common	0.01	No	Fritz Valdeus	Cash	Yes	4(a)(2)
7/28/2020	Issue	480,769	Common	0.01	No	Compass Equity Partners Bret Mayer	Services	Yes	4(a)(2)
7/28/2020	Issue	500,000	Common	0.01	No	Alex Cook	Services	Yes	4(a)(2)
7/28/2020	Issue	250,000	Common	0.01	No	Triple 888 Will Tynan	Services	Yes	4(a)(2)
7/28/2020	Cancellati on	12,510,161	Common	0.01	No	Smithfield Foods Long Wan	Cancellation	Yes	4(a)(2)
10/20/2020	Issue	1,000,000	Common	0.01	No	T8 Partners Will Tynan	Services	Yes	4(a)(2)
10/29/2020	Issue	2,000,000	Common	0.01	No	T8 Partners Will Tynan	Services	Yes	4(a)(2)
10/29/2020	Issue	100,000	Common	0.01	No	T8 Partners Will Tynan	Services	Yes	4(a)(2)
10/29/2020	Issue	1,250,000	Common	0.01	No	Christopher C. Harrison	Cash	Yes	4(a)(2)
1/19/2021	Issue	2,000,000	Common	0.01	No	Sunny Sweet	Payment	Yes	4(a)(2)
1/19/2021	Issue	2,000,000	Common	0.01	No	Joseph Candito	Payment	Yes	4(a)(2)
1/19/2021	Issue	2,000,000	Common	0.01	No	Vincent Risalvato	Payment	Yes	4(a)(2)
1/19/2021	Issue	1,500,000	Common	0.35	No	TC Special Investments LLC Patricia Ralston	Services	Yes	4(a)(2)
1/19/2021	Issue	1,500,000	Common	0.289 9	No	TC Special Investments LLC	Services	Yes	4(a)(2)

						Patricia Ralston			
3/10/2021	Issue	56,250	Common	0.2899	No	George Anthony Bertucelli	Debt Conversion	Yes	4(a)(2)
3/10/2021	Issue	100,000	Common	0.44	No	OTC PR Group Douglas Baker	Services	Yes	4(a)(2)
4/20/2021	Issue	160,000	Common	0.269	No	Corporate Ads LLC Hank Zemla	Services	Yes	4(a)(2)
7/22/2021	Issue	168,058	Common	0.40	No	Hunt Road LLC Scott Caputo	Convertible Note	Yes	4(a)(2)
7/22/2021	Issue	112,356	Common	0.40	No	GDD Ventures LLC Gia Garrison	Convertible Note	Yes	4(a)(2)
7/22/2021	Issue	100,000	Common	0.40	No	OTC PR Group Douglas Baker	Services	Yes	4(a)(2)
11/11/2021	Issue	100,000	Common	0.26	No	Sunny Sweet	Services	Yes	4(a)(2)
11/11/2021	Issue	100,000	Common	0.26	No	Joseph Candito	Services	Yes	4(a)(2)
11/11/2021	Issue	100,000	Common	0.26	No	Vincent Risalvato	Services	Yes	4(a)(2)
11/11/2021	Issue	100,000	Common	0.26	No	Joseph Caruso	Services	Yes	4(a)(2)
11/11/2021	Issue	100,000	Common	0.26	No	Michael LaBelle	Services	Yes	4(a)(2)
11/11/2021	Issue	1,333,333	Common	0.26	No	Sunny Sweet	Payment	Yes	4(a)(2)
11/11/2021	Issue	1,333,334	Common	0.26	No	Joseph Candito	Payment	Yes	4(a)(2)
11/11/2021	Issue	1,333,333	Common	0.26	No	Vincent Risalvato	Payment	Yes	4(a)(2)
2/15/2022	Issue	250,000	Common		No	Ron Weinstock	Services	Yes	4(a)(2)
2/15/2022	Issue	250,000	Common		No	Jefferey Alan Moody	Services	Yes	4(a)(2)

2/15/2022	Issue	250,000	Common		No	Tom Coba	Services	Yes	4(a)(2)
2/15/2022	Issue	250,000	Common		No	Brian Jennings	Services	Yes	4(a)(2)
2/18/2022	Issue	417,800	Common		No	New To The Street Group, LLC Dror Tepper	Services	Yes	4(a)(2)
Shares Outstanding on Date of This Report: Ending Balance Ending Balance: Date 06/30/2022 Common: 55,911,625 Preferred: 0									

Example: A company with a fiscal year end of December 31st, in addressing this item for its quarter ended June 30, 2021, would include any events that resulted in changes to any class of its outstanding shares from the period beginning on January 1, 2019 through June 30, 2021 pursuant to the tabular format above.

Use the space below to provide any additional details, including footnotes to the table above:

____

B. Debt Securities, Including Promissory and Convertible Notes

Use the chart and additional space below to list and describe all outstanding promissory notes, convertible notes, convertible debentures, or any other debt instruments that may be converted into a class of the issuer's equity securities.

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.)
11/26/2019	125,186	100,000	25,186	5/31/2022	1 year, restricted shares at $0.20 principal plus interest	Steve Cramer	Loan
12/02/2019	124,988	100,000	124,988	5/31/2022	1 year, restricted shares at $0.20 principal plus interest	Alan Brook	Loan
1/28/2020	26,622	20,000	4,622	6/30/2022	1 year, restricted shares at $0.20 principal plus interest	Bruce Ghiloni	Loan

1/28/2020	9,849	20,000	1,849	6/30/2022	1 year, restricted shares at $0.20 principal plus interest	Rebecca Fitzpatrick	Loan
1/31/2020	61.505	50,000	11,505	6/30/2022	1 year, restricted shares at $0.20 principal plus interest	Securities and Collateral Lending LLC Sean Fitzpatrick	Loan
2/06/2020	122,818	100,000	22,818	12/31/2021	1 year, restricted shares at $0.20 principal plus interest	Tim Frye	Loan
10/26/2020	30,654	26,850	3,804	6/30/2022	1 year, restricted shares at $0.10 principal plus interest	Will Tynan	Loan
12/08/2020	14,489	12,800	1,639	6/30/2022	1 year, restricted shares at $0.10 principal plus interest	Will Tynan	Loan
1/04/2021	62,967	60,000	2,967	6/30/2022	1 year, restricted shares at $0.04 principal plus interest	TC Special Investments LLC Patricia Ralston	Loan
7/01/2021	53,008	50,000	3,008	6/30/2022	1 year, restricted shares at $0.20 principal plus interest	Paul and Doinatella Casali	Loan
7/02/2021	53,991	50,000	2,991	7/01/2022	1 year, restricted shares at $0.20 principal plus interest	Donna and Ronald David	Loan
7/09/2021	105,754	100,000	5,754	7/08/2022	1 year, restricted shares at $0.20 principal plus interest	Steve Cramer	Loan

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)[4]:

Name:	Vincent Risalvato
Title:	CEO
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.

C. Balance Sheet;
D. Statement of Income;
E. Statement of Cash Flows;
F. Statement of Retained Earnings (Statement of Changes in Stockholders' Equity);
G. Financial notes; and,
H. 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.

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")

Pennex, through its wholly owned subsidiary, Your Social Offers LLC, is a holding company within the Software/Internet Industry, that is focused on pre-paid debit cards and utilizing artificial intelligence to gather information for targeted marketing.

B. Please list any subsidiaries, parents, or affiliated companies.

Your Social Offers LLC, is a Social Marketing Platform specializing in a coupon and rewards website for consumers, and a Merchant Platform that enables merchants to advertise their business through digital "Word of Mouth seamlessly" referrals.

C. Describe the issuers' principal products or services.

[4] The financial statements requested pursuant to this item must be prepared in accordance with US GAAP or IFRS by persons with sufficient financial skills.

Pennexx focuses on prepaid debit and credit cards and utilizing artificial intelligence to gather information for targeted marketing.

6) Issuer's Facilities

The goal of this section is to provide a potential investor with a clear understanding of all assets, properties or facilities owned, used or leased by the issuer and the extent in which the facilities are utilized.

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.

The company has a two-year corporate office lease which began at $1746.67 in 2020. The monthly lease payment amount increased to $1,860.20 per month for 2022. The address of the leased property is: 2420 Enterprise Road, Suite 107, Clearwater, FL, 33763.

7) Company Insiders (Officers, Directors, and Control Persons)

The goal of this section is to provide an investor with a clear understanding of the identity of all the persons or entities that are involved in managing, controlling or advising the operations, business development and disclosure of the issuer, as well as the identity of any significant or beneficial shareholders.

Using the tabular format below, please provide information, as of the period end date of this report, regarding any person or entity owning 5% of more of any class of the issuer's securities, as well as any officer, and any director of the company, or any person that performs a similar function, regardless of the number of shares they own. **If any insiders 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 (City, State) of an individual representing the corporation or entity in the note section.**

Name of Officer/Director or Control Person	Affiliation with Company (e.g. Officer Title /Director/Owner of more than 5%)	Residential Address (City / State Only)	Number of shares owned	Share type/class	Ownership Percentage of Class Outstanding	Note
Vincent Risalvato	CEO/ Chairman/ Director	Palm Harbor, FL	3,433,333	Common	6.3%	144 Restricted
Joseph Candito	President	Naples, FL	3,182,221	Common	5.8%	144 Restricted
Sunny Sweet	Secretary/Director	Tampa, FL	3,433,333	Common	6.3%	144 Restricted
Joseph Caruso	Board of Directors	Crystal, FL	100,000	Common	0.18%	144 Restricted

Michael LaBell	Board of Directors	New Baltimore, MI	100,000	Common	0.18%	144 Restricted

8) Legal/Disciplinary History

A. Please identify whether any of the persons or entities 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);

N/A

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;

N/A

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

N/A

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.

N/A

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.

N/A

9) Third Party Providers

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

Securities Counsel

Firm: Anthony L.G., PLLC
Address 1: 625 N. Flagler Drive Suite 600
Address 2: West Palm Beach, FL 33401
Phone: Office: (561) 514-0936
Email: RAlverio@AnthonyPLLC.com

www.anthonypllc.com

Firm:	Jackson L. Morris, Esq.
Address 1:	Office—3116 W. North A Street, Tampa, FL 33609
Address 2:	Mailing—126 21st Avenue SE, St. Petersburg, Florida 33705
Phone:	Office: (813) 892-5969
Email:	jackson.morris@rule144solution.com

Firm:	Lewellen Law
Address 1:	2100 East Bay Drive, Suite 222
Address 2:	Largo, FL 33771
Phone:	Office: (727) 531-1796
Email:	steve@lewellyn-law.com
	www.Lewellyn-Law.com

Accountant or Auditor

Outside Provider:	Auditor
Name:	Julian Sardinas
Firm:	Assurance Dimensions
Address 1:	4920 W. Cypress Street, Suite 102
Address 2:	Tampa, FL 33607
Phone:	813-443-5053
Email:	julian.sardinas@aduscpa.com

Outside Provider:	Accountant
Name:	Elliot Berman
Firm:	Berman Audit and Advisory, PA
Address 1:	11756 Bayou Lane
Address 2:	Boca Raton, FL 33498
Phone:	(954) 729-3025
Email:	eberman@bermanauditeadvisorycpa.com

Investor Relations

Name:	_____
Firm:	_____
Address 1:	_____
Address 2:	_____
Phone:	_____
Email:	_____

Other Service Providers
Provide the name of any other service provider(s) that **that assisted, advised, prepared or provided information with respect to this disclosure statement**. This includes counsel, broker-dealer(s), advisor(s) or consultant(s) or provided assistance or services to the issuer during the reporting period.

Name: _____

Firm: _____
Nature of Services: _____
Address 1: _____
Address 2: _____
Phone: _____
Email: _____

10) Issuer Certification

Principal Executive Officer:

The issuer shall include certifications by the chief executive officer and chief financial officer of the issuer (or any other persons with different titles but having the same responsibilities) in each Quarterly Report or Annual Report.

The certifications shall follow the format below:

I, Vincent Risalvato, certify that:

1. I have reviewed this quarterly disclosure statement of Pennexx Foods, 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.

<u>August 19, 2022</u>

<u>/s/ Vincent Risalvato</u> [CEO’s Signature]

Vincent Risalvato, Chief Executive Officer

(Digital Signatures should appear as “/s/ [OFFICER NAME]”)

Principal Financial Officer:

I, Vincent Risalvato, certify that:

1. I have reviewed this quarterly disclosure statement of Pennexx Foods, 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.

<u>August 19, 2022</u>

<u>/s/ Vincent Risalvato</u> [CFO’s Signature]

Vincent Risalvato, Chief Financial Officer

(Digital Signatures should appear as “/s/ [OFFICER NAME]”)

Pennexx Foods, Inc.

Pennexx Foods, Inc.
Balance Sheets

	June 30, 2022 (Unaudited)	December 31, 2021
Assets		
Current Assets		
Cash	$ 9,478	$ 7,748
Total Current Assets	9,478	7,748
Property and equipment - net	7,650	9,350
Operating lease - right-of-use asset	13,581	25,221
Total Assets	$ 30,709	$ 42,319
Liabilities and Stockholders' Deficit		
Current Liabilities		
Accounts payable and accrued liabilities	$ 19,103	$ 18,066
Accrued interest payable	150,324	111,131
Common stock payable (300,000 shares and 717,800 shares, respectively)	146,790	230,350
Deposit liability	-	10,000
Convertible notes payable - net	614,823	574,987
Operating lease liability	12,679	24,310
Total Current Liabilities	943,719	968,844
Long Term Liabilities		
Convertible notes payable - net	223,500	-
Operating lease liability - long term	-	1,848
Total Long Term liabilities	223,500	1,848
Total Liabilities	1,167,219	970,692
Commitments and Contingencies (Note 6)		
Stockholders' Deficit		
Common stock, $0.01 par value, 70,000,000 shares authorized 56,911,625 and 54,493,825 shares issued and outstanding, respectively	569,116	544,938
Common stock issuable (270,000 and 1,270,000 shares)	2,700	12,700
Additional paid-in capital	37,298,977	37,030,595
Accumulated deficit	(39,007,303)	(38,516,606)
Total Stockholders' Deficit	(1,136,510)	(928,373)
Total Liabilities and Stockholders' Deficit	$ 30,709	$ 42,319

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

Pennexx Foods, Inc.
Statements of Operations
(Unaudited)

	Three Months Ended		Six Months Ended	
	June 30, 2022	**June 30, 2021**	**June 30, 2022**	**June 30, 2021**
Sales				
Software applications	$ -	$ 220,000	$ 134,000	$ 361,275
License fee	-	-	100,000	-
Total Sales	-	220,000	234,000	361,275
Operating Expenses				
General and administrative expenses	173,626	319,755	585,668	1,541,116
Research and development - related party	-	22,397	-	26,216
Total Operating Expenses	173,626	342,152	585,668	1,567,332
Loss from operations	(173,626)	(122,152)	(351,668)	(1,206,057)
Other Expense				
Interest expense	(20,177)	(15,176)	(39,193)	(28,025)
Loss on debt extinguishment	-	-	-	(4,958)
Amortization of debt discount/issue costs	(49,863)	(19,050)	(99,836)	(49,864)
Total Other Expense	(70,040)	(34,226)	(139,029)	(82,847)
Net loss	$ (243,666)	$ (156,378)	$ (490,697)	$ (1,288,904)
Loss per share - basic and diluted	$ (0.00)	$ (0.00)	$ (0.01)	$ (0.02)
Weighted average number of shares - basic and diluted	56,467,181	54,455,938	56,036,088	53,429,923

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

Pennexx Foods, Inc.
Statement of Changes in Stockholders' Deficit
For the Three and Six Months Ended June 30, 2022
(Unaudited)

	Common Stock		Common Stock Issuable		Additional Paid-in	Accumulated	Total Stockholders'
	Shares	Amount	Shares	Amount	Capital	Deficit	Deficit
December 31, 2021	**54,493,825**	**$ 544,938**	**1,270,000**	**$ 12,700**	**$ 37,030,595**	**$ (38,516,606)**	**$ (928,373)**
Conversion of common stock payable to common stock	417,800	4,178	-	-	79,382	-	83,560
Common issued stock for services rendered ($0.199/share) - related parties	1,000,000	10,000	-	-	189,000	-	199,000
Net loss	-	-	-	-	-	(247,031)	(247,031)
March 31, 2022 (unaudited)	**55,911,625**	**559,116**	**1,270,000**	**12,700**	**37,298,977**	**(38,763,637)**	**(892,844)**
Issuance of common stock issuable	1,000,000	10,000	(1,000,000)	(10,000)	-	-	-
Net loss	-	-	-	-	-	(243,666)	(243,666)
June 30, 2022 (unaudited)	**56,911,625**	**$ 569,116**	**270,000**	**$ 2,700**	**$ 37,298,977**	**$ (39,007,303)**	**$ (1,136,510)**

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

Pennexx Foods, Inc.
Statement of Changes in Stockholders' Deficit
For the Three and Six Months Ended June 30, 2021
(Unaudited)

	Common Stock		Common Stock Issuable		Paid-in	Accumulated	Stockholders'
	Shares	Amount	Shares	Amount	Capital	Deficit	Deficit
December 31, 2020	**40,297,161**	**$ 402,971**	**10,270,000**	**$ 102,700**	**$ 35,261,166**	**$ (36,300,008)**	**$ (533,171)**
Stock issued for services ($0.2899 - $0.44/share)	3,100,000	31,000	-	-	972,850	-	1,003,850
Stock issued in connection with conversion of convertible note payable ($0.2899/share)	56,250	563	-	-	15,745	-	16,308
Issuance of common stock previously issuable - ($0.01/share) - related parties	6,000,000	60,000	(6,000,000)	(60,000)	-	-	-
Debt discount recorded in connection with convertible notes payable (beneficial conversion feature)	-	-	-	-	60,000	-	60,000
Net loss	-	-	-	-	-	(1,132,526)	(1,132,526)
March 31, 2021 (unaudited)	**49,453,411**	**494,534**	**4,270,000**	**42,700**	**36,309,761**	**(37,432,534)**	**(585,539)**
Stock issued for services ($0.2644 - $0.44/share)	160,000	1,600	500,000	5,000	168,640	-	175,240
Net loss	-	-	-	-	-	(156,378)	(156,378)
June 30, 2021 (unaudited)	**49,613,411**	**$ 496,134**	**4,770,000**	**$ 47,700**	**$ 36,478,401**	**$ (37,588,912)**	**$ (566,677)**

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

Pennexx Foods, Inc.
Statement of Cash Flows
(Unaudited)

	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
Operating activities		
Net loss	$ (490,697)	$ (1,288,904)
Adjustments to reconcile net loss to net cash provided by operations		
Common stock issued for services rendered	-	1,179,090
Common stock issued for services rendered - related parties	199,000	-
Amortization of debt discount/issue costs	99,836	49,864
Amortization of operating lease - right-of-use asset	11,640	9,700
Depreciation	1,700	1,700
Loss on debt extinguishment	-	4,958
Recognition of license fee income (deposit liability)	(10,000)	-
Changes in operating assets and liabilities		
Increase (decrease) in		
Accounts receivable	-	(80,000)
Accounts payable and accrued liabilities	1,037	(1,961)
Accrued interest payable	39,193	-
Common stock payable	-	121,800
Operating lease liability	(13,479)	(5,445)
Net cash used in operating activities	(161,770)	(9,198)
Financing activities		
Proceeds from issuance of convertible note payable	163,500	28,192
Net cash provided by financing activities	163,500	28,192
Net increase in cash	1,730	18,994
Cash - beginning of period	7,748	1,679
Cash - end of period	$ 9,478	$ 20,673
Supplemental disclosure of cash flow information		
Cash paid for interest	$ -	$ -
Cash paid for income tax	$ -	$ -
Supplemental disclosure of non-cash investing and financing activities		
Conversion of common stock payable to common stock	$ 83,560	$ -
Issuance of common stock previously issuable	$ -	$ 60,000
Right-of-use asset obtained in exchange for finance lease liability	$ -	$ 46,561
Conversion of accounts payable into convertible note payable	$ -	$ 31,808
Debt discount recorded in connection with convertible notes	$ -	$ 60,000

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

Note 1 - Organization and Nature of Operations

Organization and Nature of Operations

Pennexx Foods, Inc. (collectively, “PTI,” “we,” “us,” “our” or the “Company”), was incorporated in Pennsylvania on July 20, 1999. The Company opened an office in Florida on December 5, 2019.

The Company was in the food industry through 2019. In 2020, the Company shifted its focus to technology related to software and the internet for the purpose of utilizing artificial intelligence to gather information for targeted marketing; specifically, the Company is developing websites and related smartphone apps.

In April 2021, the Company’s Board approved a name change to Pennexx Technology, Inc. Approval of the name change is pending State approval to the Company’s amended Articles of Incorporation.

Impact of COVID-19

The ongoing COVID-19 global and national health emergency has caused significant disruption in the international and United States economies and financial markets. In March 2020, the World Health Organization declared the COVID-19 outbreak a pandemic. The spread of COVID-19 has caused illness, quarantines, cancellation of events and travel, business and school shutdowns, reduction in business activity and financial transactions, labor shortages, supply chain interruptions and overall economic and financial market instability. The COVID-19 pandemic has the potential to significantly impact the Company’s supply chain, distribution centers, or logistics and other service providers.

In addition, a severe prolonged economic downturn could result in a variety of risks to the business, including weakened demand for products and services and a decreased ability to raise additional capital when needed on acceptable terms, if at all. As the situation continues to evolve, the Company will continue to closely monitor market conditions and respond accordingly.

We have implemented adjustments to our operations designed to keep employees safe and comply with federal, state, and local guidelines, including those regarding social distancing. The extent to which COVID-19 may further impact the Company’s business, results of operations, financial condition and cash flows will depend on future developments, which are highly uncertain and cannot be predicted with confidence. In response to COVID-19, the United States government has passed legislation and taken other actions to provide financial relief to companies and other organizations affected by the pandemic.

The ultimate impact of the COVID-19 pandemic on the Company's operations is unknown and will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the duration of the COVID-19 outbreak, new information which may emerge concerning the severity of the COVID-19 pandemic, and any additional preventative and protective actions that governments, or the Company, may direct, which may result in an extended period of continued business disruption, reduced customer traffic and reduced operations.

At June 30, 2022, the Company has evaluated its operations and has determined that the effect of COVID-19 has not had a material adverse impact on our business, financial condition, and results of operations.

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Liquidity, Going Concern and Management's Plans

These financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business.

As reflected in the accompanying financial statements, for the six months ended June 30, 2022, the Company had:

- Net loss of $490,697; and
- Net cash used in operations was $161,770

Additionally, for the six months ended June 30, 2022, the Company had:

- Accumulated deficit of $39,007,303
- Stockholders' deficit of $1,136,510; and
- Working capital deficit of $934241

The Company has cash on hand of $9,478 at June 30, 2022. Although the Company intends to raise additional debt (third party and related party lenders) or equity capital, the Company expects to incur losses from operations and have negative cash flows from operating activities for the near-term. These losses could be significant as the Company executes its business plan.

These factors create substantial doubt about the Company's ability to continue as a going concern within the twelve-month period subsequent to the date that these financial statements are issued. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern. Accordingly, the financial statements have been prepared on a basis that assumes the Company will continue as a going concern and which contemplates the realization of assets and satisfaction of liabilities and commitments in the ordinary course of business.

Management's strategic plans include the following:

- Pursuing additional capital raising opportunities,
- Executing and commercializing its business operations,
- Continuing to explore and execute prospective partnering or distribution opportunities; and
- Identifying unique market opportunities that represent potential positive short-term cash flow.

Note 2 - Summary of Significant Accounting Policies

Business Segments and Concentrations

The Company uses the "management approach" to identify its reportable segments. The management approach requires companies to report segment financial information consistent with information used by management for making operating decisions and assessing performance as the basis for identifying the Company's reportable segments. The Company has identified one single reportable operating segment. The Company manages its business on the basis of one operating and reportable segment.

Customers in the United States accounted for 100% of our revenues. We do not have any property or equipment outside of the United States.

Use of Estimates

Preparing financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reported period. Actual results could differ from those estimates, and those estimates may be material.

Changes in estimates are recorded in the period in which they become known. The Company bases its estimates on historical experience and other assumptions, which include both quantitative and qualitative assessments that it believes to be reasonable under the circumstances.

Fair Value of Financial Instruments

The Company accounts for financial instruments under Financial Accounting Standards Board ("FASB") ASC 820, *Fair Value Measurements*. ASC 820 provides a framework for measuring fair value and requires disclosures regarding fair value measurements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, based on the Company's principal or, in absence of a principal, most advantageous market for the specific asset or liability.

The Company uses a three-tier fair value hierarchy to classify and disclose all assets and liabilities measured at fair value on a recurring basis, as well as assets and liabilities measured at fair value on a non-recurring basis, in periods subsequent to their initial measurement. The hierarchy requires the Company to use observable inputs when available, and to minimize the use of unobservable inputs, when determining fair value.

The three tiers are defined as follows:

- Level 1 —Observable inputs that reflect quoted market prices (unadjusted) for identical assets or liabilities in active markets;
- Level 2—Observable inputs other than quoted prices in active markets that are observable either directly or indirectly in the marketplace for identical or similar assets and liabilities; and
- Level 3—Unobservable inputs that are supported by little or no market data, which require the Company to develop its own assumptions.

The determination of fair value and the assessment of a measurement's placement within the hierarchy requires judgment. Level 3 valuations often involve a higher degree of judgment and complexity. Level 3 valuations may require the use of various cost, market, or income valuation methodologies applied to unobservable management estimates and assumptions. Management's assumptions could vary depending on the asset or liability valued and the valuation method used. Such assumptions could include estimates of prices, earnings, costs, actions of market participants, market factors, or the weighting of various valuation methods. The Company may also engage external advisors to assist us in determining fair value, as appropriate.

Although the Company believes that the recorded fair value of our financial instruments is appropriate, these fair values may not be indicative of net realizable value or reflective of future fair values.

The Company's financial instruments, including cash, and accounts payable and accrued expenses, are carried at historical cost. At June 30, 2022 and December 31, 2021, respectively, the carrying amounts of these instruments approximated their fair values because of the short-term nature of these instruments.

ASC 825-10 *"Financial Instruments"* allows entities to voluntarily choose to measure certain financial assets and liabilities at fair value ("fair value option"). The fair value option may be elected on an instrument-by-instrument basis and is irrevocable unless a new election date occurs. If the fair value option is elected for an instrument, unrealized gains and losses for that instrument should be reported in earnings at each subsequent reporting date. The Company did not elect to apply the fair value option to any outstanding financial instruments.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Company considers all highly liquid instruments with a maturity of three months or less at the purchase date and money market accounts to be cash equivalents. At June 30, 2022 and December 31, 2021, respectively, the Company did not have any cash equivalents.

The Company is exposed to credit risk on its cash and cash equivalents in the event of default by the financial institutions to the extent account balances exceed the amount insured by the FDIC, which is $250,000. At June 30, 2022, there were no accounts in excess of this insured limit.

Accounts Receivable

Accounts receivable are due thirty (30) days from the date a customer has downloaded the software application ("App") to a hardware device.

The allowance for doubtful accounts is determined based on the Company's previous loss history. The Company has not experienced any significant credit losses. Allowance for doubtful accounts was $0 on June 30, 2022 and December 31, 2021, respectively.

Currently, the Company sells its App to one customer. One of our current equity investors who is also a lender to the Company has an affiliation with our sole customer, however, this entity is not a control person or related party of either the Company or its sole customer.

Impairment of Long-lived Assets

Management evaluates the recoverability of the Company's identifiable intangible assets and other long-lived assets when events or circumstances indicate a potential impairment exists, in accordance with the provisions of ASC 360-10-35-15 *"Impairment or Disposal of Long-Lived Assets."* Events and circumstances considered by the Company in determining whether the carrying value of identifiable intangible assets and other long-lived assets may not be recoverable include but are not limited to: significant changes in performance relative to expected operating results; significant changes in the use of the assets; significant negative industry or economic trends; and changes in the Company's business strategy. In determining if impairment exists, the Company estimates the undiscounted cash flows to be generated from the use and ultimate disposition of these assets.

If impairment is indicated based on a comparison of the assets' carrying values and the undiscounted cash flows, the impairment to be recognized is measured as the amount by which the carrying amount of the assets exceeds the fair value of the assets.

There were no impairment losses taken during the three and six months ended June 30, 2022 and 2021, respectively.

Property and Equipment

Property and equipment is stated at cost less accumulated depreciation. Depreciation is provided on the straight-line basis over the estimated useful lives of the assets.

Expenditures for repair and maintenance which do not materially extend the useful lives of property and equipment are charged to operations. When property or equipment is sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the respective accounts with the resulting gain or loss reflected in operations.

Management reviews the carrying value of its property and equipment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable.

There were no impairment losses taken during the three and six months ended June 30, 2022 and 2021, respectively.

Derivative Liabilities

The Company analyzes all financial instruments with features of both liabilities and equity under FASB ASC Topic No. 480, ("ASC 480"), "*Distinguishing Liabilities from Equity*" and FASB ASC Topic No. 815, ("ASC 815") "*Derivatives and Hedging*". Derivative liabilities are adjusted to reflect fair value at each reporting period, with any increase or decrease in the fair value recorded in the results of operations (other income/expense) as change in fair value of derivative liabilities. The Company uses a binomial pricing model to determine fair value of these instruments.

Upon conversion or repayment of a debt instrument in exchange for shares of common stock, where the embedded conversion option has been bifurcated and accounted for as a derivative liability (generally convertible debt and/or warrants), the Company records the shares of common stock at fair value, relieves all related debt, derivatives, and debt discounts, and recognizes a net gain or loss on debt extinguishment. In connection with the debt extinguishment, the Company typically records an increase to additional paid-in capital for any remaining liability balance.

Equity instruments that are initially classified as equity that become subject to reclassification under ASC Topic 815 are reclassified to liabilities at the fair value of the instrument on the reclassification date.

At June 30, 2022 and December 31, 2021, respectively, the Company did not have any derivative liabilities.

Original Issue Debt Discount

For certain notes issued, the Company provides the debt holder with an original issue discount. The original issue discount is recorded as a debt discount, reducing the face amount of the note, and is amortized to interest expense in the statement of operations, over the life of the debt.

Debt Issue Cost

Debt issuance cost paid (in cash or stock) to lenders, or third parties are recorded as debt discounts and amortized to interest expense in the statement of operations, over the life of the underlying debt.

Common Stock Payable

The Company from time to time enters into agreements for the issuance of common stock for services. When the related shares are due, but have not been authorized for issuance, the Company records these amounts as a liability. These shares are excluded from earnings (loss) per share.

Valuation of common stock payable is based upon the fair value of services rendered, which is determined based upon the quoted closing trading price of the Company's common stock. At the time services are rendered, the stock is due for payment.

During the year ended December 31, 2021, the Company owed 717,800 shares of common stock for services rendered having a fair value of $230,500, based upon the quoted closing trading price ($0.20 - $0.6899/share). During 2022, 417,800 shares were issued to the service provider, as a result, 300,000 shares remain as common stock issuable at June 30, 2022.

The following is a summary of the Company's common stock payable:

	Shares	Amount
Balance - December 31, 2020	-	$ -
Services rendered for common stock	717,800	230,350
Balance - December 31, 2021	717,800	230,350
Conversion of common stock payable to common stock	(417,800)	(83,560)
Balance - June 30, 2022	300,000	$146,790

See Note 5.

Common Stock Issuable

Shares classified as common stock issuable represent those shares which have been authorized for issuance but are not reflected as issued by the transfer agent. These shares are included in earnings (loss) per share.

License Fee Revenue and Deposit Liability

At December 31, 2021, the Company had received an advance of $10,000 towards a future licensing agreement from a third party which included the potential for additional consideration related to the issuance of common stock.

During 2022, the Company finalized and executed an agreement for $100,000, related to a non-exclusive, non-assignable software license to use the yoursocialoffers.com coupon discount reward software system.

In connection with the sale of the license, the Company recognized $10,000 as revenues from the amount previously received in 2021 as well as the balance of $90,000 in 2022.

The sale of the license did not require any additional performance obligations.

See disaggregation of revenues below.

Revenue Recognition

Pursuant to ASC 606, we recognize revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration or payment the Company expects to be entitled to receive in exchange for those goods or services. Our revenue is recognized by applying the following five steps: 1) identify the contracts with a customer; 2) identify the performance obligations in the contract; 3) determine the transaction price; 4) allocate the transaction price to the performance obligations; and 5) recognize revenue when (or as) we satisfy a performance obligation.

We apply judgment in determining the customer's ability and intention to pay, which is based on a variety of factors including the customer's historical payment experience or, in the case of a new customer, published credit or financial information pertaining to the customer.

If a contract includes multiple promised goods or services, we apply judgment to determine whether the promised goods or services are capable of being distinct and are distinct within the context of the contract. If these criteria are not met, the promised goods or services are accounted for as a combined performance obligation. We determine the transaction price based on the consideration which we will be entitled to receive in exchange for transferring goods or services to our customer.

We recognize revenue at the time that the related performance obligation is satisfied by transferring the promised goods or services to our customer.

Software Application Revenues

The Company recognizes revenue from the sale of software application downloads to hardware devices. Upon download (delivery) of the app, which is at the point of sale, the Company has satisfied its performance obligation under contractual arrangement. All arrangements are non-cancellable and contain a single performance obligation. There are no warranties, rebates or refunds associated with the sale of the product. Customer payment is due 30 days from sale.

Consulting Revenues

The Company recognizes revenues from consulting services (including merchant fees paid for social media advertising) related to assisting companies with targeted marketing. Revenue is recognized at a point in time when services are rendered. All arrangements are non-cancellable and contain a single performance obligation.

The following represents the Company's disaggregation of revenues for the six months ended June 30, 2022 and 2021:

	Six Months Ended June 30,			
	2022		2021	
Revenue Type	**Revenue**	**% of Revenues**	**Revenue**	**% of Revenues**
Software application	$134,000	57%	$361,275	100.00%
License fee	100,000	43%	-	0.00%
Total Revenues	$234,000	100%	$361,275	100%

Research and Development

Research and development costs are charged to expense as incurred.

Stock-Based Compensation

The Company accounts for our stock-based compensation under ASC 718 *"Compensation – Stock Compensation"* using the fair value-based method. Under this method, compensation cost is measured at the grant date based on the value of the award and is recognized over the service period, which is usually the vesting period. This guidance establishes standards for the accounting for transactions in which an entity exchanges it equity instruments for goods or services. It also addresses transactions in which an entity incurs liabilities in exchange for goods or services that are based on the fair value of the entity's equity instruments or that may be settled by the issuance of those equity instruments.

The Company uses the fair value method for equity instruments granted to non-employees and use the Black-Scholes model for measuring the fair value of options.

The fair value of stock-based compensation is determined as of the date of the grant or the date at which the performance of the services is completed (measurement date) and is recognized over the vesting periods.

When determining fair value, the Company considers the following assumptions in the Black-Scholes model:

- Exercise price,
- Expected dividends,
- Expected volatility,
- Risk-free interest rate; and
- Expected life of option

Income Taxes

The Company accounts for income tax using the asset and liability method prescribed by ASC 740, *"Income Taxes".* Under this method, deferred tax assets and liabilities are determined based on the difference between the financial reporting and tax bases of assets and liabilities using enacted tax rates that will be in effect in the year in which the differences are expected to reverse. The Company records a valuation allowance to offset deferred tax assets if based on the weight of available evidence, it is more-likely-than-not that some portion, or all, of the deferred tax assets will not be realized. The effect on deferred taxes of a change in tax rates is recognized as income or loss in the period that includes the enactment date.

The Company follows the accounting guidance for uncertainty in income taxes using the provisions of ASC 740 "Income Taxes". Using that guidance, tax positions initially need to be recognized in the financial statements when it is more likely than not the position will be sustained upon examination by the tax authorities. As of March 31, 2022 and December 31, 2021, respectively, the Company had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

The Company recognizes interest and penalties related to uncertain income tax positions in other expense. No interest and penalties related to uncertain income tax positions were recorded for the six months ended June 30, 2022 and 2021, respectively.

Basic and Diluted Earnings (Loss) per Share

Pursuant to ASC 260-10-45, basic loss per common share is computed by dividing net loss by the weighted average number of shares of common stock outstanding for the periods presented. Diluted loss per share is computed by dividing net loss by the weighted average number of shares of common stock, common stock equivalents and potentially dilutive securities outstanding during the period.

Potentially dilutive common shares may consist of common stock issuable for stock options and warrants, convertible notes and common stock issuable (using the treasury stock method or the if-converted method, as applicable). These common stock equivalents may be dilutive in the future.

At June 30, 2022 and 2021, the Company had convertible notes and related accrued interest that were convertible at fixed conversion ratios ranging from $0.04 - $0.20 per share.

Potential common stock equivalents at June 30, 2022 and 2021 are as follows:

	June 30, 2022	June 30, 2021
Convertible notes payable and accrued interest	9,758,834	3,585,465
Total common stock equivalents	9,758,834	3,585,465

These common stock equivalents were not included in diluted earnings per share as they would be anti-dilutive due to the Company's net loss for the six months ended June 30, 2022 and 2021, respectively.

Advertising Costs

Advertising costs are expensed as incurred. Advertising costs are included as a component of general and administrative expense in the statements of operations.

The Company recognized $7,413 and $69,246 in marketing and advertising costs during the six months June 30, 2022 and 2021, respectively.

Related Parties

Parties are considered to be related to the Company if the parties, directly or indirectly, through one or more intermediaries, control, are controlled by, or are under common control with the Company. Related parties also include principal owners of the Company, its management, members of the immediate families of principal owners of the Company and its management and other parties with which the Company may deal with if one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests.

Recent Accounting Standards

Changes to accounting principles are established by the FASB in the form of ASU's to the FASB's Codification. We consider the applicability and impact of all ASU's on our financial position, results of operations, stockholders' deficit, cash flows, or presentation thereof. Management has evaluated all recent accounting pronouncements as issued by the FASB in the form of Accounting Standards Updates ("ASU") through the date these financial statements were available to be issued and found no recent accounting pronouncements issued, but not yet effective accounting pronouncements, when adopted, will have a material impact on the financial statements of the Company.

In August 2020, FASB issued ASU 2020-06, Accounting for Convertible Instruments and Contracts in an Entity; Own Equity (“ASU 2020-06”), as part of its overall simplification initiative to reduce costs and complexity of applying accounting standards while maintaining or improving the usefulness of the information provided to users of financial statements. Among other changes, the new guidance removes from GAAP separation models for convertible debt that require the convertible debt to be separated into a debt and equity component, unless the conversion feature is required to be bifurcated and accounted for as a derivative or the debt is issued at a substantial premium. As a result, after adopting the guidance, entities will no longer separately present such embedded conversion features in equity and will instead account for the convertible debt wholly as debt. The new guidance also requires use of the “if-converted” method when calculating the dilutive impact of convertible debt on earnings per share, which is consistent with the Company’s current accounting treatment under the current guidance. The guidance is effective for financial statements issued for fiscal years beginning after December 15, 2021, and interim periods within those fiscal years, with early adoption permitted, but only at the beginning of the fiscal year.

We adopted this pronouncement on January 1, 2022; however, the adoption of this standard did not have a material effect on the Company’s financial statements.

In May 2021, the Financial Accounting Standards Board (the “FASB”) issued Accounting Standards Update (“ASU”) 2021-04, Earnings Per Share (Topic 260), Debt—Modifications and Extinguishments (Subtopic 470-50), Compensation—Stock Compensation (Topic 718), and Derivatives and Hedging—Contracts in Entity’s Own Equity (Subtopic 815-40): Issuer’s Accounting for Certain Modifications or Exchanges of Freestanding Equity-Classified Written Call Options. This new standard provides clarification and reduces diversity in an issuer’s accounting for modifications or exchanges of freestanding equity-classified written call options (such as warrants) that remain equity classified after modification or exchange. This standard is effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. Issuers should apply the new standard prospectively to modifications or exchanges occurring after the effective date of the new standard. Early adoption is permitted, including adoption in an interim period. If an issuer elects to early adopt the new standard in an interim period, the guidance should be applied as of the beginning of the fiscal year that includes that interim period.

We adopted this pronouncement on January 1, 2022; however, the adoption of this standard did not have a material effect on the Company’s financial statements.

Reclassifications

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the results of operations, stockholders' equity (deficit), or cash flows.

Note 3 – Property and Equipment

Property and equipment consisted of the following:

	June 30, 2022	December 31, 2021	Estimated Useful Lives (Years)
Office equipment	$ 10,000	$ 10,000	5
Furniture	3,500	3,500	5
Computers	3,500	3,500	5
	17,000	17,000	
Less: accumulated depreciation	9,350	7,650	
Property and equipment - net	$ 7,650	$ 9,350	

Depreciation expense for the three months ended June 30, 2022 and 2021 was $850 and $850, respectively.

Depreciation expense for the six months ended June 30, 2022 and 2021 was $1,700 and $1,700, respectively.

Note 4 – Convertible Notes Payable, Debt Discount and Debt Issue Cost

The Company has issued several unsecured convertible notes. Certain of these convertible notes contained beneficial conversion features due to the existence of fixed conversion rates ($0.04, $0.10 or $0.20/share), which at the time of issuance were lower than the quoted closing trading price of the Company's common stock, resulting in the recording of a beneficial conversion feature ("BCF") at the commitment date. In connection with the adoption of ASC 2020-06, the Company no longer records BCF's.

In January 2021, the Company converted accounts payable of $31,808 (recorded at December 31, 2020), and received an additional $28,192, combining the total into a $60,000, one (1) year convertible note. The note is unsecured, bears interest at 5% and is convertible at $0.04/share.

Additionally, the Company paid common stock to a third party as debt issuance costs related to certain of these notes issued in 2020, at a rate of 1 share of common stock for each $1 raised.

The debt issuance costs were calculated based upon the quoted closing trading price of the common stock on the issue date. These costs are a direct reduction of the related convertible note, and the related costs are amortized over the life of the note.

In July 2021, the Company extended all notes that had due dates on or before July 1, 2021 to December 31, 2021. As noted below, certain of these notes are in default. As a result of these defaults, there were no penalties or interest incurred.

As a result of the extension of the due date, and in accordance with ASC 470, a modification or an exchange of debt instruments that adds or eliminates a conversion option that was substantive at the date of the modification or exchange is considered a substantive change and is measured and accounted for as extinguishment of the original instrument along with the recognition of a gain or loss. Additionally, under ASC 470, a substantive modification of a debt instrument is deemed to have been accomplished with debt instruments that are substantially different if the present value of the cash flows under the terms of the new debt instrument is at least 10 percent different from the present value of the remaining cash flows under the terms of the original instrument. A substantive modification is accounted for as an extinguishment of the original instrument along with the recognition of a gain or loss. The Company has determined that the change in terms did not result in a debt modification or extinguishment.

In July 2021, the Company issued several one (1) year, 12%, unsecured, convertible notes for $200,000. These convertible notes contained beneficial conversion features due to the existence of fixed conversion prices of $0.20/share, which at the time of issuance were lower than the quoted closing trading price of the Company's common stock, resulting in the recording of a beneficial conversion feature at the commitment date.

In 2021, the Company issued 336,664 shares of common stock in connection with the conversion of previously issued convertible notes and related accrued interest of $39,081. Accordingly, there was no gain or loss debt extinguishment.

The following represents a summary of these convertible notes, key terms, and outstanding balances at June 30, 2022 and December 31, 2021, respectively:

Terms	2019/2020 Convertible Notes Payable	2021 Convertible Notes Payable	Total	In-Default
Issuance date of notes	Various 2019/2020	January 2021/July 2021		
Maturity dates	December 31, 2021	January 2022/July 2022		
Interest rate	12%	5% - 12%		
Collateral	Unsecured	Unsecured		
Conversion rate	$0.10 - $0.20/share	$0.04 - $0.20/share		
Common stock issued as debt issuance costs	220,000 shares	None		
Balance - December 31, 2020	$ 428,859	$ -	$ 428,859	$ 200,000
Proceeds	-	228,192	228,192	
Conversion of accounts payable into convertible note	-	31,808	31,808	
Debt discount	-	(260,000)	(260,000)	
Amortization of original issue debt discount	23,841	157,287	181,128	
Stock issued in connection with debt settlement	(35,000) *	-	(35,000)	
Balance - December 31, 2021	417,700	157,287	574,987	$ 417,700
Amortization of original issue debt discount	-	99,836	99,836	
Proceeds	-	163,500	163,500	
Balance - June 30, 2022	$ 417,700	$ 420,623	$ 838,323	$ 199,700

* See note 5 regarding conversion of debt to equity.

Note 5 – Stockholders' Deficit

The Company has one (1) class of stock:

Common Stock

- 70,000,000 shares authorized
- $0.01 par value
- Voting at 1 vote per share

In March 2021, the Company's Board approved an amendment to its Articles of Incorporation to increase its authorized shares of common stock from 50,000,000 to 70,000,000 shares. In July 2021, the amendment was formally approved by the State.

Equity Transactions for the Six Months Ended June 30, 2022

Conversion of Common Stock Payable to Common Stock

The Company issued 417,800 shares of common stock having a fair value of $83,560, in connection with amounts previously owed to a third-party service provider. See Note 2.

Stock Issued for Services – Related Parties

The Company issued 1,000,000 shares of common stock for services rendered by its board of directors, having a fair value of $199,000 ($0.199/share), based upon the quoted closing trading price of the Company's common stock, which was expensed, and included as a component of general and administrative expenses on the statements of operations.

Equity Transactions for the Year Ended December 31, 2021

Stock Issued for Services

The Company issued 3,860,000 shares of common stock for services rendered, having a fair value of $1,223,315 ($0.2644-$0.44/share), based upon the quoted closing trading price of the Company's common stock, which was expensed, and included as a component of general and administrative expenses on the statements of operations.

Conversion of Debt into Common Stock

In March 2021, the Company issued 56,250 shares of common stock to settle the conversion of a convertible note and related accrued interest of $11,350. Accordingly, there was no gain or loss debt extinguishment.

In July 2021, the Company issued 280,414 shares of common stock to settle the conversion of convertible notes and related accrued interest of $27,956. Accordingly, there was no gain or loss debt extinguishment.

Stock Issued related to Common Stock Issuable

The Company owed common stock to various parties. These shares were issued separately for cash, services rendered, and research and development expenses. These shares of common stock were never issued yet remained due. These shares are considered issuable and are included as a component of earnings (loss) per share. Once the related common stock is issued, the common stock issuable is reduced accordingly at par value.

In 2021, the Company issued 10,000,000 shares of common stock, having a fair value of $100,000 ($0.01/share) that were previously issuable to officers and directors. The issuance of these shares resulted in a net effect on stockholders' deficit of $0.

Common stock issuable at June 30, 2022 and December 31, 2021 was as follows:

	Shares		Amount
Balance - December 31, 2020	10,270,000		$102,700
Issuance of common stock previously issuable	(10,000,000)		(100,000)
Issuance of common stock for services	1,000,000	*	10,000
Balance - December 31, 2021	1,270,000		12,700
Issuance of common stock previously issuable	(1,000,000)		(10,000)
Balance - June 30, 2022	270,000		$ 2,700

*The Company authorized for issuance 1,000,000 shares of common stock for services rendered by a third party, having a fair value of $299,000 ($0.299/share), based upon the quoted closing trading price. These shares were issued in 2022.

Note 6 – Commitments

2021 Transactions

General Business Advisory and Public Relations

In January 2021, the Company entered into a six (6) month agreement to issue up to 400,000 shares of common stock, payable as follows:

100,000 shares at the inception of the agreement (earned January 2021),
100,000 shares when the stock price equals $0.25 (earned January 2021),
100,000 shares when the stock price equals $0.35(earned January 2021); and
100,000 shares when the stock price equals $0.50 (earned July 2021).

During 2021, the Company issued 200,000 shares of common stock having a fair value of $88,000 based upon the quoted closing trading price ($0.44/share) and owed 100,000 shares of common stock having a fair value of $44,000, based upon the quoted closing trading price ($0.44/share). These unissued 100,000 shares and related value of $44,000 has been included as a component of common stock payable as they have not yet been approved for issuance.

The final 100,000 shares were earned on July 1, 2021, as this represented the first day where the stock closed above $0.50. On this date, the stock had a quoted closing trading price of $0.6899/share, resulting in a fair value of $68,990. At December 31, 2021, these unissued shares are due and considered a component of common stock payable as they have not yet been approved for issuance.

The Company also was required to pay $2,750/month over the term of the agreement. At December 31, 2021, $1,250 remained due, which was paid in 2022.

Website and Application Product Development

In March 2021, the Company entered into a one (1) year agreement to issue up to 500,000 shares of common stock, payable as follows:

100,000 shares at the inception of the agreement (earned March 2021),
400,000 shares when all services have been rendered in full (not yet earned).

The Company owed 100,000 shares of common stock having a fair value of $33,800, based upon the quoted closing trading price ($0.338/share). These shares have not yet been issued to the consultant and are a component of common stock payable.

Media Services

In May 2021, the Company entered into a six (6) month agreement to issue 417,800 shares of common stock, payable upon the completion of services. All services were earned in November 2021.

At December 31, 2021, the Company owed 417,800 shares of common stock having a fair value of $83,560, based upon the quoted closing trading price ($0.20/share). These shares were issued in 2022.

Note 7 – Right of Use Operating Lease

We determine if an arrangement is a lease, or contains a lease, at inception and record the leases in our financial statements upon lease commencement, which is the date when the underlying asset is made available for use by the lessor.

We have a lease agreement with lease and non-lease components and have elected to utilize the practical expedient to account for lease and non-lease components together as a single combined lease component, from both a lessee and lessor perspective with the exception of direct sales-type leases and production equipment classes embedded in supply agreements. From a lessor perspective, the timing and pattern of transfer are the same for the non-lease components and associated lease component and, the lease component, if accounted for separately, would be classified as an operating lease.

We have elected not to present short-term leases on the balance sheet as these leases have a lease term of 12 months or less at lease inception and do not contain purchase options or renewal terms that we are reasonably certain to exercise. All other lease assets and lease liabilities are recognized based on the present value of lease payments over the lease term at commencement date. Because our lease does not provide an implicit rate of return, we used our incremental borrowing rate based on the information available at lease commencement date in determining the present value of lease payments.

In general, leases, where we are the lessee, may include options to extend the lease term f. These leases may include options to terminate the lease prior to the end of the agreed upon lease term. For purposes of calculating lease liabilities, lease terms include options to extend or terminate the lease when it is reasonably certain that we will exercise such options.

Lease expense for operating leases is recognized on a straight-line basis over the lease term as cost of revenues or operating expenses depending on the nature of the leased asset. Certain operating leases provide for annual increases to lease payments based on an index or rate. We calculate the present value of future lease payments based on the index or rate at the lease commencement date.

Differences between the calculated lease payment and actual payment are expensed as incurred. Amortization of finance lease assets is recognized over the lease term as cost of revenues or operating expenses depending on the nature of the leased asset.

Interest expense on finance lease liabilities is recognized over the lease term in interest expense.

In February 2021, the Company executed a two (2) year operating lease agreement for its office space. Gross payments over the term of the lease are as follows:

Payments Year Ended December 31,	
2022 (6 Months)	11,160
2023	1,860
	$13,020

The lease has an option to renew for 3 additional one (1) year periods with an increase of 4% in annual rent. At lease inception, based on historical operations, the Company does not believe the renewal options will be executed.

The tables below present information regarding the Company's operating lease assets and liabilities at June 30, 2022 and December 31, 2021;

	June 30, 2022	December 31, 2021
Assets		
Operating lease - right-of-use asset - non-current	$ 13,581	$ 25,221
Liabilities		
Operating lease liability	$ 12,679	$ 26,158
Weighted-average remaining lease term (years)	0.51	1.00
Weighted-average discount rate	8%	8%

The components of lease expense were as follows:

Operating lease costs		
Amortization of right-of-use operating lease asset	$ 11,640	$ 21,340
Lease liability expense in connection with obligation repayment	782	2,931
Total operating lease costs	$ 12,422	$ 24,272

Supplemental cash flow information related to operating leases was as follows:

Operating cash outflows from operating lease (obligation payment)	$ 14,261	$ 20,404
Right-of-use asset obtained in exchange for new operating lease liability	$ -	$ 46,561

Future minimum lease payments required under leases that have initial or remaining non-cancelable lease terms in excess of one year at June 30, 2022:

2022 (6 months)	$	11,160
2023		1,860
Total undiscounted cash flows		13,020
Less: amount representing interest		(341)
Present value of operating lease liability		12,679
Less: current portion of operating lease liability		(12,679)
Long-term operating lease liability	$	-