

Rooshine, Inc.

FINANCIAL STATEMENTS

as of June 30, 2020 and 2019





105 Pine Creek Trail, Ormond Beach, FL 32174 OTC-PK: RSAU

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Rooshine, Inc.

FINANCIAL STATEMENTS

as of June 30, 2020 and 2019

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ROOSHINE, INC.						
Balance Sheet						
As of June 30, 2020 and 2019						
ACCITIC	т	20, 2020	T	20 201		
ASSETS	Ju	ne 30, 2020	Jui	ne 30, 201		
CURRENT ASSETS						
Cash and cash equivalents	\$	2,992	\$	5,408		
Inventory		186,524		-		
Vendor Deposits		-		249,02		
Other Current Assets	_	75,772	_	150,48		
TOTAL CURRENT ASSETS	_	265,288	_	404,91		
PROPERTY & EQUIPMENT						
NET PROPERTY & EQUIPMENT		252,919		_		
THE TROTERT I & EQUITIVE VI		232,717	1			
OTHER ASSETS						
Intangible Assets		120,230		120.23		
Other Assets		6,954		68,54		
TOTAL OTHER ASSETS	_	127,184	_	188,77		
TOTAL OTTILK ASSLTS		127,104		100,77		
TOTAL ASSETS	\$	645,391	\$	593,69		
	-		<u> </u>			
LIABILITIES AND STOCKHOLDERS' (DEFICIT) / EQUITY						
CURRENT LIABILITIES						
Accounts payable	\$	59,488	\$	49,65		
Due to shareholders		46.271		104,12		
Convertible debt, net of debt discount		261,495		174,80		
Derivative Liability		32,736		291,56		
Advances received		6,000		271,50		
Accrued liability		2,150,000		2,150,00		
Accrued common stock payable		1,306,640		2,130,00		
Other current liabilities		111,621		99,41		
TOTAL CURRENT LIABILITIES		3,974,251		2,869,55		
TOTAL CORRENT LIABILITIES		3,774,231	-	2,009,00		
LONG-TERM LIABILITIES						
Notes payable		65,252		77,84		
TOTAL LONG-TERM LIABILITIES		65,252		77,84		
TOTAL LIABILITIES		4,039,503		2,947,40		
STOCKHOLDERS' DEFICIT						
Preferred stock, \$0.001 par value, 200,000 authorized, none outstanding as of June 30, 2020 and 2019		-				
Common stock, \$0.001 par value, 5,500,000,000 shares authorized,						
777,403,243 and 747,817,243 shares issued and outstanding as of June 30,						
2020 and 2019		777,403		747,81		
Additional paid in captial		(692,698)		(566,78		
Retained deficit		(3,478,817)		(3,094,34		
TOTAL STOCKHOLDERS' DEFICIT		(3,394,112)	_	(2,913,31		
		(-,,)		(_,,,,,,		
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	\$	645,391	\$	34,09		
			_			

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ROOSHIN	E, INC.		
Statement of Op			
For the Six Months Ended Ju	me 30, 2020 and 2019	9	
	Period Ended	Period Ended	
	June 30, 2020	June 30, 2019	
Revenues			
Sales	\$ -	\$ -	
Cost of sales		150	
Gross profit	<u> </u>	-150	
Operating expenses			
Selling, general and administrative expenses	17,080	106,790	
Total Operating Expenses	17,080	106,790	
ncome (loss) from operation	(17,080)	(106,640)	
Other income (expenses)			
Amortization of Debt Discount	(57,121)	(77,746)	
Gain (Loss) on derivative	83,087	(43,402)	
Interest (expense)/Income	(16,652)	(9,349)	
Total other (expenses)	9,314	(130,497)	
Loss before income taxes	(7,765)	(237,137)	
ncome taxes	<u> </u>		
Net loss	\$ (7,765)	\$ (237,137)	
Loss per common share			
Basic	(0.0000)	(0.0004)	
Dilutive	(0.0000)	(0.0004)	
Weighted average common shares outstandi	ng		
Basic	763,940,016	583,741,901	
Dilutive	763,940,016	583,741,901	





ROOSHINE, I	INC.			
Statements of Cash Flows				
For the Six Months Ended June 30,	2020 and 2019			
	Period Ended	Period Ended		
	June 30, 2020	June 30, 2019		
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net loss	(7,765)	(237,137)		
Adjustments to reconcile net income (loss) to				
net cash (used in) operating activities:				
Depreciation	-			
Gain/(Loss) on Derivative Liability	-	-		
Changes in operating assets and liabilities:				
Prepaid Expenses	(417)	(46,625)		
Vendor Deposits	-	(130,150)		
Other Assets	(6,000)	235		
Accounts Payable	(1,168)	(1,000)		
Other Current Liabilities	(273,992)	36,046		
NET CASH (USED IN) OPERATING ACTIVITIES	(289,342)	(378,632)		
, , , , , , , , , , , , , , , , , , , ,	(======	(213,232)		
CASH FLOWS FROM FINANCING ACTIVITIES:				
Debt Discount	72,891	(49,333)		
Derivative Liability	(98,856)	170,481		
Loan Origination Fees	707	707		
Contribution to additional paid in capital	(131,507)	(29,230)		
Issuance of common Stock (common stock payable)	523,200	162,500		
Long Term Debt	(85,019)	127,800		
4 '				
NET CASH PROVIDED (USED IN) FINANCING	281,415	382,925		
	4			
NET INCREASE (DECREASE) IN CASH	(7,927)	4,294		
CASH AND CASH EQUIVALENTS:				
Beginning of period	10,919	1,114		
End of period	2,992	5,408		
Supplemental disclosure of cash flow information:				
Cash paid for income taxes	\$ -	\$ -		
Cash paid for interest	\$ -	\$ -		
The accompanying notes are an integral part of	these financial statem	ents.		



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ROOSHINE, INC.

Statement of Stockholder's Deficit

For the six months ended June 30, 2020

	Common Stock		Additional	Retained	Total
	\$0.001 par value		Paid in	Earnings	Stockholders'
	Shares	Amount	Capital	(Deficit)	(Deficit)
Balance, December 31, 2018	585,317,243	\$585,317	\$ (537,556)	(2,675,766)	(2,628,005)
Common shares Issued for cash	25,000,000	25,000			25,000
Common shares Issued as a part of notes agre	87,500,000	87,500	(19,405)		68,095
Common shares Issued for services	50,000,000	50,000			50,000
Common shares Issued as a part of note conve	29,586,000	29,586			29,586
APIC charge for Reg-A expenses			(4,230)		(4,230)
Net loss				(795,286)	(795,286)
Balance, December 30, 2019	777,403,243	777,403	(561,191)	(3,471,052)	(3,254,840)
Common shares payable	-	-	(131,507)		(131,507)
Net loss				(7,765)	(7,765)
Balance, December 30, 2019	777,403,243	777,403	(692,698)	(3,478,817)	(3,394,112)
The accompanying n	otes are an integral p	part of this	financial staten	ient.	





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NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

NOTE-1 ORGANIZATION AND BUSINESS BACKGROUND

Rooshine, Inc., (the "Company") was incorporated in the State of Nevada in 1998 in name of Columbialum Ltd. On January 22, 2002, the Company changed its corporate name to Columbialum Staffing Inc., which was subsequently changed to Resolve Staffing Inc. on May 29, 2002. The assets of the Company handed over to the bank and the Company was reinstated in August 2010 through a court appointed guardian - custodian. In November 2013, the Company filed another reinstatement with the Secretary of State of Nevada to bring its status current with the State and changed its corporate name to Choose Rain Inc. in early 2014. On September 21, 2017, as part of a Change of Control agreement, the Company again changed its corporate name to Rooshine, Inc., representing a combination of Kanga<u>roo</u> and Moon<u>shine</u> made in Australia. Rooshine's common shares are quoted on the "Pink Sheets" quotation market under the symbol "RSAU".

On March 7, 2014, the Company completed an Agreement and Plan of Merger with Choose Rain LLC, a limited liability company organized under the laws of the State of Florida ("Choose Rain LLC"), pursuant to which each unit of membership interest of Choose Rain LLC ("Member Interests") issued and outstanding immediately prior to the Closing was exchanged for and converted (without the surrender of certificates or any other action) into 90,000 fully-paid and non-assessable shares of common stock, par value \$0.001 per share, of the Company (the "Common Stock"), or a total 112,230,000 shares of Common Stock of the Company, with the same rights, powers and privileges as the Common Stock and all Member Interests were cancelled and retired and ceased to exist. Thus, Choose Rain LLC was merged with and into the Company, whereupon the separate existence of Choose Rain LLC terminated. The Company was the surviving corporation (the "Surviving Corporation") in the Merger and shall continue to be governed by the laws of the State of Nevada.

The transaction was accounted for as a reverse acquisition and recapitalization of the Company, whereby Choose Rain LLC was deemed to be the accounting acquirer (legal acquiree) and the Company to be the accounting acquiree (legal acquirer). The accompanying financial statements are in substance those of the Company and Choose Rain LLC, with the assets, liabilities, revenues and expenses of the Company being included effective from the date of transaction. Accordingly, the financial statements of the accounting acquirer are included for all periods presented as if the recapitalization had occurred at the beginning of the earliest period presented and the operations of the accounting acquiree are included from the date of stock exchange transaction.

On May 18, 2018, the Company filed Certificate of Designation with Secretary of State of Nevada to increase the Authorized Shares to 5,500,000,000 at a par value of \$0.001.

NOTE-2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation - The accompanying financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) under the accrual basis of accounting.

Use of estimates - In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the dates of the financial statements, as well as the reported amounts of revenues and expenses during the reporting periods. These accounts and estimates include, but are not limited to, the valuation of accounts receivables, inventories, income taxes and the

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estimation on useful lives of property, plant and equipment and Derivative Liabilities. Actual results could differ from these estimates.

Cash and cash equivalents - The Company considers all highly liquid investments with original maturities of three months or less as cash equivalents. As of June 30, 2020, the Company had no cash or cash equivalent balances more than the federally insured amounts. The Company's policy is to invest excess funds in only well capitalized financial institutions.

Fixed assets - Fixed assets are carried at cost. Depreciation is computed using the straight-line method of depreciation over the assets estimated useful lives. Maintenance and repairs are charged to expense as incurred; major renewals and improvements are capitalized. When items of fixed assets are sold, or retired, the related cost and accumulated depreciation is removed from the accounts and any gain or loss is included in income. The fixed assets secured in 2019, have not yet been placed into production, therefore no depreciation has been taken.

Fair value for financial assets and financial liabilities - The Company follows paragraph 825-10-50-10 of the FASB Accounting Standards Codification for disclosures about fair value of its financial instruments and paragraph 820-10-35-37 of the FASB Accounting Standards Codification ("Paragraph 820-10-35-37") to measure the fair value of its financial instruments. Paragraph 820-10-35-37 establishes a framework for measuring fair value in U.S. GAAP and expands disclosures about fair value measurements. To increase consistency and comparability in fair value measurements and related disclosures, Paragraph 820-10-35-37 establishes a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels of fair value hierarchy defined by Paragraph 820-10-35-37 are described below:

- Level 1 Quoted market prices available in active markets for identical assets or liabilities as of the reporting date.
- Level 2 Pricing inputs other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reporting date.
- Level 3 Pricing inputs that are generally observable inputs and not corroborated by market data.

The carrying amounts of the Company's financial assets and liabilities, such as cash and short-term notes payable approximate their fair values because of the short maturity of these instruments.

The Company does not have any assets or liabilities measured at fair value on a recurring or a non-recurring basis, consequently, the Company did not have any fair value adjustments for assets and liabilities measured at fair value at June 30, 2020 nor gains or losses are reported in the statement of operations that are attributable to the change in unrealized gains or losses relating to those assets and liabilities still held at the reporting date for the period ended June 30, 2020.

Net loss per share - Net income (loss) per common share is computed pursuant to section 260-10-45 of the FASB Accounting Standards Codification. Basic net income (loss) per share is computed by dividing net income (loss) by the weighted average number of shares of common stock outstanding during the period. If applicable, diluted earnings per share assume the conversion, exercise or issuance of all common stock instruments such as options, warrants and convertible securities, unless the effect is to reduce a loss or increase earnings per share. Convertible debentures are not considered in the calculations, as the impact of the potential common shares would be to decrease the loss per share. Therefore, no diluted loss per share figure is presented. There are several Convertible Notes payable outstanding June 30, 2020 which could result in potentially dilutive shares. If converted, these Notes are



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convertible into 250,477,953 additional Rooshine shares. The Company has not issued any options or warrants or similar securities since inception.

Stock based compensation – No stock-based compensation has been awarded but the Company would recognize compensation costs to employees under FASB Accounting Standards Codification 718 "Compensation - Stock Compensation" ("ASC 718"). Under ASC 718, companies are required to measure the compensation costs of share-based compensation arrangements based on the grant-date fair value and recognize the costs in the financial statements over the period during which employees are required to provide services. Share based compensation arrangements include stock options and warrants. As such, compensation cost is measured on the date of grant at their fair value. Such compensation amounts, if any, are amortized over the respective vesting periods of the option grant.

Income taxes - The Company adopts the ASC Topic 740, "*Income Taxes*" regarding accounting for uncertainty in income taxes, which prescribes the recognition threshold, and measurement attributes for financial statement recognition and measurement of tax positions taken or expected to be taken on a tax return. In addition, the guidance requires the determination of whether the benefits of tax positions will be more likely than not sustained upon audit based upon the technical merits of the tax position. For tax positions that are determined to be more likely than not sustained upon audit, a company recognizes the largest amount of benefit that is greater than 50% likely of being realized upon ultimate settlement in the financial statements. For tax positions that are not determined to be more likely than not sustained upon audit, a company does not recognize any portion of the benefit in the financial statements. The guidance provides for de-recognition, classification, penalties and interest, accounting in interim periods and disclosure.

For the period ended June 30, 2020, the Company did not have any interest and penalties associated with tax positions. As of June 30, 2020, the Company did not have any significant unrecognized uncertain tax positions. The Company's tax returns for tax periods 2014 thru 2019 remain subject to potential examination by the taxing authorities.

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to be applied to taxable income in the periods in which those temporary differences are expected to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the statement of income in the period that includes the enactment date. A valuation allowance is provided for deferred tax assets if it is more likely than not these items will either expire before the Company can realize their benefits, or that future deductibility is uncertain.

Recently issued accounting standards - Recently issued accounting standards - The Company has reviewed all recently issued, but not yet effective, accounting pronouncements and does not believe the future adoption of any such pronouncements may be expected to cause a material impact on its financial condition or the results of its operations.

Revenue Recognition - In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606). The revenue recognition principle in ASU 2014-09 is that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In addition, new and enhanced disclosures will be required. Companies may adopt the new standard either using the full retrospective approach, a modified retrospective approach with practical expedients, or a cumulative effect upon adoption approach. This standard is effective for reporting periods beginning after December 15, 2018. Early adoption is permitted. The Company early adopted this standard effective July 1, 2018. Since the Company has not earned any revenue to date, there has been no impact to the financial statements upon adoption.



4 OTC-PK: RSAU Roo/Shine **Lease -** In February 2016, the FASB issued Accounting Standards Update 2016-02 (ASU 2016-02), Leases (Topic 842). Topic 842 requires lessees to recognize a right-of-use (ROU) asset and lease liability in the balance sheet for all leases, including operating leases with terms of more than twelve months. The Company adopted Topic 842, as amended, effective January 1, 2019. The standard is not applicable for the Company since the Company has no lease.

Derivative Liabilities and Convertible Instruments - The Company assessed the classification of its derivative financial instruments as of June 30, 2020, which consist of convertible instruments and rights to shares of the Company's common stock and determined that such derivatives meet the criteria for liability classification under ASC 815.

ASC 815 generally provides three criteria that, if met, require companies to bifurcate conversion options from their host instruments and account for them as free standing derivative financial instruments. These three criteria include circumstances in which (a) the economic characteristics and risks of the embedded derivative instrument are not clearly and closely related to the economic characteristics and risks of the host contract, (b) the hybrid instrument that embodies both the embedded derivative instrument and the host contract is not re-measured at fair value under otherwise applicable generally accepted accounting principles with changes in fair value reported in earnings as they occur and (c) a separate instrument with the same terms as the embedded derivative instrument would be considered a derivative instrument subject to the requirements of ASC 815. ASC 815 also provides an exception to this rule when the host instrument is deemed to be conventional, as described.

The Company accounts for convertible instruments (when it has determined that the embedded conversion options should not be bifurcated from their host instruments) in accordance with ASC 470-20, Debt with Conversion and Other Options. Accordingly, the Company records, when necessary, discounts to convertible notes for the intrinsic value of conversion options embedded in debt instruments based upon the differences between the fair value of the underlying common stock at the commitment date of the note transaction and the effective conversion price embedded in the note. Debt discounts under these arrangements are amortized over the term of the related debt to their earliest date of redemption. The Company also records deemed dividends for the intrinsic value of conversion options embedded in preferred shares based upon the differences between the fair value of the underlying common stock at the commitment date of the note transaction and the effective conversion price embedded in the note.

ASC 815-40, Contracts in Entity's own Equity, generally provides that, among other things, if an event is not within the entity's control, such contract could require net cash settlement and shall be classified as an asset or a liability.

The Company determines whether the instruments issued in the transactions are considered indexed to the Company's own stock. During fiscal periods 2014 through 2019 the Company's issued convertible securities with variable conversion provisions that resulted in derivative liabilities. See discussion above under derivative liabilities that resulted in a change in derivative liability accounting.

For conventional convertible debt where the rate of conversion is below market value, the Company records a "beneficial conversion feature" ("BCF") and related debt discount. When the Company records a BCF, the relative fair value of the BCF is recorded as a debt discount against the face amount of the respective debt instrument (offset to additional paid in capital) and amortized to interest expense over the life of the debt

Debt Issue Costs and Debt Discount - The Company may record debt issue costs and/or debt discounts in connection with raising funds through the issuance of debt. These costs may be paid in the form of cash, or equity (such as warrants). These costs are amortized to interest expense over the life of the debt. If a conversion of the underlying debt occurs, a proportionate share of the unamortized amounts is immediately expensed.



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Original Issue Discount - For certain convertible debt issued, the Company may provide the debt holder with an original issue discount. The original issue discount would be recorded to debt discount, reducing the face amount of the note and is amortized to interest expense over the life of the debt.

NOTE-3 INVENTORY

Inventory - The Company accounts for Inventory at the lower of cost or market. Most inventory consists of spirits in a variety of stages and the respective bills of materials. Inventory consists of finished goods of 5,940 bottles of Rooshine Rum for \$118,800 in a bonded warehouse in Miami and work-in-progress of 9 barrels of Rooshine Rum for \$67,724 in a bonded warehouse in the UK. Both inventories were purchased from Les McCall, a related party and investor. Les McCall is Rooshine's Chairman

Inventory at June 30,	ntory at June 30, 2020				
Work in Process	\$	67,724			
Finished Goods		118,800			
Total	\$	186,524			

of the Board and shareholder. Under the License Agreement, Les McCall, through his UK company, will make the spirits and provide them to Rooshine for sale. The transfer pricing policy assures that Rooshine will make a profit.

NOTE-4 PREPAID ASSETS AND VENDOR DEPOSIT

Prepaid assets and vendor deposit - Prepaid expenses and deposits total \$29,355, on June 30, 2020, and consist mainly of prepaid advances to International Spirits Vault LTD related to inventory production costs and other prepaid expenses.

NOTE-5 OTHER CURRENT ASSETS

Other current assets - The other current assets pertain to barter receivables for \$40,000 that is highly liquid and easily convertible to cash.

NOTE-6 NET PROPERTY & EQUIPMENT -

Net Property & Equipment - As of June 30, 2020, the Company had the following Property & Equipment. These were purchased from Les McCall, a related party and investor. Les McCall is Rooshine's Chairman of the Board and shareholder.

Distillery Equipment	\$ 111,86
Fixtures	33,250
Furniture and Equipment	11,670
Other Equipment	7,423
Test Equipment	 100,379
Total Property and Equipment	264,589
Accumulated Depreciation	 (11,670
Net Property and Equipment	\$ 252,919



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NOTE-7 OTHER ASSETS

Loan Fees – The Company incurred \$9,900 in loan fees related to a \$100,000 note payable taken in May 2018. These fees are being amortized over the 84-month term of the loan. Amortization of the fees were \$1,414 for the year ended December 31, 2019.

NOTE-8 INTANGIBLE ASSETS

License Agreement – The Company issued common stock to Les McCall a/k/a ISV in return for Exclusive Sales and Distribution rights for several new products. This includes the rights to several products under the Rooshine Brand and other non-spirit related products. Related to this Agreement, \$120,230 is recorded as Intangible Assets on June 30, 2020. These costs will be amortized against the expected revenues.

NOTE-9 ACCRUED EXPENSES

As Company described in the SEC filing in July 2018 and each quarter in the Information and Disclosure statements filed with OTC Markets, certain persons have been helping the Corporation through management or providing goods or services. These services and other help were to be compensated at the conclusion of the Reg-A offering. Letters were sent to these individuals as early as April 4, 2018 notifying these individuals of our intent to compensate once adequate funding is received through revenues or otherwise. The Board deems the REG-A offering concluded.

In the past 12 months, monies have been received and additional shares have been issued to several investors, for money received, who are committed to the Corporation's future. Most of the convertible debt has been retired with funds from these investments. In 2019, the Board determined the amount of cash and number of shares to issue to these helpful persons. The shareholders holding this majority of shares supported the Board's resolution to accrue \$2,150,000 in Cash compensation and 559,600,000 restricted common shares of Rooshine, Inc. to these individuals to formalize Company's intent to compensate them once adequate funding in receives through revenues of otherwise. These were both booked and expensed in 2018. The cash portion of \$2,150,000 is reflected in the Balance Sheet as Accrued expenses. The Share portion of \$783,440 (559,600,000 times \$0.0014) is reflected in the Balance Sheet as Accrued common stock payable.

NOTE-10 DEBT

The Company had outstanding notes payable of the following amounts as of June 30, 2020. These are shown net of the Debt Discount.





Debt summary		As of	
		June 30, 2020	
Related party notes payable			
Shareholder Loan, 5% interest rate, due on demand, Not Convertible	(1)	32,802	
Shareholder Loan, 5% interest rate, due March 27, 2019, Not Convertible	(2)	<u>29,285</u>	
Total related party notes payable - all current		62,086	
Convertible debt, net of debt discount			
Jimmy Little, 11.13%, due May 18, 2025, Convertible	(3)	77,846	
Black Creek Financial LLC, 12% interest rate, due on demand, Convertible	(4)	52,916	
Better Firearms Designs, Inc, 8% interest rate, due on demand, Convertible	(5)	17,018	
MT Development, Inc., 5% interest rate, due on demand, Convertible	(6)	67,179	
IncitoLabs, 5% interest rate, due on demand, Convertible	(7)	37,451	
Isaac Misham, 6% interest, due October 31, 2020, Convertible	(8)	12,250	
Total convertible debt		264,660	
Current portion of convertible debt		(199,409)	
Long-term convertible debt		<u>65,252</u>	
Total current portion of notes payable and convertible debt			
Total current portion of notes payable and convertible debt		261,495	
Debt discount			
Debt, net of debt discount		261,495	

- The Company has a loan payable to shareholder, Larry Curran CEO, a related party, at an interest rate of 5% per annum and due on demand. The note is not convertible. The balance of this loan was \$32,802 and \$30,470 as of June 30, 2020 and 2019, which was classified as short-term loan payable. The Company recorded interest expenses of \$768 and \$758 in the periods ended June 30, 2020 and 2019. This note is past due. Per terms of the Note, there are no noted penalty clauses or default rate.
- The Company has a loan payable to shareholder, Larry Curran CEO, a related party, at an interest rate of 8% per annum and due on March 27, 2019. The balance of this loan was \$29,284 and \$27,856 as of June 30, 2020 and 2019, which was classified as short-term loan payable. The Company recorded interest expenses of \$768 and \$759 during the periods ended June 30, 2020 and 2019. This note is past due. Per terms of the Note, there are no noted penalty clauses or default rate.
- The Company has a loan payable to Jimmy Little, an unrelated third party ("Mr. Little") issued May 18, 2018 at an interest rate of 11.125% per annum. The Company incurred \$9,900 in loan fees related to a \$100,000 note payable taken in May 2018. These fees are being amortized over the 84-month term of the loan. Amortization of the fees are taken over 84 months at \$1,414 for the Periods ended June 30, 2020 and 2019. The Loan is due in Eighty-four monthly installments thru May 18, 2025. Pursuant to the loan agreement, Mr. Little has the right to convert all or any portion of the accrued interest and unpaid principal balance of this Note for shares of the Company's common stock. Any amounts a Holder elects to convert will be converted into 77,846,000 shares of common stock at a conversion price equal to the \$0.001. The balance of this loan was \$77,846 and \$89,118 as of June 30, 2020 and 2019, which were classified as short-term loan payable. The Company recorded interest expenses of \$5,185 and \$5,793 during the periods ended June 30, 2020 and 2019.



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- (4) The Company has a loan payable to Black Creek Financial LLC, an unrelated third party ("BCF") at an interest rate of 12% per annum. The loan is due on demand. Pursuant to the loan agreement, BCF has the right to convert all or any portion of the accrued interest and unpaid principal balance of this Note for 1,959,836 shares of the Company's common stock as of June 30, 2020 and 2019. The balance of this loan was \$52,916 and \$46,867 as of June 30, 2020 and 2019, which was classified as short-term loan payable. The Company recorded interest expenses of \$3,100 and \$2,731 during the Periods ended June 30, 2020 and 2019. This note is past due. Per terms of the Note, there are no noted penalty clauses or default rate. This note was settled and paid in July 2020.
- (5) The Company has a loan payable to Better Firearms Designs, Inc., an unrelated third party ("BFD") at an interest rate of 8% per annum and due on demand. BFD has the right to convert all or any portion of the accrued interest and unpaid principal balance of this note for up to 720,000 shares of the Company's common stock. The balance of this loan was \$17,018 and \$15,711 as of June 30, 2020 and 2019, which was classified as short-term loan payable. The Company recorded interest expenses of \$663 and \$609 during the periods ended June 30, 2020 and 2019. This note is past due. Per terms of the Note, there are no noted penalty clauses or default rate. This note was settled and paid in July 2020.
- The Company has a loan payable to MT Development, Inc., an unrelated third party ("MTD") at an interest rate of 5% per annum and due on Demand. MTD has the right to convert all or any portion of the accrued interest and unpaid principal balance of this Note into shares of the Company's common stock at the higher of \$0.02 or 75% of the weighted average of the combined trading prices or the ten days prior to notice of conversion for up to 3,358,965 shares of CHOS common stock. The balance of this loan was \$67,179 and \$63,901 as of June 30, 2020 and 2019, which was classified as short-term loan payable. The Company recorded interest expenses of \$1,651 and \$1,563 during the periods ended June 30, 2020 and 2019. This note is past due. Per terms of the Note, there are no noted penalty clauses or default rate. This note was settled and paid in July 2020.
- The Company has a loan payable to Incito Labs, an unrelated third party ("Incito Labs") at an interest rate of 5% per annum and was due on December 2, 2015. Incito Labs has the right at any time after one periods from the Effective Date, and in whole or in part, to convert the outstanding principal amount of this Note, or any portion of the principal amount hereof, and any accrued Interest, into shares of common stock of the Company. Any amounts a Holder elects to convert will be converted into common stock at a conversion price equal to the lower of \$0.01 or seventy-five percent (75%) of the weighted average of the combined trading prices for Common Stock for the ten (10) trading days immediately prior to the date a conversion notice is delivered to Company or up to 35,667,781 Shares of Rooshine as of June 30, 2020 and 2019. The balance of this loan was \$37,451 and \$34,573 as of June 30, 2020 and 2019, which was classified as short-term loan payable. The Company recorded interest expenses of \$1,460 and \$1,340 during the Periods ended June 30, 2020 and 2019. This note is past due. Per terms of the Note, there are no noted penalty clauses or default rate. IncitoLabs was dissolved in 2016.
- The Company had a loan payable to Isaac Mishan an un-related party, at an interest rate of 6% per annum and due August 1, 2019. Pursuant to the loan agreement, Mishan has the right to convert all or any portion of the accrued interest and unpaid principal balance of this note for shares of the Company's common stock. Any amounts a Holder elects to convert will be converted into common stock at a conversion price equal to the lower of seventy-five percent (75%) of the lowest trading price for Common Stock for the five (5) trading days immediately prior to the date a conversion notice is delivered to Company or \$0.001. This loan was settled in November 2019 for \$40,000 and a deferred payment of \$12,250 due in October 2020. The balance of this loan was \$12,250 and \$25,496 as of June 30, 2020 and 2019, which was classified as short-term loan payable. The Company recorded interest expenses of \$0 and \$496 during the Periods ended June 30, 2020 and 2019. This note was paid in July 2020.

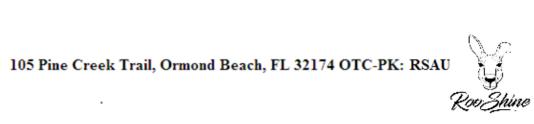
Convertible Debt – See the following table for the Convertible Debt Balances on June 30, 2020 and the share conversion balances.



Spine

Convertible Note Holdings			
	Effective Conversion Price	NP Balance @ June 30, 2020	Shares if Converted
Share Price June 30, 2020	0.0014		
Jimmy Little at an interest rate of 11.13% per annum and due on May 18, 2019. Pursuant to the agreement, Jimmy Little has the right at any time to convert the outstanding principal amount of this Note, or any portion of the principal amount hereof, and any accrued Interest, into shares of common stock of the Company at \$0.001.		77,846	77,845,690
Black Creek Financial LLC. at an interest rate of 12% per annum and due on Demand. The loan is due on demand. BCF has the right to convert all or any portion of the accrued interest and unpaid principal balance of This note together with interest payable thereon may be converted pro-rata into RSAU shares at a conversion price of \$0.0027 per share. This note was settled and paid in July 2020.	0.0270	52,916	1,959,836
Better Firearms Designs, Inc. at an interest rate of 8% per annum and due on Demand. The loan is due on BFD has the right to convert all or any portion of the accrued interest and unpaid principal balance of This note together with interest payable thereon may be converted pro-rata into RSAU shares at a conversion price of \$0.0135 per share. This note was settled and paid in July 2020.	0.0135	17,018	720,000
MT Development, Inc. at an interest rate of 5% per annum and due on Demand. MTD has the right to convert all or any portion of the accrued interest and unpaid principal balance of this Note into shares of the Company's common stock at the higher of \$0.02 or 75% of the weighted average of the combined trading prices for the ten days prior to notice of conversion. This note was settled and paid in July 2020.	0.0200	67,179	3,358,965
The Company had a loan payable to Isaac Mishan an un-related party, at an interest rate of 6% per annum and due August 1, 2019. Pursuant to the loan agreement, Mishan has the right to convert all or any portion of the accrued interest and unpaid principal balance of this note for shares of the Company's common stock. This loan was settled in November 2019 for \$40,000 and a deferred payment of \$12,250 due in October 2020. The balance of this loan was \$12,250 as of June 30, 2020, which was classified as short-term loan payable. The Company recorded interest expenses of \$1,014 during the Year ended June 30, 2020. The remaining \$12,259 on the note was paid in July 2020.		12,250	_
Incito Labs at an interest rate of 5% per annum and due on Demand. Pursuant to the agreement, Incito Labs has the right at any time after six months from the Effective Date, and in whole or in part, to convert the outstanding principal amount of this Note, or any portion of the principal amount hereof, and any accrued Interest, into shares of common stock of the Company. Any amounts a Holder elects to convert will be converted into common stock at a conversion price equal to the lower of \$0.01 or seventy-five percent (75%) of the weighted average of the combined trading prices for Common Stock for the ten (10) trading days immediately prior to the date a conversion notice is			
delivered to Company. IncitoLabs was dissolved in 2016.	0.0011	37,451	35,667,781
		264,660	119,552,272





Advances Received – During the periods ended June 30, 2020 two unrelated parties advanced \$291,054 and \$92,400 to further Company's initiatives. These amounts are reflected in the June 30, 2020 Balance Sheet as Accrued common stock payable of 400,000,000 shares and 123,200 shares with the shares issued in July 2020.

NOTE-11 DERIVATIVES

Embedded Derivatives - The Company's Derivative Liabilities have been measured at fair market value on June 30, 2020 using the Cox, Ross and Rubinstein Binomial Tree Valuation model. The model values the embedded derivatives based on an interest rate of 5%, grant dates of Notes, the term of the Notes, conversion prices of 50% to 75% of the closing stock prices on the measurement date ranging from \$0.0006 to \$0.0008 and the computed measure of the Company's stock volatility of 205%.

Included in the June 30, 2020 and 2019 Balance Sheets are Derivative Liabilities in the amount of \$32,736 \$291,562. They arose in the 2nd quarter 2018 with GPL, LLC and Jimmy Little, and in the 4th quarter of 2014 with Incito Labs. See the Convertible Note descriptions above for information on these convertible notes. The derivative Liability balance is revalued quarterly, henceforth, and adjusted as a gain or loss to the statements of operations depending on its value at that time. The Debt Discount is amortized over the life of the Convertible Note and amounted to \$72,890 and \$138,874 as of June 30, 2020 and 2019. The Convertible notes are reflected in the Balance Sheet net of debt discount. Included in our Statements of Operations for the Periods ended June 30, 2020 and 2019 are \$72,027 and \$77,746 in debt discount and \$120,508 and \$43,402 in losses on the derivate liability.

NOTE-12 EQUITY

Effective May 18, 2018, the Company is authorized to issue 5,500,000,000 shares of Common Stock, par value \$0.001 of which 777,403,243 shares of common stock were issued and outstanding as of June 30, 2020. These additional shares were issued under the Reg-A+ filing approved on July 24, 2018 and continued until July 24, 2019. In total, 262,500,000 shares were issued under the Reg-A of which 192,086,000 RSAU shares were issued in 2019.

The Company is authorized to issue 200,000 shares of Preferred Stock, par value \$0.001with a conversion ratio of 1 to 1,000 shares of common stock, of which no shares were issued and outstanding as of June 30, 2020 or 2018.

On July 24, 2018, the Company qualified an Offering Statement on Form 1-A with the Securities and Exchange Commission to Issue 1,000,000,000 fully paid and non-assessable shares of common stock, par value \$0.001 per share at an offering price of \$0.001. The negative balance in APIC results from \$65,181 for Fees for stock issuance and \$19,405 for cost of issuing common shares as a part of debt agreements.

Accrued common stock payable - In 2018 and 2019, Company booked 559,600,000 restricted common shares at a par value of \$0.0014 for \$783,400. The company also received \$391,693 for 523,200 common shares. The shares were recorded as Accrued common stock payable for the 1,082,800 common shares reflecting the 559,600,000 common shares approved by the Board in addition to 523,200,000 common shares from investors that were issued in July and August 2020 for monies received prior to June 30, 2020. Accrued common shares payable were \$1,306,640 on June 30, 2020 (\$783,440 for the 559.600.000 shares payable to helpful individuals plus \$523,200 for the shares issued in July 2020.

NOTE-13 COMMITMENTS AND CONTINGENCIES

Commitments and contingencies - The Company accounts for contingent liabilities in accordance with Accounting Standards Codification ("ASC") Topic 450, Contingencies. This guidance requires management to assess potential contingent liabilities that may exist as of the date of the financial statements to determine the probability and amount of loss that may have occurred, which inherently involves an exercise of judgment. If the assessment of



) Rov<u>Sh</u>ine a contingency indicates that it is probable that a material loss has been incurred and the amount of the liability can be estimated, then the estimated liability would be accrued in the Company's financial statements. If the assessment indicates that a potential material loss contingency is not probable but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, and an estimate of the range of possible losses, if determinable and material, would be disclosed. For loss contingencies considered remote, no accrual or disclosures are generally made. Management has assessed potential contingent liabilities as of June 30, 2020, and based on the assessment there are no probable loss contingencies requiring accrual or disclosures within its financial statements

NOTE-14 RELATED PARTY TRANSACTIONS

Related parties - Parties, which can be a corporation or individual, are considered to be related if the Company has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Companies are also considered to be related if they are subject to common control or common significant influence. Several material related party transactions have been identified in the Notes to these financial statements. Les McCall, Board Chairman and Director, owns International Spirits Vault LTD (ISV). ISV is party to the licensor in an exclusive license agreement sign between, ISV, Les McCall and Rooshine. ISV will supply all of Company's products that will be sold.

NOTE-15 GOING CONCERN

The accompanying financial statements have been prepared on a going concern basis. The Company has used net cash in its operating activities of approximately \$7,421 during the periods ended June 30, 2020 and has a working capital deficit of approximately \$2,708,963 and \$2,464,640 on June 30, 2020 and 2019 coming primarily from the Accrued expenses and the Accrued common stock payable booked in 2018 and 2019 for helpful individuals.

The Company has a minimum cash balance available for payment of ongoing operating expense, has experienced losses from operations since inception, and it does not have a source of revenue sufficient to cover its operating costs. Its continued existence is dependent upon its ability to continue to execute its operating plan and to obtain additional debt or equity financing. There can be no assurance the necessary debt or equity financing will be available, or will be available, on terms acceptable to the Company. These conditions raise substantial doubt about the Company's ability to continue as a going concern for a period of twelve months from the date this report was issued. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Management has taken definitive action and continues to implement changes designed to improve the Company's financial results and operating cash flows. The actions involve cost-saving initiatives and growth strategies including the expansion of the Rooshine, Inc. business model into new markets and an equity capital infusion. Management believes that these actions enable the Company to improve future profitability and cash flow in its continuing operations through 2020 and beyond. The financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from the outcome of the Company's ability to continue as a going concern.

NOTE-16 SUBSEQUENT EVENTS

Company issued 1,082,800 shares as Common stock to offset Common stock payable during this subsequent period. Company also received another \$100,000 investment for 76,923,077 common shares in July 2020. Portions of the cash proceeds from the sale of common stock in 2019 and 2020 were used to negotiate settlements for five Convertible Notes Payable totaling \$245,063 in July 2020. These were settled for \$131,001 resulting in a gain on debt settlement of \$114,062 to be reflected in the third quarter of 2020. Another note payable was paid in full for \$12,250 in July 2020.



. Roo<u>Shi</u>ne **COVID 19** - Management has concluded that the COVID-19 outbreak in 2020 may have a significant impact on business in general, but the potential impact on the Company is not currently measurable. Due to the level of risk this virus may have on the global economy, it is at least reasonably possible that it could have an impact on the operations of the Company in the near term that could materially impact the Company's financials. Management has not been able to measure the potential financial impact on the Company but will review commercial and federal financing options should the need arise.

Compensation to helpful individuals - As Company described in the SEC filing in July 2018 and each quarter in the Information and Disclosure statements filed with OTC Markets, certain persons have been helping the Corporation through management or providing goods or services. These services and other help were to be compensated at the conclusion of the Reg-A offering. Letters were sent to these individuals as early as April 4, 2018 notifying these individuals of our intent to compensate once adequate funding is received through revenues or otherwise. The Board deems the REG-A offering concluded.

In the past 12 months additional shares have been sold to several investors, for money received, who are committed to the Corporation's future. Most of the convertible debt has been retired with funds from these investments. In 2019, the Board determined the amount of cash and number of shares to issue to these helpful persons. The shareholders holding this majority of shares supported the Board's resolution to accrue \$2,150,000 in Cash compensation and 559,600,000 restricted common shares of Rooshine, Inc. to these individuals to formalize Company's intent to compensate them once adequate funding is received through revenues of otherwise. These were both booked and expensed in 2018 and 2019. The cash portion of \$2,150,000 is reflected in the Balance Sheet as Accrued expenses. The 2019 and 2018 amounts expensed as Cash compensation for past services are \$327,632 and \$1,822,368. The share portion of \$783,440 (\$559,600,000 shares at \$0.0014) is reflected in the Balance Sheet as Accrued common stock payable. The 2019 and 2018 amounts expensed as Share compensation for past services are \$156,688 and \$626,752.

Brand License Agreement - On August 12, 2020, Company signed a renegotiated the Exclusive Brand License Agreement with International Spirits Vault Ltd. Over the past 3 years, Rooshine, Inc. has benefited greatly from its existing BLA with ISV, Ltd. with the development of 10 proprietary premium bespoke spirits (i.e. # gin, # vodka, # rum, # whiskey, # scotch whiskey). As the working relationship between the principals at ISV, Ltd. and the Management of Rooshine, Inc. has grown stronger, so too has the desire for stronger partnership between the two entities. To that end, Rooshine, Inc. and ISV, Ltd have amended the existing brand license agreement for an initial term of 10 years with 5-year autorenewals commencing on the date of first sales in the US Market. Furthermore, to ensure the long term viability of the Rooshine, Inc. entity the amended BLA includes a call option for Rooshine, Inc. to acquire from ISV, Ltd the Rooshine, Inc. Trademark and product recipes once debt due to the principals of ISV, Ltd is satisfied.

There are no other significant subsequent events to report.



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Certification

- I, Larry R. Curran, certify that:
- 1. I have reviewed the Financial Statements for the Periods ended June 30, 2020 of Rooshine, Inc.
- 2. Based on my knowledge, *and subject to the effects of Coronavirus*, these financial statements, and other financial information included or incorporated by reference hereto, present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented hereto.

Date: August 13, 2020 /s/: Larry R. Curran Larry R. Curran Chief Executive Officer and Chief Financial Officer

