

**QUARTERLY REPORT OF**  
**HARRISON, VICKERS & WATERMAN, INC.**

**FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2017**

**A NEVADA CORPORATION**

**208 E. 51<sup>st</sup> Street, #219**

**NYC, NY 10022**

**(212) 508-2140**

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## **ITEM 1. EXACT NAME OF THE ISSUER AND ITS PREDECESSORS**

The exact name of the company is Harrison, Vickers & Waterman, Inc.

We were incorporated on June 5, 2008, under the laws of the State of Nevada under the name Sharp Performance Inc. From inception until September 2013, our business focus was on the provision of consulting services to the American automotive industry. From September 2013 until April 21, 2015, we were primarily engaged in the business of making commercial secured real estate loans. On October 24, 2013, we changed our name to Harrison, Vickers & Waterman Inc. in conjunction with the change in our business focus. On April 21, 2015, we commenced operations in a new line of business, the ownership of World of Beer taverns that serve craft and imported beer along with food and other spirits. We no longer are involved in the commercial secured real estate loans.

## **ITEM 2. ADDRESS OF THE ISSUER'S PRINCIPAL EXECUTIVE OFFICES**

### **A. Company Headquarters**

Our principal executive and administrative offices are located at 208 E. 51<sup>st</sup> #219, New York City, NY 10022. Our telephone number is (212) 508-2140

## **ITEM 3. SECURITY INFORMATION**

Trading symbol: HVCW

CUSIP: 415569102

Exact title and class of securities outstanding:

As of the year ended September 30, 2017, the capital stock of the company was as follows:

Class: Common stock, \$ 0.0001 par value;

Number of shares authorized: 2,000,000,000 shares;

Number of shares outstanding: 232,019,906 issued and outstanding;

Transfer Agent: Action Stock Transfer, Inc.  
2469 E. Fort Union Blvd, Suite 214  
Salt Lake City, UT 84121

Telephone: (801) 274-1088

FAX: (801) 274-1099

Is the transfer agent registered under the Exchange Act?

Yes.

List any restrictions on the transfer of security:

None.

Describe any trading suspension orders issued by the SEC in the past 12 months:

None.

#### **ITEM 4. ISSUANCE HISTORY**

During the three months ended September 30, 2017, the following issuances of securities occurred

##### **Issuance of Convertible Debt**

- a) On July 17, 2017 the Company issued a convertible promissory note in the principal amount of \$5,000 for proceeds to be used for general corporate purposes; the convertible note matures on July 31, 2018 with the stated interest rate at 12%. The note is convertible into the Company's common stock at the lesser of a) 50% discount of the lowest closing bid price during the 30 trading days prior to conversion; or b) 75% of the closing bid price on the date of issuance.
- b) On September 14, 2017 the Company issued a convertible promissory note in the principal amount of \$20,000 for proceeds to be used for general corporate purposes; the convertible note matures on September 30, 2018 with the stated interest rate at 12%. The note is convertible into the Company's common stock at the lesser of a) 50% discount of the lowest closing bid price during the 30 trading days prior to conversion; or b) 75% of the closing bid price on the date of issuance.
- c) On September 14, 2017 the Company issued a convertible promissory note in the principal amount of \$50,005 for proceeds to be used for general corporate purposes; the convertible note matures on September 30, 2018 with the stated interest rate at 10%. The note is convertible into the Company's common stock at a 50% discount of the lowest closing bid price during the 30 trading days prior to conversion.

## ITEM 5. FINANCIAL STATEMENTS

Harrison, Vickers &  
Waterman, Inc.  
Condensed Consolidated  
Balance Sheet  
(Unaudited)

	September 30, 2017	June 30, 2017
Cash and Cash Equivalents	\$182,084	\$119,976
Receivable from Attitude Drinks, Inc.- net of allowance of \$321,811 and \$-0-at September 30, 2017 and June 30, 2107, respectively	-	321,811
Inventories	117,954	168,789
Prepaid Expenses	59,250	53,630
Total Current Assets	359,288	664,206
Fixed Assets- net	2,569,030	4,235,150
Other Assets: Capitalized Pre- Opening costs- World of Beer	77,958	122,673
Deposits	4,300	4,300
Total Other Assets	82,258	126,973
Total Assets	\$3,010,576	5,026,329

**Balance sheet-continued**

	<u>September 30, 2017</u>	<u>June 30, 2017</u>
<b>Liabilities, Stockholders' Deficiency and Non- controlling interest</b>		
Accounts Payable	\$276,428	477,187
Accrued liabilities	1,316,314	1,039,477
Deferred Expenses	256,896	662,098
Derivative liabilities- current	897,333	49,210
Convertible notes payable- current	158,429	3,482
Loan payable to minority owners	<u>345,440</u>	<u>400,478</u>
<b>Total Current Liabilities</b>	<b>3,250,840</b>	<b>2,631,932</b>
<b>Long Term Liabilities:</b>		
Derivative liabilities-long term	12,039,976	12,074,778
Convertible Notes payable	<u>4,618,784</u>	<u>4,363,906</u>
<b>Total Long term liabilities</b>	<u><b>16,658,761</b></u>	<u><b>16,438,684</b></u>
<b>Total Liabilities</b>	<b>19,909,601</b>	<b>19,070,616</b>

**Balance sheet-continued**

	<u>September 30, 2017</u>	<u>June 30, 2017</u>
<b>Stockholders' Deficiency and Non-Controlling Interest:</b>		
Preferred stock, par value \$.0001, 1,000,000 shares authorized		
Series A 8% convertible preferred stock, stated value of \$1,000 per share, 98,000 shares issued and outstanding at September 30, 2017 and June 30, 2017	10	10
Series B convertible preferred stock, stated value of \$1,000 per share, 51 shares issued and outstanding at September 30, 2017 and June 30, 2017	-	-
Common stock, par value, \$.0001, 2,000,000,000 shares authorized, 232,019,906 and 192,392,024 issued and outstanding at September 30, 2017 and June 30, 2017, respectively	23,202	19,239
Additional paid-in capital	529,385	485,173
Accumulated Deficit	<u>(16,509,721)</u>	<u>(14,150,379)</u>
Total Stockholders Deficiency	(15,957,125)	(13,645,956)
Non-controlling interest	<u>(941,899)</u>	<u>(398,331)</u>
Total Liabilities, Stockholders' Deficit and Non-Controlling Interest	<u>\$3,010,576</u>	<u>\$5,026,330</u>

*See accompanying notes to Financial statements*

Harrison, Vickers & Waterman,  
Inc.  
Condensed Consolidated Income  
Statements  
(Unaudited)

	Three Months Ended September 30, 2017	Three Months Ended September 30, 2016
<b>Revenues:</b>		
Net revenues	\$1,086,581	\$1,650,311
Food and beverage costs	<u>(306,439)</u>	<u>(485,653)</u>
Gross Profit	780,142	1,164,658
<b>Operating Expenses:</b>		
Labor costs	331,544	602,324
Other Operating expenses	416,076	775,472
Other General and administrative expenses	13,265	-
Administrative , professional and legal fees	82,100	-
Depreciation and Amortization	<u>201,394</u>	<u>54,960</u>
Total Operating Expenses	<u>1,044,379</u>	<u>1,432,757</u>
(Loss) from Operations	(264,236)	(268,099)
<b>Other Income (Expense):</b>		
Interest and other financing costs	(567,838)	(1,092,876)
Change in fair market value of derivative liability	(652,705)	13,675,360

**INCOME STATEMENT- CONTINUED**

	Three Months Ended September 30, 2017	Three Months Ended September 30, 2016
Gain on extinguishment and conversion of debt and preferred stock	33,250	-
Loss on liquidation of operations placed into bankruptcy	(968,684)	-
Reserve on receivable from Attitude Drinks, Inc.	(321,811)	
Legal Settlement	(50,000)	-
Derivative Expense	(110,886)	(796,093)
<b>Total Other</b>	<b>(2,638,674)</b>	<b>11,786,390</b>
<b>(Loss) before provision for income taxes and Non-Controlling Interest</b>	<b>(2,638,674)</b>	<b>11,518,291</b>
Income Tax Expense	-	-
<b>(Loss) before Non-Controlling Interest</b>	<b>(2,902,911)</b>	<b>11,518,291</b>
Non-controlling interest	543,569	132,249
<b>Net (loss)</b>	<b><u>\$(2,359,342)</u></b>	<b><u>\$11,650,540</u></b>
<b>Basic and Diluted:</b>		
Weighted average common shares outstanding	205,312,436	192,392,024
<b>Earnings per Share</b>	<b><u>\$(0.01)</u></b>	<b><u>\$0.06</u></b>

*See accompanying notes to Financial statements*

Harrison, Vickers & Waterman, Inc.

Statement of Change in  
Stockholders' Deficiency

June 30, 2017 through September  
30, 2017

	Series A Preferred Stock Par Value \$.0001		(Unaudited) Series B Preferred Stock Par Value \$.0001		Common Stock Par Value \$.0001	
	Shares	Amount	Shares	Amount	Shares	Amount
Balance at June 30, 2017	98,000	\$10	51	\$-	192,392,024	\$19,239
Issuance of shares upon conversion of debt					39,627,882	3,963
Net loss three months ended September 30, 2017						
Balance, September 30, 2017	<u>98,000</u>	<u>10</u>	<u>51</u>	<u>\$-</u>	<u>232,019,906</u>	<u>\$23,202</u>
	<u>Additional Paid-In Capital</u>		<u>Accumulated Deficit</u>		<u>Total Stockholders' Deficiency</u>	
Balance at June 30, 2017	\$485,173		\$(14,150,379)		\$(13,645,954)	
Issuance of shares upon conversion of debt	44,211				48,174	
Net loss, three months ended September 30, 2017			(2,359,342)		(2,359,342)	
Balance, September 30, 2017	<u>\$ 529,385</u>		<u>\$ (16,509,721)</u>		<u>\$(15,957,125)</u>	

See accompanying notes to Financial statements

Harrison, Vickers & Waterman, Inc.  
Condensed consolidated Statement  
of Cash Flows  
(Unaudited)

	Three Months Ended September 30, 2017	Three Months Ended September 30, 2016
<b>Cash Flows from Operating Activities:</b>		
Net Income (Loss)	\$(2,359,342)	\$11,650,540
Depreciation and Amortization	201,394	54,960
Derivative Expense	110,886	796,093
Loss on liquidation of operations placed into bankruptcy	968,684	-
Reserve on receivable from Attitude Drinks., Inc.	321,811	-
Legal Settlement	50,000	-
Change In Fair Market Value of Derivative liability	652,705	(13,675,360)
Gain on extinguishment and conversion of debt and preferred stock	(33,250)	-
Amortization of Debt discount	418,528	953,334
Legal fees on conversions of debt	1,350	-
Non-controlling Interest	(543,569)	(132,249)
<b>Changes in Operating Assets and Liabilities</b>		
Accounts receivable	-	(808)
Prepaid Expenses and other Assets	(5,621)	478,531
Inventories	14,514	(57,428)
Cash from Milford Crafts LLC bankruptcy	(39,130)	-
Accounts payable	(4,421)	(545,263)
Deferred Expenses	(5,317)	127,369
Accrued Liabilities	303,494	184,294
<b>Net cash used in operating activities</b>	<b>52,718</b>	<b>(165,987)</b>

**STATEMENT OF CASH FLOWS- CONTINUED**

	Three Months Ended September 30, 2017	Three Months Ended September 30, 2016
<b>Cash Flows from Investing Activities:</b>		
Purchase of infrastructure for taverns (including Pre-opening costs)	<u>(10,577)</u>	<u>(302,145)</u>
<b>Net cash used in Investing activities</b>	<b>(10,577)</b>	<b>(302,145)</b>
<b>Cash Flows from Financing Activities:</b>		
Proceeds from Convertible Notes payable	75,005	550,010
Loans Payable to Minority Owners	<u>(55,038)</u>	<u>8,625</u>
<b>Net cash used in Financing activities</b>	<u>19,967</u>	<u>558,635</u>
<b>Net increase (decrease) in Cash Equivalents</b>	<b>62,108</b>	<b>90,503</b>
<b>Cash and Equivalents at Beginning of Period</b>	<u>119,976</u>	<u>122,774</u>
<b>Cash and Equivalents at End of Period</b>	<u><u>\$182,084</u></u>	<u><u>\$213,278</u></u>
<b>Supplementary Information:</b>		
<b>Income taxes paid:</b>	<u>\$-</u>	<u>\$-</u>
<b>Interest paid:</b>	<u>\$-</u>	<u>\$-</u>
<b>Discount recorded on convertible debt issued</b>	<u>\$75,005</u>	<u>\$550,010</u>
<b>Net working capital retired in bankruptcy</b>	<u>\$(553,872)</u>	<u>\$ -</u>

*See accompanying notes to Financial statements*

**HARRISON, VICKERS & WATERMAN, INC.**  
**SEPTEMBER 30, 2017**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1- NATURE OF OPERATIONS**

*Corporate History*

We were incorporated on June 5, 2008, under the laws of the State of Nevada under the name Sharp Performance Inc. From inception until September 2013, our business focus was on the provision of consulting services to the American automotive industry. From September 2013 until April 21, 2015, we were primarily engaged in the business of making commercial secured real estate loans. On October 24, 2013, we changed our name to Harrison, Vickers & Waterman Inc. in conjunction with the change in our business focus. On April 21, 2015, we commenced operations in a new line of business, the ownership of World of Beer taverns that serve craft and imported beer along with food and other spirits. We no longer are involved in the commercial secured real estate loans.

*Acquisition of World of Beer*

In April 2015, we entered into a Purchase Agreement (the "Purchase Agreement"), with the original shareholders of Attitude Beer Holdings, Inc. ("ABH"), namely, Attitude Drinks Incorporated, a Delaware corporation ("Attitude Drinks"), and two significant investors of ABH, pursuant to which the shareholders sold to us all of the outstanding shares of stock of ABH, and ABH thereupon became our wholly owned subsidiary. In consideration for the purchase of the shares of common stock of ABH, we issued: (i) to Attitude Drinks, 51 shares of our newly created Series B Preferred Stock of the Company (the "Series B Preferred Stock") and a seven year warrant (the "B Warrant") to purchase 5,000,000 shares of our common stock, par value \$.0001 per share (the "Common Stock"), at an exercise price of \$0.075 per share (subject to customary anti-dilution adjustments); (ii) to the significant investors, a secured convertible note of approximately \$2.2 million and warrants to purchase approximately 1.7 billion shares at \$.0025 per share. The warrants have a seven year life commencing April 20, 2015. These investors also acquired an Additional Investment Right to invest up to \$5,000,000 on the same terms.

One of the investors acquired 32,300 shares of our Series A Preferred Stock (convertible into 32,300,000 shares of Common Stock) from HVW Holdings LLC "HVW", an entity of which Mr. James Giordano, our prior Chief Executive Officer and prior Chairman of the Board, was the managing member, subject to the terms of a Purchase Agreement. Attitude Drinks purchased 87,990,000 shares of Common Stock from HVW Holdings LLC at a price of \$65,000.

### *Operations of World of Beer*

In December 2014, ABH entered into a joint venture with New England World of Beer ("NEWOB") and together opened our first tavern in located in West Hartford, Connecticut. The West Hartford property is a 4,000 sq. foot tavern that sells a selection of over 500 craft and imported beers along with food and other spirits and cocktails. Similar taverns are currently open in 20 states nationwide. Our joint venture partner, NEWOB, operates and manages our locations. NEWOB acquired exclusive rights from World of Beer Franchising Inc to develop World of Beer franchise taverns and restaurants in the State of Connecticut and the greater Boston area. Through our agreement with NEWOB, we have the right, but are not obligated, to participate in the development of these franchises. As NEWOB has franchise rights with the World of Beer Franchising, Inc. in Tampa, Florida ("franchisor"), we expect to develop other franchise locations in these exclusive territories.

Through our wholly owned subsidiary, Attitude Beer Holding Co., a Delaware corporation ("ABH"), we are an owner of a 51% interest in a World of Beer franchise taverns.

At acquisition, ABH had an interest in one World of Beer tavern and had just started construction of a second World of Beer Tavern in Milford, Connecticut as well as planning construction of a third World of Beer Tavern in Cambridge, Massachusetts. We ultimately finished construction on the Milford and Cambridge properties and commenced operations. However, the Milford property filed for bankruptcy protection in Connecticut Court. The bankruptcy was dismissed and the Company liquidated its assets there and paid off its creditors. Operations ceased in July 2017. For financial statement purposes, the operating results and the liquidation for the quarter ended September 30, 2017 have been recorded as "Loss on liquidation of operations placed into bankruptcy."

## **NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **Basis of Presentation**

These financial statements are presented in United States dollars and have been prepared in accordance with generally accepted accounting principles in the United States of America.

## **NOTE 3 – RECEIVABLE FROM ATTITUDE DRINKS, INC.-NET**

Attitude Drinks Incorporated is the majority owner of the Company. Occasionally, cash is forwarded to and from the entities, and a receivable/payable balance is established. During the current quarter ended September 30, 2017, it was determined that the receivable would not be repaid based upon the financial condition of Attitude Drinks, Incorporated. As a result, the receivable was charged to bad debt expense this quarter. The Company will evaluate the creditworthiness of Attitude Drinks Incorporated on a quarterly basis. Balances for the receivable were as follows:

	<u>September 30, 2017</u>	<u>June 30, 2017</u>
Receivable from Attitude Drinks, Inc.	\$ 321,811	\$321,811
Allowance for doubtful accounts	<u>( 321,811)</u>	<u>-</u>
Receivable from Attitude Drinks, Inc.-Net	<u>\$ -</u>	<u>\$321,811</u>

#### NOTE 4- INVENTORIES

Inventories, as estimated by management, currently consist of inventory for our World of Beer franchise locations in West Hartford, New Milford and Cambridge. Inventories are stated at the lower of cost on the first in, first-out method or market. The inventory is comprised of the beverages and food and other items needed for the preparation of meals and spirits to our customers. Balances at September 30, 2017 and June 30, 2017 by tavern were as follows:

<u>Tavern</u>	<u>September 30, 2017</u>	<u>June 30, 2017</u>
West Hartford	\$ 63,723	\$ 74,161
Milford*	-	36,321
Cambridge	<u>54,231</u>	<u>58,307</u>
Inventories	<u>\$ 117,954</u>	<u>\$ 168,789</u>

\*- The Milford property was liquidated during the quarter ended September 30, 2017. See NOTE 13- LIQUIDATION OF PROPERTY IN BANKRUPTCY for more detail.

#### NOTE 5- FIXED ASSETS- NET

Property and equipment relate to the fixtures at our World of Beer taverns. They are reported net of accumulated depreciation and included tenant equipment, bar equipment and improvements. Assets are depreciated over usable lives estimated to be between five and twenty years. Balances at September 30, 2017 and June 30, 2017 by tavern were as follows:

<u>Tavern</u>	<u>September 30, 2017</u>	<u>June 30, 2017</u>
West Hartford	\$ 960,960	\$ 974,739
Milford*	-	1,481,945
Cambridge	<u>1,608,070</u>	<u>1,778,466</u>
Fixed Assets-Net	<u>\$ 2,569,030</u>	<u>\$ 4,235,150</u>

\*- The Milford property was liquidated during the quarter ended September 30, 2017. See NOTE 13- LIQUIDATION OF PROPERTY IN BANKRUPTCY for more detail.

## NOTE 6- CAPITALIZED PRE-OPENING COSTS

Capitalized costs represent all costs incurred at prior to the opening dates of our taverns. As the taverns open, these costs are then amortized over the useful lives of the taverns.

## NOTE 7 – ACCRUED EXPENSES

Accrued Expenses at September 30, 2017 and June 30, 2017 represent the following:

	<u>September 30, 2017</u>	<u>June 30, 2017</u>
Accrued interest	\$ 943,678	\$ 815,834
Liabilities at World of Beer	231,436	205,443
Accrued compensation	5,000	-
Professional fees	86,200	18,200
Litigation settlement	<u>50,000</u>	<u>-</u>
Total	<u>\$ 1,316,314</u>	<u>\$ 1,039,477</u>

## NOTE 8- DERIVATIVE LIABILITIES

Pursuant to Generally Accepted Accounting Principles (GAAP), the Company assigns a value to the equity component of all convertible securities, known as a derivative liability. Based upon the nature of the Company's outstanding debt instruments, it was determined that the binomial lattice method, which is recommended for GAAP, should be utilized. The following assumptions were utilized in determining the derivative liability:

Volatility:	140%
Interest rate:	1% per year
Dividends:	\$0

At September 30, 2017 and June 30, 2017, derivative liability totals were as follows:

	<u>September 30, 2017</u>	<u>June 30, 2017</u>
Derivative liability-Notes	\$ 12,498,389	\$11,723,335
Derivative liability-Warrants	<u>438,920</u>	<u>400,653</u>
Total Derivative liability	12,937,309	12,123,988
Less: Long-Term portion	<u>( 12,039,976)</u>	<u>(12,074,778)</u>
Derivative liability-current	<u>\$ 897,333</u>	<u>\$ 49,210</u>

## NOTE 9 – CONVERTIBLE DEBENTURES, NET

See *Issuance History*, Item 4. above, for Notes issued during the current fiscal year.

Balances of convertible debt are as follows:

	<u>September 30, 2017</u>	<u>July 30, 2017</u>
Total debt outstanding	\$ 5,619,439	\$ 5,553,137
Less: Unamortized discount	( 842,226)	( 1,185,749)
Total convertible debt	4,777,213	4,367,388
Less: Long-term debentures	( 4,618,784)	( 4,363,906)
Short term debentures, net	<u>\$ 158,429</u>	<u>\$ 3,482</u>

The difference in total debt outstanding between September 30, 2017 and September 30, 2016 is \$581,010, itemized in *Issuance History*, Item 4. Above

## NOTE 10- LOANS PAYABLE TO MINORITY OWNERS

On April 28, 2017, the Company and a minority owner finalized the terms of the loans from the minority owner to the Company. The face value of the loan is \$344,818 and bears interest at 5% per annum. The loan is payable within 30 days of demand. Balances are as follows:

	<u>September 30, 2017</u>	<u>June 30, 2017</u>
Loan payable to minority owners	<u>\$ 345,440</u>	<u>\$ 400,478</u>

## NOTE 11- STOCKHOLDERS' DEFICIENCY

There are 2,000,000,000 shares of common stock authorized and 1,000,000 shares of Preferred stock authorized. At September 30, 2017 and June 30, 2017, there are 232,019,906 and 192,392,024, shares of Common stock outstanding, respectively. At September 30, 2017 and June 30, 2017, there are 98,000 and 51 shares of Series A Preferred stock and Series B Preferred stock, outstanding.

## NOTE 12- MANAGEMENT CHANGES

### *Resignation of Former Chief Executive Officer and Chief Operating Officer*

On August 14, 2017, Mr. Roy Warren, CEO and Director, and Mr. Conrad Huss, Chief Operating Officer and Director, resigned their positions from the Company. There were no disagreements between the Company and Mr. Warren and Mr. Huss.

### *Appointment of New Chief Executive Officer and Director*

Effective August 14, 2017, Jeffrey Canouse was named the new Chief Executive Officer and director of the Company. Mr. Canouse, 43 combines over twenty-three years of experience in financial senior management following a thirteen-year career as an Investment Banker. Previously, he had been involved in various companies in the investment industry holding positions including Vice President, Senior Vice President and Managing Director at J. P. Carey Inc., J.P. Carey Securities Inc. and JPC Capital a boutique (the "Carey Company's") investment banking firm that assisted in arranging over \$2 billion in financing. During his time with the Carey Company's Mr. Canouse was personally responsible for sourcing new corporate clients, presenting to institutional investors, structuring terms, and working with counsel for timely closings. From July 11, 2011 through the present day, Mr. Canouse has acted as Managing Member of Anvil Financial Management, LLC where he has offered his expertise to companies in need of restructuring, financing, debt settlement and compliance assistance. In addition, Mr. Canouse founded Title King LLC, a short-term lending company using customer vehicles as collateral. Title King was acquired by New America Energy Corp of which Mr. Canouse is currently the Chief Executive Officer.

### **NOTE 13- LIQUIDATION OF OPERATIONS IN BANKRUPTCY**

On June 6, 2017, the Company's 51% owned tavern in Milford CT, Milford Craft LLC , filed for bankruptcy in United States Bankruptcy Court, District of Connecticut. During the first quarter of the current fiscal year, the Company completely ceased operations at Milford Craft LLC. For financial statement purposes, the company eliminated all balances on the balance sheet and recorded a loss for its investment in the property as follows:

Net investment in Milford Craft LLC	\$1,371,760
Net equity of Milford Craft LLC	<u>( 403,076)</u>
Loss on liquidations of operations placed into bankruptcy	<u>\$( 968,684)</u>

### **NOTE 14- LEGAL SETTLEMENT**

On September 21, 2015, Mr. James Giordano, the former Chief Executive Officer filed suit against the Company for back wages in the Judicial District of Stamford CT. Shortly after the commencement of trial on September 13, 2017, the parties reached a settlement whereby Mr. Giordano would receive \$50,000 and release any future claims he might have against the Company. As of the date of this report, the amounts owed to Mr. Giordano have not been paid.

### **NOTE 15- SUBSEQUENT EVENTS**

#### *Issuance of shares and conversion of common stock*

Subsequent to September 30, the Company has issued 51,577.777 shares for the extinguishment of \$21,510 of convertible debt and \$2,700 of fees.

## **ITEM 6. DESCRIBE THE ISSUER'S BUSINESS, PRODUCTS AND SERVICES.**

### **A. DESCRIPTION OF ISSUER'S BUSINESS OPERATIONS.**

#### *Status of Craft Beer Market*

Craft beer is defined as beer produced by a small brewer, also known as a "microbrewer", that provides fewer than 6 million barrels of their product per year. They tend to use different ingredients from the main brewers, such as Anheuser-Busch InBev which acquired SABMiller in 2015, and appeal to a demographic that is looking for a new experience in beer.

During the current decade, craft beer production has been transformed into one of the fastest growing and most popular alcoholic beverage segments in the United States. The industry has experienced significant revenue growth. According to IBISWorld, the annualized five year growth rate through 2016 has been 20.1%. The total size of the domestic market in 2016 was \$5.8 billion. Craft beer tends to appeal to consumers who are younger and more affluent. 67% of that revenue stream is from customers aged 25-54, who tend to be working and have greater disposable income than retirees. Even after the tremendous growth put forward by the industry, IBISWorld predicts annual compound growth at a rate of 4.4% over the next five years resulting in a \$7.2 billion domestic market.

#### *Company Strategy*

In response to this trend, the Company plans to be opportunistic in adding to its existing inventory of taverns. Demographic information about a region, including average age and disposable income go into the decision as where to open the next taverns. Additionally, the Company looks for space that can be easily renovated into a restaurant/tavern to provide the Company's products.

### **B. DATE AND STATE OF INCORPORATION**

The Company was incorporated in the State of Nevada in June 2008

### **C. PRIMARY AND SECONDARY SIC CODES**

The Company's primary (and only) SIC code is 5813 (Drinking Places).

### **D. THE COMPANY'S FISCAL YEAR END DATE**

The Company's fiscal year ends on June 30.

### **E. PRINCIPAL PRODUCTS OR SERVICES AND THEIR MARKETS**

The Company's services are taverns that specialize in craft beer. They currently operate in the Connecticut and Massachusetts markets and target a demographic of males from 25-54.

**F. RESULTS OF OPERATIONS FOR THE THREE MONTH PERIOD ENDED SEPTEMBER 30, 2017 COMPARED TO THE THREE PERIOD ENDED SEPTEMBER 30, 2016:**

***Material Changes in Financial Condition***

At September 30, 2017, we had a working capital deficit of (\$2,891,552), compared to a working capital deficit of (\$1,967,726), at June 30, 2017. At September 30, 2017, our current assets consisted of cash of \$182,084, inventories of \$117,954, and prepaid expenses of \$59,250. Our long term assets consisted of fixed assets-net of \$2,569,030, capitalized pre-opening costs of \$77,958 and deposits of \$4,300. At June 30, 2017, our current assets consisted of cash of \$119,976, receivable from Attitude Drinks of \$321,811, inventories of \$168,789, and prepaid expenses of \$53,630. Our long term assets consisted of fixed assets-net of \$4,235,150, capitalized pre-opening costs of \$122,673 and deposits of \$4,300.

At September 30, 2017, our total current liabilities increased to \$3,250,840 from \$2,631,932 at June 30, 2017. The increase of \$618,908 was due to the following:

Accrued interest on debt less accrued interest retired	\$ 127,844
Legal settlement and accrued legal fees	118,000
Increased current portion of derivative liability	848,123
Current portion of convertible debt	154,947
Elimination of current liabilities at Milford Craft LLC	(629,303)
Other-net	<u>( 563)</u>
Change in current liabilities	<u>\$ 618,908</u>

We believe our cash balance at September 30, 2017 of \$182,084 is sufficient to carry out normal operations over the next six months. Our short and long-term survival is dependent on funding from sales of securities as necessary or from shareholder loans, and thus, to the extent that we require additional funds to support our operations or the expansion of our business, we may attempt to sell additional equity shares or issue debt. Any sale of additional equity securities will result in dilution to our stockholders. There can be no assurance that additional financing, if required, will be available to us or on acceptable terms.

## ***Material Changes in Results of Operations***

### ***Results of Operations for the three months ended September 30, 2017 and 2016***

#### ***Revenues and Food and Beverage Costs***

Revenues for the three months ended September 30, 2017 and 2016 were \$1,086,581 and \$1,650,311, respectively, a decrease of 34%. \$563,730 decrease was due to the following (in \$K):

Closure of Milford Craft LLC	\$(360)
Reduced traffic at remaining taverns	<u>(203)</u>
Total revenue reduction	<u><u>\$ (563)</u></u>

Food and Beverage costs for the three months ended September 30, 2017 and 2016 were \$306,439 and \$485,653, respectively. The approximate \$180,000 decrease was due to the following (in \$K):

Closure of Milford Craft LLC	\$(170)
Reduced traffic at remaining taverns	<u>( 10)</u>
Total revenue reduction	<u><u>\$ (180)</u></u>

Food and beverage costs as a percentage of total revenues were 28.2% and 29.4%, for September 30, 2017 and 2016, respectively.

#### ***Operating Expenses***

For the three months ended September 30, 2017, operating expenses were \$1,044,379 compared to \$1,432,757 during the three months ended September 30, 2016. The overall decrease of approximately \$390,000 was 27% of the prior period. The decrease was due to the following (in \$K):

Closure of Milford Craft LLC	\$(387)
Reduced traffic at remaining taverns	( 272)
Legal expense accrual	68
Catch-up depreciation at Cambridge facility	175
Other-net	<u>( 26)</u>
Operating expense reduction	<u><u>\$ (390)</u></u>

#### ***Other Income (Expense) – net:***

Other income (expenses) was (\$2,638,674) for the quarter ended September 30, 2017 versus \$11,786,390 for the quarter ended September 30, 2016. Changes in individual line items follow:

**Interest and other Financing Costs** decreased \$525,038 from \$(1,092,876) to \$(567,838) or 108%. \$534,806 of the increase was due to reduced amortization of the debt discount, a non-cash item.

**Change in fair market value of derivative liabilities** decreased (\$14,328,065.) Commencing with quarter ended September 30, 2016, the Company changed its methodology for computing the derivative liability from the Black-Scholes method to the Binomial lattice method. In the opinion of Management, the Binomial lattice method is more appropriate. However, there was a large one-time reduction in the liability due to this change which was reflected in this line item in the prior period. See *Note 8, Derivative Liabilities*, in the Notes to the Financial Statements for more detail.

**Gain on Extinguishment of debt** was \$33,250 due to transactions with minority investors at our World of Beer franchises.

**Loss on liquidation of operations placed into bankruptcy** was \$(968,684) due to the closure of our tavern located in Milford Connecticut. See *NOTE 13- LIQUIDATION OF OPERATIONS IN BANKRUPTCY* for more detail.

**Reserve on receivable for Attitude Drinks, Inc.** increased \$321,811 due to the complete reserve of the receivable. See *NOTE 3- RECEIVABLE FROM ATTITUDE DRINKS, INC.-NET* for more detail.

**Legal settlement** was (\$50,000) due to the settlement of our litigation with our former Chief Executive. See *NOTE 14- LEGAL SETTLEMENT* for more detail.

**Derivative Expense** decreased \$685,227, 86%, from \$(796,093) to \$(110,866). The decrease was due to reduced debt issuances of approximately \$475,000 in the current quarter versus the prior quarter.

### *Net income (loss)*

The net income (loss) for the three months ended September 30, 2017 was \$(2,359,342) compared to net income of \$11,650,540 for the three months ended September 30, 2016. This increased net income was almost entirely due to the change in the fair value of the derivative liability due to changes in the calculation methodology.

### *Liquidity and Capital Resources*

#### *Operating Activities*

The Company generated net cash of \$52,718 in operating activities during the three months ended September 30, 2017, as compared to (\$165,987) during the three months ended September 30, 2016. The increase was primarily due to increased accrued liabilities.

### ***Investing activities***

The Company used net cash of (\$10,577) in investing activities during the three months ended September 30, 2017, as compared to (\$302,145) during the three months ended September 30, 2016. The reduced use of cash was primarily due to a greater build-out of our World of Beer Tavern by March 2017. Tavern build-outs had been substantially greater in the prior period.

### ***Financing Activities***

The Company generated net cash of \$19,967 in investing activities during the three months ended September 30, 2017, as compared to \$558,635 during the three months ended September 30, 2016. The decreased use of cash was primarily due to financings in order to build out our World of Beer Taverns and payments to minority owners.

### **G. OFF-BALANCE SHEET ARRANGEMENTS**

The Company did not engage in any off-balance sheet arrangements during the fiscal quarter ended September 30, 2017.

## **ITEM 7. DESCRIBE THE ISSUER'S FACILITIES**

The Company's facilities as of September 30, 2017 are as follows:

World of Beer Tavern- West Hartford CT  
World of Beer Tavern- Cambridge MA

## **ITEM 8. OFFICERS, DIRECTORS AND CONTROL PERSONS**

### **A. NAMES OF OFFICERS, DIRECTORS AND CONTROL PERSONS**

The following table and biographical summaries set forth information, including principal occupation and business experience, about our directors and executive officers as of September 30, 2017. There is no familial relationship between or among the nominees, directors or executive officers of the Company.

<u>NAME(1)</u>	<u>AGE</u>	<u>POSITION</u>	<u>OFFICER AND/OR DIRECTOR SINCE</u>
Jeffrey Canouse	43	CEO, Director	August 2017
Isaac Onn	65	Director	April 2015

The Company's directors serve in such capacity until the first annual meeting of the Company's shareholders and until their successors have been elected and qualified. The Company's officers serve at the discretion of the Company's board of directors, until their death, or until they resign or have been removed from office.

There are no agreements or understandings for any director or officer to resign at the request of another person and none of the directors or officers is acting on behalf of or will act at the direction of any other person. The activities of each director and officer are material to the operation of the Company. No other person's activities are material to the operation of the Company.

***Mr. Jeffrey Canouse, Chief Executive Officer and Director***

Mr. Canouse, 43 combines over twenty-three years of experience in financial senior management following a thirteen-year career as an Investment Banker. Previously, he had been involved in various companies in the investment industry holding positions including Vice President, Senior Vice President and Managing Director at J. P. Carey Inc., J.P. Carey Securities Inc. and JPC Capital a boutique (the "Carey Company's") investment banking firm that assisted in arranging over \$2 billion in financing. During his time with the Carey Company's Mr. Canouse was personally responsible for sourcing new corporate clients, presenting to institutional investors, structuring terms, and working with counsel for timely closings. From July 11, 2011 through the present day, Mr. Canouse has acted as Managing Member of Anvil Financial Management, LLC where he has offered his expertise to companies in need of restructuring, financing, debt settlement and compliance assistance. In addition, Mr. Canouse founded Title King LLC, a short-term lending company using customer vehicles as collateral. Title King was acquired by New America Energy Corp of which Mr. Canouse is currently the Chief Executive Officer.

***Mr. Isaac Onn, Director***

Mr. Onn, 65, serves on the Board of Directors. He currently serves or has served on the Board of Directors of other companies such as Cybra Corp., Intellect Neurosciences, Inc. and Ness Energy. His previous experience includes Mooney Airplane Corp. from 2002 to 2004 as Crisis Manager. He served as CEO and Partner of Fueling Services, Ltd. from 2001 to 2002. He also served as VP -Marketing for Austria Casino. He received his degree in Business administration and marketing from the Tel Aviv College of Management, and his law degree is from Ono Academic College Law School in Israel, where he is a member of the Israeli Bar.

**B. LEGAL/DISCIPLINARY HISTORY**

Please identify whether any of the existing officers or directors have, in the last five 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):

NO.

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:

NO.

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:

NO.

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:

NO

## **ITEM 9. THIRD PARTY PROVIDERS**

### **A. Legal Counsel**

Matheau J.W. Stout  
400 E. Pratt Street  
Eighth Floor  
Baltimore MD, 21202

Tel: (410) 429-7076

### **B. Accountant or Auditor**

None

### **C. Investor Relations Consultant**

None

### **D. Other Advisor(s)**

None

## **ITEM 10. OTHER INFORMATION**

N/A

## **ITEM 11. EXHIBITS**

N/A

## **ITEM 12. CERTIFICATIONS**

I, Jeffrey Canouse, certify that:

1. I have reviewed this quarterly disclosure statement of HARRISON, VICKERS & WATERMAN, INC.
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements and other financial information included or incorporated by reference in this disclosure statement, fairly present, in all material respects, the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

/s/Jeffrey Canouse

Jeffrey Canouse, Chief Executive Officer

Dated: November 13, 2017