

Greyson International, Inc.
Notes To The Financial Statements
As of June 30, 2020, and June 2021

NOTE 1 – ORGANIZATION AND DESCRIPTION OF BUSINESS

General

Greyson International, Inc. (“Greyson” or the “Company”) was incorporated under the Laws of the State of Delaware on October 17, 1997. The Company develops, researches, manufactures, distributes and sells health and beauty products.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

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

Basis of Accounting

The financial statements are prepared using the accrual basis of accounting where revenues and expenses are recognized in the period in which they were incurred. The basis of accounting conforms to accounting principles generally accepted in the United States of America.

Going Concern

As shown in the accompanying financial statements, the Company has incurred net losses of \$ 25,569.37 and \$ 4,033.36 for the periods ended June 30, 2020 and 2021, respectively. These conditions create an uncertainty as to the Company’s ability to continue as a going concern at this time. Management’s plans regarding this matter are to continue to explore various alternatives in marketing and licensing the Trilexon technology to other companies and selling directly to customers using various methods to generate income. As previously discussed, the Company completed the purchase of a private entity that now holds approximately a 1% interest in an oil and gas exploration concern with considerable upside potential. This raises the possibility for the Company to be able to monetize this asset in many ways.

Cash and Cash Equivalents

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

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Accounts Receivable and Allowance for Uncollectible Amounts

Accounts receivable represents amounts billed to customers but uncollected. Accounts receivable is recorded at the invoiced amounts and is non-interest bearing. Based on

NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

its experience with its customers, management expects to collect all receivables, and as a result, a provision for doubtful accounts has not been recorded.

Revenue Recognition

The Company recognizes revenue in accordance with the provisions of Staff Accounting Bulletin (SAB) No. 104, "Revenue Recognition", which states that revenue, is realized and earned when all of the following criteria are met:

- (a) persuasive evidence of the arrangement exists,
- (b) delivery has occurred or services have been rendered,
- (c) the seller's price to the buyer is fixed and determinable and
- (d) collectability is reasonably assured.

Earnings per share

The Company computes basic and diluted loss per share amounts for June 30, 2020 and 2021, pursuant to the Statement of Financial Accounting Standards (SFAS) No. 128 "Earnings per Share." Basic earnings per share are computed by dividing earnings available to common stockholders by the weighted average number of common shares outstanding during the period. Diluted earnings per share reflect per share amounts that would have resulted if dilutive potential common stock had been converted to common stock.

Concentration of Credit Risk

The Company places its cash and cash equivalents with financial institutions and, at times, cash held in checking accounts may exceed the Federal Deposit Insurance Corporation insured limit. At June 30, 2017 and 2016, the Company's cash balance did not exceed the federally insured limits.

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Income Taxes

The Company records income taxes on the period's taxable income for federal and state income tax reporting purposes. Deferred income taxes are recognized for the tax consequences in future periods for differences between the tax basis of assets and liabilities and their financial reporting amounts at each period-end based on enacted tax laws and statutory tax rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Income tax expense is the tax payable for the period and the change during the period of deferred tax assets and liabilities.

The Company accounts for income taxes under the provisions of FASB Accounting Standards Codification ("ASC") 740, *Income Taxes* (formerly referenced as FASB

NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Interpretation No. 48, *Accounting for Uncertainty in Income Taxes – an interpretation of FASB No. 109*), which changed the framework for accounting for uncertainty in income taxes. The adoption of this standard does not have an impact on the Company's results of operations or financial position.

Fair Value of Financial Instruments

The carrying amounts of financial instruments, including cash, related party receivable, accounts payable, and related party payable approximate fair value at June 30, 2020 and 2021 because of the relatively short maturity of the instruments.

Inventories

Inventories, which consist of items available for sale, are recorded using the first-in, first-out method and valued at the lower of cost or market. As of June 30, 2020 and 2021, the inventory totaled \$ 49,241.00 and \$ 48,649.00.

Property and Equipment

Property and equipment are stated at cost. Depreciation of property and equipment is calculated using the straight-line method over the useful lives of the assets, which range from three months to ten years. The Company evaluates the recoverability of property and equipment when events and circumstances indicate that such assets might be impaired. The Company determines impairment by comparing the undiscounted future cash flows estimated to be generated by these assets to their respective carrying amounts. Maintenance and repairs are expensed as incurred. Replacements and betterments are

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capitalized. The carrying value of assets sold or retired is removed from the accounts and any resulting gain or loss is reflected in results of operations.

Accounting for Shipping and Handling Costs

The Company records shipping and handling costs incurred in cost of sales and records shipping and handling costs billed to customers in net sales.

Stock Based Compensation

All share-based payments to employees, including the grants of employee stock options, are recognized in the Company's financial statements based on their fair values, but only to the extent that vesting is considered probable. Compensation cost for awards that vest will not be reversed if the awards expire without being exercised. The fair value of stock options is determined using the Black-Scholes option-pricing model. Compensation costs for awards are amortized over the vesting period. Option pricing model input assumptions such as expected term, expected volatility and risk-free interest rate impact the fair value estimate. Further, the forfeiture rate impacts the amount of aggregate compensation. These assumptions are subjective and generally require significant analysis and judgment to develop. When estimating fair value, some of the assumptions

NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

are based on or determined from external data and other assumptions may be derived from the Company's historical experience with share-based arrangements. The appropriate weight to place on historical experience is a matter of judgment, based on relevant facts and circumstances.

NOTE 3 – PROPERTY AND EQUIPMENT

Property and Equipment consisted of:

	<u>June 30</u>	
	<u>2021</u>	<u>2020</u>
Equipment	5,263.11	5,263.11
Less Accumulated Depreciation	(5,115.52)	(4,874.99)
Total	<u>\$ 188.97</u>	<u>\$ 467.01</u>

The Company recognized \$ 82.76 and \$ 157.78 in depreciation expense for the periods ended June 30, 2021 and 2020, respectively.

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NOTE 4 – OTHER ASSETS

Deposits

Deposits consisted of a deposit placed on the lease of the Company's office at the inception of the lease. This deposit was fully recovered at the end of the lease.

Other assets consisted of:

	<u>June 30</u>	
	<u>2021</u>	<u>2020</u>
Patents and Trademarks	11,775	11,775
Refundable Deposits	<u>0</u>	<u>2,319</u>
	11,775	14,093
Less Accumulated Amortization	<u>(0)</u>	<u>(0)</u>
 Total	 <u>\$ 11,775</u>	 <u>\$ 14,093</u>

NOTE 5 – STOCK OPTIONS

There were no stock options granted in 2021 or 2020.

NOTE 6 – EQUITY

Preferred Stock

Preferred shareholders have a right to cast a total of 25 votes for each issued and outstanding share of preferred stock on all matters that are brought for vote to the holders of common stock.

Common Stock

During the year ended December 31, 2020, the Company issued no shares for cash or services.

NOTE 7 – INCOME TAXES

For federal income tax purposes, an analysis of the components of the (loss) before income taxes and the related income tax (benefit) is presented in the following tables. The tax amounts have been calculated using the 34% federal and 5.5% state income tax rates.

The (provision) benefit for income taxes consists of the following:

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	<u>2021</u>	<u>2020</u>
Current	\$ 0	\$ 0
Deferred	<u>0</u>	<u>0</u>
	<u>\$ 0</u>	<u>\$ 0</u>

As of December 31, 2020, the Company had a net operating loss carry forward of approximately \$ 6,240,043.00 which will begin to expire in 2025.

NOTE 7 – SUBSEQUENT EVENTS

Management is working with a third-party distributor who is willing to market our Trilexon delivery system as base material to the compounding Industry. Greyson has already produced some samples and the Trilexon base material is in a testing phase. The NDC number has been issued by FDA to Greyson for this product.

Greyson continues to work with third party companies who are evaluating the Trilexon delivery system for use in pharmaceutical and other industries. Greyson is exploring strategic partners to market its cosmetic line.