

Disclosure Statement Pursuant to the Pink Basic Disclosure Guidelines

Sunset Island Group, Inc.

20420 Spence Road
Salinas, CA 93908

Phone: (424) 239-6230

Website: www.sunsetislandgroup.com

Email: info@sunsetislandgroup.com

SIC Code: 1000

Annual Report

For the Period Ending: October 31, 2019
(the "Reporting Period")

As of October 31, 2019, the current reporting period, the number of shares outstanding of our Common Stock was:

5,386,771

As of July 31, 2019, the previous reporting period, the number of shares outstanding of our Common Stock was:

5,386,771

As of October 31, 2019, the most recent completed fiscal year, the number of shares outstanding of our Common Stock was:

5,386,771

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933 and Rule 12b-2 of the Exchange Act of 1934):

Yes: No:

Indicate by check mark whether the company's shell status has changed since the previous reporting period:

Yes: No:

Indicate by check mark whether a Change in Control¹ of the company has occurred over this reporting period:

Yes: No:

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

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

Sunset Island Group, Inc. ("SIGO" or the "Company") was originally incorporated in the State of Colorado on September 29, 2005 as Gulf West Property, Inc. On October 25, 2005 the Company changed its name to Titan Global Entertainment, Inc. On May 7, 2008, the Company changed its name to Sunset Island Group, Inc.

- Our business and corporate address is 20420 Spence Road, Salinas CA 93908, our phone number is (424) 239-6230. Our corporate website is www.sunsetislandgroup.com.

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We have one subsidiary, VBF Brands, Inc. (“VBF Brands”), a California, corporation.

Date and state (or jurisdiction) of incorporation: September 29, 2005, in Colorado.

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

September 29, 2005, in Colorado. Current Standing is Active

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

None.

List any stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months:

None.

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

20420 Spence Road
Salinas CA 93908

The address(es) of the issuer’s principal place of business:

Check box if principal executive office and principal place of business are the same address:

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

Yes: No:

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

2) Security Information

Trading symbol:	<u>SIGO</u>	
Exact title and class of securities outstanding:	<u>Common</u>	
CUSIP:	<u>867744 203</u>	
Par or stated value:	<u>\$0.0001</u>	
Total shares authorized:	<u>27,000,000</u>	as of date: <u>October 31, 2019</u>
Total shares outstanding:	<u>5,386,771</u>	as of date: <u>October 31, 2019</u>
Number of shares in the Public Float ² :	<u>5,380,748</u>	as of date: <u>October 31, 2019</u>
Total number of shareholders of record:	<u>--</u>	as of date: <u>October 31, 2019</u>

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

Trading symbol:

Exact title and class of securities outstanding:

CUSIP:

Par or stated value:

Total shares authorized: _____ as of date:

Total shares outstanding: _____ as of date:

Transfer Agent

Name: ClearTrust, LLC
 Phone: (813) 235-4490
 Email: inbox@cleartrusttransfer.com
 Address: 16540 Pointe Village Dr Suite 205, Lutz, FL 33558

Is the Transfer Agent registered under the Exchange Act?³ Yes: No:

3) Issuance History

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

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

A. Changes to the Number of Outstanding Shares

Check this box to indicate there were no changes to the number of outstanding shares within the past two completed fiscal years and any subsequent periods:

Shares Outstanding as of Second Most Recent Fiscal Year End: <u>Opening</u> <u>Balance</u> Date <u>October 31, 2017</u> Common: <u>4,871,771</u> Preferred Series A: <u>4,600,000</u> Preferred Series B: <u>0</u> Preferred Series C: <u>0</u>			*Right-click the rows below and select "Insert" to add rows as needed.						
Date of Transaction	Transaction type (e.g. new issuance, cancellation, shares returned to treasury)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per share) at issuance	Were the shares issued at a discount to market price at the time of issuance? (Yes/No)	Individual/ Entity Shares were issued to (entities must have individual with voting / investment control disclosed).	Reason for share issuance (e.g. for cash or debt conversion) -OR- Nature of Services Provided	Restricted or Unrestricted as of this filing.	Exemption or Registration Type.
11/1/2017	Private Placement - Cash	500,000	Common	\$0.10	No	Matthew Lee Billington	Private Placement - Cash	Restricted	4(2)
2/20/2018	Note Repayment	15,000	Common	\$2.10	No	Auctus Fund, LLC (controlled by Lou Posner)	Note Repayment	Restricted	4(2)

Shares Outstanding on Date of This Report:	
<u>Ending Balance</u>	
Date <u>October 31, 2019</u>	
Common: <u>5,386,771</u>	
Preferred Series A: <u>4,600,000</u>	
Preferred Series B: <u>0</u>	
Preferred Series C: <u>0</u>	

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

B. Debt Securities, Including Promissory and Convertible Notes

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

Check this box if there are no outstanding promissory, convertible notes or debt arrangements:

Date of Note Issuance	Outstanding Balance (\$)	Principal Amount at Issuance (\$)	Interest Accrued (\$)	Maturity Date	Conversion Terms (e.g. pricing mechanism for determining conversion of instrument to shares)	Name of Noteholder (entities must have individual with voting / investment control disclosed).	Reason for Issuance (e.g. Loan, Services, etc.)
12/8/2017	\$170,000	\$170,000	\$60,378	7/8/2018	Lower of market price on date of conversion and lender fixed conversion rate \$0.90	Chicago Venture Partners (Controlled by John Fife)	Loan
2/13/2018	\$94,500	\$94,500	\$248,200	2/13/2019	(50% discount) lowest trading prices of the Company's shares during 25 days prior to the conversion	St. George Investments LLC (Controlled by John Fife)	Loan
7/20/2018	\$110,000	\$110,000	\$18,810	7/20/2019	(50% discount) lowest trading prices of the Company's shares during 25 days prior to the conversion	St. George Investments LLC (Controlled by John Fife)	Loan
8/24/2018	\$220,000	\$220,000	\$33,208	8/24/2019	(50% discount) lowest trading prices of the Company's shares during 25 days prior to the conversion	St. George Investments LLC (Controlled by John Fife)	Loan

10/31/2018	\$126,500	\$126,500	\$12,826	10/31/2019	(50% discount) lowest trading prices of the Company's shares during 25 days prior to the conversion	St. George Investments LLC (Controlled by John Fife)	Loan
1/28/2019	\$82,500	\$82,500	\$6,325	1/28/2020	(50% discount) lowest trading prices of the Company's shares during 25 days prior to the conversion	St. George Investments LLC (Controlled by John Fife)	Loan
2/12/2019	\$41,250	\$41,250	\$2,991	2/12/2020	(50% discount) lowest trading prices of the Company's shares during 25 days prior to the conversion	St. George Investments LLC (Controlled by John Fife)	Loan
2/25/2019	\$41,250	\$41,250	\$2,842	2/25/2020	(50% discount) lowest trading prices of the Company's shares during 25 days prior to the conversion	St. George Investments LLC (Controlled by John Fife)	Loan
3/18/2019	\$192,500	\$192,500	\$12,138	3/18/2020	(50% discount) lowest trading prices of the Company's shares during 25 days prior to the conversion	St. George Investments LLC (Controlled by John Fife)	Loan
4/19/2019	\$137,500	\$137,500	\$7,448	4/19/2020	(50% discount) lowest trading prices of the Company's shares during 25 days prior to the conversion	St. George Investments LLC (Controlled by John Fife)	Loan
5/23/2019	\$88,000	\$88,000	\$3,936	5/23/2020	(50% discount) lowest trading prices of the Company's shares during 25 days prior to the conversion	St. George Investments LLC (Controlled by John Fife)	Loan
7/31/2019	\$22,000	\$22,000	\$562	7/31/2020	(50% discount) lowest trading prices of the Company's shares during 25 days prior to the conversion	St. George Investments LLC (Controlled by John Fife)	Loan
8/2/2019	\$248,220	\$76,340	\$1,909	8/2/2020	(50% discount) lowest trading prices of the Company's shares during 25 days prior to the conversion	St. George Investments LLC (Controlled by John Fife)	Loan
2/9/2017	\$5,000	\$5,000	494	12/31/2018		Novus Group (Controlled by Matt Billington)	Loan

2/16/2017	\$5,000	\$5,000	489	12/31/2018		Novus Group (Controlled by Matt Billington)	Loan
3/23/2017	\$33,000	\$33,000	3,060	12/31/2018		Novus Group (Controlled by Matt Billington)	Loan
4/3/2017	\$30,200	\$30,200	2,755	12/31/2018		Novus Group (Controlled by Matt Billington)	Loan
4/14/2017	\$25,000	\$25,000	2,243	12/31/2018		Novus Group (Controlled by Matt Billington)	Loan
4/20/2017	\$25,000	\$25,000	2,223	12/31/2018		Novus Group (Controlled by Matt Billington)	Loan
5/1/2017	\$30,000	\$30,000	2,618	12/31/2018		Novus Group (Controlled by Matt Billington)	Loan
5/8/2017	\$4,000	\$4,000	345	12/31/2018		Novus Group (Controlled by Matt Billington)	Loan
5/15/2017	\$4,000	\$4,000	341	12/31/2019		Novus Group (Controlled by Matt Billington)	Loan
5/16/2017	\$21,000	\$21,000	1,789	12/31/2019		Novus Group (Controlled by Matt Billington)	Loan
5/23/2017	\$15,000	\$15,000	1,264	12/31/2019		Novus Group (Controlled by Matt Billington)	Loan
6/6/2017	\$6,000	\$6,000	496	12/31/2019		Novus Group (Controlled by Matt Billington)	Loan
6/8/2017	\$6,000	\$6,000	495	12/31/2019		Novus Group (Controlled by Matt Billington)	Loan
6/13/2017	\$6,000	\$6,000	491	12/31/2019		Novus Group (Controlled by Matt Billington)	Loan
6/20/2017	\$6,000	\$6,000	485	12/31/2019		Novus Group	Loan

						(Controlled by Matt Billington)	
6/23/2017	\$2,500	\$2,500	201	12/31/2019		Novus Group (Controlled by Matt Billington)	Loan
6/27/2017	\$7,000	\$7,000	559	12/31/2019		Novus Group (Controlled by Matt Billington)	Loan
7/3/2017	\$14,000	\$14,000	1,105	12/31/2019		Novus Group (Controlled by Matt Billington)	Loan
7/11/2017	\$6,000	\$6,000	467	12/31/2019		Novus Group (Controlled by Matt Billington)	Loan
7/12/2017	\$4,000	\$4,000	311	12/31/2019		Novus Group (Controlled by Matt Billington)	Loan
7/17/2017	\$12,000	\$12,000	924	12/31/2019		Novus Group (Controlled by Matt Billington)	Loan
7/25/2017	\$15,000	\$15,000	1,138	12/31/2019		Novus Group (Controlled by Matt Billington)	Loan
8/18/2017	\$12,000	\$12,000	873	12/31/2019		Novus Group (Controlled by Matt Billington)	Loan
10/20/2017	\$25,000	\$25,000	1,603	12/31/2019		Novus Group (Controlled by Matt Billington)	Loan
10/27/2017	\$11,500	\$11,500	726	12/31/2019		Novus Group (Controlled by Matt Billington)	Loan
11/10/2017	\$12,500	\$12,500	765	12/31/2019		Novus Group (Controlled by Matt Billington)	Loan
11/17/2017	\$20,000	\$20,000	1,205	12/31/2019		Novus Group (Controlled by Matt Billington)	Loan
11/24/2017	\$12,000	\$12,000	712	12/31/2019		Novus Group (Controlled by Matt Billington)	Loan

11/30/2017	\$14,700	\$14,700	860	12/31/2019		Novus Group (Controlled by Matt Billington)	Loan
1/22/2018	\$20,000	\$20,000	1,025	12/31/2019		Novus Group (Controlled by Matt Billington)	Loan
1/25/2018	\$20,000	\$20,000	1,016	12/31/2019		Novus Group (Controlled by Matt Billington)	Loan
7/2/2018	\$18,000	\$18,000	1,132	12/31/2019		Novus Group (Controlled by Matt Billington)	Loan

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

4) Financial Statements

A. The following financial statements were prepared in accordance with:

- U.S. GAAP
 IFRS

B. The financial statements for this reporting period were prepared by (name of individual)⁴:

Name: Anatoly Sigalov
Title: Consultant
Relationship to Issuer: Paid accounting consultant

The unaudited financial statements as at October 31, 2019 and 2018 and for the year ended October 31, 2019 and 2018, are included at the end of this report.

Financial statement information is considered current until the due date for the subsequent report (as set forth in the qualifications section above). To remain qualified for Current Information, a company must post its Annual Report within 90 days from its fiscal year-end date and Quarterly Reports within 45 days of each fiscal quarter-end date.

5) Issuer's Business, Products and Services

The purpose of this section is to provide a clear description of the issuer's current operations. In answering this item, please include the following:

A. Summarize the issuer's business operations (If the issuer does not have current operations, state "no operations")

The Company (via its wholly owned subsidiary VBF Brands - referred to as "VBF") grows its own cannabis plants through its Cannabis Cultivation License. The material grown and harvested from its cultivation operations are either packaged and sold through the Company's Distribution license (via VBF) or processed through its Manufacturing license (via VBF) which is later sold through its Distribution license (via VBF). This allows the

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

Company (by and through VBF) to sell products it manufactures (at reduced cost since the raw materials are self-grown), as well as products manufactured by third parties.

The Company (via VBF) currently is licensed by the State of California for the following activities:

Adult Use and Medicinal Distributor License Provisional
Valid 5-17-19 to 5-16-22
Lic# C11-0000102-LIC

Provisional Cannabis Cultivation License (Nursery)
Valid 8-7-19 to 8-7-22
Lic # PAL18-0003152

Provisional Cannabis Cultivation License (Adult Use Small Mixed Light Tier2)
Valid 3/15/19- to 3/15/22
Lic# PAL18-0000119

Annual Manufacturing License
Adult and Medicinal Cannabis Products-Provisional
Type 6 Non Volatile Solvent Extraction
Valid 4-11-21 to 4-11-22
Lic# CDPH-10002395

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

Sunset Island Group is a holding company with the wholly owned subsidiary VBF Brands. VBF Brands holds the licenses listed above for the Company's cannabis operations.

C. Describe the issuers' principal products or services.

The company grows its own cannabis plants through its Cannabis Cultivation License. The material grown and harvested from its cultivation operations are either packaged and sold through the Company's Distribution license (via VBF) or processed through its Manufacturing license (via VBF) which is later sold through its Distribution license (via VBF). This allows the Company (by and through VBF) to sell products it manufactures (at reduced cost since the raw materials are self-grown), as well as products manufactured by third parties.

6) Issuer's Facilities

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

In responding to this item, please clearly describe the assets, properties or facilities of the issuer, give the location of the principal plants and other property of the issuer and describe the condition of the properties. If the issuer does not have complete ownership or control of the property (for example, if others also own the property or if there is a mortgage on the property), describe the limitations on the ownership.

If the issuer leases any assets, properties or facilities, clearly describe them as above and the terms of their leases.

The Company's mailing address and place of operations is: 20420 Spence Road Salinas, CA 93908. The Company leases the property on Spence Road. The Company maintains no other offices. The company has two leases at 20420 Spence. One lease is for the greenhouse space of 12,000 square feet (referred to as Greenhouse H) and the second lease is an open land lease covering 10,000 square feet of open land. The terms of the leases are as follows:

Term End: March 31, 2020 for the Greenhouse Lease and June 30, 2020 for the Open Land Lease

Price per month for lease: \$7,000 for the Greenhouse and \$2,576 for the Open Land Lease.

Renewable: Yes. Both leases are renewable for 2 additional terms of 5 year terms for a total of 10 years.

The company subleases land shared with other larger farms. In addition to fixed monthly lease payments, the Company is required to pay a proportionate share of costs incurred for upgrades benefiting all lots. Expenditures for repairs and maintenance and betterments for improvements shared with neighboring properties, are charged to rent expense as incurred.

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

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

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

Name of Officer/Director or Control Person	Affiliation with Company (e.g. Officer/Director/Owner of more than 5%)	Residential Address (City / State Only)	Number of shares owned	Share type/class	Ownership Percentage of Class Outstanding*	Note
Lori Livacich	Officer/Director	20420 Spence Road Salinas, CA 93908	0	n/a	0	Ms. Livacich owns a minority interest in BMG Group, LLC which is majority owned by Ray Chacon
<u>BMG Group, LLC</u> <u>(Controlled by Ray Chacon)</u>	5% Holder	20420 Spence Road Salinas, CA 93908	3,956,000	Series A Convertible Preferred Stock	86%	(1)
<u>T.J. Magallanes</u>	<u>5% Holder</u>	20420 Spence Road Salinas, CA 93908	644,000	Series A Convertible Preferred Stock	14%	(1)

(1) The Series A Preferred Stock may convert into Common Stock at a rate equal to 10 shares of Common Stock for each share of Series A Preferred stock. Each Series A Preferred shareholder is entitled to vote, on par with the Common shareholders, one (1) vote for each share of Common Stock into which a Series A Preferred share may be converted. In the event that any cash dividend on the Common Stock is declared by the Board, the Board shall simultaneously declare a dividend for each share of Series A Preferred Stock in an amount equal to the product of (i) the per share dividend declared and to be paid in respect of each share of Common Stock and (ii) the amount of common stock the Series A Preferred Stock is convertible into under the designation.

8) Legal/Disciplinary History

A. Please identify whether any of the persons or entities listed above have, in the past 10 years, been the subject of:

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);

None

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;

None

3. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated; or

None

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.

None

- B. Describe briefly any material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which the issuer or any of its subsidiaries is a party or of which any of their property is the subject. Include the name of the court or agency in which the proceedings are pending, the date instituted, the principal parties thereto, a description of the factual basis alleged to underlie the proceeding and the relief sought. Include similar information as to any such proceedings known to be contemplated by governmental authorities.

None

9) **Third Party Providers**

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

Securities Counsel

Name: Robert J. Burnett
Firm: Witherspoon Brajcich McPhee PLLC
Address 1: 601 W. Main Avenue, Suite 174
Address 2: Spokane, WA 99201
Phone: 509-455-9077
Email: RBurnett@workwith.com

Accountant or Auditor

None.

Investor Relations

None.

Other Service Providers

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

Name: Nanuk Warman
Firm: PubCo Reporting Solutions, Inc.
Nature of Services: Accounting
Address 1: 610 – 475 W Georgia St
Address 2: Vancouver, BC Canada V6B 4M9
Phone: 778-881-6838
Email: info@pubcoreporting.com

10) Issuer Certification

Principal Executive Officer:

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

The certifications shall follow the format below:

I, Lori Livacich certify that:

1. I have reviewed this annual report of Sunset Island Group, 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.

September 21, 2021 [Date]

/s/ Lori Livacich [CEO's Signature]

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

Principal Financial Officer:

I, Lori Livacich certify that:

1. I have reviewed this annual report of Sunset Island Group, 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, considering 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 presented 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.

September 21, 2021

/s/ Lori Livacich [CFO's Signature]

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

Sunset Island Group, Inc.
Consolidated Balance Sheets
(Unaudited)

	<u>October 31,</u> <u>2019</u>	<u>October 31,</u> <u>2018</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 262,674	\$ 115,571
Accounts receivable	27,867	-
Total Current Assets	<u>290,541</u>	<u>115,571</u>
Deposit	14,000	14,000
Operating lease right-of-use assets, net	261,538	175,666
Total Assets	\$ <u>566,079</u>	\$ <u>305,237</u>
Liabilities and Stockholders' Deficit		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 38,195	\$ 48,850
Accrued interest	411,591	90,962
Accrued interest - related parties	36,433	12,414
Dividend payable	90,572	90,572
Due to related party	36,205	22,557
Operating lease liabilities - current portion	109,581	111,031
Convertible notes, net of unamortized discount of \$259,322 and \$612,792, respectively	1,993,508	958,708
Current portion of notes payable - related parties	447,400	157,200
Derivative liabilities	4,395,801	2,082,842
Total Current Liabilities	<u>7,559,286</u>	<u>3,575,137</u>
Operating lease liabilities	151,957	64,635
Notes payable - related parties	-	290,200
Total Liabilities	<u>7,711,243</u>	<u>3,929,972</u>
Commitments and Contingencies (note 11)	-	-
Stockholders' Deficit		
Preferred stock, \$0.0001 par value, 15,000,000 shares authorized;		
Series A Convertible Preferred Stock, 4,600,000 shares designated, 4,600,000 shares issued and outstanding	460	460
Series B Preferred Stock, 8,000,000 shares designated, no shares issued and outstanding	-	-
Series C Convertible Preferred Stock, 500,000 shares designated, no shares issued and outstanding	-	-
Common Stock, par value \$0.0001, 27,000,000 shares authorized, 5,386,771 shares issued and outstanding	539	539
Additional paid in capital	494,684	494,684
Accumulated deficit	(7,640,847)	(4,120,418)
Total Stockholders' Deficit	(7,145,164)	(3,624,735)
Total Liabilities and Stockholders' Deficit	\$ <u>566,079</u>	\$ <u>305,237</u>

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

Sunset Island Group, Inc.
Consolidated Statements of Operations
(Unaudited)

	Year Ended	
	October 31,	
	2019	2018
Revenue	\$ 250,338	\$ -
Operating Expenses		
Labor	183,603	592,757
Supplies	15,994	183,496
General and administrative expenses	125,892	325,707
Lease	257,520	182,644
Lab testing	3,385	1,310
Utilities	33,154	70,079
Professional fees	78,100	68,379
Total Operating Expenses	697,648	1,424,373
Loss from operations	(447,310)	(1,424,373)
Other Income (Expense)		
Interest expense	(1,237,278)	(1,310,572)
Interest expense - related parties	(24,019)	(12,414)
Net change in fair value of derivative liabilities	(1,811,822)	(570,283)
	(3,073,119)	(1,893,269)
Net Loss	\$ (3,520,429)	\$ (3,317,641)
Net loss per common share – basic and diluted	\$ (0.65)	\$ (0.62)
Weighted average number of common shares outstanding	5,386,771	5,382,210

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

Sunset Island Group, Inc.
Consolidated Statements of Stockholders' Deficit
Years Ended October 31, 2019 and October 31, 2018
(Unaudited)

	<u>Series A Preferred Stock</u>		<u>Common Stock</u>		<u>Additional</u>	<u>Common Stock</u>	<u>Accumulated</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>	<u>Paid-In</u>	<u>Subscription</u>	<u>Deficit</u>	<u>Stockholders'</u>
					<u>Capital</u>	<u>Received</u>		<u>Deficit</u>
Balance - October 31, 2017	4,600,000	\$ 460	4,871,771	\$ 487	\$ 334,168	\$ 50,000	\$ (751,390)	\$ (366,275)
Common stock issued	-	-	500,000	50	49,950	(50,000)	-	-
Common stock issued for note repayment	-	-	15,000	2	31,498	-	-	31,500
Contribution	-	-	-	-	79,068	-	-	79,068
Beneficial conversion feature	-	-	-	-	9,444	-	-	9,444
Reclassification of beneficial conversion feature to derivative liability	-	-	-	-	(9,444)	-	-	(9,444)
Net loss for the year	-	-	-	-	-	-	(3,317,641)	(3,317,641)
Declaration of cash dividend	-	-	-	-	-	-	(51,387)	(51,387)
Balance - October 31, 2018	4,600,000	\$ 460	5,386,771	\$ 539	\$ 494,684	\$ -	\$ (4,120,418)	\$ (3,624,735)
Net loss for the year	-	-	-	-	-	-	(3,520,429)	(3,520,429)
Balance - October 31, 2019	4,600,000	\$ 460	5,386,771	\$ 539	\$ 494,684	\$ -	\$ (7,640,847)	\$ (7,145,164)

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

Sunset Island Group, Inc.
Consolidated Statements of Cash Flows
(Unaudited)

	Year Ended	
	October 31,	
	2019	2018
Cash Flows From Operating Activities:		
Net loss	\$ (3,520,429)	\$ (3,317,641)
Adjustments to reconcile net loss to net cash used in operating activities		
Amortization of debt discount	916,537	1,131,517
Change in fair value of derivative liabilities	1,811,822	570,283
Prepayment interest penalty by share issuance	-	31,500
Lease liability amortization	102,944	27,180
Change in operating assets and liabilities:		
Accounts receivable	(27,867)	-
Accounts payable and accrued liabilities	(10,656)	23,034
Accrued interest	320,629	90,962
Accrued interest - related parties	24,019	12,414
Operating liabilities	<u>(102,944)</u>	<u>(27,180)</u>
Net Cash Used in Operating Activities	<u>(485,945)</u>	<u>(1,457,931)</u>
Cash Flows From Financing Activities:		
Proceeds from promissory notes - related party	-	117,200
Contribution	-	79,068
Advancement from related party	13,648	34,194
Repayment to related party	-	(14,522)
Dividend paid	-	(6,844)
Proceeds from convertible notes	619,400	1,559,750
Repayment of convertible notes	<u>-</u>	<u>(220,000)</u>
Net Cash Provided by Financing Activities	<u>633,048</u>	<u>1,548,846</u>
Net change in cash and cash equivalents	147,103	90,915
Cash and cash equivalents, beginning of period	<u>115,571</u>	<u>24,656</u>
Cash and cash equivalents, end of period	<u>\$ 262,674</u>	<u>\$ 115,571</u>
Supplemental cash flow information:		
Cash paid for interest	<u>\$ -</u>	<u>\$ 2,567</u>
Cash paid for taxes	<u>\$ -</u>	<u>\$ -</u>
Non-cash financing transactions:		
Declaration of cash dividend	<u>\$ -</u>	<u>\$ 51,387</u>
Derivative liabilities recognized as debt discount	<u>\$ 435,018</u>	<u>\$ 1,309,318</u>
Warrants issued in conjunction with convertible notes recognized as debt discount	<u>\$ 66,119</u>	<u>\$ 203,221</u>
Common stock issued for repayment of convertible note	<u>\$ -</u>	<u>\$ 31,500</u>
Common stock issued	<u>\$ -</u>	<u>\$ 50,000</u>
Operating lease right-of-use assets adjustment due to lease extension	<u>\$ 188,816</u>	<u>\$ 202,846</u>

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

**Unaudited Consolidated Financial Statements
October 31, 2019 and 2018**

NOTE 1 – DESCRIPTION OF BUSINESS

Sunset Island Group, Inc. (“SIGO” or the “Company”) was originally incorporated in the State of Colorado on September 29, 2005 as Gulf West Property, Inc. On October 25, 2005 the Company changed its name to Titan Global Entertainment, Inc. On May 7, 2008, the Company changed its name to Sunset Island Group, Inc.

Our business and corporate address is 20420 Spence Road, Salinas CA 93908, our phone number is (424) 239-6230. Our corporate website is www.sunsetislandgroup.com.

We have one subsidiary, VBF Brands, Inc. (“VBF Brands”), a California, corporation.

Our Business

The Company operates its cannabis growing, cultivation, manufacturing and distribution business through its wholly owned subsidiary VBF Brands. VBF Brands operated as a Nonprofit Mutual Benefit entity until December 21, 2017 when it was converted to a For Profit entity. Prior to December 21, 2017, VBF Brands operated as a collective under the Compassionate Use Act. Since VBF Brands was operating as a Nonprofit until December 21, 2017, the Company determined that it cannot book any revenue from the activities associated while it operated as collective under the Compassionate Use Act and as a non-profit.

The Company previously operated its cultivation business through its former wholly owned subsidiary Battle Mountain Genetics, Inc. (“BMG”); however, upon the conversion of VBF Brands to a for profit entity the Company transitioned the operation of all of its cannabis actives through VBF Brands and BMG ceased active operations.

Divestiture of Battle Mountain Genetics, Inc.

During December 2017, the Company divested itself of BMG by transferring all of the issued and outstanding shares of BMG, to T.J. Magallanes a former officer and director of the Company, in exchange for 3,036,000 of Mr. Magallanes’ SIGO Series A Preferred shares.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements and related disclosures have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”). The financial statements have been prepared using the accrual basis of accounting in accordance with Generally Accepted Accounting Principles of the United States (“GAAP”).

Consolidation Policy

The audited consolidated financial statements of the Company include the accounts of the Company and its wholly owned subsidiary, VBF Brands, Inc. All significant intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates and Assumptions

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

Cash and cash equivalents

Cash equivalents are short-term highly liquid investments that are readily convertible to cash with original maturities of three months or less, at the date acquired. As of October 31, 2019 and October 31, 2018, cash primarily consists of cash in bank and cash on hand. As of October 31, 2019 and October 31, 2018, cash was \$262,674 and \$115,571, respectively.

Basic and Diluted Net Loss Per Share of Common Stock

The Company has adopted ASC Topic 260, "Earnings per Share," ("EPS") which requires presentation of basic EPS on the face of the income statement for all entities with complex capital structures and requires a reconciliation of the numerator and denominator of the basic EPS computation. In the accompanying financial statements, basic earnings (loss) per share is computed by dividing net loss by the weighted average number of shares of common stock outstanding during the period.

As at October 31, 2019 and October 31, 2018, the Company has the following potentially dilutive securities, which were excluded from the computation of diluted net loss per common share as the result of the computation was anti-dilutive.

	October 31, 2019	October 31, 2018
Series A convertible preferred stock	46,000,000	46,000,000
Convertible Notes	20,295,858	4,365,278
Warrants	20,990,901	3,666,667
	<u>87,286,759</u>	<u>54,031,945</u>

Concentrations of Credit Risk

The Company's financial instruments that are exposed to concentrations of credit risk primarily consist of its cash and cash equivalents and related party payables that it will likely incur in the near future. The Company places its cash and cash equivalents with financial institutions of high credit worthiness. At times, its cash and cash equivalents with a particular financial institution may exceed any applicable government insurance limits. The Company's management plans to assess the financial strength and credit worthiness of any parties to which it extends funds, and as such, it believes that any associated credit risk exposures are limited.

Financial Instruments

The Company follows ASC 820, "Fair Value Measurements and Disclosures," which defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820 also establishes a fair value hierarchy that distinguishes between (1) market participant assumptions developed based on market data obtained from independent sources (observable inputs) and (2) an entity's own assumptions about market participant assumptions developed based on the best information available in the circumstances (unobservable inputs). The fair value hierarchy consists of three broad levels, which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described below:

Level 1

Level 1 applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

Level 2

Level 2 applies to assets or liabilities for which there are inputs other than quoted prices that are observable for the asset or liability such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which significant inputs are observable or can be derived principally from, or corroborated by, observable market data.

Level 3

Level 3 applies to assets or liabilities for which there are unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities.

Fair value estimates discussed herein are based upon certain market assumptions and pertinent information available to management as of October 31, 2019. The carrying values of our financial instruments, including, cash and cash equivalents, accounts payable and accrued expenses; and dividend payable and due to related party approximate their fair values due to the short-term maturities of these financial instruments.

The following table summarizes fair value measurements by level at October 31, 2019 and October 31, 2018, measured at fair value on a recurring basis:

October 31, 2019	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Liabilities				
Derivative Liabilities	\$ -	\$ -	\$ 4,395,801	\$ 4,395,801
October 31, 2018	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Liabilities				
Derivative Liabilities	\$ -	\$ -	\$ 2,082,842	\$ 2,082,842

Convertible Financial Instruments

The Company bifurcates conversion options from their host instruments and accounts for them as free-standing derivative financial instruments if certain criteria are met. The 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 remeasured 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. An exception to this rule is when the host instrument is deemed to be conventional, as that term is described under applicable U.S. GAAP.

When the Company has determined that the embedded conversion options should not be bifurcated from their host instruments, discounts are recorded for the intrinsic value of conversion options embedded in the instruments based upon the differences between the fair value of the underlying common stock at the commitment date of the transaction and the effective conversion price embedded in the instrument.

Common stock purchase warrants and derivative financial instruments

Common stock purchase warrants and other derivative financial instruments are classified as equity if the contracts (1) require physical settlement or net-share settlement, or (2) give the Company a choice of net-cash settlement or settlement in its own shares (physical settlement or net-share settlement). Contracts which (1) require net-cash settlement (including a requirement to net cash settle the contract if an event occurs and if that event is outside the control of the Company), (2) give the counterparty a choice of net-cash settlement or settlement in shares (physical settlement or net-share settlement), or (3) that contain reset provisions that do not qualify for the scope exception are classified as liabilities. The Company assesses classification of its common stock purchase warrants and other

derivatives at each reporting date to determine whether a change in classification between equity and liabilities is required.

Related Parties

The Company follows ASC 850, "*Related Party Disclosures*," for the identification of related parties and disclosure of related party transactions. See note 4.

Income Taxes

We account for income taxes under ASC 740 "*Income Taxes*." Under the asset and liability method of ASC 740, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under ASC 740, the effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period the enactment occurs. A valuation allowance is provided for certain deferred tax assets if it is more likely than not that the Company will not realize tax assets through future operations. See note 10.

Revenue Recognition

The Company recognizes revenue in accordance with "Revenue from Contracts with Customers" ("ASC 606"). ASC 606 requires that the criteria must be met before revenue can be recognized:

1. The parties to the contract have approved the contract (in writing, orally, or in accordance with other customary business practices) and are committed to perform their respective obligations.
2. The Company can identify each party's rights regarding the goods or services to be transferred.
3. The Company can identify the payment terms for the goods or services to be transferred.
4. The contract has commercial substance (that is, the risk, timing, or amount of the entity's future cash flows is expected to change as a result of the contract).
5. It is probable that the Company will collect substantially all of the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity shall consider only the customer's ability and intention to pay that amount of consideration when it is due. The amount of consideration to which the entity will be entitled may be less than the price stated in the contract if the consideration is variable because the entity may offer the customer a price concession.

During the year ended October 31, 2019 and 2018, the Company recognized revenue of \$250,338 and \$0, respectively.

Research and Development Expenses

We follow ASC 730, "*Research and Development*," and expense research and development costs when incurred. Accordingly, third-party research and development costs, including designing, prototyping and testing of product, are expensed when the contracted work has been performed or milestone results have been achieved. Indirect costs are allocated based on percentage usage related to the research and development.

Leasehold improvements

The company subleases land shared with other larger farms. In addition to fixed monthly lease payments, the Company is required to pay a proportionate share of costs incurred for upgrades benefiting all lots. Expenditures for repairs and

maintenance and betterments for improvements shared with neighboring properties, are charged to rent expense as incurred.

For the year ended October 31, 2019 and 2018, additional leasehold costs included in rent expense were \$93,890 and \$68,361, respectively.

Leases

Effective October 1, 2019, the Company adopted the Financial Accounting Standards Board's (the "FASB") Accounting Standards Update ("ASU") No. 2016-02, Leases (Topic 842) ("ASU 2016-02"), and additional ASUs issued to clarify and update the guidance in ASU 2016-02 (collectively, the "new leases standard"), which modifies lease accounting for lessees to increase transparency and comparability by recording lease assets and liabilities for operating leases and disclosing key information about leasing arrangements. The Company adopted the new leases standard utilizing the modified retrospective transition method, under which amounts in prior periods presented were not restated. For contracts existing at the time of adoption, the Company elected to not reassess (i) whether any are or contain leases, (ii) lease classification, and (iii) initial direct costs. Upon adoption of "ASU 2016-02" on August 1, 2018, the Company recorded \$202,846 of right-of-use ("ROU") assets and \$202,846 of lease liabilities on its Consolidated Balance Sheet. See note 9.

Recently Issued Accounting Standards

In August 2020, the FASB issued ASU 2020-06, ASC Subtopic 470-20 "Debt—Debt with "Conversion and Other Options" and ASC subtopic 815-40 "Hedging—Contracts in Entity's Own Equity". The standard reduced the number of accounting models for convertible debt instruments and convertible preferred stock. Convertible instruments that continue to be subject to separation models are (1) those with embedded conversion features that are not clearly and closely related to the host contract, that meet the definition of a derivative, and that do not qualify for a scope exception from derivative accounting; and, (2) convertible debt instruments issued with substantial premiums for which the premiums are recorded as paid-in capital. The amendments in this update are effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. Early adoption is permitted, but no earlier than fiscal years beginning after December 15, 2020, including interim periods within those fiscal years. The Company is currently assessing the impact of the adoption of this standard on its consolidated financial statements.

In December 2019, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update No. 2019-12, Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes (ASU 2019-12), which simplifies the accounting for income taxes. This guidance will be effective for entities for the fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020 on a prospective basis, with early adoption permitted. We will adopt the new standard effective February 1, 2021 and do not expect the adoption of this guidance to have a material impact on our consolidated financial statements.

In August 2018, the FASB issued ASU 2018-13, Fair Value Measurement (Topic 820): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement. The ASU modifies the disclosure requirements in Topic 820, Fair Value Measurement, by removing certain disclosure requirements related to the fair value hierarchy, modifying existing disclosure requirements related to measurement uncertainty and adding new disclosure requirements, such as disclosing the changes in unrealized gains and losses for the period included in other comprehensive income for recurring Level 3 fair value measurements held at the end of the reporting period and disclosing the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements. This ASU is effective for public companies for annual reporting periods and interim periods within those annual periods beginning after December 15, 2019. The Company is currently evaluating the effect, if any, that the ASU will have on its consolidated financial statements.

In June 2018, the FASB issued ASU 2018-07, Compensation-Stock Compensation (Topic 718), Improvements to Nonemployee Share-based Payments ("ASU 2018-07"). This ASU expands the scope of Topic 718 to include share-based payment transactions for acquiring goods and services from nonemployees. The effective date for the standard is for interim periods in fiscal years beginning after December 15, 2018, with early adoption permitted, but no earlier than the Company's adoption date of Topic 606. Under the new guidance, the measurement of nonemployee equity awards is fixed on the grant date. The new guidance is required to be applied retrospectively with the cumulative effect

recognized at the date of initial application. The Company is currently evaluating the effect ASU 2018-07 will have on the consolidated financial statements.

We adopted recently issued accounting pronouncements in 2018, and we believe that none had a significant impact on our financial position, balance sheet, results of operations, or cash flow, except for ASC Update No. 2016-02—Leases, which requires organizations to recognize lease assets and lease liabilities on the balance sheet for leases classified as operating leases under previous GAAP. ASU 2016-02 requires that a lessee should recognize a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term on the balance sheet. ASU 2016-02 is effective for fiscal years beginning after December 15, 2018 (including interim periods within those periods) using a modified retrospective approach and early adoption is permitted. We adopted ASU 2016-02 in the fourth quarter of 2018. See Note 9 for more complete details on balances at October 31, 2019.

Management has considered all recent accounting pronouncements issued. The Company's management believes that these recent pronouncements will not have a material effect on the Company's financial statements.

NOTE 3 – GOING CONCERN

The Company's financial statements are prepared using accounting principles generally accepted in the United States of America applicable to a going concern that contemplates the realization of assets and liquidation of liabilities in the normal course of business. The Company has not established any source of revenue to cover its operating costs, and it does not have sufficient cash flow to maintain its operations. These factors raise substantial doubt about the Company's ability to continue as a going concern.

The Company expects to develop its business and thereby increase its revenue. However, the Company would require sufficient capital to be invested into the Company to acquire the properties to begin generating sufficient revenue to cover the monthly expenses of the Company. Until the Company is able to generate revenue, the Company would be required to raise capital through the sale of its stock or through debt financing. Management may raise additional capital through future public or private offerings of the Company's stock or through loans from private investors, although there can be no assurance that it will be able to obtain such financing. The Company's failure to do so could have a material and adverse effect upon it and its shareholders.

To this date the Company has relied on the sale of securities to finance its operations and growth. The Company expects to continue to fund the Company through debt and securities sales and issuances until the Company generates enough revenues through the operations. These transactions will initially be through related parties, such as the Company's officers and directors.

NOTE 4 – RELATED PARTY TRANSACTIONS

Notes Payable

During the year ended October 31, 2018, the Company issued multiple 5% notes to a related party, for gross proceeds of \$99,200. The notes are due on December 31, 2019. The notes accrue interest at 0% for the initial nine months and then 5% on annual rate thereafter.

As of October 31, 2019 and October 31, 2018, the long-term portion of notes payable were \$0 and \$290,220, respectively, and the current portion of notes payable were \$447,400 and \$157,200, respectively. During the year ended October 31, 2019 and 2018, the notes payable incurred interest expense of \$24,019 and \$12,414, respectively.

Due to Related Party

During the period beginning January, 2017 and ending in October, 2017, Valerie Baugher, an officer of the Company lent to the Company, pursuant to seven (7) total advancements, an aggregate of \$7,173 for use as working capital, and during the year ended October 31, 2019 and October 31, 2018, the Company received advances from an officer of the Company at the amount of \$13,648 and \$34,194 and repaid to her \$0 and \$14,522 (collectively the "Officer Loans"),

respectively. The Officer Loans are due on demand and non-interest bearing. As of October 31, 2019 and October 31, 2018, the total remaining due to the officer was \$36,205 and \$22,557, respectively.

NOTE 5 – CONVERTIBLE NOTES

The Company had the following principal balance under its convertible notes outstanding as of October 31, 2019 and 2018:

	October 31, 2019	October 31, 2018
Convertible Notes - originated in December 2017	\$ 170,000	\$ 170,000
Convertible Notes - originated in February 2018	945,000	945,000
Convertible Notes - originated in July 2018	110,000	110,000
Convertible Notes - originated in August 2018	220,000	220,000
Convertible Notes - originated in October 2018	126,500	126,500
Convertible Notes - originated in January 2019	82,500	-
Convertible Notes - originated in February 2019	82,500	-
Convertible Notes - originated in March 2019	192,500	-
Convertible Notes - originated in April 2019	137,500	-
Convertible Notes - originated in May 2019	88,000	-
Convertible Notes - originated in July 2019	22,000	-
Convertible Notes - originated in August 2019	76,340	-
	<u>2,252,840</u>	<u>1,571,500</u>
Less debt discount and debt issuance cost	<u>(259,332)</u>	<u>(612,792)</u>
	1,993,508	958,708
Less current portion of convertible notes payable	<u>(1,993,508)</u>	<u>(958,708)</u>
Long-term convertible notes payable	<u>\$ -</u>	<u>\$ -</u>

The Company recognized amortization expense related to the debt discount and deferred financing fees of \$916,537 and \$1,131,517 for the year ended October 31, 2019 and October 31, 2018, respectively, which is included in interest expense in the statements of operations.

For the year ended October 31, 2019 and October 31, 2018, the interest expense on convertible notes was \$320,631 and \$93,528, respectively, with repayment on accrued interest of \$2,567 from a note settlement during the year ended October 31, 2018. As of October 31, 2019 and October 31, 2018, the accrued interest payable was \$411,592 and \$90,961, respectively.

During the year ended October 31, 2018, the Company repaid a convertible note of \$220,000 and accrued interest of \$2,567 for a total repayment of \$276,356 and issuance of 15,000 shares of common stock valued at \$31,500, resulting in repayment interest penalty of \$85,289.

Notes in Default

On July 8, 2018, the \$170,000 convertible promissory note issued on December 8, 2017 went into default and is accruing interest at a rate of 22%. The note is now convertible at a price which is the lower of \$0.90 per share and the market price on any applicable date of conversion. Certain other reset provisions and potential true up policies are in effect which may materially increase the number of Common shares to be delivered upon conversion.

On February 13, 2019, the \$945,000 convertible promissory note issued on February 13, 2018 went into default and is accruing interest at a rate of 22%.

On July 20, 2019, the \$110,000 convertible promissory note issued on July 20, 2018 went into default and is accruing interest at a rate of 22%.

On August 24, 2019, the \$220,000 convertible promissory note issued on August 24, 2018 went into default and is accruing interest at a rate of 22%.

On October 31, 2019, the \$126,500 convertible promissory note issued on October 31, 2018 went into default and is accruing interest at a rate of 22%.

Convertible Notes – Issued during the year ended October 31, 2019

During the year ended October 31, 2019, the Company issued convertible notes in the total principal amount of \$681,340 in exchange for cash proceeds of \$619,400 after deducting original issuance discounts of \$61,940. The convertible notes were also provided with warrants to purchase up to 6,135,953 shares of common stock at exercise price of \$1.90 per share. The terms of convertible notes are summarized as follows:

- Term of one year. Notes expire from February 12, 2020 to August 2, 2020;
- Annual interest rate of 10%;
- Convertible at the option of the holders at issuance; and
- Conversion prices are typically based on a fixed price of \$1.70. However, in the event the market capitalization falls below the minimum market capitalization at any time, the conversion price is the lower of the note fixed conversion price or the market price as of the applicable date of conversion.

Convertible Notes – Issued during the year ended October 31, 2018

During the year ended October 31, 2018, the Company issued convertible notes in the total principal amount of \$1,571,500 in exchange for cash proceeds of \$1,559,750, after deducting original issuance discounts of \$150,750 and financing fees of \$84,500. The convertible notes were also provided with warrants to purchase up to 2,252,429 shares of common stock at exercise price of \$1.90 per share. The terms of convertible notes are summarized as follows:

- Term ranging from six months to one year. Notes expire from July 8, 2018 to October 31, 2019;
- Annual interest rates ranging from 10% to 12%;
- Convertible at the option of the holders at issuance; and
- Conversion prices are typically based on a fixed price ranging from \$0.90 to \$1.70. However, in the event the market capitalization falls below the minimum market capitalization at any time, the conversion price is the lower of the note fixed conversion price or the market price as of the applicable date of conversion.

NOTE 6 – DERIVATIVE LIABILITIES

The Company analyzed the conversion option for derivative accounting consideration under ASC 815, “*Derivatives and Hedging*,” and determined that the convertible notes should be classified as a liability since the conversion option becomes effective at issuance resulting in there being no explicit limit to the number of shares to be delivered upon settlement of the above conversion options. The Company accounts for warrants and Series A Convertible Preferred Stock as a derivative liability due to there being no explicit limit to the number of shares to be delivered upon settlement of all conversion options.

The Company determined our derivative liabilities to be a Level 3 fair value measurement and used the Black-Scholes pricing model to calculate the fair value as of October 31, 2019 and October 31, 2018. The Black-Scholes model requires six basic data inputs: the exercise or strike price, time to expiration, the risk-free interest rate, the current stock price, the estimated volatility of the stock price in the future, and the dividend rate. Changes to these inputs could produce a significantly higher or lower fair value measurement. The fair value of each convertible note and warrant is estimated using the Black-Scholes valuation model. The following weighted-average assumptions were used during the year ended October 31, 2019 and October 31, 2018:

	Year Ended October 31, 2019	Year Ended October 31, 2018
Expected term	0.24 - 1 year	0.29 - 1 year
Expected average volatility	168% - 462%	158% - 268%
Expected dividend yield	-	-
Risk-free interest rate	1.54 - 2.60	1.64 - 2.69

The following table summarizes the derivative liabilities included in the balance sheet at October 31, 2019 and October 31, 2018:

Fair Value Measurements Using Significant Observable Inputs (Level 3)	
Balance - October 31, 2017	\$ -
Addition of new derivative liabilities recognized upon issuance of convertible notes and warrants as debt discount	1,512,559
Addition of new derivative liabilities recognized as day one loss on derivatives	1,389,160
Loss on change in fair value of the derivative liabilities	<u>(818,877)</u>
Balance - October 31, 2018	\$ 2,082,842
Addition of new derivative liabilities recognized upon issuance of convertible notes and warrants as debt discount	501,137
Addition of new derivative liabilities recognized as day one loss on derivatives	1,185,192
Gain on change in fair value of the derivative liabilities	<u>626,630</u>
Balance - October 31, 2019	<u><u>\$ 4,395,801</u></u>

The following table summarizes the loss on derivative liability included in the income statement for the year ended October 31, 2019 and 2018:

	Year ended October 31, 2019	Year ended October 31, 2018
Addition of new derivative liabilities recognized as day one loss on derivatives from warrants	\$ 1,185,192	\$ 1,389,160
Gain (Loss) on change in fair value of the derivative liabilities	<u>626,630</u>	<u>(818,877)</u>
	<u><u>\$ 1,811,822</u></u>	<u><u>\$ 570,283</u></u>

NOTE 7 – DIVIDEND PAYABLE

On August 22, 2017, the Company declared a dividend, in the aggregate amount of \$50,672, payable to the Common shareholders. On August 30, 2017, the Company filed with FINRA its corporate notice for a cash dividend. Of the total amount of the declared dividend, the amount of \$4,463 was paid out to the Common shareholders.

On February 26, 2018, the Company's Board of Directors approved a cash dividend payable to the Common shareholders and Series A Preferred shareholders. The record date for the dividend of \$51,387 was March 31, 2018 at a rate of \$0.001 per share.

During the year ended October 31, 2019 and October 31, 2018, the amount of \$0 and \$6,844 was paid out to the shareholders, respectively.

As of October 31, 2019 and October 31, 2018, the aggregate dividend payable to Common and Series A Preferred shareholders was \$90,572.

NOTE 8 – STOCKHOLDERS' EQUITY

Preferred Stock

The Company has authorized 15,000,000 shares of Preferred Stock with a par value of \$0.0001 per share. The Board of Directors is authorized to divide the authorized shares of Preferred Stock into one or more series, each of which shall be so designated as to distinguish the shares thereof from the shares of all other series and classes.

Series A Preferred Stock

The Company has designated 4,600,000 shares of Series A Convertible Preferred Stock. The Series A Preferred Stock may convert into Common Stock at a rate equal to 10 shares of Common Stock for each share of Series A Preferred stock. Each Series A Preferred shareholder is entitled to vote, on par with the Common shareholders, one (1) vote for each share of Common Stock into which a Series A Preferred share may be converted. In the event that any cash dividend on the Common Stock is declared by the Board, the Board shall simultaneously declare a dividend for each share of Series A Preferred Stock in an amount equal to the product of (i) the per share dividend declared and to be paid in respect of each share of Common Stock and (ii) the amount of common stock the Series A Preferred Stock is convertible into under the designation.

As at October 31, 2019 and October 31, 2018, the Company had 4,600,000 shares of Series A Preferred Stock issued and outstanding.

Series B Preferred Stock

The Company has designated 8,000,000 shares of Series B Preferred Stock, with a face value of \$1.00 per share. The Series B Preferred Stock has no conversion rights or no voting rights. The shareholders of the Series B Preferred will be entitled to a payment of \$200 per pound that the Company harvests from its cultivation operations, which is divided by the outstanding shares of the Series B preferred shares.

As at October 31, 2019 and October 31, 2018, the Company had no shares of Series B Preferred Stock issued and outstanding.

Series C Preferred Stock

The Company has designated 500,000 shares of Series C Convertible Preferred Stock. The Series C Preferred Stock has no voting rights. The Series C Preferred Stock may convert into Common Stock at a rate equal to 10 shares of common stock for each share of Series C Preferred stock. Each Series C Preferred shareholder is entitled to vote, on par with the Common shareholders, one (1) vote for each share of Common Stock into which a Series C Preferred share may be converted. In the event that any cash dividend on the Common Stock is declared by the Board, the Board shall simultaneously declare a dividend for each share of Series C Preferred Stock in an amount equal to the product of (i) the per share dividend declared and to be paid in respect of each share of Common Stock and (ii) the amount of common stock the Series C Preferred Stock is convertible into under the designation.

On November 30, 2018, pursuant to a purchase agreement entered into by and between SIGO and Job Growing, Inc. ("Job Growing") the Company issued 333,000 shares of Series C Preferred Stock, valued at \$1,000,000, to Job Growing, in exchange for the rights to 50% of the net profits of Job Growing. In the event that Job Growing either:

(i) files a registration statement, with the Securities and Exchange Commission (the “SEC”), to become a reporting company under the Securities Exchange Act of 1934; or (ii) is acquired by an unrelated third party, then SIGO has the right to buy a fifty percent (50%) equity interest in Job Growing for the additional consideration of one and no/100 dollar (\$1.00). On August 15, 2019, the Company received a true up notice from Job Growing to issue 576,091 shares of Series C Preferred Stock to Job Growing valued at \$633,700, pursuant to the terms of the purchase agreement signed on November 30, 2018. On September 17, 2019 Job Growing notified the Company of its intent to terminate the agreement between Job Growing and the Company effective immediately. As such, this agreement has been voided and no longer enforceable.

On February 11, 2019, pursuant to a purchase agreement entered into by and between SIGO and Cicero Travel Group, Inc. (“Cicero Travel”) the Company issued 333,000 shares of Series C Preferred Stock, valued at \$1,000,000, to Cicero Travel, in exchange for the rights to receive 33% of the net profits of Cicero Travel, 19% of the issued and outstanding shares of the common stock of Cicero Travel and the right to purchase an additional 14% of the issued and outstanding shares of the common stock of Cicero Travel. On August 19, 2019, the Company received a true up notice from Cicero Travel to issue 486,672 shares of Series C Preferred Stock to Cicero Travel valued at \$593,740, pursuant to the terms of the purchase agreement signed on February 11, 2019. The Company believes the true up notice is without merit, that Cicero Travel has not met its obligations under the purchase agreement and SIGO intends to cancel the previously issued shares of Series C Preferred Stock and will not be issuing any additional shares of Series C Preferred Stock to Cicero Travel. The Company has voided and terminated the transaction due to Cicero’s failure to provide the required consideration.

As at October 31, 2019 and October 31, 2018, the Company had no shares of Series C Preferred Stock issued and outstanding.

Common Stock

As a result of an amendment to the Company’s Articles of Incorporation filed with the Colorado Secretary of State’s office on March 14, 2018, SIGO has authorized 27,000,000 shares of Common Stock with a par value of \$0.0001 per share. Each Common share entitles the holder to one vote, in person or proxy, on any matter on which action of the stockholders of the corporation is sought.

During the year ended October 31, 2018, the Company issued 500,000 shares of Common Stock for \$50,000 recorded as subscription received at October 31, 2017.

On February 20, 2018, the Company issued 15,000 shares of Common Stock valued at \$31,500 to Auctus Funds, LLC as partial repayment for the convertible note issued on February 1, 2018.

As at October 31, 2019 and October 31, 2018, the Company had 5,386,771 shares of Common Stock issued and outstanding.

Warrants

The Company identified conversion features embedded within warrants issued during the year ended October 31, 2019 and October 31, 2018. The Company has determined that the conversion feature of the Warrants represents an embedded derivative since the conversion price includes a reset provision which could cause adjustments upon conversion. The warrants granted during year ended October 31, 2019 and October 31, 2018 are exercisable 6,135,953 and 2,252,429 shares of common stock, respectively, for a period of five years from issuance at prices of \$1.90 per share. As a result of the reset features, the warrants increased by 11,098,281 and 1,414,238 for the year ended October 31, 2019 and October 31, 2018, respectively, and the total warrants are exercisable into 20,900,901 shares and 3,666,667 shares of common stock at a weighted average exercise price of \$1.90 per share as of October 31, 2019 and October 31, 2018, respectively. The reset feature of warrants was effective at the time that a separate convertible instrument with lower exercise price was issued. We accounted for the issuance of the Warrants as a derivative.

A summary of activity during the year ended October 31, 2019 and October 31, 2018 as follows:

	Number of Shares	Weighted- Average Exercise Price
Balances as of October 31, 2018	-	\$ -
Granted	2,252,429	1.90
Reset feature	1,414,238	1.90
Exercised	-	-
Forfeited	-	-
Balances as of October 31, 2019	3,666,667	\$ 1.90
Granted	6,135,953	1.90
Reset feature	11,098,281	1.90
Exercised	-	-
Forfeited	-	-
Balances as of October 31, 2020	20,900,901	\$ 1.90

The following table summarizes information relating to outstanding and exercisable warrants as of October 31, 2019:

Number of Shares	Weighted Average Remaining Contractual life (in years)	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
20,900,901	3.77	\$ 1.90	20,900,901	1.90

The fair value of each warrant on the date of grant is estimated using the Black-Scholes option valuation model. The following weighted-average assumptions were used for options granted during the period ended October 31, 2019 and October 31, 2018:

	Year ended October 31, 2019	Year ended October 31, 2018
Exercise price	\$1.90	\$1.90
Remaining contractual term	5 years	5 years
Expected average volatility	239% - 243%	259% - 293%
Expected dividend yield	-	-
Risk-free interest rate	1.66% - 2.48%	2.60% - 2.98%

Additional Paid in Capital

During the year ended October 31, 2018, the Company's officer contributed additional paid in capital in the amount of \$79,068.

NOTE 9 – LEASE

On March 1, 2017, the Company executed a lease for 12,000 square feet green house space and 1,000 square of warehouse space expiring March 31, 2020. The base lease amount is \$9,576 per month. On May 1, 2017, the Company executed a lease for 10,000 square feet of open land expiring June 30, 2020. The base lease amount is \$2,576 per month.

During year ended October 31, 2019, the lease was extended through December 31, 2021. The monthly lease amount was increased from \$9,576 to \$11,052 commencing from October 2020.

Any amounts expended by the Landlord for maintenance, repairs or improvements deemed to be our responsibility are added to our monthly lease amount as additional rent.

As of October 31, 2019, the Company owns right-of-use assets under operating lease for an office premise of \$261,538 and operating lease liabilities of \$261,538.

	October 31, 2019	
Operating lease ROU assets	\$	261,538
Current portion of operating lease liabilities		109,581
Noncurrent portion of operating lease liabilities		151,957
Total operating lease liabilities	\$	261,538

Information associated with the measurement of our remaining operating lease obligations as of October 31, 2019 is as follows:

Weight-average remaining lease term	2.17 years
Weighted-average discount rate	3.36%

Future minimum lease payments under operating leases that have initial non-cancelable lease terms in excess of one year at October 31, 2019 were as follows:

Balance - October 31, 2017	\$	-
Lease Liability additions		202,846
Lease payment		(28,728)
Interest expense on lease liabilities		1,548
Balance - October 31, 2018	\$	175,666
Lease Liability adjustment due to lease extension		188,816
Lease payment		(114,912)
Interest expense on lease liabilities		11,968
Balance - October 31, 2019	\$	261,538

Our lease has remaining lease term of 2.17 years.

During the year ended October 31, 2019 and 2018, we incurred total lease expenses of \$257,520 and \$182,644, respectively.

NOTE 10 – PROVISION FOR INCOME TAXES

The Company provides for income taxes under ASC 740, “*Income Taxes*.” Under the asset and liability method of ASC 740, deferred tax assets and liabilities are recorded based on the differences between the financial statement and tax basis of assets and liabilities and the tax rates in effect when these differences are expected to reverse. A valuation allowance is provided for certain deferred tax assets if it is more likely than not that the Company will not realize tax assets through future operations.

On December 22, 2017, the United States enacted the Tax Cuts and Jobs Act (the “Act”) resulting in significant modifications to existing law. The Company’s financial statements for the years ended October 31, 2019 and October 31, 2018, reflect certain effects of the Act which includes a reduction in the corporate tax rate from 34% to 21% as well as other changes.

The components of the Company’s deferred tax asset and reconciliation of income taxes computed at the statutory rate to the income tax amount recorded as of October 31, 2019 and 2018 are as follows:

October 31,

October 31,

	2019	2018
Net Operating loss carryforward	\$ 3,159,301	\$ 2,367,231
Effective tax rate	21%	21%
Deferred tax asset	663,453	497,119
Less: valuation allowance	(663,453)	(497,119)
Net deferred tax asset	\$ -	\$ -

As of October 31, 2019, the Company had \$3,159,301 in net operating losses (“NOLs”) that may be available to offset future taxable income, which begin to expire between 2031 and 2039. NOLs generated in tax years prior to October 31, 2018, can be carryforward for twenty years, whereas NOLs generated after October 31, 2018 can be carryforward indefinitely. In accordance with Section 382 of the U.S. Internal Revenue Code, the usage of the Company’s net operating loss carry forwards is subject to annual limitations following greater than 50% ownership changes. Tax returns for the years ended 2011 through 2019 are subject to review by the tax authorities.

NOTE 11 – COMMITMENTS AND CONTINGENCIES

On January 15, 2019, BMG was fined approximately \$35,000 for not having Worker’s Compensation insurance for the months of January 2018 - April 2018. The Company believes this is a fine owed by BMG and is not a liability due to the Company, as we transferred ownership of BMG during December 2017, to T.J. Magallanes, the Company’s former CEO (see Note 1). VBF Brands, the Company’s operating entity, has worker’s compensation and was not subject to the fine. The Company ceased operating BMG in December 2017.

NOTE 12 – RISKS AND UNCERTAINTIES

In early 2020, the World Health Organization declared the rapidly spreading coronavirus disease (COVID-19) outbreak a pandemic. This pandemic has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. The Company considered the impact of COVID-19 on the assumptions and estimates used and determined that there were no retroactive material adverse impacts on the Company’s results of operations and financial position at October 31, 2019. The full extent of the future impacts of COVID-19 on the Company’s operations is uncertain. A prolonged outbreak could have a material adverse impact on financial results and business operations of the Company in the future. The Company is *not* aware of any specific event or circumstance that would require an update to its estimates or judgments or a revision of the carrying value of its assets or liabilities as of the date of issuance of this Annual Report on Form 10-K. These estimates *may* change, as new events occur and additional information is obtained.

NOTE 13 – SUBSEQUENT EVENTS

Subsequent to October 31, 2019 and through the date that these financials were issued, the Company received net proceeds of \$77,000 from St. George investments in regard to the purchase agreement and convertible note of \$4,245,000 executed on February 13, 2018.

On January 23, 2020, the Company issued 537,869 shares of common stock for the repayment of principal of \$21,000 of St. George investments convertible notes.

On February 20, 2020, the Company issued a loan agreement to an unaffiliated party for proceed of \$150,000. The loan has a four-month term and bears interest at 30%. The loan was fully repaid on October 6, 2020.