Disclosure Statement Pursuant to the Pink Basic Disclosure Guidelines

FAMILY ROOM ENTERTAINMENT CORPORATION

22600-C Lambert Street
Suite 902
Lake Forest, CA 92630
949-689-061

Website: https://fmlyroom.com/
Email: markcheung@fmlyroom.com

SIC Code: 5251

Annual Report
For the Year Ending: June 30, 2021
(the "Reporting Period")

As of June 30, 2021, the number of shares outstanding of our Stock was:

Common: 71,962,493 Preferred: 1,621,625

As of March 31, 2021 (current period), the number of shares outstanding of our Stock was:

Common: 71,962,493 Preferred: 1,621,625

As of June 30, 2020 (prior Fiscal year-end), the number of shares outstanding of our Stock was:

Common: 71,962,493 Preferred: 1,621,625

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

Yes: ☐ No: ☒

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

Yes: ☐ No: ☒

Indicate by check mark whether a Change in Control[1] of the company has occurred over this reporting period:

Yes: ☐ No: ☒

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

(i) Any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becoming the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company's then outstanding voting securities;

(ii) The consummation of the sale or disposition by the Company of all or substantially all of the Company's assets;

(iii) A change in the composition of the Board occurring within a two (2)-year period, as a result of which fewer than a majority of the directors are directors immediately prior to such change; or

(iv) The consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation.

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

In answering this item, please also provide any names used by predecessor entities and the dates of the name changes.

Family Room Entertainment Corporation: since 5-22-2000

Cobb Resources Corporation: Since 5-15-1969

Date and state (or jurisdiction) of incorporation (also describe any changes to incorporation since inception, if applicable) Please also include the issuer's current standing in its state of incorporation (e.g. active, default, inactive):

New Mexico Corporation originally organized and incorporated: 5-15-1969
Current standing: Active

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

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:

Acquired **Safestarr Inc.** in October 2018, a California corporation.

Address of the issuer's principal executive office and place of business:
Check box if principal executive office and place of business are the same location: ☒

22600-C Lambert Street
Suite 902
Lake Forest, CA 92630

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

Yes: ☐ No: ☒

2) Security Information

Trading symbol:	FMYR	
Exact title and class of securities outstanding:	Common	
CUSIP:	30705R 20 4	
Par or stated value:	$0.001	
Total shares authorized:	2,000,000,000	as of date: June 30, 2021
Total shares outstanding:	71,962,493	as of date: June 30, 2021
Number of shares in the Public Float[2]:	6,679,671	as of date: June 30, 2021
Total number of shareholders of record:	1,017	as of date: June 30, 2021

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

Trading symbol:	n/a	
Exact title and class of securities outstanding:	Preferred	
CUSIP:	n/a	
Par or stated value:	$0.001	
Total shares authorized:	5,000,000	as of date: June 30, 2021
Total shares outstanding:	1,621,625	as of date: June 30, 2021

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

None

Transfer Agent

Name: Signature Stock Transfer, Inc.
14673 Midway Road, Suite 220, Addison, Texas 75001
Tel: 972-612-4120
Email: signaturestocktransfer@msn.com

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: ☐

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

Shares outstanding as of Second Most Recent Fiscal Year end	Opening Balance:								
6/30/2018	Common: 43,072,234								
	Preferred: 3,535,581								
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**	**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 (if applicable)**	**Restricted or Unrestricted as of this filing?**	**Exemption or Registration Type?**
Common Stock									
7/1/2018	New issuance	2,072,650	Common	0.0200	no	Charlie Abujudeh	Debt conversion	Restricted	Exempt
8/31/2018	Cancellation	(10,000,000)	Common	0.0200	no	James Haas - Cancellation	Consulting fees	Restricted	Exempt
8/31/2018	Cancellation	(10,000,000)	Common	0.0200	no	Owen Naccarato - Cancellation	Consulting fees	Restricted	Exempt
8/31/2018	Cancellation	(5,000,000)	Common	0.0200	no	Maqsood Rehman - Cancellation	Consulting fees	Restricted	Exempt
8/31/2018	Cancellation	(1,500,000)	Common	0.0200	no	Justin Wall - Cancellation	Consulting fees	Restricted	Exempt
8/31/2018	Cancellation	(291,667)	Common	0.0200	no	Qin Media Limited - Justin Wall	Consulting fees	Restricted	Exempt
9/4/2018	New issuance	30,000,000	Common	0.0200	no	Mark Cheung	Consulting fees	Restricted	Exempt
9/14/2018	New issuance	159,295	Common	0.0100	no	Longview Fund L.P. - Michael Rudolph	Convert Preferred Shares	Restricted	Exempt
11/1/2018	New issuance	25,000,000	Common	0.0200	no	Jason DeSalvatore	Acquisition - Safestarr	Restricted	Exempt
12/12/2018	Cancellation	(6,000,000)	Common	0.0620	no	Greengro Technologies, Inc. - James Haas	Cancel Weed Wall acquisition	Restricted	Exempt
Balance 6/30/2019		67,512,512							
7/8/2019	Debt Conversion	2,600,581	Common	0.0200	no	Intermarket Associates, LLC - Charlie Abujudeh	Convertible Debt Coversion	Restricted	Exempt
7/8/2019	Debt Conversion	1,849,400	Common	0.0200	no	Intermarket Associates, LLC - Charlie Abujudeh	Convertible Debt Coversion	Restricted	Exempt
Balance 9/30/2020		71,962,493							
	New Issuance	0							
Balance 6-30-2021		71,962,493							
Preferred Stock									
6/5/2018	Conversion	(366,081)	Preferred	no market	no	Greg Terkovich	Debt	n/a	Exempt
9/14/2018	Conversion	(1,647,875)	Preferred	no market	no	Longview Fund L.P - Michael. Rudolph	Debt	n/a	Exempt
	Series A	1,521,625							
10/1/2018	New issuance	50,000	Preferred	no market	no	Mark Cheung	Acquistion	n/a	Exempt
10/1/2018	New issuance	50,000	Preferred	no market	no	Jason Salvatore	Acquistion	n/a	Exempt
	Series B	100,000							
Balance 9/30/2020		1,621,625							
	New issuance	0							
Balance 6/30/2021		1,621,625							
Share Outstanding on Date of this Report									
		Ending Balance							
Ending Balance									
Date:	June 30, 2021	common:	71,962,493						
		Preferred:	1,621,625						

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	Reason for Issuance (e.g. Loan, Services, etc.)	Interest Rate
Convertible Notes								
7/12/2017	$ 51,261	$ 37,582	$ 13,679	7/12/2018	par value	Charlie Abujudeh	Assignment	4%
5/2/2017	$ 1,866	1,547.00	$ 319	5/2/2018	oar value	Charlie Abujudeh	Assignment	4%
3/16/2018	$ 36,486	31,142.00	$ 5,344	3/16/2019	par value	Abraham Abu	Assignment	4%
7/6/2015	$ 11,525	9,008.00	$ 2,517	7/5/2016	par value	Abraham Abu	Assignment	4%
6/25/2011	$ 254,124	118,482.00	$ 135,642	6/24/2012	$30.00 per share	Charlie Abujudeh	Assignment	6%
	355,263.85	197,761.00						
Notes Payable								
			-					
9/5/2018	245,266.00	245,266.00	-	on demand		Charlie Abujudeh	Loan	0%
9/5/2018	28,830.00	28,830.00	-	on demand		Owen Naccarato	Loan	0%
		274,096.00						
Total June 30, 2021		$ 471,857	$ 157,503					

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: **Michael Berg**
Title: n/a
Relationship to Issuer: Consultant

Financial Statements are incorporated by this reference.

[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.

5) Issuer's Business, Products and Services

Family Room Entertainment Corp. ("FMYR" or the "Company"), since 2000, was engaged in various aspects of Media Entertainment.

<u>Acquisition – Safestarr Inc.</u>:

On November 5, 2018, the FMYR executed a final Stock Exchange and Acquisition Agreement to acquire 100% of Safestarr Inc., a California corporation, which is a private company doing business under the trade name of "Sweet Leaf Garden Center".

The Agreement called for Twenty-Five Million (25,000,000) restricted shares of the common stock of FMYR valued at $0.02 per share such that Company shall become a subsidiary of FMYR. In addition, the Seller will receive 50,000 Series "B" preferred shares (100,000 shares of Series "B" are authorized) having equally shared voting control rights of the FMYR.

Safestarr, Inc. (DBA: Sweet Leaf Garden Center) is a California based corporation with a brick and mortar foundation located south of Sacramento, CA. Sweet Leaf Garden Center was founded in 2011 as Sweet Leaf Hydroponics, by CEO Jason DeSalvatore; as a grass roots location where cannabis cultivators and extractors could find specialized equipment and supplies. Jason DeSalvatore is a California licensed cannabis cultivator himself, with 20 years of cultivation experience.

Safestarr, Inc. supplies Cannabis and Hemp operators of scale volume products, reliable consult, and best pricing for goods. Cannabis cultivators, THC/CBD Extractors, and organic farmers are the focal point of our market base.

Sweet Leaf Garden Centers provide products and services specifically conducive to legal cannabis operators:

- Greenhouses and Automation
- Irrigation
- THC and CBD Extractors and Equipment
- Bulk Organic and Custom Blend Topsoil
- Bulk Fertilizers
- Water Filtration Equipment/Reverse Osmosis
- Pesticides
- Safety Equipment
- Farm Management Services

In addition to a 3 acre brick and mortar in Lodi, CA, Sweet Leaf Garden Center has a web based retail marketplace on our website (http://www.slhydro.com/). Sweet Leaf Garden Center also maintains an active social media presence on Facebook (https://www.facebook.com/SweetLeafHydro/) and Instagram (@sweet_leaf_hydro).

6) Issuer's Facilities

The Company rents space for its corporate office at 22600-C Lambert Street, Suite 902, Lake Forest, CA 92630.

In 2015, the founder of Safestarr, Inc. formed DeSalvatore Enterprises, LLC and purchased 3 acres of industrial land adjacent to CA Hwy 99 exit in Lodi, CA (20 minutes south of Sacramento, CA). DeSalvatore Enterprises improved the real estate with a 5000 square foot indoor retail space, and had the land rezoned for retail. This facility has California highway visibility in a rapidly expanding area of Northern California. This gives Safestarr, Inc. more than enough space to immediately expand facilities to meet the current market demands. The facility is secured for the next 10 years and is owned by the CEO of Safestarr, Inc. The Lease is currently month to month at $10K/mo. Starting June 1, 2020 a lease calls for $10k/mo for 5 years starting June 1, 2020 with an option to extend to 10 years.

7) 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 regarding any person or entity owning 5% of more of the issuer, as well as any officer, and any director of the company, regardless of the number of shares they own. If any 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 of an individual representing the corporation or entity in the note section.

Name of Officer/Director and 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
Mark Cheung	CEO of Parent Corporation	Laguna Hills, CA	30,000,000 50,000	Common Preferred Series “B”	44.4% 50.0%	
Jason DeSalvatore	CEO of Safestarr, Inc.	Galt, CA	25,000,000 50,000	Common Preferred Series “B”	37.0% 50.0%	
Sam Joudeh	Unrelated	Fountain Valley, CA	10,000,000	Common	14.8%	

8) Legal/Disciplinary History

A. Please identify whether any of the persons 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.

No pending legal proceedings.

9) Third Party Providers

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

Counsel

Name: Mark Cheung
Firm: Law Office of Mark H. Cheung
Address 1: 22600-C Lambert Street, Suite 902, Lake Forest, CA 92630

Accountant or Auditor

Michael Berg, CPA.
1700 River Park Blvd.
Napa, CA 94559

Investor Relations Consultant

None

Other Service Providers

None

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).

The certifications shall follow the format below:

I, Mark Cheung certify that:

1. I have reviewed this Annual report of Family Room Entertainment Corp.;

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.

Insert signature

/s/ Mark Cheung

Chief Executive Officer

October 13, 2021

Principal Financial Officer:

I, Mark Cheung certify that:

1. I have reviewed this Annual report of Family Room Entertainment Corp.;

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.

Insert signature

/s/ Mark Cheung

Chief Financial Officer

October 13, 2021

June 30, 2021

Annual Report

FMYR

Family Room Entertainment Corp.

See accompanying notes to the consolidated financial statements.

Family Room Entertainment Corporation

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Family Room Entertainment Corporation
CONSOLIDATED BALANCE SHEETS
(Unaudited)

	June 30, 2021	June 30, 2020
ASSETS:		
Current Assets:		
Cash	$ 49,883	$ 195,817
Accounts Receivable	103,239	-
Inventory	538,853	520,331
Current Portion of Right to Use Real Estate	111,591	
Total Current Assets	803,566	716,148
Fixed Assets:		
Property, Plant, & Equipment, net	25,888	31,499
Right to Use Real Estate	107,298	
Prepaid Rent	20,000	
Goodwill	4,997,766	4,997,766
Total Assets	$ 5,954,518	$ 5,745,413
LIABILITIES:		
Current Liabilities		
Accounts Payable and Accrued Expenses	171,298	$ 120,620
Due Related Parties	60,856	-
Deferred Revenue	100,000	
Short Term Portion of Lease Liability	111,591	
Sales Tax Payable	132,023	49,658
Line of Credit	68,685	124,575
Bank Loan	155,776	149,900
Convertible Notes Payable	197,761	197,761
Other Notes Payable	274,096	274,096
Interest Payable	157,503	149,028
Total Current Liabilities	1,429,589	1,065,638
Lease Liability	107,298	-
Total Liabilities	$ 1,536,887	$ 1,065,638
STOCKHOLDERS' EQUITY:		
Preferred Stock $.01 par value 5,100,000 authorised, 1,621,635 shares outstanding, respectively	16,217	16,217
Common Stock $.001 par value; 2,000,000,000 shares authorized, 71,962,493 outstanding, respectively	71,962	71,962
Additional Paid In Capital	30,517,922	30,517,922
Accumulated Deficit	(26,188,470)	(25,926,326)
Total Stockholders' Equity	4,417,631	4,679,775
Total Liabilities and Equity	$ 5,954,518	$ 5,745,413

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

Family Room Entertainment Corporation
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	For the Year Ended June 30, 2021	For the Year Ended June 30, 2020
Revenues	$ 2,473,256	$ 1,946,265
Cost of Revenues	1,958,797	1,305,158
Gross Margin	514,459	641,107
Operating Expenses:		
Amortization & Depreciation	13,144	65,403
Bad Debt Expense		
Consulting		-
Officer Compensation		-
General and Administrative	714,992	483,316
Professional Fees	23,759	9,509
Total Operating Expenses	751,895	558,228
Loss from Operations	(237,436)	82,879
Other Income (Expenses):		
Interest expense	(24,708)	(15,671)
Gain on Sale of Assets		
Other income (expense)	\	(524)
Total Other Income (Expenses)	(24,708)	(16,195)
Net Income Before Taxes	(262,144)	66,684
Provision for Income Taxes		(1,604)
Net Income (Loss)	$ (262,144)	$ 65,080
Net loss per share- Basic and Diluted	$ 0.00	$ 0.00
Weighted average numbers of shares outstanding- Basic and Diluted	71,962,493	236,130,604

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

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)
(Unaudited)

	Preferred Stock		Common Stock		Additional Paid-in	Accumulated	Total Stockholders'
	Shares	Amount	Shares	Amount	Capital	Deficit	Equity (Deficit)
June 30, 2020	1,621,625	$ 16,217	71,962,493	$ 71,962	$ 30,517,922	$ (25,926,326)	$ 4,524,695
Net Income (Loss)						(262,144)	(262,144)
June 30, 2021	1,621,625	16,217	71,962,493	71,962	30,517,922	(26,188,470)	4,417,631

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

Family Room Entertainment Corporation
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

		For the Year Ended June 30, 2021		2020
Cash flows from operating activities:				
Net gain (loss)	$	(262,144)		65,080
Non-cash items:				
Depreciation		13,144		65,403
Changes in operating assets and liabilities				
Accounts receivable		(103,237)		-
Inventory		(18,522)		(101,831)
Prepaid Rent		(20,000)		-
Accounts payable		50,678		(17,214)
Due related parties		60,856		
Deferred revenue		100,000		
Sales Tax Payable		82,365		(22,626)
Interest Payable		14,169		15,671
Net cash provided/(used) by operating activities		(82,691)		4,483
Cash flows from investing activities:				
Acquisition of fixed assets		(7,263)		(9,045)
Net cash provided (used) by investing activities		(7,263)		(9,045)
Cash flows from financing activities:				
Shares issued for Consulting Agreements				
Payments on Line of Credit		(55,980)		(46,907)
SBA Loan		-		149,900
Net cash provided by financing activities		(55,980)		102,993
Net Change in Cash	$	(145,934)	$	98,431
Cash, beginning of period	$	195,817	$	97,386
Cash, end of period	$	49,883	$	195,817
SUPPLEMENTARY DISCLOSURE OF CASH FLOW INFORMATION:				
Cash paid for interest	$	-	$	-
Cash paid for taxes	$	-	$	1,604
NON CASH INVESTING & FINANCING ACTIVITIES:				
Issuance of Stock for Convertible Notes and Accrued Interest	$	-		90,000
Current Portion of Right to Use Real Estate	$	110,206		-
Right to Use Real Estate	$	135,721		-
Short Term Portion of Lease Liability	$	110,206		-
Lease Liability	$	135,721		-

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

Family Room Entertainment Corp.
Notes to Financial Statements
For the Quarter Ending June 30, 2021

Prepared by Management

Note 1. Nature of Operations and Business Activity

Business Activity

On September 28, 2018, the Company entered into a binding LOI to acquire Safestarr Inc., a California corporation, which is a private company doing business under the trade name of "Sweet Leaf Hydroponics" ("Safestarr"). It markets and sells extraction products, topsoil, and other various "picks and shovels" equipment necessary for cannabis cultivation operations. Safestarr has an active social media presence at its own website (http://www.slhydro.com/) and on Facebook (https://www.facebook.com/SweetLeafHydro/). This acquisition was completed October 1, 2018.

Note 2. Summary of Significant Accounting Principals

Basis of Presentation

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

Unaudited Financial Information

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in The United States of America and the rules and regulations of the Securities and Exchange Commission for interim financial information. Accordingly, they do not include all the information necessary for a comprehensive presentation of financial position and results of operations.

It is management's opinion, however, that all material adjustments (consisting of normal and recurring adjustments) have been made which are necessary for a fair financial statements presentation

Principles of Consolidation

The accompanying consolidated financial statements include all of the accounts of the Company including its wholly owned subsidiary Safestarr, Inc. All intercompany balances and transactions have been eliminated.

Use of Estimates and Assumptions

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 the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates. Such estimates include management's assessments of the carrying value of certain assets, useful lives of assets, and related depreciation and amortization methods applied.

Cash and Cash Equivalents

For the purpose of the statements of cash flows, all highly liquid investments with an original maturity of six months or less are considered to be cash equivalents. The carrying value of these investments approximates fair value.

Accounts Receivable

Accounts receivable related to the products and services sold are recorded at the time revenue is recognized, and are presented on the balance sheet net of allowance for doubtful accounts. The ultimate collection of the receivable may not be known for several months after services have been provided and billed.

The Company has established an allowance for doubtful accounts based upon factors pertaining to the credit risk of specific customers, analyses of current and historical cash collections, and the aging of receivables. Delinquent accounts are written-off when the likelihood for collection is remote and/or when the Company believes collection efforts have been fully exhausted and the Company does not intend to devote any additional efforts in an attempt to collect the receivable. The Company reviews the allowance for doubtful accounts balance on a quarterly basis.

Inventory

The Company's inventory consists of equipment used in the production of cannabis valued under the FIFO method, stated and the lower of cost or market value.

Property Plant, & Equipment

Property, plant, and equipment are recorded at cost. Major renewals and improvements are capitalized, while maintenance and repairs are expensed when incurred. Expenditures for major additions and betterments are capitalized in amounts greater or equal to $500. Depreciation of equipment is computed by the straight-line method (after taking into account their respective estimated residual values) over the assets estimated useful life of three (3), five (5), or seven (7) years. Upon sale or retirement of equipment, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is reflected in statements of operations.

Income Taxes

The Company follows Section 740-10-30 of the FASB Accounting Standards Codification, which requires recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax assets and liabilities are based on the differences between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the fiscal year in which the temporary differences are expected to be recovered or settled. Deferred tax assets are reduced by a valuation allowance to the extent management concludes it is more likely than not that the assets will not be realized. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

The Company adopted section 740-10-25 of the FASB Accounting Standards Codification ("Section 740-10-25") with regards to uncertainty in income taxes. Section 740-10-25 addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under Section 740-10-25, the Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position should be measured based on the largest benefit that has a greater than fifty percent (50%) likelihood of being realized upon ultimate settlement. Section 740-10-25 also provides guidance on de-recognition, classification, interest and penalties on income taxes, accounting in interim periods and requires increased disclosures. The Company had no material adjustments to its assets and/or liabilities for unrecognized income tax benefits according to the provisions of Section 740-10-25.

<u>Earnings (loss) Per Share</u>

The Company computes basic and diluted earnings per share amounts pursuant to section 260-10-45 of the FASB Accounting Standards Codification. Basic earnings per share is computed by dividing net income (loss) available to common shareholders, by the weighted average number of shares of common stock outstanding during the period, excluding the effects of any potentially dilutive securities. Diluted earnings per share is computed by dividing net income (loss) available to common shareholders by the diluted weighted average number of shares of common stock during the period. The diluted weighted average number of common shares outstanding is the basic weighted number of shares adjusted as of the first day of the year for any potentially diluted debt or equity. Convertible Debt with an exercise price of $.001 (par value) is convertible into 164,267,000 common shares which has not been included in the calculation of earnings per share for the year ended June 30, 2021 because it is anti-dilutive. These convertible shares have been included in the calculation of earnings per share for the year ended June 30, 2020.

<u>Fair Value of Financial Instruments</u>

The Company adopted the provisions of FASB ASC 820 (the "Fair Value Topic") which defines fair value, establishes a framework for measuring fair value under GAAP, and expands disclosures about fair value measurements.

The Fair Value Topic 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. It requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. It also establishes a fair value hierarchy, which prioritizes the valuation inputs into three broad levels.

The following fair value hierarchy is used to classify assets and liabilities based on the observable inputs and unobservable inputs used in order to value the assets and liabilities:

A) Market approach—Uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. Prices may be indicated by pricing guides, sale transactions, market trades, or other sources;

B) Cost approach—Based on the amount that currently would be required to replace the service capacity of an asset (replacement cost); and

C) Income approach—Uses valuation techniques to convert future amounts to a single present amount based on current market expectations about the future amounts (includes present value techniques, and option-pricing models). Net present value is an income approach where a stream of expected cash flows is discounted at an appropriate market interest rate.

Level 1: Quoted market prices available in active markets for identical assets or liabilities as of the reporting date. An active market for an asset or liability is a market in which transactions for the asset or liability occur with significant frequency and volume to provide pricing information on an ongoing basis.

Level 2: Observable inputs other than Level 1 inputs. Example of Level 2 inputs include quoted prices in active markets for similar assets or liabilities and quoted prices for identical assets or liabilities in markets that are not active.

Level 3: Unobservable inputs based on the Company's assessment of the assumptions that are market participants would use in pricing the asset or liability.

The carrying amount of the Company's financial assets and liabilities, such as cash, prepaid expenses, accounts payable, accrued expenses, and deferred revenue approximate their fair value because of the short maturity of those instruments. The Company's notes payable approximates the fair value of such instruments based upon management's best estimate of interest rates that would be available to the Company for similar financial arrangements at June 30, 2021.

Impairment of Intangible Assets

The Company follows paragraph 360-10-05-4 of the FASB Accounting Standards Codification for its long-lived assets. The Company's long-lived assets, such as intellectual property are required to be reviewed for impairment annually, or whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable.

The Company assesses the recoverability of its long-lived assets by comparing the projected undiscounted net cash flows associated with the related long-lived asset or group of long-lived assets over their remaining estimated useful lives against their respective carrying amounts. Impairment, if any, is based on the excess of the carrying amount over the fair value of those assets. Fair value is generally determined using the asset's expected future discounted cash flows or market value, if readily determinable. If long-lived assets are determined to be recoverable, but the newly determined remaining estimated useful lives are shorter than originally estimated, the net book values of the long-lived assets are depreciated over the newly determined remaining estimated useful lives.

The Company determined that there were no impairments of long-lived assets as of June 30, 2021.

Commitments & Contingencies

The Company follows subtopic 450-20 of the FASB Accounting Standards Codification to report accounting for contingencies. Liabilities for loss contingencies arising from claims, assessments, litigation, fines and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount of the assessment can be reasonably estimated.

Revenue Recognition

The Company follows paragraph 605-10-S99-1 of the FASB Accounting Standards Codification for revenue recognition. The Company will recognize revenue when it is realized or realizable and earned. The Company considers revenue realized or realizable and earned when all of the following criteria are met: (i) persuasive evidence of an arrangement exists, (ii) the product has been shipped or the services have been rendered to the customer, (iii) the sales price is fixed or determinable, and (iv) collectability is reasonably assured. In addition, the Company records allowances for accounts receivable that are estimated to not be collected.

Revenues sales contracts are recognized over the length of the contract term based upon percentage of completion. The difference between the gross cash receipts collected and the recognized revenue from those sales during the respective reporting period will appear as deferred revenue.

Subsequent Events

The Company follows the guidance in Section 855-10-50 of the FASB Accounting Standards Codification for the disclosure of subsequent events. The Company will evaluate subsequent events through the date when the financial statements were issued.

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which supersedes ASC 840, Leases. This ASU is based on the principle that entities should recognize assets and liabilities arising from leases. The ASU does not significantly change the lessees' recognition, measurement and presentation of expenses and cash flows from the previous accounting standard. Leases are classified as finance or operating. The ASU's primary change is the requirement for entities to recognize a lease liability for payments and a right of use asset representing the right to use the leased asset during the term on operating lease arrangements. Lessees are permitted to make an accounting policy election to not recognize the asset and liability for leases with a term of twelve months or less. Lessors' accounting under the ASC is largely unchanged from the previous accounting standard. In addition, the ASU expands the disclosure requirements of lease arrangements. Lessees and lessors will use a modified retrospective transition approach, which includes a number of practical expedients. The effective date will be the first quarter of fiscal year 2019 with early adoption permitted. Management is currently assessing the impact of the new standard including the optional exemptions available. The recognition of all leases on the balance sheet is expected to increase the assets and liabilities on the Consolidated Balance Sheets upon adoption. The increase primarily relates to property leases currently accounted for as operating leases. The Company adopted the standard in its first fiscal quarter of 2020. .

Company management does not believe that any other recently issued, but not yet effective accounting pronouncements, if adopted, would have a material effect on the accompanying financial statements.

Note 3. Going Concern

As reflected in the accompanying financial statements, the Company had an accumulated deficit of over $26,000,000 at June 30, 2021 and a loss of $262,144 for the period then ended. The Company also used $82,691 in operations for the same period.

While the Company is attempting to improve operations, and increase revenues, the Company's cash position may not be significant enough to support the Company's daily operations over the next year. Management intends to increase revenues and raise additional funds by way of a public or private offering. Management believes that the actions presently being taken to further implement its business plan and increase revenues provide the opportunity for the Company to continue as a going concern. While the Company believes in the viability of its strategy to generate revenues and in its ability to raise additional funds, there can be no assurances to that effect. The ability of the Company to continue as a going concern is dependent upon the Company's ability to further implement its business plan.

The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

Note 4. Inventory and Cost of Goods Sold

Inventory balances were $553,940 for the period ended June 30, 2021. There is currently no reserve in inventory.

Note 5. Property, Plant and Equipment

The Company currently has $134,811in equipment and machinery with $106,032 in accumulated depreciation as of June 30, 2021. For the year ended June 30, 2021, the company recorded $13,144 in depreciation expense.

Note 6. Goodwill

On October 1, 2018, the Company acquired Safestarr, Inc. ("Safe"). Safe sells extraction products, topsoil, and other various "picks and shovels" equipment necessary for cannabis cultivation operations. Safe was acquired for 25,000,000 shares of common stock and 100,000 shares of preferred stock with a value of $5,000,000. Following are the assets and liabilities acquired:

Cash	$	12,561
Inventory		265,000
Property, Plant And Equipment		115,135
Goodwill		4,997,766
Accounts Payable		(133,039)
Sales Tax Payable		(53,032)
Line of Credit		(204,133)
Note		(258)
	$	5,000,000

The Company reviews Goodwill annually for impairment. No impairment losses have been recorded since Safestarr, Inc. was acquired.

Note 7. Related Parties

An officer of the company has made loans to the company for payment of various corporate expenses. These loans are due on demand and are interest free. As of June 30, 2021, the balance due this related party was $60,856.

Note 8. SBA Loan

Safestarr entered into a note agreement for $150,000 with the Small Business Administration. The loan is payable in installments of $731 per month for 30 years commencing June, 2021. The interest rate of the loan is 3,75%. The company has accrued $5,776 in interest on this loan as of June 30, 2021.

Minimum payments are noted as follows:

Fiscal Year	Minimum Payments	
2020	$	8,772
2021	$	8,772
2022	$	8,772
2023	$	8,772
2024 and thereafter	$	228,072

Interest paid over the life of the loan is $120,960.

Note 9. Line of Credit

Safestarr entered into a line of credit for $200.000 on September 3, 2016 that became a term loan October 3, 2016. The loan is payable in installments of $4,775 monthly with interest at 6.25%. and has a balance of $68,685 as of June 30, 2021. Minimum payments under this loan are $57,300 for 2021 and $42,975 in 2022 with interest of $4,419 and $1,093, respectively.

10. Right to Use Real Estate.

Safestarr leased retail space commencing October, 2020 through May, 2023. The base rent is $10,000 per month and the Company recorded both the right to use this real estate and the related lease liability using a discount rate of 5% per year. The Company recorded an asset and related liability of $299,002 upon commencement in October 2020. The balance of the commitment is $218,889 as of June 30, 2021 of which $107,298 is a long-term liability.

Note 11. Common Stock and Preferred Stock

For the period ended June 30, 2021 the company had 71,962,493 common shares outstanding. The Common has 2,000,000,000 shares authorized at a par value of $.001.

There were no stock transactions for the years ended June 30, 2021 and 2020.

For the period ended June 30, 2021 the company had 1,621,625 preferred shares outstanding. Class A preferred has 1,521,625 shares outstanding has no voting rights, Class B preferred has 100,000 outstanding shares with voting rights. Class A preferred has 5,000,000 shares authorized at a par value of $.01 and Class B preferred has 100,000 shares authorized with a par value of $.01. The Company issued 100,000 shares of Class B preferred. Also, 1,647,875 shares of Class A preferred shares were converted to 159,295 shares of common stock.

During the year ended June 30, 2020, the Company issued 4,449,981 shares of common stock in exchange for $84,988 of convertible notes and $5,012 in related interest.

Note 12. Notes Payable and Convertible Notes Payable

Notes Payable and Convertible Notes payable balances were $197,761 and $274,096 for the period ended June 30, 2021. The Company reclassed certain amounts between Notes Payable and Convertible Notes Payable with no effect on the total of both categories. All notes are in default and have a term of one year, bear interest at 4-6% per annum, Convertible notes in the amount of $164,267 are convertible into the Company's common stock at par value. As of June 30, 2021, the Company had accrued $157,503 in accrued interest on Convertible Notes Payable.

The Company converted $84,988 in Convertible Notes and $5,012 in related interest into 4,449,981 shares of common stock at $.02 per share during the year ended June 30, 2020.

Note 13. Income Taxes

The Company accounts for its income taxes in accordance with FASB Codification Topic ASC 740-10, "*Income Taxes*", which requires recognition of deferred tax assets and liabilities for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and tax credit carry-forwards. 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. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Deferred taxes arise from temporary differences in the recognition of certain expenses for tax and financial reporting purposes. As of June 30, 2021, the company had significant timing differences for tax reporting purposes for the non-cash recognition of liabilities due for committed shares in excess of authorized shares, shares issued for services, and shares issued for compensation. The expenses related to these liabilities are treated as permanent differences between financial and tax reporting.