

**INTEGRITY HEALTH CORPORATION**  
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Integrity Health Corporation  
Condensed Consolidated Balance Sheets  
(UNAUDITED)

	June 30, 2022	December 31, 2021
<b>Assets:</b>		
Cash	\$ -	\$ 4,313
Accounts receivable	\$ 24,124	\$ 24,124
Total current assets	24,124	28,437
<b>Other Assets:</b>		
Inventory	53,831	53,831
Investment	0	0
Property and equipment, net	346,800	391,242
Leasehold improvements, net	-	-
Product development	9,920	9,920
Deposits	4,360	4,360
Goodwill	134,242	134,242
Intangible assets, net	215,729	223,063
Total Assets	\$ 789,006	\$ 845,095
<b>Liabilities:</b>		
Accounts payable and accrued expenses	\$ 1,147,683	\$ 1,142,572
Loans payable	119,533	85,025
Convertible notes, including premium	7,818,587	6,667,880
Amounts due for acquisition	318,403	318,403
Shareholder loans	374,155	374,381
Demand notes	4,053,380	4,053,380
Total current liabilities	13,831,740	12,641,641
Total long-term liabilities	-	-
Total liabilities	13,831,740	12,641,641
<b>Stockholders' equity (deficit):</b>		
Preferred Stock Class B - \$0.00001 par value; 30,000,000 shares authorized; no shares issued or outstanding at June 30, 2022 and December 31, 2021	-	-
Preferred Stock Class A - \$0.00001 par value; 4 shares authorized; 1 share issued and outstanding at June 30, 2022 and December 31, 2021	-	-
Common Stock - \$0.00001 par value; shares authorized on June 30, 2022 and December 31, 2021 were both 70,000,000,000; 37,024,675,594 issued and outstanding at June 30, 2022 and December 31, 2021	44,115	44,115
Additional paid-in capital	739,500	739,500
Accumulated deficit	(13,826,349)	(12,580,160)
Total stockholders' equity (deficit)	(13,042,734)	(11,796,545)
Total liabilities and stockholders' equity (deficit)	\$ 789,006	\$ 845,095

*These condensed consolidated financial statements have not been subjected to an audit or review or compilation engagement, and no assurance is provided on them*

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

Integrity Health Corporation  
Condensed Consolidated Statements of Operations  
(UNAUDITED)

	For the six months ended June 30,	
	2022	2021
Sales	\$ 12,090	\$ 1,000
Cost and expenses:		
Operating	812	-
Selling, general and administrative expenses	106,759	266,619
Total cost and expenses	107,572	266,619
Other income/(expense):		
Write down of asset	-	-
Interest	(1,150,707)	(1,512,851)
Total other income/(expense)	(1,150,707)	(1,512,851)
Net loss	\$ (1,246,188)	\$ (1,778,470)
Loss per share:		
Basic and diluted	\$ (0.0000)	\$ (0.0001)
Weighted average shares outstanding	37,024,675,594	14,262,971,528

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Integrity Health Corporation  
Condensed Consolidated Statement of Changes in Stockholders' Equity (Deficit)  
For the quarter ended March 31, 2022  
(UNAUDITED)

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity/(Deficit)
	Shares	Amount			
Balance - December 31, 2021	37,024,675,594	\$ 44,115	\$ 739,500	\$ (12,580,160)	\$ (11,796,545)
Net loss		\$ -	-	(1,246,188)	(1,246,188)
Balance - June 30, 2022	37,024,675,594	\$ 44,115	\$ 739,500	\$ (13,826,349)	\$ (13,042,733)

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Integrity Health Corporation  
Condensed Consolidated Statements of Cash Flows  
(UNAUDITED)

	The six months ended June 30,	
	2022	2021
<b>Cash flows from operating activities:</b>		
Net loss	\$ (1,246,188)	\$ (1,778,470)
Adjustments to reconcile net loss to net cash (used in) operating activities:		
Premium expense on convertible debt	1,150,707	2,972,851
Depreciation and amortization	51,776	4,012
Changes in working capital items:		
Inventory	-	(16,492)
Accounts receivable	-	(1,000)
Deposits	-	-
Accounts payable and accrued expenses	5,111	-
Net cash (used in) provided by operating activities	(38,594)	1,180,901
<b>Cash flows from investing activities:</b>		
Purchase of furniture and equipment	-	(254,161)
Purchase of product development costs	-	(30,598)
Improvements in leased space	-	(16,717)
Investment in MedSpa	-	-
Stock adjustment on share issuance for Mountain Green purchase	-	-
Net cash used in investing activities	-	(301,475)
<b>Cash flows from financing activities:</b>		
Proceeds from note payable to officer and shareholder - related party	-	-
Payments net of proceeds from loan	-	-
Prior period adjustments in Convertible note premiums	34,508	-
Proceeds from convertible notes	-	-
(Payment)/ Increase on shareholder loan	(227)	(190,499)
Net cash provided provided by financing activities	34,281	(190,499)
Net change in cash	(4,313)	688,927
Issuance of shares for convertible notes, NON-CASH		
Beginning cash	4,313	525
Ending cash	\$ -	\$ 689,452
<b><u>Supplemental Non-Cash Investing and Financing Information</u></b>		
Common stock issued for conversion of debt	\$ -	\$ -

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**For the Earth Corporation**  
**Notes to Unaudited Condensed**  
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**1. ORGANIZATION AND NATURE OF BUSINESS, BASIS OF PRESENTATION AND GOING CONCERN**

**Organization and Nature of Business** - For The Earth Corporation ("FTEC" or the "Company") was formed in December of 1993 in the state of Delaware. In 2011 the Company changed its name from Medjet, Inc. to For the Earth Corporation in order to sell consumable household products that are safe for the environment. Located in Phoenix, Arizona the Company intends to sell products to retail, industrial (hotel, nursing homes, restaurants, professional sports teams, etc.), and direct-to consumers.

On December 28, 2018, the Company entered into a purchase agreement with Macs and Buddy Pet Products, LLC ("MB"), see note 6. MB is an e-commerce company that primarily offers the sale of dog treats. The Company seeks to utilize MB as a platform to enter the Pet Product industry.

In early 2021, the Company changed its name from For The Earth Corporation to Integrity Health Corporation.

On July 27, 2021, the Company acquired Medical Aesthetics Solutions (DBA Point Lumineux MedSpa), providing full spectrum of minimally/non-invasive cosmetic procedures and spa services in Sarasota, FL.

**Going Concern** - The accompanying condensed consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, which contemplate continuation of the Company as a going concern. The Company has current year net losses, cash used in operations and has an accumulated deficit.

These conditions raise substantial doubt about the Company's ability to continue as a going concern. These condensed consolidated financial statements do not include any adjustments to reflect the possible future effect on the recoverability and classification of assets or the amounts and classifications of liabilities that may result from the outcome of these uncertainties.

In January of 2014, the Company was put into court ordered Receivership due to the fact that an investor, Monarch Capital, did not consider the plan announced by the Company, to be a viable path toward repayment. In January of 2015, all assets of the Company's two operating subsidiaries were sold for \$125,000 and the receivership ended.

**Basis of Presentation** - The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information and in accordance with the instructions to Form 10-Q and Article 10 of Regulation S-X of the SEC. Certain information or footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted, pursuant to the rules and regulations of the SEC for interim financial reporting. Accordingly, they do not include all the information and footnotes necessary

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for a comprehensive presentation of financial position, results of operations, or cash flows. In the opinion of management, the accompanying unaudited condensed consolidated financial statements include all adjustments, consisting of a normal recurring nature, which are necessary for a fair presentation of the consolidated financial position, operating results and cash flows for the periods presented.

As noted in note 6, the Company entered into a purchase agreement with Macs and Buddy Pet Products LLC, an Arizona corporation, which was deemed to be an entity under common control during the fourth quarter of 2018. Accordingly, the condensed consolidated financial statements have been retrospectively adjusted to furnish comparative information for all periods presented in accordance with Accounting Standards Codification (ASC) 805-50-45-5. Specifically, the condensed consolidated financial statements include the financial information of MB for all periods presented.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **Cash and Cash Equivalents**

The Company considers all highly liquid investments with original maturities of nine months or less to be cash equivalents. At June 30, 2022, the Company no cash equivalents.

### **Basis of Consolidation**

The condensed consolidated financial statements include the operations of the Company and its wholly-owned subsidiaries Medical Aesthetics Solutions and Buddy Pet Products, LLC, .

All significant intercompany accounts and transactions have been eliminated in consolidation.

### **Use of Estimates in Financial Statements**

The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America 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. Actual results could differ from those estimates.

### **Income Taxes**

The Company accounts for income taxes pursuant to the provisions of ASC 740, "Accounting for Income Taxes," which requires, among other things, an asset and liability approach to calculating deferred income taxes. The asset and liability approach requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. A valuation allowance is provided to offset any net deferred tax assets for which management believes it is more likely than not that the net deferred asset will not be realized.

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The Company follows the provisions of the ASC 740 related to, Accounting for Uncertain Income Tax Positions. When tax returns are filed, it is highly certain that some positions taken would be sustained upon examination by the taxing authorities, while others are subject to uncertainty about the merits of the position taken or the amount of the position that would be ultimately sustained. In accordance with the guidance of ASC 740, the benefit of a tax position is recognized in the financial statements in the period during which, based on all available evidence, management believes it is more likely than not that the position will be sustained upon examination, including the resolution of appeals or litigation processes, if any. Tax positions taken are not offset or aggregated with other positions. Tax positions that meet the more-likely-than-not recognition threshold are measured as the largest amount of tax benefit that is more than 50 percent likely of being realized upon settlement with the applicable taxing authority. The portion of the benefits associated with tax positions taken that exceeds the amount measured as described above should be reflected as a liability for uncertain tax benefits in the accompanying balance sheet along with any associated interest and penalties that would be payable to the taxing authorities upon examination. The Company believes its tax positions are all highly certain of being upheld upon examination. As such, the Company has not recorded a liability for uncertain tax benefits.

The Company analyzes its tax positions by utilizing ASC 740 Definition of Settlement, which provides guidance on how an entity should determine whether a tax position is effectively settled for the purpose of recognizing previously unrecognized tax benefits and provides that a tax position can be effectively settled upon the completion of an examination by a taxing authority without being legally extinguished. For tax positions considered effectively settled, an entity would recognize the full amount of tax benefit, even if the tax position is not considered more likely than not to be sustained based solely on the basis of its technical merits and the statute of limitations remains open.

As of December 31, 2021 and December 31, 2020, the company had Net Operating Losses (NOL) carry forwards that create a deferred tax asset. The Company has determined that this deferred tax asset will not be realized, as such a 100% valuation allowance has been recorded against this asset.

**Basic Income (Loss) Per Share**

Basic income (loss) per share is calculated by dividing the Company's net loss applicable to common shareholders by the weighted average number of common shares during the period. Diluted earnings per share is calculated by dividing the Company's net income (loss) available to common shareholders by the diluted weighted average number of shares outstanding during the year. The diluted weighted average number of shares outstanding is the basic weighted number of shares adjusted for any potentially dilutive debt or equity.

At June 30, 2022 and December 31, 2021, the Company had outstanding a promissory note convertible in to approximately 41,519,703,600 and 26,055,747,500 shares, respectively. These are not presented in the condensed consolidated statements of operations as the effect of these shares is anti- dilutive.



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**Revenue Recognition**

As of January 1, 2018, the Company adopted Revenue from Contracts with Customers (Topic 606) ("ASC 606"). The new guidance sets forth a new five-step revenue recognition model which replaces the prior revenue recognition guidance in its entirety and is intended to eliminate numerous industry-specific pieces of revenue recognition guidance that have historically existed in U.S. GAAP. The underlying principle of the new standard is that a business or other organization will recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects what it expects to receive in exchange for the goods or services. The standard also requires more detailed disclosures and provides additional guidance for transactions that were not addressed completely in the prior accounting guidance. The Company adopted the standard using the modified retrospective method and the adoption did not have a material impact on its financial statements.

The Company recognizes revenue when performance obligations under the terms of a contract with the customer are satisfied. Product sales occur once control is transferred upon delivery to the customer. Revenue is measured as the amount of consideration the Company expects to receive in exchange for transferring goods and services. Currently, our revenue is derived from one source, the sale of pet food and products.

**Recent Accounting Pronouncements**

Accounting standards promulgated by the FASB are subject to change. Changes in such standards may have an impact on the Company's future financial statements. The following are a summary of recent accounting developments.

In February 2016, the FASB issued authoritative guidance, which is included in ASC 842, "Leases." This guidance requires lessees to recognize most leases on the balance sheet by recording a right-of-use asset and a lease liability. This guidance is effective for the Company as of January 1, 2019. Based on the completed analysis, the Company has determined the adjustment will not have a material impact on the financial statements.

The Company periodically reviews new accounting standards that are issued. Although some of these accounting standards may be applicable to the Company, the Company has not identified any other new standards that it believes merit further discussion, and the Company expects that none would have a significant impact on its financial statements.

**Derivative Instruments**

The Company enters into financing arrangements that consist of freestanding derivative instruments or are hybrid instruments that contain embedded derivative features. The Company accounts for these arrangements in accordance with Accounting Standards Codification topic 815, Accounting for Derivative Instruments and Hedging Activities ("ASC 815") as well as related interpretations of this standard. In accordance with this standard, derivative instruments are recognized as either assets or liabilities in the balance sheet and are measured at fair values with gains or losses recognized in earnings. Embedded derivatives that are not clearly and closely

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related to the host contract are bifurcated and are recognized at fair value with changes in fair value recognized as either a gain or loss in earnings. The Company determines the fair value of derivative instruments and hybrid instruments based on available market data using appropriate valuation models, considering of the rights and obligations of each instrument.

The Company estimates fair values of derivative financial instruments using various techniques (and combinations thereof) that are considered consistent with the objective measuring fair values. In selecting the appropriate technique, the Company considers, among other factors, the nature of the instrument, the market risks that it embodies and the expected means of settlement. For less complex derivative instruments, such as freestanding warrants, and convertible debt the Company generally use the Black Scholes model, because it embodies all of the requisite assumptions (including trading volatility, estimated terms, dilution and risk free rates) necessary to fair value these instruments. Estimating fair values of derivative financial instruments requires the development of significant and subjective estimates that may, and are likely to, change over the duration of the instrument with related changes in internal and external market factors. In addition, option-based techniques (such as Black-Scholes model) are highly volatile and sensitive to changes in the trading market price of our common stock. Since derivative financial instruments are initially and subsequently carried at fair values, our income (expense) going forward will reflect the volatility in these estimates and assumption changes. Under the terms of this accounting standard, increases in the trading price of the Company's common stock and increases in fair value during a given financial quarter result in the application of non-cash derivative loss. Conversely, decreases in the trading price of the Company's common stock and decreases in trading fair value during a given year result in the application of non-cash derivative gain.

See Note under the heading "Derivative Liabilities" for a description and valuation of the Company's derivative instruments.

**Impairment of long-lived assets**

The Company periodically reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be fully recoverable. The Company recognizes an impairment loss when the sum of expected undiscounted future cash flows is less than the carrying amount of the asset. The amount of impairment is measured as the difference between the asset's estimated fair value and its book value. During the period to June 30, 2022, no impairments were noted.

**Property and equipment**

Property and equipment are recorded at its historical cost. The cost of property and equipment is depreciated over the estimated useful lives (ranging from 3-15 years) of the related assets utilizing the straight-line method of depreciation. Ordinary repairs and maintenance are expensed when incurred and major repairs will be capitalized and expensed if it benefits future periods.

**Intangible Assets**

Intangible assets that are subject to amortization are reviewed for potential impairment whenever

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events or circumstances indicate that carrying amounts may not be recoverable. Assets not subject to amortization are tested for impairment at least annually. The Company has intangible assets subject to amortization related to its asset purchase of Clean Life Corporation of \$5,000, and its asset purchase of Block & Tackle of \$185,000 and website development costs capitalized of \$10,000. The Company also has goodwill on the acquisition of Medical Aesthetics Solutions of \$134,242.

**Website Development Costs**

The Company accounts for website development costs in accordance with “ASC” 350-50 “Website Development Costs”. Accordingly, all costs incurred in the planning stage are expensed as incurred, costs incurred in the website application and infrastructure development stage that meet specific criteria are capitalized and costs incurred in the day-to-day operation of the website are expensed as incurred.

**3. DECONSOLIDATION OF SUBSIDIARIES**

On January 7, 2014, the assets that comprise our two operating subsidiaries were placed into receivership at the bequest of Monarch Capital Corporation (“Monarch”). Such assets collateralized our loan obligation with Monarch which we were in default. Accordingly, on January 7, 2014 we deemed we lost control of the operations of the subsidiaries and deconsolidated the assets placed into receivership. Deconsolidation requires the removal of all assets (and liabilities) to which we lost control, with the recognition of any proceeds from such disposal (proceeds were nil to the company). The Company recorded a loss on deconsolidation of \$295,063 in the Statement of Operations, for the nine months ended September 30, 2014.

The assets and liabilities by account were as follows:

<u>Asset or Liability</u>	<u>Amount</u>
Cash	\$ 14,579
Accounts receivable	\$ 63,450
Inventories	\$ 304,394
Other receivables	\$ 63,931
Prepaid asset	\$ 232,022
Long-lived assets	\$ 415,726
Accounts payable	(\$ 799,039)
Total	\$ 295,063

Subsequent to being placed in receivership, such assets and businesses were sold and all proceeds from the sale were retained by Monarch.

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**4. PROPERTY AND EQUIPMENT AND LEASEHOLD IMPROVEMENTS**

The following is a summary of property and equipment and leasehold improvements—at cost, less accumulated depreciation:

	<b>June 30, 2022</b>	<b>December 31, 2021</b>
Furniture, Fixtures & Equipment	441,380	441,380
Less accumulated depreciation	(106,855)	(62,415)
Net, property plant and equipment	<u>\$ 334,526</u>	<u>\$ 378,966</u>

Depreciation expense for the six months ended June 30, 2022 and year ended December 31, 2021 were \$44,442 and \$62,465, respectively.

**5. INTANGIBLE ASSETS**

The following tables set forth the intangible assets, both acquired and developed, including accumulated amortization as of June 30, 2022 and December 31, 2021:

<b>June 30, 2022</b>				
	<b>Remaining Useful Life</b>	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net Carrying Value</b>
Intellectual Property	3 years	190,000	-	190,000
Goodwill	10 years	224,242		224,242
Website	0 years	10,000	10,000	-
Website	2.75 years	43,997	18,267	25,730
		<u>\$ 468,239</u>	<u>\$ 28,267</u>	<u>\$ 439,972</u>

<b>December 31, 2020</b>				
	<b>Remaining Useful Life</b>	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net Carrying Value</b>
Intellectual Property	3 years	190,000	-	190,000
Goodwill	10 years	224,242		224,242
Website	0 years	10,000	10,000	
Website	2.75 years	43,997	10,934	33,063
		<u>\$ 468,239</u>	<u>\$ 20,934</u>	<u>\$ 447,305</u>

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Amortization expense for the six months ended June 30, 2022 and year ended December 31, 2022 were \$7,334 and \$20,934, respectively.

**NOTE 6. ACQUISITIONS**

Macs and Buddy Pet Products, LLC

On December 28, 2018, the Company entered into a purchase agreement with Macs and Buddy Pet Products, LLC, an Arizona corporation (“MB”) and it’s Member. Pursuant to the Agreement, the Company purchased 100% of MB in exchange for \$15,000. Upon closing of the Agreement, the Company assumed all financial and contractual obligations of MB incurred both prior to and after the closing. As a result of the closing of the Agreement the Company became the owner of 100% of MB.

MB is an e-commerce company that primarily offers the sale of dog treats. The Company seeks to utilize MB as a platform to enter the Pet Product industry.

Clean Life Corporation

On December 31, 2018, the Company acquired certain property including, Label Trade Marks, Websites and Social Media Platforms in exchange for a cash payment of \$5,000. Through this acquisition the Company hopes to bring to the market highly differentiated, better performing products that are non-toxic, non-hazardous, biodegradable and safe for people, pets and the planet.

Block & Tackle

On March 27, 2019, the Company acquired certain assets including, primarily Intellectual Property solely related to the Block and Tackle Sunscreen Brand and Formulas in exchange for a cash payment of \$185,000. Through this acquisition the Company hopes to bring to the market sunscreen products that are better performing and more natural and safe for people and the planet.

Medical Aesthetics Solutions (DBA Point Lumineux MedSpa)

On July 27, 2021, the Company entered into a purchase agreement with Medical Aesthetics Solutions (DBA Point Lumineux MedSpa), a Florida corporation (“MedSpa”). Pursuant to the Agreement, the Company purchased 100% of MedSpa in exchange for \$150,000 payment on execution of the sale on July 27, 2021 MedSpa provides a full spectrum of minimally/non-invasive cosmetic procedures and spa services in Sarasota, FL.

The MedSpa has been closed due to the Landlord inability to honor the letter of intent in which both parties agreed to and signed, but unfortunately the lease did not reflect the letter of intent.

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**7. COMMITMENTS AND CONTINGENCIES:**

**Loan Payable**

In October of 2021, the Company entered into a loan agreement with Forward Financing for \$44,010. This loan has no interest and payment terms were \$2,250 per week and were subsequently reduced to \$150 per week. As of June 30, 2022 and December 31, 2021, the amount owing was \$32,260 and \$32,260 respectively. We are still in negotiations on settling the debt.

In January of 2022, the Company entered into a loan agreement with BF Holdings for \$22,275. This loan has no interest and payment terms were \$300 per day. Payments stopped at the end of January 2022 with a balance of \$18,375. We are still in negotiations to settle this debt.

**Convertible Notes / Stock-Settled Debt**

From November of 2018 to July of 2019, the Company entered into a Securities Purchase Agreements with various institutional investors pursuant to which such Investors purchased an aggregate of \$789,360 in principal with amounts of 10% interest and 8% interest. As of December 31, 2021, only one of these notes completely converted (\$150,000) and one note was partially converted (\$139,900 converted of the \$150,000 note) the remainder of these notes totaling \$489,360 were not converted on their due dates. The majority of those notes have a penalty of \$500 per day subsequent to due date.

During 2021, the Company entered into additional Securities Purchase Agreements with an institutional investor pursuant to which such Investors purchased an aggregate of \$1,460,000 in principal with 10% interest.

In October of 2021, the Company entered into an additional Security Purchase Agreement with an institutional investor pursuant to which such Investor purchased \$125,000 in principal with a term of 90 days with no interest for the first 90 days, only upon default. In the event of default, interest shall accrue at the lesser of i) 24% and ii) maximum legal rate. Conversion rights are only upon default. Upon an event of default, Note can be convertible into Conversion Shares at Investor's choice at any time while the Note is outstanding. The Note shall include standard conversion language whereby the conversion price shall be the fixed price of \$0.00001.

As of June 30, 2022, the adjusted value of the total convertible debentures, including interest and penalties was \$5,889,113. The notes have various premium conversions of \$0.00001, \$0.00005, and 25% of lowest trading price during the valuation period. Valuation period is defined as the 20 trading day period ending on the latest complete trading day prior to the conversion date. This convertible note, which is convertible into common shares at a fixed discount to the price of the common stock at the time of conversion is measured at the fair value of the note at the time of issuance at the fixed monetary value of the payable and the premium. In the six months ended June 30, 2022 and the year ended December 31, 2021, the premiums of \$1,929,474 and \$1,937,949 was recorded. The fair value of these convertible notes for the six months ended June 30, 2022 and

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year ended December 31, 2021, and \$7,818,587 and \$6,654,749, respectively and recorded on the balance sheet as a current liability.

**Derivative Footnote**

The GPL convertible promissory note included a conversion option that required bifurcation and to be accounted for as a derivative liability (until the Note was converted). Upon the execution of the conversion feature, the associated derivative liability was extinguished resulting in a gain on extinguishment of liability. The fair value of the conversion feature was calculated using the Black Scholes Merton Model. The cumulative fair values at respective date of issuances and extinguishment was \$1,974,100.

The key assumptions used in the model are as follows:

	<u><b>Inception</b></u>
Stock Price	\$ 0.0095
Exercise Price	\$ 0.00001
Term	1 year
Risk Free Interest Rate	3%
Volatility	492%
Dividend Rate	0%

The roll forward of the conversion feature derivative liability is as follows:

<b>Balance – December 31, 2017</b>	<b>\$ -</b>
<b>Issuance of convertible note</b>	<b>1,974,100</b>
<b>Extinguishment of liability</b>	<b>(1,974,100)</b>
<b>Balance – December 31, 2018</b>	<b>\$ -</b>
<b>Balance – December 31, 2019</b>	<b>\$ -</b>

**Demand Notes**

The Company entered into various demand note agreements for an aggregate amount of \$2,400,800 throughout 2012, at an interest rate of 24%; interest payments due quarterly. In March of 2013, the Company and Monarch Capital restructured the demand notes into a loan agreement. The total amount financed is \$3,438,848. Monarch Capital also provided \$614,532 of demand notes to the Company during the time that the Company was in

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receivership. The total amount due is \$4,053,380 and is recorded on the balance sheet as a current liability and is in default.

**8. LOANS FROM SHAREHOLDERS - RELATED PARTIES**

On September 30, 2012, and subsequent dates the President and Chief Executive Officer loaned the Company approximately \$190,000 in exchange for an unsecured note payable that bears an interest rate of 8% per annum, and is due on demand. As part of the Loan agreement with the third party, this Note to the President and CEO was transferred into a non-interest bearing shareholder loan that cannot be paid until the loan has been satisfied. At six months ended June 30, 2022 and year ended December 31, 2021 the balance due is approximately \$182,000.

The Company has accrued compensation expense for work performed by two officers and shareholders through March 14, 2014. The liability at June 30, 2022, is approximately \$400,000. As part of the Loan Agreement with Monarch Capital, these amounts were rolled into non-interest bearing shareholder loans that cannot be paid until the loan has been satisfied.

**9. STOCKHOLDERS' EQUITY**

On March 15, 2019, the Company amended its articles of incorporation to decrease the authorized common shares from 20,000,000,000 to 10,000,000,000.

On March 5, 2021, the Company amended its articles of incorporation to increase the authorized common shares from 10,000,000,000 to 20,000,000,000.

On October 15, 2021 the Company amended its articles of incorporation to increase the authorized common shares from 20,000,000,000 to 70,000,000,000

The Company is authorized to issue up to 20,030,000,004 shares capital stock, consisting of 20,000,000,000 shares of Common Stock, par value \$0.00001 per share, 4 shares of Class A Preferred Stock, par value \$0.00001 per share, and 30,000,000 shares of Class B Preferred Stock, par value \$0.00001. The shares of Common Stock shall be entitled to 1 vote per share on all matters for which shareholders are entitled to vote. The rights and preferences of the Class A and Class B preferred Stock are noted below.

On February 8, 2021, a Company officer/director retired 2,000,000,000 common shares.

**Preferred Stock**

The Company has issued 1 preferred A and 0 preferred B shares issued and outstanding.



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**Class A Preferred Stock**

- (a) The holders of Class A Preferred Stock shall not be entitled to receive dividends.
- (b) The holders of Class A Preferred Stock shall not be entitled to receive any distributions in the event of any liquidation, or winding up of the corporation, either voluntary or involuntary.
- (c) The holders of Class A Preferred Stock shall have full voting rights and powers equal to the voting rights and powers of holders of Common Stock and other series or classes of Preferred Stock.
- (d) If at least one share of Class A Preferred Stock is issued and outstanding, then the total aggregate issued shares of Class A Preferred Stock at any given time, regardless of their number, shall have voting rights equal to four times the sum of: i) the total number of shares of common stock which are issued and outstanding at the time of voting, plus ii) the total number of shares of Class B Preferred Stocks, which are issued and outstanding at the time of voting.

**Class B Preferred Stock**

- (a) The holders of Class B Preferred Stock shall be entitled to receive dividends when and if declared by the Board of Directors, in its sole discretion.
- (b) Upon any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, before any distribution or payment shall be made to the holders of any stock ranking junior to the Class B Preferred Stock, the holders of the Class B Preferred Stock shall be entitled to be paid out of the assets of the Corporation an amount equal to \$1.00 per share.
- (c) Each share of Class B Preferred Stock shall be convertible at par value \$0.00001 per share, at any time, and/or from time to time, into the number of shares of the Corporation's common stock, par value \$0.00001 equal to the price of the Class B Preferred Stock of \$2.50, divided by the par value of the Class B Preferred Stock, subject to adjustment as may be determined by the Board of Directors from time to time.
- (d) Each share of Class B Preferred Stock shall have 10 votes for any election or other vote placed before the shareholders of the Company.
- (e) The price of each share of Class B Preferred Stock may be changed either through a majority vote of the Board of Directors through a resolution at a meeting of the Board.
- (f) Shares of Class B Preferred Stock may not be converted into shares of common stock for a period of a) 6 months after purchase, if the Company voluntarily or involuntarily files public reports pursuant to Section 12 or 15 of the Securities Exchange Act of 1934; or b) 12 months if the Company does not file such public reports.

In December of 2018, the Company issued 219,600,000 shares of common stock for the conversion of a convertible promissory note.

In the second quarter of 2019, the Company converted \$26,630 of debt into

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approximately 400,000,000 common shares.

**10. SUBSEQUENT EVENTS**

There have been no subsequent events in this quarter.