

# **Disclosure Statement Pursuant to the Pink Basic Disclosure Guidelines**

## **MARIJUANA COMPANY OF AMERICA, INC.**

633 W. 5<sup>th</sup> Street, Suite 2826

Los Angeles, California 90071

+1(888)777-4362

<http://www.marijuanacompanyofamerica.com/>

[info@mcoainvestments.com](mailto:info@mcoainvestments.com)

2833 – Medicinal and Botanicals

## **Annual Report**

**For the period ending December 31, 2022 (the “Reporting Period”)**

### **Outstanding Shares**

The number of shares outstanding of our Common Stock was:

22,076,491,633 as of July 14, 2023

19,413,091,633 as of December 31, 2022

7,122,806,264 as of December 31, 2021

### **Shell Status**

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933, Rule 12b-2 of the Exchange Act of 1934 and Rule 15c2-11 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: ☒

### **Change in Control**

Indicate by check mark whether a Change in Control<sup>1</sup> of the company has occurred over this reporting period:

Yes: ☐ No: ☒

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<sup>1</sup> “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(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.

Marijuana Company Of America, Inc.  
633 W. 5th Street, Suite 2826  
Los Angeles, California 90071

- The Company was incorporated in the State of Utah on October 4, 1985, under the name of Mormon Mint, Inc.
- On January 5, 1999, the Company changed its name to Converge Global, Inc.
- On December 1, 2015, the Company changed its name to Marijuana Company of America, Inc. and its stock trading symbol to MCOA.

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):

The company is incorporated in the State of Utah and Active

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

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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:

Marijuana Company Of America, Inc.  
633 W. 5th Street, Suite 2826  
Los Angeles, California 90071

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

☒ Check 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?

No: ☒ Yes: ☐ If Yes, provide additional details below:

\_\_\_\_\_

## 2) Security Information

### Transfer Agent

Name: **Pacific Stock Transfer Co.**  
Phone: +1 (702) 361-3033  
Email: [ipstc@pacificstocktransfer.com](mailto:ipstc@pacificstocktransfer.com)

Address: 6725 Via Austi Parkway, Suite 300  
Las Vegas, NV 891169

**Publicly Quoted or Traded Securities:**

*The goal of this section is to provide a clear understanding of the share information for its publicly quoted or traded equity securities. Use the fields below to provide the information, as applicable, for all outstanding classes of securities that are publicly traded/quoted.*

Trading symbol:	MCOA
Exact title and class of securities outstanding:	Common
CUSIP:	56782E204
Par or stated value:	\$0.001
Total shares authorized:	32,000,000,000 as of date: July 14, 2023
Total shares outstanding:	22,076,491,633 as of date: July 14, 2023
Total number of shareholders of record:	414 as of date: July 14, 2023

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

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: _____
Total number of shareholders of record:	_____ as of date: _____

**Other classes of authorized or outstanding equity securities:**

*The goal of this section is to provide a clear understanding of the share information for its other classes of authorized or outstanding equity securities (e.g. preferred shares). Use the fields below to provide the information, as applicable, for all other authorized or outstanding equity securities.*

Exact title and class of the security:	Preferred A
CUSIP (if applicable):	
Par or stated value:	\$0.001
Total shares authorized:	10,000,000 as of date: July 14, 2023
Total shares outstanding (if applicable):	10,000,000 as of date: July 14, 2023
Total number of shareholders of record	2 as of date: July 14, 2023

Exact title and class of the security:	Preferred B
CUSIP (if applicable):	
Par or stated value:	\$0.001
Total shares authorized:	5,000,000 as of date: July 14, 2023
Total shares outstanding (if applicable):	2,000,000 as of date: July 14, 2023
Total number of shareholders of record	1 as of date: July 14, 2023

### **Security Description:**

*The goal of this section is to provide a clear understanding of the material rights and privileges of the securities issued by the company. Please provide the below information for each class of the company's equity securities, as applicable:*

**1. For common equity, describe any dividend, voting and preemption rights.**

Common Stock: Holders of shares of common stock are entitled to share ratably in dividends, if any, as may be declared, from time to time, by the Board of Directors in its discretion, from funds legally available therefore. The Company does not currently anticipate paying any dividends on its common stock. In the event of a liquidation, dissolution or winding up of the Company, the holders of shares of common stock are entitled to share pro rata all assets remaining after payment in full of all liabilities. Holders of common stock have no preemptive rights to purchase the Company's common stock. There are no conversion rights or redemption or sinking fund provisions with respect to the common stock. All of the outstanding shares of common stock are fully paid and non-assessable.

**2. For preferred stock, describe the dividend, voting, conversion, and liquidation rights as well as redemption or sinking fund provisions.**

Series A Preferred Stock: Holders of Series A Convertible Preferred Stock hold rights to vote on all matter requiring a shareholder vote at 100 common shares vote equivalent for each share of Series A Convertible Preferred Stock held.

Series B Preferred Stock: The Class B Preferred Stock carries a voting preference of One Thousand (1,000) times that number of votes on all matters submitted to the shareholders that is equal to the number of shares of Common Stock (rounded to the nearest whole number), at the record date for the determination of the shareholders entitled to vote on such matters or, if no such record date is established, at the date such vote is taken or any written consent of such shareholders is affected.

**3. Describe any other material rights of common or preferred stockholders.**

None

**4. Describe any material modifications to rights of holders of the company's securities that have occurred over the reporting period covered by this report.**

None

### **3) Issuance History**

The goal of this section is to provide disclosure with respect to each event that resulted in any 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**

Indicate by check mark whether there were any changes to the number of outstanding shares within the past two completed fiscal years:

No: ☐ Yes: ☒ (If yes, you must complete the table below)

Shares Outstanding as of Second Most Recent Fiscal Year End:			*Right-click the rows below and select "Insert" to add rows as needed.						
Opening Balance									
Date <u>12/31/2021</u> Common: 7,122,806,264 Preferred A: 10,000,000 Preferred B: 2,000,000									
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.  *You must disclose the control person(s) for any entities listed.	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.
1/7/22	Issuance	50,000,000	Common	\$0.0010	No	Power Up Lending Group - Seth Kramer	Purchase Shares	Unrestricted	Rule 144
1/10/22	Issuance	166,224,700	Common	\$0.0010	No	Labrys Fund LP - Patrick Hassani	Debt Conversion	Unrestricted	Rule 144
1/12/22	Issuance	10,000,000	Common	\$0.0013	No	Conventry Enterprises LLC - Jack Bodenstein	Incentive Shares issued with debt	Restricted	Rule 144
1/18/22	Issuance	40,000,000	Common	\$0.0010	No	GS Capital Partners - Gabe Sayegh	Purchase Shares	Unrestricted	Rule 144
1/20/22	Issuance	25,000,000	Common	\$0.0012	No	Fourth Man LLC - Edward Deese	Incentive Shares issued with debt	Restricted	Rule 144
1/24/22	Issuance	363,125,000	Common	\$0.0008	No	Firstfire - Ely Fireman	Debt Conversion	Unrestricted	Rule 144
1/26/22	Issuance	180,486,830	Common	\$0.0130	No	Beach Labs, Inc. - Ron Russo	Acquisition	Restricted	Rule 144
1/26/22	Issuance	282,326,369	Common	\$0.0009	No	Beach Labs, Inc. - Ron Russo	Acquisition	Restricted	Rule 144
2/8/22	Issuance	62,500,000	Common	\$0.0008	No	GW Holdings – Noah Weinstein	Purchase Shares	Unrestricted	Rule 144
2/15/22	Issuance	93,750,000	Common	\$0.0012	No	Bucktown Capital - John Fife	Debt Conversion	Unrestricted	Rule 144
2/15/22	Issuance	75,000,000	Common	\$0.0008	No	White Lion - Sam Yaffa	Purchase Shares	Unrestricted	Rule 144
3/1/22	Issuance	31,850,737	Common	\$0.0004	No	GS Capital Partners - Gabe Sayegh	Debt Conversion	Unrestricted	Rule 144
3/4/22	Issuance	70,591,981	Common	\$0.0040	No	GS Capital Partners - Gabe Sayegh	Debt Conversion	Unrestricted	Rule 144
3/18/22	Issuance	71,320,322	Common	\$0.0004	No	GS Capital Partners - Gabe Sayegh	Debt Conversion	Unrestricted	Rule 144

3/25/22	Issuance	50,000,000	Common	\$0.0008	No	Pinnacle Consulting Services, Inc. - Robert L. Hymers III	Purchase Shares	Unrestricted	Rule 144
3/25/22	Issuance	125,000,000	Common	\$0.0008	No	Streeterville Capital LLC - John Fife	Purchase Shares	Unrestricted	Rule 144
3/29/22	Issuance	43,057,715	Common	\$0.0004	No	GS Capital Partners - Gabe Sayegh	Debt Conversion	Unrestricted	Rule 144
3/29/22	Issuance	75,000,000	Common	\$0.0008	No	Power Up Lending Group - Seth Kramer	Purchase Shares	Unrestricted	Rule 144
3/29/22	Issuance	40,670,034	Common	\$0.0008	No	GW Holdings – Noah Weinstein	Debt Conversion	Unrestricted	Rule 144
3/30/22	Issuance	187,500,000	Common	\$0.0016	No	Bucktown Capital - John Fife	Debt Conversion	Unrestricted	Rule 144
3/30/22	Issuance	38,762,344	Common	\$0.0004	No	Dutches Capital Growth Fund LP - Michael Novielli	Debt Conversion	Unrestricted	Rule 144
3/30/22	Issuance	62,500,000	Common	\$0.0008	No	Power Up Lending Group - Seth Kramer	Purchase Shares	Unrestricted	Rule 144
3/31/22	Issuance	112,500,000	Common	\$0.0008	No	Power Up Lending Group - Seth Kramer	Purchase Shares	Unrestricted	Rule 144
3/31/22	Issuance	59,578,767	Common	\$0.0008	No	GW Holdings – Noah Weinstein	Debt Conversion	Unrestricted	Rule 144
4/1/22	Issuance	76,923,077	Common	\$0.0013	No	North Equities USA Ltd - Ernest Schuang	Services	Restricted	Rule 144
4/4/22	Issuance	93,750,000	Common	\$0.0008	No	Dutchess Capital Growth Fund LP - Michael Novielli	Purchase Shares	Unrestricted	Rule 144
4/6/22	Issuance	435,540,070	Common	\$0.0006	No	Beach Labs, Inc. - Ron Russo	Acquisition	Restricted	Rule 144
4/7/22	Issuance	93,750,000	Common	\$0.0008	No	Dutchess Capital Growth Fund LP - Michael Novielli	Purchase Shares	Unrestricted	Rule 144
4/11/22	Issuance	12,500,000	Common	\$0.0016	No	SRAX, Inc – Chris Miglino	Debt Conversion	Unrestricted	Rule 144
4/20/22	Issuance	50,000,000	Common	\$0.0008	No	Power Up Lending Group - Seth Kramer	Debt Conversion	Unrestricted	Rule 144
4/27/22	Issuance	500,000,000	Common	\$0.0008	No	Dutchess Capital Growth Fund LP - Michael Novielli	Purchase Shares	Unrestricted	Rule 144
5/6/22	Issuance	37,500,000	Common	\$0.0007	No	Dutchess Capital Growth Fund LP - Michael Novielli	Incentive Shares issued with debt	Restricted	Rule 144
5/6/22	Issuance	50,000,000	Common	\$0.0007	No	Dutchess Capital Growth Fund LP - Michael Novielli	Incentive Shares issued with debt	Restricted	Rule 144

5/17/22	Cancellation	-30,000,000	Common		No	Jesús Quintero	Free up	Restricted	Rule 144
5/17/22	Issuance	180,685,000	Common	\$0.0008	No	Mast Hill Fund - Patrick Hassani	Incentive Shares issued with debt	Restricted	Rule 144
5/23/22	Issuance	100,000,000	Common	\$0.0002	No	Pinnacle Consulting Services, Inc. - Robert L. Hymers III	Purchase Shares	Unrestricted	Rule 144
6/1/22	Issuance	33,333,333	Common	\$0.0012	No	SRAX, Inc – Chris Miglino	Services	Restricted	Rule 144
6/7/22	Issuance	125,000,000	Common	\$0.0016	No	Bucktown Capital - John Fife	Debt Conversion	Unrestricted	Rule 144
6/8/22	Issuance	370,000,000	Common	\$0.0002	No	Mast Hill Fund - Patrick Hassani	Purchase Shares	Unrestricted	Rule 144
6/14/22	Issuance	250,000,000	Common	\$0.0002	No	Chicago Ventures - John Fife	Purchase Shares	Unrestricted	Rule 144
6/15/22	Issuance	12,000,000	Common	\$0.0010	No	Paula Vetter	Services	Restricted	Rule 144
6/27/22	Issuance	350,000,000	Common	\$0.0002	No	GW Holdings – Noah Weinstein	Purchase Shares	Unrestricted	Rule 144
6/29/22	Issuance	200,000,000	Common	\$0.0002	No	Mast Hill Fund - Patrick Hassani	Purchase Shares	Unrestricted	Rule 144
7/8/22	Issuance	33,508,170	Common	\$0.0004	No	Mario Greco	Debt Settlement	Restricted	Rule 144
7/19/22	Issuance	159,349,315	Common	\$0.0002	No	Pinnacle Consulting Services, Inc. - Robert L. Hymers III	Debt Conversion	Unrestricted	Rule 144
7/25/22	Issuance	178,750,000	Common	\$0.0002	No	Fourth Man LLC - Edward Deese	Debt Conversion	Unrestricted	Rule 144
7/27/22	Issuance	25,000,000	Common	\$0.0004	No	GS Capital Partners - Gabe Sayegh	Incentive Shares issued with debt	Restricted	Rule 144
8/3/22	Issuance	13	Common		No	Charles Schwab & Co, Inc	Round Up Shares	2634	Rule 144
8/4/22	Issuance	250,000,000	Common	\$0.0002	No	GW Holdings – Noah Weinstein	Purchase Shares	Unrestricted	Rule 144
8/12/22	Issuance	200,000,000	Common	\$0.0050	No	Bucktown Capital - John Fife	Debt Conversion	Unrestricted	Rule 144
8/17/22	Issuance	88,888,889	Common	\$0.0002	No	Dutchess Capital Growth Fund LP - Michael Novielli	Purchase Shares	Unrestricted	Rule 144
8/24/22	Issuance	59,636,466	Common	\$0.0003	No	GS Capital Partners - Gabe Sayegh	Purchase Shares	Unrestricted	Rule 144
8/29/22	Cancellation	-10,568,095	Common	\$0.0003	No	Crown Bridge Partners LLC - Seth Ahdoot	Legal Settlement	Unrestricted	Rule 144

8/29/22	Cancellation	-207,963,992	Common	\$0.0003	No	Crown Bridge Partners LLC	Legal Settlement	Restricted	Rule 144
9/1/22	Issuance	460,000,000	Common	\$0.0002	No	Mast Hill Fund - Patrick Hassani	Purchase Shares	Unrestricted	Rule 144
9/9/22	Issuance	100,000,000	Common	\$0.0002	No	Fourth Man LLC - Edward Deese	Debt Conversion	Unrestricted	Rule 144
9/15/22	Issuance	650,000,000	Common	\$0.0002	No	Alan T. Hawkins	Debt Settlement	Unrestricted	Rule 144
9/15/22	Issuance	650,000,000	Common	\$0.0002	No	Robert L. Hymers III	Debt Settlement	Unrestricted	Rule 144
9/29/22	Issuance	167,500,000	Common	\$0.0002	No	Fourth Man LLC - Edward Deese	Debt Conversion	Unrestricted	Rule 144
10/13/22	Issuance	300,000,000	Common	\$0.0001	No	GW Holdings – Noah Weinstein	Purchase Shares	Unrestricted	Rule 144
10/17/22	Issuance	357,142,857	Common	\$0.0001	No	Beach Labs, Inc. - Ron Russo	Debt Conversion	Unrestricted	Rule 144
10/13/22	Issuance	577,000,000	Common	\$0.0003	No	Mast Hill Fund - Patrick Hassani	Incentive Shares issued with debt	Restricted	Rule 144
11/2/22	Issuance	574,376,600	Common	\$0.0001	No	Conventry Enterprises LLC - Jack Bodenstein	Debt Conversion	Unrestricted	Rule 144
11/29/22	Issuance	625,000,000	Common	\$0.0001	No	Beach Labs, Inc. - Ron Russo	Debt Conversion	Unrestricted	Rule 144
12/1/22	Issuance	302,100,000	Common	\$0.0001	No	Mast Hill Fund - Patrick Hassani	Debt Conversion	Unrestricted	Rule 144
12/6/22	Issuance	67,222,200	Common	\$0.0001	No	Dutchess Capital Growth Fund LP - Michael Novielli	Debt Conversion	Unrestricted	Rule 144
12/7/22	Issuance	317,200,000	Common	\$0.0001	No	Mast Hill Fund - Patrick Hassani	Debt Conversion	Unrestricted	Rule 144
12/13/22	Issuance	60,000,000	Common	\$0.0001	No	Dutchess Capital Growth Fund LP - Michael Novielli	Debt Conversion	Unrestricted	Rule 144
12/13/22	Issuance	336,400,000	Common	\$0.0001	No	Mast Hill Fund - Patrick Hassani	Debt Conversion	Unrestricted	Rule 144
12/19/22	Issuance	356,100,000	Common	\$0.0001	No	Mast Hill Fund - Patrick Hassani	Debt Conversion	Unrestricted	Rule 144
12/27/22	Issuance	356,100,000	Common	\$0.0001	No	Mast Hill Fund - Patrick Hassani	Debt Conversion	Unrestricted	Rule 144
12/29/22	Issuance	-100,000	Common	\$0.0010	No	Tad Mailander	Free up	Unrestricted	Rule 144
12/29/22	Issuance	-83,333	Common	\$0.0001	No	Tad Mailander	Free up	Restricted	Rule 144
1/10/23	Issuance	391,700,000	Common	\$0.0001	No	Mast Hill Fund - Patrick Hassani	Debt Conversion	Unrestricted	Rule 144
1/18/23	Issuance	411,200,000	Common	\$0.0001	No	Mast Hill Fund - Patrick Hassani	Debt Conversion	Unrestricted	Rule 144



1/26/23	Issuance	431,700,000	Common	\$0.0001	No	Mast Hill Fund - Patrick Hassani	Debt Conversion	Unrestricted	Rule 144
2/9/23	Issuance	453,300,000	Common	\$0.0001	No	Mast Hill Fund - Patrick Hassani	Debt Conversion	Unrestricted	Rule 144
2/24/23	Issuance	475,900,000	Common	\$0.0001	No	Mast Hill Fund - Patrick Hassani	Debt Conversion	Unrestricted	Rule 144
3/14/23	Issuance	499,600,000	Common	\$0.0001	No	Mast Hill Fund - Patrick Hassani	Debt Conversion	Unrestricted	Rule 144
1/7/22	Issuance	50,000,000	Common	\$0.0010	No	Power Up Lending Group - Seth Kramer	Purchase Shares	Unrestricted	Rule 144
1/10/22	Issuance	166,224,700	Common	\$0.0010	No	Labrys Fund LP - Patrick Hassani	Debt Conversion	Unrestricted	Rule 144
1/12/22	Issuance	10,000,000	Common	\$0.0013	No	Conventry Enterprises LLC - Jack Bodenstein	Incentive Shares issued with debt	Restricted	Rule 144
1/18/22	Issuance	40,000,000	Common	\$0.0010	No	GS Capital Partners - Gabe Sayegh	Purchase Shares	Unrestricted	Rule 144
1/20/22	Issuance	25,000,000	Common	\$0.0012	No	Fourth Man LLC - Edward Deese	Incentive Shares issued with debt	Restricted	Rule 144
1/24/22	Issuance	363,125,000	Common	\$0.0008	No	Firstfire - Ely Fireman	Debt Conversion	Unrestricted	Rule 144
Shares Outstanding on Date of This Report:									
Ending Balance:									
Date 07/14/2023									
Common: 22,076,491,633 Preferred A: 10,000,000 Preferred B: 2,000,000									

**Example:** A company with a fiscal year end of December 31<sup>st</sup>, in addressing this item for its Annual Report, would include any events that resulted in changes to any class of its outstanding shares from the period beginning on January 1, 2021 through December 31, 2022 pursuant to the tabular format above.

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

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## B. Promissory and Convertible Notes

Indicate by check mark whether there are any outstanding promissory, convertible notes, convertible debentures, or any other debt instruments that may be converted into a class of the issuer's equity securities:

No: ☐ Yes: ☒ (If yes, you must complete the table below)

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.  *You must disclose the control person(s) for any entities listed.	Reason for Issuance (e.g. Loan, Services, etc.)
<u>11/04/22</u>	<u>\$19,029.55</u>	<u>\$27,777.00</u>	<u>\$527.76</u>	<u>05/04/23</u>	<u>Upon default - lower of .0001 or 60% of average two lowest price for 20 days prior</u>	<u>Quick Capital – Eilon Natan</u>	<u>Loan</u>
<u>07/26/22</u>	<u>\$3,013.21</u>	<u>\$72,684.93</u>	<u>\$2,552.05</u>	<u>02/01/23</u>	<u>Fixed price of \$0.0003; no BCF accounting, as there is no net share settlement assured due to other variable instruments</u>	<u>GS Capital Partners - Gabe Sayegh</u>	<u>Loan</u>
<u>07/27/22</u>	<u>\$12,821.92</u>	<u>\$80,500.00</u>	<u>\$3,510.69</u>	<u>07/27/23</u>	<u>Fixed price of \$0.0002; no BCF accounting, as there is no net share settlement assured due to other variable instruments</u>	<u>GS Capital Partners - Gabe Sayegh</u>	<u>Loan</u>
<u>11/24/21</u>	<u>\$266,668.31</u>	<u>\$625,000.00</u>	<u>\$56,776.88</u>	<u>11/24/22</u>	<u>70% of average closing price per share for 20 days prior</u>	<u>Beach Labs, Inc. - Ron Russo</u>	<u>Loan</u>
<u>05/12/22</u>	<u>\$509,033.39</u>	<u>\$550,000.00</u>	<u>\$1,918.83</u>	<u>05/12/23</u>	<u>Convertible upon Default - \$0.0005 per share</u>	<u>Mast Hill Fund - Patrick Hassani</u>	<u>Loan</u>
<u>10/12/22</u>	<u>\$230,000.00</u>	<u>\$230,000.00</u>	<u>\$5,877.78</u>	<u>05/12/23</u>	<u>Convertible upon Default - \$0.0005 per share</u>	<u>Mast Hill Fund - Patrick Hassani</u>	<u>Loan</u>
<u>08/06/22</u>	<u>\$79,500.00</u>	<u>\$79,500.00</u>	<u>\$7,950.00</u>	<u>04/01/23</u>	<u>Upon default, 80% of lowest prior 25 trading day</u>	<u>Pinnacle Consulting Services, Inc. - Robert L. Hymers III</u>	<u>Loan</u>
<u>11/22/23</u>	<u>\$3,600.00</u>	<u>\$3,600.00</u>	<u>\$360.00</u>	<u>04/01/23</u>	<u>Upon default, 80% of lowest prior 25 trading day</u>	<u>Pinnacle Consulting Services, Inc. - Robert L. Hymers III</u>	<u>Loan</u>
<u>05/05/22</u>	<u>\$110,000.00</u>	<u>\$79,444.45</u>	<u>\$7,944.45</u>	<u>05/05/23</u>	<u>Upon default, 80% of lowest prior 25 trading day</u>	<u>Dutchess Capital Growth Fund LP - Michael Novielli</u>	<u>Loan</u>
<u>01/10/22</u>	<u>\$43,750.00</u>	<u>\$50,000.00</u>	<u>\$3,451.39</u>	<u>01/10/23</u>	<u>Upon default, \$0.0055 first 180 days (7/9/22), then 65% of average two lowest trade price 15 days prior</u>	<u>Sixth Street Lending – Seth Kramer</u>	<u>Loan</u>
<u>10/06/21</u>	<u>\$3,492,378.00</u>	<u>\$3,492,378.00</u>	<u>\$345,115.70</u>	<u>10/06/23</u>	<u>Convertible at \$0.002. If default, lower of \$0.002 or 70% of lowest closing trade price 10 days prior</u>	<u>St George Investments LLC – John Fife</u>	<u>Acquisition Note</u>

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

\_\_\_\_\_

## 4) Issuer's Business, Products and Services

The purpose of this section is to provide a clear description of the issuer's current operations.  
(Please ensure that these descriptions are updated on the Company's Profile on [www.otcm Markets.com](http://www.otcm Markets.com)).

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

Marijuana Company of America is a Utah corporation quoted on OTC Markets Pink Tier under the symbol "MCOA". We are based in Los Angeles, California.

We are an owner and operator of licensed cannabis cultivation, processing and dispensary facilities and a developer, producer and distributor of innovative branded cannabis and cannabidiol ("CBD") products in the United States. We are committed to creating a national distributorship and retail brand portfolio of branded cannabis and CBD products, although as of the date of this filing, marijuana (defined as cannabis containing delta-9 tetrahydrocannabinol concentration of more than 0.3 percent on a dry weight basis) currently remains illegal under U.S. federal law.

B. List any subsidiaries, parent company, or affiliated companies.

**Distribution - cDistro, Inc.** Through our wholly-owned subsidiary cDistro, Inc., a Nevada corporation, we distribute hemp and CBD products throughout the United States. We acquired the business and stock of cDistro on June 29, 2021. Through cDistro, we distribute high quality hemp-derived cannabinoid products. cDistro offers CBD brands along with smoke and vape shop related products to wholesalers, c-stores, specialty retailers, and consumers in North America. Through cDistro, we work exclusively with select manufacturers to deliver retail service and products at wholesale prices.

cDistro distributes a select list of quality CBD brands along with smoke and vape shop related products to wholesalers, c-stores, specialty retailers, and dispensaries in North America. Founded in Florida in 2020, cDistro distributes a catalog of unique product lines currently being sold to over 250 smoke and vape shop customers. Through our acquisition of cDistro, we believe MCOA is positioned to take advantage of the developing market opportunity generated by consumers' growing demand for quality hemp products.

**Consumer Products - hempSMART™**

Our consumer products containing hemp and CBD are sold through our wholly owned subsidiary H Smart, Inc. under the brand name hempSMART™. We market and sell our hempSMART™ products directly through our web site, and through our affiliate marketing program, where qualified sales affiliates use a secure multi-level-marketing sales software program that facilitates order placement over the internet via a web site, and accounts for affiliate orders and sales; calculates referral benefits apportionable to specific sales associates and calculates and accounts for loyalty and rewards benefits for returning customers. The Company plans on focusing its sales and marketing through direct sales on its website..

Our current hempSMART™ wellness products offerings include the following:

- **hempSMART Brain™** a proprietary patented and formulated personal care consumer product encapsulated with enriched non-psychoactive industrial hemp derived CBD. This encapsulation is combined with other high quality, proprietary natural ingredients to compliment CBD to support brain wellness.
- **hempSMART Pain™** capsules formulated with 10mg of Full Spectrum, non-psychoactive CBD per serving, derived from industrial hemp, which along with a proprietary blend of other natural ingredients, delivers an all-natural formulation for the temporary relief of minor discomfort associated with physical activity.
- **hempSMART Pain Cream™** each container formulated with 300mg of full spectrum non-psychoactive CBD derived from industrial hemp. The newly developed product contains a synergistic combination of natural botanicals and full spectrum hemp extract featuring CBD, CBG and a broad range of terpenes. The Company's proprietary blend of Ayurvedic herbs along with Menthol, Cayenne Pepper Extract, Rosemary Oil, Aloe Gel, White Willow Bark, Arnica, Wintergreen Extract and Tea Tree Oil, provides an immediate cooling and soothing sensation. This topical wellness consumer product is formulated to help reduce minor discomfort and promote muscle relaxation on areas that it is applied.
- **hempSMART Drops™** full Spectrum Hemp CBD Oil Tincture Drops, available in 250mg and 500mg bottles, enriched with non-psychoactive industrial hemp derived CBD, and available in four different flavors: lemon, mint, orange and strawberry that is free of the THC isolate.
- **hempSMART Pet Drops™** for cats and dogs, formulated with 250mg of full spectrum non-psychoactive CBD derived from industrial hemp. This new specially formulated product contains naturally occurring CBD derived from hemp seed oil, full spectrum hemp extract, fractionated coconut oil, and a rich bacon flavor.

- **hempSMART Face™** a nourishing facial moisturizer combines full spectrum CBD from hemp, with a unique blend of Ayurvedic herbs and botanicals. Designed to refresh, replenish and restore the skin providing long lasting hydration and balance.
- **hempSMART Drink Mix**, a new industrial hemp based powdered premium CBD Drink made with Organic CBD Infused with Honey to be mixed with any beverage of preference.

## **Growth Strategies and Strategic Priorities**

### **Recent Acquisitions**

#### ***cDistro, Inc.***

On June 29, 2021, we acquired 100% of the capital stock of cDistro, Inc., a Florida-based hemp and CBD product distribution business incorporated in the State of Nevada ("cDistro") through a statutory merger and share exchange. After the acquisition, our Chief Financial Officer Jesus Quintero serves as cDistro's Chief Executive Officer.

#### ***VBF Brands, Inc.***

On October 6, 2021, the Company, through its wholly owned subsidiary Salinas Diversified Ventures, Inc., a California corporation, entered into an Asset Purchase Agreement, Management Services Agreement, Cooperation Agreement and Employment Agreement with VBF Brands, Inc., a California corporation ("VBF"), a wholly owned subsidiary of Sunset Island Group, Inc., a Colorado corporation ("SIGO"). VBF and SIGO agreed to transfer to the Company all of VBF's outstanding stock to the Company, and appointed our CEO and CFO Jesus Quintero as President of VBF.

VBF owns various fixed assets including machinery and equipment, a lease for a 10,000 square foot facility located at 20420 Spence Road, Salinas, California, 93908, leasehold improvements, good-will, inventory, tradenames including "VBF Brands," trade secrets, intellectual property, and other tangible and intangible properties, including licenses issued by the City of Salinas, County of Monterey, and the State of California to operate a licensed cannabis nursery, cultivation facility, and operations for the manufacturing and distribution of cannabis and cannabis products.

VBF and SIGO agreed to sell and transfer to the Company all of VBF's outstanding stock, and, by virtue of the Management Services Agreement, appoint Mr. Jesus Quintero as President of VBF, vesting management and control of VBF's licensed cannabis operations in the Company. Concurrently, VBF and Livacich entered into a Cooperation Agreement, whereby VBF and Livacich agreed to cooperate to facilitate the transfer of ownership of VBF, which includes licenses issued by the City of Salinas, County of Monterey, and the State of California, to operate a cannabis nursery, cultivation facility and manufacturing and distribution operations to the Company. The Company also agreed to retain Livacich as Chief Executive Officer for a term of two years and agreed to compensate her with a salary including a signing cash bonus of \$250,000, and a \$250,000 performance cash bonus payable after six months after the Effective Date. The bonus is conditioned upon Livacich meeting an agreed to "Net Revenue" target of one million dollars (\$1,000,000) from VBF's operations during the six-month period after closing of the Asset Purchase Agreement, and her compliance with the terms and conditions of this Asset Purchase Agreement, the Management Services Agreement and the Cooperation Agreement.

As consideration for the transaction, the Company agreed to assume two secured convertible promissory notes issued by SIGO to St. George Investments, LLC, a Utah limited liability company ("St. George") (the "SIGO Notes"). The first note was issued December 8, 2017, in the original face amount of \$170,000.00, and the second was issued February 13, 2018, in the original face amount of \$4,245,000.00. SIGO also issued warrants to St. George to purchase shares in SIGO, and fifty (50) shares of Series A Preferred Stock in SIGO. St. George agreed to cancel the warrants and preferred shares upon the Company's assumption of the SIGO Notes.

Under the Asset Purchase Agreement, the closing is conditioned upon certain conditions precedent, specifically (i) VBF and SIGO's full corporate authorization, consent and execution of this Agreement; (ii) VBF's sale to MCOA of 100% of the issued and outstanding shares of VBF; (iii) full corporate authorization, consent compliance with and execution of the Management Services Agreement and Cooperation Agreement; (iv) SIGO's disclosure of the Agreement on Form 8-K with the Securities and Exchange Commission; (v) full cooperation in MCOA's financial auditing of VBF in accordance with ASC 805, including providing unrestricted access to all VBF corporate and financial records and providing all necessary cooperation with VBF financial personnel; (vi) full cooperation in aiding

and assisting Buyer with its change of ownership applications with the relevant licensing authorities; (vii) the warranty of truthful representations and execution of and compliance with the terms and conditions of the Executive Employment Agreement, Management Services Agreement and the Cooperation Agreement.

As of the date of this filing, the conditions precedent to the closing of the Asset Purchase Agreement remain in the process of implementation, so that the Asset Purchase Agreement closing has not yet occurred pursuant to its terms. Legal counsel for MCOA is currently in the process of working with VBF, Salinas Diversified Ventures, and the relevant state and local governments to effect the change of control and license transfers necessary to close the Asset Purchase Agreement.

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#### C. Describe the issuers' principal products or services.

Through our wholly-owned subsidiary cDistro, Inc., a Nevada corporation, our CBD product distribution business, we distribute hemp and CBD products throughout the United States. Through cDistro, we distribute high quality hemp-derived cannabinoid products. cDistro offers CBD brands along with smoke and vape shop related products to wholesalers, c-stores, specialty retailers, and consumers in North America. Through cDistro, we work exclusively with select manufacturers to deliver retail service and products at wholesale prices

Through our wholly owned subsidiary HSmart, Inc., a California corporation, we develop and sell CBD products under the brand name hempSMART™. Our business also includes making selected investments and entering into joint ventures with start-up businesses in the legalized cannabis and hemp industries.

#### 5) 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.

\_\_\_\_\_

#### 6) Officers, Directors, and Control Persons

Using the table below, please provide information, as of the period end date of this report, regarding any officers, or directors of the company, individuals or entities controlling more than 5% of any class of the issuers securities, 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.**

Include Company Insiders who own any outstanding units or shares of any class of any equity security of the issuer.

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.

Names of All Officers, Directors and Control Persons	Affiliation with Company (e.g. Officer Title /Director/Owner of more than 5%)	Residential Address (City / State Only)	Number of shares owned	Share type/class	Ownership Percentage of Class Outstanding	Names of control person(s) if a corporate entity
<u>Jesús Quintero</u>	<u>CEO, CFO, Chairman</u>	<u>Pembroke Pines, FL</u>	<u>16,319,956</u>	<u>Common</u>	<u>.074%</u>	<u>_____</u>
<u>Jesús Quintero</u>	<u>CEO, CFO, Chairman</u>	<u>Pembroke Pines, FL</u>	<u>8,666,666</u>	<u>Preferred A</u>	<u>72.2%</u>	<u>_____</u>
<u>Jesús Quintero</u>	<u>CEO, CFO, Chairman</u>	<u>Pembroke Pines, FL</u>	<u>2,000,000</u>	<u>Preferred B</u>	<u>100%</u>	<u>_____</u>
<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>
<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>

## 7) Legal/Disciplinary History

A. 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

## 8) Third Party Service Providers

Provide the name, address, telephone number and email address of each of the following outside providers. You may add additional space as needed.

### Securities Counsel (must include Counsel preparing Attorney Letters).

Name: Alan T. Hawkins  
Firm: Independent Law PLLC  
Address 1: 2106 NW 4<sup>th</sup> Pl.  
Address 2: Gainesville, FL 32603  
Phone: +1 (352) 353-4048  
Email: ahawkins@independent.law

### Accountant or Auditor

Name: William Hudgens  
Firm: Hudgens CPA, PLLC  
Address 1: 1220 Blalock Rd, STE 300  
Address 2: Houston, TX 77055  
Phone: +1 (713) 570-9028  
Email: whudgens@hudgenscpas.com

### Investor Relations

Name: \_\_\_\_\_  
Firm: \_\_\_\_\_  
Address 1: \_\_\_\_\_  
Address 2: \_\_\_\_\_  
Phone: \_\_\_\_\_  
Email: \_\_\_\_\_

### *All other means of Investor Communication:*

Twitter: \_\_\_\_\_  
Discord: \_\_\_\_\_  
LinkedIn: \_\_\_\_\_  
Facebook: \_\_\_\_\_  
[Other ]: \_\_\_\_\_

### 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), consultant(s) or any entity/individual that provided assistance or services to the issuer during the reporting period.

Name: \_\_\_\_\_  
Firm: \_\_\_\_\_  
Nature of Services: \_\_\_\_\_  
Address 1: \_\_\_\_\_  
Address 2: \_\_\_\_\_  
Phone: \_\_\_\_\_

Email: \_\_\_\_\_

## 9) Financial Statements

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

- ☐ IFRS  
☒ U.S. GAAP

B. The following financial statements were prepared by (name of individual)<sup>2</sup>:

Name: Jesús Quintero  
Title: CFO  
Relationship to Issuer: Officer

Describe the qualifications of the person or persons who prepared the financial statements:

Mr Quintero has extensive experience in public company reporting and SEC/SOX compliance, and held senior finance positions with Avnet, Inc. (NYSE: AVT), Latin Node, Inc., Globetel Communications Corp. (AMEX: GTE) and Telefonica of Spain. His prior experience also includes tenure with Price Waterhouse and Deloitte & Touche. Mr. Quintero earned a B.S. in Accounting from St. John's University and is a certified public accountant.

Provide the following financial statements for the most recent fiscal year or quarter. For the initial disclosure statement (qualifying for Pink Current Information for the first time) please provide reports for the two previous fiscal years and any subsequent interim periods.

- a. Audit letter, if audited;
- b. Balance Sheet;
- c. Statement of Income;
- d. Statement of Cash Flows;
- e. Statement of Retained Earnings (Statement of Changes in Stockholders' Equity)
- f. Financial Notes

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<sup>2</sup> The financial statements requested pursuant to this item must be prepared in accordance with US GAAP or IFRS and by persons with sufficient financial skills.



## 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, Jesús Quintero certify that:

1. I have reviewed this Disclosure Statement for Marijuana Company of America, 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.

July 14, 2023

/s/ Jesús Quintero, CEO

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

### *Principal Financial Officer:*

I, Jesús Quintero certify that:

1. I have reviewed this Disclosure Statement for Marijuana Company of America, 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.

July 14, 2023

/s/ Jesús Quintero, CFO

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

**MARIJUANA COMPANY OF AMERICA, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
**UNAUDITED**

	<u>Dec 31, 2022</u>	<u>Dec 31, 2021</u>
<b>ASSETS</b>		
Current assets:		
Cash	\$ -	\$ 104,024
Accounts receivable, net	2,946	211,288
Inventory	37,666	252,199
Prepaid Insurance	-	61,705
Other current assets	-	2,133,640
Total current assets	40,612	2,762,856
Property and equipment, net	80,075	121,588
Other assets:		
Long-term Investments	0-	2,327,357
Goodwill	-	1,633,557
Intangible assets, net	-	1,110,000
Security deposit	-	4,541
Total assets	<u>120,687</u>	<u>7,959,899</u>
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>		
Current liabilities:		
Accounts payable	1,120,761	932,760
Accrued compensation	379,854	42,925
Accrued liabilities	616,196	270,689
Notes payable, related parties	20,000	20,000
Notes payable, net of debt discount	4,059,409	-
Convertible notes payable, net of debt discount of \$344,339 and \$1,659,622, respectively	1,004,868	3,769,449
Contingent Liability - Acquisition	500,000	953,837
Subscriptions payable	752,961	989,594
Derivative liability	582,773	749,756
Total current liabilities	<u>9,036,822</u>	<u>7,729,010</u>
Total liabilities	<u>9,036,822</u>	<u>7,729,010</u>

Stockholders' deficit:

Preferred stock, \$0.001 par value, 50,000,000 shares authorized

Class A preferred stock, \$0.001 par value, 10,000,000 shares designated,  
10,000,000 shares issued and outstanding as of December 31, 2022 and  
December 31, 2021

10,000

10,000

Class B preferred stock, \$0.001 par value, 5,000,000 shares designated,  
2,000,000 shares issued and outstanding as of December 31, 2022 and  
December 31, 2021

2,000

2,000

Common stock, no par value; 32,000,000,000 shares authorized;  
15,184,633,309 and 7,122,806,264 shares issued and outstanding as of  
December 31, 2022 and December 31, 2021, respectively

101,899,611

96,730,659

Common stock to be issued, 1,000,000 and 1,000,000 shares, respectively

37,000

1,000

Treasury Stock

(60,000)

-

Accumulated other Comprehensive loss

(32,363)

(11,725)

Accumulated deficit

(110,772,382)

(96,501,045)

Total stockholders' deficit

(8,916,134)

230,889

Total liabilities and stockholders' deficit

\$ 120,687

\$ 7,959,899

See the accompanying notes to these unaudited condensed consolidated financial statements

**MARIJUANA COMPANY OF AMERICA, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 and 2021**  
**UNAUDITED**

	For the Year ended Dec 31,	
	<u>2022</u>	<u>2021</u>
REVENUES:		
Sales	\$ 990,290	\$ 1,030,249
Total Revenues	990,290	1,030,249
Cost of sales	<u>750,486</u>	<u>873,371</u>
Gross Profit	239,804	156,878
OPERATING EXPENSES:		
Depreciation and amortization	111,985	101,334
Selling and marketing	237,560	456,983
Payroll and related	861,492	681,786
Stock-based compensation	188,000	1,207,945
Impairment loss on Goodwill	2,653,557	-
Impairment Loss on Intangible Asset	2,020,982	-
General and administrative	<u>2,140,962</u>	<u>2,419,963</u>
Total operating expenses	8,214,538	4,868,011
Net loss from operations	(7,974,734)	(4,711,133)
OTHER INCOME (EXPENSES):		
Interest expense, net	(3,693,527)	(4,302,293)
(Loss) Gain on change in fair value of derivative liabilities	86,463	3,852
Loss on equity investment	(2,300,899)	(735,178)
Unrealized Gain on trading securities	-	504,137
(Loss) Gain on sale of trading securities	6,086	(543,200)
Loss on settlement of debt	<u>(394,726)</u>	<u>(407,635)</u>
Total other income (expense)	(6,296,603)	(5,480,317)
Net loss before income taxes	(14,271,337)	(10,191,450)
Income taxes (benefit)	-	-
NET LOSS	<u>\$ (14,271,337)</u>	<u>\$ (10,191,450)</u>
Foreign currency Translation Adjustment	<u>(20,638)</u>	<u>(11,725)</u>

Comprehensive Loss	<u>\$ (14,291,975)</u>	<u>\$ (10,203,175)</u>
Loss per common share, basic and diluted	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>
Weighted average number of common shares outstanding, basic and diluted	<u>12,401,816,443</u>	<u>4,867,533,020</u>

See the accompanying notes to these consolidated financial statements

**MARIJUANA COMPANY OF AMERICA, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' DEFICIT**  
**FOR THE YEAR ENDED DECEMBER 31, 2022 AND 2021**

	Class A Preferred Stock		Class B Preferred Stock		Common Stock		Treasury	Common Stock to be issued			Other	
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>	<u>Stock</u>	<u>Shares</u>	<u>Amount</u>	<u>Accumulated Deficit</u>	<u>Comprehensive Loss</u>	<u>Total</u>
Net income	-	-	-	-	-	-	-	-	-	-	-	(11,095,791)
<b>Balance, December 31, 2020</b>	<b><u>10,000,000</u></b>	<b><u>\$ 10,000</u></b>	<b><u>2,000,000</u></b>	<b><u>\$ 2,000</u></b>	<b><u>3,136,774,841</u></b>	<b><u>\$ 80,824,336</u></b>	<b><u>\$ -</u></b>	<b><u>11,892,411</u></b>	<b><u>\$ 11,892</u></b>	<b><u>\$ (86,309,595)</u></b>	<b><u>\$ -</u></b>	<b><u>\$ (5,461,367)</u></b>
Common stock issued for services rendered	-	-	-	-	142,946,860	661,292	-	-	-	-	-	661,292
Common stock issued in settlement of convertible notes payable and accrued interest	-	-	-	-	1,236,181,851	2,309,874	-	-	-	-	-	2,309,874
Issuance of common stock for settlement of liabilities	-	-	-	-	3,027,031	19,515	-	(10,892,411)	(10,892)	-	-	8,623
Conversion of related party notes payable and accounts payable	-	-	-	-	22,500,000	141,750	-	-	-	-	-	141,750
Common stock issued in exchange for exercise of warrants on a cashless basis	-	-	-	-	462,844,406	-	-	-	-	-	-	-
Sale of common stock	-	-	-	-	1,052,297,599	2,201,601	-	-	-	-	-	2,201,601
Issuance of common stock for investments	-	-	-	-	691,935,484	1,300,000	-	691,935	-	-	-	1,300,000
Reclassification of derivative liabilities to additional paid in capital	-	-	-	-	-	6,483,762	-	-	-	-	-	6,483,762
Debt discount from warrants issued with convertible notes payable	-	-	-	-	-	716,953	-	-	-	-	-	716,953
Common stock issued for acquisition of business	-	-	-	-	265,164,070	1,617,501	-	-	-	-	-	1,617,501
common stock issued for amendment to acquisition consideration	-	-	-	-	109,134,122	251,008	-	-	-	-	-	251,008
Modification of notes payable	-	-	-	-	-	203,066	-	-	-	-	-	203,066
Net Loss	-	-	-	-	-	-	-	-	-	(10,203,175)	-	(10,203,175)
<b>Balance, December 31, 2021</b>	<b><u>10,000,000</u></b>	<b><u>\$ 10,000</u></b>	<b><u>2,000,000</u></b>	<b><u>\$ 2,000</u></b>	<b><u>7,122,806,264</u></b>	<b><u>\$ 96,730,658</u></b>	<b><u>\$ -</u></b>	<b><u>1,691,935</u></b>	<b><u>\$ 1,000</u></b>	<b><u>\$ (96,512,770)</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 230,888</u></b>

	Class A Preferred Stock		Class B Preferred Stock		Common Stock			Common Stock to be issued		Accumulated	Other	Total
	Shares	Amount	Shares	Amount	Shares	Amount		Shares	Amount	Deficit	Comprehensive Loss	
<b>Balance, December 31, 2021</b>	<u>10,000,000</u>	<u>\$ 10,000</u>	<u>2,000,000</u>	<u>\$ 2,000</u>	<u>7,122,806,264</u>	<u>\$ 96,730,659</u>	<u>\$ -</u>	<u>1,000,000</u>	<u>\$ 1,000</u>	<u>\$ (96,501,045)</u>	<u>\$ (11,725)</u>	<b>230,889</b>
Common stock issued to settle amounts previously accrued					1,333,508,170	273,403						273,403
Common stock issued for services rendered	-	-			122,256,410	152,000		-	36,000			188,000
Common stock issued in settlement of convertible notes payable and accrued interest	-	-			5,461,172,572	1,645,364		-	-	-		1,645,364
Issuance of common stock for deferred finance costs	-	-			964,821,466	468,596		-	-			468,596
Sale of common stock	-	-			3,758,888,889	1,248,315		-	-	-		1,248,315
Cancellation of shares upon settlement of SEC legal case					(218,532,087)	-						
Treasury stock purchase							(60,000)					(60,000)
Common shares cancelled by officer					(30,183,333)	-						-
Reclassification of derivative liabilities to additional paid in capital						412,004						412,004
Debt discount from warrants issued with convertible notes payable						234,637						234,637
Common stock issued for contingent consideration					717,866,439	500,000						500,000
Common stock issued for subscriptions payable					180,486,830	234,633						234,633
Net Loss	-	-	-	-	-	-	-	-	-	(14,271,337)	(20,638)	(14,291,975)
<b>Balance, December 31, 2022</b>	<u>10,000,000</u>	<u>\$ 10,000</u>	<u>2,000,000</u>	<u>\$ 2,000</u>	<u>19,413,091,633</u>	<u>\$ 101,899,611</u>	<u>\$ (60,000)</u>	<u>1,000,000</u>	<u>\$ 37,000</u>	<u>\$ (110,772,382)</u>	<u>\$ (32,363)</u>	<u>(8,916,134)</u>
		10,000		2,000	-	101,899,611	(60,000)		37,000	(110,772,382)	(32,363)	(8,916,134)

**MARIJUANA COMPANY OF AMERICA, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2022 and 2021**  
**UNAUDITED**

	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net Income (Loss)	\$ (14,271,337)	\$ (10,191,450)
Adjustments to reconcile net loss to net cash used in operating activities:		
Amortization of debt discount	2,572,921	1,993,373
Depreciation and amortization	111,985	101,334
Bad debt expense	403,937	34,359
Loss on equity investment	2,300,899	735,178
Loss on VBF acquisition	(2,020,982)	-
Loss on Goodwill Impairment	2,653,557	-
Loss (Gain) on change in fair value of derivative liability	(86,463)	(3,852)
Interest expense recognized for the excess of fair value of derivative liability over net book value of notes payable at issuance	345,003	1,900,836
Stock-based compensation	422,633	1,146,933
Unrealized (Gain) Loss on trading securities	-	39,063
Loss on settlement of liabilities	260,716	407,635
Changes in operating assets and liabilities:		
Accounts receivable	(195,596)	(210,132)
Inventories	214,533	(140,900)
Prepaid expenses and other current assets	4,220,868	(314,056)
Accounts payable	114,570	382,355
Accrued expenses and other current liabilities	732,559	135,216
Right-of-use assets	-	7,858
Right-of-use liabilities	-	(7,858)
<b>Net cash provided by (used in) operating activities</b>	<b><u>(2,220,196)</u></b>	<b><u>(3,984,108)</u></b>
<b>Cash flows from investing activities:</b>		
Purchases of property and equipment	19,528	(126,305)
Payment to establish joint venture	-	(125,356)
Proceeds from sale of investments	-	190,401
Acquisition of business	-	(155,550)
<b>Net cash provided by (used in) investing activities</b>	<b><u>19,528</u></b>	<b><u>(216,810)</u></b>
<b>Cash flows from financing activities:</b>		
Proceeds from issuance of notes payable	464,766	3,295,863
Repayments of notes payable	(400,235)	(1,235,300)



Proceeds from convertible notes payable	1,440,794	-
Repayments of convertible notes payable	(576,358)	-
Repayments to related parties	-	(20,000)
Repurchase of common stock	(60,000)	-
Proceeds from sale of common stock	<u>1,248,315</u>	<u>2,201,601</u>
<b>Net cash provided by (used in) financing activities</b>	<b><u>2,117,282</u></b>	<b><u>4,242,164</u></b>
<b>Foreign exchange impact on cash</b>	(20,638)	(11,725)
Net increase (decrease) in cash	(104,024)	29,521
Cash at beginning of period	104,024	74,503
<b>Cash at end of period</b>	<b>\$ -</b>	<b>\$ 104,024</b>

Supplemental disclosure of cash flow information:

Cash paid for interest	-	-
Cash paid for taxes	-	-

**Non cash financing activities:**

Common stock issued in settlement of convertible notes payable	\$ 1,232,864	\$ 1,989,282
Reclassification of derivative liabilities to additional paid-in capital	\$ -	\$ 6,270,052
Common stock issued for investment	\$ 234,633	\$ -
Common stock issued for acquisition of business	\$ 500,000	\$ -
Common stock issued for deferred finance costs	\$ 468,596	\$ -

See the accompanying notes to these consolidated financial statements

**MARIJUANA COMPANY OF AMERICA, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE 1 — SIGNIFICANT ACCOUNTING POLICIES**

A summary of the significant accounting policies applied in the presentation of the accompanying financial statements follows:

**Basis and business presentation**

Marijuana Company of America, Inc. (The “Company”) was incorporated under the laws of the State of Utah in October 1985 under the name Mormon Mint, Inc. The corporation was originally a startup company organized to manufacture and market commemorative medallions related to the Church of Jesus Christ of Latter Day Saints. On January 5, 1999, Bekam Investments, Ltd. acquired one hundred percent of the common shares of the Company and spun the Company off changing its name Converge Global, Inc. From August 13, 1999 until November 20, 2002, the Company focused on the development and implementation of Internet web content and e-commerce applications. In October 2009, in a 30 for 1 exchange, the Company merged with Sparrowtech, Inc. for the purpose of exploration and development of commercially viable mining properties. From 2009 to 2014, we operated primarily in the mining exploration business.

In 2015, the Company changed its business model to a marketing and distribution company for medical marijuana. In conjunction with the change, the Company changed its name to Marijuana Company of America, Inc. At the time of the transition in 2015, there were no remaining assets, liabilities or operating activities of the mining business.

On September 21, 2015, the Company formed H Smart, Inc, a Delaware corporation as a wholly owned subsidiary for the purpose of operating the hempSMART brand. H Smart, Inc. is also registered with the California Secretary of State as a foreign corporation.

On February 1, 2016, the Company formed MCOA CA, Inc., a California corporation as a wholly owned subsidiary to facilitate mergers, acquisitions and the offering of investments or loans to the Company.

On May 3, 2017, the Company formed HempSMART Limited, a United Kingdom corporation as a wholly owned subsidiary for the purpose of future expansion into the European market.

On May 23, 2018, the Company formed H Smart, LLC in Washington State. On January 21, 2019, the Company converted this entity into a Washington State corporation named H Smart, Inc.

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries: H Smart, Inc., H Smart, LLC, HempSMART Limited and MCOA CA, Inc. All significant intercompany balances and transactions have been eliminated in consolidation.

**Revenue Recognition**

For annual reporting periods after December 15, 2017, the Financial Accounting Standards Board (“FASB”) made effective ASU 2014-09 “Revenue from Contracts with Customers,” to supersede previous revenue recognition guidance under current U.S. GAAP. Revenue is now recognized in accordance with FASB ASC Topic 606, Revenue Recognition. The objective of the guidance is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. The core principal is to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Two options were made available for implementation of the standard: the full retrospective approach or modified retrospective approach. The guidance became effective for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period, with early adoption permitted. We adopted FASB ASC Topic 606 for our reporting period as of the year ended December 31, 2017, which made our implementation of FASB ASC Topic 606 effective in the first quarter of 2018. We decided to implement the modified retrospective transition method to implement FASB ASC Topic 606, with no restatement of the comparative periods presented. Using this transition method, we applied the new standards to all new contracts initiated on/after the effective date. We also decided to apply this method to any incomplete contracts we determine are

subject to FASB ASC Topic 606 prospectively. For the year ended December 31, 2022, there were no incomplete contracts. As is more fully discussed below, we are of the opinion that none of our contracts for services or products contain significant financing components that require revenue adjustment under FASB ASC Topic 606.

#### Identification of Our Contracts with Our Customers.

Contracts included in our application of FASB ASC Topic 606, consist completely of sales contracts between us and our customers that create enforceable rights and obligations. For the year ended December 31, 2022, our sales contracts included the following parties: us, our sales associates and our customers. Our sales contracts were offered by us and our sales associates to our customers directly through our web site. Our sales contracts, and those formalized by our sales associates, are represented by an electronic order form, which contains the contractual elements of offer for sale, acceptance and the provision of consideration consisting of the buyer's payment, which is concurrent with our delivery of hempSMART™ product. Since our hempSMART™ product sales contracts are consummated upon receipt of the customer's acceptance of our offer; our concurrent receipt of our customers payment; and, our delivery of the agreed to hempSMART™ product, all parties are equally committed to fulfilling their respective obligations under the sales contracts. Further, the sales contracts specifically identify (1) parties; (2) quantity of hempSMART™ product ordered; (3) price; and, (4) subject, and so each respective party's rights are identifiable and the payment terms are defined. Since the sales contracts are consummated concurrent with offer, acceptance, payment and delivery of the hempSMART™ product ordered, we recognize revenue and cash flows as the principal from the respective sales contract transactions as they complete. Further, because our sales contracts are offered, accepted and consummated concurrently, our ability to collect revenue is immediate. We receive no payments for agreements that do not qualify as a contract. If customers agree to multiple sales contracts when they are entered into at or near the same time, our policy is to combine those contracts if: (1) the sales contracts are negotiated as a single package; (2) the payment amount of one sales contract is dependent upon another sales contract; (3) our performance obligations of delivering multiple hempSMART™ products can be determined to be part of a single transaction. Since the nature of the entry into and consummation of our sales contracts occur concurrently, there are no changes or modifications to the terms of the sales contracts that would modify the enforceable rights and performance obligations of the parties and that would materially alter the timing of our receipt of revenue from our sales contracts.

#### Identifying the Performance Obligations in Our Sales Contracts.

In analyzing our sales contracts, our policy is to identify the distinct performance obligations in a sales contract arrangement. In determining our performance obligations under our sales contracts, we consider that the terms and conditions of sales are explicitly outlined in our sales contracts and are so distinct and identifiable within the context of each sales contract, and so are not integrated with other goods, or constitute a modification or customization of other goods in our contracts, or are highly dependent or highly integrated with other goods in our sales contracts. Thus, our performance obligations are singularly related to our promise to provide the hempSMART™ products upon receipt of payment. We offer an assurance warranty on our hempSMART™ products that allows a customer to return any hempSMART™ products within thirty days if not satisfied for any reason. Assurance warranties are not identifiable performance obligations, since they are electable at the whim of the customer for any reason. However, we do account for returns of purchase prices if made.

#### Determination of the Price in Our Sales Contracts.

The transaction prices in our sales contract is the amount of consideration we expect to be entitled to for transferring promised hempSMART™ products. The consideration amount is fixed and not variable. The transaction price is allocated to the identified performance obligations in the contract. These allocated amounts are recognized as revenue when or as the performance obligations are fulfilled, which is concurrently upon receipt of payment. There are no future options for a contract when considering and determining the transaction price. We exclude amounts third parties will eventually collect, such as sales tax, when determining the transaction price. Since the timing between receiving consideration and transferring goods or services is immediate, our sales contract do not have a significant financing component, i.e., recognizing revenue at the amount that reflects the cash payment that the customer would have made at the time the goods or services were transferred to them (cash selling price), rather than significantly before or after the goods or services are provided.

#### Allocation of the Transaction Price of Our Sales Contracts.

Our sales contracts are not considered multi-element arrangements which require the fulfillment of multiple performance obligations. Rather, our sales contracts include one performance obligation in each contract. As such, from the outset, we allocate the total

consideration to each performance obligation based on the fixed and determinable standalone selling price, which we believe is an accurate representation of what the price is in each transaction.

#### Recognition of Revenue when the Performance Obligation is Satisfied.

A performance obligation is satisfied when or as control of the good or service is transferred to the customer. The standard defines control as “the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset.” (ASC 606-10-20). For performance obligations that are fulfilled at a point in time, revenue is recognized at the fulfillment of the performance obligation. As noted above, our single performance obligation sales contracts are singularly related to our promise to provide the hempSMART™ products to the customer upon receipt of payment, which occurs concurrently and when, upon completion, allows us under our revenue recognition policy to realize revenue.

#### Product Sales

Revenue from product sales, including delivery fees, FOB shipping point, is recognized when (1) an order is placed by the customer; (2) the price is fixed and determinable when the order is placed; (3) the customer is required to and concurrently pays for the product upon order; and, (4) the product is shipped. The evaluation of our recognition of revenue after the adoption of FASB ASC 606 did not include any judgments or changes to judgments that affected our reporting of revenues, since our product sales, both pre and post adoption of FASB ASC 606, were evaluated using the same standards as noted above, reflecting revenue recognition upon order, payment and shipment, which all occurs concurrently when the order is placed and paid for by the customer, and the product is shipped. Further, given the facts that (1) our customers exercise discretion in determining the timing of when they place their product order; and, (2) the price negotiated in our product sales is fixed and determinable at the time the customer places the order, and there is no delay in shipment, we are of the opinion that our product sales do not indicate or involve any significant customer financing that would materially change the amount of revenue recognized under the sales transaction, or would otherwise contain a significant financing component for us or the customer under FASB ASC Topic 606.

The Company determined that upon adoption of ASC 606 there were no quantitative adjustments converting from ASC 605 to ASC 606 respecting the timing of our revenue recognition because product sales revenue is recognized upon customer order, payment and shipment, which occurs concurrently.

#### Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, 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. Significant estimates include the fair value of the Company’s stock, stock-based compensation, fair values relating to derivative liabilities, debt discounts and the valuation allowance related to deferred tax assets. Actual results may differ from these estimates.

#### Cash

The Company considers cash to consist of cash on hand and temporary investments having an original maturity of 90 days or less that are readily convertible into cash.

#### Concentrations of credit risk

The Company’s financial instruments that are exposed to a concentration of credit risk are cash and accounts receivable. Occasionally, the Company’s cash and cash equivalents in interest-bearing accounts may exceed FDIC insurance limits. The financial stability of these institutions is periodically reviewed by senior management.

#### Accounts Receivable

Trade receivables are carried at their estimated collectible amounts. Trade credit is generally extended on a short-term basis; thus, trade receivables do not bear interest. Trade accounts receivable are periodically evaluated for collectability based on past credit history with customers and their current financial condition. Net accounts receivable for year end December 31, 2022 and December 31, 2021 were \$2,946 and \$211,288, respectively.

### Allowance for Doubtful Accounts

Any charges to the allowance for doubtful accounts on accounts receivable are charged to operations in amounts sufficient to maintain the allowance for uncollectible accounts at a level management believes is adequate to cover any probable losses. Management determines the adequacy of the allowance based on historical write-off percentages and the current status of accounts receivable. Accounts receivable are charged off against the allowance when collectability is determined to be permanently impaired. As of December 31, 2022, and 2021, allowance for doubtful accounts was \$331,408 and \$0, respectively.

### Inventories

Inventories are stated at the lower of cost or market with cost being determined on a first-in, first-out (FIFO) basis. The Company writes down its inventory for estimated obsolescence or unmarketable inventory equal to the difference between the cost of inventory and the estimated market value based upon assumptions about future demand and market conditions. If actual market conditions are less favorable than those projected by management, additional inventory write-downs may be required. During the periods presented, there were no inventory write-downs. The value of inventory on December 31, 2022 and December 31, 2021 was \$37,666 and \$252,199, respectively.

### Cost of sales

Cost of sales is comprised of cost of product sold, packaging, and shipping costs.

### Stock-Based Compensation

The Company measures the cost of services received in exchange for an award of equity instruments including stock, stock options and restricted stock awards based on the fair value of the award. For employees and directors, the fair value of the award is measured on the grant date and recognized over the period during which services are required to be provided in exchange for the award, usually the vesting period. For non-employees, share-based compensation awards are recorded at either the fair value of the services rendered or the fair value of the share-based payments, whichever is more readily determinable. Stock and restricted stock and option awards are based on the closing price of the stock underlying the awards on the grant date. Stock-based compensation expense is recorded by the Company in the same expense classifications in the statements of operations, as if such amounts were paid in cash. As of December 31, 2022, and 2021, the number of outstanding stock options to purchase shares of common stock was 0 and 0 shares, respectively. 0 and 0 shares were vested as of December 31, 2022 and 2021, respectively.

### Net Loss per Common Share, basic and diluted

The Company computes earnings (loss) per share under Accounting Standards Codification subtopic 260-10, Earnings Per Share ("ASC 260-10"). Net loss per common share is computed by dividing net loss by the weighted average number of shares of common stock outstanding during the year. Diluted earnings per share, if presented, would include the dilution that would occur upon the exercise or conversion of all potentially dilutive securities into common stock using the "treasury stock" and/or "if converted" methods as applicable.

The computation of basic and diluted income (loss) per share as of December 31, 2022 and 2021 excludes potentially dilutive securities when their inclusion would be anti-dilutive, or if their exercise prices were greater than the average market price of the common stock during the period.

Potentially dilutive securities excluded from the computation of basic and diluted net loss per share are as follows:

	<b>2022</b>	<b>2021</b>
Convertible notes payable	7,862,300,484	1,282,203,301
Options to purchase common stock <sup>(1)</sup>	-	-
Warrants to purchase common stock	1,477,770,000	293,054,702
Total	<u>9,340,070,484</u>	<u>1,575,258,003</u>

### Property and Equipment

Property and equipment are stated at cost. When retired or otherwise disposed, the related carrying value and accumulated depreciation are removed from the respective accounts and the net difference less any amount realized from disposition, is reflected in earnings. For financial statement purposes, property and equipment are recorded at cost and depreciated using the straight-line method over their estimated useful lives of 3 to 5 years.

### Goodwill and Intangible Assets

Goodwill is carried at cost and is not amortized. The Company tests goodwill for impairment on an annual basis at the end of each fiscal year, relying on a number of factors including operating results, business plans, economic projections, anticipated future cash flows and marketplace data. Company management uses its judgment in assessing whether goodwill has become impaired between annual impairment tests according to specifications set forth in ASC 350. The Company completed an evaluation of goodwill at December 31, 2022 and determined that the goodwill was not impaired.

The Company recognizes an acquired intangible asset apart from goodwill whenever the intangible asset arises from contractual or other legal rights, or when it can be separated or divided from the acquired entity and sold, transferred, licensed, rented or exchanged, either individually or in combination with a related contract, asset or liability. Such intangibles are amortized over their useful lives. Impairment losses are recognized if the carrying amount of an intangible asset subject to amortization is not recoverable from expected future cash flows and its carrying amount exceeds its fair value.

We evaluate long-lived assets, including intangible assets and goodwill for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Upon such an occurrence, recoverability of assets to be held and used is measured by comparing the carrying amount of an asset to forecasted undiscounted net cash flows expected to be generated by the asset. If the carrying amount of the asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. For long-lived assets held for sale, assets are written down to fair value, less cost to sell. Fair value is determined based on discounted cash flows, appraised values or management's estimates, depending upon the nature of the assets. We have recorded \$0 and \$22,658 in impairment charges related to our JV investments during the years ended December 31, 2022 and 2021, respectively.

### Investments

The Company follows Accounting Standards Codification subtopic 321-10, Investments-Equity Securities ("ASC 321-10") which requires the accounting for equity security to be measured at fair value with changes in unrealized gains and losses are included in current period operations. Where an equity security is without a readily determinable fair value, the Company may elect to estimate its fair value at cost minus impairment plus or minus changes resulting from observable price changes (See Note 4).

### Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets is primarily comprised of advance payments made to third parties for independent contractors' services or other general expenses. Prepaid services and general expenses are amortized over the applicable periods which approximate the life of the contract or service period. The balance of prepaid insurance at December 31, 2022 and December 31, 2021 was \$0 and \$61,705.

### Derivative Financial Instruments

The Company classifies as equity any contracts that (i) require physical settlement or net-share settlement or (ii) provide the Company with a choice of net-cash settlement or settlement in its own shares (physical settlement or net-share settlement) providing that such contracts are indexed to the Company's own stock. The Company classifies as assets or liabilities any contracts that (i) require net-cash settlement (including a requirement to net cash settle the contract if an event occurs and if that event is outside the Company's control) or (ii) gives the counterparty a choice of net-cash settlement or settlement in shares (physical settlement or net-share settlement). The Company assesses classification of its common stock purchase warrants and other free standing derivatives at each reporting date to determine whether a change in classification between equity and liabilities is required.

The Company's free-standing derivatives consisted of conversion options embedded within its issued convertible debt and warrants with anti-dilutive (reset) provisions. The Company evaluated these derivatives to assess their proper classification in the balance sheet using the applicable classification criteria enumerated under GAAP. The Company determined that certain conversion and exercise options do not contain fixed settlement provisions. The convertible notes contain a conversion feature and warrants have a reset provision such that the Company could not ensure it would have adequate authorized shares to meet all possible conversion demands.

As such, the Company was required to record the conversion feature and the reset provision which does not have fixed settlement provisions as liabilities and mark to market all such derivatives to fair value at the end of each reporting period.

The Company has adopted a sequencing policy that reclassifies contracts (from equity to assets or liabilities) with the most recent inception date first. Thus, any available shares are allocated first to contracts with the most recent inception dates.

#### Fair Value of Financial Instruments

Fair value estimates discussed herein are based upon certain market assumptions and pertinent information available to management as of December 31, 2022 and 2021. The respective carrying value of certain on-balance-sheet financial instruments approximated their fair values. These financial instruments include cash and accounts payable. Fair values were assumed to approximate carrying values for cash, accounts payables and short-term notes because they are short term in nature.

#### Accrued liabilities

As of December 31, 2022 and 2021, the balance of accrued liabilities on the Company's consolidated balance sheets consisted of the following:

	<u>Dec 31, 2022</u>	<u>Dec 31, 2021</u>
Accrued interest	\$ 510,524	\$ 197,407
Accrued insurance payable	0	41,115
Accrued vacation liability	45,417	25,417
Accrued audit/review fees	15,000	0
Accrued other expenses	48,707	6,750
<b>Total accrued Liabilitie</b>	<b>\$ 619,648</b>	<b>\$ 270,689</b>

#### Advertising

The Company follows the policy of charging the costs of advertising to expense as incurred. The Company charged to operations \$121,401 and \$236,563 for the years ended December 31, 2022 and 2021, respectively, as advertising costs.

#### Income Taxes

Deferred income tax assets and liabilities are determined based on the estimated future tax effects of net operating loss and credit carry forwards and temporary differences between the tax basis of assets and liabilities and their respective financial reporting amounts measured at the current enacted tax rates. The Company records an estimated valuation allowance on its deferred income tax assets if it is not more likely than not that these deferred income tax assets will be realized.

The Company recognizes a 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 taxing authorities, based on the technical merits of the position. The tax benefits recognized in the consolidated financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. As of December 31, 2022, and 2021, the Company has not recorded any unrecognized tax benefits.

#### Segment Information

Accounting Standards Codification subtopic Segment Reporting 280-10 ("ASC 280-10") establishes standards for reporting information regarding operating segments in annual financial statements and requires selected information for those segments to be presented in

interim financial reports issued to stockholders. ASC 280-10 also establishes standards for related disclosures about products and services and geographic areas. Operating segments are identified as components of an enterprise about which separate discrete financial information is available for evaluation by the chief operating decision maker, or decision-making group, in making decisions how to allocate resources and assess performance. The information disclosed herein materially represents all of the financial information related to the Company's two principal operating segments, hempSMART and cDistro.

The following table represents the Company's hempSMART business.

**hempSMART**  
**STATEMENT OF OPERATIONS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<b>For the Years ended</b>	
	<b>Dec 31, 2022</b>	<b>Dec 31, 2021</b>
Revenues	\$ 16,428	\$ 93,575
Cost of Goods Sold	<u>149,016</u>	<u>61,267</u>
<b>Gross Profit</b>	<b>(132,588)</b>	<b>32,308</b>
<b><u>Expense</u></b>		
Depreciation Expense	15,808	10,103
Stock-based Compensation	-	104,9/8
Selling and Marketing	157,576	443,569
Payroll and Related expenses	112,248	252,123
General and Admin Expenses	444,119	456,322
<b>Total Expense</b>	<b><u>729,751</u></b>	<b><u>1,266,802</u></b>
<b>Net Loss from Operations</b>	<b><u>\$ (862,339)</u></b>	<b><u>\$ (1,234,494)</u></b>

The following table represents the Company's cDistro business segment for the years ended December 31, 2022 and 2021 since it was acquired:

	<b>or the Years ended</b>	
	<b>Dec 31, 2022</b>	<b>Dec 31, 2021</b>
Revenues	\$ 868,864	\$ 901,535
Cost of Goods Sold	<u>587,834</u>	<u>810,937</u>
<b>Gross Profit</b>	<b>281,030</b>	<b>90,598</b>
<b><u>Expense</u></b>		
Depreciation and amortization expense	92,459	91,358
Stock-based Compensation	—	—
Selling and Marketing	5,880	4,549
Payroll and Related expenses	183,777	110,000
Impairment loss	2,653,557	0
General and Admin Expenses	309,481	163,355
<b>Total Expense</b>	<b><u>3,245,154</u></b>	<b><u>369,262</u></b>
<b>Net Loss from Operations</b>	<b><u>\$ (2,964,124)</u></b>	<b><u>\$ (278,664)</u></b>



### Recent Accounting Pronouncements

There are various updates recently issued, most of which represented technical corrections to the accounting literature or application to specific industries and are not expected to have a material impact on the Company's financial position, results of operations or cash flows.

### Adoption of Accounting Standards

In May 2014, the Financial Accounting Standards Board (the "FASB") issued ASU 2014-09 "Revenue from Contracts with Customers" to supersede previous revenue recognition guidance under current U.S. GAAP. The guidance presents a single five-step model for comprehensive revenue recognition that requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Two options are available for implementation of the standard which is either the retrospective approach or cumulative effect adjustment approach. The guidance becomes effective for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period, with early adoption permitted.

The Company has determined that the adoption of ASU-2014-09 will not have a material impact on its financial statements.

### COVID-19 Impacts on Accounting Policies and Estimates

**COVID-19 Impacts on Accounting Policies and Estimates** In light of the currently unknown ultimate duration and severity of COVID-19, we face a greater degree of uncertainty than normal in making the judgments and estimates needed to apply our significant accounting policies. As COVID-19 continues to develop, we may make changes to these estimates and judgments over time, which could result in meaningful impacts to our financial statements in future periods.

### Subsequent Events

The Company evaluates events that have occurred after the balance sheet date but before the financial statements are issued. Based upon the evaluation, the Company did not identify any recognized or non-recognized subsequent events that would have required adjustment or disclosure in the financial statements, except as disclosed.

Subsequent to December 31, 2022, the Company has sold a total of 90,000,000 shares of common stock at a fixed price of \$0.001 per share for a total of \$90,000 in cash to accredited investors under the Company's active Regulation A offering, qualified by the SEC on October 20, 2021. There is no assurance that the Company will raise any further funds under the Regulation A offering.

Subsequent to December 31, 2022, the Company has sold a total of 706,250,000 shares of common stock at a fixed price of \$0.0008 per share for a total of \$565,000 in cash to accredited investors under the Company's active Regulation A offering, qualified by the SEC on October 20, 2021 and amended on December 15, 2021. There is no assurance that the Company will raise any further funds under the Regulation A offering.

## **NOTE 2 – GOING CONCERN AND MANAGEMENT'S LIQUIDITY PLANS**

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. As shown in the accompanying financial statements during year ended December 31, 2022, the Company incurred net losses of \$14,271,337 and used cash in operations of \$2,220,196. These factors among others may indicate that the Company will be unable to continue as a going concern for a reasonable period of time.

The Company's primary source of operating funds in 2022 and 2021 has been from funds generated from proceeds from the sale of common stock and the issuance of convertible and other debt. The Company has experienced net losses from operations since its inception but expects these conditions to improve in 2023 and beyond as it develops its business model. The Company has stockholders' deficiencies at December 31, 2022 and requires additional financing to fund future operations.

The Company's existence is dependent upon management's ability to develop profitable operations and to obtain additional funding sources. There can be no assurance that the Company's financing efforts will result in profitable operations or the resolution of the Company's liquidity problems. The accompanying statements do not include any adjustments that might result should the Company be unable to continue as a going concern.

### NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment as of December 31, 2022 and 2021 is summarized as follows:

	2022	2021
Computer equipment	\$ 0	\$ 30,155
Machinery	104,102	
Furniture and fixtures	0	13,278
Subtotal	104,102	147,535
Less accumulated depreciation	(24,027)	(25,947)
Property and equipment, net	\$ 80,075	\$ 121,588

Property and equipment are stated at cost and depreciated using the straight-line method over their estimated useful lives of 3 years. When retired or otherwise disposed, the related carrying value and accumulated depreciation are removed from the respective accounts and the net difference less any amount realized from disposition, is reflected in earnings.

Depreciation expense was \$21,985 and \$101,334 for the year ended December 31, 2022 and 2021.

### NOTE 4 – INVESTMENTS

#### Bougainville Ventures, Inc. Joint Venture

On March 16, 2017, we entered into a joint venture agreement with Bougainville Ventures, Inc., a Canadian corporation. The purpose of the joint venture was for the Company and Bougainville to (i) jointly engage in the development and promotion of products in the legalized cannabis industry in Washington State; (ii) utilize Bougainville's high quality cannabis grow operations in the State of Washington, where it claimed to have an ownership interest in real property for use within the legalized cannabis industry; (iii) leverage Bougainville's agreement with a I502 Tier 3 license holder to grow cannabis on the site; provide technical and management services and resources including, but not limited to: sales and marketing, agricultural procedures, operations, security and monitoring, processing and delivery, branding, capital resources and financial management; and, (iv) optimize collaborative business opportunities. The Company and Bougainville agreed to operate through a Washington State Limited Liability Company, and BV-MCOA Management, LLC was organized in the State of Washington on May 16, 2017.

As our contribution to the joint venture, the Company committed to raise not less than \$1,000,000 to fund joint venture operations, based upon a funding schedule. The Company also committed to providing branding and systems for the representation of cannabis related products and derivatives comprised of management, marketing and various proprietary methodologies directly tailored to the cannabis industry.

The Company and Bougainville's agreement provided that funding provided by the Company would contribute towards the joint venture's ultimate purchase of the land consisting of a one-acre parcel located in Okanogan County, Washington, for joint venture operations.

As disclosed on Form 8-K on December 11, 2017, the Company did not comply with the funding schedule for the joint venture. On November 6, 2017, the Company and Bougainville amended the joint venture agreement to reduce the amount of the Company's commitment from \$1,000,000 to \$800,000, and also required the Company to issue Bougainville 15 million shares of the Company's restricted common stock. The Company completed its payments pursuant to the amended agreement on November 7, 2017, and on November 9, 2017, issued to Bougainville 15 million shares of restricted common stock. The amended agreement provided that Bougainville would deed the real property to the joint venture within thirty days of its receipt of payment.

Thereafter, the Company determined that Bougainville had no ownership interest in the property in Washington State, but rather was a party to a purchase agreement for real property that was in breach of contract for non-payment. Bougainville also did not possess an agreement with a Tier 3 I502 license holder to grow Marijuana on the property. Nonetheless, as a result of funding arranged for by the Company, Bougainville and an unrelated third party, Green Ventures Capital Corp., purchased the land, but did not deed the real property

to the joint venture. Bougainville failed to pay delinquent property taxes to Okanogan County and to date, the property has not been deeded to the joint venture.

To clarify the respective contributions and roles of the parties, the Company offered to enter into good faith negotiations to revise and restate the joint venture agreement with Bougainville. The Company diligently attempted to communicate with Bougainville to accomplish a revised and restated joint venture agreement, and efforts towards satisfying the conditions to complete the subdivision of the land by the Okanogan County Assessor. However, Bougainville failed to cooperate or communicate with the Company in good faith, and failed to pay the delinquent taxes on the real property that would allow for sub-division and the deeding of the real property to the joint venture.

On August 10, 2018, the Company advised its independent auditor that Bougainville did not cooperate or communicate with the Company regarding its requests for information concerning the audit of Bougainville's receipt and expenditures of \$800,000 contributed by the Company in the joint venture agreement. Bougainville had a material obligation to do so under the joint venture agreement. The Company believes that some of the funds it paid to Bougainville were misappropriated and that there was self-dealing with respect to those funds. Additionally, the Company believes that Bougainville misrepresented material facts in the joint venture agreement, as amended, including, but not limited to, Bougainville's representations that: (i) it had an ownership interest in real property that was to be deeded to the joint venture; (ii) it had an agreement with a Tier 3 # 1502 cannabis license holder to grow cannabis on the real property; and, (iii) that clear title to the real property associated with the Tier 3 # 1502 license would be deeded to the joint venture thirty days after the Company made its final funding contribution. As a result, on September 20, 2018, the Company filed suit against Bougainville Ventures, Inc., BV-MCOA Management, LLC, Andy Jagpal, Richard Cindric, et al. in Okanogan County Washington Superior Court, case number 18-2- 0045324. The Company's complaint seeks legal and equitable relief for breach of contract, fraud, breach of fiduciary duty, conversion, recession of the joint venture agreement, an accounting, quiet title to real property in the name of the Company, for the appointment of a receiver, the return to treasury of 15 million shares issued to Bougainville, and, for treble damages pursuant to the Consumer Protection Act in Washington State. The registrant has filed a lis pendens on the real property. The case is currently in litigation.

In connection with the agreement, the Company recorded a cash investment of \$1,188,500 to the Joint Venture during 2017. This was comprised of 49.5% ownership of BV-MCOA Management LLC, and was accounted for using the equity method of accounting. The Company recorded an annual impairment in 2017 of \$792,500, reflecting the Company's percentage of ownership of the net book value of the investment. During 2018, the Company recorded equity losses of \$37,673 and \$11,043 for the first and second quarters respectively, and recorded an annual impairment of \$285,986 for the year ended December 31, 2018, at which time the Company determined the investment to be fully impaired due to Bougainville's breach of contract and resulting litigation, as discussed above.

#### Natural Plant Extract of California

Natural Plant Extract of California & Subsidiaries Joint Venture; On April 15, 2019, the Company entered into a joint venture agreement with Natural Plant Extracts of California, Inc. and subsidiaries. The purpose of the joint venture was to utilize Natural Plant Extracts' California and City cannabis licenses to jointly operate a business named "Viva Buds" to operate a licensed cannabis distribution service in California. In exchange for acquiring 20% of Natural Plant Extracts' common stock, the Company agree to pay two million dollars and issue Natural Plant Extract one million dollars' worth of the Company's restricted common stock. As of February 3, 2020, the Company was in arrears in its payment obligations under the joint venture agreement, and the parties entered into a settlement and release of all claims terminating the joint venture. The parties agreed to reduce the Company's equity ownership in Natural Plant Extracts from 20% to 5%. The Company also agreed to pay Natural Plant Extracts \$85,000 and the balance of \$56,085.15 paid in a convertible promissory note issued with terms allowing Natural Plant Extracts to convert the note into common stock at a 50% discount to the closing price of MCOA's common stock as of the maturity date. As of the date of this filing, the Company satisfied its payment obligations under the settlement agreement.

#### Cannabis Global Share Exchange

Share Exchange with Cannabis Global, Inc. On September 30, 2020, the Company entered into a securities exchange agreement with Cannabis Global, Inc., a Nevada corporation. By virtue of the agreement, the Company issued 650,000,000 shares of its unregistered common stock to Cannabis Global in exchange for 7,222,222 shares of Cannabis Global unregistered common stock. The Company and Cannabis Global also entered into a lock up leak out agreement which prevents either party from sales of the exchanged shares for a period of 12 months. Thereafter the parties may sell not more than the quantity of shares equaling an aggregate maximum sale value of

\$20,000 per week, or \$80,000 per month until all Shares and Exchange Shares are sold. The investment balance for this company was written off to \$0 as Cannabis Global withdrew its registration as a public company.

#### Eco Innovation Group Share Exchange

On February 26, 2021, we entered into a Share Exchange Agreement with Eco Innovation Group, Inc., a Nevada corporation quoted on OTC Markets Pink (“ECOX”) to acquire the number of shares of ECOX’s common stock, equal in value to \$650,000 based on the per-share price of \$0.06, in exchange for the number of shares of MCOA common stock equal in value to \$650,000 based on the closing price for the trading day immediately preceding the effective date (the “Share Exchange Agreement”). For both parties, the Share Exchange Agreement contains a “true-up” provision requiring the issuance of additional common stock in the event that a decline in the market value of either parties’ common stock should cause the aggregate value of the stock acquired pursuant to the Share Exchange Agreement to fall below \$650,000. The investment balance for this company was written off to \$0 as ECOX withdrew its registration as a public company.

Complementary to the Share Exchange Agreement, the Company and ECOX entered into a Lock-Up Agreement dated February 26, 2021 (the “Lock-Up Agreement”), providing that the shares of common stock acquired pursuant to the Share Exchange Agreement shall be subject to a lock-up period preventing its sale for a period of 12 months following issuance and limiting the subsequent sale to aggregate maximum sale value of \$20,000 per week, or \$80,000 per month. On October 1, 2021, we entered into a First Amendment to Lock-Up Agreement between the Company and Eco Innovation Group, Inc., dated and effective October 1, 2021 (the “Amended Lock-Up Agreement”), which amends that certain Lock-Up Agreement entered into between the Company and Eco Innovation Group, Inc. on February 26, 2021 (the “Original Lock-Up Agreement”). The Amended Lock-Up Agreement amends the Original Lock-Up Agreement in one respect, by amending the initial lock-up period from 12 months following its effective date to 6 months following its effective date. All other terms and conditions of the Original Lock-Up Agreement remain unaffected. . The investment balance for this company was written off to \$0 as Eco Innovation Group withdrew its registration as a public company.

#### Joint Ventures in Brazil and Uruguay – Development Stage

On October 1, 2020, we entered into two Joint Venture Agreements with Marco Guerrero, a director of the Company, dated September 30, 2020, to form joint venture operations in Brazil and in Uruguay to produce, manufacture, market and sell the Company’s hempSMART™ products in Latin America, and will also work to develop and sell hempSMART™ products globally. The Joint Venture Agreements contain equal terms for the formation of joint venture entities in Uruguay and Brazil. The Brazilian joint venture will be headquartered in São Paulo, Brazil, and will be named HempSmart Produtos Naturais Ltda. (“HempSmart Brazil”). The Uruguayan joint venture will be headquartered in Montevideo, Uruguay and will be named HempSmart Uruguay S.A.S. (“HempSmart Uruguay”). Both are in the development stage. Under the Joint Venture Agreements, the Company will acquire a 70% equity interest in both HempSmart Brazil and HempSmart Uruguay. A minority 30% equity interest in both HempSmart Brazil and HempSmart Uruguay will be held by newly formed entities controlled by Mr. Guerrero, our director and a successful Brazilian entrepreneur. The Company will provide capital in the amount of \$50,000 to both HempSmart Brazil and HempSmart Uruguay under the Joint Venture Agreements, for a total capital obligation of \$100,000. As of December 31, 2021, this amount has not been disbursed. It is expected that the proceeds of the initial capital contribution will be used for contracting with third-party manufacturing facilities in Brazil and Uruguay, and related infrastructure and employment of key personnel. The boards of directors of HempSmart Brazil and HempSmart Uruguay will consist of three directors, elected by the joint venture partners. As part of the Joint Venture Agreements, the Company will license, on a royalty-free basis, certain of its intellectual property regarding the Company’s existing products to HempSmart Brazil and HempSmart Uruguay to enable the joint ventures to manufacture and sell the Company’s products in Brazil, Uruguay, and for export to other Latin American countries, the United States, and globally in accordance with the terms of the Joint Venture Agreements. The Joint Venture Agreements provide the partners with a right of first offer. Under this right, each partner may trigger an “interest sale” right of first offer process at any time pursuant to which the other partners may either acquire the triggering partner’s interest in the joint ventures, or permit the triggering partner to sell its interest to a third party. In addition, the Company, as majority partner, may trigger a compulsory buy-sell procedure in the event a joint venture is frustrated in its intent or purpose, pursuant to which the Company could pursue a sale of all or substantially all of the joint venture. Subject to certain exceptions, the joint venture partners may not transfer their interests in HempSmart Brazil and HempSmart Uruguay. The Joint Venture Agreements contain customary terms, conditions, representations, warranties and covenants of the parties for like transactions.

#### Acquisition of cDistro, Inc.

On June 29, 2021, we acquired 100% of the capital stock of cDistro, Inc., a Florida-based hemp and CBD product distribution business incorporated in the State of Nevada (“cDistro”) by a statutory merger and share exchange. Our Chief Financial Officer Jesus Quintero serves as cDistro’s Chief Executive Officer.

#### Asset Purchase Agreement with VBF Brands, Inc.

On October 6, 2021, the Company, through its wholly owned subsidiary Salinas Diversified Ventures, Inc., a California corporation, entered into an Asset Purchase Agreement, Management Services Agreement, Cooperation Agreement and Employment Agreement with VBF Brands, Inc., a California corporation (“VBF”), a wholly owned subsidiary of Sunset Island Group, Inc., a Colorado corporation (“SIGO”). VBF and SIGO agreed to transfer to the Company all of VBF’s outstanding stock to the Company, and appointed our CEO and CFO Jesus Quintero as President of VBF.

VBF owns various fixed assets including machinery and equipment, a lease for a 10,000 square foot facility located at 20420 Spence Road, Salinas, California, 93908, leasehold improvements, good-will, inventory, tradenames including “VBF Brands,” trade secrets, intellectual property, and other tangible and intangible properties, including licenses issued by the City of Salinas, County of Monterey, and the State of California to operate a licensed cannabis nursery, cultivation facility, and operations for the manufacturing and distribution of cannabis and cannabis products.

VBF and SIGO agreed to sell and transfer to the Company all of VBF’s outstanding stock, and, by virtue of the Management Services Agreement, appoint Mr. Jesus Quintero as President of VBF, vesting management and control of VBF’s licensed cannabis operations in the Company. Concurrently, VBF and Livacich entered into a Cooperation Agreement, whereby VBF and Livacich agreed to cooperate to facilitate the transfer of ownership of VBF, which includes licenses issued by the City of Salinas, County of Monterey, and the State of California, to operate a cannabis nursery, cultivation facility and manufacturing and distribution operations to the Company. The Company also agreed to retain Livacich as Chief Executive Officer for a term of two years and agreed to compensate her with a salary including a signing cash bonus of \$250,000, and a \$250,000 performance cash bonus payable after six months after the Effective Date. The bonus is conditioned upon Livacich meeting an agreed to “Net Revenue” target of one million dollars (\$1,000,000) from VBF’s operations during the six-month period after closing of the Asset Purchase Agreement, and her compliance with the terms and conditions of this Asset Purchase Agreement, the Management Services Agreement and the Cooperation Agreement.

As consideration for the transaction, the Company agreed to assume two secured convertible promissory notes issued by SIGO to St. George Investments, LLC, a Utah limited liability company (“St. George”) (the “SIGO Notes”). The first note was issued December 8, 2017, in the original face amount of \$170,000.00, and the second was issued February 13, 2018, in the original face amount of \$4,245,000.00. SIGO also issued warrants to St. George to purchase common shares in SIGO, and fifty (50) shares of SIGO’s preferred stock. St. George agreed to cancel the warrants and preferred shares upon the Company’s assumption of the SIGO Notes.

Under the Asset Purchase Agreement, the closing is conditioned upon certain conditions precedent, specifically (i) VBF and SIGO’s full corporate authorization, consent and execution of this Agreement; (ii) VBF’s sale to MCOA of 100% of the issued and outstanding shares of VBF; (iii) full corporate authorization, consent compliance with and execution of the Management Services Agreement and Cooperation Agreement; (iv) SIGO’s disclosure of the Agreement on Form 8-K with the Securities and Exchange Commission; (v) full cooperation in MCOA’s financial auditing of VBF in accordance with ASC 805, including providing unrestricted access to all VBF corporate and financial records and providing all necessary cooperation with VBF financial personnel; (vi) full cooperation in aiding and assisting Buyer with its change of ownership applications with the relevant licensing authorities; (vii) the warranty of truthful representations and execution of and compliance with the terms and conditions of the Executive Employment Agreement, Management Services Agreement and the Cooperation Agreement.

As of the date of this filing, the conditions precedent to the closing of the Asset Purchase Agreement remain in the process of implementation, so that the Asset Purchase Agreement closing has not yet occurred pursuant to its terms. Legal counsel for MCOA is currently in the process of working with VBF, Salinas Diversified Ventures, and the relevant state and local governments to effect the change of control and license transfers necessary to close the Asset Purchase Agreement.

#### **NOTE 5 – CONVERTIBLE NOTES PAYABLE AND NOTES PAYABLE**

During the years ended December 31, 2022 and 2021, the Company issued an aggregate of 1,236,181,851 and 2,291,141,317 shares of its common stock in settlement of the issued convertible notes payable and accrued interest.

For the years ended December 31, 2022 and 2021, the Company recorded amortization of debt discounts of \$1,993,373 and \$1,658,395, respectively, as a charge to interest expense.

Convertible notes, net of debt discount and notes payable, net of debt discounts are comprised of the following:

	2022	2021
Convertible note payable – Crown Bridge Partners	\$ -	\$ 35,000
Convertible note payable – Labrys	-	99,975
Convertible note payable – FF Global Opportunities Fund	-	243,750
Convertible note payable – Quick Capital	27,777	-
Convertible note payable – GS Capital Partners LLC	153,185	82,000
Convertible note payable – Beach Labs	266,668	583,333
Convertible note payable – Mast Hill Fund	739,033	-
Convertible note payable – Pinnacle Consulting Services Inc.	83,100	30,000
Convertible note payable – Geneva Roth	-	97,939
Convertible note payable – Dutchess Capital Partners	79,444	60,709
Convertible note payable – GW Holdings	-	120,750
Convertible note payable – Coventry	-	100,000
Convertible note payable – Sixth Street Lending	-	60,738
Notes payable – Kingdom Capital	5,609	-
Notes payable – Blue Sky	29,639	-
Notes payable – Eleven Capital	20,000	-
Note payable – Everest Business funding	7,464	-
Note payable – Fundamental Capital	5,055	-
Convertible note payable – Bucktown Capital LLC	502,500	-
Note payable – Specialty Capital	4,275	0
Convertible notes payable -St George	3,492,378	3,914,878
Total	\$ 5,416,128	\$ 5,429,072
Less debt discounts	\$ (344,339)	\$ (1,659,623)
Net	\$ 5,064,277	\$ 3,769,449
Less current portion	\$ (5,064,277)	\$ (3,769,449)
Long term portion	\$ —	\$ —

#### Convertible notes payable-Crown Bridge Partners

From October 1 through December 31, 2019, the Company issued convertible promissory notes in the aggregate principal amount of \$225,000 to Crown Bridge Partners LLC (“Crown Bridge”). The promissory notes bear interest at 10% per annum, are due one year from the respective issuance date and include an original issuance discount (“OID”) in aggregate of \$22,500. Interest shall accrue from the issuance date, but interest shall not become payable until the notes becomes payable. The notes are convertible at any time at a conversion rate equal to 60% of the Market Price (defined as the lowest trading price during the 15-trading-day period prior to the conversion date). Upon the issuance of these convertible notes, the Company determined that the features associated with the embedded conversion option embedded in the debentures, should be accounted for at fair value, as a derivative liability, as the Company cannot determine if a sufficient number of shares would be available to settle all potential future conversion transactions. As of the funding date of each note, the Company determined the fair value of the embedded derivative associated with the convertibility of each note. The fair value of the embedded derivative has been added to the debt discount (total debt discount is limited to the face value of the debt) with any excess of the derivative liability recognized as interest expense. The aggregate debt discount of \$78,056 is being amortized to interest expense over the respective terms of the notes.

The Company shall have the right to prepay the notes for an amount ranging from 125% - 140% multiplied by the outstanding balance (all principal and accrued interest) depending on the Prepayment Period (ranging from 1 to 180 days following the issuance date). The Company is prohibited from effecting a conversion of any note to the extent that, as a result of such conversion, the investor, together with its affiliates, would beneficially own more than 4.99% of the number of shares of the Company’s common stock outstanding immediately after giving effect to the issuance of shares of common stock upon conversion of the note.

During the year ended December 31, 2022, the Company repaid Crown Bridge \$50,000 in full settlement of the outstanding note. As of December 31, 2022, the Company owed an aggregate of \$0 in principal and \$0 in accrued interest.

### Convertible notes payable-GS Capital Partners LLC

On December 19, 2019, the Company issued convertible promissory notes in the aggregate principal amount of \$173,000 to GS Capital Partners LLC ("GS Capital"). The promissory notes bear interest at 10% per annum and is due one year from the respective issuance date and include an original issuance discount ("OID") in aggregate of \$15,000.

The Holder of this Note is entitled, at its option, at any time after cash payment, to convert all or any amount of the principal face amount of this Note then outstanding into shares of the Company's common stock (the "Common Stock") at a price ("Conversion Price") for each share of Common Stock equal to 62% of the lowest trading price of the Common Stock as reported on the National Quotations Bureau OTC Marketplace exchange which the Company's shares are traded or any exchange upon which the Common Stock may be traded in the future ("Exchange"), for the twenty prior trading days including the day upon which a Notice of Conversion is received by the Company or its transfer agent. To the extent the Conversion Price of the Company's Common Stock closes below the par value per share, the Company will take all steps necessary to solicit the consent of the stockholders to reduce the par value to the lowest value possible under law. The Company agrees to honor all conversions submitted pending this increase. In the event the Company experiences a DTC "Chill" on its shares, the Conversion Price shall be decreased to 52% instead of 62% while that "Chill" is in effect. In no event shall the Holder be allowed to effect a conversion if such conversion, along with all other shares of Company Common Stock beneficially owned by the Holder and its affiliates would exceed 4.99% of the outstanding shares of the Common Stock of the Company (which may be increased up to 9.9% upon 60 days' prior written notice by the Investor). As of the funding date of each note, the Company determined the fair value of the embedded derivative associated with the convertibility of each note. The fair value of the embedded derivative has been added to the debt discount (total debt discount is limited to the face value of the debt) with any excess of the derivative liability recognized as interest expense. The aggregate debt discount of \$92,396 is being amortized to interest expense over the respective terms of the notes.

In August and September of 2020, the Company issued convertible promissory notes in the aggregate principal amount of \$143,500 to GS Capital. The promissory notes bear interest at 10% per annum and is due one year from the respective issuance date and include an original issuance discount in aggregate of \$5,500.

The Holder of this Note is entitled, at its option, at any time after cash payment, to convert all or any amount of the principal face amount of this Note then outstanding into shares of the Company's common stock (the "Common Stock") at a price ("Conversion Price") for each share of Common Stock equal to 62% of the lowest trading price of the Common Stock as reported on the National Quotations Bureau OTC Marketplace exchange which the Company's shares are traded or any exchange upon which the Common Stock may be traded in the future ("Exchange"), for the twenty prior trading days including the day upon which a Notice of Conversion is received by the Company or its transfer. To the extent the Conversion Price of the Company's Common Stock closes below the par value per share, the Company will take all steps necessary to solicit the consent of the stockholders to reduce the par value to the lowest value possible under law. The Company agrees to honor all conversions submitted pending this increase. In the event the Company experiences a DTC "Chill" on its shares, the Conversion Price shall be decreased to 52% instead of 62% while that "Chill" is in effect. In no event shall the Holder be allowed to effect a conversion if such conversion, along with all other shares of Company Common Stock beneficially owned by the Holder and its affiliates would exceed 4.99% of the outstanding shares of the Common Stock of the Company (which may be increased up to 9.9% upon 60 days' prior written notice by the Investor).

As of the funding date of each note, the Company determined the fair value of the embedded derivative associated with the convertibility of each note. The fair value of the embedded derivative has been added to the debt discount (total debt discount is limited to the face value of the debt) with any excess of the derivative liability recognized as interest expense. The aggregate debt discount of \$143,500 is being amortized to interest expense over the respective terms of the notes.

In August 2021, the Company issued convertible promissory notes in the aggregate principal amount of \$82,000 to GS Capital. The promissory notes bear interest at 10% per annum and is due one year from the respective issuance date and include an original issuance discount in aggregate of \$7,000. In connection with the Note, the Company issued 5,000,000 warrants to purchase common stock with a fair value of \$18,086, which was recorded as a debt discount.

The Holder of this Note is entitled, at its option, at any time after cash payment, to convert all or any amount of the principal face amount of this Note then outstanding into shares of the Company's common stock (the "Common Stock") at a price ("Conversion Price") for each share of Common Stock equal to 62% of the lowest trading price of the Common Stock as reported on the National Quotations Bureau OTC Marketplace exchange which the Company's shares are traded or any exchange upon which the Common Stock may be traded in the future ("Exchange"), for the twenty prior trading days including the day upon which a Notice of Conversion is received by the Company or its transfer. To the extent the Conversion Price of the Company's Common Stock closes below the par value per share, the Company will take all steps necessary to solicit the consent of the stockholders to reduce the par value to the lowest value possible

under law. The Company agrees to honor all conversions submitted pending this increase. In the event the Company experiences a DTC “Chill” on its shares, the Conversion Price shall be decreased to 52% instead of 62% while that “Chill” is in effect. In no event shall the Holder be allowed to effect a conversion if such conversion, along with all other shares of Company Common Stock beneficially owned by the Holder and its affiliates would exceed 4.99% of the outstanding shares of the Common Stock of the Company (which may be increased up to 9.9% upon 60 days’ prior written notice by the Investor).

As of the funding date of each note, the Company determined the fair value of the embedded derivative associated with the convertibility of each note. The fair value of the embedded derivative has been added to the debt discount (total debt discount is limited to the face value of the debt) with any excess of the derivative liability recognized as interest expense. The aggregate debt discount of \$25,086 is being amortized to interest expense over the respective terms of the notes.

As of December 31, 2022, the Company owed an aggregate of \$153,185 of principal and \$6,063 of accrued interest on these convertible promissory notes. During the year ended December 31, 2022, the lender converted \$82,000 of principal and \$5,013 of accrued interest into common stock, and the Company repaid \$105,000 of principal with cash.

#### Convertible notes payable-St George Investments

In December 2020, the Company entered into two convertible promissory notes in the aggregate amount of \$160,000 of principal with Bucktown Capital LLC, an entity controlled by the owners of St. George. The Company received net proceeds of \$150,000. The notes mature in December 2020 and bear interest at 8% or 22% in the event of default. The notes are convertible at the lender’s option at any time at a fixed price of \$0.002 per common share, subject to normal adjustment for common stock splits.

In January and March 2021, the Company entered into three convertible promissory notes in the aggregate amount of \$567,500 of principal with Bucktown Capital LLC, entity controlled by the owners of St. George. The Company received net proceeds of \$535,000. The notes mature in January and March 2022 and bear interest at 8% or 22% in the event of default. The notes are convertible at the lender’s option at any time at a fixed price of \$0.002 per common share, subject to normal adjustment for common stock splits.

Effective October 6, 2021, the Company issued a secured convertible promissory note in the amount of \$3,492,378 with Chicago Ventures. The Company received cash proceeds of \$1,100,000 and included an original issue discount of \$574,916 and paid legal fees of \$10,000. This note agreement was assumed by the Company as part of the VBF Acquisition discussed in Note 13 and includes \$1,770,982 which reflects the initial consideration towards the future closing of the VBF Acquisition. The note bears interest at 8% and is due upon maturity on October 6, 2023. The note is convertible at a fixed price of \$0.002 per share. In the event of default as defined in the agreement, the lender has the right to convertible principal and accrued interest at 70% of the lowest closing trading price over the 10 days preceding the conversion notice.

On October 14, 2022 the Company entered into a Global Amendment pursuant to which the convertible features were removed from the note. Concurrently with the Global Amendment, St George Investments assigned the Notes to Dublin Holdings, LLC, as trustee to the Dublin Irrevocable Trust dated August 19, 2018.

As of December 31, 2022, the Company owed \$3,492,378 of principal and \$345,116 of accrued interest on the above convertible promissory notes.

#### Convertible Notes Payable - Robert L. Hymers III

On December 27, 2021, the Company issued convertible promissory notes in the aggregate principal amount of \$30,000 to Pinnacle Consulting Services, Inc. (“Pinnacle”). The promissory note bears interest at 12.5% per annum, and is due one year from the respective issuance date of the note along with accrued and unpaid interest and includes an original issue discount (“OID”) of \$5,000. Principal and interest to be payable as provided below on that date which is one year from the date of issuance (the “Maturity Date”).

For so long as there remains any amount due hereunder, the Holder shall have the option to convert all or any portion of the unpaid principal amount of this Note, plus accrued interest (together with the unpaid principal amount, the “Converted Amount”), into shares of the Company’s common stock. The conversion price (the “Conversion Price”) shall be equal to a \$0.006. The Conversion price, and any other economic terms will be adjusted on a ratchet basis if the Company offers a more favorable conversion or stock issuance price, prepayment rate, interest rate, additional securities, look back period or more favorable terms to another party for any financings while this note is in effect.

The aggregate debt discount of \$5,000 is being amortized to interest expense over the respective term of the note.



On August 6, 2022, the Company issued convertible promissory notes in the aggregate principal amount of \$79,500 to Pinnacle Consulting Services, Inc. ("Pinnacle"). The promissory note has a one time interest charge of \$7,950, and is due April 1, 2023 (the "Maturity Date") and includes an original issue discount ("OID") of \$16,250.

For so long as there remains any amount due hereunder, the Holder shall have the option to convert all or any portion of the unpaid principal amount of this Note, plus accrued interest (together with the unpaid principal amount, the "Converted Amount"), into shares of the Company's common stock. The conversion price (the "Conversion Price") shall be equal to 80% of the lowest trade price in the 25 prior trading days.

If the Company or any Subsidiary thereof, as applicable, at any time while this Note is outstanding, shall sell or grant any option to purchase, or sell or grant any right to re-price, or otherwise dispose of or issue (or announce any offer, sale, grant or any option to purchase or other disposition) any Common Stock or Common Stock Equivalents entitling any Person to acquire shares of Common Stock, at an effective price per share less than the then Conversion Price (such lower price, the "Base Share Price" and such issuances collectively, a "Dilutive Issuance") (if the holder of the Common Stock or Common Stock Equivalents so issued shall at any time, whether by operation of purchase price adjustments, reset provisions, floating conversion, exercise or exchange prices or otherwise, or due to warrants, options or rights per share which are issued in connection with such issuance, be entitled to receive shares of Common Stock at an effective price per share which is less than the Conversion Price, such issuance shall be deemed to have occurred for less than the Conversion Price on such date of the Dilutive Issuance), then the Conversion Price shall be reduced and only reduced to equal the Base Share Price. Such adjustment shall be made whenever such Common Stock or Common Stock Equivalents are issued.

On November 23, 2022, the Company issued convertible promissory notes in the aggregate principal amount of \$3,600 to Pinnacle Consulting Services, Inc. ("Pinnacle"). The promissory note has a one time interest charge of \$360, and is due April 1, 2023 (the "Maturity Date") and includes an original issue discount ("OID") of \$600.

For so long as there remains any amount due hereunder, the Holder shall have the option to convert all or any portion of the unpaid principal amount of this Note, plus accrued interest (together with the unpaid principal amount, the "Converted Amount"), into shares of the Company's common stock. The conversion price (the "Conversion Price") shall be equal to 80% of the lowest trade price in the 25 prior trading days.

As of December 31, 2022, the Company owed \$3,492,378 of principal and \$345,116 of accrued interest on the above convertible promissory notes. During the year ended December 31, 2022, the lender converted \$30,000 of principal and \$1,870 of accrued interest into common stock.

#### Convertible Note Payable – GW Holdings Group

On December 9, 2020, the Company issued convertible promissory notes in the aggregate principal amount of \$98,175 to GW Holdings Group, LLC ("GW"). GW has the option, beginning on the six month anniversary of the date of issuance, to convert all or any amount of the principal face amount of the notes then outstanding into shares of the Company's common stock at a conversion price equal to 40% discount of the lowest trading price for the 15 trading days prior to the date of the conversion. The note accrues interest at a rate of 10% per annum.

On June 3, 2021, the Company entered issued a convertible promissory note in the amount of \$120,750 to. The holder has the option to convert all or any amount of the principal face amount of the note then outstanding into shares of the Company's common stock at a conversion price equal to \$0.005 for the first 90 days and \$0.002 thereafter. The note accrues interest at a rate of 10% per annum and included \$15,750 of deferred financing fees and original issue discount which is being amortized to interest expense over the term of the note.

On August 24, 2021, the Company entered issued a convertible promissory note in the amount of \$120,750 to GW. GW has the option to convert all or any amount of the principal face amount of the note then outstanding into shares of the Company's common stock at a conversion price equal to \$0.0025 for the first 90 days and \$0.001 thereafter. The note accrues interest at a rate of 10% per annum and includes a \$15,750 original issue discount which is being amortized to interest expense over the term of the note

As of December 31, 2022, the Company owed an aggregate of \$0 of principal and \$0 of accrued interest on these convertible promissory notes. During the year ended December 31, 2022, the lender converted \$75,750 of principal and \$4,449 of accrued interest into common stock, and the Company repaid \$45,000 of principal with cash.

#### Convertible Notes Payable-Redstart Holdings

During the year ended December 31, 2020, the Company entered into various convertible promissory notes with Redstart Holdings (“Redstart Holdings”) totaling a principal amount of \$109,000. The promissory notes accrue interest at a rate of 10% per annum, were due one year from the respective issuance date. The notes were convertible at a conversion price equal to 61% of the market price of the Company’s common stock, defined as the lowest trading price during the 15-trading-day period prior to the date of conversion. Upon the issuance of these convertible notes, the Company determined that the features associated with the embedded conversion option embedded in the notes should be accounted for at fair value, as a derivative liability, as the Company cannot determine if a sufficient number of shares of common stock would be available to settle all potential future conversion transactions. As of the funding date of each note, the Company determined the fair value of the embedded derivative associated with the convertibility of each note. The fair value of the embedded derivative has been added to the debt discount (total debt discount is limited to the face value of the debt) with any excess of the derivative liability recognized as interest expense.

The Company has the right to prepay the notes for an amount ranging from 125% to 140% multiplied by the outstanding balance (all principal and accrued interest) depending on the prepayment period (ranging from 1 to 180 days following the issuance date). The Company is prohibited from effecting a conversion of any note to the extent that, as a result of such conversion, the investor, together with its affiliates, would beneficially own more than 4.99% of the number of shares of the Company’s common stock outstanding immediately after giving effect to the issuance of shares of common stock upon conversion of the note. During the three months ended March 31, 2021, the Company repaid \$109,000 of principal and \$43,204 of total interest and penalties.

During May 2021, the Company entered into an additional three convertible promissory notes with principal value of \$226,250, which accrued interest at 8% per annum and were convertible at 65% of the average of the two lowest trading prices during the previous 15 day trading period.

As of December 31, 2022, the Company owed an aggregate of \$0 of principal and \$0 of accrued interest on these convertible promissory notes, as the notes were paid in full, along with early repayment penalties of \$40,857 during the year ended December 31, 2021.

#### Convertible Note Payable-Firstfire

In July 2021, the Company issued a convertible promissory note in the aggregate principal amount of \$268,750 to Firstfire Global Opportunities Fund LLC (“Firstfire”). The promissory note accrues interest at 12% per annum, is due one year from the issuance date and includes an original issuance discount and financing fees in the aggregate amount of \$44,888 and received \$200,963 of net proceeds. The note is convertible at any time at a conversion price of \$0.005 per share. The Company also issued a five-year warrants to purchase up to 38,174,715 shares of its common stock to Firstfire, at an exercise price of \$0.00704 per share. The aggregate debt discount of \$245,851 is being amortized to interest expense over the respective terms of the note.

The Company is prohibited from effecting a conversion of the note to the extent that, as a result of such conversion, the investor, together with its affiliates, would beneficially own more than 4.99% of the number of shares of the Company’s common stock outstanding immediately after giving effect to the issuance of shares of common stock upon conversion of the note. The Company is prohibited from effecting an exercise of the warrant to the extent that, as a result of such exercise, the investor, together with its affiliates, would beneficially own more than 4.99% of the number of shares of the Company’s common stock outstanding immediately after giving effect to the issuance of shares of common stock upon exercise of the note.

As of December 31, 2022, the Company owed an aggregate of \$0 of principal and \$0 of accrued interest on these convertible promissory notes.

#### Convertible Note Payable-Labrys

In June 2021, the Company issued a convertible promissory note in the aggregate principal amount of \$537,500 to Labrys Funds, LP (“Labrys”). The promissory note accrues interest at 12% per annum, is due one year from the issuance date and includes an original issuance discount in the aggregate amount of \$53,750. The Company also paid \$33,750 in deferred financing fees and received \$450,000 of net proceeds. The note is convertible at any time at a conversion price of \$0.005 per share. The Company also issued a five-year warrants to purchase up to 76,349,431 shares of its common stock to Labrys, at an exercise price of \$0.00704 per share. In addition, the Company issued five-year warrants to purchase up to 76,349,431 shares of its common stock to an investment banker for services, which warrants have an exercise price of \$0.008448 per share. The aggregate debt discount of \$533,526 is being amortized to interest expense over the respective terms of the note.

The Company is prohibited from effecting a conversion of the note to the extent that, as a result of such conversion, the investor, together with its affiliates, would beneficially own more than 4.99% of the number of shares of the Company’s common stock outstanding immediately after giving effect to the issuance of shares of common stock upon conversion of the note. The Company is prohibited from

effecting an exercise of the warrant to the extent that, as a result of such exercise, the investor, together with its affiliates, would beneficially own more than 4.99% of the number of shares of the Company's common stock outstanding immediately after giving effect to the issuance of shares of common stock upon exercise of the note.

As of December 31, 2022, the Company owed an aggregate of \$0 of principal and \$0 of accrued interest on these convertible promissory notes.

#### Convertible Note Payable- Dutchess Capital Growth Fund LP

On May 25, 2021, the Company issued a convertible promissory note in the aggregate principal amount of \$135,000 to Dutchess Capital Growth Fund LP ("Dutchess"). The promissory note accrues interest at 8% per annum, is due one year from the issuance date. The Company paid \$13,750 in deferred financing fees and received \$121,250 of net proceeds.

Beginning six months after date of issue, the holder of this Note is entitled, at its option, at any time after cash payment, to convert all or any amount of the principal face amount of this Note then outstanding into shares of the Company's common stock (the "Common Stock") at a price ("Conversion Price") for each share of Common Stock equal to 55% of the lowest trading price of the Common Stock as reported on the National Quotations Bureau OTC Marketplace exchange which the Company's shares are traded or any exchange upon which the Common Stock may be traded in the future ("Exchange"), for the fifteen prior trading days including the day upon which a Notice of Conversion is received by the Company or its transfer.

The Company determined the fair value of the embedded derivative associated with the convertibility of each note. The fair value of the embedded derivative has been added to the debt discount (total debt discount is limited to the face value of the debt) with any excess of the derivative liability recognized as interest expense. The aggregate debt discount of \$135,000 is being amortized to interest expense over the respective terms of the notes.

As of December 31, 2022, the Company owed an aggregate of \$79,444 of principal and \$7,944 of accrued interest on these convertible promissory notes. During the year ended December 31, 2022, the lender converted \$14,302 of principal and \$815 of accrued interest into common stock, and the Company repaid \$59,851 of principal and \$14,302 of accrued interest with cash.

#### Convertible Note Payable- Geneva Roth Holdings

On December 4, 2020, the Company issued a convertible promissory note in the aggregate principal amount of \$33,500 to Geneva Roth Holdings ("Geneva"). The promissory note accrues interest at 10% per annum, is due one year from the issuance date.

Beginning six months after date of issue, the holder of this Note is entitled, at its option, at any time after cash payment, to convert all or any amount of the principal face amount of this Note then outstanding into shares of the Company's common stock (the "Common Stock") at a price ("Conversion Price") for each share of Common Stock equal to 55% of the lowest trading price of the Common Stock as reported on the National Quotations Bureau OTC Marketplace exchange which the Company's shares are traded or any exchange upon which the Common Stock may be traded in the future ("Exchange"), for the twenty prior trading days including the day upon which a Notice of Conversion is received by the Company or its transfer. The company repaid the note before it became convertible and therefore, no derivative liability or debt discount was recorded.

On July 28, 2021, the Company issued a promissory note in the aggregate principal amount of \$169,125 to Geneva Roth Holdings ("Geneva"). The promissory note accrues interest at 10% per annum, is due one year from the issuance date. The Company paid \$13,750 in deferred financing fees and received \$153,750 of net proceeds. The Company also issued five-year warrants to purchase up to 10,147,500 shares of its common stock to Geneva, at an exercise price of \$0.001 per share. The aggregate debt discount of \$67,253 is being amortized to interest expense over the respective terms of the note.

As of December 31, 2022, the Company owed an aggregate of \$0 of principal and \$0 of accrued interest on these promissory notes. During the year ended December 31, 2022, the Company repaid \$97,938 of principal and \$40,898 in interest in cash.

#### Convertible Note Payable- Beach Labs

On November 24, 2021, the Company issued a convertible promissory note in the aggregate principal amount of \$625,000 to Beach Labs in connection with the modification of the cDistro acquisition agreement discussion in Note 13. The promissory note accrues interest at 10% per annum and is due four years from the issuance date.

The holder of this Note is entitled, at its option, at any time after cash payment, to convert all or any amount of the principal face amount of this Note then outstanding into shares of the Company's common stock (the "Common Stock") at a price ("Conversion Price") for each share of Common Stock equal to 70% of the lowest trading price of the Common Stock as reported on the National Quotations Bureau OTC Marketplace exchange which the Company's shares are traded or any exchange upon which the Common Stock may be traded in the future ("Exchange"), for the twenty prior trading days including the day upon which a Notice of Conversion is received by the Company or its transfer.

The Company determined the fair value of the embedded derivative associated with the convertibility of each note. The fair value of the embedded derivative has been added to the debt discount (total debt discount is limited to the face value of the debt) with any excess of the derivative liability recognized as interest expense. The aggregate debt discount of \$625,000 is being amortized to interest expense over the respective terms of the notes.

On November 2, 2022, Beach Labs assigned the Note to Debt Fund L.P.

As of December 31, 2022, the Company owed an aggregate of \$266,668 of principal and \$56,777 of accrued interest on these promissory notes. During the year ended December 31, 2022, the lender converted \$150,000 of into common stock, and the Company repaid \$166,665 of principal with cash.

#### Convertible Note Payable- Sixth Street Lending

On November 16, 2021, the Company issued a promissory note in the aggregate principal amount of \$60,738 to Sixth Street Lending ("SSL"). The promissory note has a one-time interest charge of 7,896 and is due one year from the issuance date. The Company paid \$10,738 in deferred financing fees and received \$50,000 of net proceeds. The note is convertible at a price ("Conversion Price") for each share of Common Stock equal to 73% of the lowest trading price of the Common Stock as reported on the National Quotations Bureau OTC Marketplace exchange which the Company's shares are traded or any exchange upon which the Common Stock may be traded in the future ("Exchange"), for the five prior trading days including the day upon which a Notice of Conversion is received by the Company or its transfer.

As of December 31, 2022, the Company owed an aggregate of \$0 of principal and \$0 of accrued interest on these convertible promissory notes, as the notes were paid in full, along with early repayment penalties of \$12,607 during the year ended December 31, 2022.

#### Convertible Note Payable- Coventry

On December 29, 2021, the Company issued a promissory note in the aggregate principal amount of \$100,000 to Coventry ("Coventry"). The promissory note has a one-time interest charge of 10,000 and is due one year from the issuance date. The Company paid \$20,000 in deferred financing fees and received \$80,000 of net proceeds. The note is convertible at a price ("Conversion Price") for each share of Common Stock equal to 90% of the lowest trading price of the Common Stock as reported on the National Quotations Bureau OTC Marketplace exchange which the Company's shares are traded or any exchange upon which the Common Stock may be traded in the future ("Exchange"), for the five prior trading days including the day upon which a Notice of Conversion is received by the Company or its transfer.

As of December 31, 2022, the Company owed an aggregate of \$0 of principal and \$0 of accrued interest on these promissory notes. During the year ended December 31, 2022, the lender converted \$46,573 of principal and \$10,000 of accrued interest into common stock, and the Company repaid \$62,856 of principal with cash.

#### Convertible Note Payable - Fourth Man LLC

In January 2022, the Company issued a convertible promissory note in the aggregate principal amount of \$60,000 to Fourth Man, LLC ("Fourth Man"). The promissory note accrues interest at 12% per annum, is due one year from the issuance date and includes an original issuance discount in the aggregate amount of \$6,000. The Company also paid \$6,240 in deferred financing fees and received \$47,760 of net proceeds. The note is convertible at any time at a conversion price of \$0.0006 per share. The Company also issued 25,000,000 shares of its common stock for deferred financing fee. The aggregate debt discount of \$42,240 is being amortized to interest expense over the respective terms of the note.

As of December 31, 2022, the Company owed an aggregate of \$0 of principal. As of December 31, 2022, the Company owed \$0 in accrued interest. During the year ended December 31, 2022, the lender added \$15,000 of principal as a result of default and converted \$75,000 of principal and \$14,250 of accrued interest into common stock

#### Convertible Note Payable- 1800 Diagonal Lending LLC

On May 18, 2022, the Company issued a promissory note in the aggregate principal amount of \$137,037 to 1800 Diagonal Lending LLC ("DLL"). The promissory note has a one-time interest charge of \$16,444 and is due one year from the issuance date, and had an original issue discount of \$18,433. The Company paid \$3,750 in deferred financing fees and received \$100,000 of net proceeds. Upon default, the note is convertible at a price ("Conversion Price") for each share of Common Stock equal to 73% of the lowest trading price of the Common Stock as reported on the National Quotations Bureau OTC Marketplace exchange which the Company's shares are traded or any exchange upon which the Common Stock may be traded in the future ("Exchange"), for the five prior trading days including the day upon which a Notice of Conversion is received by the Company or its transfer.

On July 29, 2022, the Company issued a promissory note in the aggregate principal amount of \$57,758 to 1800 Diagonal Lending LLC ("DLL"). The promissory note has a one-time interest charge of \$7,509 and is due one year from the issuance date, and had an original issue discount of \$9,645. The Company paid \$4,250 in deferred financing fees and received \$46,863 of net proceeds. Upon default, the note is convertible at a price ("Conversion Price") for each share of Common Stock equal to 73% of the lowest trading price of the Common Stock as reported on the National Quotations Bureau OTC Marketplace exchange which the Company's shares are traded or any exchange upon which the Common Stock may be traded in the future ("Exchange"), for the five prior trading days including the day upon which a Notice of Conversion is received by the Company or its transfer.

As of December 31, 2022, the Company owed principal of \$0 and \$0 in accrued interest. During the year ended December 31, 2022, the Company repaid \$194,795 of principal and \$23,953 of accrued interest with cash.

#### Revenue share agreement – Money Well Group

In March 2022, the Company entered into a revenue share in the aggregate principal amount of \$89,940 to Money Well Group ("Money Well"). The agreement requires daily payments in the amount of \$1,285 and includes an original issuance discount in the aggregate amount of \$35,940 and received \$54,000 of net proceeds. The aggregate debt discount of \$35,940 is being amortized to interest expense over the respective terms of the note. The note was fully repaid in cash by December 31, 2022.

#### Revenue share agreement – Vista Point Services LLC

On August 5, 2022, the Company entered into a revenue share in the aggregate principal amount of \$37,475 to Vista Point Services LLC. The agreement requires daily payments in the amount of \$341 and includes an original issuance discount in the aggregate amount of \$14,975 and received \$22,500 of net proceeds. The aggregate debt discount of \$14,975 is being amortized to interest expense over the respective terms of the note. As of December 31, 2022, the note balance was as \$29,639.

#### Revenue share agreement – Everest Business Funding LLC

On August 9 2022, the Company entered into a revenue share in the aggregate principal amount of \$35,000 to EBF Holdings LLC. The agreement requires daily payments in the amount of \$280 and includes an original issuance discount in the aggregate amount of \$10,725 and received \$24,275 of net proceeds. The aggregate debt discount of \$10,725 is being amortized to interest expense over the respective terms of the note. As of December 31, 2022, the note balance was as \$7,464.

#### Revenue share agreement – Fundamental Capital, LLC

On September 13, 2022, the Company entered into a revenue share in the aggregate principal amount of \$91,994 to Fundamental Capital LLC. The agreement requires weekly payment in the amount of \$920 and includes an original issuance discount in the aggregate amount of \$26,284 and received \$65,710 of net proceeds. The aggregate debt discount of \$26,284 is being amortized to interest expense over the respective terms of the note. As of December 31, 2022, the note balance was as \$5,055.

#### Revenue share agreement – Kingdom Kapital LLC

On July 7, 2022, the Company entered into a revenue share in the aggregate principal amount of \$44,970 to Kingdom Kapital LLC. The agreement requires daily payments in the amount of \$600 and includes an original issuance discount in the aggregate amount of \$14,970 and received \$30,000 of net proceeds. The aggregate debt discount of \$14,970 is being amortized to interest expense over the respective terms of the note. As of December 31, 2022, the note balance was as \$5,608.

#### Revenue share agreement – Speedy Funding LLC

On August 29, 2022, the Company entered into a revenue share in the aggregate principal amount of \$55,965 to Speedy Funding LLC. The agreement requires daily payments in the amount of \$499 and includes an original issuance discount in the aggregate amount of \$20,965 and received \$35,000 of net proceeds. The aggregate debt discount of \$20,965 is being amortized to interest expense over the respective terms of the note. The note was fully repaid in cash by December 31, 2022.

#### Revenue share agreement – Eleven Capital

On August 29, 2022, the Company entered into a revenue share in the aggregate principal amount of \$20,000 to Eleven Capital. The agreement requires daily payments in the amount of \$499 and includes an original issuance discount in the aggregate amount of \$20,965 and received \$20,000 of net proceeds. The aggregate debt discount of \$20,965 is being amortized to interest expense over the respective terms of the note. As of December 31, 2022, the note balance was as \$20,000.

#### Revenue share agreement – Specialty Capital Fund

On October 4, 2022, the Company entered into a revenue share in the aggregate principal amount of \$14,000 to Specialty Capital Fund. The agreement requires daily payments in the amount of \$1,009 and includes an original issuance discount in the aggregate amount of \$20,965 and received \$14,000 of net proceeds. The aggregate debt discount of \$20,965 is being amortized to interest expense over the respective terms of the note. As of December 31, 2022, the note balance was as \$1,893.

On October 28, 2022, the Company entered into a revenue share in the aggregate principal amount of \$12,000 to Specialty Capital Fund. The agreement requires daily payments in the amount of \$1,069 and includes an original issuance discount in the aggregate amount of \$20,965 and received \$12,000 of net proceeds. The aggregate debt discount of \$20,965 is being amortized to interest expense over the respective terms of the note. As of December 31, 2022, the note balance was as \$2,382.

#### Summary:

The Company has identified the embedded derivatives related to the above-described notes and warrants. These embedded derivatives included certain conversion and reset features. The accounting treatment of derivative financial instruments requires that the Company record fair value of the derivatives as of the inception date of the note and to fair value as of each subsequent reporting date.

For the year ended December 31, 2022 and 2021, the Company recorded a gain on the change in fair value of derivative liabilities of \$86,463 and \$3,852, respectively. For the years ended December 31, 2022 and 2021, the Company recorded amortization of debt discounts of \$2,572,921 and \$1,993,373, respectively, as a charge to interest expense.

At December 31, 2022, the Company determined the aggregate fair values of \$582,773 of embedded derivatives. The fair values were determined using a binomial model based on the following assumptions: (1) dividend yield of 0%; (2) expected volatility of 267.73% to 484.06%, (3) weighted average risk-free interest rate of 4.22% to 4.76%, (4) expected life of 0.5 years to 3.5 years, and (5) estimated fair value of the Company's common stock from \$0.0001 per share.

On May 4, 2020, we entered into a loan to borrow \$35,500 from Pacific Mercantile Bank (“Lender”), pursuant to a Promissory Note issued by Company to Lender (the “PPP Note”). The loan was made pursuant to the Payroll Protection Program established as part of the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”) and supported by the Small Business Administration (SBA). The PPP Note bears interest at 1.00% per annum, and may be repaid at any time without penalty. The PPP Note contains customary events of default relating to, among other things, payment defaults, breach of representations and warranties, or provisions of the promissory note. The occurrence of an event of default may result in a claim for the immediate repayment of all amounts outstanding under the PPP Note. On March 30, 2021, the loan was fully forgiven by the government and the remaining balance was zero as of December 31, 2022.

#### **NOTE 6 – DERIVATIVE LIABILITIES**

As described in Notes 4 and 6, the Company issued convertible notes and warrants that contained conversion features and a reset provisions. The accounting treatment of derivative financial instruments requires that the Company record fair value of the derivatives as of the inception date and to fair value as of each subsequent reporting date.

If an embedded conversion option in a convertible debt instrument no longer meets the bifurcation criteria in this Subtopic, an issuer shall account for the previously bifurcated conversion option by reclassifying the carrying amount of the liability for the conversion

option (that is, its fair value on the date of reclassification) to shareholders' equity. Any debt discount recognized when the conversion option was bifurcated from the convertible debt instrument shall continue to be amortized.

## **NOTE 7 – STOCKHOLDERS' DEFICIT**

### Preferred stock

The Company is authorized to issue 10,000,000 shares of \$0.001 par value Class A Preferred Stock as of December 31, 2022 and December 31, 2021. As of December 31, 2022, and 2021, the Company has designated and issued 10,000,000 shares of Class A Preferred Stock, and designated 5,000,000 shares and issued 2,000,000 shares of Class B Preferred Stock.

Each share of Class A Preferred Stock is entitled to 100 votes on all matters submitted to a vote to the stockholders of the Company, does not have conversion, dividend or distribution upon liquidation rights. On November 9, 2020, the Company issued 2,000,000 shares of its Class B Preferred Common Stock to Jesus Quintero. The Class B Preferred Stock carries a voting preference of One Thousand (1,000) times that number of votes on all matters submitted to the shareholders that is equal to the number of shares of Common Stock (rounded to the nearest whole number), at the record date for the determination of the shareholders entitled to vote on such matters or, if no such record date is established, at the date such vote is taken or any written consent of such shareholders is affected. The issuance constitutes a change of control of the Company, as the voting preference of the issued Class B Preferred Stock provides Mr. Quintero with the right to control a majority of the votes of shareholders eligible to cast votes on any matter brought before the stockholders. The Class B shares were valued at \$2,229,027 and recognized as stock-based compensation expense during the year ended December 31, 2021. As of December 31, 2022 and 2021, there were 2,000,000 shares of Class B Preferred Stock outstanding. The Class B Preferred Stock is not convertible into common shares.

### Common stock

The Company was authorized to issue 32,000,000,000 shares of \$0.001 par value per share common stock as of December 31, 2022. As of December 31, 2022, and 2021, the Company had 15,184,633,309 and 7,122,806,264, respectively, common shares issued and outstanding. As of February 4, 2022, we reduced the par value of our common stock from \$0.001 per share to zero par value (\$0.00) per share.

In 2022, the Company issued 1,333,508,170 shares of its common stock to settle amounts previously accrued with an estimated value of \$273,403.

In 2022, the Company issued an aggregate of 122,256,410 shares of its common stock for services rendered with an estimated fair value of \$188,000.

In 2022, the Company issued an aggregate of 5,461,172,572 shares of its common stock in settlement of convertible notes payable and accrued interest with an estimated fair value of \$1,645,364.

In 2022, the Company issued an aggregate of 964,821,466 shares of its common stock for deferred finance costs with an estimated fair value of \$468,596.

In 2022, the Company sold 3,758,888,889 shares of its common stock with a value of \$1,248,315.

In 2022, the Company issued 717,866,439 shares of its common stock for contingent consideration with an estimated value of \$500,000.

In 2022, the Company issued 180,486,830 shares of common stock for subscriptions payable with an estimated value of \$234,633.

In 2022, the Company had 218,532,087 of its common stock cancelled and returned to treasury as a result of the settlement of a legal case between the Securities and Exchange Commission and the holder of the shares, whereby the holder was required to forfeit and cancel all outstanding shares its held of the Company's Common Stock

In 2022, the Company had Debt discount from warrants issued with convertible notes payable with an aggregate value of \$234,637

In 2022, the Company reacquired its common stock of \$60,000 returned as Treasury stock

In 2021, the Company issued an aggregate of 142,946,860 shares of its common stock for services rendered with an estimated fair value of \$661,292.

In 2021, the Company issued an aggregate of 1,236,181,851 shares of its common stock in settlement of convertible notes payable and accrued interest with an estimated fair value of \$2,309,874.

In 2021, the Company issued an aggregate of 22,500,000 shares of its common stock in conversion of related party notes payable with an estimated fair value of \$141,750.

In 2021, the Company issued an aggregate of 462,844,406 common shares of its common stock in exchange for exercise of warrants on a cashless basis.

In 2021, the Company sold 1,052,297,599 shares of its common stock with a value of \$2,201,601.

In 2021, the Company issued 3,027,031 shares of its common stock with an estimated value of \$8,623 to settle liabilities.

In 2021, the Company issued 691,935,484 shares of common stock for investments with an estimated value of \$1,300,000.

In 2021, the Company issued 265,164,070 shares of common stock issued for acquisition of business with an estimated value of \$1,617,501.

In 2021, the Company issued 109,134,122 shares for amendment to an acquisition consideration with an estimated value of \$251,008.

#### Options

Option valuation models require the input of highly subjective assumptions. The fair value of stock-based payment awards was estimated using the Binomial Option Pricing Model with a volatility figure derived from using the Company's historical stock prices. Management determined this assumption to be a more accurate indicator of value. The Company accounts for the expected life of options based on the contractual life of options for non-employees. For employees, the Company accounts for the expected life of options in accordance with the "simplified" method, which is used for "plain-vanilla" options, as defined in the accounting standards codification.

The risk-free interest rate was determined from the implied yields of U.S. Treasury zero-coupon bonds with a remaining life consistent with the expected term of the options.

In addition, the Company is required to estimate the expected forfeiture rate and only recognize expense for those shares expected to vest. In estimating the Company's forfeiture rate, the Company analyzed its historical forfeiture rate, the remaining lives of unvested options, and the number of vested options as a percentage of total options outstanding. If the Company's actual forfeiture rate is materially different from its estimate, or if the Company reevaluates the forfeiture rate in the future, the stock-based compensation expense could be significantly different from what the Company has recorded in the current period.

The following table summarizes the stock option activity for the years ended December 31, 2022 and 2021:

	<b>Shares</b>	<b>Weighted-Average Exercise Price</b>	<b>Weighted Average Remaining Contractual Term</b>	<b>Aggregate Intrinsic Value</b>
Outstanding at December 31, 2020	16,666,667	\$ 0.30	6.67	\$ 15,296,667
Granted	—			
Forfeitures or expirations	(16,666,667)	0.30		
Outstanding at December 31, 2021	-	\$ 0.30	-	\$ -
Granted	—			
Forfeitures or expirations	-			
Outstanding at December 31, 2022	-	\$ —	—	—
Exercisable at December 31, 2022	-	\$ —	—	\$ —



The aggregate intrinsic value in the preceding table represents the total pretax intrinsic value, based on options with an exercise price less than the Company's stock price of \$0 and \$0 as of December 31, 2022 and 2021, respectively, which would have been received by the option holders had those option holders exercised their options as of that date.

#### Warrants

The following table summarizes the stock warrant activity for the two years ended December 31, 2022:

	<b>Shares</b>	<b>Weighted-Average Exercise Price</b>	<b>Weighted Average Remaining Contractual Term</b>	<b>Aggregate Intrinsic Value</b>
Outstanding at December 31, 2019	293,054,702	2.15		
Granted	133,107,371	0.01		
Exercised	(271,137,466)	1.78		
Adjustment due to price reset provision	(9,722,222)	0.0004		
Forfeitures or expirations	-			
Outstanding at December 31, 2021	145,302,385	\$ 0.0011	2.2	\$ 1,023,306
Granted	1,477,770,000	0.0002		
Exercised	-	-		
Adjustment due to price reset provision	-	0.0004		
Forfeitures or expirations	(87,544,445)			
Outstanding at December 31, 2022	1,535,555,718	\$ 0.0005	4.69	\$ -
Exercisable at December 31, 2022	1,535,555,718	\$ 0.0005	4.69	\$ -

Certain warrants issued to debt holders have reset provisions whereby upon subsequent issuances of common stock at a price below the current exercise price, the number of warrants increase and the exercise price is reduced to the new price. The aggregate intrinsic value in the preceding tables represents the total pretax intrinsic value, based on warrants with an exercise price less than the Company's stock price of \$0.0012 and \$0.004 as of December 31, 2022 and 2021, respectively, which would have been received by the warrant holders had those option holders exercised their warrants as of that date.

#### **NOTE 8 — FAIR VALUE MEASUREMENT**

The Company adopted the provisions of Accounting Standards Codification subtopic 825-10, Financial Instruments ("ASC 825-10") on January 1, 2008. ASC 825-10 defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required or permitted to be recorded at fair value, the Company considers the principal or most advantageous market in which it would transact and considers assumptions that market participants would use when pricing the asset or liability, such as inherent risk, transfer restrictions, and risk of nonperformance. ASC 825-10 establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. ASC 825-10 establishes three levels of inputs that may be used to measure fair value:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs to the valuation methodology that are significant to the measurement of fair value of assets or liabilities.

All items required to be recorded or measured on a recurring basis are based upon level 3 inputs.

To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value

hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement is disclosed and is determined based on the lowest level input that is significant to the fair value measurement.

Upon adoption of ASC 825-10, there was no cumulative effect adjustment to beginning retained earnings and no impact on the financial statements.

The carrying value of the Company's cash and cash equivalents, accounts receivable, accounts payable, short-term borrowings (including convertible notes payable), and other current assets and liabilities approximate fair value because of their short-term maturity.

As of December 31, 2022, and 2021, the Company did not have any items that would be classified as level 1 or 2 disclosures.

The Company recognizes its derivative liabilities as level 3 and values its derivatives using the methods discussed in note 6. While the Company believes that its valuation methods are appropriate and consistent with other market participants, it recognizes that the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date. The primary assumptions that would significantly affect the fair values using the methods discussed in Notes 4 and 5 are that of volatility and market price of the underlying common stock of the Company.

As of December 31, 2022, and 2021, the Company did not have any derivative instruments that were designated as hedges.

The combined derivative and warrant liability as of December 31, 2022 and 2021, in the amounts of \$582,773 and \$749,756, respectively, have a level 3 classification.

The following table provides a summary of changes in fair value of the Company's Level 3 financial liabilities for the year ended December 31, 2022:

	<b>Debt Derivative</b>
Balance, December 31, 2019	\$ 4,426,057
Increase resulting from initial issuances of additional convertible notes payable	2,811,313
Decreases resulting from conversion or payoff of convertible notes payable	(6,483,762)
Loss due to change in fair value included in earnings	(3,852)
Balance, December 31, 2021	\$ 749,756
Increase resulting from initial issuances of additional convertible notes payable	327,647
Decreases resulting from conversion	(412,003)
Gain due to change in fair value included in earnings	(82,627)
Balance, December 31, 2022	\$ 582,773

Fluctuations in the Company's stock price are a primary driver for the changes in the derivative valuations during each reporting period. During the year ended December 31, 2022, the Company's stock price decreased significantly from initial valuations. As the stock price decreases for each of the related derivative instruments, the value to the holder of the instrument generally decreases. Stock price is one of the significant unobservable inputs used in the fair value measurement of each of the Company's derivative instruments.

## **NOTE 9 — RELATED PARTY TRANSACTIONS**

The Company's current officers and stockholders advanced funds to the Company for travel related and working capital purposes. As of December 31, 2022, and 2021, there were no related party advances outstanding.

As of December 31, 2022 and 2021, accrued compensation due officers and executives included as accrued compensation was \$397,854 and \$42,925, respectively.

For the years ended December 31, 2022 and 2021, the Company had sales to related parties of \$0 and \$0, respectively.

During the year ended December 31, 2021, the Company issued 2,000,000 shares of Class B Preferred Stock to the Company's CEO that were valued at \$2,229,027. See Note 7.

## NOTE 10 — COMMITMENTS AND CONTINGENCIES

<b>Liabilities and Accruals</b>	<b>12/31/22</b>	<b>12/31/21</b>
<b>Accounts payable</b>	<b>1,120,761</b>	<b>932,760</b>
<b>Accrued compensation</b>	<b>397,854</b>	<b>42,925</b>
<b>Accrued liabilities</b>	<b>619,648</b>	<b>270,689</b>
<b>Notes payable, related parties</b>	<b>20,000</b>	<b>20,000</b>
<b>Loans payable PPP Stimulus</b>	<b>—</b>	<b>0</b>
<b>Right-of-use liabilities - current portion</b>	<b>—</b>	<b>0</b>
<b>Liabilities and Accruals</b>	<b>\$ 2,158,263</b>	<b>\$ 1,266,374</b>

### Liabilities and Accruals

For the year ended December 31, 2022 the Company has accounts payable of \$1,120,761 as compared to \$932,760 for the year ended December 31, 2021, which is attributed to legal and professional fees incurred. As of December 31, 2022 and 2021, accrued compensation due officers and executives included as accrued compensation was \$397,854 and \$42,925, respectively. As of December 31, 2022 our accrued liabilities increased by \$348,950 which is attributed to accruals for audit, consulting and legal fees at December 31, 2022 as compared to accruals at December 31, 2021.

On May 4, 2020, we entered into a loan to borrow \$35,500 from Pacific Mercantile Bank (“Lender”), pursuant to a Promissory Note issued by Company to Lender (the “PPP Note”). The loan was made pursuant to the Payroll Protection Program established as part of the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”) and supported by the Small Business Administration (SBA). The PPP Note bears interest at 1.00% per annum, and may be repaid at any time without penalty. The PPP Note contains customary events of default relating to, among other things, payment defaults, breach of representations and warranties, or provisions of the promissory note. The occurrence of an event of default may result in a claim for the immediate repayment of all amounts outstanding under the PPP Note. On March 30, 2021, the loan was fully forgiven by the government and the remaining balance was zero as of December 31, 2022.

As of December 31, 2022 and December 31, 2021, the Company’s officers and directors have provided advances and incurred expenses on behalf of the Company as such have been evidenced by the issuance of notes to such officers and directors. The notes are unsecured, due on demand and accrue interest at a rate of 5% per annum. The balance due to notes payable related party as of December 31, 2022 and December 31, 2021 was \$20,000 and \$20,000, respectively. These notes are payable to the estate of Charles Larsen.

To evaluate the impact on adoption of ASC842 – Leases, on the accounting treatment for leasing of real office property referred to as the “Premises”. The premises is located in Los Angeles, CA.

The Company utilizes the incremental borrowing rate in determining the present value of lease payments unless the implicit rate is readily determinable. The Company used an estimated incremental borrowing rate of 10% to estimate the present value of the right of use liability; however the company entered into a lease agreement for a virtual office service, therefore ASC842 is not applicable.

Based on the above, the Company has right-of-use assets of \$0 and \$0 of operating lease liabilities as of December 31, 2022 and 2021, respectively. Operating lease expense for the year ended December 31, 2022 was \$60,088.

### Employment contracts

Effective February 1, 2022, we entered into a written amendment memorializing the approval of an increase in the cash portion compensation to Mr Jesus Quintero, CEO from \$20,000 to \$30,000 monthly. At December 31, 2022 unpaid balance of compensation due Mr. Quintero is \$234,918.

On February 3, 2020, we entered into an executive employment agreement with Jesus Quintero, our CEO and CFO providing for gross salary of \$15,000 monthly, consisting of \$12,000 in cash and \$3,000 worth of our common stock valued on the closing price of our common stock on the last trading day of each month. Effective as of April 22, 2021, we approved an increase in the cash portion of the compensation payable to Jesus Quintero effective as of May 1, 2021, to \$20,000 per month, as well as the immediate issuance to Mr. Quintero of 20,000,000 fully paid and non-assessable shares of the Company's common stock, par value \$0.001 per share, as a one-time bonus, and on April 27, 2021, we entered into a written amendment memorializing the compensation changes to the February 3, 2020 executive employment agreement with Mr. Quintero.

On February 28, 2020, the Company entered into executive contracts with its directors Edward Manolos and Themistocles Psomiadis. The agreements are for a term lasting from the effective date until the earlier of the date of the next annual or special stockholders meeting called for the purposes of electing directors, and the earliest of the following to occur: (a) the death of the Director; (b) the termination of the Director from his membership on the Board by the mutual agreement of the Company and the Director; (c) the removal of the Director from the Board by the majority stockholders of the Company; and (d) the resignation by the Director from the Board. Mr. Psomiadis resigned from the Board of Directors and his contract was mutually terminated on December 4, 2020. Mr. Manolos' 2020 contracts provide for payments of \$5,000 quarterly.

### Litigation

The Company is subject at times to other legal proceedings and claims, which arise in the ordinary course of its business. Although occasional adverse decisions or settlements may occur, the Company believes that the final disposition of such matters should not have a material adverse effect on its financial position, results of operations or liquidity.

### *Bougainville Ventures*

On September 20, 2018, the Company filed suit against Bougainville Ventures, Inc., BV-MCOA Management, LLC, Andy Jagpal, Richard Cindric, et al. in Okanogan County Washington Superior Court, case number 18-2- 0045324.

### Background

On March 16, 2017, we entered into a joint venture agreement with Bougainville Ventures, Inc., a Canadian corporation. The purpose of the joint venture was for the Company and Bougainville to jointly engage in the development and promotion of products in the legalized cannabis industry in Washington State; (ii) utilize Bougainville's high quality cannabis grow operations in the State of Washington, where it claimed to have an ownership interest in real property for use within the legalized cannabis industry; (iii) leverage Bougainville's agreement with a I502 Tier 3 license holder to grow cannabis on the site; provide technical and management services and resources including, but not limited to: sales and marketing, agricultural procedures, operations security and monitoring, processing and delivery, branding, capital resources and financial management; and, (iv) optimize collaborative business opportunities. The Company and Bougainville agreed to operate through a Washington State Limited Liability Company, and BV-MCOA Management, LLC was organized in the State of Washington on May 16, 2017.

As our contribution to the joint venture, the Company committed to raise not less than \$1 million dollars to fund joint venture operations based upon a funding schedule. The Company also committed to providing branding and systems for the representation of cannabis related products and derivatives comprised of management, marketing and various proprietary methodologies directly tailored to the cannabis industry. The Company and Bougainville's agreement provided that funding provided by the Company would go, in part, towards the joint venture's ultimate purchase of the land consisting of a one-acre parcel located in Okanogan County, Washington, for joint venture operations.

As disclosed on Form 8-K on December 11, 2017, the Company did not comply with the funding schedule for the joint venture. On November 6, 2017, the Company and Bougainville amended the joint venture agreement to reduce the amount of the Company's commitment to \$800,000 and also required the Company to issue Bougainville 15 million shares of the Company's restricted common stock. The Company completed its payments pursuant to the amended agreement on November 7, 2017, and on November 9, 2017, issued to Bougainville 15 million shares of restricted common stock. The amended agreement provided that Bougainville would deed the real property to the joint venture within thirty days of its receipt of payment.

Thereafter, the Company determined that Bougainville had no ownership interest in the property in Washington State, but rather was a party to a purchase agreement for real property that was in breach for non-payment. Bougainville also did not possess an agreement with a Tier 3 I502 license holder to grow Marijuana on the property. Nonetheless, as a result of funding arranged for by the Company, Bougainville and an unrelated third party, Green Ventures Capital Corp., purchased the land. The land is currently pending the payment of delinquent property taxes that would allow for the Okanogan County Assessor to sub-divide the property, so that the appropriate portion could be deeded to the joint venture. Although Bougainville represented it would pay the delinquent taxes, it has not. To date, the property has not been deeded to the joint venture.

To clarify the respective contributions and roles of the parties, the Company also offered to enter into good faith negotiations to revise and restate the joint venture agreement with Bougainville. The Company diligently attempted to communicate with Bougainville in good faith to accomplish a revised and restated joint venture agreement, and efforts towards satisfying the conditions to complete the subdivision of the land by the Okanogan County Assessor. However, Bougainville failed to cooperate or communicate with the Company in good faith, and failed to pay the delinquent taxes on the real property that would allow for sub-division and the deeding of the real property to the joint venture.

#### Company Determines to File Suit.

On August 10, 2018, the Company advised its independent auditor that Bougainville did not cooperate or communicate with the Company regarding its requests for information concerning the audit of Bougainville's receipt and expenditures of funds contributed by the Company in the joint venture agreement. Bougainville had a material obligation to do so under the joint venture agreement. The Company believes that some of the funds it paid to Bougainville were misappropriated and that there was self-dealing with respect to those funds. Additionally, the Company believes that Bougainville misrepresented material facts in the joint venture agreement, as amended, including, but not limited to, Bougainville's representations that: (i) it had an ownership interest in real property that was to be deeded to the joint venture; (ii) it had an agreement with a Tier 3 # I502 cannabis license holder to grow cannabis on the real property; and, (iii) that clear title to the real property associated with the Tier 3 # I502 license would be deeded to the joint venture thirty days after the Company made its final funding contribution. As a result, on September 20, 2018, the Company filed suit against Bougainville Ventures, Inc., BV-MCOA Management, LLC, Andy Jagpal, Richard Cindric, et al. in Okanogan County Washington Superior Court, case number 18-2- 0045324. The Company's complaint seeks legal and equitable relief for breach of contract, fraud, breach of fiduciary duty, conversion, recession of the joint venture agreement, an accounting, quiet title to real property in the name of the Company, for the appointment of a receiver, the return to treasury of 15 million shares issued to Bougainville, and, for treble damages pursuant to the Consumer Protection Act in Washington State. The registrant has filed a lis pendens on the real property. The case is currently in litigation.

#### **NOTE 11 – INCOME TAXES**

As of December 31, 2022, the Company has available for federal income tax purposes a net operating loss carry forward of approximately \$110,382,335, expiring in the year 2038, that may be used to offset future taxable income, but could be limited under Section 382. The Company has provided a valuation reserve against the full amount of the net operating loss benefit, since in the opinion of management based upon the earnings history of the Company; it is more likely than not that the benefits will not be realized. Due to possible significant changes in the Company's ownership, the future use of its existing net operating losses may be limited. All or portion of the remaining valuation allowance may be reduced in future years based on an assessment of earnings sufficient to fully utilize these potential tax benefits.

We have adopted the provisions of ASC 740-10-25, which provides recognition criteria and a related measurement model for uncertain tax positions taken or expected to be taken in income tax returns. ASC 740-10-25 requires that a position taken or expected to be taken in a tax return be recognized in the financial statements when it is more likely than not that the position would be sustained upon examination by tax authorities.

Tax position that meet the more likely than not threshold is then measured using a probability weighted approach recognizing the largest amount of tax benefit that is greater than 50% likely of being realized upon ultimate settlement. The Company had no tax positions relating to open income tax returns that were considered to be uncertain. We file income tax returns in the U.S. and in the state of California and Utah with varying statutes of limitations.

The Company is required to file income tax returns in the U.S. Federal jurisdiction and in California. The Company is no longer subject to income tax examinations by tax authorities for tax years ending before December 31, 2017.

The Company's deferred taxes as of December 31, 2022 and 2021 consist of the following:

	2022	2022
Non-Current deferred tax asset:		
Net operating loss carry-forwards	\$ 110,382,335	\$ 96,501,045
Valuation allowance	(110,382,335)	(96,501,045)
Net non-current deferred tax asset	\$ —	\$ —

#### NOTE 12 – SUBSCRIPTIONS PAYABLE

**Share Exchange with Cannabis Global, Inc.** On September 30, 2020, the Company entered into a securities exchange agreement with Cannabis Global, Inc., a Nevada corporation. By virtue of the agreement, the Company issued 650,000,000 shares of its unregistered common stock to Cannabis Global in exchange for 7,222,222 shares of Cannabis Global unregistered common stock. The Company and Cannabis Global also entered into a lock up leak out agreement which prevents either party from sales of the exchanged shares for a period of 12 months. Thereafter the parties may sell not more than the quantity of shares equaling an aggregate maximum sale value of \$20,000 per week, or \$80,000 per month until all Shares and Exchange Shares are sold. This material transaction involves related parties, insofar as Edward Manolos, our director, is also a director of Cannabis Global, Inc.

**Share Exchange with Eco Innovation Group, Inc.** On March 1, 2021, the Company entered into a securities exchange agreement with Eco Innovation Group, Inc., a Nevada corporation, to acquire Eco Innovation Group, Inc. common stock, par value \$0.001, equal in value to \$650,000 based on the closing price for the trading day immediately preceding the effective date, in exchange for the number of shares of Company common stock, par value \$0.001, equal in value to \$650,000 based on the per-share price of \$0.06 (the "Share Exchange Agreement"). For both parties, the Share Exchange Agreement contains a "true-up" provision requiring the issuance of additional common stock in the event that a decline in the market value of either parties' common stock should cause the aggregate value of the stock acquired pursuant to the Share Exchange Agreement to fall below \$650,000. Complementary to the Share Exchange Agreement, the Company and Eco Innovation Group entered into a Lock-Up Agreement dated February 26, 2021, providing that the shares of common stock acquired pursuant to the Share Exchange Agreement shall be subject to a lock-up period preventing its sale for a period of 12 months following issuance, and limiting the subsequent sale to an aggregate maximum. The Company recorded a value for additional shares owed to Eco Innovation Group pursuant to the Share Exchange Agreement of \$754,961 as a subscription agreement along with a loss from equity investment of \$735,178. As of December 31, 2022, 41,935,484 shares of the Company's common stock have been issued for the original agreement.

Additionally, as discussed in note 13, the Company entered into an agreement with the former owners of cDistro, whereby the Company will issue additional shares related to the original purchase consideration of that acquisition. During the year ended December 31, 2022, the Company issued an additional 109,134,122 shares with a fair value of \$251,008. The Company owes an additional 180,486,830 shares with a fair value of \$234,633, which was recorded as stock-based compensation.

As a result, the balance of subscriptions payable as of December 31, 2022 and December 31, 2021 was \$752,961 AND \$989,594, respectively.

#### NOTE 13 – ACQUISITION

##### *cDistro*

On June 29, 2021, the Company, cDistro Merger Sub, Inc., a Nevada corporation and a wholly-owned subsidiary of the Company ("Merger Sub"), and cDistro, Inc., a privately-held Nevada corporation engaged in the hemp and CBD product distribution business ("cDistro") entered into an Agreement and Plan of Merger (the "Merger Agreement") pursuant to which, among other things, Merger Sub merged with and into cDistro on September 30, 2021, with cDistro becoming a wholly-owned subsidiary of the Company and the

surviving corporation in the merger (the “Merger”). The Merger is intended to qualify for federal income tax purposes as a tax-free reorganization under the provisions of Section 368(a) of the Internal Revenue Code of 1986, as amended.

#### *Contingent Consideration - Earnout Agreement*

In connection to the Merger, the Company and the securityholder of cDistro (the “cDistro Stockholder”) entered into an earnout agreement dated June 29, 2021 (the “Earnout Agreement”), whereby the Company agreed to issue additional shares of its common stock to the cDistro Stockholder as compensation for the Merger conditioned upon the achievement of certain gross revenue milestones. If cDistro meets revenue targets of \$600,000 per quarter, up to a total of \$2,400,000 of revenue, the Company will issue shares worth \$250,000 upon the achievement each quarterly revenue target, with the number of shares to be issued at each payout date calculated based on the lessor of 220,970,059 shares of common stock or a 30% discount to the average close price of the Company’s common stock for the 20-day period immediately preceding the payout date of the earnout. In accordance with ASC 805, the Company accounts for this earnout agreement as contingent consideration based on the number of shares calculated as owed as of each quarter end, with changes in value to be recorded in earnings each reporting period.

#### *Leak-Out Agreement*

On June 29, 2021, in connection with the Merger and the Earnout Agreement, the cDistro Stockholder entered into a Lock-Up and Leak-Out Agreement with the Company pursuant to which, among other thing, such stockholder agreed to certain restrictions regarding the resale of the common stock issued pursuant to the Merger for a period of six months from the date of the Merger.

#### *Employment Agreement*

On June 29, 2021, in connection with the Merger, the Company and the Chief Executive Officer of cDistro entered into an employment agreement, pursuant to which that employee will serve as cDistro’s Chief Executive Officer for a three-year term.

The acquisition of cDistro is being accounted for as a business combination under ASC 805. The Company is continuing to gather evidence to evaluate what identifiable intangible assets were acquired, such as a customer list, and the fair value of each, and expects to finalize the fair value of the acquired assets within one year of the acquisition date.

The aggregate preliminary fair value of consideration for the cDistro acquisition was as follows:

	Amount
Cash, net of cash acquired of \$94,450	\$ 155,550
Contingent Consideration - Earnout Agreement	907,407
265,164,070 shares of common stock	1,617,501
Total preliminary consideration transferred	\$ 2,680,458

A discount of \$92,593 on the contingent consideration was recognized at the acquisition date, and is being amortized through the end of the earnout period. Through December 31, 2022, the Company has amortized \$X to interest expense.

The following information summarizes the preliminary allocation of the fair values assigned to the assets acquired and liabilities assumed at the acquisition date:

Accounts Receivable	\$ 27,000
Inventory	3,000
Other Assets	4,943
Trademarks	500,000
Licenses	600,000
Customer Relationships	100,000
Goodwill	1,633,557
Accounts payable	(181,042)
Other accrued liabilities	(7,000)
Net assets acquired	\$ 2,680,458



On November 24, 2021, the Company entered into a letter agreement (“Letter Agreement”) with an attached amendment to the Merger Agreement (“Amendment No. 1 to the Merger Agreement”) with cDistro and Beach Labs, Inc., a Florida corporation and the former stockholder of cDistro prior to the effective date of the Merger Agreement (“Beach Labs”). Capitalized terms used and not defined herein have the respective meanings assigned to them in the Merger Agreement, as amended by Amendment No. 1 thereto.

Pursuant to the Letter Agreement, the Company and cDistro agreed to adjust the compensation paid to Beach Labs under the Merger Agreement to maintain the stipulated value of the compensation paid under the Merger Agreement by issuing part of the stipulated value of that compensation as a promissory note and performing a true-up on the remaining stipulated value held as stock, and by amending the Merger Agreement to accommodate another true-up to the stock in the event the market value of the compensation is lower than the stipulated value at the date of Rule 144 availability to Beach Labs, December 29, 2021. The Letter Agreement also terminates the board observation rights letter with Beach Labs executed in connection with the Merger Agreement.

Pursuant to the Letter Agreement and Amendment No. 1 to the Merger Agreement, the Company made a promissory note to Beach Labs in the amount of \$625,000, agreed to satisfy half of the stated Merger Agreement compensation value of \$1,200,000 (the “Note”), and performed a true-up of the Merger Agreement stock compensation to reach the value of \$600,000, equaling half of the stated Merger Agreement compensation value of \$1,200,000 (the “True-Up”), and amended the Merger Agreement to add a true-up provision that will maintain that \$600,000 of stock compensation value at the date of Beach Lab’s Rule 144 eligibility. The Note is payable in declining monthly installments over a 4-year period, carries 10% interest, and is convertible at the holder’s option to the Company’s common stock at a conversion per share price of a 30% discount on the 20-day preceding average closing price of our common stock. In performing the True-Up, the Company issued 109,134,121 shares of restricted common stock to Beach Labs which had a fair value of \$251,008, which was included in stock-based compensation expense. Additionally, as of December 31, 2022, the Company owed Beach Labs an additional 180,486,830 shares of stock, which had a fair value of \$234,633 which was recorded as stock-based compensation expense and included in Subscriptions Payable on the Company’s consolidated balance sheet.

#### ***VBF Brands, Inc.***

On October 6, 2021, the Company, through its wholly owned subsidiary Salinas Diversified Ventures, Inc., a California corporation, entered into an Asset Purchase Agreement, Management Services Agreement, Cooperation Agreement and Employment Agreement with VBF Brands, Inc., a California corporation (“VBF”), a wholly owned subsidiary of Sunset Island Group, Inc., a Colorado corporation (“SIGO”). VBF and SIGO agreed to transfer to the Company all of VBF’s outstanding stock to the Company, and appointed our CEO and CFO Jesus Quintero as President of VBF.

VBF owns various fixed assets including machinery and equipment, a lease for a 10,000 square foot facility located at 20420 Spence Road, Salinas, California, 93908, leasehold improvements, good-will, inventory, tradenames including “VBF Brands,” trade secrets, intellectual property, and other tangible and intangible properties, including licenses issued by the City of Salinas, County of Monterey, and the State of California to operate a licensed cannabis nursery, cultivation facility, and operations for the manufacturing and distribution of cannabis and cannabis products.

VBF and SIGO agreed to sell and transfer to the Company all of VBF’s outstanding stock, and, by virtue of the Management Services Agreement, appoint Mr. Jesus Quintero as President of VBF, vesting management and control of VBF’s licensed cannabis operations in the Company. Concurrently, VBF and Livacich entered into a Cooperation Agreement, whereby VBF and Livacich agreed to cooperate to facilitate the transfer of ownership of VBF, which includes licenses issued by the City of Salinas, County of Monterey, and the State of California, to operate a cannabis nursery, cultivation facility and manufacturing and distribution operations to the Company. The Company also agreed to retain Livacich as Chief Executive Officer for a term of two years and agreed to compensate her with a salary including a signing cash bonus of \$250,000, and a \$250,000 performance cash bonus payable after six months after the Effective Date. The bonus is conditioned upon Livacich meeting an agreed to “Net Revenue” target of one million dollars (\$1,000,000) from VBF’s operations during the six-month period after closing of the Asset Purchase Agreement, and her compliance with the terms and conditions of this Asset Purchase Agreement, the Management Services Agreement and the Cooperation Agreement.

As consideration for the transaction, the Company agreed to assume two secured convertible promissory notes issued by SIGO to St. George Investments, LLC, a Utah limited liability company (“St. George”) (the “SIGO Notes”). The first note was issued December 8, 2017, in the original face amount of \$170,000.00, and the second was issued February 13, 2018, in the original face amount of \$4,245,000.00. SIGO also issued warrants to St. George to purchase shares in SIGO, and fifty (50) shares of Series A Preferred Stock in SIGO. St. George agreed to cancel the warrants and preferred shares upon the Company’s assumption of the SIGO Notes.

Under the Asset Purchase Agreement, the closing is conditioned upon certain conditions precedent, specifically (i) VBF and SIGO’s full corporate authorization, consent and execution of this Agreement; (ii) VBF’s sale to MCOA of 100% of the issued and outstanding



shares of VBF; (iii) full corporate authorization, consent compliance with and execution of the Management Services Agreement and Cooperation Agreement; (iv) SIGO's disclosure of the Agreement on Form 8-K with the Securities and Exchange Commission; (v) full cooperation in MCOA's financial auditing of VBF in accordance with ASC 805, including providing unrestricted access to all VBF corporate and financial records and providing all necessary cooperation with VBF financial personnel; (vi) full cooperation in aiding and assisting Buyer with its change of ownership applications with the relevant licensing authorities; (vii) the warranty of truthful representations and execution of and compliance with the terms and conditions of the Executive Employment Agreement, Management Services Agreement and the Cooperation Agreement.

As of the date of this filing, the conditions precedent to the closing of the Asset Purchase Agreement remain in the process of implementation, so that the Asset Purchase Agreement closing has not yet occurred pursuant to its terms. Legal counsel for MCOA is currently in the process of working with VBF, Salinas Diversified Ventures, and the relevant state and local governments to effect the change of control and license transfers necessary to close the Asset Purchase Agreement. The Company is currently seeking litigation against the owners of VBF Brands.

#### **NOTE 14 – SUBSEQUENT EVENTS**

Subsequent to December 31, 2022, the Company has sold a total of 90,000,000 shares of common stock at a fixed price of \$0.001 per share for a total of \$90,000 in cash to accredited investors under the Company's active Regulation A offering, qualified by the SEC on October 20, 2021. There is no assurance that the Company will raise any further funds under the Regulation A offering.

Subsequent to December 31, 2022, the Company has sold a total of 706,250,000 shares of common stock at a fixed price of \$0.0008 per share for a total of \$565,000 in cash to accredited investors under the Company's active Regulation A offering, qualified by the SEC on October 20, 2021 and amended on December 15, 2021. There is no assurance that the Company will raise any further funds under the Regulation A offering.