

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

## **American Films, Inc.**

7901 4<sup>th</sup> St. N.  
Ste 13245  
St. Petersburg, FL 33702

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[www.americanfilms.us](http://www.americanfilms.us)  
[info@americanfilms.us](mailto:info@americanfilms.us)  
SIC: 7375

## **Quarterly Report**

**For the period ending March 31, 2024 (the "Reporting Period")**

### **Outstanding Shares**

The number of shares outstanding of our Common Stock was:

63,637,615 as of March 31, 2024

64,286,035 as of September 30, 2023

### **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>4</sup> of the company has occurred during this reporting period:

Yes: ☒ No: ☐

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<sup>4</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 and names used by predecessor entities, along with the dates of the name changes.

*American Films, Inc.: from January 4, 2012 to present*

*Nanoscience Technologies, Inc.: from May 17, 2002 to January 4, 2012*

*Eagles Nest Mining Company: from September 14, 1987 to May 17, 2002*

Current State and Date of Incorporation or Registration: Nevada, September 1987

Standing in this jurisdiction: (e.g. active, default, inactive): active

Prior Incorporation Information for the issuer and any predecessors during the past five years:

N/A

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

N/A

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

N/A

Address of the issuer's principal executive office:

*7901 4<sup>th</sup> St. N., Ste 13245, St. Petersburg, FL 33702*

Address 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: *ClearTrust, LLC*

Phone: *813-235-4490*

Email: [inbox@cleartrusttransfer.com](mailto:inbox@cleartrusttransfer.com)

Address: *16540 Pointe Village Dr, Suite 210, Lutz, FL 33558*

**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:	AMFL	
Exact title and class of securities outstanding:	Common Stock	
CUSIP:	026040105	
Par or stated value:	\$0.001	
Total shares authorized:	100,000,000	as of date: March 31, 2024
Total shares outstanding:	63,637,615	as of date: March 31, 2024
Total number of shareholders of record:	257	as of date: March 31, 2024

*Please provide the above-referenced information for all other publicly quoted or traded securities of the issuer.*

\_\_\_\_\_

**Other classes of authorized or outstanding equity securities that do not have a trading symbol:**

*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 that do not have a trading symbol). 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:	_____	
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: _____

*Please provide the above-referenced information for all other classes of authorized or outstanding equity securities.*

\_\_\_\_\_

**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.**

*As of March 31, 2024, American Films, Inc. (the "Company") is authorized to issue 100,000,000 shares of Common Stock, \$0.001 par value. All shares of Common Stock have equal rights and privileges with respect to voting, liquidation, and dividend rights. Each share of Common Stock entitles the holder thereof to (i) one non-cumulative vote for each share held of record on all matters submitted to a vote of the stockholders; (ii) to participate equally and to receive any and all such dividends as may be declared by the Board of Directors out of funds legally available therefore; and (iii) to participate pro rata in any distribution of assets available for distribution upon liquidation of the Company. Stockholders of the Company have no preemptive rights to acquire additional shares of Common Stock or any other securities. The Common Stock is not subject to redemption and carries no subscription or conversion rights. All outstanding shares of Common Stock are fully paid and non-*

assessable. Each stockholder is entitled to vote in accordance with the terms and provisions of the certificate of incorporation and shall be entitled to one vote, in person or by proxy, for each share of stock entitled to vote held by such stockholders. The Board of Directors may from time to time declare, and the Company may pay, dividends on its outstanding shares in the manner and upon the terms and conditions provided by law. The Company has not declared or paid cash dividends or made distributions in the past, and the Company does not anticipate that it will pay cash dividends or make distributions in the foreseeable future. The Company currently intends to retain and invest future earnings to finance its operations.

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

N/A

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

N/A

**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.**

N/A

**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 for the two most recently completed fiscal years and any subsequent period.**

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: <u>Opening Balance</u> Date <u>9/30/2021</u> Common: <u>46,500,415</u> Preferred: _____			*Right-click the rows below and select "Insert" to add rows as needed.						
Date of Transaction	Transaction type (e.g., new issuance, cancellation, shares returned to treasury)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per share) at Issuance	Were the shares issued at a discount to market price at the time	Individual/ Entity Shares were issued to.  *You must disclose the control person(s)	Reason for share issuance (e.g. for cash or debt conversion) - OR- Nature of	Restricted or Unrestricted as of this filing.	Exemption or Registration Type.

					of issuance? (Yes/No)	for any entities listed.	Services Provided		
11/17/2021	New issuance	1,015,420	Common Stock	\$0.35	Yes	Derrick Spatorico	Debt conversion pursuant to Settlement Agreement	Restricted	Section 4(a)(2) and/or Regulation D 506(b)
11/17/2021	New issuance	7,287,772	Common Stock	\$0.35	Yes	Derrick Spatorico	Debt conversion pursuant to Settlement Agreement	Restricted	Section 4(a)(2) and/or Regulation D 506(b)
12/01/2021	New issuance	350,000	Common Stock	\$0.02	Yes	Craig Campbell	Pursuant to Private Placement Agreement	Restricted	Section 4(a)(2) and/or Regulation D 506(b)
12/01/2021	New issuance	900,000	Common Stock	\$0.01	Yes	John Carty	Pursuant to Private Placement Agreement	Restricted	Section 4(a)(2) and/or Regulation D 506(b)
12/06/2021	New issuance	416,667	Common Stock	\$0.06	Yes	Marshall Faulk	Pursuant to Private Placement Agreement	Restricted	Section 4(a)(2) and/or Regulation D 506(b)
1/12/2022	New issuance	1,570,000	Common Stock	\$0.04	Yes	Craig Campbell	Pursuant to Private Placement Agreement	Restricted	Section 4(a)(2) and/or Regulation D 506(b)
1/19/2022	New issuance	30,000	Common Stock	\$0.00	Yes	Jeffrey Shepard	Pursuant to Private Placement Agreement	Restricted	Section 4(a)(2) and/or Regulation D 506(b)
1/19/2022	New issuance	30,000	Common Stock	\$0.00	Yes	Stephen Buck	Pursuant to Private Placement Agreement	Restricted	Section 4(a)(2) and/or Regulation D 506(b)
1/19/2022	New issuance	500,000	Common Stock	\$0.01	Yes	Patrick Murphy	Pursuant to Private Placement Agreement	Restricted	Section 4(a)(2) and/or Regulation D 506(b)
1/19/2022	New issuance	330,000	Common Stock	\$0.03	Yes	N. Lewis Lesser	Pursuant to Private Placement Agreement	Restricted	Section 4(a)(2) and/or Regulation D 506(b)
1/21/2022	New issuance	855,660	Common Stock	\$0.03	Yes	Thomas Hein	Pursuant to Private Placement Agreement	Restricted	Section 4(a)(2) and/or Regulation D 506(b)
1/24/2022	New issuance	1,700,000	Common Stock	\$1.20	Yes	CBAM Equity Fund, LP (Charles Rini)	Pursuant to Private Placement Agreement	Restricted	Section 4(a)(2) and/or Regulation D 506(b)
2/3/2022	New issuance	2,599,001	Common Stock	\$0.02	Yes	Richard Gostanian	Debt conversion pursuant to Settlement Agreement	Restricted	Section 4(a)(2) and/or Regulation D 506(b)
3/31/2022	New issuance	1,044,000	Common Stock	\$0.10	Yes	Mark Reinisch	Debt conversion pursuant to	Restricted	Section 4(a)(2) and/or

							Settlement Agreement		Regulation D 506(b)
4/25/2022	New issuance	1,435,550	Common Stock	\$0.03	Yes	PML Process Management LTD (Ben Perino)	Pursuant to Private Placement Agreement	Restricted	Section 4(a)(2) and/or Regulation D 506(b)
4/25/2022	New issuance	250,000	Common Stock	\$0.01	Yes	Robert O'Brien	Pursuant to Private Placement Agreement	Restricted	Section 4(a)(2) and/or Regulation D 506(b)
5/26/2022	New issuance	1,055,000	Common Stock	\$0.08	Yes	Richard Pyle	Pursuant to Private Placement Agreement	Restricted	Section 4(a)(2) and/or Regulation D 506(b)
6/7/2022	New issuance	100,000	Common Stock	\$0.03	Yes	Bart Valdez	Pursuant to Private Placement Agreement	Restricted	Section 4(a)(2) and/or Regulation D 506(b)
6/7/2022	New issuance	100,000	Common Stock	\$0.03	Yes	Peggy Kingston	Pursuant to Private Placement Agreement	Restricted	Section 4(a)(2) and/or Regulation D 506(b)
6/7/2022	New issuance	100,000	Common Stock	\$0.03	Yes	Sophie Cutler	Pursuant to Private Placement Agreement	Restricted	Section 4(a)(2) and/or Regulation D 506(b)
6/7/2022	New issuance	100,000	Common Stock	\$0.03	Yes	Thomas Hein	Pursuant to Private Placement Agreement	Restricted	Section 4(a)(2) and/or Regulation D 506(b)
6/9/2022	New issuance	275,000	Common Stock	\$0.05	Yes	Allan Brooks	Pursuant to Private Placement Agreement	Restricted	Section 4(a)(2) and/or Regulation D 506(b)
6/9/2022	New issuance	36,410	Common Stock	\$0.10	Yes	Ryan Dombrowski	Debt conversion pursuant to Settlement Agreement	Restricted	Section 4(a)(2) and/or Regulation D 506(b)
7/21/2022	New issuance	100,000	Common Stock	\$0.05	Yes	Dale Para	Pursuant to Private Placement Agreement	Restricted	Section 4(a)(2) and/or Regulation D 506(b)
7/21/2022	New issuance	48,530	Common Stock	\$0.10	Yes	Lauren Valdez	Debt conversion pursuant to Settlement Agreement	Restricted	Section 4(a)(2) and/or Regulation D 506(b)
7/21/2022	New issuance	35,000	Common Stock	\$0.29	Yes	Janet O'Brien	Pursuant to Private Placement Agreement	Restricted	Section 4(a)(2) and/or Regulation D 506(b)
7/21/2022	New issuance	250,000	Common Stock	\$0.03	Yes	Bart Valdez	Pursuant to Private Placement Agreement	Restricted	Section 4(a)(2) and/or Regulation D 506(b)
8/26/2022	New issuance	300,000	Common Stock	\$0.05	Yes	Geoff Lee	Pursuant to Private Placement Agreement	Restricted	Section 4(a)(2) and/or Regulation D 506(b)

11/15/2022	New issuance	105,000	Common Stock	\$0.74	No	Michael Davis	Pursuant to Private Placement Agreement	Restricted	Section 4(a)(2) and/or Regulation D 506(b)
11/15/2022	New issuance	155,000	Common Stock	\$0.74	No	Geoff Lee	Pursuant to Private Placement Agreement	Restricted	Section 4(a)(2) and/or Regulation D 506(b)
11/15/2022	New issuance	5,000	Common Stock	\$0.74	No	Craig Campbell	Pursuant to Private Placement Agreement	Restricted	Section 4(a)(2) and/or Regulation D 506(b)
11/15/2022	New issuance	130,319	Common Stock	\$0.74	No	David Tamaroff	Pursuant to Private Placement Agreement	Restricted	Section 4(a)(2) and/or Regulation D 506(b)
11/28/2022	New issuance	35,714	Common Stock	\$0.70	No	Peggy Kingston	Pursuant to Private Placement Agreement	Restricted	Section 4(a)(2) and/or Regulation D 506(b)
12/27/2022	Cancellation	(7,171,000)	Common Stock	N/A	N/A	YA Global (Troy Rillo)	Pursuant to Settlement Agreement	Restricted	Section 4(a)(2) and/or Regulation D 506(b)
1/17/2023	New issuance	200,000	Common Stock	\$0.52	No	Jamie Warren	Pursuant to Private Placement Agreement	Restricted	Section 4(a)(2) and/or Regulation D 506(b)
2/17/23	New issuance	125,000	Common Stock	\$0.60	Yes	Linda Safalow and Arthur Safalow Trustee Safalow Family Trust	Pursuant to Private Placement Agreement	Restricted	Section 4(a)(2) and/or Regulation D 506(b)
3/3/2023	New issuance	400,000	Common Stock	\$0.60	Yes	Marc Cohodes	Pursuant to Private Placement Agreement	Restricted	Section 4(a)(2) and/or Regulation D 506(b)
3/22/2023	New issuance	250,000	Common Stock	\$0.60	Yes	Charles T Rini Jr Trust dated 11/16/2007	Pursuant to Private Placement Agreement	Restricted	Section 4(a)(2) and/or Regulation D 506(b)
4/27/2023	New issuance	200,000	Common Stock	\$0.60	No	Geoff Lee	Pursuant to Private Placement Agreement	Restricted	Section 4(a)(2) and/or Regulation D 506(b)
4/27/2023	New issuance	250,000	Common Stock	\$0.60	No	Jamie Warren	Pursuant to Private Placement Agreement	Restricted	Section 4(a)(2) and/or Regulation D 506(b)
4/27/2023	New issuance	50,000	Common Stock	\$0.60	No	Craig Campbell	Pursuant to Private Placement Agreement	Restricted	Section 4(a)(2) and/or Regulation D 506(b)
4/27/2023	New issuance	100,000	Common Stock	\$0.60	No	David Tamaroff	Pursuant to Private Placement Agreement	Restricted	Section 4(a)(2) and/or Regulation D 506(b)

6/2/2023	New issuance	55,087	Common Stock	\$0.65	No	Geoff Lee	Pursuant to Private Placement Agreement	Restricted	Section 4(a)(2) and/or Regulation D 506(b)
6/2/2023	New issuance	40,383	Common Stock	\$0.65	No	Craig Campbell	Pursuant to Private Placement Agreement	Restricted	Section 4(a)(2) and/or Regulation D 506(b)
6/2/2023	New issuance	18,031	Common Stock	\$0.65	No	Michael Davis	Pursuant to Private Placement Agreement	Restricted	Section 4(a)(2) and/or Regulation D 506(b)
6/2/2023	New issuance	11,538	Common Stock	\$0.65	No	Wemerson Marinho	Pursuant to Private Placement Agreement	Restricted	Section 4(a)(2) and/or Regulation D 506(b)
6/2/2023	New issuance	11,538	Common Stock	\$0.65	No	Karina Ferreira da Gama	Pursuant to Private Placement Agreement	Restricted	Section 4(a)(2) and/or Regulation D 506(b)
12/31/2023	Cancellation	(450,000)	Common Stock	N/A	N/A	Jamie Warren	Pursuant to Settlement Agreement	Restricted	Section 4(a)(2) and/or Regulation D 506(b)
12/31/2023	Cancellation	(410,087)	Common Stock	N/A	N/A	Geoff Lee	Pursuant to Settlement Agreement	Restricted	Section 4(a)(2) and/or Regulation D 506(b)
02/20/2024	New issuance	211,667	Common Stock	N/A	N/A	Peggy Kingston	Pursuant to Settlement Agreement	Restricted	Section 4(a)(2) and/or Regulation D 506(b)
Shares Outstanding on Date of This Report:									
<u>Ending Balance:</u>									
Date <u>03/31/2024</u>									
Common: <u>63,637,615</u>									
Preferred: _____									

**Example:** A company with a fiscal year end of December 31<sup>st</sup> 2023, 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, 2022 through December 31, 2023 pursuant to the tabular format above.

**\*\*\*Control persons for any entities in the table above must be disclosed in the table or in a footnote here.**

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

\_\_\_\_\_

## 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.)
12/10/2017	\$94,000	\$204,000	\$56,029	12/10/2021	Optional conversion to common stock at a rate of \$0.10 per share	Paloozoo holders	Loan
9/8/2021	\$75,000	\$75,000	\$0	9/8/2026	Warrant for 500,000 shares of common stock at strike price of \$1.50 per share	Max Cohodes	Loan
1/1/2022	\$400,000	\$400,000	\$45,000	12/31/2025	Optional conversion to common stock at a rate of \$2.14 per share	Derrick Spatorico	MDS Purchase and Sale Agreement
6/30/2022	\$425,000	\$525,000	\$0	Based upon cumulative revenue milestones	Within 45 days of the following events, AMFL share pay to Lender: \$125,000 upon the company achieving cumulative gross revenue of \$2,500,000; an additional \$125,000 upon the company achieving cumulative gross revenue of \$5,000,000; and an additional \$175,000 upon the company achieving cumulative gross revenue of \$7,500,000	NYU (Robert Fechter)	Refinance of loan with original issue date 12/16/2011
9/23/2022	\$100,000	\$100,000	\$13,500	9/23/2023	Interest shall accrue at a rate of 9% per annum on the principal loan balance	Rosina Gabriele	Short-term loan
11/1/2022	\$5,000	\$5,000	\$354	11/1/2023	Interest shall accrue at a rate of 5% per annum on the principal loan balance	American Films LLC (Lynne Murphy)	Short-term loan
12/15/2022	\$2,200	\$2,200	\$143	12/15/2023	Interest shall accrue at a rate of 5% per annum on the principal loan balance	American Films LLC (Lynne Murphy)	Short-term loan
12/31/2022	\$25,000	\$25,000	\$1,563	12/31/2023	Interest shall accrue at a rate of 5% per annum on the principal loan balance	Ronda Matson	Short-term loan
5/1/2023	\$78,750	\$78,750	\$3,609	5/1/2024	Interest shall accrue at a rate of 5% per annum on the principal loan balance	Nat Gabriele	Short-term loan
4/30/2023	\$76,000	\$76,000	\$5,225	4/30/2026	Optional conversion to common stock at a rate of \$0.85 per share	Bradley Safalow	Loan
6/30/2023	\$25,000	\$25,000	\$ 938	Earlier of 6/30/2026 or aggregate cash milestones	Optional conversion to common stock at a rate of \$0.45 per share  AMFL share pay to Lender 25% of the outstanding principal and accrued and unpaid interest when aggregate cash proceeds to the Corporation exceed \$50,000; 50% of the outstanding principal and accrued and unpaid interest when aggregate cash proceeds to the Corporation exceed \$100,000; and 100% of the outstanding principal and accrued and unpaid interest when aggregate cash proceeds to the Corporation exceed \$150,000.	Bradley Safalow	Loan

\*\*\*Control persons for any entities in the table above must be disclosed in the table or in a footnote here.

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. Ensure that these descriptions are updated on the Company's Profile on [www.OTCMarkets.com](http://www.OTCMarkets.com).

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

*American Films, Inc. (the "Company") is an emerging technology company serving as an advocate for copyright holders across the globe. The Company's unique proprietary processes and technology are held at its wholly owned subsidiary, FACTERRA, which includes a web-based evidence gathering program that identifies instances of copyright infringement and allows the Company and others to enforce intellectual property rights. American Films, Inc. supports the creative process and protects intellectual property in the film and music industries.*

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

*Facterra LLC (wholly owned subsidiary of American Films, Inc.)  
Facterra LTDA (wholly owned subsidiary of Facterra LLC)*

C. Describe the issuers' principal products or services.

*Every year, there are billions of online piracy events worldwide. Federal governments across the globe have created a regulatory framework that is supposed to deter the illegal downloading or streaming of copyrighted media, but every year the online piracy problem grows in scope. Despite pervasive online piracy activity, copyright holders and intellectual property owners have few tools to pursue recourse or remuneration. American Films, Inc. and its partners have developed a suite of tools that help intellectual property owners identify instances of copyright infringement and piracy using BitTorrent technology and other platforms. The Company seeks to develop a suite of subscription products that will enable copyright holder and intellectual property owners to identify instances of online piracy on a real time basis in the United States and across the globe. In addition, the Company will partner with all stakeholders including copyright holders, government agencies, and internet service providers to pursue programs that address historical copyright infringement and online piracy activity.*

#### 5) Issuer's Facilities

*The goal of this section is to provide investors 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. Describe the location of office space, data centers, principal plants, and other property of the issuer and describe the condition of the properties. Specify if the assets, properties, or facilities are owned or leased and the terms of their leases. If the issuer does not have complete ownership or control of the property, describe the limitations on the ownership.

N/A

#### 6) All Officers, Directors, and Control Persons of the Company

Using the table below, please provide information, as of the period end date of this report, regarding all officers and directors of the company, or any person that performs a similar function, regardless of the number of shares they own.

In addition, list all individuals or entities controlling 5% or more of any class of the issuer's securities. 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. 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 investors 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 owners.*

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
John Carty	CEO and CFO	Norwood, MA	900,000	Common Stock	1.4%	
Craig Campbell	CTO, and Chairman of the Board	New Boston, NH	2,015,383	Common Stock	3.2%	
Derrick Spatorico	5% or more owner	Fairport, NY	11,303,192	Common Stock	17.8%	
Richard Gostanian	5% or more owner	Salem, NH	3,249,001	Common Stock	5.1%	
NYU (Robert Fechter)	5% or more owner	New York, NY	4,812,377	Common Stock	7.6%	

Confirm that the information in this table matches your public company profile on [www.OTCMarkets.com](http://www.OTCMarkets.com). If any updates are needed to your public company profile, log in to [www.OTCIQ.com](http://www.OTCIQ.com) to update your company profile.

## 7) Legal/Disciplinary History

A. Identify and provide a brief explanation as to whether any of the persons or entities listed above in Section 6 have, in the past 10 years:

1. Been the subject of an indictment or conviction in a criminal proceeding or plea agreement or named as a defendant in a pending criminal proceeding (excluding minor traffic violations);

None

2. Been the subject of 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, financial- or investment-related, insurance or banking activities;

None

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

None

4. Named as a defendant or a respondent in a regulatory complaint or proceeding that could result in a “yes” answer to part 3 above; or

None

5. Been the subject 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

6. Been the subject of a U.S Postal Service false representation order, or a temporary restraining order, or preliminary injunction with respect to conduct alleged to have violated the false representation statute that applies to U.S mail.

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 to 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.

**Title: American Films, Inc., et al. v. Rightscorp, Inc., et al.**

**Case Number: 2021-CA-000817**

**Jurisdiction: 20th Florida Judicial Circuit Court**

*American Films, Inc. is a co-plaintiff in a lawsuit against Rightscorp, Inc. and its CEO and Chairman seeking more than \$15 million in damages. The lawsuit alleges that the defendants lured AFI into a transaction to acquire Rightscorp, and then the defendants used confidential information from the deal to profit at AFI’s expense. On April 15, 2024, Shapiro, Blasi, Wasserman & Hermann, P.A., legal counsel representing AFI with this matter, filed a motion for leave to withdraw as counsel. As of April 29, 2024, the plaintiffs have thirty (30) days to obtain new counsel.*

## **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.

Confirm that the information in this table matches your public company profile on [www.OTCMarkets.com](http://www.OTCMarkets.com). If any updates are needed to your public company profile, update your company profile.

Securities Counsel (must include Counsel preparing Attorney Letters).

Name: Jessica Haggard of Anthony L.G., PLLC  
Address 1: 1700 Palm Beach Lakes, Blvd.  
Address 2: Suite 820  
Phone: 561-514-0936  
Email: JHaggard@anthonypllc.com

Accountant or Auditor

Name: \_\_\_\_\_

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

#### Investor Relations

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

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

X (Twitter): <http://twitter.com/AmericanFilmsUS>  
Discord: \_\_\_\_\_  
LinkedIn: <http://www.linkedin.com/company/american-films-inc/>  
Facebook: <http://www.facebook.com/AmericanFilmsInc>  
[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: *Grove Street Funding, Inc.*  
Nature of Services: *Financial*  
Address 1: *PO Box 1064, Webster, MA 01570*  
Address 2: \_\_\_\_\_  
Phone: \_\_\_\_\_  
Email: *info@grovestreetfunding.com*

## **9) Disclosure & Financial Information**

A. This Disclosure Statement was prepared by (name of individual):

Name: **Grove Street Funding, Inc.**  
Title: \_\_\_\_\_  
Relationship to Issuer: **Financial advisor and consulting**

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

- ☐ IFRS  
☒ U.S. GAAP

C. The following financial statements were prepared by (name of individual):

Name: Grove Street Funding, Inc.

Title: \_\_\_\_\_

Relationship to Issuer: Financial advisor and consulting

Describe the qualifications of the person or persons who prepared the financial statements:<sup>5</sup> Certified public accountant

Provide the following qualifying financial statements:

- Audit letter, if audited;
- Balance Sheet;
- Statement of Income;
- Statement of Cash Flows;
- Statement of Retained Earnings (Statement of Changes in Stockholders' Equity)
- Financial Notes

**Financial Statement Requirements:**

- Financial statements must be published together with this disclosure statement as one document.
- Financial statements must be "machine readable". Do not publish images/scans of financial statements.
- Financial statements must be presented with comparative financials against the prior FYE or period, as applicable.
- Financial statements must be prepared in accordance with U.S. GAAP or International Financial Reporting Standards (IFRS) but are not required to be audited.

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<sup>5</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, John Carty certify that:

1. I have reviewed this Disclosure Statement for American Films, 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.

5/10/2024

/s/JOHN CARTY

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

### *Principal Financial Officer:*

, John Carty certify that:

1. I have reviewed this Disclosure Statement for American Films, Inc.;
1. 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
2. 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.

5/10/2024

/s/JOHN CARTY

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

**Exhibit A**

Financials Statements and Notes  
For the Period Ended March 31, 2024



**American Films, Inc.**  
**Consolidated Statement of Income**  
**(Unaudited)**

	<b>Three Months Ended March 31,</b>		<b>Six Months Ended March 31,</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Revenues	\$ -	\$ 50,166	\$ -	\$ 50,166
Expenses:				
Cost of revenues	-	165,286	-	165,286
Payroll expense	23,426	195,467	77,977	436,338
Insurance and legal fees expense	2,350	33,460	7,016	164,600
Contract services	68,500	7,620	68,500	44,726
General and administrative expense	8,322	190,770	14,609	603,836
Total expenses	102,598	592,603	168,102	1,414,786
Income (Loss) from Continuing Operations	(102,598)	(542,437)	(168,102)	(1,364,620)
Other Income (Expense):				
Gain (loss) on sale of business unit	-	(254,560)	-	(254,560)
Interest expense	(14,212)	(13,053)	(28,424)	(27,217)
Other income (expense)	4,056	50,335	(419,972)	(18,427)
Total other income (expense)	(10,156)	(217,278)	(448,396)	(300,204)
Income (Loss) from Continuing Operations before Income Taxes (Benefit)	(112,754)	(759,715)	(616,498)	(1,664,824)
Provision for (benefit from) income taxes	3,247	(190,585)	(122,689)	(416,816)
Net Income (Loss) from Continuing Operations	(116,001)	(569,130)	(493,809)	(1,248,008)
Income (loss) from discontinued operations, net of tax	-	(2,167)	-	(2,691)
Net Income (Loss)	\$ (116,001)	\$ (571,297)	\$ (493,809)	\$ (1,250,699)
Net Income (Loss) Per Share:				
Basic	\$ (0.00)	\$ (0.01)	\$ (0.01)	\$ (0.02)
Diluted	\$ (0.00)	\$ (0.01)	\$ (0.01)	\$ (0.02)
Weighted average common shares - basic	63,521,314	62,955,291	63,901,064	66,081,553
Weighted average common shares - diluted	63,521,314	62,955,291	63,901,064	66,443,510

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

**American Films, Inc.**  
**Consolidated Statement of Comprehensive Income**  
**(Unaudited)**

	<b>Three Months Ended March 31,</b>		<b>Six Months Ended March 31,</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Net Income (Loss)	\$ (116,001)	\$ (571,297)	\$ (493,809)	\$ (1,250,699)
Other comprehensive income (loss), net of tax:				
Unrealized holding gain (loss) on available for sale securities (net of tax expense of \$-0-, \$150, \$-0- and \$55, respectively)	-	450	-	165
Total other comprehensive income (loss), net of tax	-	450	-	165
Comprehensive Income (Loss)	<u>\$ (116,001)</u>	<u>\$ (570,847)</u>	<u>\$ (493,809)</u>	<u>\$ (1,250,534)</u>

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

**American Films, Inc.**  
**Consolidated Balance Sheet**  
**(Unaudited)**

	March 31, 2024	September 30, 2023
<b><u>ASSETS</u></b>		
Current assets:		
Cash and cash equivalents	\$ 1,129	\$ 524
Marketable securities	-	3,660
Accounts receivable	1,561,056	1,617,806
Total current assets	1,562,185	1,621,990
Noncurrent assets:		
Deferred income taxes	2,530,471	2,408,241
Other assets	885,618	885,618
Total noncurrent assets	3,416,089	3,293,859
Total Assets	4,978,274	4,915,849
<b><u>LIABILITIES AND STOCKHOLDERS' EQUITY</u></b>		
Current liabilities:		
Accounts payable and accrued liabilities	638,457	831,059
Accrued interest	126,361	99,804
Convertible debentures - current portion	100,000	150,000
Notes payable	852,500	107,200
Total current liabilities	1,717,318	1,188,063
Noncurrent liabilities:		
Warranty liabilities		
NYU debenture, net	425,000	425,000
Other convertible debt, net	595,000	595,000
Common stock warrant	75,000	75,000
Total warranty liabilities	1,095,000	1,095,000
Total noncurrent liabilities	1,095,000	1,095,000
Total Liabilities	2,812,318	2,283,063
Commitments & Contingencies (Note 5)		
Stockholders' deficit:		
Common stock; \$0.001 par value; authorized 100,000,000 shares, 63,637,615 and 64,286,035 shares issued and outstanding, respectively	63,638	64,286
Treasury stock, 6,371,445 and 6,371,445 shares, respectively	(13,278)	(13,278)
Additional paid-in capital	9,630,131	9,603,884
Accumulated deficit	(7,514,535)	(7,020,726)
Accumulated other comprehensive income (loss)	-	(1,380)
Total Stockholders' Equity	2,165,956	2,632,786
Total Liabilities and Stockholders' Equity	\$ 4,978,274	\$ 4,915,849

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

**American Films, Inc.**  
**Consolidated Statement of Cash Flows**  
**(Unaudited)**

	<b>Six Months Ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
Cash flow s from operating activities		
Net income (loss)	\$ (493,809)	\$ (1,250,699)
Adjustments to reconcile net income (loss) to net cash provided (used in) operating activities		
Loss (gain) on sale of business unit	-	254,560
Deferred income taxes	(122,689)	(416,816)
Stock compensation expense	-	544,619
Changes in operating assets and liabilities		
Other assets	62,249	81,998
Accounts payable and accrued liabilities	(192,602)	215,590
Accrued interest	26,769	23,925
Other liabilities	745,300	61,919
Other, net	(24,613)	(10,888)
Net cash provided by (used in) operating activities	605	(495,792)
Cash flow s from investing activities	-	-
Cash flow s from financing activities		
Proceeds from issuance of common stock	-	490,000
Proceeds from convertible notes	-	50,000
Proceeds from notes payable	-	7,200
Net cash provided by (used in) financing activities	-	547,200
Net increase (decrease) in cash and cash equivalents	605	51,408
Cash and cash equivalents beginning balance	524	212,594
Cash and cash equivalents ending balance	\$ 1,129	\$ 264,002

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

**American Films, Inc.**  
**Consolidated Statement of Changes in Stockholder' Equity**  
**(Unaudited)**

	Three Months Ended March 31,			
	2024		2023	
	Shares	Amount	Shares	Amount
Common Stock, \$0.001 par value; authorized 100,000,000 shares				
Balance, beginning of period	63,425,948	\$ 63,426	62,574,458	\$ 62,574
Issuances of Common Stock	211,667	212	775,000	775
Issuances related to share-based compensation	-	-	200,000	200
Redemption of common shares	-	-	-	-
Balance, end of period	63,637,615	63,638	63,549,458	63,549
Treasury Stock				
Balance, beginning of period	(6,371,445)	(13,278)	(6,256,900)	(13,164)
Redemption of common shares	-	-	(114,545)	(114)
Balance, end of period	(6,371,445)	(13,278)	(6,371,445)	(13,278)
Additional Paid-in-Capital				
Balance, beginning of period		9,603,884		8,598,433
Issuances of Common Stock		26,247		464,225
Share-based compensation		-		177,841
Redemption of common shares		-		(29,945)
Balance, end of period		9,630,131		9,210,554
Retained Earnings (Accumulated Deficit)				
Balance, beginning of period		(7,398,534)		(6,726,913)
Net income (loss)		(116,001)		(571,297)
Balance, end of period		(7,514,535)		(7,298,210)
Accumulated Other Comprehensive Income (Loss)				
Balance, beginning of period		(1,809)		(1,875)
Reclassification adjustment		1,809		-
Other comprehensive income (loss)		-		450
Balance, end of period		-		(1,425)
Total Shareholders' Equity		\$ 2,165,956		\$ 1,961,190

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

**American Films, Inc.**  
**Consolidated Statement of Changes in Stockholder' Equity**  
**(Unaudited)**

	Six Months Ended March 31,			
	2024		2023	
	Shares	Amount	Shares	Amount
Common Stock, \$0.001 par value; authorized 100,000,000 shares				
Balance, beginning of period	64,286,035	\$ 64,286	69,314,425	\$ 69,314
Issuances of Common Stock	211,667	212	810,714	811
Issuances related to share-based compensation	-	-	595,319	595
Redemption of common shares	(860,087)	(860)	(7,171,000)	(7,171)
Balance, end of period	63,637,615	63,638	63,549,458	63,549
Treasury Stock				
Balance, beginning of period	(6,371,445)	(13,278)	(6,900)	(6,914)
Redemption of common shares	-	-	(6,364,545)	(6,364)
Balance, end of period	(6,371,445)	(13,278)	(6,371,445)	(13,278)
Additional Paid-in-Capital				
Balance, beginning of period		9,603,884		8,200,115
Issuances of Common Stock		26,247		489,189
Share-based compensation		-		544,024
Redemption of common shares		-		(22,774)
Balance, end of period		9,630,131		9,210,554
Retained Earnings (Accumulated Deficit)				
Balance, beginning of period		(7,020,726)		(6,047,511)
Net income (loss)		(493,809)		(1,250,699)
Balance, end of period		(7,514,535)		(7,298,210)
Accumulated Other Comprehensive Income (Loss)				
Balance, beginning of period		(1,380)		(1,590)
Reclassification adjustment		1,380		-
Other comprehensive income (loss)		-		165
Balance, end of period		-		(1,425)
Total Shareholders' Equity		<u>\$ 2,165,956</u>		<u>\$ 1,961,190</u>

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

**American Films, Inc.**  
**Notes to Consolidated Financial Statements**  
**(unaudited)**

**1. BACKGROUND AND BASIS OF PRESENTATION**

**Nature of operations**

American Films, Inc. (the "Company") is a Nevada C corporation established in September 1987 under the name Eagles Nest Mining Company, which later was renamed in May 2002 to Nanoscience Technologies, Inc. In January 2012, the Company changed its name to American Films, Inc. The Company's offices are located at 7901 4<sup>th</sup> St. N., Ste 13245, St. Petersburg, FL 33702.

American Films Inc. is an emerging technology company serving as an advocate for copyright holders across the globe. The Company's unique proprietary processes and technology are held at its wholly owned subsidiary, FACTERRA, which includes a web-based evidence gathering program that identifies instances of copyright infringement and allows the Company and others to enforce intellectual property rights. American Films, Inc. supports the creative process and protects intellectual property in the film and music industries.

In January 2022, the Company acquired Maker Data Services LLC ("MDS"), an established provider of identification validation, search, monitoring and valuation services. The technology assets held at MDS are anticipated to be leveraged by the Company to support its core operating strategy serving as an advocate for copyright holders across the globe.

In August 2022, the Company made the decision to focus on its core operating strategy and hold for sale certain assets and liabilities associated with MDS. The Company entered into an agreement to sell MDS and closed the transaction on February 13, 2023. All MDS assets and liabilities were reflected as held for sale in the Consolidated Balance Sheet and losses from discontinued operations in the Consolidated Statement of Income.

**Basis of presentation and principles of consolidation**

The accompanying unaudited consolidated financial statements were prepared in accordance with U.S. generally accepted accounting principles ("GAAP"). The unaudited consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All intercompany transactions have been eliminated. All amounts are reported in U.S. dollars.

The accompanying unaudited consolidated financial statements have been prepared assuming the Company will continue as a going concern, which assumes the Company will be able to realize its assets and settle liabilities in the normal course of business.

The Company had a net loss of \$493,809 and net cash provided by operating activities of \$605 for the six months ended March 31, 2024. Management's plans to continue as a going concern are dependent on earnings and cash flow generated from data monitoring contracts and potentially raising additional capital through debt and equity financing. Management provides no assurance on the Company's ability to obtain financing, or if available, will be on favorable terms to the Company. The Company's financial statements do not include any adjustments that might be necessary should the Company be unable to continue as a going concern.

**2. SIGNIFICANT ACCOUNTING POLICIES**

*Use of estimates*

The preparation of the 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

consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The Company periodically evaluates estimates used in the preparation of the financial statements for reasonableness. Appropriate adjustments, if any, to the estimates used are made prospectively based upon such periodic evaluation.

#### *Cash and cash equivalents*

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

#### *Foreign Currency*

The reporting currency of the Company is the U.S. dollar. The functional currency of each subsidiary is the applicable local currency. Assets and liabilities are translated at the period-end exchange rate, while all other activity is translated using the average exchange rates during the reporting period. Any resulting gains or losses from translating foreign currency are included in accumulated other comprehensive income (loss). As of March 31, 2024, there were no material foreign currency translation gains or losses.

#### *Impairment of long-lived assets*

If facts and circumstances indicate that the Company's long-lived assets may be impaired, an evaluation of recoverability would be performed. Such an evaluation entails comparing the estimated future undiscounted cash flows associated with the asset to the asset's carrying amount to determine if a write down to market value or discounted cash flow value is required. The Company considers that no circumstances exist that would require such an evaluation.

#### *Fair value measurement*

The Company holds certain marketable securities assets which are recorded at fair value in the Consolidated Balance Sheet as of the period end date. Marketable securities are classified as Level 1 investments based off unadjusted quoted prices in active markets. As of March 31, 2024, the Company sold substantially all its marketable securities and realized a net gain of \$199, included in Other income (expense) on the Consolidated Statement of Income.

#### *Stock-based compensation*

The Company provides stock-based incentives, including restricted and unrestricted stock awards and performance awards, to officers, employees and non-employee directors. The fair value of awards granted is based on the closing stock price of the Company's common stock on the grant date. Compensation expense is recognized on a straight-line basis over the vesting period. When an award is forfeited prior to the vesting date, the Company recognizes an adjustment to compensation expense in the period of forfeiture. As of March 31, 2024, the Company recognized approximately \$-0- in stock-based compensation expense, included in General and administrative expense on the Consolidated Statement of Income.

#### *Income taxes*

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to the differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. The Company's recoverability of our deferred tax assets is dependent on our ability to generate future taxable income. A valuation allowance is established to reduce deferred tax assets to the amount expected to be realized. At this time the Company does not have a valuation allowance established against its deferred tax assets, however it will continue to monitor the need for future periods.



### *Recent accounting pronouncements*

Management believes that recently adopted and issued accounting standards that are not yet effective will not have a material impact on the Company's financial position, results of operations or cash flows upon adoption.

### **3. OTHER ASSETS**

Other assets consisted of the following as of March 31, 2024 and September 30, 2023, respectively:

	<b>March 31, 2024</b>	<b>September 30, 2023</b>
Note receivable	\$ 410,000	\$ 410,000
LP Stock, Paloozo	225,618	225,618
Script Portfolio, net	250,000	250,000
Other Assets	<u>\$ 885,618</u>	<u>\$ 885,618</u>

Script assets are the rights and ownership of over 40 scripts acquired by the Company from Media 8 Entertainment and other sources. Other assets are tied mostly to the data assets including anti-piracy data assets held by and contracted under FACTERRA LLC.

### **4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Accounts payable and accrued liabilities consisted of the following as of March 31, 2024 and September 30, 2023, respectively:

	<b>March 31, 2024</b>	<b>September 30, 2023</b>
Accounts payable	\$ 419,961	\$ 357,858
Accrued payroll	218,496	473,201
Accounts payable and accrued liabilities	<u>\$ 638,457</u>	<u>\$ 831,059</u>

### **5. COMMITMENT & CONTINGENCIES**

The Company is involved in the following on-going legal matters:

*Title: American Films, Inc., et al. v. Rightscorp, Inc., et al.*

*Case Number: 2021-CA-000817*

*Court: 20th Florida Judicial Circuit Court*

American Films, Inc. is a co-plaintiff in a lawsuit against Rightscorp, Inc. and its CEO and Chairman seeking more than \$15 million in damages. The lawsuit alleges that the defendants lured AFI into a transaction to acquire Rightscorp, and then the defendants used confidential information from the deal to profit at AFI's expense. On April 15, 2024, Shapiro, Blasi, Wasserman & Hermann, P.A., legal counsel representing AFI with this matter, filed a motion for leave to withdraw as counsel. As of April 29, 2024, the plaintiffs have thirty (30) days to obtain new counsel.

## 6. NET INCOME (LOSS) PER SHARE

Basic net income (loss) per share is calculated by dividing Net income (loss) by the weighted average common shares outstanding for the period. Diluted net income (loss) per share is calculated by dividing Net income (loss) by the weighted average common shares outstanding, including potentially dilutive common shares associated with share-based compensation awards, if the impact of those shares is dilutive. The dilutive effect of share-based compensation awards is calculated using the treasury stock method. The following table reconciles the components of the Company's basic and diluted net income (loss) per share.

	<b>Three Months Ended March 31,</b>		<b>Six Months Ended March 31,</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Numerator:				
Net Income (Loss) - basis and diluted	\$ (116,001)	\$ (571,297)	\$ (493,809)	\$ (1,250,699)
Denominator:				
Weighted average common shares outstanding - basic	63,521,314	62,955,291	63,901,064	66,081,553
Plus: Incremental shares from assumed conversions:				
Share-based compensation awards	-	-	-	361,957
Weighted average common shares outstanding - diluted	63,521,314	62,955,291	63,901,064	66,443,510
Net Income (Loss) Per Share - Basic	\$ (0.00)	\$ (0.01)	\$ (0.01)	\$ (0.02)
Net Income (Loss) Per Share - Diluted	\$ (0.00)	\$ (0.01)	\$ (0.01)	\$ (0.02)