Blue Line Protection Group, Inc.

Amendment to Quarterly Report - BLPG Quarterly Report Period Ending 06-30-2025 for 06/30/2025 originally published through the OTC Disclosure & News Service on 08/28/2025

Explanatory Note:

Updated control persons in convertible debt table

***This coversheet was automatically generated by OTC Markets Group based on the information provided by the Company. OTC Markets Group has not reviewed the contents of this amendment and disclaims all responsibility for the information contained herein.*

BLUE LINE PROTECTIOIN GROUP, INC.

5765 Logan St.
Denver, CO 80216
(800) 844-5576
http://www.bluelineprotectiongroup.com
accounting@bluelineprotectiongroup.com

Primary SIC Code: 7381

Quarterly Report

For the period ending June 30, 2025 (the "Reporting Period")

Outstanding Shares

The number of shares outstanding of our Common Stock was:

8,250,144 as of 6/30/2025

8,250,144 as of 12/31/2024

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[5] of the company has occurred during this reporting period:

Yes: ☐ No: ☒

[5] "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.

Engraving Masters, Inc. – 9/5/2006

Blue Line Protection Group, Inc. – 5/2/2014

Current State and Date of Incorporation or Registration: **Nevada**
Standing in this jurisdiction: (e.g. active, default, inactive): **Active**

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

None

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

None

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

None

Address of the issuer's principal executive office:

5765 Logan St.
Denver, CO 80216

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: **Pacific Stock Transfer**
Phone: **(702) 323-0033**
Email: **ipstc@pacificstocktransfer.com**
Address: **6725 Via Austi Pkwy, Suite 300**
Las Vegas, Nevada 89119

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:	**BLPG**	
Exact title and class of securities outstanding:	**Common Stock**	
CUSIP:	**09568Q 206**	
Par or stated value:	**$0.001**	
Total shares authorized:	**14,000,000**	as of date: **6/30/2025**
Total shares outstanding:	**8,250,144**	as of date: **6/30/2025**
Total number of shareholders of record:	**216**	as of date: **6/30/2025**

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

N/A

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:	**Preferred Stock**	
Par or stated value:	**$0.001**	
Total shares authorized:	**1,000,000**	**as of date: 6/30/2025**
Total shares outstanding:	**200,000**	**as of date: 6/30/2025**
Total number of shareholders of record:	**1**	**as of date: 6/30/2025**

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

N/A

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.

   None

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

   The preferred stock is convertible at any time at the election of the holder. The preferred stock will automatically convert to common stock if the closing price of the Company's common stock equals or exceeds $0.50 per share over any consecutive twenty day trading period. The preferred stock terms include a one-time purchase price preference. No preferential dividends apply to the preferred stock. The preferred stock attributes include weighted average anti-dilution protection, rights to appoint one director, pre-emptive rights to purchase future offerings of securities by the Company, demand and piggy-back registration rights.

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

   The preferred stock is convertible at any time at the election of the holder. The preferred stock will automatically convert to common stock if the closing price of the Company's common stock equals or exceeds $0.50 per share over any consecutive twenty day trading period. The preferred stock terms include a one-time purchase price preference. No preferential dividends apply to the preferred stock. The preferred stock attributes include weighted average anti-dilution protection, rights to appoint one director, pre-emptive rights to purchase future offerings of securities by the Company, demand and piggy-back registration rights.

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 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 Opening Balance: Date _________ Common: _________ Preferred: _________			*Right-click the rows below and select "Insert" to add rows as needed.						
Date of Trans-action	**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.**
Shares Outstanding on Date of This Report: Ending Balance: Date _____ Common: _____ Preferred: _____									

Example: A company with a fiscal year end of December 31st 2024, 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, 2023 through December 31, 2024 pursuant to the tabular format above.

Any additional material details, including footnotes to the table are below:

N/A

B. Convertible Debt

The following is a complete list of the Company's Convertible Debt which includes all promissory notes, convertible notes, convertible debentures, or any other debt instruments convertible into a class of the issuer's equity securities. The table includes all issued or outstanding convertible debt at any time during the last complete fiscal year and any interim period between the last fiscal year end and the date of this Certification.

[☐] Check this box to confirm the Company had no Convertible Debt issued or outstanding at any point during this period.

Date of Note Issuance	Principal Amount at Issuance ($)	Outstanding Balance ($) (include accrued interest)	Maturity Date	Conversion Terms (e.g., pricing mechanism for determining conversion of instrument to shares)	# Shares Converted to Date	# of Potential Shares to be Issued Upon Conversion[6]	Name of Noteholder (entities must have individual with voting / investment control disclosed).	Reason for Issuance (e.g., Loan, Services, etc.)
1/18/19	217,500	134,120	01/23/2020	Converts upon default P&I at lower of $0.002 or 60%-1TD	None	5,476,190	Hypur, Inc. Scott Sozio	Loan
3/5/19	50,000	50,283	3/9/2020	Converts upon default P&I at lower of $0.002 or 60%-1TD	None	2,053,255	Hypur, Inc. Scott Sozio	Loan
5/2/19	75,000	75,425	05/12/2020	Converts upon default P&I at lower of $0.002 or 60%-1TD	None	3,079,884	Hypur, Inc. Scott Sozio	Loan
9/3/19	21,000	21,119	12/03/2019	Converts upon default P&I at lower of $0.002 or 60%-1TD	None	868,765	Hypur, Inc. Scott Sozio	Loan

Total Outstanding Balance: 280,947 **Total Shares:** None 11,478,094

Any additional material details, including footnotes to the table are below:

On June 13, 2025 the Company repaid Hypur, Inc $65,864.53 of accrued interest and $84,135.47 of principal. As of June 30, 2025, the remaining open balance of principal was $279,364.53 and $1,583.06 of accrued interest.

[6] The total number of shares that can be issued upon full conversion of the Outstanding Balance. The number should not factor any "blockers" or limitations on the percentage of outstanding shares that can be owned by the Noteholder at a particular time. For purposes of this calculation, please use the current market pricing (e.g. most recent closing price, bid, etc.) of the security if conversion is based on a variable market rate.

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.

A. Summarize the issuer’s business operations (If the issuer does not have current operations, state “no operations”)

   Blue Line Protection Group provides compliance, transportation and cash management services to banks, businesses and government entities who need to protect their assets, licenses and clients. Blue Line serves banks and credit unions by providing currency processing and transportation solutions, and its risk mitigation services help financial institutions serving cash-intensive industries comply with federal "know your customer" mandates.

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

   Blue Line Protection Group Inc. (Colorado)
   Blue Line Protection Group Inc. (Arizona)
   Blue Line Protection Group Inc. (New Mexico)
   BLPG (NV)

C. Describe the issuers’ principal products or services.

   Compliance, Transportation, and Cash Management Services.

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.

Physical offices located in Denver, CO and Phoenix, AZ. Both offices are leased.

6) All Officers, Directors, and 5% Beneficial Owners 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.

Individual Name (First, Last) or Entity Name (Include names of control person(s) if a corporate entity)	**Position/Company Affiliation (ex: CEO, ≥ 5% beneficial owner)**	**City and State (Include Country if outside U.S.)**	**Number of Shares Owned (List common, preferred, warrants and options separately)**	**Class of Shares Owned**	**Percentage of Class of Shares Owned (undiluted)**
Dan Allen	CEO, Board member	Brighton, CO	8,366	common	less than 1%
Doyle Knudson	Board Member	Scottsdale, AZ	71,172	common	less than 1%
Andrew Berman	Board Member	Mill Valley, CA	0	-	-

Confirm that the information in this table matches your public company profile on www.OTCMarkets.com. If any updates are needed to your public company profile, log in to 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);

    No

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;

    No

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;

    No

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

   <u>No</u>

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.

   <u>No</u>

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.

   <u>No</u>

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.

   <u>None</u>

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. If any updates are needed to your public company profile, update your company profile.

<u>Securities Counsel</u>

Name:	**William Hart, Hart & Hart, LLC**
Address 1:	**1624 N. Washington St.**
Phone:	**(303) 839-0061**
Email:	**harttrinen@aol.com**

<u>Accountant or Auditor</u>

Name:	**Martin Scott**
Firm:	**Martin Scott CFO Consulting Services Inc**
Address 1:	**19180 Skyridge Circle**
Address 2:	**Boca Raton, FL 33498**
Email:	**Mscottcfo@aol.com**

Investor Relations

Name: **None**
Firm:
Address 1:
Address 2:
Phone:
Email:

All other means of Investor Communication:

X (Twitter): **N/A**
Discord: **N/A**
LinkedIn **N/A**
Facebook: **N/A**
[Other] **Press Releases**

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: William Hart
Firm: Hart & Hart, LLC
Nature of Services: Legal counsel
Address 1: 1624 Washington Street
Address 2: Denver, CO 80203
Phone: 303-839-0061
Email: harttrinen@aol.com

9) Disclosure & Financial Information

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

Name: **Anne Kurowski & William Hart**
Title: **Controller, Legal**
Relationship to Issuer: **Employee, Legal**

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: **Martin Scott**
Title: **Consultant**
Relationship to Issuer: **Consultant**

Describe the qualifications of the person or persons who prepared the financial statements:[7]
Mr. Scott is a 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

<u>Financial Statement Requirements</u>:

- 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.

[7] 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, Daniel Allen certify that:

1. I have reviewed this Disclosure Statement for **Blue Line Protection Group, Inc.**;

2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and

3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

__________08/28/2025________ [Date]

__________/s/ Daniel Allen__________ CEO's Signature]
(Digital Signatures should appear as "/s/ [OFFICER NAME]")

Principal Financial Officer:

I, Daniel Allen certify that:

1. I have reviewed this Disclosure Statement for **Blue Line Protection Group, Inc.**;

2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and

3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

_________08/28/2025_________ [Date]

__________/s/ Daniel Allen__________ [CFO's Signature]
(Digital Signatures should appear as "/s/ [OFFICER NAME]"

BLUE LINE PROTECTION GROUP, INC.
CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 (Unaudited)

TABLE OF CONTENTS

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

BLUE LINE PROTECTION GROUP, INC.
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

	June 30, 2025 (unaudited)	December 31, 2024
Assets		
Current assets:		
Cash and equivalents	$ 218,776	$ 350,890
Accounts receivable	311,092	314,066
Prepaid expenses and deposits	40,028	40,651
Total current assets	569,896	705,607
Long-term assets:		
Right to use assets	354,857	436,918
Machinery and equipment, net et, net of accumulated depreciation of $835,561 and $796,542, respectively	156,111	180,834
Fixed assets of discontinued operations	2,782	2,782
Total long term assets	513,750	620,534
Security Deposit	28,960	28,960
Total assets	1,112,606	1,355,101
Liabilities and Stockholders' Deficit		
Current liabilities:		
Accounts payable and accrued liabilities	$ 106,652	$ 181,196
Financed lease liabilities	-	13,400
Convertible notes payable - related parties, net of unamortized discount	278,516	363,500
Current portion of operating lease obligation	191,991	178,238
Derivative liabilities	296,778	431,656
Total current liabilities	873,937	1,167,990
Long-term liabilities:		
Notes payable - related parties	412,310	535,889
Operating lease liability-long term	185,059	284,380
Total long-term liabilities	597,369	820,269
Total liabilities	1,471,306	1,988,259
Stockholders' deficit:		
Preferred Stock, $0.001 par value, 1,000,000 shares authorized, 200,000 shares issued and outstanding as of June 30, 2025 and December 31, 2024, respectively	200	200
Common Stock, $0.001 par value, 14,000,000 shares authorized, 8,250,144 and 8,250,144 issued and outstanding as of June 30, 2025 and December 31, 2024, respectively	8,251	8,251
Common Stock, owed but not issued, 129 shares and 129 shares as of June 30, 2025 and December 31, 2024, respectively	13	13
Additional paid-in capital	10,928,063	10,731,214
Accumulated deficit	(11,295,227)	(11,372,836)
Total stockholders' deficit	(358,700)	(633,158)
Total liabilities and stockholders' deficit	$ 1,112,606	$ 1,355,101

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

BLUE LINE PROTECTION GROUP, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Revenue	$ 1,073,136	1,143,143	$ 2,111,931	$ 2,285,778
Cost of revenue	(399,546)	(418,734)	(788,070)	(795,963)
Gross profit	673,590	724,409	1,323,861	1,489,815
Operating expenses:				
General and administrative expenses	564,225	576,038	1,176,244	1,143,741
Total expenses	564,225	576,038	1,176,244	1,143,741
Operating Income	109,365	148,371	147,617	346,074
Other income (expenses):				
Interest expense	(28,068)	(47,969)	(58,921)	(97,489)
Interest income	39	-	82	-
Income / (Loss) on derivative	(7,529)	(232,533)	(11,169)	(223,407)
Total other income / (expenses)	(35,558)	(280,502)	(70,008)	(320,896)
Income/(loss) from operations before income taxes	$ 73,807	$ (132,131)	$ 77,609	$ 25,178
Provision for income taxes	-	-	-	-
Net income (loss)	73,807	(132,131)	77,609	25,178
Net income per common share: Basic and Diluted	$ 0.01	$ (0.02)	$ 0.01	$ 0.00
Net Income / (loss) per common share: Diluted	$ 0.00	$ (0.02)	$ 0.00	$ 0.00
Weighted average number of				
common shares outstanding- Basic and Diluted	8,250,144	8,250,144	8,250,144	8,250,144
common shares outstanding- Diluted	19,972,238	8,250,144	20,869,601	13,627,901

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

BLUE LINE PROTECTION GROUP, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2025 and 2024
(UNAUDITED)

	For the six months ended June 30, 2025	2024
Operating activities		
Net income	$ 77,609	$ 25,178
Adjustments to reconcile net loss to		
net cash used in operating activities:		
Depreciation	39,020	41,883
Amortization of right to use	82,061	72,573
Noncash operating lease expense		
Common stock issued for services		
Stock Option expense	50,802	27,394
Change in fair value of derivative liabilities	11,169	223,407
Changes in operating assets and liabilities:		
(Increase) in accounts receivable	2,974	39,905
(Increase) / decrease in deposits and prepaid expenses	623	(224)
Increase (decrease) in accounts payable and accrued liabilities	(74,544)	15,435
Increase (decrease) in lease obligations	(85,568)	(47,486)
Net cash provided by operating activities	104,146	398,065
Cash flows from investing activities		
Purchase of fixed assets	(14,297)	(7,025)
Net cash used in investing activities	(14,297)	(7,025)
Financing activities		
Repayments from notes payable - related party	(84,984)	(117,565)
Payments on notes payable	(136,979)	(37,568)
Net cash used in financing activities	(221,963)	(155,133)
Net increase in cash	(132,114)	235,907
Cash - beginning	350,890	585,780
Cash - ending	$ 218,776	$ 821,687
Supplemental disclosures of cash flow information:		
Interest paid	$ 71,478	$ 22,848
Income taxes paid	$ -	$ -
Non-cash investing and financing activities:		
Derivative resolution	$ 146,047	$ 22,848

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

BLUE LINE PROTECTION GROUP, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2025 AND 2024
(UNAUDITED)

	Preferred Stock Shares		Preferred Stock Amount	Common Stock Shares		Common Stock Amount		Paid-in Capital	Stock Payable		Accumulated Deficit		Stockholders' Deficit
Balance, March 31, 2024	200,000	$	200	8,250,144	$	8,251	$	10,269,730	13	$	(11,457,268)	$	(1,179,074)
Stock options expense	-		-	-		-		13,697	-		-		13,697
Net income for the three months ended June 30, 2024	-		-	-		-		-	-		(132,131)		(132,131)
Balance, June 30, 2024	200,000	$	200	8,250,144	$	8,251	$	10,283,427	13	$	(11,589,399)	$	(1,297,508)
Balance, March 31, 2025	200,000	$	200	8,250,144	$	8,251	$	10,754,115	13	$	(11,369,034)	$	(606,455)
Stock options expense	-		-	-		-		27,901	-		-		27,901
Derivative resolution	-		-	-		-		146,047	-		-		146,047
Net income for the three months ended June 30, 2025	-		-	-		-		-	-		73,807		73,807
Balance, June 30, 2025	200,000	$	200	8,250,144	$	8,251	$	10,928,063	13	$	(11,295,227)	$	(358,700)

	Preferred Stock Shares		Preferred Stock Amount	Common Stock Shares		Common Stock Amount		Additional Paid-in Capital	Stock Payable		Accumulated Deficit		Stockholders' Deficit
Balance, December 31 , 2023	200,000	$	200	8,250,144	$	8,251	$	10,233,185	13	$	(11,614,577)	$	(1,372,928)
Stock options expense	-		-	-		-		27,394	-		-		27,394
Derivative resolution	-		-	-		-		22,848	-		-		22,848
Net income for the three months ended March 31, 2024	-		-	-		-		-	-		25,178		25,178
Balance, March 31, 2024	200,000	$	200	8,250,144	$	8,251	$	10,283,427	13	$	(11,589,399)	$	(1,297,508)
Balance, December 31 , 2024	200,000	$	200	8,250,144	$	8,251	$	10,731,214	13	$	(11,372,836)	$	(633,158)
Stock options expense	-		-	-		-		50,802	-		-		50,802
Derivative resolution	-		-	-		-		146,047	-		-		146,047
Net income for the six months ended June 30, 2025	-		-	-		-		-	-		77,609		77,609
Balance, June 30, 2025	200,000	$	200	8,250,144	$	8,251	$	10,928,063	13	$	(11,295,227)	$	(358,700)

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

Note 1 – History and organization of the company

The Company was originally organized on September 11, 2006 (Date of Inception) under the laws of the State of Nevada, as The Engraving Masters, Inc.

On March 14, 2014, the Company acquired Blue Line Protection Group, Inc., a Colorado corporation formed in February 2014 ("Blue Line Colorado"), as a wholly-owned subsidiary of the Company. The Company provides armed protection and transportation, banking, compliance, and training services to the lawful cannabis industry, including shipment protection, money escorts, asset vaulting and transportation and storage of currency.

On May 2, 2014, the Company changed its name from The Engraving Masters, Inc. to Blue Line Protection Group, Inc. ("BLPG")

On May 6, 2014, the Company effected a forward stock split and a pro-rata increase in its authorized common stock on a basis of 14-to-1, whereby each shareholder received 14 newly issued shares of common stock for each 1 share held. Additionally, the authorized capital of the Company concurrently increased to 1,400,000,000 shares of common stock.

On July 6, 2021, the Company effected a reverse stock split and a pro-rata decrease in its authorized common stock on a basis of 1-for-100, the authorized capital of the Company concurrently decreased to 14,000,000 shares of common stock.

Note 2 – Accounting policies and procedures

Principles of consolidation

For the periods ended March 31, 2025 and 2024 the consolidated financial statements include the accounts of Blue Line Protection Group, Inc., Blue Line Advisory Services, Inc. (a Nevada corporation; "BLAS"), Blue Line Capital, Inc. (a Colorado corporation; "Blue Line Capital"), Blue Line Protection Group (California), Inc. (a California corporation; "Blue Line California"), Blue Line Colorado, Blue Line Protection Group Illinois, Inc. (an Illinois corporation; "Blue Line Illinois"), BLPG, Inc. (a Nevada corporation; "Blue Line Nevada"), Blue Line Protection Group (Washington), Inc. (a Washington corporation; "Blue Line Washington"). All significant intercompany balances and transactions have been eliminated. BLPG and its subsidiaries are collectively referred herein to as the "Company."

Interim financial statements

The unaudited interim consolidated financial statements included herein, presented in accordance with United States generally accepted accounting principles and stated in US dollars, have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission (SEC). Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosures are adequate to make the information presented not misleading. The interim financial statements, in the opinion of management, include all adjustments (all of which are of a normal recurring nature) and disclosures necessary for a fair presentation.

Basis of presentation

The consolidated financial statements present the balance sheets, statements of operations, stockholders' equity (deficit) and cash flows of the Company. The consolidated financial statements of the Company have been prepared in accordance with generally accepted accounting principles in the United States of America.

The Company has adopted December 31 as its fiscal year end.

Derivatives

The Company evaluates convertible notes payable, stock options, stock warrants and other contracts to determine if those contracts or embedded components of those contracts qualify as derivatives to be separately accounted for under the relevant sections of ASC Topic 815-40, *Derivative Instruments and Hedging: Contracts in Entity's Own Equity.*

The result of this accounting treatment could be that the fair value of a financial instrument is classified as a derivative instrument and is marked-to-market at each balance sheet date and recorded as a liability. In the event that the fair value is recorded as a liability, the change in fair value is recorded in the statement of operations as other income or other expense. Upon conversion or exercise of a derivative instrument, the instrument is marked to fair value at the conversion date and then that fair value is reclassified to equity. Financial instruments that are initially classified as equity that become subject to reclassification under ASC Topic 815-40 are reclassified to a liability account at the fair value of the instrument on the reclassification date.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from those estimates.

Segment reporting

The Company operates as a single operating segment as a provider of armed protection and transportation, banking, compliance, and training services to the lawful cannabis industry, including shipment protection, money escorts, asset vaulting and transportation and storage of currency. In accordance with ASC 280 – "*Segment Reporting*", the Company's chief operating decision maker has been identified as the Chief Executive Officer, who reviews operating results to make decisions about allocating resources and assessing performance for the entire Company. Existing guidance, which is based on a management approach to segment reporting, establishes requirements to report selected segment information quarterly and to report annually entity-wide disclosures about products and services, major customers, and the countries in which the entity holds material assets and reports revenue. All material operating units qualify for aggregation under "Segment Reporting" due to their similarities in economic characteristics such as nature of services; and procurement processes. Since the Company operates in one segment, all financial information required by "Segment Reporting" can be found in the accompanying consolidated financial statements.

Cash and cash equivalents

The Company maintains a cash balance in a non-interest-bearing account. For the purpose of the statements of cash flows, all highly liquid investments with an original maturity of three months or less are considered to be cash equivalents. As of June 30, 2025 and December 31, 2024, the Company has cash in excess of FDIC insured limits of $0 and $0 respectively. There were no cash equivalents as of June 30, 2025 or December 31, 2024.

Accounts receivable

Accounts receivables are stated at the amount the Company expects to collect from outstanding balances and do not bear interest. The Company provides for probable uncollectible amounts through an allowance for doubtful accounts, if an allowance is deemed necessary. The allowance for doubtful accounts is the Company's best estimate of the amount of probable credit losses in the Company's existing accounts receivable; however, changes in circumstances relating to accounts receivable may result in a requirement for additional allowances in the future. Management evaluates its accounts receivable and determines the requirement for an allowance for doubtful accounts based on its assessment of the current and collectible status of individual accounts with past due balances over 90 days. Account balances are charged against the allowance after all collection efforts have been exhausted and the potential for recovery is considered remote.

Allowance for uncollectible accounts

The Company estimates losses on receivables based on known troubled accounts, if any, and historical experience of losses incurred. There was no allowance for doubtful customer receivables at June 30, 2025 and December 31, 2024.

Property and equipment

Property and equipment is recorded at cost and capitalized from the initial date of service. Expenditures for major additions and improvements are capitalized and minor replacements, maintenance, and repairs are charged to expense as incurred. When property and equipment is retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is included in the results of operations for the respective periods. Depreciation is provided over the estimated useful lives of the related assets using the straight-line method for financial statement purposes. The Company uses other depreciation methods (generally accelerated) for tax purposes where appropriate. The estimated useful lives for significant property and equipment categories are as follows:

Automotive Vehicles	5 years
Furniture and Equipment	5 years
Buildings and Improvements	the lesser of the life of the lease or the estimated useful life of the lease

The Company reviews the carrying value of property and equipment for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results, trends and prospects, the manner in which the property is used, and the effects of obsolescence, demand, competition and other economic factors. Based on this assessment there was no impairment as June 30, 2025 and December 31, 2024. Depreciation expense for the six months ended June 30, 2025 and 2024 was $39,020 and $41,883 respectively.

Impairment of long-lived assets

The Company accounts for the impairment of its long-lived assets in accordance with ASC Topic 360-10-05, "Accounting for the Impairment or Disposal of Long-Lived Assets." ASC Topic 360-10-05 requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the historical cost or carrying value of an asset may no longer be appropriate. The Company assesses recoverability of the carrying value of an asset by estimating the future net cash flows expected to result from the asset, including eventual disposition. If the future net cash flows are less than the carrying value of the asset, an impairment loss is recorded equal to the difference between the asset's carrying value and its fair value or disposable value. As of June 30, 2025 and December 31, 2024, the Company determined that none of its long-lived assets were impaired.

Concentration of business and credit risk

The Company has no significant off-balance sheet risks such as foreign exchange contracts, option contracts or other hedging arrangements. The Company's financial instruments that are exposed to concentration of credit risks consist primarily of cash. The Company maintains its cash in bank accounts, which may at times, exceed federally insured limits.

The Company had one major customer which generated 9.3% of total revenue for the six months ended June 30, 2025 and one customer comprised 12.6% of the account receivable balance at June 30, 2025.

The Company had one major customer which generated 9.6% of total revenue for the six months ended June 30, 2024 and one customer comprised 11% of the account receivable balance at June 30, 2024.

Related party transactions

FASB ASC 850, "Related Party Disclosures" requires companies to include in their financial statements disclosures of material related party transactions. The Company discloses all material related party transactions. Related parties are defined to include any principal owner, director or executive officer of the Company and any immediate family members of a principal owner, director or executive officer.

Fair value of financial instruments

The carrying amounts reflected in the balance sheets for cash, accounts payable and related party payables approximate the respective fair values due to the short maturities of these items. The Company does not hold any investments that are available-for-sale.

As required by the Fair Value Measurements and Disclosures Topic of the FASB ASC, fair value is measured based on a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows: (Level 1) observable inputs such as quoted prices in active markets; (Level 2) inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and (Level 3) unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

The three levels of the fair value hierarchy are described below:

Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2: Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability;

Level 3: Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

The following table presents the derivative financial instruments, the Company's only financial liabilities, measured and recorded at fair value on the Company's consolidated balance sheet on a recurring basis, and their level within the fair value hierarchy as of June 30, 2025 and December 31, 2024:

June 30, 2025

	Amount	Level 1	Level 2	Level 3
Embedded conversion derivative liability	$ 296,778	$ -	$ -	$ 296,778
Total	$ 296,778	$ -	$ -	$ 296,778

December 31, 2024	Amount	Level 1	Level 2	Level 3
Embedded conversion derivative liability	$ 431,656	$ -	$ -	$ 431,656
Total	$ 431,656	$ -	$ -	$ 431,656

The embedded conversion feature in the convertible debt instruments that the Company issued that became convertible qualified them as derivative instruments since the number of shares issuable under the notes are indeterminate based on guidance in FASB ASC 815, Derivatives and Hedging. These convertible notes tainted all other equity linked instruments including outstanding warrants and fixed rate convertible debt on the date that the instrument became convertible. The valuation of the derivative liability was determined through the use of the Monte Carlo option-pricing model (See Note 7).

Revenue Recognition

The Company recognizes revenue when delivery of the promised goods or services is transferred to its customers in an amount that reflects the consideration that the Company expects to be entitled to in exchange for those goods or services. We determine revenue recognition through the following five steps:

- Identify the contract with the customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract; and
- Recognize revenue when, or as, the performance obligations are satisfied.

We generate substantially all our revenue from providing services to customers. The Company records revenue when the 5 steps above have been completed.

Effective January 1, 2018, the Company adopted ASU 2014-09, Revenue from Contracts with Customers (Topic 606), which supersedes the revenue recognition requirements in Topic 605, Revenue Recognition, and most industry-specific revenue recognition guidance throughout the Industry Topics of the Accounting Standards Codification. The updated guidance states that an entity should 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. The guidance also provides for additional disclosures with respect to revenues and cash flows arising from contracts with customers. The Company adopted the standard using the modified retrospective approach effective January 1, 2018. The adoption of these standards did not have an impact on the Company's Statements of Operations for the year ended December 31, 2018.

Revenue is characterized by several lines of services and typically the pricing is fixed.

Three Months ended June 30,		
Revenue Breakdown by Streams	2025	2024
Service: Transportation	$ 509,133	$ 525,432
Service: Currency Processing	$ 552,735	$ 606,198
Service: Compliance	$ 11,268	$ 11,513
Total	$ 1,073,136	$ 1,143,143

Six Months ended June 30,		
Revenue Breakdown by Streams	2025	2024
Service: Transportation	$ 1,002,902	$ 1,041,406
Service: Currency Processing	$ 1,096,186	$ 1,221,969
Service: Compliance	$ 12,843	$ 22,403
Total	$ 2,111,931	$ 2,285,778

Advertising costs

The Company expenses all costs of advertising as incurred. Advertising expense for the three and six months ended June 30, 2025 and June 30, 2024 amounted to $83, $165, $109 and $248 respectively.

General and administrative expenses

The significant components of general and administrative expenses consist mainly of rent and compensation.

Share-Based Compensation

Share-based compensation expense is recorded as a result of stock options granted in return for services rendered. Previously, the share-based payment arrangements with employees were accounted for under ASC 718. On June 20, 2018, the FASB issued ASU 2018-07, which simplifies the accounting for share-based payments granted to nonemployees for goods and services. Under the ASU, most of the guidance on such payments to nonemployees would be aligned with the requirements for share-based payments granted to employees. The Company has adopted the new standard and has made some adjustment with regard to the share-based compensation costs. Under the ASU 2018-07, the measurement of equity-classified nonemployee share-based payments is generally fixed on the grant date and the options are no longer revalued on each reporting date. The expenses related to the share-based compensation are recognized on each reporting date. The amount is calculated as the difference between total expenses incurred and the total expenses already recognized.

The Company used the Black-Scholes option pricing model to estimate the fair value of the options at the grant date using the following ranges of assumptions:

The expected volatility was estimated by using the historical volatility of the Company. The expected life in years represents the period of time that options granted are expected to be outstanding. In accordance with Staff Accounting Bulletin ("SAB") Topic 14, the Company uses the simplified method for estimating the expected term. The Company believes the use of the simplified method is appropriate due to the employee stock options qualifying as "plain-vanilla" options under the criteria established by **SAB Topic 14**. The risk-free rate was based on the United States bond yield rate at the time of grant of the award. Expected annual rate of dividends is based on the fact that the Company has never paid cash dividends and does not expect to pay any cash dividends in the foreseeable future.

Cost of Revenue

The Company's cost of revenue primarily consists of labor, fuel costs and items purchased by the Company specifically for the benefit of the Company's clients.

Basic and Diluted Earnings per share

Net loss per share is provided in accordance with FASB ASC 260-10, "Earnings per Share". Basic loss per share is computed by dividing losses available to common stockholders by the weighted average number of common shares outstanding during the period. Diluted income (loss) per share gives effect to all dilutive potential common shares outstanding during the period. Dilutive loss per share excludes all potential common shares if their effect is anti-dilutive.

The following is a reconciliation of the numerator and denominator used in the basic and diluted earnings per share ("EPS") calculations for the three and six months ended June 30, 2025 and 2024.

	Three Months Ended June 30, 2025	Three Months Ended June 30, 2024
Numerator:		
Net income / (loss)	$ 73,807	$ (132,131)
Denominator:		
Weighted-average shares of common stock	8,250,144	8,250,144
Dilutive effect of convertible instruments	11,478,094	-
Diluted weighted-average of common stock	19,728,238	8,250,144
Net income per common share from:		
Basic	$ 0.01	$ (0.00)
Diluted	$ 0.00	$ (0.00)

	Three Months Ended June 30, 2025	Six Months Ended June 30, 2024

Numerator:				
Net income / (loss)	$	77,609	$	25,178
Denominator:				
Weighted-average shares of common stock		8,250,144		8,250,144
Dilutive effect of convertible instruments		11,478,094		5,377,757
Diluted weighted-average of common stock		19,728,238		13,627,901
Net income per common share from:				
Basic	$	0.01	$	0.00
Diluted	$	0.00	$	0.00

Dividends

The Company has not yet adopted any policy regarding payment of dividends. No dividends have been paid or declared since inception.

Income Taxes

The Company follows FASB Codification Topic 740-10-25 (ASC 740-10-25) for recording the provision for income taxes. Deferred tax assets and liabilities are computed based upon the difference between the financial statement and income tax basis of assets and liabilities using the enacted marginal tax rate applicable when the related asset or liability is expected to be realized or settled. Deferred income tax expenses or benefits are based on the changes in the asset or liability each period. If available evidence suggests that it is more likely than not that some portion or all of the deferred tax assets will not be realized, a valuation allowance is required to reduce the deferred tax assets to the amount that is more likely than not to be realized. Future changes in such valuation allowance are included in the provision for deferred income taxes in the period of change.

Deferred income taxes may arise from temporary differences resulting from income and expense items reported for financial accounting and tax purposes in different periods. Deferred taxes are classified as current or non-current, depending on the classification of assets and liabilities to which they relate. Deferred taxes arising from temporary differences that are not related to an asset or liability are classified as current or non-current depending on the periods in which the temporary differences are expected to reverse.

Recent Pronouncements

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures,* which requires entities to report incremental information about significant segment expenses included in a segment's profit or loss measure as well as the title and position of the chief operating decision maker ("CODM"). The new standard also requires interim disclosures related to reportable segment profit or loss and assets that had previously only been disclosed annually. The Company adopted ASU 2023-07 effective December 31, 2024 on a retrospective basis. As a result, the Company has enhanced its segment disclosures in this report to include the presentation of depreciation and amortization, interest and joint venture expenses by segment and the disclosure of its CODM. The adoption of this ASU only affects the Company's disclosures with no impact to its financial condition or results of operations

Note 3 – Going concern

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. As shown in the accompanying financial statements, the Company has an accumulated deficit and had a working capital deficit as of June 30, 2025. These conditions raise substantial doubt about the Company’s ability to continue as a going concern.

In order to continue as a going concern, the Company will need, among other things, additional capital resources. The Company is significantly dependent upon its ability, and will continue to attempt, to secure additional equity and/or debt financing. There are no assurances that the Company will be successful in obtaining additional capital.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts of and classification of liabilities that might be necessary in the event the Company cannot continue in existence.

Note 4 – Commitments and contingencies

Contingencies

On November 6, 2015, Daniel Sullivan sent a wage claim demand to the Company. Mr. Sullivan purports to have had an Independent Contractor Agreement with the Company which provides he is entitled to certain compensation and to be reimbursed for Company expenses. The demand claims unpaid compensation in the amount of $8,055 and unreimbursed expenses in the amount of $154,409.

Mile High Real Estate LLC, an entity owned by Mr. Sullivan, sent correspondence to the Company stating the Mr. Sullivan and/or Mile High Real Estate LLC loaned the Company either directly or directly to contractors, material suppliers or utilities for operating and building remodeling in the amount of $98,150.

On January 13, 2025 the District Court for the City and County of Denver issued an order stating that the Company is legally released from all liabilities owed to Daniel Sullivan and Mile High Real Estate, LLC since the collection of any amounts no longer owed to these persons is barred by the Colorado statute of limitations. All amounts have been recorded as a contribution of capital during the year ended December 31, 2024.

On April 14, 2016, the Company entered into an agreement with a third party to provide the Company with investor relations services. Upon signing the agreement, the Company paid the investor relations consultant $75,000 and agreed to issue the consultant 1,500,000 shares of its restricted common stock. The agreement required the Company to pay the consultant an additional $75,000 prior to June 14, 2016. The Company cancelled the agreement and is of the opinion that the shares are not owed to the consultant.

Finance leases

On June 17, 2022, the Company recorded finance lease obligation for a leased vehicle for $69,255. The Company made a down payment of $2,882 which included delivery fees, taxes and its first month payment and agreed to make 36 monthly payments of $2,338, including sales tax. The Company recognized this arrangement as a finance lease based on the determination that the lease exceeded 75% of the economic life of the underlying asset.

Future minimum lease payments as of June 30, 2025		
2025	$	113,013
2026	$	157,915
2027	$	88,835
2028	$	14,879
Thereafter		-
Total minimum lease payments	$	374,642

Operating Leases

On October 27, 2016 the Company sold its building located at 5765 Logan Street Denver, Colorado to an unrelated third party for $1,400,000. The Company repaid the mortgage on the building in the amount of $677,681. After the sale, the Company leased the building from the purchaser of the property. The lease is for an initial term of ten years, with the Company having the option to extend the term of the lease for two additional five-year periods. The lease requires rental payments of $10,000 per month which will increase 2% annually. The Company paid a $30,000 deposit at the inception of the lease.

On May 29, 2018 the Company leased a building located at 4328 E. Magnolia Street, Phoenix, Arizona. The lease is for an initial term of one year, with the Company having the option to extend the term of the lease for additional four year periods. The lease requires rental payments of $3,880 per month which will increase 2% annually. The Company paid a $4,369 deposit at the inception of the lease. The lease was renewed and extended for an additional five year period, with a starting rent of $6,379.20 per month which will increase 4% annually.

The Company adopted ASC 842 and recorded right of use asset and operating lease liability of $1,082,241. The Company used 12% as incremental borrowing rate as is the average interest rate of the Company's outstanding third party note. The lease agreement gives the Company the option to renew it for two additional 5 year terms but the Company did not consider it likely to exercise that option. Therefore, the Company did not include such amounts in its computations of the present value of remaining lease payment on the adoption date.

Supplemental balance sheet information related to leases is as follows:

June 30, 2025

Operating Leases	**Classification**		**June 30, 2025**
Right-of-use assets	Operating right of use assets	$	354,857
Total		$	354,857
Current lease liabilities	Current operating lease liabilities	$	191,991
Non-current lease liabilities	Long-term operating lease liabilities	$	185,059
Total		$	377,050

Lease term and discount rate were as follows:

	June 30, 2025
Weighted average remaining lease term (years)	4.00
Weighted average discount rate	12%

The following summarizes lease expenses for six months ended June 30, 2025:

Finance lease expenses:

Depreciation/amortization expense	$	80,907
Interest on lease liabilities		25,648
Finance lease expense	$	107,555

Supplemental disclosures of cash flow information related to leases were as follows:

	June 30, 2025
Cash paid for operating lease liabilities	$ 111,217

December 31, 2024

Operating Leases	**Classification**	**December 31, 2024**
Right-of-use assets	Operating right of use assets	$ 436,918
Total		$ 436,918
Current lease liabilities	Current operating lease liabilities	$ 178,238
Non-current lease liabilities	Long-term operating lease liabilities	$ 284,380
Total		$ 462,618

Lease term and discount rate were as follows:

	December 31, 2024
Weighted average remaining lease term (years)	5.0
Weighted average discount rate	12%

The following summarizes lease expenses for year ended December 31, 2024:

Finance lease expenses:

Depreciation/amortization expense	$ 137,907
Interest on lease liabilities	65,717
Finance lease expense	$ 203,624

Supplemental disclosures of cash flow information related to leases were as follows:

	December 31, 2024
Cash paid for operating lease liabilities	$ 218,833

Note 5 – Fixed assets

Machinery and equipment consisted of the following at:

	June 30, 2025	December 31, 2024
Automotive vehicles	$ 577,386	$ 577,386
Furniture and equipment	$ 108,265	$ 108,265
Machinery and Equipment	$ 159,809	$ 142,731
Leasehold improvements	$ 148,994	$ 148,994
Fixed assets, total	$ 994,455	$ 977,376
Total: accumulated depreciation	$ (835,561)	$ (796,542)
Fixed assets, net	$ 158,893	$ 180,834

At June 30, 2025 and December 31, 2024 the Company had $2,782 of fixed assets associated with discontinued operations.

Depreciation expense for the three and six months ended June 30, 2025 and 2024 was $19,129, $39,020, $19,981 and $41,883 respectively.

Note 6 – Notes payable – related parties

Long-term liabilities: Notes payable – related parties

As of December 31, 2021 the Company owed MKM Capital Advisors and two related entities $128,600 plus accrued interest of $70,088. The amount owed to the MKM entities was represented by three Promissory Notes dated between February 6, 2015 and July 7, 2016. In March 2022 the MKM entities agreed to (i) consolidate the Promissory Notes into a new note in the principal amount of $128,600 and (ii) forgive the accrued interest of $70,088. The new Promissory Note is due and payable on December 27, 2026 and bears an interest (from December 27, 2021 to the date of payment) of 5% per year. During the six months ended June 30, 2025, the Company repaid $12,096 of principal. Accrued interest as of June 30, 2025 and December 31, 2024, amounted to $176 and $0, respectively. As of June 30, 2025 and December 31, 2024, the balance owed on the loan is $40,356 and $52,451, respectively.

As of December 31, 2021 the Company owed CGDK, LLC $1,185,217, plus accrued interest of $452,246. The amount owed to CGDK was represented by seven Promissory Notes dated between July 9, 2015 and August 6, 2018. In March 2022, CGDK agreed to (i) consolidate the Promissory Notes into a new note in the principal amount of $1,185,217 and (ii) forgive the accrued interest of $452,246. The new Promissory Note is due and payable on December 31, 2026 and bears interest (from January 1, 2022 to the date of payment) at 5% per year. During the year ended December 31, 2022, the loan was assumed by Doyle Knudson a related party. During the six months ended June 30, 2025 the Company repaid $111,484 of principal and accrued interest. As of June 30, 2025 and December 31, 2024, the balance on the loan is $371,954 and $483,438, respectively.

Current Liabilities: Convertible notes payable to related parties

As of December 31, 2021 the Company owed Hypur Inc. $688,500 plus accrued interest. The amounts owed to Hypur were represented by eight Promissory Notes dated between September 20, 2016 and September 3, 2019. By an agreement effective January 31, 2022, the Company and Hypur agreed to the following:

- On March 3, 2022 the Company paid Hypur $137,500, which was applied to principal of the notes.
- On or before each date shown below, the Company paid Hypur $12,500, which applied to principal of the notes.

Date	Amount	
March 31, 2022	$	12,500
April 30, 2022	$	12,500
May 31, 2022	$	12,500
June 30, 2022	$	12,500

- On or before July 31, 2022 the Company agreed to pay Hypur $137,500, which will apply to principal of the notes.
- All principal amounts owed to Hypur under the Promissory Notes will bear interest at 7.5% per year between January 31, 2022 and July 31, 2022 as long as the Company is not in default under the terms of its agreement with Hypur.

- If by July 31, 2022 all payments required by the Company's agreement with Hypur have been made in a timely fashion, Hypur will forgive $250,000 of accrued interest owed by the Company under the Promissory Notes.
- After July 31, 2022 future payment plans will be negotiated, provided however that any principal amounts owed to Hypur under the Promissory Notes after July 31, 2022 will not bear interest in excess of 7.5% per year with a default rate of 12% per year.
- Hypur will waive any default rights between January 31, 2022 and August 31, 2022 on a month-to-month basis so long as all payments required by the Company's agreement with Hypur have been made.

During the year ended December 31, 2023 the Company repaid a total of $64,393. The amount claimed to be due by Hypur Inc. as of December 31, 2023 and December 31, 2022 is $363,500 and $329,256, respectively, although these amounts are disputed by the company. Hypur forgave $250,000 of accrued interest owed by the Company under the Promissory Notes, which was recognized as additional paid in capital. During the year ended December 31, 2024 there were two payments made toward accrued interest totaling $19,659.44. During the six months ended June 30, 2025 the Company repaid $84,984 of principle and $65,016 of accrued interest. As of June 30, 2025 and December 31, 2024 the principal balance owed on this loan was $279,365 and $363,500, respectively.

The notes are in default and the Company is accruing default interest of 12% per year as of September 1, 2022.

The Company re-measured the fair value of derivative liabilities on June 30, 2025 and December 31, 2024. See Note 7.

Note 7 – Derivative Liability

The Company analyzed the conversion options for derivative accounting consideration under ASC 815, Derivatives and Hedging, and determined that an instrument should be classified as a liability when a conversion option becomes effective.

The derivative liability in connection with the conversion feature of the convertible debt is measured using level 3 inputs.

The change in the fair value of derivative liabilities is as follows:

Balance – December 31, 2024	$	431,656
Settlement of derivatives repayment	$	(146,047)
Gain on change in fair value of the derivative	$	11,169
Balance – June 30, 2025	$	296,778

The table below shows the option-pricing model inputs used by the Company to value the derivative liability at each measurement date:

	Six months ended June 30, 2025	Year ended December 31, 2024
Expected term	.25 years	.25 years
Expected average volatility	116.18%	167.1%
Expected dividend yield	-	-
Risk-free interest rate	4.41%	4.13%

Note 8 – Stockholders' deficit

The Company was originally authorized to issue 100,000,000 shares of common stock and 1,000,000 shares of preferred stock. On May 6, 2014, the Company effected a forward stock split and a pro-rata increase in its authorized common stock on a basis of 14-to-1, whereby each shareholder received 14 newly issued shares of common stock for each 1 share held. Additionally, the number of authorized shares increased to 1,400,000,000 shares of common stock.

On July 6, 2021, the Company effected a reverse stock split and a pro-rata decrease in its authorized common stock on a basis of 1-for-100, the authorized capital of the Company concurrently decreased to 14,000,000 shares of common stock. The Company issued a total of 1,570 shares of common stock due to rounding on the reverse stock split.

Preferred stock

On May 3, 2016, the Company entered into, an agreement with Hypur Ventures, L.P., a Delaware limited partnership (the "Hypur Ventures") which is a related party pursuant to which the Company sold to Hypur Ventures, in a private placement, 100,000 shares of the Company's preferred stock and 500,000 common stock warrants with a five year term and an exercise price of $.10.00, at a purchase price of $5.0 per share for gross proceeds of $500,000. The shares of preferred stock are convertible into shares of the Company's common stock. The preferred stock has such other rights, preferences and privileges as are set forth in a certificate of designation filed with the Nevada Secretary of State. The Company evaluated the convertible preferred stock under FASB ASC 470-20-30 and determined it contained a beneficial conversion feature. The intrinsic value of the beneficial conversion feature was determined to be $114,229. The beneficial conversion feature was fully amortized and recorded as a deemed dividend.

Between July and August of 2016 Hypur Ventures purchased an additional 100,000 shares of the Company's preferred stock and 50,000 common stock warrants with a five year term and an exercise price of $10.00, at a purchase price of $5.00 per share for net proceeds of $445,000, net of legal fees of $55,000. The shares of preferred stock are convertible into shares of the Company's common stock. The preferred stock has such other rights, preferences and privileges as are set forth in a certificate of designation filed with the Nevada Secretary of State. The Company evaluated the convertible preferred stock under FASB ASC 470-20-30 and determined it does not contain a beneficial conversion feature. The intrinsic value of the beneficial conversion feature was determined to be $0.

The preferred stock is convertible at any time at the election of Hypur Ventures. The preferred stock will automatically convert to common stock if the closing price of the Company's common stock equals or exceeds $0.50 per share over any consecutive twenty day trading period. The preferred stock terms include a one-time purchase price preference. No preferential dividends apply to the preferred stock. The preferred stock attributes include weighted average anti-dilution protection, rights to appoint one director, pre-emptive rights to purchase future offerings of securities by the Company, demand and piggy-back registration rights.

The Company has reserved thirty million shares of common stock that may be issued upon the conversion and/or exercise of the preferred stock and the warrants.

Note 9 – Options and warrants

Options

All stock options have an exercise price equal to the fair market value of the common stock on the date of grant. The fair value of each option award is estimated using a Black-Scholes-Merton option valuation model. The Company has not paid any cash dividends on its common stock and does not anticipate paying any cash dividends in the foreseeable future. Consequently, the Company uses an expected dividend yield of zero in the Black-Scholes-Merton option valuation model. Volatility is an estimate based on the calculated historical volatility of similar entities in industry, in size and in financial leverage, whose share prices are publicly available. The expected life of awards granted represents the period of time that they are expected to be outstanding. The Company has no historical experience with which to establish a basis for determining an expected life of these awards. Therefore, the Company only gave consideration to the contractual terms and did not consider the vesting schedules, exercise patterns and pre-vesting and post-vesting forfeitures significant to the expected life of the option award. The Company bases the risk-free interest rate used in the Black-Scholes-Merton option valuation model on the implied yield currently available on U.S. Treasury issues with an equivalent remaining term equal to the expected life of the award.

On May 3, 2023, the Company issued Andrew Berman, a Director of the Company, an option to purchase 350,000 shares of the Company's common stock. The option is exercisable at a price of $0.21 per share and expires on September 30, 2027. Options to purchase 50% of the shares can be exercised immediately. Options to purchase 25% of the shares can be exercised after June 30, 2023. Options to purchase 25% of the shares can be exercised after March 30, 2024. At that time, the Company also issued Mr. Berman an option to purchase an additional 400,000 shares of the Company's common stock. The option is exercisable at a price of $.21 per share. The option to purchase these 400,000 shares will not be exercisable unless and until the Company (i) sells all or substantially all of its assets or (ii) the Company mergers with another entity and the Company is not the surviving entity in the merger. Notwithstanding the above, the option will not be issued if condition (i) or (ii) are not met by September 29, 2027, in which case the option will expire on September 30, 2027.

The following is a summary of the Company's stock option activity for the three months ended June 30, 2025:

	Number Of Options		*Weighted-Average Exercise Price*
Outstanding at December 31, 2024	3,297,000	$	0.21
Granted[(1)]	-	$	-
Expired	-	$	-
Cancelled	(30,000)	$	0.21
Outstanding at June 30, 2025	3,267,000	$	0.21
Options exercisable at June 30, 2025	2,530,250	$	0.21

The following tables summarize information about stock options outstanding and exercisable at June 30, 2025:

OPTIONS OUTSTANDING AND EXERCISABLE AT JUNE 30, 2025

Range of Exercise Prices	*Number of Options Outstanding*	*Weighted-Average Remaining Contractual Life in Years*	*Weighted-Average Exercise Price*	*Number Exercisable*	*Weighted-Average Exercise Price*
$ 0.21	3,267,000	2.25	$ 0.21	2,530,250	$ 0.21

Total stock-based compensation expense in connection with options and modified awards recognized in the consolidated statement of operations for six months ended June 30, 2025 and June 30, 2024 was $50,802 and $27,294, respectively.

The Company used the Black-Scholes option pricing model to estimate the fair value of the options at the grant date using the following ranges of assumptions:

The expected volatility was estimated by using the historical volatility of the Company. The expected life in years represents the period of time that options granted are expected to be outstanding. In accordance with Staff Accounting Bulletin ("SAB") Topic 14, the Company uses the simplified method for estimating the expected term. The Company believes the use of the simplified method is appropriate due to the employee stock options qualifying as “plain-vanilla” options under the criteria established by **SAB Topic 14**. The risk-free rate was based on the United States bond yield rate at the time of grant of the award. Expected annual rate of dividends is based on the fact that the Company has never paid cash dividends and does not expect to pay any cash dividends in the foreseeable future.

Note 10 – Subsequent events

On July 18, 2025 Doyle Knudson a related party loaned the Company an additional $350,000. In addition the remaining balance of his prior loan of $353,101 were consolidated into a new loan.. The loan bears interest at a rate of 10% per annum and is payable in 26 monthly payments of $29,779.92, beginning on August 15, 2025, and one final payment of $11,941.63 (which amounts include interest).

On July 21, 2025 the Company repaid Hypur the $279,365 of principal and $3,329 of accrued interest. The remaining balance owed to Hypur is $0 on July 21, 2025.