HIPPOFI, INC.
(formerly ORHub, Inc.)
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

JUNE 30, 2024 AND 2023

HIPPOFI, INC.
(formerly OrHub, Inc.)
BASIS OF PRESENTATION
JUNE 30, 2024 AND 2023

The condensed consolidated financial statements for the years ended June 30, 2024 and 2023 have not been reviewed by our independent registered public accounting firm.

HIPPOFI, INC.
(formerly ORHub, Inc.)
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023
(UNAUDITED)

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HIPPOFI, INC.
(formerly ORHub, Inc.)
CONDENSED CONSOLIDATED BALANCE SHEETS

	June 30, 2024 (Unaudited)	June 30, 2023 (Restated)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 16,370	$ 55,379
Accounts receivable	867,493	176,912
Inventory	253,722	245,707
Prepaid expenses and other current assets	5,567	5,810
Total current assets	1,143,152	483,808
Other assets:		
Intangible assets, net of accumulated amortization	414,835	36,855
Goodwill	1,340,301	1,340,301
Security deposit	4,500	4,500
Total other assets	1,759,636	1,381,656
Total Assets	$ 2,902,788	$ 1,865,464
LIABILITIES AND STOCKHOLDERS' DEFICIENCY		
Current Liabilities:		
Accounts payable	$ 1,155,471	$ 1,324,418
Accrued liabilities (related parties of $1,595,064 and $578,194)	2,616,459	2,700,493
Loan payable - Small Business Administration - current portion	6,694	7,158
Deferred revenue	-	50,000
Convertible notes payable	725,000	500,000
Loans payable - related parties	11,603,036	6,452,509
Total current liabilities	16,106,660	11,034,578
Long-term liabilities:		
Loan payable - Small Business Administration - net of current portion	314,795	302,185
Total long-term liabilities	314,795	302,185
Total Liabilities	16,421,455	11,336,763
Stockholders' Deficiency:		
Series D preferred stock - $0.001 par value; 15,000,000 shares authorized, none issued	-	-
Common stock, $0.001 par value; 1,000,000,000 shares authorized, 855,562,348 and 731,893,846 shares issued and outstanding	855,562	731,894
Additional paid-in capital	51,807,768	49,409,196
Accumulated deficit	(66,181,997)	(59,612,389)
Total Stockholders' Deficiency	(13,518,667)	(9,471,299)
Total Liabilities and Stockholders' Deficiency	$ 2,902,788	$ 1,865,464

See Accompanying Notes to Condensed Consolidated Financial Statements

HIPPOFI, INC.
(formerly ORHub, Inc.)
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023
(UNAUDITED)

	2024 (Unaudited)	2023 (Restated)
Revenues	$ 1,104,584	$ 324,869
Cost of Revenues	503,255	93,892
Gross Profit	601,329	230,977
Operating Expenses		
General and administrative	4,332,086	2,715,273
Stock-based compensation	329,740	8,860,000
Legal and professional fees	(136,622)	536,595
Selling and marketing	488,228	204,536
Depreciation and amortization	7,020	8,077
Total Operating Expenses	5,020,452	12,324,481
Loss From Operations	(4,419,123)	(12,093,504)
Other Income (Expense)		
Interest expense - related parties	(1,376,721)	(733,405)
Interest expense and finance costs	(1,002,314)	(1,317,126)
Interest income	42,548	241
Debt settlement	186,002	64,400
Total Other Income (Expense)	(2,150,485)	(1,985,890)
Net Loss	$ (6,569,608)	$ (14,079,394)
BASIC AND DILUTED NET LOSS PER SHARE	$ (0.008)	$ (0.018)
BASIC AND DILUTED WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	855,562,348	793,274,859

See Accompanying Notes to Condensed Consolidated Financial Statements

HIPPOFI, INC.
(formerly ORHub, Inc.)
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIENCY
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023
(UNAUDITED)

	Common stock		Additional Paid-in	(Restated) Accumulated	
	Shares	Amount	Capital	Deficit	Total
Balance at July 1, 2022, as previously reported	384,323,000	384,323	38,786,561	(45,471,021)	(6,300,137)
Restatement	277,272,119	277,272	(61,381)	(61,974)	153,917
Balance at July 1, 2022, as restated	661,595,119	$ 661,595	$ 38,725,180	$ (45,532,995)	$ (6,146,220)
Common stock issued for interest with convertible notes	10,675,000	10,675	1,281,700		1,292,375
Common stock issued for services	113,000,000	113,000	8,747,000		8,860,000
Common stock issued for conversion of notes payable	7,516,460	7,517	559,983		567,500
Common stock issued for settlement of accounts payable	488,280	488	33,952		34,440
Net loss				(14,079,394)	(14,079,394)
Balance at June 30, 2023, as restated	793,274,859	$ 793,275	$ 49,347,815	$ (59,612,389)	$ (9,471,299)
Balance at July 1, 2023	793,274,859	$ 793,275	$ 49,347,815	$ (59,612,389)	$ (9,471,299)
Common stock issued for interest with convertible notes	39,483,044	39,483	911,018	-	950,501
Common stock issued for services	7,580,000	7,580	322,160	-	329,740
Common stock issued for conversion of notes payable	10,979,999	10,980	1,087,020	-	1,098,000
Common stock issued in private placement	4,244,446	4,244	139,755	-	143,999
Net loss	-	-	-	(6,569,608)	(6,569,608)
Balance at June 30, 2024	855,562,348	$ 855,562	$ 51,807,768	$ (66,181,997)	$ (13,518,667)

See Accompanying Notes to Condensed Consolidated Financial Statements

HIPPOFI, INC.
(formerly ORHub, Inc.)
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023
(UNAUDITED)

	2024 (Unaudited)	2023 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (6,569,608)	$ (14,079,394)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation	-	1,057
Amortization of patent	7,020	7,020
Common stock issued for interest on convertible notes	950,501	1,292,375
Common stock issued for services	329,740	8,860,000
Related party loans issued for services rendered	4,984,300	2,380,196
Interest accrued on SBA loan	27,904	-
Expenses paid directly by related party	166,227	297,908
Vendor debt settlement	(186,001)	
Changes in operating assets and liabilities:		
Accounts receivable	(690,581)	(87,609)
Prepaid expenses and other current assets	243	(5,810)
Inventory	(8,015)	(234,704)
Accounts payable	17,054	327,143
Accrued liabilities	(84,035)	116,014
Deferred revenue	(50,000)	-
Net cash used in operating activities	(1,105,251)	(1,130,304)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of intangible assets	(385,000)	-
Net cash used in investing activities	(385,000)	-
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from convertible notes	1,323,000	1,067,500
Common stock sold in private placement	144,000	-
Proceeds from SBA loan	-	(4,457)
Repayments of SBA loan	(15,758)	-
Net cash provided by financing activities	1,451,242	1,063,043
NET CHANGE IN CASH AND CASH EQUIVALENTS	(39,009)	(67,261)
CASH AND CASH EQUIVALENTS, beginning of period	55,379	122,640
CASH AND CASH EQUIVALENTS, end of period	$ 16,370	$ 55,379
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid during the period for interest	$ 442,133	$ 193,000
SCHEDULE OF NONCASH ACTIVITY		
Common stock issued for conversion of notes payable	$ 1,098,000	$ 567,500
Common stock issued for settlement of accounts payable	-	34,400
PURCHASE OF PUR BIOLOGICS:		
Cash received	$ -	$ 368
Accounts receivable	-	89,303
Goodwill	-	1,340,301
Accounts payable	-	(290,176)
Accrued liabilities	-	(760,205)
SBA loan payable	-	(86,800)
Notes payable - related parties	-	(76,900)
Common stock issued for acquisition of subsidiary	-	(215,891)
Cash paid for acquisition	$ -	$ -

See Accompanying Notes to Condensed Consolidated Financial Statements

HIPPOFI, INC.
(formerly ORHub, Inc.)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023
(UNAUDITED)

NOTE 1 – NATURE OF OPERATIONS AND BASIS OF PRESENTATION

Organization

HippoFi, Inc. is a Nevada corporation ("HippoFi"). As of and for the years ended June 30, 2024 and 2023, the accompanying consolidated financial statements presented are those of HippoFi and its wholly-owned subsidiary PUR Biologics, LLC ("PUR"), (together, the "Company").

Principal Business Activity

HippoFi is a publicly traded healthcare company focused on developing and commercializing proprietary technologies and solutions for the Spine, Orthopedic, and Regenerative Medicine markets. The Company's purpose is to improve patient outcomes and quality of life through advanced biotechnology and regenerative therapies designed to address degenerative and disease-related conditions.

HippoFi's growth strategy is centered on the commercialization and monetization of innovative healthcare technologies through strategic acquisitions, technology licensing, industry partnerships, and the expansion of its sales and distribution network. The Company operates through two primary business segments: Regenerative Therapeutics and Surgical Solutions.

Through its wholly owned subsidiary, PUR Biologics, which serves as the Company's Regenerative Therapeutics division, HippoFi develops and commercializes biologic technologies that help surgeons and healthcare providers optimize patient outcomes in spine and orthopedic procedures. The Company's product portfolio includes advanced allografts, demineralized extracellular matrix (d-ECM) technologies, synthetic biologic solutions, and cellular-derived tissue products used in spinal and orthopedic procedures.

In addition to its commercial portfolio, PUR Biologics is advancing a pipeline of regenerative medicine technologies encompassing stem cell, growth factor, and tissue engineering applications. These technologies are intended to support future opportunities in bone regeneration, cartilage repair, tissue regeneration, and other orthopedic care.

Leveraging its intellectual property portfolio, proprietary technologies, and industry expertise, HippoFi continues to expand its regenerative medicine platform through innovation and strategic collaborations. The Company maintains contractual and technology-related relationships with industry partners, including Zimmer Biomet. Collectively, these initiatives support HippoFi's strategy to expand its biotechnology platform, strengthen its market position, and drive sustainable long-term shareholder value.

HIPPOFI, INC.
(formerly ORHub, Inc.)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023
(UNAUDITED)

NOTE 1 – NATURE OF OPERATIONS AND BASIS OF PRESENTATION (CONTINUED)

Basis of Presentation
The accompanying unreviewed condensed consolidated financial statements have been prepared from the books and records of the Company and include all normal and recurring adjustments which, in the opinion of management, are necessary for a fair presentation in accordance with accounting principles generally accepted in the United States for interim consolidated financial information and Rule 8-03 of Regulation S-X promulgated by the U.S. Securities and Exchange Commission. Accordingly, these interim financial statements do not include all of the information and footnotes required for complete annual consolidated financial statements. Interim results are not necessarily indicative of the results that may be expected for the full year. Interim unreviewed condensed consolidated financial statements should be read in conjunction with the unaudited financial statements and the notes thereto included in the Company’s Annual Report for the prior year ended June 30, 2023, filed with the OTC on September 28, 2023, from which the accompanying condensed consolidated balance sheet dated June 30, 2023 was derived.

Principles of Consolidation
The consolidated financial statements include the accounts of the HippoFi and PUR. All intercompany balances and transactions have been eliminated as part of the consolidation.

Going Concern
As of June 30, 2024, the accompanying financial statements have been presented on the basis that the Company is a going concern which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company has incurred significant losses and negative cash flows from operations. As of June 30, 2024, the Company's accumulated deficit was approximately $66.2 million. For the year ended June 30, 2024, the Company had a net loss of approximately $6,569,608, and it had cash used in operating activities of approximately $1,105,251, for the year ended June 30, 2024. These factors raise substantial doubt about the Company's ability to continue as a going concern.

In view of these matters, recoverability of any asset amounts shown in the accompanying consolidated financial statements is dependent upon the Company's ability to begin operations and to achieve a level of profitability. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

The Company has financed its activities principally from the issuance of convertible notes. The Company intends on financing its future development activities and its working capital needs largely from loans and the sale of equity securities until such time that funds provided by operations are sufficient to fund working capital requirements.

Although no assurances can be given, management believes that its current expense management, funding plans, and anticipated sales growth will allow the Company to obtain sufficient capital for operations and to continue as a going concern for the next twelve months from the date of the issuance of this report.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates
The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Although management bases its estimates on historical experience and various other assumptions that are believed to be reasonable under the circumstances, actual results could differ from these estimates.

Revenue Recognition

Revenue from Contracts
The Company accounts for revenue in accordance with ASC 606, "*Revenue from Contracts with Customers*." Under the standard, the Company recognizes revenue when a customer obtains control of promised services or goods in an amount that reflects the consideration to which the entity expects to receive in exchange for those goods or services. In addition, the standard requires disclosure of the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts. Contract liabilities (deferred revenue) represent billings to a customer for whom the services have not yet been provided.

Revenue Recognition (Continued)

The Company's contract revenue consists primarily of amounts earned under a contract with one third-party customer. The Company analyzes its agreements to determine whether the elements can be separated and accounted for individually or as a single unit of accounting. Allocation of revenue to individual elements that qualify for separate accounting is based on the separate selling prices determined for each component, and total contract consideration is then allocated pro rata across the components of the arrangement. If separate selling prices are not available, the Company will use its best estimate of such selling prices, consistent with the overall pricing strategy and after consideration of relevant market factors.

In general, the Company applies the following steps when recognizing revenue from contracts with customers: (i) identify the contract, (ii) identify the performance obligations, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations and (v) recognize revenue when a performance obligation is satisfied.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recognition of revenue is driven by satisfaction of the performance obligations using one of two methods: revenue is either recognized over time or at a point in time. Contracts containing multiple performance obligations classify those performance obligations into separate units of accounting either as standalone or combined units of accounting. For those performance obligations treated as a standalone unit of accounting, revenue is generally recognized based on the method appropriate for each standalone unit. For those performance obligations treated as a combined unit of accounting, revenue is generally recognized as the performance obligations are satisfied, which generally occurs when control of the goods or services have been transferred to the customer or client or once the client or customer is able to direct the use of those goods and/or services as well as obtaining substantially all of its benefits. As such, revenue for a combined unit of accounting is generally recognized based on the method appropriate for the last delivered item but due to the specific nature of certain project and contract items, management may determine an alternative revenue recognition method as appropriate, such as a contract whereby one deliverable in the arrangement clearly comprises the overwhelming majority of the value of the overall combined unit of accounting. Under this circumstance, management may determine revenue recognition for the combined unit of accounting based on the revenue recognition guidance otherwise applicable to the predominant deliverable.

Product Sales
The Company recognizes revenue to depict the transfer of promised goods to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods.

Revenue is recognized as the customer obtains control of the goods and services promised in the contract (i.e., performance obligations). In evaluating our contracts with our customers, we have determined that there is no future performance obligation once delivery has occurred.

Our revenue is generated from fixed-price contracts. Under fixed-price contracts, we agree to perform the specified work for a pre-determined price, which we estimate during the bidding process before the contract is awarded. To the extent our actual costs vary from the estimates upon which the price was negotiated, we will generate more or less profit or could incur a loss.

<u>Revenue Recognition (Continued)</u>

We evaluate the products promised in each contract at inception to determine whether the contract should be accounted for as having one or more performance obligations. Our contracts are typically accounted for as one performance obligation. We classify net sales as products on our consolidated statements of operations based on the predominant attributes of the performance obligations.

Contract Assets
A contract asset is an entity's right to payment for goods and services already transferred to a customer if that right to payment is conditional on something other than the passage of time. Generally, an entity will recognize a contract asset when it has fulfilled a contract obligation but must perform other obligations before being entitled to payment.

Contract assets consist primarily of the cost of project contract work performed by third parties whereby the Company expects to recognize any related revenue at a later date, upon satisfaction of the contract obligations. At both June 30, 2024 and June 30, 2023, contract assets were $0.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contract Liabilities
A contract liability is an entity's obligation to transfer goods or services to a customer at the earlier of (1) when the customer prepays consideration or (2) the time that the customer's consideration is due for goods and services the entity will yet provide. Generally, an entity will recognize a contract liability when it receives a prepayment.

Contract liabilities consist primarily of consideration received, usually in the form of payment, on project work to be performed whereby the Company expects to recognize any related revenue at a later date, upon satisfaction of the contract obligations. Contract liabilities may also be described as deferred revenue. At June 30, 2024 and June 30, 2023, contract liabilities (or deferred revenue) was $0 and $50,000, respectively. The Company recognized revenue during the years ended June 30, 2024 and 2023 of $1,104,584 and $324,869, respectively.

Fair Value of Financial Instruments
The Company's financial instruments consist of and are valued as follows:

1. Cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities approximated their fair values due to their short-term nature.
2. Notes and loans payable are stated at carrying value which approximates market value as the interest rates approximated market.

Accounts Receivable
Accounts receivables are reported at their outstanding unpaid principal balances net of allowances for uncollectible accounts. The Company provides for allowances for uncollectible receivables based on management's estimate of uncollectible amounts considering age, collection history, and any other factors considered appropriate. The Company writes off accounts receivable against the allowance for credit losses when a balance is determined to be uncollectible. At June 30, 2024 and June 30, 2023, management determined that an allowance for credit losses was not needed.

Inventory
Inventory, consisting solely of finished goods, is stated at the lower of cost, determined on a first in, first out basis, or net realizable value. The Company periodically evaluates inventory items and establishes reserves for obsolescence accordingly. The Company also reserves for excess quantities, slow moving goods, and for other impairment of value based upon assumptions of future demand and market conditions. Inventory totaled $253,722 and $245,707 as of June 30, 2024 and June 30, 2023, respectively.

Property and Equipment
Property and equipment are stated at cost net of accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, generally three years. Major renewals and betterments that extend the life of the property are capitalized. Expenditures for repairs and maintenance are expensed as incurred.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangible Assets
Intangible assets are stated at cost, net of accumulated amortization. Intangible assets consist primarily of acquired or licensed technology and other identifiable intangible assets that are expected to provide future economic benefit to the Company. Certain intangible assets may relate to technologies or products that are still under development and have not yet been placed into service. Intangible assets are amortized using the straight-line method over the period of expected benefit once the related technology or product is available for its intended use. Intangible assets that are not yet available for their intended use are not amortized until placed into service.

Intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the related carrying amount may be impaired. The Company records an impairment loss if the undiscounted future cash flows are found to be less than the carrying amount of the asset. If an impairment loss has occurred, a charge is recorded to reduce the carrying amount of the asset to fair value.

Goodwill
Goodwill represented the excess of the acquisition cost of businesses over the book value of the identifiable net assets acquired. The goodwill amount of $1,340,301 at both June 30, 2024 and June 30, 2023, related to the acquisition of PUR.

The Company accounts for the impairment of goodwill under the provisions of ASU 2017-04 ("ASU 2017-04"), "*Intangibles Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*." ASU 2017-04 gives companies the option to perform a qualitative assessment to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount.

The Company performs impairment testing for goodwill annually, or more frequently when indicators of impairment existed.

Earnings (Loss) Per Share
Basic earnings (loss) per common share is computed by dividing the net income (loss) allocated to common stockholders by the weighted-average number of shares of common stock outstanding during the period. For purposes of calculating diluted earnings (loss) per common share, the denominator includes both the weighted-average number of shares of common stock outstanding during the period and the number of common stock equivalents if the inclusion of such common stock equivalents is dilutive. Dilutive common stock equivalents potentially include stock options and warrants using the treasury stock method.

For both of the years ended June 30, 2024 and 2023, the Company incurred net losses which cannot be diluted; therefore, basic and diluted loss per common share is the same.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Stock-based Compensation
The Company accounts for stock-based compensation in accordance with FASB ASC 718, "*Compensation – Stock Compensation*." Under the fair value recognition provision of the ASC, stock-based compensation cost is estimated at the grant date based on the fair value of the award. The Company estimates the fair value of stock grants at their closing reported market value. Stock-based compensation expense amounted to $329,740 and $8,860,000 for the years ended June 30, 2024 and 2023, respectively. Stock-based compensation expenses were included in general and administrative expenses in the accompanying consolidated statements of operations.

Income Taxes
The Company accounts for income taxes in accordance with accounting guidance now codified as FASB ASC 740, "*Income Taxes*," which requires that the Company recognize deferred tax liabilities and assets based on the differences between the financial statement carrying amounts and the tax bases of assets and liabilities, using enacted tax rates in effect in the years the differences are expected to reverse.

The provision for, or benefit from, income taxes includes deferred taxes resulting from the temporary differences in income for financial and tax purposes using the liability method. Such temporary differences result primarily from the differences in the carrying value of assets and liabilities. Future realization of deferred income tax assets requires sufficient taxable income within the carryback, carryforward period available under tax law. We evaluate, on a quarterly basis whether, based on all available evidence, it is probable that the deferred income tax assets are realizable. Valuation allowances are established when it is more likely than not that the tax benefit of the deferred tax asset will not be realized. The evaluation, as prescribed by ASC 740-10, "Income Taxes," includes the consideration of all available evidence, both positive and negative, regarding historical operating results including recent years with reported losses, the estimated timing of future reversals of existing taxable temporary differences, estimated future taxable income exclusive of reversing temporary differences and carryforwards, and potential tax planning strategies which may be employed to prevent an operating loss or tax credit carryforward from expiring unused.

The Company accounts for uncertainties in income taxes under the provisions of FASB ASC 740 which clarify the accounting for uncertainty in income taxes recognized in an enterprise's financial statements. The standard prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The Subtopic provides guidance on the de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition.

HippoFi has not filed its required federal and state returns in several years. Management believes that when the returns are filed, no taxes will be owed due to losses incurred during those periods. As a result, management could not calculate the amount of net operating loss carryforwards are available to offset future taxable income.

The Company's policy is to recognize interest and penalties accrued on any unrecognized tax benefits as a component of income tax expense. The Company does not have any accrued interest or penalties associated with any unrecognized tax benefits, nor was any interest expense incurred during both of the years ended June 30, 2024 and 2023.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Issued Accounting Pronouncements Adopted
Effective July 1, 2023, the Company adopted ASU 2016-13, "*Financial Instruments-Credit Losses* (Topic *326*)" ("ASU 2016-13"), which significantly changes how entities will account for credit losses for most financial assets and certain other instruments that are *not* measured at fair value through net income. ASU 2016-13 replaces the existing incurred loss model with an expected credit loss model that requires entities to estimate an expected lifetime credit loss on most financial assets and certain other instruments. Under ASU 2016-13 credit impairment is recognized as an allowance for credit losses, rather than as a direct write-down of the amortized cost basis of a financial asset. The impairment allowance is a valuation account deducted from the amortized cost basis of financial assets to present the net amount expected to be collected on the financial asset. Once the new pronouncement is adopted by the Company, the allowance for credit losses must be adjusted for management's current estimate at each reporting date. The new guidance provides *no* threshold for recognition of impairment allowance. Therefore, entities must also measure expected credit losses on assets that have a low risk of loss. For instance, trade receivables that are either current or *not* yet due *may not* require an allowance reserve under currently generally accepted accounting principles, but under the new standard, the Company will have to estimate an allowance for expected credit losses on trade receivables under ASU 2016-13. The adoption of ASU 2016-13 did not have a material effect on the Company's consolidated financial statements.

Management does not believe that any other recently issued, but not yet effective, accounting standard if currently adopted would have a material effect on the accompanying consolidated financial statements. Most of the newer standards issued represent technical corrections to the accounting literature or application to specific industries which have no effect on the Company's consolidated financial statements.

NOTE 3 – PROPERTY AND EQUIPMENT, NET

Property and equipment, net consisted of the following at June 30, 2024 and June 30, 2023:

	June 30, 2024	June 30, 2023
Computer equipment	$ 129,109	$ 129,109
Furniture and fixtures	30,846	30,846
Leasehold improvements	6,342	6,342
	166,297	166,297
Less: accumulated depreciation	166,297	166,297
Property and equipment - net	$ -	$ -

Depreciation for the years ended June 30, 2024 and 2023 amounted to $0 and $1,057, respectively.

NOTE 4 –INTANGIBLE ASSETS, NET

The Company's intangible assets consist of capitalized acquired and licensed technology costs related to technologies and products expected to provide future economic benefit to the Company. Certain of these intangible assets relate to technologies or products that are still under development and have not yet been placed into service. Such assets are not amortized until the related technology or product is available for its intended use and are evaluated for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Intangible assets consisted of the following at June 30, 2024 and June 30, 2023:

	June 30, 2024	June 30, 2023
Patent	$ 70,200	$ 70,200
Acquired/Licensed Technology	385,000	-
Less: accumulated amortization	40,365	33,345
Intangible assets - net	$ 414,835	$ 36,855

Amortization expense amounted to $7,020 for both of the years ended June 30, 2024 and 2023.

NOTE 5 – RELATED PARTY TRANSACTIONS

The Company has engaged in transactions with related parties involving settlement of expenses paid on behalf of the Company, encompassing salaries, rent, and operating expenses. Additionally, related parties have provided loans to fund the operation of the Company, Furthermore, certain related parties have allowed the Company to utilize their personal residences for operation purposes.

Loans Payable - Related Parties

The loans are due to members of management and bear interest at the rate of 10% per annum.

During the years ended June 30, 2024 and 2023, operating expenses totaling $149,743 and $69,160, respectively, were paid directly by related parties. In addition, the Company incurred services of $3,811,198 and $2,380,196 to related parties for the years ended June 30, 2024 and 2023, respectively.

Interest expense for the years ended June 30, 2024 and 2023 totaled $1,376,721 and $733,405, respectively. Accrued interest owed to related parties as of June 30, 2024 and June 30, 2023 amounted to $1,595,064 and $578,194, respectively. Loans payable amounted to $11,603,036 and $6,452,509 as of June 30, 2024 and June 30, 2023, respectively.

NOTE 6 – CONVERTIBLE NOTES PAYABLE

During the years ended June 30, 2024, the Company issued a series of convertible notes to finance operations. The Company received total proceeds of $1,323,000. Terms of the notes included the following:

1. The notes mature one year from the date of issuance. Payment of principal is due on or before the maturity date.
2. The notes bear interest at 12% per annum from the date of the disbursement of the funds.
3. All interest amounts are to be payable in the form of the common stock of the Company at the end of each quarter (consecutively, every 90 days following the issuance date) and priced at the closing price per share of the date due.
4. At any time following the third day from the issuance date, the holder has the option of converting the outstanding principal amount, in whole or in part, into shares of the Company's common stock. The average price pers hare of the date of the conversion will be the effective price of the conversion but the holder will receive a 25% discount on the average price per share.

During the year ended June 30, 2024, $1,098,000 of such notes were converted into 10,979,999 shares of the Company's common stock with the issuances of the notes and incurred finance costs totaling $1,192,480. Such amount is included in interest expense and finance costs in the consolidated statement of operations.

As of June 30, 2024, the balance owed for the convertible notes payable was $725,000 Interest expense for the year ended June 30, 2024 was $1,002,314 and is included in interest expense and finance costs in the condensed consolidated statement of operations. Accrued interest on the notes payable as of June 30, 2024 was $38,833 and is included in accrued liabilities in the consolidated balance sheet.

NOTE 7 – LOAN PAYABLE – SMALL BUSINESS ADMINISTRATION

On March 22, 2021, PUR received $86,900 under a Small Business Administration ("SBA") loan. Monthly installment payments under the loan were $424 inclusive of interest at 3.75% per annum. The maturity date of the loan was April 2, 2051.

On April 20, 2022, the loan was amended. Terms of the loan include the following:

1. PUR received additional proceeds of $227,000.
2. Monthly installments payments of $1,553 inclusive of interest at 3.75% per annum.
3. The loan is secured by substantially all of the assets of PUR.
4. The loan is guaranteed by several members of management.
5. The maturity date of the loan is April 2, 2051.

Interest incurred under the SBA loan totaled $12,188 for the year ended June 30, 2024.

Future principal payments under the loan are as follows:

For the twelve months ending December 31,		
2024	$	6,694
2025		6,885
2026		7,148
2027		7,420
2028		7,632
Thereafter		285,710
	$	321,489

NOTE 8 – STOCKHOLDERS' DEFICIENCY

Preferred Stock
The board of directors of the Company (the "Board"), in its sole discretion, may establish par value, divide the shares of preferred stock into series, and fix and determine the dividend rate, designations, preferences, privileges, and ratify the powers, if any, and determine the restrictions and qualifications of any series of preferred stock as established. On June 25, 2018, the Board designated 15,000,000 shares of undesignated preferred stock into Series D preferred stock. Each share of Series D Preferred Stock ("Series D Preferred") has a preferential voting right such that each share of Series D Preferred has twenty-five (25) votes per share with regard to any matters voted on by the holders of common stock as long as the Company is in existence. Any other powers, designations, preferences, limitations, restrictions, and relative rights of Series D Preferred shall be the same as that of common stock.

Common Stock
Holders of common stock have equal rights to receive dividends when, as and if declared by the board of directors, out of funds legally available therefor. Holders of common stock have one vote for each share held of record and do not have cumulative voting rights.

Holders of common stock are entitled, upon liquidation of the Company, to share ratably in the net assets available for distribution, subject to the rights, if any, of holders of any preferred stock then outstanding. Shares of common stock are not redeemable and have no preemptive or similar rights.

Issuances of common stock during the year ended June 30, 2024, was as follows:

1. The Company issued 39,483,044 shares of its common stock for interest with convertible notes.
2. The Company issued 7,580,000 shares of its common stock for services rendered.
3. The Company issued 10,979,999 shares of common stock for the conversion of notes payable totaling $1,098,000.
4. The Company issued 4,244,446 shares of its common stock sold in private placement.

Issuances of common stock during the year ended June 30, 2023, was as follows:

1. The Company issued 10,675,000 shares of its common stock for interest with convertible notes.
2. The Company issued 113,000,000 shares of its common stock for services rendered.
3. The Company issued 7,516,460 shares of common stock for the conversion of notes payable totaling $567,500.
4. The Company issued 488,280 shares of its common stock for the settlement of accounts payable.