

ISW HOLDINGS, INC.
(A Nevada Corporation)

UNAUDITED FINANCIAL STATEMENTS
For the Six Months Ended June 30, 2021 and 2020

ISW HOLDINGS, INC.
(A Nevada Corporation)

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ISW HOLDINGS, INC.
BALANCE SHEETS
(Unaudited)

	June 30, 2021	December 31, 2020
ASSETS		
Current assets:		
Cash	\$ 2,332,815	\$ 86,154
Due from PHH	70,133	-
Inventory	37,024	37,024
Prepaid expenses	21,346	50,300
Total current assets	2,461,318	173,478
Property and equipment, net	2,260,893	4,764
Intangible assets	19,973	-
Other assets	171,936	-
Total assets	<u>\$ 4,914,120</u>	<u>\$ 178,242</u>
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities		
Accounts payable	\$ 45,256	\$ 141,263
Accrued expenses	333,482	927,483
Settlement liability	274,200	84,500
Deferred revenues	60,000	60,000
Convertible notes payable, net of discount	7,506,500	15,767
Convertible notes payable in default	296,479	2,159,979
Due to related party	2,307	8,500
Derivative liability	727,327	18,691,594
Total current liabilities	9,245,551	22,089,086
Total liabilities	9,245,551	22,089,086
Stockholders' deficit:		
Convertible series A preferred stock, \$0.001 par value, no shares authorized, no shares issued and outstanding	-	-
Convertible series B preferred stock, \$0.001 par value, 10,000,000 shares authorized, 1,400,000 and 0 shares issued and outstanding at June 30, 2021 and December 31, 2020, respectively	1,400	-
Series E preferred stock, \$0.001 par value, 1,000,000 shares authorized, 1,000,000 shares issued and outstanding	1,000	1,000
Common stock, \$0.001 par value, 200,000,000 shares authorized, 66,790,816 and 58,210,102 shares issued and outstanding at June 30, 2021 and December 31, 2020, respectively	66,791	58,210
Additional paid-in capital	28,651,908	17,343,369
Subscriptions payable, consisting of 62,404 and 62,821 shares at June 30, 2021 and December 31, 2020, respectively	302,794	448,794
Accumulated deficit	(33,355,324)	(39,762,217)
Total stockholders' deficit	(4,331,431)	(21,910,844)
Total liabilities and stockholders' deficit	<u>\$ 4,914,120</u>	<u>\$ 178,242</u>

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

ISW HOLDINGS, INC.
STATEMENTS OF OPERATIONS
(Unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2021	2020	2021	2020
Revenue - services, net	7,891	\$ 46,310	\$ 25,167	\$ 65,969
Revenue - product sales	-	120	-	120
Revenue - cryptocurrency	19,973	-	19,973	-
Cost of Revenue - services	-	-	-	-
Cost of Revenue - cryptocurrency	(270,920)	-	(270,920)	-
Cost of Revenue - product sales	-	(49)	-	(49)
Gross profit (loss)	<u>(243,056)</u>	<u>46,381</u>	<u>(225,780)</u>	<u>66,040</u>
Operating expenses:				
General and administrative	349,044	857,375	911,811	5,901,811
Officer compensation	99,700	14,290	270,200	88,110
Professional fees	27,372	9,001	56,454	25,968
Technology development	-	2,000	45,284	11,382
Depreciation	17,359	653	17,791	1,542
Total operating expenses	<u>493,475</u>	<u>883,319</u>	<u>1,301,540</u>	<u>6,028,813</u>
Net operating loss	<u>(736,531)</u>	<u>(836,938)</u>	<u>(1,527,320)</u>	<u>(5,962,773)</u>
Other income (expense):				
Interest expense, net	(177,552)	(465,557)	(420,832)	(2,009,102)
Loss on shares issued for penalties on convertible debt	-	-	-	(492,084)
Settlement loss	(186,700)	-	(186,700)	-
Gain (loss) on conversion of notes payable	-	-	-	(151,074)
Gain (loss) on extinguishment of notes payable	286,693	-	286,693	(197,954)
Gain (loss) on extinguishment of notes payable and subscription	(2,898,415)	-	(9,709,215)	-
Change in derivative liabilities	20,489,474	(1,167,539)	17,964,267	(3,654,092)
Total other income (expenses)	<u>17,513,500</u>	<u>(1,633,096)</u>	<u>7,934,213</u>	<u>(6,504,306)</u>
Net Loss	<u>\$ 16,776,969</u>	<u>\$ (2,470,034)</u>	<u>\$ 6,406,893</u>	<u>\$ (12,467,079)</u>
Weighted average number of common shares				
outstanding - basic	<u>63,235,871</u>	<u>12,988,671</u>	<u>60,662,971</u>	<u>9,778,231</u>
outstanding - diluted	<u>63,971,603</u>	<u>12,988,671</u>	<u>61,398,703</u>	<u>9,778,231</u>
Net loss per share - basic	<u>\$ 0.27</u>	<u>\$ (0.19)</u>	<u>\$ 0.11</u>	<u>\$ (1.27)</u>
Net loss per share - diluted	<u>\$ (0.06)</u>	<u>\$ (0.19)</u>	<u>\$ (0.18)</u>	<u>\$ (1.27)</u>

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

ISW HOLDINGS, INC.
STATEMENTS OF STOCKHOLDERS' DEFICIT
(UNAUDITED)

	Series B Preferred Stock		Series E Preferred Stock		Common Stock		Additional Paid-In Capital	Subscriptions Payable	Accumulated Deficit	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount	Shares	Amount				
Balance, December 31, 2020	-	\$ -	1,000,000	\$ 1,000	58,210,102	\$ 58,210	\$ 17,343,369	\$ 448,794	\$ (39,762,217)	\$ (21,910,844)
Issuance of Preferred Stock for cash	1,400,000	1,400	-	-	-	-	148,600	(100,000)	-	50,000
Common stock issued for conversion of debt	-	-	-	-	1,750,000	1,750	42,995	-	-	44,745
Issuance of common stock in settlement of subscriptions payable	-	-	-	-	9,820,000	9,820	6,834,980	(34,000)	-	6,810,800
Common stock cancelled	-	-	-	-	(10,489,286)	(10,489)	10,489	-	-	-
Contribution by shareholder	-	-	-	-	-	-	49,975	-	-	49,975
Repayment of subscription payable	-	-	-	-	-	-	-	(12,000)	-	(12,000)
Net loss	-	-	-	-	-	-	-	-	(10,370,076)	(10,370,076)
Balance, March 31, 2021	<u>1,400,000</u>	<u>\$ 1,400</u>	<u>1,000,000</u>	<u>\$ 1,000</u>	<u>59,290,816</u>	<u>\$ 59,291</u>	<u>\$ 24,430,408</u>	<u>\$ 302,794</u>	<u>\$ (50,132,293)</u>	<u>\$ (25,337,400)</u>
Beneficial conversion feature on convertible debt	-	-	-	-	-	-	56,500	-	-	56,500
Common stock issued for convertible notes settlement	-	-	-	-	7,500,000	7,500	4,165,000	-	-	4,172,500
Net income	-	-	-	-	-	-	-	-	16,776,969	16,776,969
Balance, June 30, 2021	<u>1,400,000</u>	<u>\$ 1,400</u>	<u>1,000,000</u>	<u>\$ 1,000</u>	<u>66,790,816</u>	<u>\$ 66,791</u>	<u>\$ 28,651,908</u>	<u>\$ 302,794</u>	<u>\$ (33,355,324)</u>	<u>\$ (4,331,431)</u>
Balance, December 31, 2019	-	\$ -	1,000,000	\$ 1,000	321,479	\$ 321	\$ 6,915,878	\$ 366,294	\$ (13,154,766)	\$ (5,871,273)
Common stock issued for conversion of debt	-	-	-	-	1,789,000	1,789	672,004	-	-	673,793
Reclassification of subscription payable to convertible debt	-	-	-	-	-	-	-	(25,000)	-	(25,000)
Common stock issued for reverse stock split	-	-	-	-	355,906	356	(356)	-	-	-
Common stock issued for services	-	-	-	-	10,396,572	10,397	4,969,562	-	-	4,979,959
Adjustments to derivative liability due to debt conversions	-	-	-	-	-	-	283,209	-	-	283,209
Net loss	-	-	-	-	-	-	-	-	(9,997,045)	(9,997,045)
Balance, March 31, 2020	<u>-</u>	<u>\$ -</u>	<u>1,000,000</u>	<u>\$ 1,000</u>	<u>12,862,957</u>	<u>\$ 12,863</u>	<u>\$ 12,840,297</u>	<u>\$ 341,294</u>	<u>\$ (23,151,811)</u>	<u>\$ (9,956,357)</u>
Common stock issued for services	-	-	-	-	2,860,000	2,860	790,790	-	-	793,650
Net loss	-	-	-	-	-	-	-	-	(2,470,034)	(2,470,034)
Balance, June 30, 2020	<u>-</u>	<u>\$ -</u>	<u>1,000,000</u>	<u>\$ 1,000</u>	<u>15,722,957</u>	<u>\$ 15,723</u>	<u>\$ 13,631,087</u>	<u>\$ 341,294</u>	<u>\$ (25,621,845)</u>	<u>\$ (11,632,741)</u>

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

ISW HOLDINGS, INC.
STATEMENTS OF CASH FLOWS
(Unaudited)

	For the Six Months Ended June 30,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ 6,406,893	\$ (12,467,079)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	17,790	1,542
Loss on shares issued to settle penalties on convertible debt	-	492,084
Gain on extinguishment of debt	(286,693)	-
Loss on shares issued to settle subscriptions payable and notes payable	9,709,215	-
Amortization of debt discounts	88,555	1,869,715
Settlement loss	186,700	-
Loss on conversion of notes payable	-	151,074
Loss on extinguishment of convertible debt	-	197,954
Change in derivative liabilities	(17,964,267)	3,654,092
Derivative in excess of principal amount of notes	-	29,551
Stock based compensation	-	5,773,609
Change in assets and liabilities:		
Due from PHH	(70,133)	-
Inventory	-	49
Prepaid expenses and other current assets	8,981	-
Other assets	(171,936)	-
Accounts payable	(86,507)	62,983
Accrued expenses	309,200	109,836
Settlement liability	3,000	3,000
Net cash used in operating activities	<u>(1,849,202)</u>	<u>(121,590)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	<u>(2,273,919)</u>	<u>-</u>
Net cash used in investing activities	<u>(2,273,919)</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of related party loan	(15,693)	(321)
Proceeds from convertible notes payable	7,532,500	115,000
Repayment of convertible notes payable	(1,235,000)	-
Proceeds from sale of preferred stock	50,000	-
Capital contribution by shareholder	49,975	-
Proceeds from the sale of common stock and subscriptions payable	(12,000)	-
Net cash provided by financing activities	<u>6,369,782</u>	<u>114,679</u>
NET CHANGE IN CASH	2,246,661	(6,911)
CASH AT BEGINNING OF PERIOD	<u>86,154</u>	<u>13,715</u>
CASH AT END OF PERIOD	<u><u>\$ 2,332,815</u></u>	<u><u>\$ 6,804</u></u>
SUPPLEMENTAL INFORMATION:		
Interest paid	<u>\$ -</u>	<u>\$ -</u>
Income taxes paid	<u>\$ -</u>	<u>\$ -</u>
NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Reclassification of subscription payable to debt	<u>\$ -</u>	<u>\$ 25,000</u>
Expenses paid by officer	<u>\$ 9,500</u>	<u>\$ -</u>
Common shares issued for conversion of debt and accrued interest	<u>\$ 44,745</u>	<u>\$ 673,793</u>
Beneficial conversion feature on convertible notes payable	<u>\$ 56,500</u>	<u>\$ -</u>
Debt discounts related to derivative liability at issuance	<u>\$ -</u>	<u>\$ 1,790,000</u>

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

ISW Holdings, Inc.
Notes to Financial Statements
(Unaudited)

Note 1 – Basis of Presentation and Significant Accounting Policies

Business

International Spirit & Beverage Group, Inc. (“ISBG”) was formed under the laws of the State of Texas on September 12, 2014. In March 2015, ISBG merged with and into FIMA, Inc., a Nevada corporation, with FIMA, Inc. being the surviving entity. FIMA, Inc. then changed its corporate name to International Spirit and Beverage Group, Inc., and remains a Nevada corporation. On June 18, 2019, the Company changed its name to International Spirits & Wellness Holdings, Inc. (“ISWH” or “the Company”). On March 18, 2020 the Company changed its name to ISW Holdings, Inc. (“ISW” or the Company”). The Company provides management services in connection with its agreement with a home healthcare service provider, sells cannabinoid products to customers, and develops premium liquor beverages for distribution. During the three months ended June 30, 2021, the Company began providing hosting and mining services for cryptocurrency mining operations.

Basis of Presentation

The accompanying unaudited financial statements of the Company have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 8 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In our opinion, the financial statements include all adjustments (consisting of normal recurring accruals) necessary in order to make the condensed financial statements not misleading. Operating results for the three and six months ended June 30, 2021 are not necessarily indicative of the final results that may be expected for the year ended December 31, 2021. For more complete financial information, these unaudited financial statements should be read in conjunction with the unaudited consolidated financial statements for the year ended December 31, 2020. Notes to the financial statements which would substantially duplicate the disclosures contained in the annual financial statements for the most recent fiscal period have been omitted.

Inventories

Inventories are stated at the lower of cost or net realizable value, using the first-in, first-out convention. Inventories consist of raw materials and finished goods as follows:

	June 30, 2021	December 31, 2020
Raw materials and supplies	\$ 34,624	\$ 34,624
Finished goods	2,400	2,400
Total inventory	<u>\$ 37,024</u>	<u>\$ 37,024</u>

Property and equipment

Property and equipment are valued at cost. Additions are capitalized and maintenance and repairs are charged to expense as incurred. Gains and losses on dispositions of equipment are reflected in operations. Depreciation is provided using the straight-line method over the estimated useful lives of the assets.

Intangible assets – cryptocurrency

There is currently no specific guidance under GAAP or alternative accounting framework for the accounting for cryptocurrencies recognized as revenue or held, and management has exercised significant judgment in determining the appropriate accounting treatment. In the event authoritative guidance is enacted by the FASB, the Company may be required to change its policies, which could have an effect on the Company’s consolidated financial position and results from operations.

Cryptocurrencies held are accounted for as an indefinite-lived intangible asset under ASC 350, *Intangible – Goodwill and Other*. An intangible asset with an indefinite useful life is not amortized but assessed for impairment annually, or more frequently, when events or changes in circumstances occur indicating that it is more likely than

not that the indefinite-lived asset is impaired. Impairment exists when the carrying amount exceeds its fair value, which is measured using the quoted price of the cryptocurrency at the time its fair value is being measured. In testing for impairment, the Company has the option to first perform a qualitative assessment to determine whether it is more likely than not that an impairment exists. If it is determined that it is not more likely than not that an impairment exists, a quantitative impairment test is not necessary. If the Company concludes otherwise, it is required to perform a quantitative impairment test. To the extent an impairment loss is recognized, the loss establishes the new cost basis of the asset. Subsequent reversal of impairment losses is not permitted.

Basic and Diluted Loss Per Share

The basic net loss per common share is computed by dividing the net loss by the weighted average number of common shares outstanding. Diluted net loss per common share is computed by dividing the net loss adjusted on an “as if converted” basis, by the weighted average number of common shares outstanding plus potential dilutive securities. For the three and six months ended June 30, 2021, diluted net loss included 735,732 weighted average shares to reflect the conversion of outstanding convertible debt outstanding at June 30, 2021, and excluded the impact of interest expense and losses on convertible debt and the change in fair value of derivative liabilities assuming the instruments converted at the beginning of the period. For all other periods presented, potential dilutive securities, such as the convertible debt for which a variable number of shares may be issued upon conversion, that had an anti-dilutive effect were not included in the calculation of diluted net loss per common share.

Revenue Recognition

The Company recognizes revenue in accordance with ASC Topic 606, Revenue From Contracts With Customers. Revenues are recognized when control of the promised goods or services is transferred to the customer in an amount that reflects the consideration the Company expects to be entitled to in exchange for transferring those goods or services. Revenue is recognized based on the following five step model:

- Identification of the contract with a customer
- Identification of the performance obligations in the contract
- Determination of the transaction price
- Allocation of the transaction price to the performance obligations in the contract
- Recognition of revenue when, or as, the Company satisfies a performance obligation

Disaggregated revenue data is presented in Note 13.

Performance Obligations

Revenue is recognized all of the following criteria are satisfied: (i) a contract with an end user exists which has commercial substance; (ii) it is probable the Company will collect the amount charged to the end user; and (iii) the Company has completed its performance obligation whereby the end user has obtained control of the product. A contract with commercial substance exists once the Company receives and accepts a purchase order or once it enters into a contract with an end user. If collectability is not probable, the sale is deferred and not recognized until collection is probable or payment is received. For product sales, control of products typically transfers when title and risk of ownership of the product has transferred to the customer. Payment is received before shipment of the product. Net revenues comprise gross revenues less customer discounts and allowances, actual and expected returns. Shipping charges billed to customers are included in net sales. Various taxes on the sale of products and enrollment packages to customers are collected by the Company as an agent and remitted to the respective taxing authority. These taxes are presented on a net basis and recorded as a liability until remitted to the respective taxing authority. For service revenue, control transfers to the customer as services are provided, and revenues are recognized once the home health service has been provided.

Contract Costs

Costs incurred to obtain a customer contract are not material to the Company. The Company elected to apply the practical expedient to not capitalize contract costs to obtain contracts with a duration of one year or less, which are expensed and included within cost of goods and services.

Contract Liabilities

The Company may at times receive payment by credit card at the time customer places an order. Amounts received for undelivered product are considered a contract liability and are recorded as deferred revenue. As of June 30, 2021 and December 31, 2020, the Company had deferred revenue of \$60,000, respectively, related to unsatisfied performance obligations. These performance obligations are expected to be satisfied during the next twelve months.

Advertising and Promotion

All costs associated with advertising and promoting products are expensed as incurred. These expenses were \$213,704 and \$18,081 for the three months ended June 30, 2021 and 2020, respectively, and \$526,475 and \$37,606 for the six months ended June 30, 2021 and 2020, respectively.

Recent Accounting Pronouncements

In preparing the financial statements, management considered all new pronouncements through the date of the report.

No new accounting pronouncements, issued or effective during the six months ended June 30, 2021 have had or are expected to have a significant impact on the Company's financial statements.

Note 2 – Going Concern

As shown in the accompanying financial statements, the Company has insufficient cash on hand, a working capital deficit of \$6,784,233 and incurred net losses from operations resulting in an accumulated deficit of \$33,355,324, and used \$1,849,202 of cash from operations during the six months ended June 30, 2021. These factors raise substantial doubt about the Company's ability to continue as a going concern. The Company is currently seeking additional sources of capital to fund short term operations. The Company, however, is dependent upon its ability to secure equity and/or debt financing and there are no assurances that the Company will be successful; therefore, without sufficient financing it would be unlikely for the Company to continue as a going concern.

The financial statements do not include any adjustments that might result from the outcome of any uncertainty as to the Company's ability to continue as a going concern. The financial statements also do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or amounts and classifications of liabilities that might be necessary should the Company be unable to continue as a going concern.

Note 3 – Related Parties

Settlement Agreement

In April of 2017, the Company entered into a settlement agreement with regard to disputed compensation owed to a former employee. Pursuant to the settlement agreement, the Company is to pay a total of \$72,000 over eight (8) monthly payments of \$9,000 commencing on April 28, 2017. The Company President made a payment of \$9,000 on April 27, 2017. The late fee penalties and settlement liability are included in Settlement Liability on the balance sheet as of June 30, 2021.

Note 4 – Long-Lived Assets

Property and equipment

Property and equipment, net consist of the following:

	June 30, 2021	December 31, 2020
Cryptocurrency mining equipment, 3 year useful life	\$ 2,273,920	\$ -
Furniture and Equipment, 5 year useful life	17,780	17,780
Less accumulated depreciation	(30,807)	(13,016)
Total property and equipment, net	<u>\$ 2,260,893</u>	<u>\$ 4,764</u>

Depreciation expense was \$17,359 and \$653 for the three months ended June 30, 2021 and 2020, respectively. Depreciation expense was \$17,791 and \$1,749 for the six months ended June 30, 2021 and 2020, respectively.

During the six months ended June 30, 2021, the Company paid a total of \$2,273,920 for cryptocurrency mining equipment to pursue its new line of business proving mining and hosting services, primarily from BIT5IVE LLC. The equipment has an estimated useful life of 3 years and was placed in service

In February 2021, the Company entered into a supply agreement with BIT5IVE LLC, an entity whose CEO holds common shares of the Company as a result of the exercise of a stock option awarded to the CEO by the Company during the year ended December 31, 2020. The Company agreed to pay a fixed monthly payment of \$42,984 under the agreement for the purchase of a minimum electric energy of 1.2 megawatts to supply its cryptocurrency mining equipment and hosting services. Any energy used by the Company in excess of the minimum amount will be billed at additional rates. The agreement has a one year term, with successive one year periods automatically renewing unless notice is provided by either party 60 days prior to the expiration of the initial term. During the three months ended March 31, 2021, the Company paid a total of \$128,952, with \$85,968 representing a security deposit on the agreement, and \$42,984 recorded as technology development costs. During the three months ended June 30, 2021, the Company paid \$270,920 for energy and hosting costs under the arrangement.

Intangible assets – cryptocurrency

As part of the mining services performed through the Company's pods and mining equipment purchased, the Company earns rewards in bitcoin through a service provider. During the three months ended June 30, 2021, the Company earned a total of approximately 0.57 bitcoin, which had a value in aggregate of \$19,973 based on the prevailing marketing price on the date each coin was earned by the Company. These crypto currency assets are reflected as intangible assets on the Company's balance sheet.

There is currently no specific guidance under GAAP or alternative accounting framework for the accounting for cryptocurrencies recognized as revenue or held, and management has exercised significant judgment in determining the appropriate accounting treatment. In the event authoritative guidance is enacted by the FASB, the Company may be required to change its policies, which could have an effect on the Company's consolidated financial position and results from operations.

Cryptocurrencies held are accounted for as an indefinite-lived intangible asset under ASC 350, *Intangible – Goodwill and Other*. An intangible asset with an indefinite useful life is not amortized but assessed for impairment annually, or more frequently, when events or changes in circumstances occur indicating that it is more likely than not that the indefinite-lived asset is impaired. Impairment exists when the carrying amount exceeds its fair value, which is measured using the quoted price of the cryptocurrency at the time its fair value is being measured. In testing for impairment, the Company has the option to first perform a qualitative assessment to determine whether it is more likely than not that an impairment exists. If it is determined that it is not more likely than not that an impairment exists, a quantitative impairment test is not necessary. If the Company concludes otherwise, it is required to perform a quantitative impairment test. To the extent an impairment loss is recognized, the loss establishes the new cost basis of the asset. Subsequent reversal of impairment losses is not permitted.

Note 5 – Fair Value of Financial Instruments

Under FASB ASC 820-10-5, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). The standard outlines a valuation framework and creates a fair value hierarchy in order to increase the consistency and comparability of fair value measurements and the related disclosures. Under GAAP, certain assets and liabilities must be measured at fair value, and FASB ASC 820-10-50 details the disclosures that are required for items measured at fair value.

The Company has certain financial instruments that must be measured under the new fair value standard. The Company's financial assets and liabilities are measured using inputs from the three levels of the fair value hierarchy. The three levels are as follows:

Level 1 - Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.

Level 2 - Inputs include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability (e.g., interest rates, yield curves, etc.), and inputs that are derived principally from or corroborated by observable market data by correlation or other means (market corroborated inputs).

Level 3 - Unobservable inputs that reflect our assumptions about the assumptions that market participants would use in pricing the asset or liability.

The following schedule summarizes the valuation of financial instruments at fair value on a recurring basis in the balance sheets as of June 30, 2021 and December 31, 2020, respectively:

Fair Value Measurements at June 30, 2021			
	Level 1	Level 2	Level 3
Assets			
Cash	\$ 2,332,815	\$ -	\$ -
Total assets	2,332,815	-	-
Liabilities			
Convertible note payable, net of discounts	-	7,506,500	-
Due to related party	-	2,307	-
Derivative liability	-		727,327
Total liabilities	-	7,508,807	727,327
	\$ 2,332,815	\$ (7,508,807)	\$ (727,327)

Fair Value Measurements at December 31, 2020			
	Level 1	Level 2	Level 3
Assets			
Cash	\$ 86,154	\$ -	\$ -
Total assets	86,154	-	-
Liabilities			
Convertible note payable, net of discounts	-	2,159,979	-
Due to related party	-	8,500	-
Derivative liability	-	-	18,691,594
Total liabilities	-	(2,168,479)	(18,691,594)
	\$ 86,154	\$ (2,168,479)	\$ (18,691,594)

The fair values of our related party debts are deemed to approximate book value and are considered Level 2 inputs as defined by ASC Topic 820-10-35.

There were no transfers of financial assets or liabilities between Level 1, Level 2 and Level 3 inputs for the six months ended June 30, 2021.

Note 6 – Convertible Notes Payable: (Dash [-] in left column indicates note completely paid off)

Convertible notes payable consists of the following at June 30, 2021 and December 31, 2020, respectively:

June 30,	December
2021	31,
	2020

On October 27, 2017, we entered into a Convertible Debenture with an individual investor ("Seventh Goodkin Note"). The Note bears interest at 10%, with a maturity date of Oct. 27, 2018, is convertible at \$0.50 per share. This note is in default.	\$ 10,000	\$ 10,000
On September 20, 2017, we entered into a Convertible Debenture with an individual investor ("First Graham Note"). The Note bears interest at 10%, with a maturity date of September 20, 2019, is convertible at 60% of the closing traded price at time of Notice of Conversion, or \$5, whichever is greater. The interest rate increases to 18% on default. This note is in default.	\$ 2,400	2,400
On April 29, 2017, we entered into a Convertible Debenture with Christopher Babinski ("First Babinski Note"). The Note bears interest at 10%, with a maturity date of April 29, 2018, and is convertible at the greater of a) 50% of the current trading bid price at time of Notice of Conversion or at a maximum of \$12,750 (one cent) per share. The Note has an 18% Default Rate and is owed 2,000,000 shares in the event of prepayment. This note is in default.	\$ 15,000	15,000
On May 22, 2015, we entered into a Convertible Debenture with Ray Ciarello ("First Ciarello Note"). The Note bears interest at 8%, with a maturity date of May 22, 2016, and is convertible at the lesser of a) \$12,750 or b) 50% of the lowest market value over the 25 trading days preceding the conversion notice. The note is currently in default.	\$ 2,500	2,500
The company has several notes that are in default which are convertible at 50% of the lowest per share market value over the fifteen (15) trading days immediately preceding the conversion notice.	\$ 30,500	38,000
The company has several notes that are in default. These notes are convertible at 50% of the lowest per share market value over the twenty (20) trading days immediately preceding the conversion notice.	\$ 15,000	15,000
The company has several notes that are in default that are convertible at 50% of the lowest traded price over the 10 trading days preceding the conversion notice	\$41,636	41,636
On November 2, 2018, the Company entered into a convertible note payable with GPL Ventures for proceeds of up to \$300,000 (the "Fourth GPL Note"), bearing interest at 10%. In March 2020, this agreement was amended to adjust the conversion price to the lesser of \$0.05 or 50% of the lowest traded price over the twenty (20) trading days immediately preceding the conversion. The convertible note was settled in full during the six months ended June 30, 2021, described below.	\$ -	300,000
The company has several notes that are in default and are convertible at the greater of a) \$127.5 or b) 50% of the lowest bid price over the ten (10) trading days immediately preceding the conversion notice or the closing bid price on the date immediately preceding the notice.	\$ 14,500	35,500

The company has several notes that are in default and are convertible at the lesser of a) \$12,750 or b) 50% of the closing bid price on the date immediately preceding the conversion notice..	\$ 30,750	30,750
The company has various convertible notes that are in default. These notes are convertible at the lesser of a) \$12,750 or b) 50% of the lowest bid price over the fifteen (15) trading days immediately preceding the conversion notice.	\$ 63,443	313,443
The company has several notes that are in default as of December 31, 2019. These notes are convertible at the lesser of a) \$12,750 or b) 60% of the current bid price at time of notice, but not less than \$1,275 per share or more than \$12,750 per share.	\$ 70,750	70,750
On January 18, 2019, we entered into a Convertible Debenture with GPL Ventures, LLC ("Fifth GPL Note"). The Note bears interest at 10%, with a maturity date of January 18, 2020. In March 2020, this agreement was amended to adjust the conversion price to the lesser of \$0.05 or 50% of the lowest traded price over the twenty (20) trading days immediately preceding the conversion. The convertible note was settled in full during the six months ended June 30, 2021, described below.	\$ -	200,000
On February 6, 2019, we entered into a Convertible Debenture with GPL Ventures, LLC ("Sixth GPL Note"). The Note bears interest at 10%, with a maturity date of February 6, 2020. In March 2020, this agreement was amended to adjust the conversion price to the lesser of \$0.05 or 50% of the lowest traded price over the twenty (20) trading days immediately preceding the conversion. The convertible note was settled in full during the six months ended June 30, 2021, described below.	\$ -	500,000
On June 11, 2019, we entered into a Convertible Debenture with GPL Ventures, LLC ("Seventh GPL Note"). The Note bears interest at 10%, with a maturity date of June 11, 2020. In March 2020, this agreement was amended to adjust the conversion price to the lesser of \$0.05 or 50% of the lowest traded price over the twenty (20) trading days immediately preceding the conversion, and to allow the conversion price to be adjusted for the reverse stock split. The convertible note was settled in full during the six months ended June 30, 2021, described below.	\$ -	585,000
On November 16, 2020, we entered into a Convertible Debenture with GPL Ventures, LLC ("Eighth GPL Note") for up to \$80,000 in proceeds. The Note bears interest at 10%, with a maturity date of November 16, 2021, and is convertible at the lesser of a) \$0.0001 or b) 50% of the lowest traded price over the twenty (20) trading days immediately preceding the conversion notice. The convertible note was settled in full during the six months ended June 30, 2021, described below.	\$ -	80,000
On December 3, 2020, we entered into a Convertible Debenture with GPL Ventures, LLC ("Ninth GPL Note") for up to \$50,000 in proceeds. The Note bears interest at 10%, with a maturity date of December 3, 2021, and is convertible at the lesser of a) \$0.0001 or b) 50% of the lowest traded price over the twenty (20) trading days immediately preceding the conversion notice. The convertible note was settled in full during the six months ended June 30, 2021, described below.	\$ -	50,000
The Company entered into four convertible promissory notes with RB Capital Partners in February 2021 that mature in February 2022 and bear interest at 5%. These notes are convertible beginning six months from issuance with a price fixed at \$1.50, which shall not be adjusted for stock splits.	\$3,000,000	-

The Company entered into two convertible promissory notes with RB Capital Partners in March 2021 that mature in March 2022 and bear interest at 5%. These notes are convertible beginning six months from issuance with a price fixed at \$1.50, which shall not be adjusted for stock splits.	\$1,500,000	-
The Company entered into two convertible promissory notes with RB Capital Partners in April 2021 that mature in April 2022 and bear interest at 5%. These notes are convertible beginning six months from issuance with a price fixed at \$1.50, which shall not be adjusted for stock splits.	\$750,000	-
The Company entered into a convertible promissory note with RB Capital Partners in May 2021 that matures in May 2022 and bear interest at 5%. These notes are convertible beginning six months from issuance with a price fixed at \$1.50, which shall not be adjusted for stock splits.	\$700,000	-
The Company entered into a convertible promissory note with RB Capital Partners in June 2021 that matures in June 2022 and bear interest at 5%. This note is convertible beginning six months from issuance with a price fixed at \$1.50, which shall not be adjusted for stock splits.	\$1,500,000	-
On January 25, 2021, RB Capital Partners assumed an outstanding subscription payable of \$7,500. As part of the transaction, the Company entered into a note payable with RB Capital Partners for \$15,000 in principal, with a fixed conversion price of \$0.002, which shall not be adjusted for stock splits. The Note bears interest at 10%, and is currently due.	\$ 15,000	-
In February 2021, RB Capital Partners assumed two outstanding subscriptions receivable with principal of \$26,500 in a private transaction. As part of the transaction, the agreement was amended to add a fixed conversion price at \$0.005, which shall not be adjusted for stock splits. The Note bears interest at 10%, and is currently due.	\$ 26,500	-
In April 2021, RB Capital Partners assumed two convertible notes with variable exercise prices in private transactions. The Company entered into a new note agreement with RB Capital Partners, with a fixed conversion price of \$0.004 per share, which shall not be adjusted for stock splits. The Note bears interest at 10%, and is currently due.	\$ 15,000	-
Debt in default	296,479	2,159,979
Debt not in default	<u>7,506,500</u>	<u>130,000</u>
Total convertible notes payable	7,802,979	2,289,979
Less: unamortized debt discounts	<u>-</u>	<u>(57,022)</u>
Convertible notes payable, net of discounts	<u>\$7,802,979</u>	<u>\$2,232,957</u>

In connection with the assumption transactions with RB Capital Partners noted above, the Company issued a total of 15,320,000 shares of common stock to RB Capital Partners, and recognized a loss of \$9,709,215 on the transactions. The Company also recognized a beneficial conversion feature on the new agreements of \$56,500 representing the intrinsic value of the embedded conversion option at the time of the transaction.

On March 12, 2021, the Company and a lender agreed to a settlement of a convertible note payable and accrued interest of \$363,000 in exchange for cash payment of \$225,000. The Company recognized a gain on extinguishment of debt of \$139,813 related to this transaction,

On March 31, 2021, the Company and GPL entered into a settlement agreement, whereby GPL will execute a conversion of certain debt into 2,000,000 shares of common stock. The Company paid a total of \$1,000,000 in cash in settlement of all outstanding GPL notes payable, accrued interest and accrued penalties, and issued 2,000,000 shares of common stock to GPL. The Company accounted for this an extinguishment of debt, and recognized a gain of \$117,385 as a result of the transaction.

In May 2021, the Company paid \$10,000 to settle in full a convertible note with outstanding principal and accrued interest of \$39,495 and recognized a gain on debt extinguishment of \$29,495.

During the six months ended June 30, 2021, the Company agreed to issue 1,000,000 shares in settlement of convertible notes with principal of \$30,800 and related accrued interest. To date, not shares have been issued under this arrangement and the principal remains outstanding.

In accordance with ASC 815-15, the Company determined that the variable conversion feature and shares to be issued represented embedded derivative features, and these are shown as derivative liabilities on the balance sheet. The Company calculated the fair value of the compound embedded derivatives associated with the convertible debentures utilizing a lattice model, and in accordance with ASC 470-20 Debt with Conversion and Other Options, the Company recorded debt discount for the variable conversion features of the convertible debts. The discounts are being amortized to interest expense over the term of the debentures using the effective interest method.

The shares of common stock issuable upon conversion of the Notes listed above will be restricted securities as defined in Rule 144 promulgated under the Securities Act of 1933. The terms of each convertible note placed a “maximum share amount” on the note holder that can be owned as a result of the conversions to common stock by the note holder of 4.99% of the issued and outstanding shares of the Company. The GPL Ventures convertible notes allow for a note holder to own a maximum of 9.99% of the issued and outstanding shares of the Company.

The Company recognized interest expense for the three months ended June 30, 2021 and 2020, respectively, as follows:

	June 30, 2021	June 30, 2020
Interest on convertible notes	\$ 121,052	\$ 53,509
Initial derivative liability in excess of principal of note	-	-
Amortization of debt discounts	56,500	412,048
Total interest expense	<u>\$ 177,552</u>	<u>\$ 465,557</u>

The Company recognized interest expense for the six months ended June 30, 2021 and 2020, respectively, as follows:

	June 30, 2021	June 30, 2020
Interest on convertible notes	\$ 332,277	\$ 109,836
Initial derivative liability in excess of principal of note	-	29,551
Amortization of debt discounts	88,555	1,869,715
Total interest expense	<u>\$ 420,832</u>	<u>\$ 2,009,102</u>

Note 7 – Due to Related Party

Due to Related Party consists of the following at June 30, 2021 and December 31, 2020, respectively:

June 30, December 31,

	2021	2020
On April 27, 2017, the Company received a non-cash, unsecured, loan of \$9,000 from the Company's officer via a personal settlement payment on the Company's behalf. The non-interest-bearing loan is due on demand. From time to time, advances are made and repaid by the officer.	\$ 2,307	\$ 8,500

Note 8 – Derivative Liabilities

As discussed in Note 6 under Convertible Notes Payable, the Company issued debts that consist of the issuance of convertible notes with variable conversion provisions. The conversion terms of many of the convertible notes are variable based on certain factors, such as the future price of the Company's common stock. The number of shares of common stock to be issued is based on the future price of the Company's common stock and is indeterminate. Due to the fact that the number of shares of common stock issuable could exceed the Company's authorized share limit, the equity environment is tainted and all additional convertible debentures and warrants are included in the value of the derivative. Pursuant to ASC 815-15 Embedded Derivatives, the fair values of the variable conversion option and warrants and shares to be issued were recorded as derivative liabilities on the issuance date.

The fair values of the Company's derivative liabilities were estimated at the issuance date and are revalued at each subsequent reporting date, using a lattice model. The gains and losses have been reported within other expense in the statements of operations.

The following is a summary of changes in the fair market value of the derivative liability during the six months ended June 30, 2021, respectively:

	<u>Derivative Liability Total</u>
Balance, December 31, 2020	\$ 18,691,594
Increase due to issuances of convertible notes payable	-
Change in fair market value of derivative liabilities	(4,653,937)
Debt conversions, payments, and forgiveness	(13,310,330)
Balance, June 30, 2021	<u>\$ 727,327</u>

Key inputs and assumptions used to value the convertible debentures outstanding during the period ended June 30, 2021:

- Stock price of \$0.67.
- Expected Term of 1 year
- Estimated volatility of 311-325%
- Risk-free rate of 0.05-0.07%

Note 9 – Changes in Stockholders' Equity (Deficit)

Stock Split and Amendment to Articles of Incorporation

On September 6, 2016, the Company amended its Articles of Incorporation to change the Par Value of its Common and Preferred Stock from \$0.00001 to \$0.001 per share, and amend its authorized capital stock to consist of (i) 480 million shares of common stock, \$0.001 par value, and (ii) 20 million shares of preferred stock, \$0.001 par value, designated as Series A and Series E preferred stock.⁵

On September 12, 2017, a reverse stock split of 1:255 of common stock became effective. All disclosures, herein, have been restated to present the adjusted effects of the stock split.

On October 1, 2019, the Company amended its Articles of Incorporation to increase the number of shares of preferred stock authorized to 50,000,000.

On February 6, 2020, the Company amended its Articles of Incorporation to decrease the number of shares of preferred stock authorized to 20,000,000.

On February 6, 2020, a reverse stock split of 1:5,000 of common stock became effective. All disclosures herein have been restated to present the adjusted effects of the stock split.

On October 23, 2020, the Company amended its Articles of Incorporation to decrease the number of shares of common stock authorized to 60,000,000.

On April 8, 2021, the Company amended its Articles of Incorporation to increase the number of shares of common stock authorized to 200,000,000.

Series B Convertible Preferred Stock

On December 10, 2020, The Company designated 10,000,000 Shares of Series B Convertible Preferred Stock, with a par value of \$0.001 per share. Each share of Series B Convertible Preferred Stock is convertible into 3 shares of common stock after being held for one year, and contains a limitation where the holder can convert a maximum of 12.5% of the original Series B issuance shares in any given quarter. In December 31, 2020, the Company received \$100,000 towards a total subscription of \$150,000 for 1,400,000 shares of the Series B Convertible Preferred Stock. The remaining \$50,000 was received in January 2021, and the Series B shares were issued on February 25, 2021.

Series A & E Preferred Stock

Pursuant to an amendment to the Company's Articles of Incorporation on September 6, 2017, the Company has 20,000,000 authorized shares of Preferred Stock, of which 1,000,000 shares of \$0.001 par value Series E Preferred Stock ("Series E") have been designated and issued. The Series E ranks subordinate and junior to all of the Corporation's common stock, carries no dividends, has no liquidation participation rights and are not redeemable. The collective outstanding shares of Series E Preferred Stock are entitled to twice the number of votes of all outstanding shares of capital stock such that the holders of outstanding shares of Series E shares shall always constitute sixty-six and two thirds (66 2/3rds) of the voting rights of the Corporation. The holders of shares of Common Stock and Series E Preferred Stock shall vote together and not as separate classes. On June 21, 2018, the amended its Articles of Incorporation with the State of Nevada to reduce the total number of shares of common stock authorized to 200,000,000 and the total number of shares of preferred stock authorized to 20,000,000. On October 1, 2019, the Company amended its Articles of Incorporation to increase the number of shares of preferred stock authorized to 50,000,000.

On March 6, 2015, the Company issued 1,000,000 shares of Series E Preferred Stock to Alonzo Pierce, the Company's President and Chairman of the Board for services provided.

Common Stock

On April 8, 2021, the Company amended its Articles of Incorporation to increase the authorized shares to 200,000,000. At June 30, 2021, pursuant to the Company's Articles of Incorporation on September 6, 2016, the Company had 200,000,000 authorized shares of \$0.001 par value Common Stock.

During the three months ended March 31, 2021, 5,489,286 shares issued in fiscal year 2020 were cancelled for no consideration. Additionally, 5,000,000 shares that were issued in FY 2020 pursuant to a stock option exercise were cancelled for no consideration.

During the six months, 2021, the Company paid \$1,000,000 of cash and issued 2,000,000 shares of common stock to GPL pursuant to the settlement agreement described above.

During the three months ended June 30, 2021, the Company issued 5,500,000 shares of common stock to a debt holder related to amendments on outstanding convertible notes that the lender had assumed to have a fixed conversion price. The Company recognized a loss of \$2,898,415 in connection with these issuances.

Common Stock Issuances for Debt Conversions

During the three months ended March 31, 2021, the Company issued 1,750,000 shares of common stock pursuant to the conversion of \$44,745 of accrued interest and penalties. No gain or loss was recognized on these conversions.

Common Stock Subscribed

As of December 31, 2020, the Company had an aggregate of subscriptions payable of \$348,794 for 62,821 shares of common stock to be issued. During the three months ended March 31, 2021, the Company repaid an investor \$12,000 related to their original subscription. Additionally, a note payable holder purchased \$34,000 of the subscriptions payable in a private transaction. The note payable holder then cancelled the notes in exchange for a total of 9,820,000 shares of common stock. The Company recognized a loss of \$6,810,800 on these transactions based on the fair value of the common shares issued to the note holder. As of June 30, 2021, the balance of subscriptions payable was \$302,794 for 62,404 shares of common stock.

Note 10 – Commitments and Contingencies

Legal Proceedings

The Company may be subject to legal proceedings and claims arising from contracts or other matters from time to time in the ordinary course of business. Management is not aware of any pending or threatened litigation where the ultimate disposition or resolution could have a material adverse effect on its financial position, results of operations or liquidity.

Settlement Agreement

In April of 2017, the Company entered into a settlement agreement with regard to disputed compensation owed to a former employee. Pursuant to the settlement agreement, the Company is to pay a total of \$72,000 over eight monthly payments of \$9,000 commencing on April 28, 2017. The Company incurs late fees of \$500 per month if payments are not made. Subsequent to June 0, 2021, the Company agreed to a settlement with the third party, whereby the Company agreed to pay \$100,000 in cash and issue 200,000 shares of stock that had a fair value of \$174,200. As of June 30, 2021, the Company increase the reserve related to this settlement amount and recognized a loss of \$186,700.

Note 11 – Paradigm Home Health Agreement

In January 2018, the Company entered into an agreement with Paradigm Home Health (“PHH”) whereby the Company would assist PHH in the management of its services (the “PHH Agreement”). During the three months ended March 31, 2021, the Company recognized income and costs, including profit sharing, of \$286,925 and \$269,649. During the three months ended June 30, 2021, the Company recognized income and costs, including profit sharing, of \$341,145 and \$333,254. The income amounts described above represent income of PHH and costs of providing the services by PHH. Prior to December 31, 2020, the Company share profits equally, and during the three months ended March 31, 2021, the agreement was amended to allow for the Company to receive 70% of net income. At June 30, 2021, the Company has recorded a receivable due from PHH in the amount of \$70,133 for the amount due under the profit sharing agreement. This amount is included within Accounts Payable on the Company’s balance sheet.

Note 12 – Technology Development

On June 6, 2018, the Company entered into an agreement with Bengala Technologies, LLC, a blockchain consulting and developing company (the “Blockchain Software Development Agreement”) to co-develop and market a blockchain-based platform to streamline industry related business services and logistics. The development of the platform is in its preliminary stages. During the six months ended June 30, 2021 and 2020, the Company made cash payments in the amount of \$45,284 and \$134,370, respectively related to technology development. Bengala Technologies also received 357,143 shares of common stock with a fair value of \$171,072 during the three months ended March 31, 2020.

Note 13 – Segment Information and Disaggregated Revenue

The Company operates through three primary revenue streams: alcoholic beverage sales, management services and cannabinoid product sales. Each line of business has unique product, suppliers and focuses on different end markets within its industry based on prevailing economic conditions. For segment reporting purposes each line of business was determined to constitute a reportable segment.

The Chief Executive Officer is the Chief Operating Decision Maker. The Chief Operating Decision Maker reviews operating results in order to make decisions, assess performance and allocate resources to each line of business. In

order to maintain the focus on line of business performance, certain expenses are excluded from the line of business results utilized by the Company's Chief Operating Decision Maker in evaluating line of business performance. These expenses include depreciation and amortization, selling, general and administrative expense and corporate items including interest and income tax expense. These items are separately delineated to reconcile to reported net loss. There were no intersegment revenues.

Certain assets are aggregated at the line of business level. The assets attributable to the Company's lines of business, that are reviewed by the Chief Operating Decision Maker, consist of trade accounts receivable and inventories, The Company's property and equipment, are generally not allocated to a line of business and are included in unallocated assets.

Summarized financial information relating to the Company's lines of business is as follows:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2021	2020	2021	2020
Revenue - Alcoholic Beverages	\$ -	\$ -	\$ -	\$ -
Revenue - Management Services	7,891	46,310	25,167	65,969
Revenue - Cannabinoid Products	-	120	-	120
Revenue - Cryptocurrency	19,973		19,973	
Total Revenue	<u>27,864</u>	<u>46,430</u>	<u>45,140</u>	<u>66,089</u>
Gross Profit (loss) - Alcoholic Beverages	-	-	-	-
Gross Profit (loss) - Management Services	7,891	46,310	25,167	65,969
Gross Profit (loss) - Cannabinoid Products	-	71	-	71
Gross Profit (loss) - Cryptocurrency	(250,947)		(250,947)	-
Gross profit	<u>(243,056)</u>	<u>46,381</u>	<u>(225,780)</u>	<u>66,040</u>
Operating expenses:				
Less: Operating expenses	(493,475)	(883,319)	(1,301,540)	(6,028,813)
Less: Interest expense, net	(177,552)	(465,557)	(420,832)	(2,009,102)
Less: Other income (expense), net	17,691,052	(1,167,539)	8,355,045	(4,495,204)
Net Loss	<u>\$ 16,776,969</u>	<u>\$ (2,470,034)</u>	<u>\$ 6,406,893</u>	<u>\$ (12,467,079)</u>

	June 30, 2021	December 31, 2020
Identifiable Assets		
Alcoholic Beverages	\$ 37,024	\$ 37,024
Home Health Services	70,133	81,270
Cannabinoid products	-	-
Cryptocurrency operations	2,280,866	-
Total identifiable assets by reportable segment	2,388,023	118,294
Unallocated assets	2,526,097	59,948
Total assets	\$ 4,914,120	\$ 178,242

Note 14 – Subsequent Events

The Company has evaluated subsequent events through the date the financial statements were available for issuance on August 18, 2021.

On July 12, 2021, the Company entered into an asset purchase agreement with Minerset LLC to acquire a total of 400 cryptocurrency mining assets. The Company agreed to issue 1,141,141 shares of Series B stock, convertible into 3,423,423 shares of common stock. Additionally, through July 12, 2022, upon the first occurrence of the Company's common stock closing price reaching \$2, \$3 and \$, the Company will receive an additional 75 miners upon each milestone for no additional consideration.

On July 23, 2021, the Company entered into a development and equipment purchase agreement with BitFive GA Holdings, LLC ("BitFive"). BitFive shall construct and maintain a facility on its land to host mining pods. The Company acquired 20 shipping containers from BitFive, containing 280 cryptocurrency miners. BitFive will also provide 20 megawatts of electricity to the Company to power the mining equipment. The Company agreed to pay a total of \$4,500,000 in cash with \$2,600,000 due at execution of the agreement and \$1,900,000 to be paid within 30 days of execution of the agreement for the development and equipment purchases, and an additional \$1,500,000 related to the land use. The Company will also pay \$1,000 per month in rent per acre of land leased, for a period of five years. The Company has paid \$2,600,000 to date under the development agreement to date, and \$1,500,000 related to the land use.

On June 21, 2021, the Company entered into a Service Framework Agreement with Bitmain Technologies Ltd., a Hong Kong company ("Bitmain"). The Company will provide hosting, operations and maintenance services related to Bitmain's mining operations at the Company's locations for 20 megawatts of power. The operations are currently expected to begin in October 2021. In August 2021, the Company had Bitmain entered into an additional Service Framework Agreement for an additional 180 megawatts of power and related hosting, operations and maintenance services.

Subsequent to June 30, 2021, the Company paid \$40,000 to settle outstanding subscriptions payable, and \$10,000 to settle an outstanding convertible note.

In July 2021, the Company entered into a bridge loan agreement with RB Capital Partners, for \$2,000,000 in principal. The loan bears interest at 5%, with \$100,000 in interest to be paid in total. The note matures on October 1, 2021 and is secured by 1,000,000 shares of common stock of the Company.

In August 2021, the Company entered into a new convertible note with RB Capital Partners for \$600,000 in principal. The note bear interest at 5% and matures in August 2021. The note is convertible into the Company's common stock beginning 6 months from issuance at a fixed conversion price of \$2.00 per share, which shall not be adjusted for stock splits.

In July 2021, the Company filed to change its name to BlockQuarry Corp., pending regulatory approvals.