<u>Disclosure Statement Pursuant to the Pink Basic Disclosure Guidelines</u>

Pennexx Foods, Inc.

2824 Hamlin Place
Palm Harbor, FL 34684
866-928-6409
www.pennexx.net
Info@pennexx.net
SIC 5141

Annual Report
For the Period Ending: December 31, 2021
(the "Reporting Period")

On December 31, 2021, the number of common shares outstanding was 54,493,825

On September 30, 2021, the number of common shares outstanding was 49,993,825

On June 30, 2021, the number of common shares outstanding was: 49,613,411

On March 31, 2021, the number of common shares outstanding was: 49,453,411

On December 31, 2020, the number of common shares outstanding was: 40,297,161

On December 31, 2019, the number of common shares outstanding was: 46,057,322

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

Yes: ☐ No: ☒

Indicate by check mark whether the company's shell status has changed since the previous reporting period:

Yes: ☐ No: ☒

Indicate by check mark whether a Change in Control[1] of the company has occurred over this reporting period:

Yes: ☐ No: ☒

[1] "Change in Control" shall mean any events resulting in:

(i) Any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becoming the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company's then outstanding voting securities;
(ii) The consummation of the sale or disposition by the Company of all or substantially all of the Company's assets;
(iii) A change in the composition of the Board occurring within a two (2)-year period, as a result of which fewer than a majority of the directors are directors immediately prior to such change; or
(iv) The consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation.

1) Name and address(es) of the issuer and its predecessors (if any)

In answering this item, provide the current name of the issuer any names used by predecessor entities, along with the dates of the name changes.

Pinnacle Foods, Inc., a Pennsylvania corporation incorporated July 20, 1999, changed its name to the current name, Pennexx Foods Inc., in March 2002.

The state of incorporation or registration of the issuer and of each of its predecessors (if any) during the past five years; Please also include the issuer's current standing in its state of incorporation (e.g. active, default, inactive):

The status of the company in Pennsylvania is active.

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

N/A

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

N/A

The address(es) of the issuer's principal executive office:

2420 Enterprise Road, Suite 107
Clearwater, FL 33763

The address(es) of the issuer's principal place of business:
Check box if principal executive office and principal place of business are the same address: ☒

Has the issuer or any of its predecessors been in bankruptcy, receivership, or any similar proceeding in the past five years?

Yes: ☐ No: ☒

If this issuer or any of its predecessors have been the subject of such proceedings, please provide additional details in the space below:

2) Security Information

Trading symbol:	PNNX
Exact title and class of securities outstanding:	Common
CUSIP:	708125109
Par or stated value:	$0.01
Total shares authorized:	70,000,000 as of date: December 31, 2021
Total shares outstanding:	54,493,825 as of date: December 31, 2021

Number of shares in the Public Float[2]:	20,416,812 as of date: December 31, 2021
Total number of shareholders of record:	178 as of date: December 31, 2021

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

Trading symbol:	_____	
Exact title and class of securities outstanding:	_____	
CUSIP:	_____	
Par or stated value:	_____	
Total shares authorized:	_____	as of date: _____
Total shares outstanding:	_____	as of date: _____

Transfer Agent

Name:	Standard Registrar and Transfer Co., Inc.
Phone:	801-571-8844
Email:	info@standardtransferco.com
Address:	440 East 400 South, Suite 200 Salt Lake City, UT 84111

Is the Transfer Agent registered under the Exchange Act?[3] Yes: ☒ No: ☐

3) Issuance History

The goal of this section is to provide disclosure with respect to each event that resulted in any direct changes to the total shares outstanding of any class of the issuer's securities **in the past two completed fiscal years and any subsequent interim period**.

Disclosure under this item shall include, in chronological order, all offerings and issuances of securities, including debt convertible into equity securities, whether private or public, and all shares, or any other securities or options to acquire such securities, issued for services. Using the tabular format below, please describe these events.

A. Changes to the Number of Outstanding Shares

Check this box to indicate there were no changes to the number of outstanding shares within the past two completed fiscal years and any subsequent periods: ☐

Shares Outstanding as of Second Most Recent Fiscal Year End:	Opening Balance		*Right-click the rows below and select "Insert" to add rows as needed.						
Date 12/31/2019	Common: 46,057,322 Preferred: 0								
Date of Transaction	**Transaction type (e.g. new issuance, cancellation, shares**	**Number of Shares Issued (or cancelled)**	**Class of Securities**	**Value of shares issued ($/per share) at**	**Were the shares issued at a discount to**	**Individual/ Entity Shares were issued to (entities must have individual with voting / investment control disclosed).**	**Reason for share issuance (e.g. for cash or debt conversion) -OR- Nature of**	**Restricted or Unrestricted as of this filing.**	**Exemption or Registration Type.**

[2] "Public Float" shall mean the total number of unrestricted shares not held directly or indirectly by an officer, director, any person who is the beneficial owner of more than 10 percent of the total shares outstanding (a "control person"), or any affiliates thereof, or any immediate family members of officers, directors and control persons.

[3] To be included in the Pink Current Information tier, the transfer agent must be registered under the Exchange Act.

	returned to treasury)			Issuance	market price at the time of issuance? (Yes/No)		Services Provided		
2/18/2020	Issue	900,000	Common	0.01	No	T8Partners Will Tynan	Services	Yes	4(a)(2)
7/28/2020	Issue	269,231	Common	0.01	No	Fritz Valdeus	Cash	Yes	4(a)(2)
7/28/2020	Issue	480,769	Common	0.01	No	Compass Equity Partners Bret Mayer	Services	Yes	4(a)(2)
7/28/2020	Issue	500,000	Common	0.01	No	Alex Cook	Services	Yes	4(a)(2)
7/28/2020	Issue	250,000	Common	0.01	No	Triple 888 Will Tynan	Services	Yes	4(a)(2)
7/28/2020	Cancellation	12,510,161	Common	0.01	No	Smithfield Foods Long Wan	Cancellation	Yes	4(a)(2)
10/20/2020	Issue	1,000,000	Common	0.01	No	T8 Partners Will Tynan	Services	Yes	4(a)(2)
10/29/2020	Issue	2,000,000	Common	0.01	No	T8 Partners Will Tynan	Services	Yes	4(a)(2)
10/29/2020	Issue	100,000	Common	0.01	No	T8 Partners Will Tynan	Services	Yes	4(a)(2)
10/29/2020	Issue	1,250,000	Common	0.01	No	Christopher C. Harrison	Cash	Yes	4(a)(2)
1/19/2021	Issue	2,000,000	Common	0.01	No	Sunny Sweet	Payment	Yes	4(a)(2)
1/19/2021	Issue	2,000,000	Common	0.01	No	Joseph Candito	Payment	Yes	4(a)(2)
1/19/2021	Issue	2,000,000	Common	0.01	No	Vincent Risalvato	Payment	Yes	4(a)(2)

1/19/2021	Issue	1,500,000	Common	0.35	No	TC Special Investments LLC Patricia Ralston	Services	Yes	4(a)(2)
1/19/2021	Issue	1,500,000	Common	0.289 9	No	TC Special Investments LLC Patricia Ralston	Services	Yes	4(a)(2)
3/10/2021	Issue	56,250	Common	0.289 9	No	George Anthony Bertucelli	Debt Conversion	Yes	4(a)(2)
3/10/2021	Issue	100,000	Common	0.44	No	OTC PR Group Douglas Baker	Services	Yes	4(a)(2)
4/20/2021	Issue	160,000	Common	0.269	No	Corporate Ads LLC Hank Zemla	Services	Yes	4(a)(2)
7/22/2021	Issue	168,058	Common	0.40	No	Hunt Road LLC Scott Caputo	Convertible Note	Yes	4(a)(2)
7/22/2021	Issue	112,356	Common	0.40	No	GDD Ventures LLC Gia Garrison	Convertible Note	Yes	4(a)(2)
7/22/2021	Issue	100,000	Common	0.40	No	OTC PR Group Douglas Baker	Services	Yes	4(a)(2)
11/11/2021	Issue	100,000	Common	0.26	NO	Sunny Sweet	Services	Yes	4(a)(2)
11/11/2021	Issue	100,000	Common	0.26	NO	Joseph Candito	Services	Yes	4(a)(2)
11/11/2021	Issue	100,000	Common	0.26	NO	Vincent Risalvato	Services	Yes	4(a)(2)
11/11/2021	Issue	100,000	Common	0.26	NO	Joseph Caruso	Services	Yes	4(a)(2)
11/11/2021	Issue	100,000	Common	0.26	NO	Michael LaBelle	Services	Yes	4(a)(2)
11/11/2021	Issue	1,333,333	Common	0.26	NO	Sunny Sweet	Payment	Yes	4(a)(2)
11/11/2021	Issue	1,333,334	Common	0.26	NO	Joseph Candito	Payment	Yes	4(a)(2)

11/11/2021	Issue	1,333,333	Common	0.26	NO	Vincent Risalvato	Payment	Yes	4(a)(2)
Shares Outstanding on Date of This Report: Ending Balance Ending Balance: Date 12/31/2021 Common: 54,493,825 Preferred: 0									

Example: A company with a fiscal year end of December 31st, in addressing this item for its quarter ended June 30, 2021, would include any events that resulted in changes to any class of its outstanding shares from the period beginning on January 1, 2019 through June 30, 2021 pursuant to the tabular format above.

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

____

B. Debt Securities, Including Promissory and Convertible Notes

Use the chart and additional space below to list and describe all outstanding promissory notes, convertible notes, convertible debentures, or any other debt instruments that may be converted into a class of the issuer's equity securities.

Check this box if there are no outstanding promissory, convertible notes or debt arrangements: ☐

Date of Note Issuance	Outstanding Balance ($)	Principal Amount at Issuance ($)	Interest Accrued ($)	Maturity Date	Conversion Terms (e.g. pricing mechanism for determining conversion of instrument to shares)	Name of Noteholder (entities must have individual with voting / investment control disclosed).	Reason for Issuance (e.g. Loan, Services, etc.)
11/26/2019	125,186	100,000	25,186	12/31/2021	1 year, restricted shares at $0.20 principal plus interest	Steve Cramer	Loan
12/02/2019	124,988	100,000	124,988	12/31/2021	1 year, restricted shares at $0.20 principal plus interest	Alan Brook	Loan
1/28/2020	26,622	20,000	4,622	12/31/2021	1 year, restricted shares at $0.20 principal plus interest	Bruce Ghiloni	Loan
1/28/2020	9,849	20,000	1,849	12/31/2021	1 year, restricted shares at $0.20 principal plus interest	Rebecca Fitzpatrick	Loan
1/31/2020	61.505	50,000	11,505	12/31/2021	1 year, restricted shares at $0.20 principal plus interest	Securities and Collateral Lending LLC	Loan

						Sean Fitzpatrick	
2/06/2020	122,818	100,000	22,818	12/31/2021	1 year, restricted shares at $0.20 principal plus interest	Tim Frye	Loan
10/26/2020	30,654	26,850	3,804	10/26/2021	1 year, restricted shares at $0.10 principal plus interest	Will Tynan	Loan
12/08/2020	14,489	12,800	1,639	12/08/2021	1 year, restricted shares at $0.10 principal plus interest	Will Tynan	Loan
1/04/2021	62,967	60,000	2,967	1/04/2022	1 year, restricted shares at $0.04 principal plus interest	TC Special Investments LLC Patricia Ralston	Loan
7/01/2021	53,008	50,000	3,008	6/30/2022	1 year, restricted shares at $0.20 principal plus interest	Paul and Doinatella Casali	Loan
7/02/2021	53,991	50,000	2,991	7/01/2022	1 year, restricted shares at $0.20 principal plus interest	Donna and Ronald David	Loan
7/09/2021	105,754	100,000	5,754	7/08/2022	1 year, restricted shares at $0.20 principal plus interest	Steve Cramer	Loan

4) Financial Statements

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

☒ U.S. GAAP
☐ IFRS

B. The financial statements for this reporting period were prepared by (name of individual)[4]:

Name: Vincent Risalvato
Title: CEO
Relationship to Issuer: Officer/Director

[4] The financial statements requested pursuant to this item must be prepared in accordance with US GAAP or IFRS by persons with sufficient financial skills.

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

C. Balance Sheet;
D. Statement of Income;
E. Statement of Cash Flows;
F. Statement of Retained Earnings (Statement of Changes in Stockholders' Equity);
G. Financial notes; and,
H. Audit letter, if audited

You may either (i) attach/append the financial statements to this disclosure statement or (ii) file the financial statements through OTCIQ as a separate report using the appropriate report name for the applicable period end. ("Annual Report," "Quarterly Report" or "Interim Report").

If you choose to publish the financial statements in a separate report as described above, you must state in the accompanying disclosure statement that such financial statements are incorporated by reference. You may reference the document(s) containing the required financial statements by indicating the document name, period end date, and the date that it was posted to OTCIQ in the field below. Financial Statements must be compiled in one document.

Financial statement information is considered current until the due date for the subsequent report (as set forth in the qualifications section above). To remain qualified for Current Information, a company must post its Annual Report within 90 days from its fiscal year-end date and Quarterly Reports within 45 days of each fiscal quarter-end date.

5) Issuer's Business, Products and Services

The purpose of this section is to provide a clear description of the issuer's current operations. In answering this item, please include the following:

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

Pennex, through its wholly owned subsidiary, Your Social Offers LLC, is a holding company within the Software/Internet Industry, that is focused on pre-paid debit cards and utilizing artificial intelligence to gather information for targeted marketing.

B. Please list any subsidiaries, parents, or affiliated companies.

Your Social Offers LLC, is a Social Marketing Platform specializing in a coupon and rewards website for consumers, and a Merchant Platform that enables merchants to advertise their business through digital "Word of Mouth seamlessly" referrals.

C. Describe the issuers' principal products or services.

Pennexx focuses on prepaid debit and credit cards and utilizing artificial intelligence to gather information for targeted marketing.

6) Issuer's Facilities

The goal of this section is to provide a potential investor with a clear understanding of all assets, properties or facilities owned, used or leased by the issuer and the extent in which the facilities are utilized.

In responding to this item, please clearly describe the assets, properties or facilities of the issuer, give the location of the principal plants and other property of the issuer and describe the condition of the properties. If the issuer does not have complete ownership or control of the property (for example, if others also own the property or if there is a mortgage on the property), describe the limitations on the ownership.

If the issuer leases any assets, properties or facilities, clearly describe them as above and the terms of their leases.

The company had a corporate office lease for $ 1746.67 a month in 2020 as a sublease. Additionally, the company has a two-year direct lease at the same location for $ 1,635.00 a month that started in 2021. Both leases are at 2420 Enterprise Road, Suite 107, Clearwater, FL, 33763.

7) Company Insiders (Officers, Directors, and Control Persons)

The goal of this section is to provide an investor with a clear understanding of the identity of all the persons or entities that are involved in managing, controlling or advising the operations, business development and disclosure of the issuer, as well as the identity of any significant or beneficial shareholders.

Using the tabular format below, please provide information, as of the period end date of this report, regarding any person or entity owning 5% of more of any class of the issuer's securities, as well as any officer, and any director of the company, or any person that performs a similar function, regardless of the number of shares they own. **If any insiders listed are corporate shareholders or entities, provide the name and address of the person(s) beneficially owning or controlling such corporate shareholders, or the name and contact information (City, State) of an individual representing the corporation or entity in the note section.**

Name of Officer/Director or Control Person	**Affiliation with Company (e.g. Officer Title /Director/Owner of more than 5%)**	**Residential Address (City / State Only)**	**Number of shares owned**	**Share type/class**	**Ownership Percentage of Class Outstanding**	**Note**
Vincent Risalvato	CEO/ Chairman/ Director	Palm Harbor, FL	3,433,333	Common	6.3%	_____
Joseph Candito	President	Naples, FL	3,433,333	Common	6.3%	_____
Sunny Sweet	Secretary/Director	Tampa, FL	3,433,333	Common	6.3%	_____
Joseph Caruso	Board of Directors	Crystal, FL	100,000	Common	0.18%	
Michael LaBell	Board of Directors	New Baltimore, MI	100,000	Common	0.18%	

8) Legal/Disciplinary History

A. Please identify whether any of the persons or entities listed above have, in the past 10 years, been the subject of:

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);

N/A

2. The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities;

N/A

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

N/A

4. The entry of an order by a self-regulatory organization that permanently or temporarily barred, suspended, or otherwise limited such person's involvement in any type of business or securities activities.

N/A

B. Describe briefly any material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which the issuer or any of its subsidiaries is a party or of which any of their property is the subject. Include the name of the court or agency in which the proceedings are pending, the date instituted, the principal parties thereto, a description of the factual basis alleged to underlie the proceeding and the relief sought. Include similar information as to any such proceedings known to be contemplated by governmental authorities.

N/A

9) Third Party Providers

Please provide the name, address, telephone number and email address of each of the following outside providers:

Securities Counsel

Firm:	Anthony L.G., PLLC
Address 1:	625 N. Flagler Drive Suite 600
Address 2:	West Palm Beach, FL 33401
Phone:	Office: (561) 514-0936
Email:	RAlverio@AnthonyPLLC.com
	www.anthonypllc.com

Firm:	Jackson L. Morris, Esq.
Address 1:	Office—3116 W. North A Street, Tampa, FL 33609
Address 2:	Mailing—126 21st Avenue SE, St. Petersburg, Florida 33705
Phone:	Office: (813) 892-5969
Email:	jackson.morris@rule144solution.com

Firm:	Lewellen Law
Address 1:	2100 East Bay Drive, Suite 222
Address 2:	Largo, FL 33771

Phone: Office: (727) 531-1796
Email: steve@lewellyn-law.com
www.Lewellyn-Law.com

Accountant or Auditor

Outside Provider: Auditor
Name: Julian Sardinas
Firm: Assurance Dimensions
Address 1: 4920 W. Cypress Street, Suite 102
Address 2: Tampa, FL 33607
Phone: 813-443-5053
Email: julian.sardinas@aduscpa.com

Outside Provider: Accountant
Name: Elliot Berman
Firm: Berman Audit and Advisory, PA
Address 1: 11756 Bayou Lane
Address 2: Boca Raton, FL 33498
Phone: (954) 729-3025
Email: eberman@bermanauditeadvisorycpa.com

Investor Relations

Name: ______
Firm: ______
Address 1: ______
Address 2: ______
Phone: ______
Email: ______

Other Service Providers

Provide the name of any other service provider(s) that **that assisted, advised, prepared or provided information with respect to this disclosure statement**. This includes counsel, broker-dealer(s), advisor(s) or consultant(s) or provided assistance or services to the issuer during the reporting period.

Name: ______
Firm: ______
Nature of Services: ______
Address 1: ______
Address 2: ______
Phone: ______
Email: ______

10) Issuer Certification

Principal Executive Officer:

The issuer shall include certifications by the chief executive officer and chief financial officer of the issuer (or any other persons with different titles but having the same responsibilities) in each Quarterly Report or Annual Report.

The certifications shall follow the format below:

I, Vincent Risalvato, certify that:

1. I have reviewed this quarterly disclosure statement of Pennexx Foods, Inc.

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

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

March 14, 2022

/s/ Vincent Risalvato [CEO's Signature]

Vincent Risalvato, Chief Executive Officer

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

Principal Financial Officer:

I, Vincent Risalvato, certify that:

1. I have reviewed this quarterly disclosure statement of Pennexx Foods, Inc.;

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

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

March 14, 2022

/s/ Vincent Risalvato [CFO's Signature]

Vincent Risalvato, Chief Financial Officer

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

Pennexx Foods, Inc.

ASSURANCE DIMENSIONS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and Board of Directors of Pennexx Foods, Inc.

Opinion on the Financial Statements

We have audited the accompanying balance sheets of Pennexx Foods, Inc. (the Company) as of December 31, 2021 and 2020, and the related statements of operations, stockholders' deficit, and cash flows for each of the years in the two-year period ended December 31, 2021, and the related notes and schedules (collectively referred to as the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the years in the two-year period ended December 31, 2021, in conformity with accounting principles generally accepted in the United States of America.

Explanatory Paragraph – Going Concern

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company had a net loss and net cash used in operating activities of approximately $2,216,598 and $232,123, respectively for the year ended of December 31, 2021 and a working capital deficit, stockholders' deficit, and accumulated deficit of approximately $961,096, $928,373, and $38,516,606, respectively, at December 31, 2021. These conditions raise substantial doubt about the Company's ability to continue as a going concern. Management's plans regarding these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

We did not identify any critical audit matters that need to be communicated.

Assurance Dimensions

We have served as the Company's auditor since 2021.
Margate, Florida
March 9, 2022

ASSURANCE DIMENSIONS CERTIFIED PUBLIC ACCOUNTANTS & ASSOCIATES
also d/b/a McNAMARA and ASSOCIATES, PLLC
TAMPA BAY: 4920 W Cypress Street, Suite 102 | Tampa, FL 33607 | Office: 813.443.5048 | Fax: 813.443.5053
JACKSONVILLE: 4720 Salisbury Road, Suite 223 | Jacksonville, FL 32256 | Office: 888.410.2323 | Fax: 813.443.5053
ORLANDO: 1800 Pembrook Drive, Suite 300 | Orlando, FL 32810 | Office: 888.410.2323 | Fax: 813.443.5053
SOUTH FLORIDA: 2000 Banks Road, Suite 218 | Margate, FL 33063 | Office: 754.800.3400 | Fax: 813.443.5053
www.assurancedimensions.com

Pennexx Foods, Inc.
Balance Sheets

	December 31, 2021	December 31, 2020
Assets		
Current Assets		
Cash	$ 7,748	$ 1,679
Total Current Assets	7,748	1,679
Property and equipment - net	9,350	12,750
Operating lease - right-of-use asset	25,221	-
Total Assets	$ 42,319	$ 14,429
Liabilities and Stockholders' Deficit		
Current Liabilities		
Accounts payable and accrued expenses	$ 18,066	$ 70,045
Accrued interest payable	111,131	48,696
Common stock payable (717,800 shares)	230,350	-
Deposit liability	10,000	-
Convertible notes payable - net	574,987	428,859
Operating lease liability	24,310	-
Total Current Liabilities	968,844	547,600
Operating lease liability - long term	1,848	-
Total Liabilities	970,692	547,600
Commitments and Contingencies (Note 6)		
Stockholders' Deficit		
Common stock, $0.01 par value, 70,000,000 shares authorized 54,493,825 and 40,297,161 shares issued and outstanding, respectively	544,938	402,971
Common stock issuable (1,270,000 and 10,270,000 shares)	12,700	102,700
Additional paid-in capital	37,030,595	35,261,166
Accumulated deficit	(38,516,606)	(36,300,008)
Total Stockholders' Deficit	(928,373)	(533,171)
Total Liabilities and Stockholders' Deficit	$ 42,319	$ 14,429

The accompanying notes are an integral part of these financial statements

Pennexx Foods, Inc.
Statements of Operations

	Year Ended December 31, 2021	Year Ended December 31, 2020
Sales	$ 463,397	$ 20,173
Operating Expenses		
General and administrative expenses	2,404,910	152,394
Research and development - related party	27,216	283,930
Total Operating Expenses	2,432,126	436,324
Loss from operations	(1,968,729)	(416,151)
Other Expense		
Interest expense	(66,741)	(46,592)
Amortization of debt discount/issue costs	(181,128)	(182,589)
Total Other Expense	(247,869)	(229,181)
Net loss	$ (2,216,598)	$ (645,332)
Loss per share - basic and diluted	$ (0.04)	$ (0.01)
Weighted average number of shares - basic and diluted	54,010,112	53,171,461

The accompanying notes are an integral part of these financial statements

Pennexx Foods, Inc.
Statement of Changes in Stockholders' Deficit
For the Year Ended December 31, 2021

	Common Stock		Common Stock Issuable		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount			
December 31, 2020	**40,297,161**	**$ 402,971**	**10,270,000**	**$ 102,700**	**$ 35,261,166**	**$ (36,300,008)**	**$ (533,171)**
Issuance of common stock previously issuable ($0.01/share) - related parties	10,000,000	100,000	(10,000,000)	(100,000)	-	-	-
Stock issued in connection with conversion of convertible note ($0.2899/share)	336,664	3,367	-	-	35,714	-	39,081
Debt discount recorded in connection with convertible note (beneficial conversion feature)	-	-	-	-	260,000	-	260,000
Common stock for services ($0.2644 - $0.44/share)	3,860,000	38,600	1,000,000	10,000	1,473,715	-	1,522,315
Net loss - 2021	-	-	-	-	-	(2,216,598)	(2,216,598)
December 31, 2021	**54,493,825**	**$ 544,938**	**1,270,000**	**$ 12,700**	**$ 37,030,595**	**$ (38,516,606)**	**$ (928,373)**

The accompanying notes are an integral part of these financial statements

Pennexx Foods, Inc.
Statement of Changes in Stockholders' Deficit
For the Year Ended December 31, 2020

	Common Stock		Common Stock Issuable		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount			
December 31, 2019	**46,057,322**	**$ 460,573**	**16,580,769**	**$ 165,808**	**$ 34,942,045**	**$ (35,654,676)**	**$ (86,250)**
Stock issued for cash ($0.13/share)	269,231	2,692	-	-	32,308	-	35,000
Issuance of common stock previously issuable ($0.01/share)	6,480,769	64,808	(6,480,769)	(64,808)	-	-	-
Cancellation of shares ($0.01/share)	(12,510,161)	(125,102)	-	-	125,102	-	-
Stock issued as debt issuance costs in connection with convertible notes ($0.01/share)	-	-	170,000	1,700	-	-	1,700
Debt discount recorded in connection with convertible note (beneficial conversion feature)	-	-	-	-	161,711	-	161,711
Net loss - 2020	-	-	-	-	-	(645,332)	(645,332)
December 31, 2020	**40,297,161**	**$ 402,971**	**10,270,000**	**$ 102,700**	**$ 35,261,166**	**$ (36,300,008)**	**$ (533,171)**

The accompanying notes are an integral part of these financial statements

Pennexx Foods, Inc.
Statement of Cash Flows

	Year Ended December 31, 2021	2020
Operating activities		
Net loss	$ (2,216,598)	$ (645,332)
Adjustments to reconcile net loss to net cash used in operations		
Common stock issued for services	1,522,315	-
Amortization of debt discount/issue costs	181,128	182,589
Amortization of operating lease - right-of-use asset	21,340	-
Depreciation	3,400	3,400
Changes in operating assets and liabilities		
Increase (decrease) in		
Accounts payable and accrued expenses	(20,170)	38,102
Accrued interest payable	66,516	-
Common stock payable	230,350	-
Operating lease liability	(20,404)	-
Net cash used in operating activities	(232,123)	(421,241)
Financing activities		
Proceeds from issuance of convertible note payable	228,192	252,700
Deposit liability	10,000	-
Stock issued for cash	-	35,000
Net cash provided by financing activities	238,192	287,700
Net increase (decrease) in cash	6,069	(133,541)
Cash - beginning of year	1,679	135,220
Cash - end of year	$ 7,748	$ 1,679
Supplemental disclosure of cash flow information		
Cash paid for interest	$ -	$ -
Cash paid for income tax	$ -	$ -
Supplemental disclosure of non-cash investing and financing activities		
Issuance of common stock previously issuable	$ 100,000	$ 64,808
Right-of-use asset obtained in exchange for finance lease liability	$ 46,561	$ -
Stock issued in connection with conversion of convertible notes	$ 39,081	$ -
Conversion of accounts payable into convertible note payable	$ 31,808	$ -
Debt issue costs recorded in connection with convertible notes	$ -	$ 1,700
Debt discount recorded in connection with convertible notes	$ 260,000	$ 161,711
Cancellation of shares	$ -	$ 125,102

The accompanying notes are an integral part of these financial statements

Note 1 - Organization and Nature of Operations

Organization and Nature of Operations

Pennexx Foods, Inc. (collectively, "PTI," "we," "us," "our" or the "Company"), was incorporated in Pennsylvania on July 20, 1999. The Company opened an office in Florida on December 5, 2019.

The Company was in the food industry through 2019. In 2020, the Company shifted its focus to technology related to software and the internet for the purpose of utilizing artificial intelligence to gather information for targeted marketing; specifically, the Company is developing websites and related smartphone apps.

In April 2021, the Company's Board approved a name change to Pennexx Technology, Inc. Approval of the name change is pending State approval to the Company's amended Articles of Incorporation.

Impact of COVID-19

The ongoing COVID-19 global and national health emergency has caused significant disruption in the international and United States economies and financial markets. In March 2020, the World Health Organization declared the COVID-19 outbreak a pandemic. The spread of COVID-19 has caused illness, quarantines, cancellation of events and travel, business and school shutdowns, reduction in business activity and financial transactions, labor shortages, supply chain interruptions and overall economic and financial market instability. The COVID-19 pandemic has the potential to significantly impact the Company's supply chain, distribution centers, or logistics and other service providers.

In addition, a severe prolonged economic downturn could result in a variety of risks to the business, including weakened demand for products and services and a decreased ability to raise additional capital when needed on acceptable terms, if at all. As the situation continues to evolve, the Company will continue to closely monitor market conditions and respond accordingly.

We have implemented adjustments to our operations designed to keep employees safe and comply with federal, state, and local guidelines, including those regarding social distancing. The extent to which COVID-19 may further impact the Company's business, results of operations, financial condition and cash flows will depend on future developments, which are highly uncertain and cannot be predicted with confidence. In response to COVID-19, the United States government has passed legislation and taken other actions to provide financial relief to companies and other organizations affected by the pandemic.

The ultimate impact of the COVID-19 pandemic on the Company's operations is unknown and will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the duration of the COVID-19 outbreak, new information which may emerge concerning the severity of the COVID-19 pandemic, and any additional preventative and protective actions that governments, or the Company, may direct, which may result in an extended period of continued business disruption, reduced customer traffic and reduced operations.

At December 31, 2021, the Company has evaluated its operations and has determined that the effect of COVID-19 has not had a material adverse impact on our business, financial condition, and results of operations.

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Liquidity, Going Concern and Management's Plans

These financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business.

As reflected in the accompanying financial statements, for the year ended December 31, 2021, the Company had:

- Net loss of $2,216,598; and
- Net cash used in operations was $232,123

Additionally, for year ended December 31, 2021 the Company had:

- Accumulated deficit of $38,516,606
- Stockholders' deficit of $928,373; and
- Working capital deficit of $961,096

The Company has cash on hand of $7,748 at December 31, 2021. Although the Company intends to raise additional debt (third party and related party lenders) or equity capital, the Company expects to incur losses from operations and have negative cash flows from operating activities for the near-term. These losses could be significant as the Company executes its business plan.

These factors create substantial doubt about the Company's ability to continue as a going concern within the twelve-month period subsequent to the date that these financial statements are issued. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern. Accordingly, the financial statements have been prepared on a basis that assumes the Company will continue as a going concern and which contemplates the realization of assets and satisfaction of liabilities and commitments in the ordinary course of business.

Management's strategic plans include the following:

- Pursuing additional capital raising opportunities,
- Executing and commercializing its business operations,
- Continuing to explore and execute prospective partnering or distribution opportunities; and
- Identifying unique market opportunities that represent potential positive short-term cash flow.

Note 2 - Summary of Significant Accounting Policies

Business Segments and Concentrations

The Company uses the "management approach" to identify its reportable segments. The management approach requires companies to report segment financial information consistent with information used by management for making operating decisions and assessing performance as the basis for identifying the Company's reportable segments. The Company has identified one single reportable operating segment. The Company manages its business on the basis of one operating and reportable segment.

Customers in the United States accounted for 100% of our revenues. We do not have any property or equipment outside of the United States.

Use of Estimates

Preparing financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reported period. Actual results could differ from those estimates, and those estimates may be material.

Changes in estimates are recorded in the period in which they become known. The Company bases its estimates on historical experience and other assumptions, which include both quantitative and qualitative assessments that it believes to be reasonable under the circumstances.

Fair Value of Financial Instruments

The Company accounts for financial instruments under Financial Accounting Standards Board ("FASB") ASC 820, *Fair Value Measurements*. ASC 820 provides a framework for measuring fair value and requires disclosures regarding fair value measurements. 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, based on the Company's principal or, in absence of a principal, most advantageous market for the specific asset or liability.

The Company uses a three-tier fair value hierarchy to classify and disclose all assets and liabilities measured at fair value on a recurring basis, as well as assets and liabilities measured at fair value on a non-recurring basis, in periods subsequent to their initial measurement. The hierarchy requires the Company to use observable inputs when available, and to minimize the use of unobservable inputs, when determining fair value.

The three tiers are defined as follows:

- Level 1 —Observable inputs that reflect quoted market prices (unadjusted) for identical assets or liabilities in active markets;
- Level 2—Observable inputs other than quoted prices in active markets that are observable either directly or indirectly in the marketplace for identical or similar assets and liabilities; and
- Level 3—Unobservable inputs that are supported by little or no market data, which require the Company to develop its own assumptions.

The determination of fair value and the assessment of a measurement's placement within the hierarchy requires judgment. Level 3 valuations often involve a higher degree of judgment and complexity. Level 3 valuations may require the use of various cost, market, or income valuation methodologies applied to unobservable management estimates and assumptions. Management's assumptions could vary depending on the asset or liability valued and the valuation method used. Such assumptions could include estimates of prices, earnings, costs, actions of market participants, market factors, or the weighting of various valuation methods. The Company may also engage external advisors to assist us in determining fair value, as appropriate.

Although the Company believes that the recorded fair value of our financial instruments is appropriate, these fair values may not be indicative of net realizable value or reflective of future fair values.

The Company's financial instruments, including cash, and accounts payable and accrued expenses, are carried at historical cost. At December 31, 2021 and 2020, respectively, the carrying amounts of these instruments approximated their fair values because of the short-term nature of these instruments.

ASC 825-10 *"Financial Instruments"* allows entities to voluntarily choose to measure certain financial assets and liabilities at fair value ("fair value option"). The fair value option may be elected on an instrument-by-instrument basis and is irrevocable unless a new election date occurs. If the fair value option is elected for an instrument, unrealized gains and losses for that instrument should be reported in earnings at each subsequent reporting date. The Company did not elect to apply the fair value option to any outstanding financial instruments.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Company considers all highly liquid instruments with a maturity of three months or less at the purchase date and money market accounts to be cash equivalents. At December 31, 2021 and 2020, respectively, the Company did not have any cash equivalents.

The Company is exposed to credit risk on its cash and cash equivalents in the event of default by the financial institutions to the extent account balances exceed the amount insured by the FDIC, which is $250,000. At December 31, 2021 and 2020, there were no accounts in excess of this insured limit.

Accounts Receivable

Accounts receivable are due thirty (30) days from the date a customer has downloaded the software application ("App") to a hardware device.

The allowance for doubtful accounts is determined based on the Company's previous loss history. The Company has not experienced any significant credit losses. Allowance for doubtful accounts was $0 on December 31, 2021 and 2020, respectively.

Currently, the Company sells its App to one customer. One of our current equity investors who is also a lender to the Company has an affiliation with our sole customer, however, this entity is not a control person or related party of either the Company or its sole customer.

Impairment of Long-lived Assets

Management evaluates the recoverability of the Company's identifiable intangible assets and other long-lived assets when events or circumstances indicate a potential impairment exists, in accordance with the provisions of ASC 360-10-35-15 *"Impairment or Disposal of Long-Lived Assets."* Events and circumstances considered by the Company in determining whether the carrying value of identifiable intangible assets and other long-lived assets may not be recoverable include but are not limited to: significant changes in performance relative to expected operating results; significant changes in the use of the assets; significant negative industry or economic trends; and changes in the Company's business strategy. In determining if impairment exists, the Company estimates the undiscounted cash flows to be generated from the use and ultimate disposition of these assets.

If impairment is indicated based on a comparison of the assets' carrying values and the undiscounted cash flows, the impairment to be recognized is measured as the amount by which the carrying amount of the assets exceeds the fair value of the assets.

There were no impairment losses taken during the years ended December 31, 2021 and 2020, respectively.

Property and Equipment

Property and equipment is stated at cost less accumulated depreciation. Depreciation is provided on the straight-line basis over the estimated useful lives of the assets.

Expenditures for repair and maintenance which do not materially extend the useful lives of property and equipment are charged to operations. When property or equipment is sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the respective accounts with the resulting gain or loss reflected in operations.

Management reviews the carrying value of its property and equipment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable.

There were no impairment losses taken during the years ended December 31, 2021 and 2020, respectively.

Derivative Liabilities

The Company analyzes all financial instruments with features of both liabilities and equity under FASB ASC Topic No. 480, ("ASC 480"), "*Distinguishing Liabilities from Equity"* and FASB ASC Topic No. 815, ("ASC 815") "*Derivatives and Hedging"*. Derivative liabilities are adjusted to reflect fair value at each period end, with any increase or decrease in the fair value being recorded in results of operations as adjustments to fair value of derivatives. The Company uses a binomial pricing model to determine fair value.

Upon conversion, exercise or repayment, the respective derivative liability is marked to fair value at the conversion, repayment, or exercise date and then the related fair value amount is reclassified to other income or expense as part of gain or loss on debt extinguishment recognized in the Company's statements of operations.

The Company has adopted ASU 2017-11, "*Earnings per share (Topic 260)"*, provided that when determining whether certain financial instruments should be classified as liability or equity instruments, a down round feature no longer precludes equity classification when assessing whether the instrument is indexed to an entity's own stock. If a down round feature on the conversion option embedded in the note is triggered, the Company will evaluate whether a beneficial conversion feature exists, the Company will record the amount as a debt discount and will amortize it over the remaining term of the debt.

If the down round feature in the warrants that are classified as equity is triggered, the Company will recognize the effect of the down round as a deemed dividend, which will reduce the income available to common stockholders.

At December 31, 2021 and 2020, respectively, the Company did not have any derivative liabilities.

Beneficial Conversion Features

For instruments that are not considered liabilities under ASC 480 or ASC 815, the Company applies ASC 470-20 to convertible securities with beneficial conversion features that must be settled in stock. ASC 470-20 requires that the beneficial conversion feature be valued at the commitment date as the difference between the effective conversion price and the fair market value of the common stock (whereby the conversion price is lower than the fair market value) into which the security is convertible, multiplied by the number of shares into which the security is convertible limited to the amount of the loan. This amount is recorded as a debt discount, reducing the face amount of the note, and is amortized to interest expense in the statement of operations over the life of the debt.

Original Issue Debt Discount

For certain notes issued, the Company provides the debt holder with an original issue discount. The original issue discount is recorded as a debt discount, reducing the face amount of the note, and is amortized to interest expense in the statement of operations over the life of the debt.

Debt Issue Cost

Debt issuance cost paid (in cash or stock) to lenders, or third parties are recorded as debt discounts and amortized to interest expense in the statement of operations, over the life of the underlying debt.

Common Stock Payable

The Company from time to time enters into agreements for the issuance of common stock for services. When the related shares are due, but have not been authorized for issuance, the Company records these amounts as a liability. These shares are excluded from earnings (loss) per share.

Valuation of common stock payable is based upon the fair value of services rendered, which is determined based upon the quoted closing trading price of the Company's common stock. At the time services are rendered, the stock is due for payment.

At December 31, 2021, the Company owes 717,800 shares of common stock for services rendered having a fair value of $230,500, based upon the quoted closing trading price ($0.20 - $0.6899/share). See Note 6.

Common Stock Issuable

Shares classified as common stock issuable represent those shares which have been authorized for issuance but are not reflected as issued by the transfer agent. These shares are included in earnings (loss) per share.

Deposit Liability

At December 31, 2021, the Company had received an advance of $10,000 towards a future licensing agreement from a third party which includes potential additional consideration related to the issuance of common stock. The Company and the investor are in the process of completing a finalized agreement outlining all related terms and conditions.

Revenue Recognition

Pursuant to ASC 606, we recognize revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration or payment the Company expects to be entitled to receive in exchange for those goods or services. Our revenue is recognized by applying the following five steps: 1) identify the contracts with a customer; 2) identify the performance obligations in the contract; 3) determine the transaction price; 4) allocate the transaction price to the performance obligations; and 5) recognize revenue when (or as) we satisfy a performance obligation.

We apply judgment in determining the customer's ability and intention to pay, which is based on a variety of factors including the customer's historical payment experience or, in the case of a new customer, published credit or financial information pertaining to the customer.

If a contract includes multiple promised goods or services, we apply judgment to determine whether the promised goods or services are capable of being distinct and are distinct within the context of the contract. If these criteria are not met, the promised goods or services are accounted for as a combined performance obligation. We determine the transaction price based on the consideration which we will be entitled to receive in exchange for transferring goods or services to our customer.

We recognize revenue at the time that the related performance obligation is satisfied by transferring the promised goods or services to our customer.

Software Application Revenues

The Company recognizes revenue from the sale of software application downloads to hardware devices. Upon download (delivery) of the app, which is at the point of sale, the Company has satisfied its performance obligation under contractual arrangement. All arrangements are non-cancellable and contain a single performance obligation. There are no warranties, rebates or refunds associated with the sale of the product. Customer payment is due 30 days from sale.

Consulting Revenues

The Company recognizes revenues from consulting services (including merchant fees paid for social media advertising) related to assisting companies with targeted marketing. Revenue is recognized at a point in time when services are rendered. All arrangements are non-cancellable and contain a single performance obligation.

The following represents the Company's disaggregation of revenues for the years ended December 31, 2021 and 2020:

	Year Ended December 31,			
	2021		2020	
Revenue Type	**Revenue**	**% of Revenues**	**Revenue**	**% of Revenues**
Software application	$462,000	99.70%	$ 1,575	7.81%
Consulting	1,397	0.30%	$ 18,598	92.19%
Total Revenues	$463,397	100%	$ 20,173	100%

Research and Development

Research and development costs are charged to expense as incurred.

Stock-Based Compensation

We account for our stock-based compensation under ASC 718 *"Compensation – Stock Compensation"* using the fair value-based method. Under this method, compensation cost is measured at the grant date based on the value of the award and is recognized over the service period, which is usually the vesting period. This guidance establishes standards for the accounting for transactions in which an entity exchanges it equity instruments for goods or services. It also addresses transactions in which an entity incurs liabilities in exchange for goods or services that are based on the fair value of the entity's equity instruments or that may be settled by the issuance of those equity instruments.

We use the fair value method for equity instruments granted to non-employees and use the Black-Scholes option pricing model for measuring the fair value of options. The stock based fair value compensation is determined as of the date of the grant or the date at which the performance of the services is completed (measurement date) and is recognized over the vesting periods.

When determining fair value, the Company considers the following assumptions in the Black-Scholes model:

- Exercise price,
- Expected dividends,
- Expected volatility,
- Risk-free interest rate; and
- Expected life of option

In September 2018, the FASB issued ASU No. 2018-07, *"Compensation - Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting."* ASU No 2018-07 expands the scope of Topic 718 to include share-based payment transactions for acquiring goods and services from nonemployees. The guidance also specifies that Topic 718 applies to all share-based payment transactions in which a grantor acquires goods or services to be used or consumed in a grantor's own operations by issuing share-based payment awards.

Common Stock Awards

The Company may grant common stock awards to non-employees in exchange for services provided. The Company measures the fair value of these awards using the fair value of the services provided or the fair value of the awards granted, whichever is more reliably measurable. The fair value measurement date of these awards is generally the date the performance of services is complete. The fair value of the awards is recognized on a straight-line basis as services are rendered. The share-based payments related to common stock awards for the settlement of services provided by non-employees is recorded in accordance with ASU 2018-07 (September 2018) on the statement of operations in the same manner and charged to the same account as if such settlements had been made in cash.

Income Taxes

The Company accounts for income tax using the asset and liability method prescribed by ASC 740, *"Income Taxes".* Under this method, deferred tax assets and liabilities are determined based on the difference between the financial reporting and tax bases of assets and liabilities using enacted tax rates that will be in effect in the year in which the differences are expected to reverse. The Company records a valuation allowance to offset deferred tax assets if based on the weight of available evidence, it is more-likely-than-not that some portion, or all, of the deferred tax assets will not be realized. The effect on deferred taxes of a change in tax rates is recognized as income or loss in the period that includes the enactment date.

The Company follows the accounting guidance for uncertainty in income taxes using the provisions of ASC 740 "Income Taxes". Using that guidance, tax positions initially need to be recognized in the financial statements when it is more likely than not the position will be sustained upon examination by the tax authorities. As of December 31, 2021 and 2020, respectively, the Company had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

The Company recognizes interest and penalties related to uncertain income tax positions in other expense. No interest and penalties related to uncertain income tax positions were recorded for the years ended December 31, 2021 and 2020.

As of December 31, 2021, tax years 2018-2021 remain open for IRS audit.

Basic and Diluted Earnings (Loss) per Share

Pursuant to ASC 260-10-45, basic loss per common share is computed by dividing net loss by the weighted average number of shares of common stock outstanding for the periods presented. Diluted loss per share is computed by dividing net loss by the weighted average number of shares of common stock, common stock equivalents and potentially dilutive securities outstanding during the period. Potentially dilutive common shares may consist of common stock issuable for stock options and warrants (using the treasury stock method), convertible notes and common stock issuable. These common stock equivalents may be dilutive in the future.

At December 31, 2021 and 2020, the Company had convertible notes and related accrued interest that were convertible at fixed conversion ratios ranging from $0.04 - $0.20 per share. Potential common stock equivalents at December 31, 2021 and 2020 are as follows:

	December 31, 2021	December 31, 2020
Convertible notes payable and accrued interest	4,902,495	2,665,055
Total common stock equivalents	4,902,495	2,665,055

These common stock equivalents were not included in diluted earnings per share as they would be anti-dilutive due to the Company's net loss for the years ended December 31, 2021 and 2020, respectively.

Advertising Costs

Advertising costs are expensed as incurred. Advertising costs are included as a component of general and administrative expense in the statements of operations.

The Company recognized $121,766 and $47,268 in marketing and advertising costs during the years ended December 31, 2021 and 2020, respectively.

Accounting for Leases

In March 2016, the FASB issued ASU No. 2016-02, *Leases*. The main difference between the provisions of ASU No. 2016-02 and previous GAAP is the recognition of right-of-use assets and lease liabilities by lessees for those leases classified as operating leases under previous GAAP. ASU No. 2016-02 retains a distinction between finance leases and operating leases, and the recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee have not significantly changed from previous GAAP. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize right-of-use assets and lease liabilities. The accounting applied by a lessor is largely unchanged from that applied under previous GAAP.

In transition, lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. This ASU is effective for public business entities in fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. Early adoption is permitted as of the beginning of any interim or annual reporting period. The Company's adoption on January 1, 2019 did not have a material impact on the financial statements.

In February 2021, the Company executed a long-term lease resulting in the recording of a Right-of-Use Asset and corresponding lease liability. See Note 7.

At December 31, 2020, the Company had no capitalizable right of use assets or liabilities. In 2020, the Company leased its office under a short short-term lease (month-to-month) with no long-term commitment. The Company incurred rent expense of $15,000 for the year ended December 31, 2020, which is included as a component of general and administrative expenses in the statement of operations.

Related Parties

Parties are considered to be related to the Company if the parties, directly or indirectly, through one or more intermediaries, control, are controlled by, or are under common control with the Company. Related parties also include principal owners of the Company, its management, members of the immediate families of principal owners of the Company and its management and other parties with which the Company may deal with if one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests.

During the years ended December 31, 2021 and 2020, the Company paid $27,216 and $283,930 to an entity controlled by family members of the Company's Chief Executive Officer for software development. All amounts paid were expensed as research and development in the accompanying statements of operations.

For the year ended December 31, 2021, the Company paid to entities controlled by its President and the former Chief Operating Officer (who is still a director) an aggregate $79,007.

Recent Accounting Standards

Changes to accounting principles are established by the FASB in the form of ASU's to the FASB's Codification. We consider the applicability and impact of all ASU's on our financial position, results of operations, stockholders' deficit, cash flows, or presentation thereof.

In September 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-13, *Measurement of Credit Losses on Financial Instruments*, which supersedes current guidance by requiring recognition of credit losses when it is probable that a loss has been incurred. The new standard requires the establishment of an allowance for estimated credit losses on financial assets including trade and other receivables at each reporting date. The new standard will result in earlier recognition of allowances for losses on trade and other receivables and other contractual rights to receive cash. In November 2019, the FASB issued ASU No. 2019-10, *Financial Instruments – Credit Losses (Topic 326), Derivatives and Hedging (Topic 815) and Leases (Topic 842)*, which extends the effective date of Topic 326 for certain companies until fiscal years beginning after December 15, 2022. The new standard will be effective for the Company in the first quarter of fiscal year beginning October 1, 2023, and early adoption is permitted. The Company has not completed its review of the impact of this standard on its financial statements.

However, based on the Company's history of immaterial credit losses from trade receivables, management does not expect that the adoption of this standard will have a material effect on the Company's financial statements.

In December 2019, the FASB issued ASU 2019-12, "Simplifying the Accounting for Income Taxes." This guidance, among other provisions, eliminates certain exceptions to existing guidance related to the approach for intraperiod tax allocation, the methodology for calculating income taxes in an interim period and the recognition of deferred tax liabilities for outside basis differences. This guidance also requires an entity to reflect the effect of an enacted change in tax laws or rates in its effective income tax rate in the first interim period that includes the enactment date of the new legislation, aligning the timing of recognition of the effects from enacted tax law changes on the effective income tax rate with the effects on deferred income tax assets and liabilities. Under existing guidance, an entity recognizes the effects of the enacted tax law change on the effective income tax rate in the period that includes the effective date of the tax law. ASU 2019-12 is effective for interim and annual periods beginning after December 15, 2020, with early adoption permitted. We adopted this pronouncement on January 1, 2021; however, the adoption of this standard did not have material effect on the Company's financial statements.

In August 2020, the FASB issued ASU 2020-06, "Debt – Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging – Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity", to reduce complexity in applying GAAP to certain financial instruments with characteristics of liabilities and equity. ASU 2020-06 is effective for interim and annual periods beginning after December 15, 2023, with early adoption permitted. We adopted this pronouncement on January 1, 2021; however, the adoption of this standard did not have material effect on the Company's financial statements.

In May 2021, the FASB issued ASU 2021-04, Earnings Per Share (Topic 260), Debt-Modifications and extinguishments (Subtopic 470-50), Compensation-Stock Compensation (Topic 718), and Derivatives and hedging-Contracts in Entity's Own Equity (Subtopic 815-40). The new ASU addresses issuer's accounting for uncertain modifications or exchanges of freestanding equity-classified written call options. This amendment is effective for all entities, for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. Early adoption is permitted. The Company is currently evaluating the impact this new guidance will have on its financial statements.

Note 3 – Property and Equipment

Property and equipment consisted of the following:

	December 31, 2021	December 31, 2020	Estimated Useful Lives (Years)
Office equipment	$ 10,000	$ 10,000	5
Furniture	3,500	3,500	5
Computers	3,500	3,500	5
	17,000	17,000	
Less: accumulated depreciation	7,650	4,250	
Property and equipment - net	$ 9,350	$ 12,750	

Depreciation expense for the years ended December 31, 2021 and 2020 was $3,400 and $3,400, respectively.

Note 4 – Convertible Notes Payable, Debt Discount and Debt Issue Cost

The Company has issued several one (1) year, unsecured, convertible notes. Certain of these convertible notes contained beneficial conversion features due to the existence of fixed conversion rates ($0.04, $0.10 or $0.20/share), which at the time of issuance were lower than the quoted closing trading price of the Company's common stock, resulting in the recording of a beneficial conversion feature at the commitment date.

In January 2021, the Company converted accounts payable of $31,808 (recorded at December 31, 2020), and received an additional $28,192, combining the total into a $60,000, one (1) year convertible note. The note is unsecured, bears interest at 5% and is convertible at $0.04/share.

Additionally, the Company paid common stock to a third party as debt issuance costs related to certain of these notes issued in 2020, at a rate of 1 share of common stock for each $1 raised.

The debt issuance costs are calculated based upon the quoted closing trading price of the common stock on the issue date. These costs are a direct reduction of the related convertible note, and the related costs are amortized over the life of the note.

In July 2021, the Company extended all notes that had due dates on or before July 1, 2021 to December 31, 2021. As noted below, certain of these notes are in default. As a result of these defaults, there were no penalties or interest incurred. All notes issued and outstanding at December 31, 2021 are current liabilities in the accompanying balance sheet.

As a result of the extension of the due date, and in accordance with ASC 470, a modification or an exchange of debt instruments that adds or eliminates a conversion option that was substantive at the date of the modification or exchange is considered a substantive change and is measured and accounted for as extinguishment of the original instrument along with the recognition of a gain or loss. Additionally, under ASC 470, a substantive modification of a debt instrument is deemed to have been accomplished with debt instruments that are substantially different if the present value of the cash flows under the terms of the new debt instrument is at least 10 percent different from the present value of the remaining cash flows under the terms of the original instrument. A substantive modification is accounted for as an extinguishment of the original instrument along with the recognition of a gain or loss. The Company has determined that the change in terms did not result in a debt modification or extinguishment.

In July 2021, the Company issued several one (1) year, 12%, unsecured, convertible notes for $200,000. These convertible notes contained beneficial conversion features due to the existence of fixed conversion prices of $0.20/share, which at the time of issuance were lower than the quoted closing trading price of the Company's common stock, resulting in the recording of a beneficial conversion feature at the commitment date.

In 2021, the Company issued 336,664 shares of common stock in connection with the conversion of previously issued convertible notes and related accrued interest of $39,081. Accordingly, there was no gain or loss debt extinguishment.

The following represents a summary of these convertible notes, key terms, and outstanding balances at December 31, 2021 and 2020, respectively:

Terms	2019 Convertible Notes Payable	2020 Convertible Notes Payable	2021 Convertible Note Payable	2021 Convertible Notes Payable
Issuance date of notes	Various 2019	Various 2020	January 2021	July 2021
Maturity dates	December 31, 2021	December 31, 2021	January 2022	July 2022
Interest rate	12%	12%	5%	12%
Collateral	Unsecured	Unsecured	Unsecured	Unsecured
Conversion rate	\$0.20/share	\$0.10 - \$0.20/share	\$0.04/share	\$0.20/share
Common stock issued as debt issuance costs	100,000 shares	120,000 shares	None	None

Note Dates	Various 2019	Various 2020	January 2021	July 2021	Total	In-Default
Principal	\$ 200,000	\$ 252,700	\$ 60,000	\$ 200,000	\$712,700	
Debt discount	(25,000)	(161,711)	(60,000)	(200,000)	(446,711)	
Debt issue costs	(22,000)	(1,700)	-	-	(23,700)	
Day 1 - net carrying amount	\$ 153,000	\$ 89,289	\$ -	\$ -	\$242,289	
Balance - December 31, 2019	\$ 156,981	\$ -	\$ -	\$ -	\$156,981	\$ -
Proceeds	-	252,700	-	-	252,700	
Debt discount	-	(161,711)	-	-	(161,711)	
Debt issue costs	-	(1,700)	-	-	(1,700)	
Amortization of debt discount/issue costs	43,019	139,570	-	-	182,589	
Balance - December 31, 2020	200,000	228,859	-	-	428,859	\$ 200,000
Proceeds	-	-	28,192	200,000	228,192	
Conversion of accounts payable into convertible note			31,808		31,808	
Debt discount	-	-	(60,000)	(200,000)	(260,000)	
Amortization of original issue debt discount	-	23,841	59,342	97,945	181,128	
Stock issued in connection with debt settlement	-	(35,000) *	-	-	(35,000)	
Balance - December 31, 2021	\$ 200,000	\$ 217,700	\$ 59,342	\$ 97,945	\$574,987	\$ 417,700

* See note 5 regarding conversion of debt to equity.

Note 5 – Stockholders' Deficit

The Company has one (1) class of stock:

Common Stock

- 70,000,000 shares authorized
- $0.01 par value
- Voting at 1 vote per share

In March 2021, the Company's Board approved an amendment to its Articles of Incorporation to increase its authorized shares of common stock from 50,000,000 to 70,000,000 shares. In July 2021, the amendment was formally approved by the State.

Equity Transactions for the Year Ended December 31, 2021

Stock Issued for Services

The Company issued 3,860,000 shares of common stock for services rendered, having a fair value of $1,223,315 ($0.2644-$0.44/share), based upon the quoted closing trading price of the Company's common stock, which was expensed, and included as a component of general and administrative expenses on the statements of operations.

Conversion of Debt into Common Stock

In March 2021, the Company issued 56,250 shares of common stock to settle the conversion of a convertible note and related accrued interest of $11,350. Accordingly, there was no gain or loss debt extinguishment.

In July 2021, the Company issued 280,414 shares of common stock to settle the conversion of convertible notes and related accrued interest of $27,956. Accordingly, there was no gain or loss debt extinguishment.

Stock Issued related to Common Stock Issuable

The Company owed common stock to various parties. These shares were issued separately for cash, services rendered, and research and development expenses. These shares of common stock were never issued yet remained due. These shares are considered issuable and are included as a component of earnings (loss) per share. Once the related common stock is issued, the common stock issuable is reduced accordingly at par value.

In 2021, the Company issued 10,000,000 shares of common stock, having a fair value of $100,000 ($0.01/share) that were previously issuable to officers and directors. The issuance of these shares resulted in a net effect on stockholders' deficit of $0.

Common stock issuable at December 31, 2021 and 2020 was as follows:

	Shares		Amount
Balance - December 31, 2019	16,580,769		$165,808
Issuance of common stock previously issuable	(6,480,769)		(64,808)
Stock issued for debt issue costs related to convertible notes payable	170,000		1,700
Balance - December 31, 2020	10,270,000		102,700
Issuance of common stock previously issuable	(10,000,000)		(100,000)
Issuance of common stock for services	1,000,000	*	10,000
Balance - December 31, 2021	1,270,000		12,700

*The Company authorized for issuance 1,000,000 shares of common stock for services rendered by a third party, having a fair value of $299,000 ($0.299/share), based upon the quoted closing trading price.

Equity Transactions for the Year Ended December 31, 2020

Stock Issued for Cash

The Company issued 269,231 shares of common stock for $35,000 ($0.13/share).

Stock Issued related to Common Stock Issuable

The Company owed common stock to various parties in years prior to December 31, 2020. These shares were issued separately for cash, services rendered, and research and development expenses. These shares of common stock were never issued yet remained due. These shares are considered issuable and are included as a component of earnings (loss) per share. Once the related common stock is issued, the common stock issuable is reduced accordingly at par value.

See table above for activity related to the year ended December 31, 2020.

Cancellation of Common Stock

Prior to December 31, 2020, the Company resolved litigation with a former vendor. During 2020, the Company administratively cancelled 12,510,161 shares of common stock, at par value of $125,102 ($0.01/share). The net effect on stockholders' deficit was $0.

Note 6 – Commitments

General Business Advisory and Public Relations

In January 2021, the Company entered into a six (6) month agreement to issue up to 400,000 shares of common stock, payable as follows:

100,000 shares at the inception of the agreement (earned January 2021),
100,000 shares when the stock price equals $0.25 (earned January 2021),
100,000 shares when the stock price equals $0.35(earned January 2021); and
100,000 shares when the stock price equals $0.50 (earned July 2021).

During 2021, the Company issued 200,000 shares of common stock having a fair value of $88,000 based upon the quoted closing trading price ($0.44/share) and owed 100,000 shares of common stock having a fair value of $44,000, based upon the quoted closing trading price ($0.44/share). These unissued 100,000 shares and related value of $44,000 has been included as a component of common stock payable as they have not yet been approved for issuance.

The final 100,000 shares were earned on July 1, 2021, as this represented the first day where the stock closed above $0.50. On this date, the stock had a quoted closing trading price of $0.6899/share, resulting in a fair value of $68,990. At December 31, 2021, these unissued shares are due and considered a component of common stock payable as they have not yet been approved for issuance.

The Company also was required to pay $2,750/month over the term of the agreement. At December 31, 2021, $1,250 remains due.

Website and Application Product Development

In March 2021, the Company entered into a one (1) year agreement to issue up to 500,000 shares of common stock, payable as follows:

100,000 shares at the inception of the agreement (earned March 2021),
400,000 shares when all services have been rendered in full (not yet earned).

The Company owed 100,000 shares of common stock having a fair value of $33,800, based upon the quoted closing trading price ($0.338/share). These shares have not yet been issued to the consultant and are a component of common stock payable.

The Company also was required to pay $3,500/month for a three (3) month period of April – June 2021. At December 31, 2021, all amounts have been paid.

Media Services

In May 2021, the Company entered into a six (6) month agreement to issue 417,800 shares of common stock, payable upon the completion of services. All services were earned in November 2021.

At December 31, 2021, the Company owed 417,800 shares of common stock having a fair value of $83,560, based upon the quoted closing trading price ($0.20/share).

These shares have not yet been issued to the consultant and are a component of common stock payable as they have not yet been approved for issuance.

Note 7 – Right of Use Operating Lease

In February 2021, the Company executed a two (2) year lease for its office space. Gross payments over the term of the lease are as follows:

Payments Year Ended December 31,	
2021	$23,335
2022	25,420
2023	1,860
	$50,615

The lease has an option to renew for 3 additional one (1) year periods with an increase of 4% in annual rent. At lease inception, based on historical operations, the Company does not believe the renewal options will be executed.

The tables below present information regarding the Company's operating lease assets and liabilities at December 31, 2021;

		December 31, 2021
Assets		
Operating lease - right-of-use asset - non-current	$	25,221
Liabilities		
Operating lease liability	$	26,158
Weighted-average remaining lease term (years)		1.00
Weighted-average discount rate		8%

The components of lease expense were as follows:

Operating lease costs		
Amortization of right-of-use operating lease asset	$	21,340
Lease liability expense in connection with obligation repayment		2,931
Total operating lease costs	$	24,272

Supplemental cash flow information related to operating leases was as follows:

Operating cash outflows from operating lease (obligation payment)	$	20,404
Right-of-use asset obtained in exchange for new operating lease liability	$	46,561

Future minimum lease payments required under leases that have initial or remaining non-cancelable lease terms in excess of one year at December 31, 2021:

2022	$	25,420
2023		1,860
Total undiscounted cash flows		27,280
Less: amount representing interest		(1,122)
Present value of operating lease liability		26,158
Less: current portion of operating lease liability		(24,310)
Long-term operating lease liability	$	1,848

Note 8 – Income Taxes

The Company's tax expense differs from the "expected" tax expense for the period (computed by applying the blended corporate and state tax rates of 28.89% to loss before taxes), are approximately as follows:

	December 31, 2021		December 31, 2020	
Federal income tax benefit - net of state tax benefit - 18.9%	$	(419,000)	$	(122,000)
State income tax - 9.99%		(221,000)		(64,000)
Tax effect of timing differences for income tax purposes		492,000		52,000
Non-deductible items		6,000		-
Subtotal		(142,000)		(134,000)
Valuation allowance		142,000		134,000
	$	-	$	-

The tax effects of temporary differences that give rise to significant portions of deferred tax assets and liabilities at December 31, 2021 and 2020, respectively, are approximately as follows:

	December 31, 2021		December 31, 2020	
Deferred Tax Assets				
Stock issued for services	$	440,000	$	-
Amortization of debt discount/debt issue costs		106,000		54,000
Net operating loss carryforwards		10,436,000		10,294,000
Total deferred tax assets		10,982,000		10,348,000
Less: valuation allowance		(10,982,000)		(10,348,000)
Net deferred tax asset recorded	$	-	$	-

Deferred tax assets and liabilities are computed by applying the federal and state income tax rates in effect to the gross amounts of temporary differences and other tax attributes, such as net operating loss carryforwards. In assessing if the deferred tax assets will be realized, the Company considers whether it is more likely than not that some or all of these deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the period in which these deductible temporary differences reverse.

During the year ended December 31, 2021, the valuation allowance increased by approximately $634,000. The total valuation allowance results from the Company's estimate of its uncertainty in being unable to recover its net deferred tax assets.

At December 31, 2021, the Company has federal and state net operating loss carryforwards, which are available to offset future taxable income, of approximately 36,120,000 (approximately $10,436,000 at the blended tax rate). The Company is in the process of analyzing their NOL and has not determined if the Company has had any change of control issues that could limit the future use of these NOL's. NOL carryforwards that were generated after 2017 of approximately $2,532,000 may only be used to offset 80% of taxable income and are carried forward indefinitely. NOL's generated prior to December 31, 2017 expire through 2037.

These carryforwards may be subject to an annual limitation under Section 382 and 383 of the Internal Revenue Code of 1986, and similar state provisions if the Company experienced one or more ownership changes which would limit the amount of NOL and tax credit carryforwards that can be utilized to offset future taxable income and tax, respectively. In general, an ownership change, as defined by Section 382 and 383, results from transactions increasing ownership of certain stockholders or public groups in the stock of the corporation by more than 50 percentage points over a three-year period. The Company has not completed an IRC Section 382/383 analysis. If a change in ownership were to have occurred, NOL and tax credit carryforwards could be eliminated or restricted.

If eliminated, the related asset would be removed from the deferred tax asset schedule with a corresponding reduction in the valuation allowance. Due to the existence of the valuation allowance, limitations created by future ownership changes, if any, will not impact the Company's effective tax rate.

The Company files corporate income tax returns in the United States and State of Pennsylvania jurisdictions. Due to the Company's net operating loss posture, all tax years are open and subject to income tax examination by tax authorities. The Company's policy is to recognize interest expense and penalties related to income tax matters as tax expense. At December 31, 2021 and 2020, respectively, there are no unrecognized tax benefits, and there were no significant accruals for interest related to unrecognized tax benefits or tax penalties.