

**BLUEFIRE EQUIPMENT CORPORATION
(BLFR)**

**ANNUAL REPORT
FOR THE YEAR ENDING DECEMBER 31, 2021**

March 31, 2022

487 Ouellette Avenue
Windsor
ON N9 A2J, Canada

BLUEFIRE EQUIPMENT CORPORATION
ANNUAL REPORT
FOR THE YEAR ENDING DECEMBER 31, 2021
(Unaudited)

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BLUEFIRE EQUIPMENT CORPORATION
Condensed Consolidated Unaudited Financial Statements
Balance Sheet

	Notes	As at December 31, 2021	As at December 31, 2020
ASSETS			
<u>Current assets</u>			
Cash and cash equivalents	2	\$ -	\$ -
Inventory		-	-
TOTAL ASSETS		<u>\$ -</u>	<u>\$ -</u>
LIABILITIES & STOCKHOLDERS' DEFICIT			
<u>Current liabilities</u>			
Accrued expenses		\$ 5,000	\$ -
Loans & notes payable, short-term or current	4	-	338,837
Derivative liability		-	-
TOTAL LIABILITIES		<u>\$ 5,000</u>	<u>\$ 338,837</u>
STOCKHOLDERS' DEFICIT			
Preferred stock Series B: par value \$0.0001, 50,000,000 authorized and 1,000,000 issued and outstanding at December 31, 2021 and December 31, 2020	5	100	100
Common stock: par value \$0.0001, 2,000,000,000 authorized and 33,947,368 issued and outstanding at December 31, 2021 and December 31, 2020	5	3,395	3,395
Additional paid-in capital		91,739	91,739
Stock subscribed for		-	675,384
Accumulated deficit		(100,234)	(1,109,455)
TOTAL STOCKHOLDERS' DEFICIT		<u>(5,000)</u>	<u>(338,837)</u>
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT		<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to these condensed consolidated unaudited financial statements.

BLUEFIRE EQUIPMENT CORPORATION
Condensed Consolidated Unaudited Financial Statements
Statement of Operations

	For the Year Ending December 31,	
	2021	2020
Revenues	\$ -	\$ -
Cost of goods sold	-	-
Gross profit	-	-
Operating expenses		
Selling, general & administrative expenses	5,000	-
Bad debt provision	-	-
Depreciation & amortization	-	-
Total operating expenses	5,000	-
Income (loss) from operations	(5,000)	-
Other income (expenses)		
Financing costs	(16,526)	(22,581)
Gain (loss) on revaluation of derivative liability	-	-
Other income (expenditure) net	1,030,747	-
Income (loss) before income taxes	\$ 1,009,221	\$ (22,581)
Provision for income taxes	-	-
Net income (loss)	1,009,221	(22,581)
Net income (loss) per share	\$ 0.03	\$ (0.00)
Weighted average shares outstanding	33,947,368	33,947,368

See accompanying notes to these condensed consolidated unaudited financial statements.

BLUEFIRE EQUIPMENT CORPORATION
Condensed Consolidated Unaudited Financial Statements
Statement of Changes in Stockholders' Equity

	Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Surplus (Deficit)	Total
	Number	Value	Number	Value			
Balance b/f as at January 1, 2020	1,000,000	\$ 100	33,947,368	\$ 3,395	\$ 767,123	\$ (1,086,874)	\$ (316,256)
Net loss, year ending December 31, 2020	-	-	-	-	-	(22,581)	(22,581)
Balance b/f January 1, 2021	1,000,000	\$ 100	33,947,368	\$ 3,395	\$ 767,123	\$ (1,109,455)	\$ (338,837)
Common stock subscribed for	-	-	-	-	(675,384)	-	(675,384)
Net income, year ending December 31,	-	-	-	-	-	1,009,221	1,009,221
Balance c/f as at December 31, 2021	<u>1,000,000</u>	<u>\$ 100</u>	<u>33,947,368</u>	<u>\$ 3,395</u>	<u>\$ 91,739</u>	<u>\$ (100,234)</u>	<u>\$ (5,000)</u>

See accompanying notes to these condensed consolidated unaudited financial statements.

BLUEFIRE EQUIPMENT CORPORATION
Condensed Consolidated Unaudited Financial Statements
Statement of Cash Flow

	For the Year Ending December 31,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	\$ 1,009,221	\$ (22,581)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	-	-
Financing costs	16,526	22,581
Changes in operating assets and liabilities:		
Accounts payable and other current liabilities	5,000	-
Other current assets	-	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,030,747	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale (purchase) of tangible assets	-	-
Sale (purchase) of intangible assets	-	-
NET CASH PROVIDED BY INVESTING ACTIVITIES	-	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of equity	(675,384)	-
Proceeds from (repayment of) debt instruments	(338,837)	22,581
Financing costs	(16,526)	(22,581)
EXCHANGE RATE MOVEMENTS	-	-
NET INCREASE IN CASH	-	-
Cash, beginning of year	-	-
Cash, end of year	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to these condensed consolidated unaudited financial statements.

BLUEFIRE EQUIPMENT CORPORATION
Condensed Consolidated Unaudited Financial Statements
Notes For the Year Ending December 31, 2021

NOTE 1. NATURE AND BACKGROUND OF BUSINESS

The accompanying consolidated financial statements include BlueFire Equipment Corporation (the 'Company', 'we' or 'us'), a Colorado corporation, its wholly-owned subsidiaries and any majority controlled interests.

The Company designed, manufactured and sold its own branded line of fashion and fashion accessories under the label 'Pusher's Collective'. Through the end of 2018, the Company operated a retail store located at 487 Ouelette Avenue, Windsor, Ontario, Canada, where it sold its products, in addition to its online website.

The Company was originally incorporated under the laws of Delaware on June 10, 2008 with an authorized share capital of 50,000,000 shares of common stock. On June 18, 2013, the Company conducted a forward split of 2 for 1 shares of common stock, increasing the authorized share capital to 100,000,000 shares of common stock. On March 27, 2015, the Company increased its authorized share capital to 2,100,000,000 shares, consisting of 2,000,000,000 shares of common stock and 100,000,000 shares of preferred stock.

In 2015, the Company issued 1,000,000 shares of preferred stock Series B to Watfa Chedid, the owner of 100% of the outstanding Series B shares issued and, therefore, the control person for the Company. Also in 2015, the Company issued 18,000,000 shares of Common Stock to Ali Ahmed, which gave Mr. Ahmed control of 53% of the outstanding shares of Common Stock. Mr Ahmed was also appointed CEO, CFO and a Director of the Company.

At the end of 2018, the retail store was transferred to other owners in return for assumption of debt, the store location moved to 133 Euclid Avenue, Atlanta, Georgia and the Company removed Pusher's Collective assets, liabilities and operations from its financial statements.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared for BlueFire Equipment Corporation in accordance with accounting principles generally accepted in the United States of America (US GAAP), with all numbers shown in US Dollars.

In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for fair presentation of the financial statements have been included. The financial statements include acquired subsidiaries, as discussed below, and include all consolidation entries required to include those subsidiaries.

Use of Estimates

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

Cash and Cash Equivalents

For the Balance Sheet and Statement of Cash Flows, all highly liquid investments with maturity of three months or less are considered to be cash equivalents. The Company had no cash equivalents as at December 31, 2021 or 2020.

Income Taxes

Income taxes are provided in accordance with the FASB Accounting Standards (ASC 740), Accounting for Income Tax. A deferred tax asset or liability is recorded for all temporary differences between financial and tax reporting and net operating loss carry forwards. Any deferred tax expense (benefit) resulting from the net change during the year is shown as deferred tax assets and liabilities. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it was more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

Basic and Diluted Net Income (Loss) Per Share

Net income (loss) per unit is calculated in accordance with Codification topic 260, "Earnings per Share" for the periods presented. Basic net loss per share is computed using the weighted average number of common shares outstanding. Diluted loss per share has not been presented because the shares of common stock equivalents have not been included in the per share calculations as such inclusion would be anti-dilutive. Diluted earnings per share is based on the assumption that all dilutive stock options, warrants and convertible debt are converted or exercised applying the treasury stock method. Under this method, options, warrants and convertible debt are assumed exercised at the beginning of the period (or at the time of issuance, if later), and as if funds obtained thereby were used to purchase shares of common stock at the average market price during the period. Options, warrants and/or convertible debt will have a dilutive effect during periods of net profit only when the average market price of the units during the period exceeds the exercise or conversion price of the items.

Stock Based Compensation

Codification topic 718 “Stock Compensation” requires that the cost resulting from all share-based transactions be recorded in the financial statements and establishes fair value as the measurement objective for share-based payment transactions with employees and acquired goods or services from non-employees. The codification also provides guidance on valuing and expensing these awards, as well as disclosure requirements of these equity arrangements. The Company adopted the codification upon creation of the Company and will expense share-based costs in the period incurred. The Company has not yet adopted a stock option plan and all share-based transactions and share based compensation has been expensed in accordance with the codification guidance.

Convertible Instruments

The Company evaluates and accounts for conversion options embedded in its convertible instruments in accordance with professional standards for “Accounting for Derivative Instruments and Hedging Activities”. Professional standards generally provide three criteria that, if met, require companies to bifurcate conversion options from their host instruments and account for them as free standing derivative financial instruments. These three criteria include circumstances in which (a) the economic characteristics and risks of the embedded derivative instruments are not clearly and closely related to the economic characteristics and risks of the host contract, (b) the hybrid instrument that embodies both the embedded derivative instrument and the host contract is not re-measured at fair value under otherwise applicable generally accepted accounting principles with changes in fair value reported in earnings as they occur, and (c) a separate instrument with the same terms as the embedded derivative instrument would be considered a derivative instrument. Professional standards also provide an exception to this rule when the host instrument is deemed to be conventional as defined under professional standards as “The Meaning of Conventional Convertible Debt Instrument”.

The Company accounts for convertible instruments when it has determined that the embedded conversion options should not be bifurcated from their host instruments in accordance with professional standards when “Accounting for Convertible Securities with Beneficial Conversion Features,” as those professional standards pertain to “Certain Convertible Instruments.” Accordingly, the Company records, when necessary, discounts to convertible notes for the intrinsic value of conversion options embedded in debt instruments based upon the differences between the fair value of the underlying shares of common stock at the commitment date of the note transaction and the effective conversion price embedded in the note. Debt discounts under these arrangements are amortized over the term of the related debt to their earliest date of redemption. The Company also records when necessary deemed dividends for the intrinsic value of conversion options embedded in preferred shares of common stock based upon the differences between the fair value of the underlying shares at the commitment date of the note transaction and the effective conversion price embedded in the note.

ASC 815-40 provides that, among other things, generally, if an event not within the entity’s control could require net cash settlement, then the contract shall be classified as an asset or a liability.

Fair Value of Financial Instruments

We adopted the guidance of ASC-820 for fair value instruments, which clarifies the definition of fair value, prescribes methods for determining fair value, and establishes a fair value hierarchy to classify the inputs used in measuring fair value, as follows:

- Level 1 Inputs are unadjusted quoted prices in active markets for identical assets or liabilities available at the measurement date.
- Level 2 Inputs are quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, inputs other than quoted prices that are observable, and inputs derived from or corroborated by observable market data.
- Level 3 Inputs are unobservable inputs which reflect the reporting entity’s own assumptions on what assumptions the market participants would use in pricing the asset or liability based on the best available information.

The carrying amounts for cash, accounts receivable, accounts payable and accrued expenses, and loans payable approximate their fair value based on the short-term maturity of these instruments. We did not identify any assets or liabilities that are required to be presented on the balance sheet at fair value in accordance with the accounting guidance as at December 31, 2021 or 2020.

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. We did not elect to apply the fair value option to any outstanding instruments.

Derivative Liabilities

Derivative financial instruments consist of convertible instruments and rights to shares of the Company's common stock. The Company assessed that it had no derivative liabilities as at December 31, 2021 or 2020.

ASC 815 generally provides three criteria that, if met, require companies to bifurcate conversion options from their host instruments and account for them as free standing derivative financial instruments. These three criteria include circumstances in which (a) the economic characteristics and risks of the embedded derivative instrument are not clearly and closely related to the economic characteristics and risks of the host contract, (b) the hybrid instrument that embodies both the embedded derivative instrument and the host contract is not re-measured at fair value under otherwise applicable generally accepted accounting principles with changes in fair value reported in earnings as they occur and (c) a separate instrument with the same terms as the embedded derivative instrument would be considered a derivative instrument subject to the requirement of ASC 815. ASC 815 also provides an exception to this rule when the host instrument is deemed to be conventional, as described.

Impact of New Accounting Standards

The Company does not expect the adoption of recently issued accounting pronouncements to have a significant impact on the Company’s results of operations, financial position, or cash flow.

NOTE 3. GOING CONCERN

The Company's financial statements are prepared in accordance with generally accepted accounting principles applicable to a going concern. This contemplates the realization of assets and the liquidation of liabilities in the normal course of business. Realization values may be substantially different from carrying values as shown and these financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. Currently, the Company does not have significant cash or other material assets, nor does it have operations or a source of revenue sufficient to cover its operation costs and allow it to continue as a going concern.

The Company has a limited operating history and had a cumulative net loss from inception to December 31, 2021 of \$100,234. The Company has a working capital deficit of \$5,000 as at December 31, 2021.

These financial statements for the year ending December 31, 2021 have been prepared assuming the Company will continue as a going concern, which is dependent upon the Company's ability to generate future profits and/or obtain necessary financing to meet its obligations as they come due.

The management has committed to an aggressive growth plan for the Company. The Company's future operations are dependent upon external funding and its ability to execute its business plan, realize sales and control expenses. Management believes that sufficient funding will be available from additional borrowings and private placements to meet its business objectives including anticipated cash needs for working capital, for a reasonable period of time. However, there can be no assurance that the Company will be able to obtain sufficient funds to continue the development of its business operation, or if obtained, upon terms favorable to the Company.

NOTE 4. LOANS AND NOTES PAYABLE

The Company had no loans or notes payable as at December 31, 2021 and \$338,837 as at December 31, 2020.

Description	Principal Amount	Date of Loan Note	Maturity Date	December 31, 2021	December 31, 2020
Convertible loan from Tyson Rohde , 12 months at interest rate of 15%, convertible at \$0.001 per share	\$ 100,000	4/1/2011	4/1/2012	\$ -	\$ 82,127
First tranche from line of credit from Carew Rohde for 12 months at interest rate of 15%, repayable from operational cash flows - see Note 1 below	25,000	7/1/2011	7/1/2012	-	20,220
Second tranche from line of credit from Drexel Rohde for 12 months at interest rate of 15%, repayable from operational cash flows - see Note 1 below	25,000	8/11/2011	8/11/2012	-	20,080
Convertible loan note from Levantera SA for 12 months at interest rate of 12%, at interest rate of 9%, convertible at \$0.0001 per share	150,000	4/10/2013	4/10/2014	-	96,389
Convertible loan note from Levantera SA for 12 months at interest rate of 12%, convertible at 50% disc. to bid price on day before conversion - see note 4 below	50,000	8/6/2013	8/6/2014	-	31,483
Convertible loan note from Levantera SA for 12 months at interest rate of 12%, convertible at 50% disc. to bid price on day before conversion - see note 4 below	50,000	9/25/2013	9/25/2014	-	31,209
Convertible loan note from Levantera SA for 12 months at interest rate of 12%, convertible at 50% disc. to bid price on day before conversion - see note 4 below	50,000	11/22/2013	11/22/2014	-	30,891
Convertible loan note from Imad Najjar for 12 months at interest rate of 8%, convertible at 50% disc. to bid price on day before conversion	1,969	10/18/2018	10/18/2019	-	2,411
Convertible loan note from Amanda Korn for 12 months at interest rate of 8%, convertible at 50% disc. to bid price on day before conversion	3,000	10/28/2018	10/28/2019	-	3,664

Convertible loan note from Ali Ahmed for 12 months at interest rate of 8%, convertible at 50% disc. to bid price on day before conversion	12,874	12/31/2018	12/31/2019	-	15,453
Convertible loan note from Amanda Korn for 12 months at interest rate of 8%, convertible at 50% disc. to bid price on day before conversion	3,780	3/7/2019	3/7/2020	-	4,909
Total				<u>\$ -</u>	<u>\$ 338,837</u>
Long-term total				<u>\$ -</u>	<u>\$ -</u>
Short-term total				<u>\$ -</u>	<u>\$ 338,837</u>

Loans and Notes Amortization	Amount Due
Due within 12 months	\$ -
Due within 24 months	-
Due within 36 months	-
Due within 48 months	-
Due after 48 months	-
Total	<u>\$ -</u>

Notes

1. This note originated as \$100,000 on April 1, 2011. On April 24, 2015, following purchase of a one-third interest in the Note, World Market Ventures entered into a settlement agreement whereby one third of the balance was settled, including one third of the outstanding interest and one third of the principal amount, totaling \$53,652.78 in exchange for the rights to 67,065,975 shares of Common Stock at \$0.0008 per share, calculated at discount of 80% to the prior 10-day average price. These shares have not yet been issued but are due to World Market Ventures on demand and are provided for in the Company's cap table. On April 2, 2019, World Market Ventures, having previously acquired a second one-third interest in the Note, executed an amended settlement agreement to convert two thirds interest in the Note, including two thirds of the outstanding interest and two thirds of the principal amount, totaling \$107,305.56 into a total of shares of 12,124,922 Common Stock at \$0.00885 per share, calculated as a 70% discount to the prior day's closing price. However, the note was purchased by Imad Najjar and written off as at September 30, 2021, and any stock due under the prior settlement reached was cancelled.

2. This note originated as \$25,000 on July 1, 2011. On April 24, 2015, following purchase of a one-third interest in the Note, World Market Ventures entered into a settlement agreement whereby one third of the balance was settled, including one third of the outstanding interest and one third of the principal amount, totaling \$13,100.69 in exchange for the rights to 13,100,690 shares of Common Stock at \$0.001 per share. These shares have not yet been issued but are due to World Market Ventures on demand and are provided for in the Company's cap table. On April 2, 2019, World Market Ventures, having previously acquired a second one-third interest in the Note, executed an amended settlement agreement to convert two thirds interest in the Note, including two thirds of the outstanding interest and two thirds of the principal amount, totaling \$26,201.38 into a total of 26,201,380 shares of Common Stock at \$0.001 per share. However, the note was purchased by Imad Najjar and written off as at September 30, 2021, and any stock due under the prior settlement reached was cancelled.

3. This note originated as \$25,000 on August 11, 2011. On April 24, 2015, following purchase of a one-third interest in the Note, World Market Ventures entered into a settlement agreement whereby one third of the balance was settled, including one third of the outstanding interest and one third of the principal amount, totaling \$12,961.81 in exchange for the rights to 12,961,810 shares of Common Stock at \$0.001 per share. These shares have not yet been issued but are due to World Market Ventures on demand and are provided for in the Company's cap table. On April 2, 2019, World Market Ventures, having previously acquired a second one-third interest in the Note, executed an amended settlement agreement to convert two thirds interest in the Note, including two thirds of the outstanding interest and two thirds of the principal amount, totaling \$25,909.72 into a total of 25,909,720 shares of Common Stock at \$0.001 per share. However, the note was purchased by Imad Najjar and written off as at September 30, 2021, and any stock due under the prior settlement reached was cancelled.

4. This note originated as four separate notes totaling \$300,000 on April 10, 2013, August 6, 2013, September 25, 2013 and November 22, 2013. On April 24, 2015, following purchase of a one-third interest in the Notes, World Market Ventures entered into a settlement agreement whereby one third of the balance was settled, including one third of the outstanding interest and one third of the principal amount, totaling \$121,872.22 in exchange for the rights to 121,872,220 shares of Common Stock at \$0.001 per share. These shares have not yet been issued but are due to World Market Ventures on demand and are provided for in the Company's cap table. On April 2, 2019, World Market Ventures, having previously acquired a second one-third interest in the Note, executed an amended settlement agreement to convert two thirds interest in the Notes, including two thirds of the outstanding interest and two thirds of the principal amount, totaling \$243,744.44 into a total of 243,744,440 shares of Common Stock at \$0.001 per share. These shares have not yet been issued but are due to World Market Ventures on demand and are provided for in the Company's cap table. However, the note was purchased by Imad Najjar and written off as at September 30, 2021, and any stock due under the prior settlement reached was cancelled.

5. These two notes originated as \$50,000 and \$1,500 on October 7, 2015 and June 21, 2017, respectively. On April 1, 2019, following purchase of the Notes, World Market Ventures entered into a settlement agreement whereby the balance of each note was settled, for \$70,081.55 and \$1,771.26 respectively in exchange for the rights to 7,185,281 shares of Common Stock at \$0.01 per share. However, the note was purchased by Imad Najjar and written off as at September 30, 2021, and any stock due under the prior settlement reached was cancelled.

6. These three notes originated as \$42,005, \$23,735 and \$86,898 on December 31, 2015, December 31, 2016 and December 31, 2017, respectively. On April 1, 2019, following purchase of the Notes, World Market Ventures entered into a settlement agreement whereby the balance of each note was settled, for \$57,610.00, \$29,476.01 and \$96,657.62 respectively in exchange for the rights to 18,374,503 shares of Common Stock at \$0.01 per share. However, the note was purchased by Imad Najjar and written off as at September 30, 2021, and any stock due under the prior settlement reached was cancelled.

7. These two notes originated as \$4,000 and \$11,327 on January 17, 2018 and April 13, 2018, respectively. On April 1, 2019, following purchase of the Notes, World Market Ventures entered into a settlement agreement whereby the balance of each note was settled, for \$4,423.66 and \$12,202.44 respectively in exchange for the rights to 1,662,610 shares of Common Stock at \$0.01 per share. However, the note was purchased by Imad Najjar and written off as at September 30, 2021, and any stock due under the prior settlement reached was cancelled.

All other notes outstanding immediately prior to September 30, 2021 were written off by the holders for no compensation. There were previously 335,202,716 shares of common stock that were allowed for under Shares Subscribed For, but that have now been canceled as a result of the termination of all outstanding loan notes.

NOTE 5. CAPITAL STOCK

As at December 31, 2021 and 2020, the Company was authorized to issue Preferred Stock and Common Stock as detailed below.

Preferred Stock

At December 31, 2021 the Company had authorized Preferred Stock in one designation totaling 50,000,000 shares:

Preferred Stock Series B The Company is authorized to issue 50,000,000 shares of Series B, with a par value of \$0.0001 per share. As at January 1, 2019, the Company had 1,000,000 shares of Series B preferred stock issued and outstanding.

As at December 31, 2021, the Company had a total of 1,000,000 shares of Preferred Stock issued and outstanding.

Common Stock

As at December 31, 2021, the Company is authorized to issue up to 2,000,000,000 shares of Common Stock with par value \$0.0001.

As at January 1, 2020, the Company had 33,947,368 shares of Common Stock issued and outstanding.

As at December 31, 2021, there were 33,947,368 shares of Common Stock issued and outstanding.

NOTE 6. INCOME TAXES

The Company uses the assets and liability method of accounting for income taxes pursuant to SFAS No. 109 “Accounting for Income Taxes”. Under the assets and liability method of SFAS No. 109, deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or

In June 2006, the FASB issued FASB Interpretation No. 48, “Accounting for Uncertainty in Income Taxes.” Specifically, the pronouncement prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken from year ended December 31, 2015 tax return onwards. The interpretation also provides guidance on the related derecognition, classification, interest and penalties, accounting for interim periods, disclosure and transition of uncertain tax positions. The Company adopted this interpretation effective on inception.

For the year ended December 31, 2021, the Company had available for US federal income tax purposes net operating loss carryovers of \$1,109,455, all of which will expire by 2041.

The Company has provided a full valuation allowance against the full amount of the net operating loss benefit, since, in the opinion of management, based upon the earnings history of the Company, it is more likely than not that the benefits will not be realized.

	December 31, 2021	December 31, 2020
Statutory federal income tax rate	21.00%	21.00%
Statutory state income tax rate	4.55%	4.55%
Valuation allowance	(25.55%)	(25.55%)
Effective tax rate	<u>0.00%</u>	<u>0.00%</u>

Deferred income taxes result from temporary differences in the recognition of income and expenses for financial reporting purposes and for tax purposes. The tax effect of these temporary differences representing deferred tax assets result principally from the following:

Deferred Tax Assets (Gross Values)	December 31, 2021	December 31, 2020
Net operating loss carry forward	\$ (100,234)	\$ (1,109,455)
Less valuation allowance	100,234	1,109,455
Net deferred tax asset	<u>\$ -</u>	<u>\$ -</u>

NOTE 7. SUBSEQUENT EVENTS

There were no events to report subsequent to December 31, 2021.