Ladybug Resource Group, Inc.

Trading Symbol (LBRG)

ANNUAL REPORT

THE CALI GIRL, LLC

Private Company Unaudited Financial Statements
For The Fiscal Year Ended December 31, 2021

THE CALI GIRL, LLC

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FINANCIAL STATEMENTS

(UNAUDITED)

THE CALI GIRL LLC
Balance Sheet

	December 31, 2021	December 31, 2020
ASSETS		
Current Assets		
Cash and cash equivalents	$ 2,906	$ 1,553
Total Current Assets	2,906	1,553
Property and equipment, net	58,000	20,000
TOTAL ASSETS	**$ 60,906**	**$ 21,553**
LIABILITIES AND MEMBERS' CAPITAL		
Liabilities		
Credit Line	$ -	$ 4,632
Loan other	39,052	-
Total Current Liabilities	39,052	4,632
Total Liabilities	39,052	4,632
Members' Capital		
Opening balance equity	10,000	10,000
Capital distributions	(112,837)	(103,270)
Retained earnings	110,191	37,866
Net income	14,500	72,325
Total Members' Capital	21,854	16,921
TOTAL LIABILITIES AND MEMBERS' CAPITAL	**$ 60,906**	**$ 21,553**

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

The Cali Girl LLC
Statement of Operations

	For the Year Ended December 31, 2021	For the Year Ended December 31, 2020
Revenue	$ 145,174	$ 106,742
Cost of revenue	-	-
Gross profit	145,174	106,742
Operating Expenses		
General and Administrative Expenses	94,261	34,417
Depreciation	12,000	-
Professional fees	17,158	-
Total Operating Expenses	123,419	34,417
Net Operating income	21,755	72,325
Other expense		
Interest Expense	(7,417)	-
Other Income	162	-
Total Other expense	(7,255)	-
Net income	**$ 14,500**	**$ 72,325**

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

The Cali Girl LLC
Statement of Cash Flows

		For the Year Ended December 31, 2021
OPERATING ACTIVITIES		
Net income	$	14,500
Depreciation		12,000
Adjustments to reconcile Net Income to Net Cash provided by operations:		
		-
Net cash provided by operating activities		26,500
INVESTING ACTIVITIES		
Purchase of property & equipment		(50,000)
Net cash used in investing activities		**(50,000)**
FINANCING ACTIVITIES		
Repayment credit line		(4,632)
Proceeds from auto loan		39,052
Members' contributions		4,078
Members' distributions		(13,645)
Net cash provided by financing activities		24,853
Net change in cash		1,353
Cash at beginning of period		1,553
Cash at end of period	$	2,906

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

The Cali Girl LLC
Statement of Changes in Members' Capital

Members' capital, January 1, 2021	$	16,921
Capital contributions	$	4,078
Capital distributions	$	(13,645)
Net income	$	14,500
Members' capital, December 31, 2021	$	21,854

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

THE CALI GIRL LLC
Notes to the Unaudited Financial Statements
December 31, 2021

NOTE 1 – ORGANIZATION AND DESCRIPTION OF BUSINESS

The Cali Girl, LLC (the "Company" or "Cannagirl") was incorporated in California on May 3, 2018, with a principal place of business in San Francisco, California.

Cannagirl began as the brainchild of Ariana Tibbets ("Ariana") back in Arcata, CA in 2008, when Ariana was working to produce a line of organic homeopathic products under the umbrella of her upstart company Emerald Flower Pharmacy ("EFP"). Cannagirl was to be the flagship brand of EFP and include a line of tinctures and topical applications, the formulation of which were the result of years of practice in Western and Eastern medicines. In 2012, Ariana moved back to the Sierra Foothills, where she could be close to family and focus on her own farming in order to provide for her children. The passing of Proposition 64 led Ariana to start Gold Mountain Distribution ("GMD") in 2016. While sourcing out farms for her Gold Mountain Distribution company, she saw an enormous amount of strong, female driven cannabis farms throughout that state; this, paired with the #MeToo movement, made for a perfect situation to relaunch Cannagirl under a slightly revised ethos, one that reflected her maturation into motherhood, yet still captured her spirit of homeopathy: Mother and Earth approved

There may be other female-focused brands in cannabis, whether they be subscription services, media outlets, retail/delivery services or more, but none have the industry legacy of Cannagirl. The Company differentiates itself through its authenticity to the grass-roots foundation of California Cannabis. The Company's connections, relationships, strategic partnerships, and personal, hands-on experience is something that no other entity can match. The Company knows the struggling farmer in the Emerald Triangle, the state-wide regulating committees in Sacramento, and the best manufacturers, retail operators and distributors across the entire state.

Additionally, while other companies may be female focused in their customer segmentation, Cannagirl puts the female at the front of every aspect of the supply chain, from seed to sale. The Company wants its customers to know the face and name of every farmer the Company sources from, the Company wants them to gravitate towards supporting female empowerment across the entire industry.

Currently, the Company generates or will generate revenue through various ways:

Cannagirl coffee: The Company has been working with Dr. Scott Martin, MD, out of Henderson, NV, on a line of cannabis-infused coffee. The Company was introduced to Dr. Martin and his excitement for the brand itself compelled him to partner with the Company on the coffee, an already project of his. The appeal of this partnership comes in three primary factors: First, the premium quality of the coffee itself. Dr. Martin has connections to genuine Kona coffee from Hawaii and is blending it with (for now) Columbian coffee at a 20/80 split. Most Kona blends are 10%. Second, is the infusion of THC or CBD. All cannabis-infused coffees on the market have beans sprayed with CBD, which gets lost in both the grinding and percolation processes. The Company has a proprietary connection with GeoCann to use their custom method process, which uses emulsified CBD and THC powder that is 100% water soluble. The final factor is a powder called Whole Green Coffee Powder ("WGCP"), which is a 100% organic compound proven to spur weight loss.

THC Products: Cannagirl is, and always has been, about getting the most premium THC products into consumers' hands in order to benefit and support the proliferation of female farmers in California and around the world. Cannagirl is currently positioned to be a market leader in female THC products in California, and the Company is looking to expand this influence globally. The Company has flower, pre-rolls and vape pens, all sourced from world-class farms and master extractors. These products were launched in San Francisco, CA and Sacramento, CA in late 2018. The Company has personal relationships with top dispensary owners in these regions, as well as Los Angeles/Orange County, Santa Barbara, and Monterey Bay areas, all of whom are enthusiastic about carrying the brand.

Events: The Company is considering explanding Cannagirl into the cultural zeitgeist via events. The Company is exploring collaboration with events coordinators to bring Cannagirl to the forefront of such events and generate excitement and word-of-mouth influence.

Skin care: A key component of Ariana's vision, skincare products are further down the Company's pipeline purely due to the cost of goods required to launch.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

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

The accompanying unaudited financial statements have been prepared on a basis consistent with GAAP for financial information. In the opinion of management, the accompanying unaudited financial statements reflect all adjustments, consisting of only normal and recurring adjustments, necessary for a fair presentation of the results of operations, financial position and cash flows for the periods presented. The results of operations for the periods are not necessarily indicative of the results expected for any future period.

Principles of Consolidation

The accompanying consolidated financial statements of the Company include the accounts of its wholly owned subsidiaries.

Use of estimates

The preparation of 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 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. Accordingly, actual results could differ from those estimates. Such estimates include management's assessments of the carrying value of certain assets, useful lives of assets, and related depreciation and amortization methods applied.

Cash equivalents

The Company considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. At December 31, 2021, the Company had no cash equivalents besides what was in the cash balances as of this date.

Fair value of financial instruments

In accordance with FASB ASC 820-10, *Fair Value Measurements and Disclosures*, the Company discloses the fair value of its assets and liabilities in a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to valuations based upon unadjusted quoted prices in active markets for identical assets and liabilities and the lowest priority to valuations based upon unobservable inputs that are significant to the valuation. FASB ASC 820-10-35-39 to 55 provides three levels of the fair value hierarchy as follows:

Level One - Inputs use quoted prices in active markets for identical assets or liabilities of which the Company has the ability to access.

Level Two - Inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

Level Three - Inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset.

The carrying amount of the Company's financial assets and liabilities, such as cash, prepaid, credit line approximate their fair value because of the short maturity of those instruments.

Commitments and contingencies

The Company follows subtopic 450-20 of the FASB ASC to report accounting for contingencies. Liabilities for loss contingencies arising from claims, assessments, litigation, fines and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount of the assessment can be reasonably estimated.

Revenue recognition

The Company recognizes revenue in accordance with ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606).

Under ASU 2014-9, the Company recognizes revenue when its customers obtain control of the promised good or services, in an amount that reflects the consideration which the Company expects to receive in exchange for those goods or services. The Company applies the following five-step: (i) identify the contract(s) with a customer; (ii) identify the performance obligation(s) in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligation(s) in the contract; and (v) recognize revenue when (or as) the Company satisfies a performance obligation.

At contract inception, once the contract is determined to be within the scope of ASU 2014-09, the Company identifies the performance obligation(s) in the contract by assessing whether the goods or services promised within each contract are distinct. The Company then recognizes revenue for the amount of the transaction price that is allocated to the respective performance obligation when (or as) the performance obligation is satisfied.

The Company's performance obligations are established when a customer submits a purchase order notification (in writing, electronically or verbally) for goods, and the Company accepts the order. The Company identifies the performance obligation as the delivery of the requested product in appropriate quantities and to the location specified in the customer's contract and/or purchase order. The Company generally recognizes revenue when the product or service has been transferred to the customer, at which time the Company has an unconditional right to receive payment. The Company's sale prices are final, and the selling prices are not affected by contingent events that could impact the transaction price. Revenue is typically recognized at the time the product is delivered to our customer, at which time the title passes to the customer, and there are no further performance obligations.

The Company records a liability when receiving cash in advance of delivering goods or services to the customer. This liability is reversed against the receivable recognized when those goods or services are delivered.

Income taxes

As a limited liability company, the Company itself is not subject to United States federal income taxes. The members are individually liable for income taxes, if any, on their share of the Company's net taxable income. Accordingly, no provision or credit for income taxes is recorded in the accompanying financial statements. The Company anticipates paying distributions to its members in amounts adequate to meet its tax obligation.

Equipment

Equipment is recorded at cost. Depreciation is provided using straight line method over the estimated useful life of the related assets.

Asset Category	*Estimated Useful Life (Years)*
Vehicle	*6 years*

Impairment of Long-Lived Assets

The carrying value of long-lived assets are reviewed on a regular basis for the existence of facts and circumstances that may suggest impairment. The Company recognizes impairment when the sum of the expected undiscounted future cash flows is less than the carrying amount of the asset over its estimated fair value.

Recently issued accounting pronouncements

In February 2016, the FASB issued ASU 2016-02 (Topic 842), Leases, and issued subsequent amendments to the initial guidance or implementation guidance including ASU 2017-13, 2018-01, 2018-10, 2018-11, 2018-20 and 2019-01 (collectively, including ASU 2016-02, "ASC 842"), which supersedes the guidance in topic ASC 840, Leases. The new standard requires lessees to classify leases as either finance or operating based on whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether related expenses are recognized based on the effective interest method or on a straight-line basis over the term of the lease. For any leases with a term of greater than 12 months, ASU 2016-02 requires lessees to recognize a lease liability for the obligation to make the lease payments arising from a lease, and a right-of-use asset for the right to use the underlying asset for the lease term. An election can be made to account for leases with a term of 12 months or less similar to existing guidance for operating leases under ASC 840. The new standard will also require new disclosures, including qualitative and quantitative requirements, providing additional information about the amounts recorded in the financial statements. For public companies, the new standard is effective for interim and annual reporting periods beginning after December 15, 2018. The accounting standard is effective for non-public entities for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. We have elected this extension and the effective date for us to adopt this standard will be for fiscal years beginning after December 15, 2021. The Company is currently evaluating the potential impact of the Update on its financial statements.

NOTE 3 – CASH AND CASH EQUIVALENTS

The Company classifies the following instruments as cash and cash equivalents: cash on hand, unrestricted bank deposits, and all highly liquid investments purchased with original maturities of three months or less.

The cash account balance of the business as of December 31, 2021, is as follows:

Institutions	Interest rate	Maturity Date	Balance
FIRST US - BoA	-	-	$2,906

NOTE 4 - CONCENTRATION OF CREDIT RISK

The Federal Deposit Insurance Coverage (FDIC) standard amount is $250,000 per depositor, per insured bank. As of December 31, 2021, the business had deposits with the First US and Bank of America that did not exceed the FDIC coverage limit.

NOTE 5 –SUBSEQUENT EVENTS

The Company has evaluated all events that occurred after the balance sheet date through the date when the financial statements were issued to determine if they must be reported. The Management of the Company determined that there were no other reportable subsequent event(s) to be disclosed.

10) Issuer Certification

Management has evaluated disclosures in The Cali Girl, LLC, Private Company Unaudited Financial Statements for The Fiscal Year Ended December 31, 2021, the date the financial statements were available to be issued. Management found no subsequent events to be disclosed.

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, Alan K. Fetzer certify that:

1. I have reviewed this Annual Report for the Year Ended December 31, 2021, of Ladybug Resource Group, Inc.;

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

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

May 24, 2022

<u>/s/ Alan K. Fetzer</u>

Alan K. Fetzer, CEO

Principal Financial Officer:

I, Alan K. Fetzer certify that:

1. I have reviewed this Annual Report for the Year Ended December 31, 2021, of Ladybug Resource Group, Inc.;

2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, considering 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.

May 24, 2022

<u>/s/ Alan K. Fetzer</u>

Alan K. Fetzer, CFO