

Disclosure Statement Pursuant to the Pink Basic Disclosure Guidelines

Universal Systems, Inc.

30 N Gould St Ste N, Sheridan, WY 82801

800-395-6811

DigitalDistroSolutions.com

IR@DigitalDistroSolutions.com

SIC: 3569

Quarterly Report
For the Period Ending: 6/30/2022
(the "Reporting Period")

As of 6/30/2022, the number of shares outstanding of our Common Stock was:

286,049,052

As of 12/31/2021, the number of shares outstanding of our Common Stock was:

246,049,052

As of 12/31/2021, the number of shares outstanding of our Common Stock was:

246,049,052

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 Control¹ 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.

The current name of the issuer is Digital Distro, Inc.

The previous name of the issuer is Universal Systems, Inc. until February 8th, 2022

The previous name of the issuer was Berry Shino Securities of Washington, Inc until July 21, 2003.

The previous name of the issuer was New Century Industries, Inc until October 27, 2003.

The previous name of the issuer was New Century Metals Corporation until November 18, 2003.

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 Issuer is incorporated in the State of Washington in good standing, and 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:

On July 22nd, 2021 Benjamin Berry resigned, and Andrew Lane was appointed as President/CEO of the Company.

On August 13th, 2021 Andrew Lane appointed Robert E. Munck as Vice-President of Universal Systems, Inc.

On August 13th, 2021, Andrew Lane appointed Juan Diego Turrubiarres as Director of Universal Systems, Inc.

On September 21, 2021, Universal Systems, Inc., filed an amendment with the State of Washington, pursuant to Washington CORP § 307 for the creation of 100 shares of Special 2021 Series A Preferred stock shares, and 2 shares of Special 2021 Series B Preferred stock shares.

On October 15th, 2021, Universal Systems, Inc. filed an amendment with the State of Washington to increase the authorize shares available to 1,000,000,000 common shares.

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

30 N Gould St Ste N, Sheridan, WY 82801

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: ☒

N/A

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:

N/A

2) Security Information

Trading symbol:	<u>UVSS</u>	
Exact title and class of securities outstanding:	<u>Common Stock</u>	
CUSIP:	<u>911361103</u>	
Par or stated value:	<u>.001</u>	
Total shares authorized:	<u>500,000,000</u>	as of date: <u>6/30/2022</u>
Total shares outstanding:	<u>286,049,052</u>	as of date: <u>6/30/2022</u>
Number of shares in the Public Float ² :	<u>76,836,847</u>	as of date: <u>6/30/2022</u>
Total number of shareholders of record:	<u>150</u>	as of date: <u>3/31/2022</u>

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

Trading symbol:	<u>N/A</u>	
Exact title and class of securities outstanding:	<u>Special 2021 Series A Preferred</u>	
CUSIP:	<u>N/A</u>	
Par or stated value:	<u>\$0.001</u>	
Total shares authorized:	<u>100</u>	as of date: <u>6/30/2022</u>
Total shares outstanding:	<u>100</u>	as of date: <u>6/30/2022</u>

Trading symbol:	<u>N/A</u>	
Exact title and class of securities outstanding:	<u>Special 2021 Series B Preferred</u>	
CUSIP:	<u>N/A</u>	
Par or stated value:	<u>\$0.001</u>	
Total shares authorized:	<u>2</u>	as of date: <u>6/30/2022</u>
Total shares outstanding:	<u>0</u>	as of date: <u>6/30/2022</u>

Transfer Agent

Name: Standard Registrar and Transfer Company
Phone: 801-571-8844
Email: amy@standardregistrar.com
Address: 440 East 400 South, Salt Lake City, Utah 84111

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

3) Issuance History

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.

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:			*Right-click the rows below and select "Insert" to add rows as needed.						
Opening Balance Date <u>12/31/2019</u> Common: <u>246,049,052</u> Preferred: <u>0</u>									
Date of Transaction	Transaction type (e.g. new issuance, cancellation, shares returned to treasury)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per share) at Issuance	Were the shares issued at a discount to market price at the time of issuance? (Yes/No)	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 Services Provided	Restricted or Unrestricted as of this filing.	Exemption or Registration Type.
<u>07/22/2021</u>	<u>New Issuance</u>	<u>100</u>	<u>Special 2021 Series A Preferred</u>	<u>.001</u>	<u>No</u>	<u>Synergy Management Group, LLC, controlled by Benjamin Berry</u>	<u>Custodian Services</u>	<u>Exempt</u>	<u>Exempt</u>
<u>07/22/2021</u>	<u>Private Sale of Existing Preferred Shares</u>	<u>0</u> <u>*See Note 1</u>	<u>Special 2021 Series A Preferred</u>	<u>.001</u>	<u>No</u>	<u>MKH Ventures, LLC., controlled by Samuel Barraza</u>	<u>Private Sale from Custodian</u> <u>*See Note 1</u>	<u>Restricted</u>	<u>Exempt</u>
<u>09/15/2021</u>	<u>Change in Control</u>	<u>0</u> <u>*See Note 2</u>	<u>Special 2021 Series A Preferred</u>	<u>.001</u>	<u>No</u>	<u>Critical Solutions, Inc., controlled by Samuel Barraza</u>	<u>Consolidation of MKH Ventures, LLC., assets to parent company.</u>	<u>Restricted</u>	<u>Exempt</u>

UNIVERSAL SYSTEMS, INC.	
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F-2 Balance Sheets		
UNIVERSAL SYSTEMS, INC. (A Development Stage Company) CONSOLIDATED BALANCE SHEETS (UNAUDITED)		
	QUARTER ENDED 6/30/22	QUARTER ENDED 6/30/22
ASSETS		
Current Assets:	\$ -	\$ -
Cash	\$ -	\$ -
Amounts receivable	\$ -	\$ -
Prepaid expenses	\$ -	\$ -
Long-Term Assets	\$ -	\$ -
Equipment	\$ -	\$ -
Other Assets	\$ -	\$ -
TOTAL ASSETS	\$ -	\$ -
LIABILITIES & STOCKHOLDERS' EQUITY		
Current Liabilities:	\$ -	\$ -
Accounts payable- unrelated parties	\$ 8,120	\$ -
Accrued Expenses	\$ -	\$ -
Accrued Interest	\$ -	\$ -
Accrued Payroll and Payroll Taxes	\$ -	\$ -
Accrued Rent	\$ -	\$ -
Obligation to issue common stock	\$ -	\$ -
Convertible Debentures Payable	\$ -	\$ -
Accounts Payable- Related Parties	\$ -	\$ -
<u>Long-Term Liabilities</u>		
Convertible Debentures Payable	\$ -	\$ -
Notes Payable	\$ -	\$ -
<u>Total Liabilities</u>	\$ 8,120	\$ -
Stockholders' Equity:		
Common stock		
1,000,000,000 shares authorized, par value \$0.001 each	\$ -	\$ -
286,049,052 shares issued and outstanding at June 30, 2022	\$ 286,049	\$ 246,049
246,049,052 shares issued and outstanding at June 30, 2021	\$ -	\$ -
Additional Paid-In Capital	\$ 1,200,000	\$ 1,200,000
Accumulated other comprehensive income	\$ -	\$ -
Accumulated deficit	\$ (1,454,169)	\$ (1,446,049)
Total Stockholders' Deficit	\$ 31,880	\$ -
TOTAL LIABILITIES & STOCKHOLDERS' DEFICIT	\$ -	\$ -

F-3 Universal Systems, Inc. Consolidated Statement of Operations		
UNIVERSAL SYSTEMS, INC.		
CONSOLIDATED STATEMENT OF OPERATIONS		
(UNAUDITED)		
	QUARTER ENDED	QUARTER ENDED
	6/30/22	6/30/22
Revenue:		
Income	\$ -	\$ -
Cost of goods sold	\$ -	\$ -
Total Income	\$ -	\$ -
Operating expenses Employee compensation and benefits	\$ -	\$ -
Stock-based transaction expense	\$ -	\$ -
Occupancy and equipment	\$ -	\$ -
Advertising	\$ -	\$ -
Research and development	\$ -	\$ -
Professional Fees	\$ -	\$ -
Other general and administrative	\$ -	\$ -
Amortization of Intangible Assets	\$ -	\$ -
Total Operating Expenses	\$ -	\$ -
Operating Loss	\$ -	\$ -
OTHER	\$ -	\$ -
Interest Income	\$ -	\$ -
Interest Expense	\$ -	\$ -
Financing Fees	\$ -	\$ -
Discontinued operations	\$ -	\$ -
Other Income (Expense)	\$ -	\$ -
Net Income(Loss)	\$ -	\$ -
Adjustments	\$ -	\$ -
NET COMPREHENSIVE LOSS	\$ -	\$ -
Per Share Information:	\$ -	\$ -
Weighted average number of common shares outstanding	\$ 286,049,052	\$ 246,049,052
Net Income(Loss) per common share	\$ -	\$ -
- Basic and fully diluted	\$ -	\$ -



F-4 Universal Systems, Inc. Consolidated Statement of Stockholders Deficit								
UNIVERSAL SYSTEMS, INC.								
CONSOLIDATED STATEMENT OF STOCKHOLDERS' DEFICIT (UNAUDITED)								
		SPECIAL 2021 SERIES A PREFERRED						
	# of Shares	Amount	Total					
Balances - January 1, 2022	0	\$ -	\$ -					
Issuance of preferred stock	0	\$ -	\$ -					
Adjustments	0	\$ -	\$ -					
Preferred stock issuable	0	\$ -	\$ -					
Net Income(Loss) - June 30, 2022	0	\$ -	\$ -					
Balances - June 30, 2022	100	\$ -	\$ -					
		SPECIAL 2021 SERIES B PREFERRED						
	# of Shares	Amount	Total					
Balances - January 1, 2022	0	\$ -	\$ -					
Issuance of preferred stock	0	\$ -	\$ -					
Adjustments	0	\$ -	\$ -					
Preferred stock issuable	0	\$ -	\$ -					
Net Income(Loss) - June 30, 2022	0	\$ -	\$ -					
Balances - June 30, 2022	2	\$ -	\$ -					
		COMMON STOCK						
	FORWARD	# of Shares	Amount	Paid In Capital	Comprehensive Income	Treasury Stock	accumulated Defi	TOTALS
Balances - January 1, 2022	0	246,049,052	\$ 246,049	\$ 1,200,000	\$ -	\$ -	\$ (1,446,049)	\$ 0
Issuance of preferred stock	0	0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjustments	0	0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Preferred stock issuable	0	0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Income(Loss) - June 30, 2022	0	40000000	\$ 40,000	\$ -	\$ -	\$ -	\$ (8,120)	\$ 31,880
Balances - June 30, 2021	0	286,049,052	\$ 286,049	\$ 1,200,000	\$ -	\$ -	\$ (1,454,169)	\$ 31,880

F-5 Universal Systems, Inc. Statement of Cash Flows		
UNIVERSAL SYSTEMS, INC.		
CONSOLIDATED STATEMENT OF CASH FLOWS		
(UNAUDITED)		
	QUARTER ENDED	QUARTER ENDED
	6/30/22	6/30/22
Cash Flows from Operating Activities:		
Net income(loss)	\$ (8,120)	\$0
Adjustments to reconcile net income(loss) to net cash used in operating activities	0	0
Depreciation and amortization	0	0
Accretion of debt discounts	0	0
Accounts Payable	\$ 8,120	0
Interest Payable	0	0
Federal Taxes Payable	0	0
Loss on disposed fixed assets	0	0
Discontinued operations	0	0
Changes in operating assets and liabilities	0	0
Net Cash Used In Operating Activities	0	0
Cash Flows from Investing Activities:	0	0
Purchases of property and equipment	0	0
Marketable Securities	0	0
Net Cash Provided By Investing Activities	0	0
Cash Flows from Financing Activities:	0	0
Proceeds from issuance of common stock	0	0
Proceeds from issuance of warrants	0	0
Proceeds from issuance of beneficial conversion feature	0	0
Proceeds from issuance of long-term debt	0	0
Paid in Capital	0	0
Comprehensive Income	0	0
Proceeds from note payables	0	0
Net Cash Provided By Financing Activities	0	0
Foreign Currency Translation	0	0
Net Change in Cash	0	0
Cash and Cash Equivalents - Beginning of Year	0	0
Cash and Cash Equivalents - End of Year	\$0	\$0

UNIVERSAL SYSTEMS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SIX MONTHS June 30, 2022, AND 2021 (UNAUDITED)

NOTE 1 - NATURE OF BUSINESS

ORGANIZATION

On April 16th, 2021, Benjamin Berry was appointed the Court Appointed Custodian/Receiver of Universal Systems, Inc., by the Clark County Superior Court of Washington by Case Number 2120043106.

Previously, Universal Systems, Inc., (the “Company”) formerly known as Berry Shino Securities of Washington, Inc., changed its name to New Century Industries, Inc. On July 21st, 2003, Berry Shino Securities of Washington, Inc., changed its name to New Century Industries, Inc. On October 27th, 2003, the New Century Industries, Inc., changed its name to New Century Metals Corporation. On November 18th, 2003, New Century Metals Corporation changed its name to Universal Systems, Inc., and began focusing its operational efforts as a full-service wastewater treatment service provider for the oil industry.

On July 22nd, 2021 Benjamin Berry resigned, and Andrew Lane was appointed as President/CEO of the Company.

On July 22nd, 2021, MKH Ventures, LLC., a Nevada Limited Liability Company, entered into an agreement with Synergy Management Group, LLC, a Wyoming Limited Liability Company for the acquisition of Universal Systems, Inc., a Washington Corporation, in exchange for one hundred (100) Special 2021 Series A Preferred Shares, and 60% super voting rights of Universal Systems, Inc.

On September 15th, 2021, as part of the consolidation of assets of MKH Ventures, LLC., Critical Solutions, Inc., was assigned one hundred (100) Special 2021 Series A Preferred Shares, and 60% super voting rights of Universal Systems, Inc.

On September 21st, 2021, Universal Systems, Inc., filed an amendment with the State of Washington, pursuant to Washington CORP § 307 for the creation of 100 shares of Special 2021 Series A Preferred stock shares, and 2 shares of Special 2021 Series B Preferred stock shares. The Special 2021 Series B Preferred shares are only authorized, have not been issued, and are not currently outstanding.

The Company currently has no operations.

BASIS OF PRESENTATION

The Company has not earned any revenues from limited principal operations. Accordingly, the Company’s activities have been accounted for as those of a “Development Stage Enterprise” as set forth in Financial Accounting Standards Board Statement No. 7 (“SFAS 7”). Among the disclosures required by SFAS 7 are that the Company’s financial statements be identified as those of a development stage company, and that the statements of operations, stockholders’ equity (deficit) and cash flows disclose activity since the date of the Company’s inception.

BASIS OF ACCOUNTING

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States. All intercompany transactions have been eliminated.

UNIVERSAL SYSTEMS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SIX MONTHS June 30, 2022, AND 2021 (UNAUDITED)

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

GOING CONCERN

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern, which contemplates the realization of assets and the liquidation of liabilities in the normal course of business. The Company currently has no operations with an accumulated deficit of \$1,454,167 to December 31st, 2021.

These factors, among others, raise substantial doubt about the Company's ability to continue as a going concern. The accompanying consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (continued)

USE OF ESTIMATES

The preparation of financial statements in conformity with U.S. 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 consolidated 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 purposes of the statement of cash flows, cash equivalents include demand deposits, money market funds, and all highly liquid debt instruments with original maturities of three months or less.

FINANCIAL INSTRUMENTS

The FASB issued ASC 820-10, *Fair Value Measurements and Disclosures*, for financial assets and liabilities. ASC 820-10 provides a framework for measuring fair value and requires expanded disclosures regarding fair value measurements. ASC 820-10 defines fair value as the price that would be received for an asset or the exit price that would be paid to transfer a liability in the principal or most advantageous market in an orderly transaction between market participants on the measurement date. ASC 820-10 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs, where available. The following summarizes the three levels of inputs required by the standard that the Company uses to measure fair value:

- Level 1: Quoted prices in active markets for identical assets or liabilities

- Level 2: Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the related assets or liabilities.

- Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

CONCENTRATIONS AND CREDIT RISKS

UNIVERSAL SYSTEMS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SIX MONTHS June 30, 2022, AND 2021 (UNAUDITED)

The Company's financial instruments that are exposed to concentrations and credit risk primarily consist of its cash, sales and accounts receivable.

Cash - The Company places its cash and cash equivalents with financial institutions of high credit worthiness. At times, its cash and cash equivalents with a particular financial institution may exceed any applicable government insurance limits. The Company's management plans to assess the financial strength and credit worthiness of any parties to which it extends funds, and as such, it believes that any associated credit risk exposures are limited.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (continued)

FOREIGN CURRENCY TRANSLATION

The accounts of the Company are accounted for in accordance with the Statement of Financial Accounting Standards No. 52 ("SFAS 52"), "Foreign Currency Translation". The financial statements of the Company are translated into US dollars as follows: assets and liabilities at year-end exchange rates; income, expenses, and cash flows at average exchange rates; and shareholders' equity at historical exchange rate.

Monetary assets and liabilities, and the related revenue, expense, gain and loss accounts, of the Company are re-measured at year-end exchange rates. Non-monetary assets and liabilities, and the related revenue, expense, gain and loss accounts are re-measured at historical rates. Adjustments which result from the re-measurement of the assets and liabilities of the Company are included in net income.

SHARE-BASED COMPENSATION

ASC 718, *Compensation – Stock Compensation*, prescribes accounting and reporting standards for all share-based payment transactions in which employee services are acquired. Transactions include incurring liabilities, or issuing or offering to issue shares, options, and other equity instruments such as employee stock ownership plans and stock appreciation rights. Share-based payments to employees, including grants of employee stock options, are recognized as compensation expense in the financial statements based on their fair values. That expense is recognized in the period of grant.

The Company accounts for stock-based compensation issued to non-employees and consultants in accordance with the provisions of ASC 505-50, *Equity – Based Payments to Non-Employees*. Measurement of share-based payment transactions with non-employees is based on the fair value of whichever is more reliably measurable: (a) the goods or services received; or (b) the equity instruments issued. The fair value of the share-based payment transaction is determined at the earlier of performance commitment date or performance completion date.

As of June 30, 2022, and 2021, respectively, there was \$Nil of unrecognized expense related to non-vested stock-based compensation arrangements granted. There have been no options granted during the six months ended June 30, 2022, and 2021, respectively.

INCOME TAXES

The Company accounts for income taxes under ASC 740, *Income Taxes*. Under the asset and liability method of ASC 740, deferred tax assets and liabilities are recognized for the future tax consequences attributable to 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 settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period the enactment occurs. A valuation allowance is provided for certain deferred tax assets if it is more likely than not that the Company will not realize tax assets through future operations. Deferred tax assets or liabilities were offset by a 100% valuation allowance, therefore there has been no recognized benefit as of the six months ended June 30, 2022, and 2021, respectively. Further it is

UNIVERSAL SYSTEMS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SIX MONTHS June 30, 2022, AND 2021 (UNAUDITED)

unlikely with the change of control that the Company will have the ability to realize any future tax benefits that may exist.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

COMMITMENTS AND CONTINGENCIES

The Company follows ASC 450-20, *Loss Contingencies*, 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.

EARNINGS PER SHARE

Net income (loss) per share is calculated in accordance with ASC 260, *Earnings Per Share*. The weighted-average number of common shares outstanding during each period is used to compute basic earnings or loss per share. Diluted earnings or loss per share is computed using the weighted average number of shares and diluted potential common shares outstanding. Dilutive potential common shares are additional common shares assumed to be exercised.

Basic net income (loss) per common share is based on the weighted average number of shares of common stock outstanding on June 30, 2022, and 2021, respectively. Due to net operating loss, there is no presentation of dilutive earnings per share, as it would be anti-dilutive.

FORGIVENESS OF INDEBTEDNESS

The Company follows the guidance of AS 470.10 related to debt forgiveness and extinguishment. Debts of the Company are considered extinguished when the statute of limitations in the applicable jurisdiction expires or when terminated by judicial authority such as the granting of a declaratory judgment. Debts to related parties or shareholders are treated as capital transactions when forgiven or extinguished and credited to additional paid in capital. Debts to non-related parties are treated as other income when forgiven or extinguished.

RECENT ACCOUNTING PRONOUNCEMENTS

We have reviewed all the recently issued, but not yet effective, accounting pronouncements and we do not believe any of these pronouncements will have a material impact on the Company.

On August 2017, the FASB issued ASU No. 2017-12, *Derivatives and Hedging (Topic 815)*, which changes both the designation and measurement guidance for qualifying hedging relationships and the presentation of hedge results, to better align an entity's risk management activities and financial reporting for hedging relationships. The amendments expand and refine hedge accounting for both nonfinancial and financial risk components and align the recognition and presentation of the effects of the hedging instrument and the hedged item in the financial statements. FASB ASU No. 2017-12 is effective for annual reporting periods beginning after December 15, 2018, including interim periods within those annual reporting periods, with early adoption permitted. We are still evaluating the impact that this guidance will have on our financial position or results of operations, and we have not yet determined whether we will early adopt FASB ASU No. 2017-12.

Shares Outstanding on Date of This Report: <div style="text-align: right;">Ending _____ Balance _____</div> Ending Balance: Date <u>6/30/2022</u> Common: <u>246,049,052</u> Preferred: <u>102</u>	
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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:

Note 1: On July 22nd, 2021, MKH Ventures, LLC., a Nevada Limited Liability Company, entered into an agreement with Synergy Management Group, LLC, a Wyoming Limited Liability Company for the acquisition of Universal Systems, Inc., a Washington Corporation, in exchange for one hundred (100) Special 2021 Series A Preferred Shares, and 60% super voting rights of Universal Systems, Inc.

On September 21, 2021, Universal Systems, Inc., filed an amendment with the State of Washington, pursuant to Washington CORP § 307 for the creation of 100 shares of Special 2021 Series A Preferred stock shares, and 2 shares of Special 2021 Series B Preferred stock shares. The Special 2021 Series B Preferred shares are only authorized, have not been issued, and are currently not outstanding.

Note 2: On 09/15/2021, as a part of the consolidation of assets of MKH Ventures, LLC. to Critical Solutions, Inc., the one hundred (100) Special 2021 Series A Preferred Shares, and 60% super voting rights of Universal Systems, Inc., was transferred to Critical Solutions, Inc.

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.)
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____

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

N/A

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: **Robert Munck**
Title: **Vice President**
Relationship to Issuer: **Vice President**

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.

Please see attachments

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")

Universal Systems, Inc., is a multi-media production company that provides brand influence to the consumer through film, television, and products.

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

Parent Company- MKH Ventures, LLC./Critical Solution, Inc., OTCBB Pink: CSLI

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.

C. Describe the issuers' principal products or services.

Universal Systems, Inc., produces music, film, and provides brand influence services.

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.

Universal Systems, Inc., utilizes facilities in Burbank, California to produce music and film projects.

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% or 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
<u>Powell Water Systems, Inc. (Controlled by Scott W. Powell)</u>	<u>Owner of more than 5%.</u>	<u>Aurora, Colorado</u>	<u>90,000,000</u>	<u>Common Restricted (60,000,000)</u> <u>Common Unrestricted (30,000,000)</u>	<u>36.578%</u>	<u>N/A</u>
<u>Scott W. Powell</u>	<u>Controls Powell Water Systems.</u>	<u>Centennial, Colorado</u>	<u>11,075,000</u>	<u>Common Restricted</u>	<u>4.501%</u>	<u>Scott W. Powell controls Powell Water Systems, Inc., which owns</u>

	<u>Inc., owner of more than 5%.</u>					<u>36.578% of the common shares outstanding.</u> <u>As an individual shareholder, and controller of Powell Water Systems, Inc., Scott W. Powell controls 41.079% of the common shares outstanding combined.</u>
<u>Benjamin Berry</u>	<u>Court Appointed Custodian</u>	<u>Sheridan, Wyoming</u>	<u>0</u>	<u>N/A</u>	<u>N/A</u>	<u>On April 16th, 2021, Benjamin Berry was appointed as receiver/custodian of the entity Universal Systems, Inc.</u>
<u>Andrew Lane</u>	<u>President/CEO Secretary</u>	<u>Bellflower, California</u>	<u>0</u>	<u>N/A</u>	<u>N/A</u>	<u>Andrew Lane was elected President/CEO of Universal Systems, Inc., on July 22nd, 2021.</u>
<u>Robert E. Munck</u>	<u>Vice-President</u>	<u>Aliso Viejo, California</u>	<u>0</u>	<u>N/A</u>	<u>N/A</u>	<u>Robert E. Munck was elected Vice-President of Universal Systems, Inc., on August 13th, 2021.</u>
<u>Critical Solutions, Inc., Controlled by Samuel A. Barraza</u>	<u>Control Person</u>	<u>Sheridan, WY</u>	<u>100</u>	<u>Special 2021 Series A Preferred</u>	<u>100%</u>	<u>The 100 shares of Special 2021 Series A Preferred shares were assigned to Critical Solutions, Inc.</u>

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

Name: Lloyd Ward
Firm: Ward Legal Group, PLLC
Address 1: 12801 N. Central Expressway Ste. 460
Address 2: Dallas, Texas 75243
Phone: 214-736-1846
Email: paralegal@wardlegalus.com

Accountant or Auditor

Name: N/A
Firm: N/A

Address 1: N/A
Address 2: N/A
Phone: N/A
Email: N/A

Investor Relations

Name: N/A
Firm: N/A
Address 1: N/A
Address 2: N/A
Phone: N/A
Email: N/A

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: N/A
Firm: N/A
Nature of Services: N/A
Address 1: N/A
Address 2: N/A
Phone: N/A
Email: N/A

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, Andrew Lane certify that:

1. I have reviewed this Annual Disclosure Statement of Universal Systems, 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.

7/2/2022 [Date]

/s/ Andrew Lane [CEO's Signature]

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

Principal Financial Officer:

I, Robert Munck certify that:

1. I have reviewed this Annual Disclosure Statement of Universal Systems, 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.

7/2/2022 [Date]

/s/ Robert Munck [CFO's Signature]

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

UNIVERSAL SYSTEMS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SIX MONTHS June 30, 2022, AND 2021 (UNAUDITED)

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (continued)

RECENT ACCOUNTING PRONOUNCEMENTS (continued)

On March 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2016-09, Compensation – Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting. This guidance changes how companies account for certain aspects of share-based payments to employees. Among other things, under the new guidance, companies will no longer record excess tax benefits and certain tax deficiencies in additional paid-in-capital (“APIC”) but will instead record such items as income tax expense or benefit in the income statement, and APIC pools will be eliminated. Companies will apply this guidance prospectively. Another component of the new guidance allows companies to make an accounting policy election for the impact of forfeitures on the recognition of expense for share-based payment awards, whereby forfeitures can be estimated, as required today, or recognized when they occur. If elected, the change to recognize forfeitures when they occur needs to be adopted using a modified retrospective approach. All the guidance will be effective for the Company in the fiscal year beginning January 1, 2018. Early adoption is permitted. The Company is currently evaluating the impact of this guidance, if any, on its financial statements and related disclosures.

On February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which establishes new accounting and disclosure requirements for leases. FASB ASU No. 2016-02 requires lessees to classify most leases as either finance or operating leases and to initially recognize a lease liability and right-of-use asset. Entities may elect to account for certain short-term leases (with a term of 12 months or less) using a method like the current operating lease model. The statements of operations will include, for finance leases, separate recognition of interest on the lease liability and amortization of the right-of-use asset and for operating leases, a single lease cost, calculated so that the cost of the lease is allocated over the lease term on a straight-line basis. While we are in the early stages of our implementation process for FASB ASU No. 2016-02, and have not yet determined its impact on our financial position or results of operations, these leases would potentially be required to be presented on the balance sheet in accordance with the requirements of FASB ASU No. 2016-02. FASB ASU No. 2016-02 is effective for annual reporting periods beginning after December 15, 2018, including interim periods within those annual reporting periods, with early adoption permitted. FASB ASU No. 2016-02 must be applied using a modified retrospective approach, which requires recognition and measurement of leases at the beginning of the earliest period presented, with certain practical expedients available.

On July 2015, the FASB issued ASU No. 2015-11, Inventory (Topic 330): Simplifying the Measurement of Inventory. The guidance requires an entity to measure inventory at the lower of cost or net realizable value, which is the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation, rather than the lower of cost or market in the previous guidance. This amendment applies to inventory that is measured using first-in, first-out (FIFO). This amendment is effective for public entities for fiscal years beginning after December 15, 2016, including interim periods within those years. A reporting entity should apply the amendments prospectively with earlier application permitted as of the beginning of an interim or annual reporting period. The Company is currently evaluating the impact of this guidance, if any, on its financial statements and related disclosures.

UNIVERSAL SYSTEMS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SIX MONTHS June 30, 2022, AND 2021 (UNAUDITED)

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (continued)

RECENT ACCOUNTING PRONOUNCEMENTS (continued)

On May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (“ASU 2014-09”), which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. ASU 2014-09 will replace most existing revenue recognition guidance in U.S. generally accepted accounting principles when it becomes effective. In July 2015, the FASB deferred the effective date of the standard by an additional year; however, it provided companies the option to adopt one year earlier, commensurate with the original effective date. Accordingly, the standard will be effective for the Company in the fiscal year beginning January 1, 2018, with an option to adopt the standard for the fiscal year beginning January 1, 2017. The Company is currently evaluating this standard and has not yet selected a transition method or the effective date on which it plans to adopt the standard, nor has it determined the effect of the standard on its financial statements and related disclosures.

NOTE 3 - INCOME TAXES

Income taxes are provided based upon the liability method. Under this approach, deferred income taxes are recorded to reflect the tax consequences in future years of differences between the tax basis of assets and liabilities and their financial reporting amounts at each year-end. A valuation allowance is recorded against deferred tax assets if management does not believe the Company has met the “more likely than not” standard imposed by accounting standards to allow recognition of such an asset.

Deferred tax assets/liabilities were as follows as of June 30, 2022, and 2021:

<u>Description</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Net operating loss carry forward	\$ 1,454,169	\$ 1,446,049
Valuation allowance	(1,454,169)	(1,446,049)
	<hr/>	
Total	\$ 0	\$ 0
	<hr/>	

On June 30, 2022, the Company expected no net deferred tax assets to be recognized, resulting from net operating loss carry forwards. Deferred tax assets were offset by a corresponding allowance of 100%.

The Company experienced a change in control during the year, and therefore no more than an insignificant portion of this net operating allowance will ever be used against future taxable income.

UNIVERSAL SYSTEMS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SIX MONTHS June 30, 2022, AND 2021 (UNAUDITED)

NOTE 4 – NOTES PAYABLE – RELATED PARTIES

The following notes payable were from related parties:

NOTE 5 – CONVERTIBLE NOTES PAYABLE

There were no convertible notes payable during the period:

NOTE 6 - COMMITMENTS AND CONTINGENCIES

Risks and Uncertainties

The Company's operations are subject to significant risks and uncertainties including financial, operational, and regulatory risks, including the potential risk of business failure.

The Company has entered no contracts during the year as follows:

Legal and other matters

In the normal course of business, the Company may become a party to litigation matters involving claims against the Company. The Company's management is unaware of any pending or threatened assertions and there are no current matters that would have a material effect on the Company's financial position or results of operations.

NOTE 7 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date of filing the consolidated financial statements with OTC Markets, the date the consolidated financial statements were available to be issued. Management is not aware of any significant events that occurred after the balance sheet date that would have a material effect on the consolidated financial statements thereby requiring adjustment or disclosure, other than those noted below:

UNIVERSAL SYSTEMS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SIX MONTHS June 30, 2022, AND 2021 (UNAUDITED)

CERTIFICATION

I, Robert Munck, Vice President of Universal Systems Inc., hereby certify that I have prepared the accompanying unaudited financial statements and notes hereto, and that these financial statements and accompanying notes present fairly, in all material respects, the financial position of the issuer and the results of its operations and cash flows for the periods presented, in conformity with accounting principles generally accepted in the United States, consistently applied.

/s/ Robert Munck

Robert Munck

Vice President, Universal Systems, Inc.